

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**HOUSING AUTHORITY OF JOLIET  
Joliet, Illinois**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



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

***INDEPENDENT AUDITORS' REPORT***

Board of Commissioners  
Housing Authority of Joliet  
Joliet, Illinois

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Ralph Metcalfe Federal Building  
Chicago, Illinois 60604

**Report on Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of Joliet as of and for the year ended June 30, 2014, and the related notes to the financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component units, whose statements reflect total assets of \$22,731,338 as of December 31, 2013, and total revenue of \$1,051,054 for the year and period then ended. These financial statements were audited by other auditors, whose report dated October 10, 2014 and September 26, 2014, express an unqualified opinion, and our opinion, in so far as it relates to the amounts included for the component unit of the Housing Authority of Joliet, is based on the report of other auditors.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of Joliet, as of June 30, 2014, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Housing Authority of Joliet. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Rector, Reeder & Lofton, P.C.*

Rector, Reeder & Lofton, P.C.

Certified Public Accountants

Lawrenceville, Georgia  
January 16, 2015

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**  
Management Discussion and Analysis  
June 30, 2014

The management of the Housing Authority of Joliet offers this narrative overview and analysis of its audited financial statements for fiscal year ended June 30, 2014 (with some comparative information provided for 2013). The goal is to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

### **Overview of the Authority**

The Housing Authority of Joliet's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all; strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes by utilizing housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way we do business. The Authority's operations are funded almost entirely through rental fees and subsidies received from HUD.

### **Financial Highlights**

Financial Highlights for the year ended June 30, 2014 include:

- The assets of the Housing Authority exceeded its liabilities on June 30, 2014 by \$24,075,789 (Net Position). Of this amount, \$17,975,334 is invested in capital assets, \$1,713,877 is restricted for affordable housing activities, and \$4,386,578 is unrestricted. Unrestricted Net Position may be used to meet the Housing Authority's ongoing obligations.
- The Authority's total revenue for the fiscal year ended June 30, 2014 was \$21,110,177. Program specific revenues in the form of charges for services (rentals and administration fees) and grants accounted for \$17,809,022 and general revenues (primarily from interest earnings, management fees, and insurance recoveries) accounted for \$3,301,155.
- The Authority's total operating expenses for the fiscal year ended June 30, 2014 were \$21,002,372 which is less than the \$20,941,325 generated in subsidy, grant, rental and miscellaneous operating revenues resulting in a net operating loss \$61,047.

### **Overview of the Financial Statements**

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements.

The financial statements of the Housing Authority report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information on Housing Authority activities. The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenue, Expenses, and Changes in Net Position. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**  
Management Discussion and Analysis  
June 30, 2014

used for, and what was the change in the cash balance during the reporting period. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The Department of Housing and Urban Development (HUD) has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD.

### Analysis of Financial Statements

**Net Position** – The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position (formerly equity) is reported in three broad categories. Net Investment in Capital Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. Unrestricted Net Position consists of Net Position that does not meet the definition of “Net Investment in Capital Assets,” or “Restricted Net Position.”

**Statement of Net Position**  
**June 30, 2014**

	<b>FY 2014</b>	<b>FY 2013</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
Cash and Cash Equivalents	\$ 3,444,093	\$ 2,456,121	\$ 987,972	40.22%
Other current assets	986,064	714,907	271,157	37.93%
Capital assets	23,231,612	24,868,542	(1,636,930)	-6.58%
Noncurrent assets	4,651,972	4,968,676	(316,704)	-6.37%
<b>Total Assets</b>	<b>32,313,741</b>	<b>33,008,246</b>	<b>(694,505)</b>	<b>-2.10%</b>
Current liabilities	3,102,718	3,200,598	(97,880)	-3.06%
Noncurrent liabilities	5,135,234	5,588,749	(453,515)	-8.11%
<b>Total Liabilities</b>	<b>8,237,952</b>	<b>8,789,347</b>	<b>(551,395)</b>	<b>-6.27%</b>
Net Investment in Capital Assets	17,975,334	19,123,092	(1,147,758)	-6.00%
Restricted	1,713,877	1,409,767	304,110	21.57%
Unrestricted	4,386,578	3,686,040	700,538	19.01%
<b>Total Net Position</b>	<b>24,075,789</b>	<b>24,218,899</b>	<b>(143,110)</b>	<b>-0.59%</b>

A current asset is an asset on the balance sheet which is expected to be sold or otherwise used up in the near future, usually within one year, or one business cycle - whichever is longer. Typical current assets include cash, cash equivalents, accounts receivable, inventory, the portion of prepaid accounts which will be used within a year, and short-term investments.

A capital asset is an asset that is recorded on a balance sheet as capital - that is, property that creates more property and which produces a benefit that extends beyond the current tax year. This would include buildings, equipment, and other long-lived property.



# HOUSING AUTHORITY OF JOLIET

## Joliet, Illinois

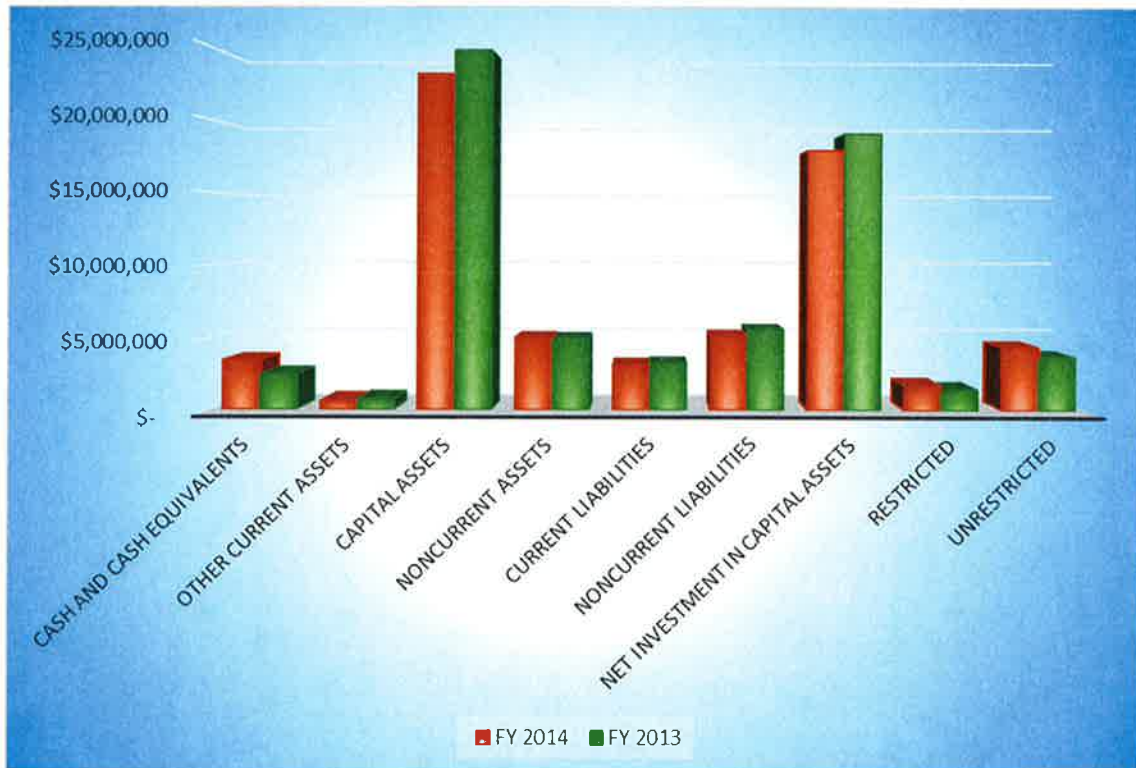
### Management Discussion and Analysis

#### June 30, 2014

During FY2014, total Assets decreased by \$694,505 or 2.10%. This decrease is due to a decrease in Capital Assets of \$1,636,930 or 6.58% due to depreciation expense exceeding additions for the year. Noncurrent Assets also decreased by \$316,704 or 6.37%. These amounts were offset by increases in Cash and Cash Equivalents of \$987,972, which was attributed to increased revenue due to improved rent collection procedures as well as fewer expenses due to a reduction in staff; as well as an increase in other current assets of \$271,157 or 37.93% due to a developer fee receivable expected in FY2015.

Total Liabilities decreased by \$551,395 or 6.27% during the year. This decrease was mainly in Noncurrent Liabilities due to a decrease in long-term debt of \$473,431 or 9.00% which was the result of principal payments made during the year. Current Liabilities also decreased during the year due to timing of accounts payable and accruals and year-end.

Net Position may serve over time as one useful indicator of a government's financial condition. The assets of the Authority exceeded liabilities by \$24,075,789 as of June 30, 2014. The Authority's net position decreased by \$143,110 from fiscal year ended June 30, 2013. The largest portion of net position (74.66%) reflects the Authority's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Authority's net position (7.11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,386,578 is unrestricted.



**Revenues, Expenses, and Changes in Net Position** - The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged only in Business-Type Activities.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**  
Management Discussion and Analysis  
June 30, 2014

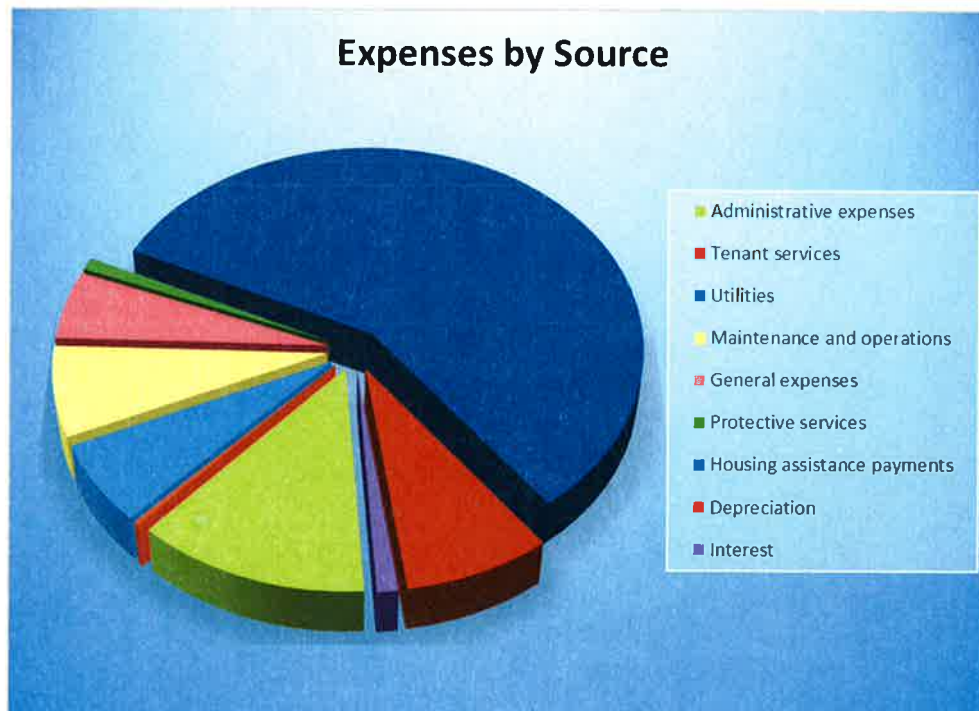
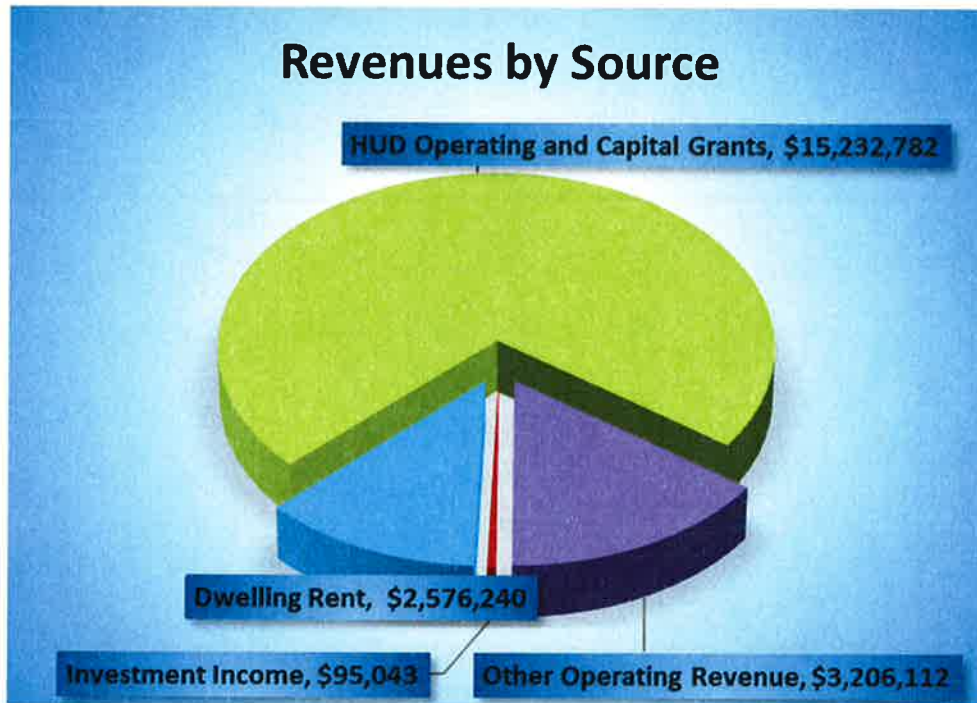
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2014**

	<b>FY 2014</b>	<b>FY 2013</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>Revenue:</b>				
Dwelling Rent	\$ 2,576,240	\$ 2,470,696	\$ 105,544	4.27%
HUD operating and capital grants	15,232,782	15,230,583	2,199	0.01%
Other operating revenue	3,206,112	2,796,607	409,505	14.64%
Investment Income	95,043	49,056	45,987	93.74%
<b>Total Revenue</b>	<b>21,110,177</b>	<b>20,546,942</b>	<b>563,235</b>	<b>2.74%</b>
<b>Expenses:</b>				
Administrative expenses	2,701,948	3,204,589	(502,641)	-15.69%
Tenant services	74,716	185,720	(111,004)	-59.77%
Utilities	1,353,468	909,991	443,477	48.73%
Maintenance and operations	1,516,791	2,070,475	(553,684)	-26.74%
General expenses	1,162,603	1,129,585	33,018	2.92%
Protective services	217,826	305,242	(87,416)	-28.64%
Housing assistance payments	12,249,518	11,892,353	357,165	3.00%
Depreciation	1,725,502	1,703,290	22,212	1.30%
Interest	250,915	273,900	(22,985)	-8.39%
<b>Total Expenses</b>	<b>\$ 21,253,287</b>	<b>\$ 21,675,145</b>	<b>\$ (421,858)</b>	<b>-1.95%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (143,110)</b>	<b>\$ (1,128,203)</b>	<b>\$ 985,093</b>	<b>-87.32%</b>

Total Revenue increased by \$563,235 or 2.74% during FY2014. These increases were mainly due to increases in other operating revenue, which consisted of increased HAP Port-in revenue. Investment income also increased by nearly 100%, due to dividend payouts and an increase in interest accruals from notes receivable.

Total Expenses decreased by \$421,858 or less than 2%. Administrative Expenses decreased by \$502,641 or 15.69% due to decreases in salaries and benefits of \$464,736 or 18.92%, due to staff reductions. Tenant Services also decreased by \$111,004 or 59.77% due to decreases in all categories, which was also caused by the staff reductions made during the fiscal year. Maintenance caused the largest decrease of \$553,684 or 26.74% due to decreases in salaries, benefits and contract costs due mostly to staff reductions. Protective services decreased by \$87,416 or 28.74%, which was the result of a decrease in salaries and other services. Interest expense also decreased this year by 8.39% due to normal amortization of debt. These decreases were offset by increase in utilities, due to consumption and rate increases, increases in general expenses, increases in HAP expenses and a slight increase in depreciation.

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**Joliet, Illinois**  
Management Discussion and Analysis  
June 30, 2014



**Capital Assets**

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**  
Management Discussion and Analysis  
June 30, 2014

The Authority's capital assets as of June 30, 2014, included land, buildings, furniture and equipment, leasehold improvements, and construction in progress totaling \$61,060,162, most of which comprises rental units available for lease to low- and moderate-income residents. Capital assets, net of depreciation, decreased \$1,636,930 from the preceding year.

**Capital Assets**  
**June 30, 2014**

	<u>2014</u>	<u>2013</u>
Non-Depreciable Assets		
Land	\$ 7,691,722	\$ 7,691,723
Construction in progress	<u>13,284</u>	<u>231,768</u>
	<u>7,705,006</u>	<u>7,923,491</u>
Depreciable Assets		
Buildings	51,860,897	51,623,334
Furniture & Equipment	<u>1,494,259</u>	<u>1,416,665</u>
	<u>53,355,156</u>	<u>53,039,999</u>
Accumulated Depreciation	<u>(37,828,550)</u>	<u>(36,094,948)</u>
<b>Total</b>	<u><u>\$ 23,231,612</u></u>	<u><u>\$ 24,868,542</u></u>

**Long Term Debt and Other Noncurrent Liabilities**

At the end of the current fiscal year the Housing Authority had outstanding long term debt of \$5,256,278 - a reduction of \$489,172 from 2013, and other noncurrent liabilities of \$398,383. The Housing Authority has not incurred any additional debt during FY2014.

**Long Term Debt and Other Noncurrent Liabilities**  
**June 30, 2014**

	<u>2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>2014</u>	<u>Current Portion</u>
Compensated Absences	\$ 295,624	\$ 98,272	\$ (49,137)	\$ 344,759	\$ 52,430
Tenants' FSS Escrow	68,834	18,967	(34,177)	53,624	-
Notes Payable	5,185,119	-	(333,000)	4,852,119	310,000
Premium on Bond	77,172	-	(6,433)	70,739	156,997
Capital Lease	<u>483,159</u>	<u>-</u>	<u>(149,739)</u>	<u>333,420</u>	<u>-</u>
	<u><u>\$ 6,109,908</u></u>	<u><u>\$ 117,239</u></u>	<u><u>\$ (572,486)</u></u>	<u><u>\$ 5,654,661</u></u>	<u><u>\$ 519,427</u></u>

**Budgetary Highlights**

The Housing Authority of Joliet adopts a consolidated annual operating budget for all programs. The budget for Low Rent Housing is adopted on the basis of accounting practices prescribed to by the U.S. Department of Housing and Urban

**HOUSING AUTHORITY OF JOLIET**  
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Management Discussion and Analysis  
June 30, 2014

Development. Program budgets for the Housing Assistance Payments (HAP) Funds are approved by the U.S. Department of Housing and Urban Development on a basis consistent with the grant applications covering HAP Programs.

**Economic Factors**

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

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

**Looking to the Future**

In February 2015 the Housing Authority of Joliet plans to submit an application to HUD for the partial demolition and disposition of Des Plaines Gardens (AMP 1). The plan is to demolish 122 units of the 166 unit scattered site and then, using equity from the sale of low-income housing tax credits, create a single family and townhome community of 69 units with attached garages and green space.

**Contacting the Housing Authority's Financial Management**

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

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Housing Authority of Joliet  
Joliet, Illinois**

**STATEMENT OF NET POSITION**

**ASSETS**

	<b>PRIMARY GOVERNMENT June 30, 2014</b>	<b>COMPONENT UNIT December 31, 2013</b>	<b>TOTAL (Memorandum Only)</b>
<b><u>Current Assets</u></b>			
Cash & cash equivalents - unrestricted	\$ 1,284,381	\$ -	\$ 1,284,381
Cash & cash equivalents - restricted	2,159,712	1,351,936	3,511,648
Accounts receivable	578,898	150,623	729,521
Notes receivable - due from affiliate	75,856	-	75,856
Inventory	232,722	-	232,722
Prepaid expenses	98,588	-	98,588
	<hr/>	<hr/>	<hr/>
Total Current Assets	4,430,157	1,502,559	5,932,716
	<hr/>	<hr/>	<hr/>
<b><u>Non-Current Assets</u></b>			
<b><u>Capital Assets</u></b>			
Land & Improvements	7,691,722	198	7,691,920
Buildings	51,860,897	24,166,077	76,026,974
Furniture & equipment	1,494,259	514,670	2,008,929
Construction in progress	13,284	-	13,284
	<hr/>	<hr/>	<hr/>
	61,060,162	24,680,945	85,741,107
	<hr/>	<hr/>	<hr/>
Less: Accumulated depreciation	(37,828,550)	(3,452,709)	(41,281,259)
	<hr/>	<hr/>	<hr/>
Total Capital Assets	23,231,612	21,228,236	44,459,848
	<hr/>	<hr/>	<hr/>
Notes, Loans and Mortgage Receivable - non-current	3,174,427	0	3,174,427
Other Assets	1,477,545	543	1,478,088
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Total Non-Current Assets	27,883,584	21,228,779	49,112,363
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	\$ 32,313,741	\$ 22,731,338	\$ 55,045,079
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The accompanying notes are an integral part of the financial statements.



# **LIABILITIES & NET POSITION**

	<b>PRIMARY GOVERNMENT June 30, 2014</b>	<b>COMPONENT UNIT December 31, 2013</b>	<b>TOTAL (Memorandum Only)</b>
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 184,240	\$ 239,542	\$ 423,782
Accrued liabilities	214,795	192,248	407,043
Unearned revenue	2,019,097	-	2,019,097
Other current liabilities	-	371,248	371,248
Bonds and Notes payable - current portion	466,997	70,505	537,502
Tenant security deposits/escrow deposits	217,589	104,992	322,581
	<u>3,102,718</u>	<u>978,535</u>	<u>4,081,253</u>
<b><u>Noncurrent Liabilities</u></b>			
Bonds and Notes payable - noncurrent portion	4,789,281	9,842,688	14,631,969
Other non-current liabilities	53,624	1,106,297	1,159,921
Accrued compensated absences - noncurrent portion	292,329	-	292,329
	<u>5,135,234</u>	<u>10,948,985</u>	<u>16,084,219</u>
<b>TOTAL LIABILITIES</b>	<u>8,237,952</u>	<u>11,927,520</u>	<u>20,165,472</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	17,975,334	11,315,043	29,290,377
Restricted	1,713,877	1,196,565	2,910,442
Unrestricted	4,386,578	(1,707,790)	2,678,788
	<u>24,075,789</u>	<u>10,803,818</u>	<u>34,879,607</u>
<b>TOTAL NET POSITION</b>	<u>24,075,789</u>	<u>10,803,818</u>	<u>34,879,607</u>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	\$ <u>32,313,741</u>	\$ <u>22,731,338</u>	\$ <u>55,045,079</u>



Housing Authority of Joliet  
Joliet, Illinois

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	PRIMARY GOVERNMENT	COMPONENT UNIT	TOTAL (Memorandum Only)
	<u>YEAR ENDED</u>		
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	
<b><u>Operating Revenues</u></b>			
Dwelling rent	\$ 2,576,240	\$ 1,030,270	\$ 3,606,510
Governmental grants & subsidy	15,158,973	-	15,158,973
Other income	3,206,112	20,640	3,226,752
<b>Total Operating Revenues</b>	<b>20,941,325</b>	<b>1,050,910</b>	<b>21,992,235</b>
<b><u>Operating Expenses</u></b>			
Administration	2,701,948	238,593	2,940,541
Tenant services	74,716	-	74,716
Utilities	1,353,468	10,371	1,363,839
Maintenance & operations	1,516,791	102,852	1,619,643
Protective services	217,826	-	217,826
General	1,162,603	202,970	1,365,573
Housing assistance payments	12,249,518	-	12,249,518
Depreciation	1,725,502	792,865	2,518,367
<b>Total Operating Expense</b>	<b>21,002,372</b>	<b>1,347,651</b>	<b>22,350,023</b>
<b>Net Operating Income/(Loss)</b>	<b>(61,047)</b>	<b>(296,741)</b>	<b>(357,788)</b>
<b><u>Nonoperating Revenues/(Expenses)</u></b>			
Loss on disposition of equipment	-	-	-
Interest expense	(250,915)	(461,061)	(711,976)
Investment income	95,043	144	95,187
<b>Net Nonoperating Revenues/(Expenses)</b>	<b>(155,872)</b>	<b>(460,917)</b>	<b>(616,789)</b>
<b>Net Income/(Loss) before capital contributions</b>	<b>(216,919)</b>	<b>(757,658)</b>	<b>(974,577)</b>
Capital grants	73,809	-	73,809
<b>Increase/(Decrease) in Net Position</b>	<b>(143,110)</b>	<b>(757,658)</b>	<b>(900,768)</b>
Total Net Position - beginning	24,218,899	11,561,476	35,780,375
Total Net Position - ending	<b>\$ 24,075,789</b>	<b>\$ 10,803,818</b>	<b>\$ 34,879,607</b>

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

**Housing Authority of Joliet  
Joliet, Illinois**

**STATEMENT OF CASH FLOWS**

	<b>PRIMARY GOVERNMENT June 30, 2014</b>	<b>COMPONENT UNIT December 31, 2013</b>	<b>TOTAL (Memorandum Only)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 5,782,352	\$ 1,050,910	\$ 6,833,262
Governmental grants & subsidy - operations	15,158,973	-	15,158,973
Payments to suppliers	(4,132,224)	(391,494)	(4,523,718)
Payments for housing assistance	(12,249,518)	-	(12,249,518)
Payments to employees	(2,903,704)	-	(2,903,704)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>1,655,879</u>	<u>659,416</u>	<u>2,315,295</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received	<u>95,043</u>	<u>144</u>	<u>95,187</u>
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	<u>95,043</u>	<u>144</u>	<u>95,187</u>
<b><u>CASH FLOWS FROM CAPITAL AND AND RELATED FINANCING ACTIVITIES</u></b>			
Grant revenue - capital grants	73,809	-	73,809
Acquisition of capital assets - capital grants	(73,809)	-	(73,809)
Payment on notes payable	(489,172)	(2,134,978)	(2,624,150)
Proceeds from notes payable	-	2,231,586	2,231,586
Interest paid	(250,915)	(461,061)	(711,976)
Acquisition of capital assets - operations	(22,863)	(175,799)	(198,662)
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(762,950)</u>	<u>(540,252)</u>	<u>(1,303,202)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	987,972	119,308	1,107,280
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>2,456,121</u>	<u>1,232,628</u>	<u>3,688,749</u>
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 3,444,093</u>	<u>\$ 1,351,936</u>	<u>\$ 4,796,029</u>

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

Housing Authority of Joliet  
Joliet, Illinois

**STATEMENT OF CASH FLOWS**

	<b>PRIMARY GOVERNMENT June 30, 2014</b>	<b>COMPONENT UNIT December 31, 2013</b>	<b>TOTAL (Memorandum Only)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net Income/(Loss) from operations	\$ (61,047)	\$ (296,741)	\$ (357,788)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	1,733,602	792,865	2,526,467
Decrease (Increase) in accounts receivable	(281,864)	(25,432)	(307,296)
Decrease (Increase) in prepaid expenses and inventory	86,563	9,762	96,325
Decrease (Increase) in notes receivable	240,848	-	240,848
Decrease (Increase) in other assets	-	(543)	(543)
Increase (Decrease) in accounts payable	(94,076)	221,011	126,935
Increase (Decrease) in accrued liabilities	20,496	(39,787)	(19,291)
Increase (Decrease) in unearned revenue	24,169	-	24,169
Increase (Decrease) in other liabilities	(15,210)	-	(15,210)
Increase (Decrease) in security/trust deposits	2,398	(1,719)	679
<b>NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES</b>	<b>\$ 1,655,879</b>	<b>\$ 659,416</b>	<b>\$ 2,315,295</b>

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

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**1. Introduction:**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP). Effective for fiscal year 2013, the Authority has adopted the provisions of GASB Statement No. 62, *"Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements."* The objective of this Statement is to incorporate the GASB's authoritative literature and certain FASB and American Institute of Certified Public Accountants' ("AICPA") accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 62 also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

**2. Organization:**

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

**3. Reporting Entity:**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

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

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

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

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

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

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority nor for the Authority to be included in the City's financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, annual contributions contract, minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under Annual Contributions Contracts:

**Low Rent Public Housing Program** - The objective of this program is to provide decent safe and sanitary housing and related facilities for eligible low-income families and the elderly.

**Capital Fund Program** - The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

**Housing Choice Voucher Program** - This program provides rental assistance to help low-income families afford decent, safe and sanitary rental housing. The Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. This program consists of 1,319 units.

**Blended Component Units** - The Authority administers three blended component units, known as Will County Housing Development Corporation (WCHDC), Briggs-Rosalind Development, LLC and Tower Place, LLC. These entities are considered blended component units because the Authority has financial accountability over them and controls their Board of Directors and management. WCHDC owns 100% of Briggs-Rosalind Development, LLC, and 70% of Tower Place, LLC. Briggs-Rosalind Development, LLC has a 0.01% ownership interest in Briggs-Rosalind Phase One, Limited Partnership. Tower Place, LLC is set up to have a 1% ownership interest in Tower Place, LP. Tower Place, LP would be presented as a discrete component unit of the Housing Authority, however, there was no activity in this entity as of June 30, 2014.

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

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

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

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

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

**Proprietary fund:**

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

**5. Revenues and Expenses:**

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

**6. Encumbrances:**

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

**7. Budgets:**

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

**8. Inventories:**

Inventories are recorded at the lower of cost or market. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

**9. Capital Assets and Depreciation:**

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the County for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. All assets will be capitalized if they have a useful life beyond one year and an original cost greater than \$500.

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

Land improvements	15-20 years
Buildings & improvements	10-20 years
Furniture, fixtures & equipment	5-10 years

**10. Collection Losses:**

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

**11. Insurance:**

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

**12. Cash and Investments:**

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Investments are stated at fair market value, except for U. S. Treasury Bills, which are reported at amortized cost. The Authority reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.



**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

**13. Compensated Absences:**

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

**14. Operating Revenue:**

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

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

**15. New Accounting Pronouncements:**

During FY2014, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As of June 30, 2014, the Authority had no items to be reclassified or adjustments made to the financial statements as a result of this pronouncement.

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

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

At June 30, 2014, the Authority's Primary Government cash and cash equivalents had a carrying amount of \$3,444,093 and bank balances of \$3,714,946. Of the bank balances held in various financial institutions, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. Additionally, as of December 31, 2013, there were \$1,351,936 of cash and cash equivalents in the Discretely Presented Component Unit that are included in the agency-wide financial statements. Inclusive of these amounts, cash and investments had a carrying amount of \$4,796,029 and bank balances of \$5,067,282.

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

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



**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

**Concentration of credit risk** - The Authority places no limit on the amount that it may invest in certificates of deposits. The Authority has no policy regarding credit risk.

**Restricted Cash and Cash Equivalents:**

Restricted cash and cash equivalents were comprised of the following as of June 30, 2014:

**PRIMARY GOVERNMENT**

HCVP program – housing assistance payment equity	\$ 1,701,483
Security deposits	229,592
Restricted cash for payment of current liabilities	175,013
FSS participants' escrow accounts	<u>53,624</u>
	<u>\$ 2,159,712</u>

**COMPONENT UNIT**

Restricted deposits and funded reserves – Briggs-Rosalind Phase I, LP	\$ 936,728
Restricted deposits and funded reserves – Liberty Meadows Estates, Phase II, LP	310,216
Security deposits	<u>104,992</u>
	<u>\$ 1,351,936</u>

**Collateralization:**

As of June 30, 2014, the following securities were pledged as collateral to secure the deposits of the Housing Authority of Joliet:

Security	Security Code	Maturity Date	Interest Rate	Market Value
MANCHESTER MICH CMNTY SCHS	562281CB5	May 1, 2025	4.10%	\$ 153,981
MANCHESTER COMMUNITY SCHLS	562281GA7	May 1, 2024	4.00%	1,042,187
BRANDYWINE COMMUNITY SCHOOLS, MI	105327AQ3	May 1, 2025	4.10%	886,425
BRANDYWINE COMMUNITY SCHOOLS, MI	105327AP5	May 1, 2024	4.00%	854,593
SPARTA AREA SCHLS	846625JV4	May 1, 2023	4.00%	<u>436,500</u>
				<u>\$ 3,373,686</u>

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE C - ACCOUNTS RECEIVABLE:**

Accounts receivable at June 30, 2014, consisted of the following:

**PRIMARY GOVERNMENT**

A/R – tenants – dwelling rents (net of allowance \$9,847)	\$ 58,335
A/R – due from other HAs (portability payments, net of allowance \$102,907)	116,043
A/R – due from affiliate	75,856
A/R – developer fee	371,248
Fraud recovery (net of allowance \$92,315)	3,675
A/R – Liberty Meadows Estates	27,334
Due from City of Joliet	81
A/R – other	<u>2,182</u>
	<u>\$ 654,754</u>

**COMPONENT UNIT**

A/R – tenants – dwelling rents	\$ 52,615
A/R – Briggs-Rosalind Phase I, LP	26,247
A/R – Liberty Meadows Estates Phase II, LP	<u>71,761</u>
	<u>\$ 150,623</u>

Note: The above receivable balance excludes \$1,042,276 of interfund balances that have been eliminated as a result of financial statement consolidation.

**NOTE D - PREPAID CHARGES & OTHER CURRENT ASSETS:**

Prepaid charges and other assets at June 30, 2014, consisted of the following:

**PRIMARY GOVERNMENT**

Prepaid expenses	\$ 98,588
Inventory (net of allowance of \$4,938)	<u>232,722</u>
	<u>\$ 331,310</u>

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE E - CAPITAL ASSETS:**

A summary of changes in capital assets is as follows:

<b>PRIMARY GOVERNMENT</b>	Balance at July 1, 2013	Additions	Transfers/ Disposals	Depreciation	Balance at June 30, 2014
<b>Enterprise Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 7,691,723	\$ -	\$ (1)	\$ -	\$ 7,691,722
Construction in progress	231,768	73,809	(292,293)	-	13,284
<b>Total capital assets not being depreciated</b>	<b>7,923,491</b>	<b>73,809</b>	<b>(292,294)</b>	<b>-</b>	<b>7,705,006</b>
Buildings & improvements	51,623,334	96,990	140,573	-	51,860,897
Furniture & equipment	1,416,665	101,672	(24,078)	-	1,494,259
<b>Total capital assets being depreciated</b>	<b>53,039,999</b>	<b>198,662</b>	<b>116,495</b>	<b>-</b>	<b>53,355,156</b>
Less accumulated depreciation for:					
Buildings & improvements	(34,801,197)	-	-	(1,674,264)	(36,475,461)
Furniture & equipment	(1,293,751)	-	(8,100)	(51,238)	(1,353,089)
<b>Total accumulated depreciation</b>	<b>(36,094,948)</b>	<b>-</b>	<b>(8,100)</b>	<b>(1,725,502)</b>	<b>(37,828,550)</b>
<b>Total capital assets being depreciated</b>	<b>16,945,051</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,526,606</b>
<b>Enterprise activity capital assets, net</b>	<b>\$ 24,868,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 23,231,612</b>
Balance as of July 1, 2013	\$ 24,868,542				
Additions from Capital Funds	73,809				
Additions from Operations	198,662				
Net transfers/disposals	(183,899)				
Depreciation expense	(1,725,502)				
Balance as of June 30, 2014	\$ 23,231,612				

<b>COMPONENT UNIT</b>	Balance at 1/1/2013	Additions	Transfers/ Disposals	Depreciation	Balance at 12/31/2013
<b>Enterprise Activities</b>					
<b>Capital assets not being depreciated:</b>					
Land	\$ 198	\$ -	\$ -	\$ -	\$ 198
Construction in progress	-	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b>198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>198</b>
Buildings & improvements	23,873,085	-	292,992	-	24,166,077
Furniture & equipment	631,863	-	(117,193)	-	514,670
<b>Total capital assets being depreciated</b>	<b>24,504,948</b>	<b>-</b>	<b>175,799</b>	<b>-</b>	<b>24,680,747</b>
Total accumulated depreciation	(2,659,844)	-	-	(792,865)	(3,452,709)
<b>Enterprise activity capital assets, net</b>	<b>\$ 21,845,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 21,228,236</b>
Balance as of January 1, 2013	\$ 21,845,302				
Net transfers/disposals	175,799				
Depreciation expense	(792,865)				
Balance as of December 31, 2013	\$ 21,228,236				

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE F - NOTES RECEIVABLE:**

Notes receivable for the Primary Government at June 30, 2014, consisted of the following:

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$350,000, dated August 17, 2007. The note bears no interest and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$350,000.

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$203,645, dated August 17, 2007. The note bears interest at 5% and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$274,921.

The Housing Authority provided a loan to Briggs-Rosalind Phase I, LP in the original amount of \$620,000, dated August 17, 2007. The note bears no interest and has no required payments before maturity. The note matures on October 1, 2037, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$620,000.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$610,264, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$441,108.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$610,264, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$634,674.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$1,041,858, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$1,083,532.

The Housing Authority provided a loan to Liberty Meadow Estates Phase II, LP in the original amount of \$136,000, dated August 16, 2011. The note bears 2% interest compounded annually. The note matures August 31, 2051, and is secured by the real estate held for lease. The balance as of June 30, 2014 is \$141,440.

Balance as of July 1, 2013	\$ 3,491,131
Additional amounts due	54,544
Less: developer fee	<u>(371,248)</u>
Balance as of June 30, 2014	<u>\$ 3,174,427</u>

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE G - DEVELOPER FEE RECEIVABLE:**

Briggs-Rosalind Development, LLC is the developer for Briggs-Rosalind Estate Phase One, Limited Partnership and has earned a developer fee in the amount of \$1,452,185. As of December 31, 2013 and June 30, 2014, the outstanding amount of the developer fee was \$908,467. This amount is included in other assets and unearned revenue on the statement of net position.

Liberty Meadows Estates Phase II, LP is the developer for Liberty Meadows Estates Phase II and has earned a developer fee in the amount of \$569,078. As of December 31, 2013 and June 30, 2014, the outstanding amount of the developer fee was \$569,078. This amount is included in other assets and unearned revenue on the statement of net position.

**NOTE H - ACCOUNTS PAYABLE AND CURRENT LIABILITIES:**

Accounts payable and current liabilities at June 30, 2014, consisted of the following:

***PRIMARY GOVERNMENT***

Vendors and contractors payable	\$ 44,404
Accrued wages/payroll taxes payable	88,479
Accrued compensated absences – current	52,430
Accrued interest payable	73,886
Accounts payable – HUD PHA programs	818
PILOT	139,018
Unearned revenue – prepaid rents	2,019,097
Long-term capital debt – current portion	466,997
Security deposits	<u>217,589</u>
	<u>\$ 3,102,718</u>

***COMPONENT UNIT***

Vendors and contractors payable	\$ 444,302
Accrued wages/payroll taxes payable	11,860
Accrued interest payable	149,055
PILOT	166,488
Other accrued liabilities	31,333
Long-term capital debt – current portion	70,505
Security deposits	<u>104,992</u>
	<u>\$ 978,535</u>

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE I - NON-CURRENT LIABILITIES:**

Non-current liabilities at June 30, 2014, consisted of the following:

**PRIMARY GOVERNMENT**

Long-term capital debt – noncurrent portion	\$ 4,789,281
Accrued compensated absences – noncurrent portion	292,329
FSS escrow deposits	<u>53,624</u>
	<u>\$ 5,135,234</u>

**COMPONENT UNIT**

Long-term capital debt – noncurrent portion	\$ 9,842,688
Other noncurrent liabilities – discrete component units	<u>1,106,297</u>
	<u>\$ 10,948,985</u>

	Balance at July 1, 2013	Increases	Decreases	Balance at June 30, 2014	Current Portion of Balance
<b>PRIMARY GOVERNMENT</b>					
Compensated absences	\$ 295,624	\$ 60,731	\$ (11,596)	\$ 344,759	\$ 52,430
Tenants' FSS escrow	68,834	18,967	(34,177)	53,624	-
Notes payable	5,185,119	-	(333,000)	4,852,119	310,000
Lease payable	483,159	-	(149,739)	333,420	156,997
Premium on bond	<u>77,172</u>	<u>-</u>	<u>(6,433)</u>	<u>70,739</u>	<u>-</u>
Total Primary Government	\$ <u>6,109,908</u>	\$ <u>79,698</u>	\$ <u>(534,945)</u>	\$ <u>5,654,661</u>	\$ <u>519,427</u>
<b>COMPONENT UNIT</b>	Balance at January 1, 2013	Increases	Decreases	Balance at December 31, 2013	Current Portion of Balance
Notes payable - discrete	9,816,585	2,228,695	(2,132,087)	9,913,193	70,505
Developer fee payable	<u>1,477,545</u>	<u>-</u>	<u>-</u>	<u>1,477,545</u>	<u>371,248</u>
Total Component Unit	<u>11,294,130</u>	<u>2,228,695</u>	<u>(2,132,087)</u>	<u>11,390,738</u>	<u>441,753</u>
Total Non-current Liabilities	\$ <u>17,404,038</u>	\$ <u>2,308,393</u>	\$ <u>(2,667,032)</u>	\$ <u>17,045,399</u>	\$ <u>961,180</u>

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE J - LONG TERM DEBT OBLIGATIONS:**

Long-term debt obligations as of June 30, 2014, consisted of the following:

**Bonds Payable – Public Housing**

*Bonds payable – Capital Financing Bond Pool:* This loan accrues interest at 4.41%, principal and interest is payable semi-annually, final maturity is September 1, 2025. This debt is expected to be repaid with future capital fund revenues. The balance outstanding as of June 30, 2014, was \$4,852,119. Interest paid during the audit period was \$229,035. The schedule of maturities follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 310,000	\$ 221,820	\$ 531,820
2016	325,000	205,945	530,945
2017	345,000	190,230	535,230
2018	360,000	174,720	534,720
2019	375,000	158,550	533,550
2020-2024	2,130,000	521,635	2,651,635
2025-2026	<u>1,007,119</u>	<u>43,936</u>	<u>1,051,055</u>
	<u>\$ 4,852,119</u>	<u>\$ 1,516,836</u>	<u>\$ 6,368,955</u>

**Capital Lease Payable – Public Housing**

In November 2003, the Housing Authority entered into an Energy Performance Contract related, long-term, lease for equipment with AMERESCO that has been accounted for as a capital lease. Leased equipment includes the following amounts that have been capitalized and the future minimum payments, by year and in the aggregate, consist of the following as of June 30, 2014:

2015	\$ 169,426
2016	169,425
2017	<u>7,319</u>
Total minimum leases	346,170
Amounts representing interest	<u>(12,750)</u>
Present value of minimum payments	333,420
Less: Current portion	<u>(156,997)</u>
Total long-term amount	<u>\$ 176,423</u>

Total assets, included in equipment, recorded under capital lease at June 30, 2014 were \$1,544,041. Depreciation for the equipment during the year ended June 30, 2014 was \$154,404. Additionally, accumulated depreciation as of June 30, 2014 was \$1,235,233.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE J - LONG TERM DEBT OBLIGATIONS (Cont'd):**

**Mortgages Payable – Component units (discreet)**

First mortgage note payable to IHDA, interest at 6.6%, monthly payments of \$20,824, including interest; matures January 1, 2050, at which time any unpaid principal and interest are due. The note is insured by the United States Department of Housing and Urban Development through the Risk Sharing Program and is collateralized by the real estate held for lease and an assignment of rent and leases. The balance as of December 31, 2013 was \$3,466,057.

Second mortgage note payable to Illinois Housing Development Authority (IHDA), bearing no interest, monthly payments of principal only of \$2,917, are due until January 1, 2019. Commencing on February 1, 2019, monthly payments of principal only of \$5,417 are due; note matures November 1, 2027, at which time any unpaid principal is due. The note is collateralized by the real estate lease and an assignment of rent and leases. The balance as of December 31, 2013 was \$967,913.

Third mortgage note payable to the HAJ, interest at 5 percent, principal and interest due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2013 was \$350,000.

Fourth mortgage note payable to the HAJ, bearing no interest, principal due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2013 was \$203,645.

Fifth mortgage note payable to the HAJ, bearing no interest, principal due in full on October 1, 2037. The note is collateralized by the real estate held for lease. The balance as of December 31, 2013 was \$620,000.

The construction loan dated August 16, 2011, was held by First Midwest Bank in the original amount of \$2,100,000 and bore interest at 5% per annum. Interest only payments were due until maturity. The mortgage was to mature on August 16, 2013, at which time the entire principal balance was due. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. This loan was repaid from proceeds of the permanent loan from IHDA during the audit period.

The first mortgage dated December 27, 2012, is held by IHDA in the original amount of \$2,100,000 and bears interest at 5.8% per annum. Monthly installments of principal and interest in the amount of \$11,263 are due until maturity. The loan matures on January 1, 2053, at which time the entire outstanding principal balance and accrued interest are due. The loan is subject to prepayment penalties as described in the Loan Agreement. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. This loan was drawn during 2013, and the proceeds were used to pay off the construction loan. The outstanding balance as of December 31, 2013, was \$2,087,456.

The HOME loan dated August 16, 2011, is held by the HAJ in the original amount of \$430,000 and bears interest of 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The Project is subject to compliance with the HOME program rules and regulations. If the Project is in non-compliance with the HOME program rules and regulations, the Project will be subject to the recapture provisions mentioned in the Loan Agreement. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2013, was \$430,000.



**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE J - LONG TERM DEBT OBLIGATIONS (Cont'd):**

**Mortgages Payable – Component units (discreet)**

The AHP loan dated August 16, 2011, is held by the HAJ in the original amount of \$136,000 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2013 was \$136,000.

The capital funds loan dated August 16, 2011, is held by the HAJ in the original amount of \$1,041,858 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage matures on August 31, 2051, at which time the entire principal balance is due. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2013 was \$1,041,858.

The replacement housing factor loan dated August 16, 2011 is held by the HAJ in the original amount of \$610,264 and bears interest at 2% per annum. Principal and interest payments are payable from cash flow. The mortgage is collateralized by real estate held for lease and assignment of rents and leases. The outstanding balance as of December 31, 2013 was \$610,264.

Total long term debt	\$ 9,913,193
Less: current portion	<u>70,505</u>
	<u>\$ 9,842,688</u>

Maturities of long-term debt for the discretely presented component unit at December 31, 2013 are:

2014	\$ 70,505
2015	75,914
2016	78,568
2017	81,397
2018	84,407
Thereafter	<u>9,522,402</u>
	<u>\$ 9,913,193</u>

**NOTE K - OTHER NOTE DISCLOSURES:**

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

**Annual Contributions Contract** - Pursuant to the Annual Contributions Contract HUD contributes an operating subsidy approved in the operating budget. For the year ended June 30, 2014, the subsidy paid was \$3,378,993.

**2. Risk Management**

The Authority is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims & liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years.

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

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

In accordance with financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. During the fiscal year ended June 30, 2014, the Housing Authority of Joliet experienced no permanent material impairments during the audit period.

**NOTE M - PENSION PLAN:**

The Authority has an employee defined contribution retirement plan with the financial services company, John Hancock. To be eligible, an employee must have completed three months of service.

A defined contribution retirement plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual accounts are to be determined instead of specifying the amount of benefits the individual is to receive.

Vesting occurs at 20% per year for five years at which time the employee is fully vested. The Authority matches up to 6% of each participating employee's annual wages. Employee and employer contributions to the plan during the year ended June 30, 2014 were \$70,406 and \$58,291, respectively. Total payroll expense for the Authority was \$2,123,887.

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

**NOTE N - ECONOMIC DEPENDENCY:**

The PHA Owned Housing Program is economically dependent on annual contributions and grants from HUD. The program operates at a loss prior to receiving the contributions and grants.

**NOTE O - RELATED PARTY TRANSACTIONS:**

There were no related party transactions to be reported for the fiscal year ended June 30, 2014.

**NOTE P - COMMITMENTS & CONTINGENCIES:**

**Legal:**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. While there may be claims filed with the Authority, as of the date of this audit, there are no amounts to estimate. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At June 30, 2014, there were no liabilities to be reported.

**Grants and contracts:**

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of June 30, 2014.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**  
(Continued)

**NOTE P - COMMITMENTS & CONTINGENCIES: (Cont'd)**

**Capital fund:**

The Authority receives capital funding each year for ongoing capital improvements and repairs and maintenance.

**NOTE Q - SUPPLEMENTAL INFORMATION:**

The supplemental information has been included in order to show the financial statements of the Housing Authority on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplemental information is reviewed by the field office and provides greater detail concerning the operations of the Housing Authority.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**SINGLE AUDIT SECTION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



**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 AUDITORS' REPORT**

Board of Commissioners  
Housing Authority of Joliet  
Joliet, Illinois

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Ralph Metcalfe Federal Building  
Chicago, Illinois 60604

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of Joliet, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of Joliet's basic financial statements, and have issued our report thereon dated January 16, 2015.

**Internal Control Over Financial Reporting**

Management of the Housing Authority of Joliet is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies; items 2014-001 and 2014-002.

**Compliance and Other Matters**

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

### **Housing Authority of Joliet's Response to Findings**

The Housing Authority of Joliet's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Rector, Reeder & Lofton, PC  
Certified Public Accountants

Lawrenceville, Georgia  
January 16, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB A-133**

*INDEPENDENT AUDITORS' REPORT*

Board of Commissioners  
Housing Authority of Joliet  
Joliet, Illinois

Chicago Regional Office  
Public Housing Division  
77 West Jackson Boulevard  
Ralph Metcalfe Federal Building  
Chicago, Illinois 60604

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

We have audited the Housing Authority of Joliet's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Joliet's major federal programs for the year ended June 30, 2014. The Housing Authority of Joliet's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Joliet'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 OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Joliet's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Basis for Qualified Opinion on the Housing Choice Voucher Program**

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA #14.871 Housing Choice Voucher program as described in finding 2014-002 for program income. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

### **Qualified Opinion on the Housing Choice Voucher Program**

In our opinion, except for the noncompliance described above in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Choice Voucher program for the year ended June 30, 2014.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item number 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The management of the Housing Authority of Joliet 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 Housing Authority of Joliet's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Lawrenceville, Georgia  
January 16, 2015

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended June 30, 2013, contained the following formal audit findings:

**Finding 2013-001 - Inadequate Accounting Records**

**Condition:** Accounting records were inadequate to support balances in the general ledger. As a result, several large adjusting entries had to be booked to balance the records to the general ledger. It was also noted that the personnel handling and maintaining the records that supported certain general ledger balances were inadequately trained.

**Status:** We noted significant improvement in this area which was sufficient enough to have this finding removed. While we did note that several adjustments were required, none of these were the result of staff inadequacy, and consequently any issues with these are highlighted in the related finding or general comment. **This finding is cleared.**

**Finding 2013-002 - Segregation of Duties**

**Condition:** For the year ended June 30, 2013, inadequate separation of duties existed for adjusting journal entries, cash receipts, and cash disbursements that resulted in an inadequate internal control system.

**Status:** Our review and testing of the controls over receipts, cash disbursements, journal vouchers and procurement revealed no material deficiencies in these areas. **This finding is cleared.**

**Finding 2013-003 - Negative Cash in the Central Office Cost Center (COCC)**

**Condition:** There was not adequate cash management in the Central Office Cost Center (COCC) and this resulted in a negative cash position as there was insufficient cash in other non-federal programs to cover the deficit.

**Status:** We noted problems continue to exist in this area as COCC general fund cash was showing an overdraft of \$582,564. **This finding is repeated and is included in Finding 2014-001.**

**Finding 2013-004 - Management Responsibility for Preparation of Financial Statements**

**Condition:** Lack of controls existed in such a manner that the Housing Authority had inadequate training and knowledge that would enable them to prepare financial statements, including footnotes, in accordance with generally accepted accounting principles (GAAP).

**Status:** The Housing Authority contracted with an outside fee accounting firm during FY 2014 to assist with preparation of financial statements, Management's Discussion & Analysis and review of related financial statement disclosures. **This finding is cleared.**

**Finding 2013-005 - SEMAP Reporting**

**Condition:** The SEMAP report for the year ended June 30, 2013 did not agree to the supporting documentation and the population and/or the sample from the population selected was incorrect for some of the indicators.

**Status:** Our review and testing of the SEMAP submission for the year ended June 30, 2014 revealed no material deficiencies. **This finding is cleared.**

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**STATUS OF PRIOR AUDIT FINDINGS**  
(Continued)

**Finding 2013-006 - VMS Reporting**

**Condition:** For the year ended June 30, 2013, VMS reporting did not agree to the general ledger detail and supporting voucher detail report as multiple personnel prepared and completed the VMS reports during the year and did not maintain appropriate supporting documentation.

**Status:** Our review and testing of the controls over VMS Reporting for the year ended June 30, 2014 revealed no material deficiencies. **This finding is cleared.**

**Finding 2013-007 - Tenant Files**

**Condition:** Tenant files were not in compliance with HUD regulations. Specifically:

**HCVF Program** – A review of 20 tenant files revealed the following deficiencies:

- 4 files were missing inspections
- 8 files were missing rent reasonableness
- 1 file has a re-exam not done timely
- 4 files had incorrect income calculations
- 1 file did not include food stamps on Form 50058
- 4 files did not have the payment standard not updated
- 1 file where the HAP payment did not tie to the HAP register
- 3 files were missing the declaration 214 status
- 1 file's HUD Form 9886 was not signed
- 2 files utilized the incorrect utility allowance
- 2 files were missing the voucher

**Public Housing Program** – A review of 20 tenant files revealed the following deficiencies:

- 1 file had no recertification
- 1 file had no social security cards
- 1 file had no declaration 214 status
- 4 files had security deposit amounts that do not agree
- 1 file had a re-exam that was not done on a timely basis
- 1 file had no verification of food stamps
- 3 files had incorrect income calculations
- 4 files had flat rent not included on Form 50058

**Status:** Our review of 70 Public Housing files and 90 housing Choice Voucher program files revealed no material deficiencies. **This finding is cleared.**

**Finding 2013-008 - Negative Unrestricted Net Position**

**Condition:** Overspending on administrative costs has resulted in a negative unrestricted net position balance for the Housing Choice Voucher Program.

1. **Status:** The Housing Authority Choice Voucher Program was able has cut expenses significantly over the past year has reduced the UNA deficit from \$194,384 to \$40,414 in the unaudited FDS. Given that the balance is still negative and a compliance issue still existed as of June 30, 2014. These improvements were not sufficient to totally eliminate the program's deficit fund balance due to the size of the deficit coming into the year as well as recognition of an allowance of uncollectible receivables in the amount of \$102,907 from the Portability program. **This finding is repeated and is included in Finding 2014-002.**

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**STATUS OF PRIOR AUDIT FINDINGS**  
(Continued)

**Finding 2013-009 - Section 3 Reporting**

**Condition:** The Section 3 Summary Report lacked documentation to support the information provided and the Section 3 Summary Report was not being performed or reviewed by adequately trained personnel.

**Status:** Our review of the Section 3 report revealed that due to a system reporting issue on the HUD website, the PHA was not able to submit the report electronically. We did review a manual copy of the HUD 60002 that was prepared by staff and we noted no material deficiencies. We would recommend that the HAJ continue to submit a pdf via email and also mail a hard copy to the HUD Field Office of Fair Housing until such time that the online system is operational and may begin accepting electronic submissions. **This finding is cleared.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

**Financial Statements**

Type of report issued on the financial statements:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>Yes</b>
Noncompliance material to the financial statements noted?	<b>No</b>

**Federal Awards**

Internal controls over major programs:	
Material weakness(es) identified?	<b>No</b>
Significant deficiency(ies) identified not considered to be material weaknesses?	<b>Yes</b>
Type of report issued on the compliance for major programs:	<b>Qualified</b>
Any audit findings disclosed that are required to be reported in Accordance with Circular A-133, Section .510(a)?	<b>Yes</b>
Identification of major programs:	

-CFDA #14.850	Low-Income Public Housing
-CFDA #14.871	Housing Choice Voucher
-CFDA #14.872	Capital Fund Program

Dollar threshold used to distinguish between Type A and Type B programs:	<b>\$449,126</b>
Did the Authority qualify as a low-risk auditee?	<b>No</b>

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

**Section II – Financial Statement Findings**  
**Findings related to financial statements in accordance with GAGAS:**

**Finding 2014-001 - Central Office Cost Center - Cash Management & Cumulative Deficits - CFDA No. 14.850**  
**Other Matter & Significant Deficiency**

**Criteria:** Public Housing Financial Management Handbook, 7475.1 REV, along with code of federal regulations as it relates to using federal funds to finance and loan to non-federal programs.

**Condition:** A review of the financial condition of the Central Office Cost Center at June 30, 2014 revealed that there was a cash deficit of \$582,564 and as such resulted in an inter-program payable of \$600,000 to the Low Rent Public Housing Program to cover the COCC's cash overdraft position. A further analysis of the COCC's working capital revealed a deficit balance of \$801,686 which is a cumulative result of poor financial operating results.

**Recommendation:** We recommend that the Housing Authority continue to improve the operating results of the central office cost center in order to eliminate this deficit in working capital. We further recommend that the Housing Authority engage a consultant to advise the Housing Authority as to a strategic plan on curing this cumulative deficit and aggressively resolving this through changes to the asset management procedures of the agency.

**Corrective Action Plan:** It has been determined that the negative cash is a direct result of Account Receivable balances due from other programs. Once the balances owed by other programs are repaid in a timely manner consistently, the COCC can then begin to maintain a positive cash flow. In addition, measures have been taken to reduce expenses.

**Contact Person:** Linda C. Lea, Chief Financial Officer, (815)727-0611, Ext. 124.

**Anticipated Completion Date:** June 30, 2015

**Finding 2014-002 - Cumulative Operating Deficit & Accounts Receivable - Portability - CFDA No. 14.871**  
**Noncompliance & Significant Deficiency**

**Criteria:** Housing Choice Voucher Program including the HCVP Administrative Plan.

**Condition:** A review of the internal controls over the tracking and management of outstanding accounts receivable balances revealed that the Housing Authority had \$218,950 of uncollected balances as of June 30, 2014. Our testing of balances revealed that the Housing Authority made numerous attempts to collect the amounts owed from the three housing authorities that represented over 95% of the amounts owed. An aging analysis of the outstanding balances revealed that a substantial portion of these receivables are not collectible given that some of these amounts date back to 2013 and may therefore not be fully reimbursed. Due to this situation, an allowance for doubtful accounts in the amount of \$102,907 has been recognized to restate the balances to more reasonable levels. Unfortunately, the progress that the Housing Authority has achieved in resolving the cumulative operating deficits mentioned in audit finding no. 2013-008 was offset by the recording of this allowance for loss. Consequently, there is a current deficit balance in Unrestricted Net Position in the HCV program of \$(143,321).

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
(Continued)

**Section II – Financial Statement Findings**  
**Findings related to financial statements in accordance with GAGAS:**  
(Continued)

**Finding 2014-002 - Cumulative Operating Deficit & Accounts Receivable- Portability - CFDA No. 14.871**  
**Noncompliance & Significant Deficiency**

**Recommendation:** We recommend that HAJ change the focus of collection efforts to individuals rather than census listings by Housing Authority as these reimbursement listings contain multiple individuals, and therefore, may not be forwarded to the appropriate caseworker when the billing is received by the Authority from which the reimbursement is due. In addition, we recommend that the PHA continue to aggressively pursue repayment of all amounts owed and for those stale dated amounts that are not to be collected that these be submitted to the Board of Commissioners for approval to write-off these amounts as uncollectible. We also recommend that the Housing Authority continue to improve the operating results of this program in order to cure the deficit in the Administrative Fund.

**Corrective Action Plan:** The Housing Authority of Joliet recognizes the aged accounts receivable for Portability is no longer collectable; however we are aggressively working to collect balances due and accumulating for 2014 to current.

**Contact Person:** Tina Pourroy, HCV Program Manager (815)727-0611, Ext. 133

**Anticipated Completion Date:** June 30, 2015

**Section III – Federal Award Findings and Questioned Costs**  
**Findings and questioned costs for Federal Awards as defined in Section .510:**

**Finding 2014-001 - Central Office Cost Center - Cash Management & Cumulative Deficits - CFDA No. 14.850**  
**Other Matter & Significant Deficiency**  
As presented in Section II

**Finding 2014-002 - Cumulative Operating Deficit & Accounts Receivable- Portability - CFDA No. 14.871**  
**Noncompliance & Significant Deficiency**  
As presented in Section II

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

**SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2014**

Account Description	Low-Rent Public Hsg 14.850	Disaster Voucher Program 14.DVP	Housing Choice Vouchers 14.871	Other Federal Program	State/Local	Business Activities
<b>ASSETS:</b>						
<b>CURRENT ASSETS:</b>						
Cash:						
Cash - unrestricted	\$ 1,100,009	\$ 4,802	\$ 32,066	\$ 0	\$ 74,176	\$ 0
Cash - restricted	0	0	1,755,107	0	0	0
Cash - tenant security deposits	212,679	0	0	0	0	0
Cash - restricted for payment of current liabilities	175,002	0	0	0	0	0
Total Cash	1,487,690	4,802	1,787,173	0	74,176	0
Accounts and notes receivables:						
Accounts receivable - PHA projects	0	0	218,950	0	0	0
Accounts receivable - HUD	0	0	0	0	0	0
Accounts receivable - other	0	0	0	0	0	0
Accounts receivable - miscellaneous	371,248	0	81	0	0	0
Accounts receivable - tenants rents	68,182	0	0	0	0	0
Allowance for doubtful accounts-tenants	(9,847)	0	0	0	0	0
Allowance for doubtful accounts-other	0	0	(102,907)	0	0	0
Notes Receivable - current	0	0	0	0	0	0
Fraud Recovery	0	0	3,675	0	0	0
Allowance for doubtful accounts - fraud	0	0	0	0	0	0
Accrued interest receivable	0	0	0	0	0	0
Total receivables - net	429,583	0	119,799	0	0	0
Current investments:						
Investments - unrestricted	0	0	0	0	0	0
Investments - restricted	0	0	0	0	0	0
Prepaid expenses and other assets	84,564	0	2,162	0	0	0
Inventories	170,446	0	0	0	0	0
Allowance for obsolete inventories	(696)	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0
Interprogram (due from)	600,000	0	0	0	10,626	0
TOTAL CURRENT ASSETS	2,771,587	4,802	1,909,134	0	84,802	0
<b>NONCURRENT ASSETS:</b>						
Capital Assets:						
Land	7,505,414	0	0	0	0	0
Buildings	50,193,488	0	0	0	0	0
Furniture & equipment - admin	683,036	0	51,375	0	0	0
Improvements	0	0	0	0	0	0
Work in process	13,284	0	0	0	0	0
Accumulated depreciation	(36,376,745)	0	(37,989)	0	0	0
Total capital assets - net	22,018,477	0	13,386	0	0	0
Notes receivable - noncurrent	1,346,959	0	0	0	0	0
Other assets	0	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	23,365,436	0	13,386	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 26,137,023</b>	<b>\$ 4,802</b>	<b>\$ 1,922,520</b>	<b>\$ 0</b>	<b>\$ 84,802</b>	<b>\$ 0</b>



Component Unit Discretely Presented	Component Unit Blended	Central Office Cost Center	Elimination	TOTAL
\$ 0	\$ 55,903	\$ 17,425	\$ 0	\$ 1,284,381
1,246,944	12,394	0	0	3,014,445
104,992	4,519	0	0	322,190
0	0	11	0	175,013
<u>1,351,936</u>	<u>72,816</u>	<u>17,436</u>	<u>0</u>	<u>4,796,029</u>
0	0	0	0	218,950
0	0	0	0	0
98,008	0	0	0	98,008
0	27,334	2,182	0	400,845
52,615	0	0	0	120,797
0	0	0	0	(9,847)
0	0	0	0	(102,907)
0	75,856	0	0	75,856
0	0	0	0	3,675
0	0	0	0	0
0	0	0	0	0
<u>150,623</u>	<u>103,190</u>	<u>2,182</u>	<u>0</u>	<u>805,377</u>
0	0	0	0	0
0	0	0	0	0
0	7,042	4,820	0	98,588
0	0	67,214	0	237,660
0	0	(4,242)	0	(4,938)
0	0	0	0	0
0	431,650	0	(1,042,276)	0
<u>1,502,559</u>	<u>614,698</u>	<u>87,410</u>	<u>(1,042,276)</u>	<u>5,932,716</u>
198	0	186,308	0	7,691,920
24,166,077	586,674	1,080,735	0	76,026,974
514,670	15,415	744,433	0	2,008,929
0	0	0	0	0
0	0	0	0	13,284
(3,452,709)	(100,527)	(1,313,289)	0	(41,281,259)
<u>21,228,236</u>	<u>501,562</u>	<u>698,187</u>	<u>0</u>	<u>44,459,848</u>
0	0	1,827,468	0	3,174,427
543	1,477,545	0	0	1,478,088
0	0	0	0	0
<u>21,228,779</u>	<u>1,979,107</u>	<u>2,525,655</u>	<u>0</u>	<u>49,112,363</u>
<u>\$ 22,731,338</u>	<u>\$ 2,593,805</u>	<u>\$ 2,613,065</u>	<u>\$ (1,042,276)</u>	<u>\$ 55,045,079</u>

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
JUNE 30, 2014**

Account Description	Low-Rent Public Hsg 14.850	Disaster Voucher Program 14.DVP	Housing Choice Vouchers 14.871	Other Federal Program	State/Local	Business Activities
<b>LIABILITIES AND NET POSITION:</b>						
<b>LIABILITIES:</b>						
<b>CURRENT LIABILITIES:</b>						
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	31,688	0	1,791	0	0	0
Accrued salaries/payroll withholding	53,609	0	12,079	0	135	0
Accrued compensated absences	34,697	0	5,311	0	0	0
Accrued interest payable	73,052	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	818	0	0	0
Accounts payable - other gov.	131,509	0	0	0	0	0
Tenant security deposits	212,679	0	0	0	0	0
Unearned revenue	511,627	0	0	0	17,505	0
Current portion of L-T debt - capital projects	463,497	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0
Accrued liabilities - other	0	0	0	0	0	0
Interprogram (due to)	0	0	247,736	0	16,307	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,512,358</b>	<b>0</b>	<b>267,735</b>	<b>0</b>	<b>33,947</b>	<b>0</b>
<b>NONCURRENT LIABILITIES:</b>						
Long-term debt, net of current - capital projects	4,737,283	0	0	0	0	0
Accrued comp. absences - long term	193,451	0	29,613	0	0	0
Noncurrent liabilities - other	0	0	53,624	0	0	0
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>4,930,734</b>	<b>0</b>	<b>83,237</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>6,443,092</b>	<b>0</b>	<b>350,972</b>	<b>0</b>	<b>33,947</b>	<b>0</b>
<b>NET POSITION:</b>						
Net investment in capital assets	16,817,697	0	13,386	0	0	0
Restricted	0	0	1,701,483	0	0	0
Unrestricted	2,876,234	4,802	(143,321)	0	50,855	0
<b>TOTAL NET POSITION</b>	<b>19,693,931</b>	<b>4,802</b>	<b>1,571,548</b>	<b>0</b>	<b>50,855</b>	<b>0</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 26,137,023</b>	<b>\$ 4,802</b>	<b>\$ 1,922,520</b>	<b>\$ 0</b>	<b>\$ 84,802</b>	<b>\$ 0</b>

Component Unit Discretely Presented	Component Unit Blended	Central Office Cost Center	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
73,054	70	10,855	0	117,458
11,860	1,646	21,010	0	100,339
0	178	12,244	0	52,430
149,055	0	834	0	222,941
0	0	0	0	818
166,488	7,509	0	0	305,506
104,992	4,910	0	0	322,581
0	1,477,545	12,420	0	2,019,097
70,505	0	3,500	0	537,502
371,248	0	0	0	371,248
31,333	0	0	0	31,333
0	0	778,233	(1,042,276)	0
978,535	1,491,858	839,096	(1,042,276)	4,081,253
9,842,688	0	51,998	0	14,631,969
0	994	68,271	0	292,329
1,106,297	0	0	0	1,159,921
10,948,985	994	120,269	0	16,084,219
11,927,520	1,492,852	959,365	(1,042,276)	20,165,472
11,315,043	501,562	642,689	0	29,290,377
1,196,565	12,394	0	0	2,910,442
(1,707,790)	586,997	1,011,011	0	2,678,788
10,803,818	1,100,953	1,653,700	0	34,879,607
\$ 22,731,338	\$ 2,593,805	\$ 2,613,065	\$ (1,042,276)	\$ 55,045,079

Housing Authority of Joliet  
Joliet, Illinois

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	Low-Rent Public Hsg 14.850	Disaster Voucher Program 14.DVP	Housing Choice Vouchers 14.871	Other Federal Program	State/Local	Business Activities
<b>REVENUES:</b>						
Net tenant rental revenue	\$ 2,460,189	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tenant revenue - other	88,423	0	0	0	0	0
Total tenant revenue	2,548,612	0	0	0	0	0
HUD PHA grants - operating	4,365,248	0	10,525,923	5,886	0	0
HUD PHA grants - capital	73,809	0	0	0	0	0
Management fee	0	0	0	0	0	0
Asset management fee	0	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0	0
Front line service fee	0	0	0	0	0	0
Other government grants	0	0	0	0	261,916	0
Investment income - unrestricted	33,456	0	582	0	16	0
Mortgage interest income	0	0	0	0	0	0
Proceeds from disposition of assets held for sale	0	0	0	0	0	0
Fraud income	0	0	4,340	0	0	0
Other revenue	207,738	0	2,772,432	0	0	0
Investment income - restricted	0	0	0	0	0	0
Gain/(loss) on disposition	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 7,228,863</b>	<b>\$ 0</b>	<b>\$ 13,303,277</b>	<b>\$ 5,886</b>	<b>\$ 261,932</b>	<b>\$ 0</b>
<b>EXPENSES:</b>						
Administrative:						
Administrative salaries	\$ 725,671	\$ 0	\$ 227,916	\$ 4,582	\$ 3,748	\$ 0
Auditing fees	23,244	0	12,099	0	0	0
Management fees	909,169	0	157,755	0	0	0
Bookkeeping fees	88,358	0	97,462	0	0	0
Advertising & marketing	2,922	0	460	0	0	0
Employee benefits - administrative	281,892	0	69,872	1,304	299	0
Office expense	194,661	0	61,473	0	0	0
Legal expense	57,278	0	22,052	0	0	0
Travel expense	630	0	1,714	0	0	0
Other operating - administrative	51,899	0	21,107	0	0	0
Total Administrative Expense	2,335,724	0	671,910	5,886	4,047	0
Asset management fee	0	0	0	0	0	0
Tenant Services:						
Tenant services - salaries	0	0	50,588	0	0	0
Relocation costs	0	0	0	0	0	0
Employee benefits - tenant services	1,133	0	15,072	0	0	0
Other tenant services	7,331	0	592	0	0	0
Total Tenant Services	8,464	0	66,252	0	0	0
Utilities:						
Water	599,703	0	0	0	0	0
Electricity	193,803	0	2,668	0	0	0
Gas	535,811	0	116	0	0	0
Sewer	0	0	0	0	0	0
Other utilities	8,093	0	0	0	0	0
Employee benefits - utilities	0	0	0	0	0	0
Total Utilities Expense	1,337,410	0	2,784	0	0	0

Component Unit Discretely Presented	Component Unit Blended	Central Office Cost Center	Elimination	TOTAL
\$ 1,030,270	\$ 27,628	\$ 0	\$ 0	\$ 3,518,087
0	0	0	0	88,423
1,030,270	27,628	0	0	3,606,510
0	0	0	0	14,897,057
0	0	0	0	73,809
0	0	1,070,254	(1,070,254)	0
0	0	0	0	0
0	0	185,820	(185,820)	0
0	0	0	0	0
0	0	0	0	261,916
75	0	60,989	0	95,118
0	0	0	0	0
0	0	0	0	0
0	0	0	0	4,340
20,640	175,350	46,252	0	3,222,412
69	0	0	0	69
0	0	0	0	0
\$ 1,051,054	\$ 202,978	\$ 1,363,315	\$ (1,256,074)	\$ 22,161,231

\$ 74,826	\$ 32,638	\$ 466,011	\$ 0	\$ 1,535,392
48,658	0	14,338	0	98,339
56,840	0	0	(1,070,254)	53,510
0	0	0	(185,820)	0
0	0	1,170	0	4,552
10,203	10,865	167,092	0	541,527
6,652	1,890	75,508	0	340,184
37,663	722	106,779	0	224,494
0	127	228	0	2,699
3,751	459	62,628	0	139,844
238,593	46,701	893,754	(1,256,074)	2,940,541
0	0	0	0	0
0	0	0	0	50,588
0	0	0	0	0
0	0	0	0	16,205
0	0	0	0	7,923
0	0	0	0	74,716
5,352	0	1,765	0	606,820
3,360	163	5,616	0	205,610
1,659	11	5,719	0	543,316
0	0	0	0	0
0	0	0	0	8,093
0	0	0	0	0
10,371	174	13,100	0	1,363,839

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Disaster Voucher Program 14.DVP</u>	<u>Housing Choice Vouchers 14.871</u>	<u>Other Federal Program</u>	<u>State/Local</u>	<u>Business Activities</u>
<b>Ordinary Maintenance &amp; Operation:</b>						
Labor	563,645	0	0	0	0	0
Materials	171,414	0	4,433	0	0	0
Employee benefit contributions	181,634	0	0	0	0	0
Contract costs - garbage removal	34,601	0	0	0	0	0
Contract costs - heating & cooling	23,302	0	0	0	0	0
Contract costs - snow removal	0	0	0	0	0	0
Contract costs - elevator maintenance	34,846	0	0	0	0	0
Contract costs - landscape maintenance	45,381	0	0	0	0	0
Contract costs - unit turnaround	0	0	0	0	0	0
Contract costs - electrical	4,557	0	0	0	0	0
Contract costs - plumbing	73,212	0	0	0	0	0
Contract costs - extermination	41,538	0	0	0	0	0
Contract costs - janitorial	0	0	0	0	0	0
Contract costs - routine maintenance	257,883	0	0	0	0	0
Contract costs - other	54,329	0	4,203	0	0	0
<b>Total Ordinary Maintenance &amp; Operation</b>	<b>1,486,342</b>	<b>0</b>	<b>8,636</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Protective Services:</b>						
Protective services - salaries	94,575	0	0	0	0	0
Protective services - contract costs	42,179	0	0	0	0	0
Employee benefits - protective services	58,671	0	0	0	0	0
Other protective services	0	0	0	0	0	0
<b>Total Protective Services</b>	<b>195,425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Insurance Premiums:</b>						
Property insurance	219,372	0	5,934	0	0	0
Liability insurance	20,126	0	3,864	0	0	0
Workmen's compensation	187,912	0	35,383	0	0	0
Insurance - other	11,916	0	641	0	0	0
<b>Total Insurance Premiums</b>	<b>439,326</b>	<b>0</b>	<b>45,822</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>General Expenses:</b>						
Other general expense	30,621	0	32,844	0	729	0
Compensated absences	43,778	0	15,893	0	0	0
Payments in lieu of taxes	138,920	0	0	0	0	0
Bad debt - tenant rents	72,247	0	407	0	0	0
Bad debt - mortgages	0	0	0	0	0	0
Bad debt - other	0	0	102,907	0	0	0
Severance expense	0	0	0	0	0	0
<b>Total General Expenses</b>	<b>285,566</b>	<b>0</b>	<b>152,051</b>	<b>0</b>	<b>729</b>	<b>0</b>
<b>Financial Expenses:</b>						
Interest expense - Mortgage Payable	228,501	0	0	0	0	0
Interest expense - Notes Payable	19,684	0	0	0	0	0
Amortization - issuance costs	0	0	0	0	0	0
<b>Total Financial Expenses</b>	<b>248,185</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>6,336,442</b>	<b>0</b>	<b>947,455</b>	<b>5,886</b>	<b>4,776</b>	<b>0</b>
<b>EXCESS OPERATING REVENUE</b>	<b>892,421</b>	<b>0</b>	<b>12,355,822</b>	<b>0</b>	<b>257,156</b>	<b>0</b>
<b>Other Expenses:</b>						
Extraordinary maintenance	0	0	0	0	0	0
Casualty losses	0	0	0	0	0	0
Housing assistance payments	0	0	9,411,117	0	250,396	0
HAP Portability - In	0	0	2,588,005	0	0	0
Depreciation expense	1,654,260	0	5,067	0	0	0
<b>Total Other Expenses</b>	<b>1,654,260</b>	<b>0</b>	<b>12,004,189</b>	<b>0</b>	<b>250,396</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>\$ 7,990,702</b>	<b>\$ 0</b>	<b>\$ 12,951,644</b>	<b>\$ 5,886</b>	<b>\$ 255,172</b>	<b>\$ 0</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (761,839)</b>	<b>\$ 0</b>	<b>\$ 351,633</b>	<b>\$ 0</b>	<b>\$ 6,760</b>	<b>\$ 0</b>

Component Unit Discretely Presented	Component Unit Blended	Central Office Cost Center	Elimination	TOTAL
4,740	0	6,625	0	575,010
26,459	0	2,672	0	204,978
0	0	3,348	0	184,982
0	0	0	0	34,601
0	0	0	0	23,302
304	0	0	0	304
0	0	1,200	0	36,046
7,376	0	1,570	0	54,327
0	0	0	0	0
0	0	0	0	4,557
0	0	0	0	73,212
3,359	0	0	0	44,897
14,792	0	1,375	0	16,167
340	0	5,023	0	263,246
45,482	0	0	0	104,014
102,852	0	21,813	0	1,619,643
0	0	18,672	0	113,247
0	0	2,192	0	44,371
0	0	1,537	0	60,208
0	0	0	0	0
0	0	22,401	0	217,826
58,210	0	3,648	0	287,164
27,819	0	3,317	0	55,126
274	3,257	65,565	0	292,391
1,706	2,652	1,434	0	18,349
88,009	5,909	73,964	0	653,030
16,809	1,500	156,676	0	239,179
0	1,060	0	0	60,731
98,152	0	0	0	237,072
0	0	0	0	72,654
0	0	0	0	0
0	0	0	0	102,907
0	0	0	0	0
114,961	2,560	156,676	0	712,543
461,061	0	2,730	0	692,292
0	0	0	0	19,684
0	0	0	0	0
461,061	0	2,730	0	711,976
1,015,847	55,344	1,184,438	(1,256,074)	8,294,114
35,207	147,634	178,877	0	13,867,117
0	0	0	0	0
0	0	0	0	0
0	0	0	0	9,661,513
0	0	0	0	2,588,005
792,865	31,497	34,678	0	2,518,367
792,865	31,497	34,678	0	14,767,885
\$ 1,808,712	\$ 86,841	\$ 1,219,116	\$ (1,256,074)	\$ 23,061,999
\$ (757,658)	\$ 116,137	\$ 144,199	\$ 0	\$ (900,768)

Housing Authority of Joliet  
Joliet, Illinois

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Disaster Voucher Program 14.DVP</u>	<u>Housing Choice Vouchers 14.871</u>	<u>Other Federal Program</u>	<u>State/Local</u>	<u>Business Activities</u>
Operating transfer - in	259,119	0	0	0	0	0
Operating transfer - out	(259,119)	0	0	0	0	0
Inter project excess cash transfer - in	382,160	0	0	0	0	0
Inter project excess cash transfer - out	(382,160)	0	0	0	0	0
Transfer of equity	(3,085)	0	0	0	0	(984,816)
Prior period adjustments	0	0	0	0	0	0
<b>Beginning Net Position</b>	<u>20,458,855</u>	<u>4,802</u>	<u>1,219,915</u>	<u>0</u>	<u>44,095</u>	<u>984,816</u>
<b>Ending Net Position</b>	<b>\$ <u>19,693,931</u></b>	<b>\$ <u>4,802</u></b>	<b>\$ <u>1,571,548</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>50,855</u></b>	<b>\$ <u>0</u></b>
<b>Administrative Fund Equity</b>	0	0	(129,935)	0	0	0
<b>Housing Choice Voucher Equity</b>	0	0	1,701,483	0	0	0
<b>Units Available</b>	12,024	0	15,820	0	300	0
<b>Units Leased</b>	11,913	0	12,966	0	300	0



Component Unit Discretely Presented	Component Unit Blended	Central Office Cost Center	Elimination	TOTAL
0	0	0	(259,119)	0
0	0	0	259,119	0
0	0	0	(382,160)	0
0	0	0	382,160	0
0	984,816	3,085	0	0
0	0	0	0	0
11,561,476	0	1,506,416	0	35,780,375
<b>\$ 10,803,818</b>	<b>\$ 1,100,953</b>	<b>\$ 1,653,700</b>	<b>\$ 0</b>	<b>\$ 34,879,607</b>
0	0	0	0	(129,935)
0	0	0	0	1,701,483
888	44	0	0	29,076
888	44	0	0	26,111

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS - AMPs  
JUNE 30, 2014**

<u>Account Description</u>	<u>IL024000001</u>	<u>IL024000002</u>	<u>IL024000003</u>	<u>IL024000004</u>	<u>IL024000005</u>
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
Cash:					
Cash - unrestricted	\$ 86,869	\$ 0	\$ 0	\$ 59,827	\$ 0
Cash - restricted	0	0	0	0	0
Cash - tenant security deposits	40,492	0	46,885	21,398	8,796
Cash - restricted for payment of current liabilities	4,421	0	5,442	31,964	4,202
<b>Total Cash</b>	<b>131,782</b>	<b>0</b>	<b>52,327</b>	<b>113,189</b>	<b>12,998</b>
Accounts and notes receivables:					
Accounts receivable - HUD	0	0	0	0	0
Accounts receivable - miscellaneous	0	0	0	0	0
Accounts receivable - tenants rents	28,757	0	25,832	2,008	1,242
Allowance for doubtful accounts-tenants	(1,019)	0	(6,966)	(18)	(442)
Accounts receivable - fraud	0	0	0	0	0
Allowance for doubtful accounts-other	0	0	0	0	0
Accrued interest receivable	0	0	0	0	0
<b>Total receivables - net</b>	<b>27,738</b>	<b>0</b>	<b>18,866</b>	<b>1,990</b>	<b>800</b>
Current investments:					
Investments - unrestricted	0	0	0	0	0
Investments - restricted	0	0	0	0	0
Prepaid expenses and other assets	26,276	0	29,360	7,410	3,418
Inventories	48,372	0	40,088	26,036	4,243
Allowance for obsolete inventories	0	0	(27)	0	0
Interprogram (due from)	0	0	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>234,168</b>	<b>0</b>	<b>140,614</b>	<b>148,625</b>	<b>21,459</b>
<b>NONCURRENT ASSETS:</b>					
Capital Assets:					
Land	993,644	0	1,117,850	745,233	248,411
Buildings	6,825,377	0	5,989,735	6,717,030	5,313,980
Furniture & equipment - admin	179,903	0	192,214	45,512	30,360
Improvements	0	0	0	0	0
Work in process	10,450	0	2,834	0	0
Accumulated depreciation	(5,400,808)	0	(5,278,679)	(4,688,301)	(2,680,928)
<b>Total capital assets - net</b>	<b>2,608,566</b>	<b>0</b>	<b>2,023,954</b>	<b>2,819,474</b>	<b>2,911,823</b>
Notes receivable - noncurrent	0	0	0	0	0
Other assets	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0
<b>TOTAL NONCURRENT ASSETS</b>	<b>2,608,566</b>	<b>0</b>	<b>2,023,954</b>	<b>2,819,474</b>	<b>2,911,823</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,842,734</b>	<b>\$ 0</b>	<b>\$ 2,164,568</b>	<b>\$ 2,968,099</b>	<b>\$ 2,933,282</b>

<u>IL024000006</u>	<u>IL024000007</u>	<u>IL024000008</u>	<u>IL024000011</u>	<u>IL024009999</u>	<u>Other Project</u>	<u>TOTAL</u>
\$ 174,898	\$ 312,220	\$ 441,119	\$ 25,076	\$ 0	\$ 0	\$ 1,100,009
0	0	0	0	0	0	0
20,479	37,862	36,767	0	0	0	212,679
35,987	45,066	47,920	0	0	0	175,002
<u>231,364</u>	<u>395,148</u>	<u>525,806</u>	<u>25,076</u>	<u>0</u>	<u>0</u>	<u>1,487,690</u>
0	0	0	0	0	0	0
0	0	0	371,248	0	0	371,248
4,702	195	5,446	0	0	0	68,182
(181)	0	(1,221)	0	0	0	(9,847)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>4,521</u>	<u>195</u>	<u>4,225</u>	<u>371,248</u>	<u>0</u>	<u>0</u>	<u>429,583</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,711	6,337	6,052	0	0	0	84,564
22,154	16,417	13,136	0	0	0	170,446
(131)	(202)	(336)	0	0	0	(696)
300,000	0	300,000	0	0	0	600,000
<u>563,619</u>	<u>417,895</u>	<u>848,883</u>	<u>396,324</u>	<u>0</u>	<u>0</u>	<u>2,771,587</u>
745,233	807,336	807,336	2,040,371	0	0	7,505,414
7,045,111	8,082,186	9,715,283	504,786	0	0	50,193,488
60,349	62,056	112,642	0	0	0	683,036
0	0	0	0	0	0	0
0	0	0	0	0	0	13,284
<u>(5,163,543)</u>	<u>(6,144,210)</u>	<u>(6,966,013)</u>	<u>(54,263)</u>	<u>0</u>	<u>0</u>	<u>(36,376,745)</u>
<u>2,687,150</u>	<u>2,807,368</u>	<u>3,669,248</u>	<u>2,490,894</u>	<u>0</u>	<u>0</u>	<u>22,018,477</u>
0	0	0	1,346,959	0	0	1,346,959
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,687,150</u>	<u>2,807,368</u>	<u>3,669,248</u>	<u>3,837,853</u>	<u>0</u>	<u>0</u>	<u>23,365,436</u>
<u>\$ 3,250,769</u>	<u>\$ 3,225,263</u>	<u>\$ 4,518,131</u>	<u>\$ 4,234,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,137,023</u>

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS - AMPs  
JUNE 30, 2014**

<u>Account Description</u>	<u>IL024000001</u>	<u>IL024000002</u>	<u>IL024000003</u>	<u>IL024000004</u>	<u>IL024000005</u>
<b>LIABILITIES AND NET POSITION:</b>					
<b>LIABILITIES:</b>					
<b>CURRENT LIABILITIES:</b>					
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	2,702	0	2,001	6,861	2,317
Accrued salaries/payroll withholding	8,498	0	12,080	6,352	2,310
Accrued compensated absences	4,553	0	4,390	2,834	1,031
Accrued interest payable	2,553	0	0	17,886	19,134
Accounts payable - HUD PHA programs	0	0	0	0	0
Accounts payable - other gov.	109	0	0	13,570	4,215
Tenant security deposits	40,492	0	46,885	21,398	8,796
Unearned revenue	4,392	0	11,304	1,929	342
Current portion of L-T debt - capital projects	10,714	0	0	104,871	91,271
Other current liabilities	0	0	0	0	0
Accrued liabilities - other	0	0	0	0	0
Interprogram (due to)	0	0	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>74,013</b>	<b>0</b>	<b>76,660</b>	<b>175,701</b>	<b>129,416</b>
<b>NONCURRENT LIABILITIES:</b>					
Long-term debt, net of current - capital projects	159,176	0	0	1,149,783	1,203,510
Accrued comp. absences - long term	25,385	0	24,477	15,799	5,747
Noncurrent liabilities - other	0	0	0	0	0
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>184,561</b>	<b>0</b>	<b>24,477</b>	<b>1,165,582</b>	<b>1,209,257</b>
<b>TOTAL LIABILITIES</b>	<b>258,574</b>	<b>0</b>	<b>101,137</b>	<b>1,341,283</b>	<b>1,338,673</b>
<b>NET POSITION:</b>					
Net investment in capital assets	2,438,676	0	2,023,954	1,564,820	1,617,042
Restricted	0	0	0	0	0
Unrestricted	145,484	0	39,477	61,996	(22,433)
<b>TOTAL NET POSITION</b>	<b>2,584,160</b>	<b>0</b>	<b>2,063,431</b>	<b>1,626,816</b>	<b>1,594,609</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,842,734</b>	<b>\$ 0</b>	<b>\$ 2,164,568</b>	<b>\$ 2,968,099</b>	<b>\$ 2,933,282</b>

<u>IL024000006</u>	<u>IL024000007</u>	<u>IL024000008</u>	<u>IL024000011</u>	<u>IL024009999</u>	<u>Other Project</u>	<u>TOTAL</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6,400	5,610	5,797	0	0	0	31,688
6,661	8,481	9,227	0	0	0	53,609
11,333	4,575	5,981	0	0	0	34,697
11,223	11,073	11,183	0	0	0	73,052
0	0	0	0	0	0	0
18,085	44,201	42,769	8,560	0	0	131,509
20,479	37,862	36,767	0	0	0	212,679
243,514	4,119	246,027	0	0	0	511,627
80,055	87,279	89,307	0	0	0	463,497
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>397,750</u>	<u>203,200</u>	<u>447,058</u>	<u>8,560</u>	<u>0</u>	<u>0</u>	<u>1,512,358</u>
738,510	737,725	748,579	0	0	0	4,737,283
63,191	25,506	33,346	0	0	0	193,451
0	0	0	0	0	0	0
<u>801,701</u>	<u>763,231</u>	<u>781,925</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,930,734</u>
<u>1,199,451</u>	<u>966,431</u>	<u>1,228,983</u>	<u>8,560</u>	<u>0</u>	<u>0</u>	<u>6,443,092</u>
1,868,585	1,982,364	2,831,362	2,490,894	0	0	16,817,697
0	0	0	0	0	0	0
<u>182,733</u>	<u>276,468</u>	<u>457,786</u>	<u>1,734,723</u>	<u>0</u>	<u>0</u>	<u>2,876,234</u>
<u>2,051,318</u>	<u>2,258,832</u>	<u>3,289,148</u>	<u>4,225,617</u>	<u>0</u>	<u>0</u>	<u>19,693,931</u>
<u>\$ 3,250,769</u>	<u>\$ 3,225,263</u>	<u>\$ 4,518,131</u>	<u>\$ 4,234,177</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,137,023</u>

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMPs  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	<u>IL024000001</u>	<u>IL024000002</u>	<u>IL024000003</u>	<u>IL024000004</u>	<u>IL024000005</u>
<b>REVENUES:</b>					
Net tenant rental revenue	\$ 419,458	\$ 0	\$ 296,710	\$ 274,663	\$ 96,274
Tenant revenue - other	19,840	0	40,450	2,834	2,828
Total tenant revenue	439,298	0	337,160	277,497	99,102
HUD PHA grants - operating	1,007,019	0	916,727	581,843	316,698
HUD PHA grants - capital	43,352	0	11,614	3,539	501
Management fee	0	0	0	0	0
Asset management fee	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0
Front line service fee	0	0	0	0	0
Other government grants	0	0	0	0	0
Investment income - unrestricted	379	0	6	6	6
Mortgage interest income	0	0	0	0	0
Fraud income	0	0	0	0	0
Other revenue	92,123	0	8,046	17,679	6,312
Gain/(loss) on disposition	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$ 1,582,171</b>	<b>\$ 0</b>	<b>\$ 1,273,553</b>	<b>\$ 880,564</b>	<b>\$ 422,619</b>
<b>EXPENSES:</b>					
Administrative:					
Administrative salaries	\$ 120,659	\$ 0	\$ 127,588	\$ 93,517	\$ 34,792
Auditing fees	5,002	0	6,355	2,305	830
Management fees	148,893	0	152,995	115,161	41,473
Bookkeeping fees	14,467	0	14,873	11,198	4,027
Advertising & marketing	1,029	0	807	462	183
Employee benefits - administrative	43,687	0	69,446	25,093	9,237
Office expense	40,675	0	39,357	28,242	16,078
Legal expense	12,848	0	17,002	7,466	976
Travel expense	152	0	302	15	12
Other operating - administrative	12,612	0	11,042	3,841	1,988
Total Administrative Expense	400,024	0	439,767	287,300	109,596
Asset management fee	0	0	0	0	0
Tenant Services:					
Tenant services - salaries	0	0	0	0	0
Employee benefits - tenant services	0	0	0	0	0
Other tenant services	1,348	0	282	2,134	84
Total Tenant Services	1,348	0	282	2,134	84
Utilities:					
Water	264,805	0	170,908	42,002	15,289
Electricity	11,519	0	4,897	90,383	29,822
Gas	151,073	0	188,098	7,244	6,215
Sewer	0	0	0	0	0
Other utilities	0	0	0	3,622	767
Employee benefits - utilities	0	0	0	0	0
Total Utilities Expense	427,397	0	363,903	143,251	52,093

<u>IL024000006</u>	<u>IL024000007</u>	<u>IL024000008</u>	<u>IL024000011</u>	<u>IL024009999</u>	<u>Other Project</u>	<u>TOTAL</u>
\$ 306,556	\$ 541,502	\$ 525,026	\$ 0	\$ 0	\$ 0	\$ 2,460,189
10,752	2,732	8,987	0	0	0	88,423
<u>317,308</u>	<u>544,234</u>	<u>534,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,548,612</u>
517,692	479,568	520,625	25,076	0	0	4,365,248
3,790	6,678	4,335	0	0	0	73,809
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6	6	4	33,043	0	0	33,456
0	0	0	0	0	0	0
0	0	0	0	0	0	0
21,974	17,136	27,952	16,516	0	0	207,738
0	0	0	0	0	0	0
<u>\$ 860,770</u>	<u>\$ 1,047,622</u>	<u>\$ 1,086,929</u>	<u>\$ 74,635</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,228,863</u>

\$ 84,846	\$ 151,832	\$ 112,437	\$ 0	\$ 0	\$ 0	\$ 725,671
2,214	3,265	3,273	0	0	0	23,244
127,067	159,938	163,642	0	0	0	909,169
12,353	15,540	15,900	0	0	0	88,358
98	173	170	0	0	0	2,922
40,558	52,396	41,475	0	0	0	281,892
23,320	24,571	22,418	0	0	0	194,661
10,495	1,551	6,940	0	0	0	57,278
34	98	17	0	0	0	630
<u>11,696</u>	<u>5,982</u>	<u>4,738</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,899</u>
<u>312,681</u>	<u>415,346</u>	<u>371,010</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,335,724</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
0	1,085	48	0	0	0	1,133
<u>1,092</u>	<u>993</u>	<u>1,398</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,331</u>
<u>1,092</u>	<u>2,078</u>	<u>1,446</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,464</u>
31,561	36,957	38,181	0	0	0	599,703
24,433	15,824	16,925	0	0	0	193,803
76,167	50,503	56,511	0	0	0	535,811
0	0	0	0	0	0	0
1,238	1,897	569	0	0	0	8,093
0	0	0	0	0	0	0
<u>133,399</u>	<u>105,181</u>	<u>112,186</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,337,410</u>

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMPs  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	<u>IL024000001</u>	<u>IL024000002</u>	<u>IL024000003</u>	<u>IL024000004</u>	<u>IL024000005</u>
Ordinary Maintenance & Operation:					
Labor	142,579	0	105,812	68,163	24,468
Materials	30,873	0	47,081	10,621	11,671
Employee benefit contributions	50,672	0	29,426	20,896	7,604
Contract costs - garbage removal	14,477	0	7,182	8,829	0
Contract costs - heating & cooling	9,379	0	2,945	400	200
Contract costs - snow removal	0	0	0	0	0
Contract costs - elevator maintenance	0	0	0	9,780	2,970
Contract costs - landscape maintenance	11,140	0	18,750	4,310	1,520
Contract costs - unit turnaround	0	0	0	0	0
Contract costs - electrical	509	0	0	2,082	412
Contract costs - plumbing	22,989	0	34,568	3,347	3,913
Contract costs - extermination	6,804	0	7,056	5,250	1,890
Contract costs - janitorial	0	0	0	0	0
Contract costs - routine maintenance	91,517	0	61,145	27,767	15,770
Contract costs - other	0	0	42,498	2,022	1,673
Total Ordinary Maintenance & Operation	380,939	0	356,463	163,467	72,091
Protective Services:					
Protective services - salaries	0	0	0	7,676	2,632
Protective services - contract costs	2,103	0	37,367	984	382
Employee benefits - protective services	0	0	0	5,328	2,159
Other protective services	0	0	0	0	0
Total Protective Services	2,103	0	37,367	13,988	5,173
Insurance Premiums:					
Property insurance	71,798	0	57,695	24,229	8,849
Liability insurance	5,392	0	4,715	1,814	1,814
Workmen's compensation	35,727	0	26,626	24,654	8,945
Insurance - other	679	0	7,261	454	179
Total Insurance Premiums	113,596	0	96,297	51,151	19,787
General Expenses:					
Other general expense	798	0	0	0	0
Compensated absences	0	0	8,255	4,365	1,530
Payments in lieu of taxes	8,589	0	4,635	11,894	3,753
Bad debt - tenant rents	16,065	0	28,032	6,706	5,586
Bad debt - mortgages	0	0	0	0	0
Bad debt - other	0	0	0	0	0
Severance expense	0	0	0	0	0
Total General Expenses	25,452	0	40,922	22,965	10,869
Financial Expenses:					
Interest expense - Mortgage Payable	8,189	0	0	56,246	59,589
Interest expense - Notes Payable	0	0	0	2,902	1,522
Amortization - issuance costs	0	0	0	0	0
Total Financial Expenses	8,189	0	0	59,148	61,111
<b>TOTAL OPERATING EXPENSE</b>	<b>1,359,048</b>	<b>0</b>	<b>1,335,001</b>	<b>743,404</b>	<b>330,804</b>
<b>EXCESS OPERATING REVENUE</b>	<b>223,123</b>	<b>0</b>	<b>(61,448)</b>	<b>137,160</b>	<b>91,815</b>



<u>IL024000006</u>	<u>IL024000007</u>	<u>IL024000008</u>	<u>IL024000011</u>	<u>IL024009999</u>	<u>Other Project</u>	<u>TOTAL</u>
69,548	79,361	73,714	0	0	0	563,645
22,199	19,335	29,634	0	0	0	171,414
24,584	24,221	24,231	0	0	0	181,634
1,587	2,526	0	0	0	0	34,601
5,840	2,431	2,107	0	0	0	23,302
0	0	0	0	0	0	0
5,940	4,385	11,771	0	0	0	34,846
2,840	3,188	3,633	0	0	0	45,381
0	0	0	0	0	0	0
0	391	1,163	0	0	0	4,557
6,318	912	1,165	0	0	0	73,212
5,838	7,266	7,434	0	0	0	41,538
0	0	0	0	0	0	0
24,801	17,659	19,224	0	0	0	257,883
3,713	2,186	2,237	0	0	0	54,329
<u>173,208</u>	<u>163,861</u>	<u>176,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,486,342</u>
32,575	9,776	41,916	0	0	0	94,575
597	348	398	0	0	0	42,179
31,952	7,982	11,250	0	0	0	58,671
0	0	0	0	0	0	0
<u>65,124</u>	<u>18,106</u>	<u>53,564</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>195,425</u>
16,406	18,205	22,190	0	0	0	219,372
1,814	2,524	2,053	0	0	0	20,126
30,417	30,207	31,336	0	0	0	187,912
633	515	2,195	0	0	0	11,916
<u>49,270</u>	<u>51,451</u>	<u>57,774</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>439,326</u>
8	4,403	336	25,076	0	0	30,621
16,141	3,617	9,870	0	0	0	43,778
21,000	46,092	42,957	0	0	0	138,920
9,379	0	6,479	0	0	0	72,247
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>46,528</u>	<u>54,112</u>	<u>59,642</u>	<u>25,076</u>	<u>0</u>	<u>0</u>	<u>285,566</u>
35,232	34,780	34,465	0	0	0	228,501
4,337	5,396	5,527	0	0	0	19,684
0	0	0	0	0	0	0
<u>39,569</u>	<u>40,176</u>	<u>39,992</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>248,185</u>
<u>820,871</u>	<u>850,311</u>	<u>871,927</u>	<u>25,076</u>	<u>0</u>	<u>0</u>	<u>6,336,442</u>
<u>39,899</u>	<u>197,311</u>	<u>215,002</u>	<u>49,559</u>	<u>0</u>	<u>0</u>	<u>892,421</u>

**Housing Authority of Joliet  
Joliet, Illinois**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMPs  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Account Description</u>	<u>IL024000001</u>	<u>IL024000002</u>	<u>IL024000003</u>	<u>IL024000004</u>	<u>IL024000005</u>
Other Expenses:					
Extraordinary maintenance	0	0	0	0	0
Casualty losses	0	0	0	0	0
Housing assistance payments	0	0	0	0	0
Depreciation expense	196,058	0	139,169	222,781	224,554
Total Other Expenses	196,058	0	139,169	222,781	224,554
<b>TOTAL EXPENSES</b>	<b>\$ 1,555,106</b>	<b>\$ 0</b>	<b>\$ 1,474,170</b>	<b>\$ 966,185</b>	<b>\$ 555,358</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 27,065</b>	<b>\$ 0</b>	<b>\$ (200,617)</b>	<b>\$ (85,621)</b>	<b>\$ (132,739)</b>
Operating transfer - in	253,350	0	0	1,111	1,773
Operating transfer - out	(253,350)	0	0	(1,111)	(1,773)
Inter project excess cash transfer - in	52,160	0	300,000	0	30,000
Inter project excess cash transfer - out	0	(52,160)	0	0	0
Transfer of equity	(3,085)	(2,095,405)	0	0	0
Prior period adjustments	0	0	0	0	0
Beginning Net Position	2,508,020	2,147,565	1,964,048	1,712,437	1,697,348
<b>Ending Net Position</b>	<b>\$ 2,584,160</b>	<b>\$ 0</b>	<b>\$ 2,063,431</b>	<b>\$ 1,626,816</b>	<b>\$ 1,594,609</b>
<b>Units Available</b>	<b>1,944</b>	<b>0</b>	<b>2,016</b>	<b>1,500</b>	<b>564</b>
<b>Units Leased</b>	<b>1,929</b>	<b>0</b>	<b>1,983</b>	<b>1,493</b>	<b>537</b>

<u>IL024000006</u>	<u>IL024000007</u>	<u>IL024000008</u>	<u>IL024000011</u>	<u>IL024009999</u>	<u>Other Project</u>	<u>TOTAL</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
229,268	256,983	352,995	32,452	0	0	1,654,260
229,268	256,983	352,995	32,452	0	0	1,654,260
\$ 1,050,139	\$ 1,107,294	\$ 1,224,922	\$ 57,528	\$ 0	\$ 0	\$ 7,990,702
\$ (189,369)	\$ (59,672)	\$ (137,993)	\$ 17,107	\$ 0	\$ 0	\$ (761,839)
757	731	1,397	0	0	0	259,119
(757)	(731)	(1,397)	0	0	0	(259,119)
0	0	0	0	0	0	382,160
0	(330,000)	0	0	0	0	(382,160)
0	0	0	2,095,405	0	0	(3,085)
0	0	0	0	0	0	0
2,240,687	2,648,504	3,427,141	2,113,105	0	0	20,458,855
\$ 2,051,318	\$ 2,258,832	\$ 3,289,148	\$ 4,225,617	\$ 0	\$ 0	\$ 19,693,931
1,668	2,076	2,124	132	0	0	12,024
1,647	2,072	2,120	132	0	0	11,913

**Housing Authority of Joliet  
Joliet, Illinois**

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<b><u>FEDERAL GRANTOR</u></b>			
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</u></b>			
<b>Public Housing:</b>			
Low Rent Public Housing - subsidy	A - Major	14.850	\$ 3,378,993
Capital Fund Program	A - Major	14.872	1,060,064
<b>Section 8 Housing Assistance Program:</b>			
Housing Choice Voucher	A - Major	14.871	10,525,923
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</u></b>			
<b>Fair Housing Assistance Program</b>			
Section 3 Program	B - Nonmajor	14.401	5,886
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<b>\$ 14,970,866</b>
<b>Threshold for Type A &amp; Type B</b>			<b>\$ 449,126</b>

The accompanying notes to the schedule of federal financial awards is an integral part of this schedule.

**HOUSING AUTHORITY OF JOLIET**  
**Joliet, Illinois**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of Joliet and is presented on the post-GASB 34 full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE B - SUBRECIPIENTS:**

The Housing Authority of Joliet provided no federal awards to subrecipients during the fiscal year ending June 30, 2014.

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

- The Housing Authority of Joliet received no federal awards of non-monetary assistance that are required to be disclosed for the year ended June 30, 2014.
- The Housing Authority of Joliet had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended June 30, 2014.
- The Housing Authority of Joliet maintains the following limits of insurance as of June 30, 2014:

Property	\$ 11,846,800
Liability	\$ 2,000,000
Business Auto	\$ 300,000
Worker Compensation	Statutory
Directors & Officers Liability	\$ 500,000
Employee Dishonesty	\$ 50,000

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

**HOUSING AUTHORITY OF JOLIET**  
Joliet, Illinois

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Housing Authority of Joliet  
Joliet, Illinois**

**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS  
June 30, 2014**

**Grant Year IL06P011501-12**

- 1 The Actual Capital Fund Program Costs of Phase IL06P024501-12 are as follows:

Funds Approved	\$ 1,346,446
Funds Expended	<u>1,346,446</u>
Excess of Funds Approved	\$ <u><u>-</u></u>
 Funds Advanced	 \$ 1,346,446
Funds Expended	<u>1,346,446</u>
Excess of Funds Advanced	\$ <u><u>-</u></u>

- 2 Audit period additions were \$558,097 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.
- 4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.