

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED MARCH 31, 2023

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

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Independent Auditor's Report

Board of Commissioners
Moline Housing Authority
Moline, Illinois

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the business type activities of the Moline Housing Authority (Housing Authority), as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of March 31, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*. My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Housing Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

My objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures on the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Further, the financial data schedules shown on pages 42 to 46, the Certification of Actual Modernization Costs on page 30 to 32, and other supplemental information as listed in the table of contents are presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In my opinion, financial data schedules and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 8, 2023 on my consideration of the Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over reporting and compliance.



Pamela J. Simpson, CPA

Decatur, Illinois
November 8, 2023

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

Management's Discussion and Analysis

As management of the Moline Housing Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Moline Housing Authority, 4141 11th Ave. A, Moline, Illinois 61265, (309) 764-1819.

Overview of The Financial Statements

The financial statements included in this annual report are those of a special-purpose government agency engaged in a business-type activity. Project based accounting was used for the first time for year ended March 31, 2023. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenue, Expenditures, and Changes in Fund Net Position - reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities.

Financial Highlights

The Moline Housing Authority's net position decreased from \$5,819,790 to \$7,659,405, an increase of \$1,839,615 or 32%. The total assets increased by \$3,571,650.

Total revenues and contributions increased from \$4,678,183 to \$7,637,846, an increase of \$2,959,663, or 63%. Revenues comprised of rental income, HUD operating grants, HUD capital grants, investment income, fraud recovery, and other revenue and contributions.

Total expenses increased by \$44,933 or 1% from \$5,753,221 to \$5,798,154 for the current year.

Future Events (New Business)

There are no future events planned by the Authority during the fiscal year ending March 31, 2024, that will significantly affect the Authority's Net Position either positively or negatively.

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

To fully understand the financial statements of the Housing Authority, one must start with an understanding of what the Authority actual does. The following is a brief description of the programs and services that the Authority provides for the residents of Moline, Illinois:

Low Income Public Housing

The Housing Authority owns 486 units at 3 sites in Moline, Illinois. Spring Valley has 182 elderly units, Springbrook has 184 family units and Hillside Heights has 120 elderly units. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

Section 8 Housing Choice Vouchers

HUD has contracted with the Housing Authority through an Annual Contributions Contract to provide funding for 234 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to independent landlords for a lease that sets the low-income participant's rent at 30% of adjusted income. The Housing Assistance Payment matches the difference between the total rent that the landlord can charge at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

Capital Fund Program

This grant program is awarded by HUD on an annual basis and is the primary funding source for physical and management improvements to the Authority's properties. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to fully expend an annual award.

Fiesta Manor

The Housing Authority purchased a six (6) two (2) bedroom Project Based Section 8 housing under the U.S. Department of Housing and Urban Development (HUD) multi-family housing program. The Moline Housing Authority is amongst the few Housing Authorities in the country to operate both conventional low-income public housing and multi-family housing and we are very proud of this achievement. This purchase is demonstration of the Housing Authority's commitment to providing additional housing to meet the need for affordable housing in the City of Moline.

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

Condensed Comparative Financial Statements

Analysis of Entity Wide Net Position

Total Assets for FYE 2023 were \$10,080,033 and at FYE 2022 the amount was \$6,508,383. This represents a net increase of \$3,571,650.

Cash increased by \$963,878 or 159% due to more cash in operations.

Capital Assets increased by \$2,629,903. The change in Capital Assets will be presented in the section of this analysis entitled Analysis of Capital Assets.

Current Liabilities increased by \$468,731 or 125%. The reason for this change was due to increases in vendor accounts payable for operations and capital fund projects.

Noncurrent Liabilities increased by \$1,142,067 or 364% due to the increase in long term liabilities related to loan liabilities.

The table below illustrates our analysis:

	2023	2022	Variances	Percentage Change
Cash	1,569,537	605,659	963,878	159%
Other Current Assets	360,439	486,729	(126,290)	-26%
Capital Assets	8,045,898	5,415,995	2,629,903	49%
Non Current Assets	104,159	0	104,159	100%
Total Assets	10,080,033	6,508,383	3,571,650	55%
Deferred Outflows of Resources	0	0	0	0%
TOTAL	10,080,033	6,508,383	3,571,650	55%
Current Liabilities	843,311	374,580	468,731	125%
Noncurrent Liabilities	1,456,080	314,013	1,142,067	364%
Total Liabilities	2,299,391	688,593	1,610,798	234%
Deferred Inflows of Resources	121,237	0	121,237	100%
Net Investment in Capital Assets	6,189,458	5,141,129	1,048,329	20%
Restricted	3,103	2,962	141	5%
Unrestricted	1,466,844	675,699	791,145	117%
Total Net Position	7,659,405	5,819,790	1,839,615	32%
TOTAL	10,080,033	6,508,383	3,571,650	55%

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

Analysis of Entity Wide Revenue

The Authority administers the following programs and the revenues generated from these programs during Fiscal Year Ending March 31, 2023, were as follows:

<u>Program</u>	<u>Revenues Generated</u>
Public and Indian Housing	\$2,507,637
Public Housing Capital Funds	\$2,685,178
Component Unit - Fiesta Manor	\$135,225
PIH Family Self Sufficiency Program	\$45,588
Business Activities	\$511,079
Section 8 Housing Assistance Payments Program	\$47,532
Housing Choice Vouchers	\$1,869,939
Resident Opportunity and Supportive Services	\$32,896
EFA FSS Escrow Forfeiture Account	\$2,708
COCC	\$64
Total	\$7,637,846

Total Revenues and Contributions for Fiscal Year Ending March 31, 2023, were \$7,637,846 as compared to the total revenues for Fiscal Year Ending March 31, 2022, of \$4,678,183. Revenues and contributions for 2023 exceeded 2022 by \$2,959,663.

	<u>2023</u>	<u>2022</u>	<u>Variances</u>	<u>Percentage Changes</u>
Total Tenant Revenue	1,686,820	1,545,332	141,488	9%
HUD Operating Grants	3,488,720	2,931,608	557,112	19%
Capital Grants	1,736,287	98,506	1,637,781	1663%
Investment Income	14,798	1,752	13,046	745%
Fraud Recovery	3,866	23,705	(19,839)	-84%
Other Revenue	707,355	117,724	589,631	501%
Gain (loss) on sale of capital assets	0	(40,444)	40,444	100%
Total Revenue	<u>7,637,846</u>	<u>4,678,183</u>	<u>2,959,663</u>	<u>63%</u>

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

Analysis of Entity Wide Expenditures

Total Expenditures including depreciation for Fiscal Year Ending March 31, 2023, were \$5,798,154 as compared to \$5,753,221 total expenditures for Fiscal Year Ending March 31, 2022. Comparatively, Fiscal Year Ending 2022 expenditures were less than Fiscal Year Ending 2023 expenditures by \$44,933. Changes by major expense category will be presented below.

Administrative expenditures increased by \$167,174 due to an increase in wages and related benefits.

Tenant Services decreased by \$39,217 due to CARES Act funding and allocated overhead costs not occurring in 2023.

Utilities decreased by \$21,015 or 4% due to fluctuations in consumption and price.

Maintenance expenditures decreased by \$205,641 or 17% because of the decrease in contract costs.

General Expense and Interest increased by \$46,998 or 9% because of the increase in bad debts and insurance.

Housing Assistance Payments increased by \$141,260 or 11% from last year and HAP Port-in decreased by \$18,024.

Depreciation Expense decreased due to fewer capital items being depreciated in the current year.

The table below illustrates our analysis:

	2023	2022	Variances	Percentage Changes
Administrative	1,220,328	1,053,154	167,174	16%
Tenant Services	90,383	129,600	(39,217)	-30%
Utilities	581,492	602,507	(21,015)	-4%
Maintenance	998,523	1,204,164	(205,641)	-17%
General Expense and Interest	566,138	519,140	46,998	9%
Extraordinary Maintenance	4,072	0	4,072	100%
Casualty Losses	19,767	0	19,767	100%
Housing Assistance Payments	1,430,984	1,289,724	141,260	11%
HAP Port-In	35,041	53,065	(18,024)	-34%
Depreciation Expense	851,426	901,867	(50,441)	-6%
Total Expenses	\$5,798,154	\$5,753,221	\$44,933	1%

**MOLINE HOUSING AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING MARCH 31, 2023**

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public housing is adopted on the basis of accounting prescribed by the Housing and Urban Development, which differs in some respects from generally accepted accounting principles.

The Authority prepares a budget for each fiscal year of Capital Fund Grant Program that is approved by HUD. The Authority is permitted four years to expend these funds. Income is only recognized as funds are expended.

Analysis of Capital Asset Activity

	<u>2023</u>	<u>2022</u>	<u>Variances</u>	<u>Percentage Changes</u>
Land	117,331	117,331	0	0%
Buildings	33,754,450	31,892,913	1,861,537	6%
Furniture, Equipment, & Machinery - Dwellings	79,858	79,858	0	0%
Furniture, Equipment, & Machinery - Administration	712,823	669,143	43,680	7%
Construction in Progress	1,608,472	38,999	1,569,473	4024%
Total Capital Assets	36,272,934	32,798,244	3,474,690	11%
Accumulated Depreciation	28,227,036	27,382,159	844,877	3%
Net Capital Assets	8,045,898	5,416,085	2,629,813	49%

Additional information regarding capital assets can be found in "Notes to Financial Statements".

Outstanding Debt

The Housing Authority borrowed \$272,000 to purchase Fiesta Manor in December 2016. The balance of that outstanding debt on March 31, 2021, was \$241,348. That mortgage was rolled over into a new loan of \$285,018 during the fiscal year 2021 at 4.50% with an October 16, 2025, maturity date.

The Housing Authority signed into a repayment agreement with HUD for HUD held reserves in the amount of \$169,393 on June 20, 2018. The Housing Authority agreed to pay \$28,663 for the year 2019 and installment payments in the amount of \$28,200 for four years thereafter. The last payment of \$27,930 was due in 2023.

Fiesta Manor, the component unit of the Housing Authority, drew \$1,125,983 on a construction line of credit related to the construction of Spring Valley Village. Construction is anticipated to be complete before the end of 2023 and the construction loan finalized at that time.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF MARCH 31, 2023**

ASSETS

Current Assets:

Cash - operating	\$ 1,417,295
Cash - restricted	152,242
Receivables (net)	86,113
Inventory (net)	99,161
Prepaid expenses	<u>175,165</u>

Total Current Assets \$ 1,929,976

Capital Assets:

Land, land improvements and construction in progress	\$ 1,725,803
Other capital assets, net of depreciation	<u>6,320,095</u>

Total Capital Assets \$ 8,045,898

Other Long Term Assets:

Leased Assets	<u>\$ 104,159</u>
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Total Long Term Assets \$ 8,150,057

DEFERRED OUTFLOWS OF RESOURCES

\$ 0

TOTAL

\$ 10,080,033

LIABILITIES

Current Liabilities:

Accounts payable	\$ 499,552
Other liabilities	311,324
Unearned revenue	22,297
Notes payable	<u>10,138</u>

Total Current Liabilities \$ 843,311

Noncurrent Liabilities:

Notes payable	\$ 255,038
FSS escrow	26,929
Earned compensated absences	48,130
Construction loan	<u>1,125,983</u>

Total Noncurrent Liabilities \$ 1,456,080

Total Liabilities \$ 2,299,391

DEFERRED INFLOWS OF RESOURCES (Note 15)

\$ 121,237

NET POSITION

Net investment in capital assets	\$ 6,189,458
Restricted	3,103
Unrestricted	<u>1,466,844</u>

Total Net Position \$ 7,659,405

TOTAL

\$ 10,080,033

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2023**

Operating Income

Tenant rental revenue	\$ 1,562,720
Tenant revenue - other	<u>124,100</u>
 Total Rental Income	 \$ 1,686,820
 HUD grants - operating	 3,488,720
Fraud recovery	3,866
Other revenue	<u>707,355</u>
 Total Operating Income	 <u>\$ 5,886,761</u>

Operating Expenses

Administration	\$ 1,220,328
Tenant services	90,383
Utilities	581,492
Ordinary maintenance and operation	998,523
General expense	554,407
Extraordinary maintenance	4,072
Housing assistance payments	1,466,025
Depreciation	<u>851,426</u>
 Total Operating Expenses	 <u>\$ 5,766,656</u>
 Net Operating Income (Loss)	 <u>\$ 120,105</u>

Nonoperating Income (Expense)

Casualty loss	\$ -19,767
Interest income	14,798
Interest expense	<u>-11,731</u>
 Nonoperating Income (Expense)	 <u>\$ -16,770</u>

Capital Contributions (Note 15) \$ 1,736,287

Changes in net position	\$ 1,839,692
Prior period adjustments (Note 19)	-77
Net position, beginning of year	<u>5,919,790</u>
 Net position, end of year	 <u><u>\$ 7,659,405</u></u>

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2023**

Operating Activities

Operating grants	\$ 3,655,138
Tenant revenue	1,715,849
Other revenue	3,866
Housing assistance payments	-1,466,025
Payments to employees	-1,203,378
Payments to suppliers and contractors	<u>-1,096,123</u>

Net Cash Provided (Used) by Operating Activities \$ 1,609,327

Investing Activities

Investments (purchased) redeemed	\$ 0
Interest income	<u>14,798</u>

Net Cash Provided (Used) by Investing Activities \$ 14,798

Capital and Related Financing Activities

HUD grants - capital	\$ 1,736,287
(Additions) deletions to fixed assets	-3,481,329
Issuance (retirement) of debt	1,116,293
Casualty loss	-19,767
Interest expense	<u>-11,731</u>

Net Cash Provided (Used) by
Capital and Related Financing Activities \$ -660,247

Net Change in Cash \$ 963,878

Cash Balance at March 31, 2022 605,659

Cash Balance at March 31, 2023 \$ 1,569,537

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TWELVE MONTHS ENDED MARCH 31, 2023**

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

Net operating income (loss)	\$ 120,105
Adjustment to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Depreciation	851,426
Prior period adjustments	-77
 (Increase) decrease in accounts receivables	 172,664
(Increase) decrease in inventories	-51,182
(Increase) decrease in prepaid expenses	4,808
(Increase) decrease in other long term assets	-104,159
 Increase (decrease) in accounts payables	 387,988
Increase (decrease) in other liabilities	88,118
Increase (decrease) in unearned revenues	-1,101
Increase (decrease) in escrow liabilities	19,500
Increase (decrease) in deferred inflows	<u>121,237</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ 1,609,327</u></u>

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023**

Note 1 - Summary of Significant Accounting Policies

(a) Organization and Reporting Entity -

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

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

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

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

Consequently, in accordance with evaluating the criteria set forth in Section 2100 and 2600 of the Governmental Accounting Standards Board Codification, management has concluded that the Moline Housing Authority is a separate reporting entity. All funds and programs of the Housing Authority are included in these statements. The Housing Authority has one component unit, Moline Housing Development Corporation (MHDC) reported as a blended unit of the Housing Authority. In turn MHDC is the sole owner of Spring Valley Village Apartments, Inc.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(b) Component Unit -

Consistent with applicable guidance, the criteria used by the Authority to include component units within its reporting entity are financial accountability and the nature and significance of the relationship. The Authority included organizations as component units under the following financial accountability criteria:

1. Organizations for which the Authority appoints a voting majority of the organizations governing body and for which (a) the Authority is able to impose its will on the organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Authority.
2. A financial benefit or burden relationship between the Authority and the component unit.
3. Management of the Authority has operational responsibility for the activities of the component unit.

The following is a brief description of the blended component unit meeting the above criteria that is included in the PHA's financial reporting entity.

The Moline Housing Development Corporation is a not-for-profit subsidiary established to promote and advance the common good and welfare of Moline, Illinois residents by constructing, acquiring, owning, leasing and renting facilities. It provides low-rent housing to qualified individuals. The Component Unit is supported primarily through rental income receipts and HUD subsidy. All Component Unit employees also work for the Moline Housing Authority. The Component Unit's Section 8 rental subsidy is received under a special allocation program.

(c) Method of Accounting -

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(d) Financial Statement Presentation

Although a formal policy has not been adopted, by practice the Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are tenant rents and HUD grants. Operating expenses include administration, maintenance, insurance, depreciation, utilities, housing assistance payments and other general expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

(e) Funds -

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

- * Public and Indian Housing
- * Public Housing Capital Funds
- * Component Unit - MHDC - Fiesta Manor
- * PIH Family Self-Sufficiency Program
- * Business Activities
- * Section 8 Housing Assistance Payments Program Special Allocations
- * Section 8 Housing Choice Vouchers
- * Resident Opportunity and Supportive Services (ROSS)
- * EFA FSS Escrow Forfeitures
- * Central Office Cost Center

These programs are all accounted for within the 'Proprietary' (enterprise) fund as described below:

Proprietary Fund Types:

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

(f) Cash and Cash Equivalents -

For purposes of the statement of cash flows, the policy of the Housing Authority is to consider all highly liquid investments to be cash equivalents. The term "highly liquid" refers to investments with a maturity of three (3) months or less when purchased to be cash equivalents.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(g) Interprogram Receivables and Payables

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

(h) Accounts Receivable -

The tenants accounts receivable discloses the gross amount due from the tenants at March 31, 2023, and does not take into consideration prepaid amounts. The Housing Authority provides for an allowance for doubtful accounts, based on the estimated collections of current accounts receivables. The Housing Authority periodically writes off uncollectible accounts receivable to the allowance account based on a review of the current status of existing receivables and the determination that the receivable will not be collected.

(i) Inventories and Materials -

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

(j) Investments -

Investments are stated at cost which approximates market.

(k) Capital Assets -

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

If anticipated life or useful life of said equipment or property is one thousand dollars (\$1,000) (with the exception of ranges and refrigerators) or and the anticipated life is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.

Land, buildings and equipment contains the following:

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

(k) Capital Assets - (Continued)

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

Buildings	40	years
Transportation equipment	5	years
Furniture, fixtures and equipment	3 - 10	years
Leasehold improvements	15	years

(l) Net Position -

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

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

(m) Income Tax -

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

(n) Annual Contributions/Subsidies and Other Grants

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

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

- (o) The Housing Authority adopts a budget annually. The budget is submitted to the Department of Housing and Urban Development for approval. The final budget revision was adopted by the Board of Commissioners on March 20, 2023.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 1 - Summary of Significant Accounting Policies

- (p) The preparation of financial statements in conformity with generally accepted accounting principles require the Housing Authority to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (q) Leasing activities (as lessor) - the Authority is the lessor of dwelling units mainly to low income and/or elderly and disabled residents. The rents under the lease are determined generally by the resident's income as adjusted by eligible deductions regulated by HUD, although the resident may elect for a flat rent option. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.
- (r) Rental income is recognized as rents become due.
- (s) At any time during the year and at year end, there are construction projects in process. These projects include modernizing rental units. The projects are funded by HUD and funds are requested periodically as costs are incurred.

Note 2 - Cash and Investments

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

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

Custodial Credit Risk

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 2 - Cash and Investments (Continued)

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

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

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

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

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

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

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

Category 3 - Deposits which are not collateralized or insured.

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

<u>Program</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Public and Indian Housing	\$ 1,050,621	\$ 1,122,983
Component Unit - Fiesta Manor	78,530	92,187
Business Activities	351,722	351,722
Housing Choice Vouchers	61,960	62,590
Central Office Cost Center	<u>26,704</u>	<u>26,704</u>
Total	<u>\$ 1,569,537</u>	<u>\$ 1,656,186</u>

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 3 - Compensated Absences

Personal Days

The Authority provides full-time employees seven (7) personal days per calendar year to attend to personal matters such as doctor and dentist appointments, children's school activities or other personal obligations or illnesses.

Full-time employees are eligible to take personal time after completing ninety (90) days of employment. Personal days are prorated during the first year of employment based on the employee's hire date and annually thereafter on January 1 of each year.

Unused personal days carry over from year-to-year, with a maximum accumulation of 120 hours (15 days). Personal days may not be cashed out in lieu of time off. Employees who provide a two week notice of resignation and work the notice period will be paid for any accrued and unused personal days in their final paycheck.

Vacation

Eligibility

All full-time employees are eligible to earn paid vacation time based on the schedule below.

Eligible employees begin to accrue vacation after 90 days of employment.

<u>Years of Continuous Employment</u>	<u>Vacation Time Accrued Per Pay Period</u>	<u>Vacation Earned Per Year</u>
91 days - less than 3 years	3.08 hours	10 days
3 - 14 years	4.62 hours	15 days
15 + years	6.18 hours	20 days

Scheduling

Unused vacation hours will carry-over from year-to-year, with a maximum accumulation of 240 hours (30 days). Vacation hours may not be 'cashed out' in lieu of time off.

Pay

Employees who provide a two week notice of resignation and work the notice period will be paid for any accrued and unused vacation time in their final paycheck.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 4 - Defined Contribution Plan

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan with American United Pension. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan, established by the board of Commissioners, can only be amended by the Board. Employees are eligible to participate after one month. The plan requires the Housing Authority to contribute 13% of covered wages, contributions totaled \$140,790 in the current fiscal year. Total annual related payroll expense was \$1,203,378.

Housing Authority contributions forfeited by employees who leave employment prior to vesting are used to reduce current costs and contribution requirements. An employee shall be vested as set forth below:

<u>Years of Service</u>	<u>Vesting Percentage</u>
Less than 1	0%
1 but less than 2	20%
2 but less than 3	40%
3 but less than 4	60%
4 but less than 5	80%
5 or more	100%

If a Participant's termination of employment is because of his death or disability, he shall be 100% vested. However, if a Participant terminates employment prior to his death or disability, he shall be vested pursuant to the above schedule.

A Participant shall be 100% vested upon his attainment of the Normal Retirement Age. However, if a Participant terminates employment prior to his attainment of the Normal Retirement Age, he shall be vested pursuant to the above schedule.

Note 5 - Post-Employment Benefits

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

Note 6 - Restricted Assets

Cash has been restricted as follows:

	<u>Cash</u>
Tenant security deposits	\$ 94,183
FSS escrow	<u>58,059</u>
Total	<u><u>\$ 152,242</u></u>

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 7 - Accounts Receivable

Accounts receivable consists of the following accounts:

	<u>Cash</u>
Accounts receivable - HUD projects	\$ 162
Accounts receivable - PHA projects	35,873
Accounts receivable - fraud	96,488
Tenants accounts receivable	42,117
Allowance for doubtful accounts	<u>-88,527</u>
Total	<u>\$ 86,113</u>

Note 8 - Prepaid Expenses

This classification includes the following accounts:

Prepaid insurance	\$ 152,910
Software support	7,051
Other prepaid expenses	<u>15,204</u>
Total	<u>\$ 175,165</u>

Note 9 - Capital Assets

Balance as of March 31, 2023	\$ 8,045,898
Balance as of March 31, 2022	<u>5,415,995</u>
Net Increase (Decrease)	<u>\$ 2,629,903</u>

Reconciliation

Betterments and additions - CFP	\$ 1,736,287
Development	1,591,264
Betterments and additions - operations	153,778
Current year depreciation expense	<u>-851,426</u> *
Net Increase (Decrease)	<u>\$ 2,629,903</u>

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 9 - Capital Assets (Continued)

<u>Analysis</u>	<u>04/01/2022</u>				<u>03/31/2023</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
Nondepreciable:					
Land	\$ 117,331	\$ 0	\$ 0	\$ 0	\$ 117,331
Construction in progress	<u>38,909</u>	<u>1,569,563</u>	<u>0</u>	<u>0</u>	<u>1,608,472</u>
Total Nondepreciable	156,240	1,569,563	0	0	1,725,803
Depreciable:					
Buildings and Improvements	31,892,913	1,861,537	0	0	33,754,450
Equipment and Furniture	<u>749,002</u>	<u>50,229</u>	<u>6,550</u>	<u>0</u>	<u>792,681</u>
Total Depreciable	<u>32,641,915</u>	<u>1,911,766</u>	<u>6,550</u>	<u>0</u>	<u>34,547,131</u>
Total Capital Assets	32,798,155	3,481,329	6,550	0	36,272,934
Less Accumulated Depreciation	<u>27,382,160</u>	<u>6,550</u>	<u>851,426</u>	<u>0</u>	<u>28,227,036</u>
Capital Assets, Net	<u>\$ 5,415,995</u>	<u>\$ 3,487,879</u>	<u>\$ 857,976</u>	<u>\$ 0</u>	<u>\$ 8,045,898</u>

* Current year depreciation expense

Note 10 - Accounts Payable

This classification includes the following accounts:

Vendors and contractors	\$ 405,369
Tenants security deposits	<u>94,183</u>
Total	<u>\$ 499,552</u>

Note 11 - Other Liabilities

Accrued liabilities consists of the following:

Current Portion:

FSS escrow	\$ 31,130
Wages/payroll taxes payable	47,948
Earned compensated absences	51,770
Accounts payable - HUD PHA programs	27,930
Payment in lieu of taxes	25,941
Utilities/other payables	28,132
CFP contracts payable	17,208
Interest payable	508
Contract retention	<u>80,757</u>
Total Current Portion	<u>\$ 311,324</u>

Noncurrent Portion:

Earned compensated absences	\$ 48,130
FSS escrow	26,929
Total Noncurrent Portion	<u>\$ 75,059</u>

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 12 - Summary of Long Term Liabilities

A summary of long term liabilities as of March 31, 2023:

	04/01/2022			03/31/2023
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Notes payable - long term	\$ 265,173	\$ 0	\$ 10,135	\$ 255,038
Construction loan - long term	0	1,125,983	0	1,125,983
FSS escrow	7,429	19,500	0	26,929
Earned compensated absences	<u>41,411</u>	<u>112,458</u>	<u>105,739</u>	<u>48,130</u>
Total	<u>\$ 314,013</u>	<u>\$ 1,257,941</u>	<u>\$ 115,874</u>	<u>\$ 1,456,080</u>

Note 13 - Unearned Revenue

This classification consists of the following accounts:

HCV admin fees	\$ 2,114
Tenants prepaid rent	<u>20,183</u>
Total	<u>\$ 22,297</u>

Note 14 - Long Term Debt

- A. Real Estate loan #15799 dated November 20, 2019 for the refinancing of Fiesta Manor with Blackhawk Bank and Trust was refinanced into a new loan on October 19, 2022 (loan #17555):

<u>Project</u>	<u>Due Date</u>	<u>Rate</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Loan #17555	10/16/25	4.50%	<u>\$ 10,138</u>	<u>\$ 255,038</u>	<u>\$ 265,176</u>

Debt service requirements for the long term debt for the next five years are as follows:

<u>Due Fiscal Year Ending</u>	<u>Principal</u>
2024	\$ 10,138
2025	10,604
2026	11,091
2027	11,601
2028	12,134
2029-2033	69,560
2034-2038	87,075
2039-2042	52,973

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 14 - Long Term Debt (Continued)

- B. Spring Valley Village Apartments entered into a construction loan agreement with IFF loan on October 5, 2022 for the purpose of constructing eighteen (18) units of permanent supportive housing on land located in Moline, Illinois. The loan is not to exceed \$1,499,750 and was deposited in multiple advances as required for construction. At March 31, 2023, \$1,125,983 had been drawn. The loan is due and payable in full on the initial maturity date (24 months) from the closing date.

Note 15 - Deferred Inflows

Deferred inflows at March 31, 2023 consists of:

HUD subsidy - PIH	\$ <u>121,237</u>
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Note 16 - Capital Contributions

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

Capital Fund Program - HUD	\$ <u>1,736,287</u>
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Note 17 - Administrative Fee

The PHA receives an "Administrative Fee" as part of the annual contribution from HUD to cover the costs (including overhead) of administering the HAP Program. This fee is determined by HUD on a calendar year basis.

Note 18 - Allocation of Overhead Costs

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

Note 19 - Contingencies

Federal Grants

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

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
TWELVE MONTHS ENDED MARCH 31, 2023
(CONTINUED)**

Note 20 - Prior Period Adjustments

Prior period adjustments posted directly to net position are detailed below:

Adjustment of prior year capital assets basis	\$ <u><u>-77</u></u>
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Note 21 - Contracts/Commitments

As of March 31, 2023, the Housing Authority had entered into the following pending capital fund projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended To Date</u>
CFP 501-19	\$ 1,051,989	\$ 1,051,989
CFP 501-20	1,011,822	1,011,822
CFP 501-21	1,020,154	1,016,432
CFP 501-22	<u>1,236,790</u>	<u>691,860</u>
 Total	 <u>\$ 4,320,755</u>	 <u>\$ 3,722,103</u>

Note 22 - Risk Management

The Housing Authority carries commercial insurance coverage (AHRMA) to cover exposure and the risk of losses related to torts, thefts, damages, destruction of assets, errors and omissions, injuries, natural disasters and defalcation.

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

Note 23 - Economic Dependency

The Housing Authority received most of its revenue (68%) from the United State Department of Housing and Urban Development. This funding is subject to federal government appropriations and potential funding reductions.

Note 24 - Restricted Net Position

Restricted net position is restricted for the following:

FSS escrow forfeitures	\$ 2,708
OIG reimbursements payable - participants	<u>395</u>
 Total	 <u>\$ 3,103</u>

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

SUPPLEMENTAL DATA

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2023**

<u>Federal Grantor/Program</u>	<u>Federal Number</u>	<u>Grant Period</u>	<u>Program Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures to Sub-Recipients</u>
<u>U.S. Department of HUD</u>						
Direct Programs:						
Public and Indian Housing	14.850	FYE 03/31/23	\$ 794,831	\$ 794,831	\$ 794,831	\$ 0
Public Housing - Capital Funds *	14.872	FYE 03/31/23	\$ 4,317,033	\$ 2,685,178	\$ 2,685,178	\$ 0
PIH Family Self-Sufficiency Program	14.896	FYE 03/31/23	\$ 60,334	\$ 45,588	\$ 45,588	\$ 0
Voucher Cluster: Housing Choice Vouchers	14.871	FYE 03/31/23	\$ 1,618,982	\$ 1,618,982	\$ 1,618,982	\$ 0
Section 8 Housing Assistance Payments Program *	14.195	FYE 03/31/23	\$ 47,532	\$ 47,532	\$ 47,532	\$ 0
Resident Opportunity and Self Sufficiency	14.870	FYE 03/31/23	\$ 208,140	\$ 32,896	\$ 32,896	\$ 0
Total HUD Assistance			\$ 7,045,852	\$ 5,225,007	\$ 5,225,007	\$ 0

*Denotes major program.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS (SEFA)
TWELVE MONTHS ENDED MARCH 31, 2023**

Note 1 – Basis of Presentation

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

The schedule summarizes the federal funds expended by the Authority under the programs of the federal government during the year ended March 31, 2023. The schedule of expenditures of federal awards displays the Authority's expenditures charged to federal programs for the year ended March 31, 2023, the cost principals in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not implemented the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 – Sources of Funding

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

The Authority did not receive any non-cash assistance from federal funds, had no federal insurance, nor have any federal loan or loan guarantees outstanding as of March 31, 2023.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IL06P020501-19**

1. The Actual Modernization Costs of Phase IL06P020501-19 are as follows:

Funds approved	\$ 1,051,989
Funds expended	<u>1,051,989</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 1,051,989
Funds expended	<u>1,051,989</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated June 27, 2022, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**PHA's STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
PHASE IL06P020501-20**

1. The Actual Modernization Costs of Phase IL06P020501-20 are as follows:

Funds approved	\$ 1,011,822
Funds expended	<u>1,011,822</u>
Excess of Funds Approved	<u><u>\$ 0</u></u>
Funds advanced	
Grants	\$ 1,011,822
Funds expended	<u>1,011,822</u>
Excess of Funds Advanced	<u><u>\$ 0</u></u>

2. The distribution of costs by project, as shown on the final Statement of Modernization Cost, dated February 8, 2023, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**FEDERAL FINANCIAL REPORT FOR
FAMILY SELF SUFFICIENCY GRANT FSS21IL4039**

1. The final Federal Financial Report of Federal Grant FSS21IL4039 is as follows:

Funds approved	\$ 72,000
Funds expended	<u>53,430</u>
Excess of Funds Approved and Obligated	<u>\$ 18,570</u>
Funds advanced	
Grants	\$ 53,430
Funds expended	<u>53,430</u>
Excess of Funds Advanced	<u>\$ 0</u>

2. The transactions, as shown on the final Federal Financial Report dated March 30, 2020, submitted to HUD for approval, is in agreement with the PHA's records.



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

Board of Commissioners
Moline Housing Authority
Moline, Illinois

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Moline Housing Authority (Housing Authority), as of and for the year ended March 31, 2023, and the related notes to the financial statements and have issued my report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my 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, I 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 Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Pamela J. Simpson".

Pamela J. Simpson, CPA

Decatur, Illinois
November 8, 2023



**Independent Auditor's Report on Compliance For Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Commissioners
Moline Housing Authority
Moline, Illinois

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

I have audited the Moline Housing Authority's (Housing Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended March 31, 2023. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended March 31, 2023.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section in my report.

I am required to be independent of the Housing Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance with each major federal program. My audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I

- exercise professional judgment and maintain professional skepticism through the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstance.
- obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

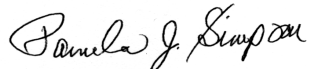
Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Pamela J. Simpson, CPA

Decatur, Illinois
November 8, 2023

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended March 31, 2022 contained no findings.

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - SUMMARY
FOR THE YEAR ENDED MARCH 31, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report:

Unmodified

* Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
* Significant deficiency (ies) identified?	_____ yes	_____ <u>X</u> none reported

Noncompliance material to financial statements noted

_____ yes _____ X no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
* Significant deficiency (ies) identified?	_____ yes	_____ <u>X</u> none reported

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

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2CFR 200.516(a)?

_____ yes _____ X no

Identification of major programs:

Assistance Listing Number

Name of Federal Program or Cluster

14.872
14.195

Public Housing Capital Funds
Section 8 Housing Assistance Payments Program

Dollar threshold used to distinguish between
type A and type B programs:

\$ _____ 750,000

Auditee qualified as low-risk auditee?

_____ yes _____ X no

**MOLINE HOUSING AUTHORITY
MOLINE, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
CURRENT FINDINGS AND RECOMMENDATIONS**

Section II - Financial Statement Findings

There were no financial statement audit findings discussed with John Afoun, Executive Director and Maria Nino, Director of Finance, during the course of the audit and at an exit conference held November 8, 2023.

Section III - Federal Award Findings and Questioned Costs

There were no federal awards audit findings and questioned costs were discussed with John Afoun, Executive Director and Maria Nino, Director of Finance, during the course of the audit or at an exit conference held November 8, 2023.

Moline Housing Authority (IL020)
Moline, IL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$930,752	\$77,287		\$351,722		\$30,830			\$26,704	\$1,417,295		\$1,417,295
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$26,929					\$31,130				\$58,059		\$58,059
114 Cash - Tenant Security Deposits	\$92,940	\$1,243								\$94,183		\$94,183
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$1,050,621	\$78,530	\$0	\$351,722	\$0	\$61,960	\$0	\$0	\$26,704	\$1,569,537	\$0	\$1,569,537
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	\$17,208					\$162				\$162		\$162
124 Accounts Receivable - Other Government						\$18,665				\$35,873		\$35,873
125 Accounts Receivable - Miscellaneous	\$0									\$0		\$0
126 Accounts Receivable - Tenants	\$38,767	\$3,350								\$42,117		\$42,117
126.1 Allowance for Doubtful Accounts - Tenants	-\$15,785	-\$3,052								-\$18,837		-\$18,837
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current												
128 Fraud Recovery	\$53,249	\$7,541				\$35,698				\$96,488		\$96,488
128.1 Allowance for Doubtful Accounts - Fraud	-\$30,509	-\$3,483				-\$35,698				-\$69,690		-\$69,690
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$62,930	\$4,356	\$0	\$0	\$0	\$18,827	\$0	\$0	\$0	\$86,113	\$0	\$86,113
131 Investments - Unrestricted												
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$140,079	\$2,954				\$6,884			\$25,248	\$175,165		\$175,165
143 Inventories	\$110,179									\$110,179		\$110,179
143.1 Allowance for Obsolete Inventories	-\$11,018									-\$11,018		-\$11,018
144 Inter Program Due From	\$7,949	\$15,734						\$2,708	\$110,546	\$136,937	-\$136,937	\$0
145 Assets Held for Sale												
150 Total Current Assets	\$1,360,740	\$101,574	\$0	\$351,722	\$0	\$87,671	\$0	\$2,708	\$182,498	\$2,066,913	-\$136,937	\$1,929,976
161 Land	\$117,331									\$117,331		\$117,331
162 Buildings	\$33,256,631	\$431,460		\$66,359						\$33,754,450		\$33,754,450
163 Furniture, Equipment & Machinery - Dwellings	\$79,858									\$79,858		\$79,858
164 Furniture, Equipment & Machinery - Administration	\$685,212					\$25,711			\$1,900	\$712,823		\$712,823
165 Leasehold Improvements												
166 Accumulated Depreciation	-\$28,116,858	-\$61,566		-\$24,055		-\$23,976			-\$581	-\$28,227,036		-\$28,227,036
167 Construction in Progress	\$17,208	\$1,591,264								\$1,608,472		\$1,608,472
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,039,382	\$1,961,158	\$0	\$42,304	\$0	\$1,735	\$0	\$0	\$1,319	\$8,045,998	\$0	\$8,045,998
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												
173 Grants Receivable - Non Current												
174 Other Assets	\$104,159									\$104,159		\$104,159
176 Investments in Joint Ventures												
180 Total Non-Current Assets	\$6,143,541	\$1,961,158	\$0	\$42,304	\$0	\$1,735	\$0	\$0	\$1,319	\$8,150,057	\$0	\$8,150,057
200 Deferred Outflow of Resources												
290 Total Assets and Deferred Outflow of Resources	\$7,504,281	\$2,062,732	\$0	\$394,026	\$0	\$89,406	\$0	\$2,708	\$163,817	\$10,216,970	-\$136,937	\$10,080,033

Moline Housing Authority (IL020)
Moline, IL

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
311 Bank Overdraft												
312 Accounts Payable <= 90 Days	\$13,492	\$383,519				\$7,543			\$815	\$405,369		\$405,369
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable	\$28,436	\$138				\$3,895			\$15,479	\$47,948		\$47,948
322 Accrued Compensated Absences - Current Portion	\$28,435	\$85				\$2,627			\$20,643	\$51,770		\$51,770
324 Accrued Contingency Liability												
325 Accrued Interest Payable		\$508								\$508		\$508
331 Accounts Payable - HUD PHA Programs				\$27,930		\$0				\$27,930		\$27,930
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government	\$25,941									\$25,941		\$25,941
341 Tenant Security Deposits	\$92,940	\$1,243								\$94,183		\$94,183
342 Unearned Revenue	\$20,156	\$27				\$2,114				\$22,297		\$22,297
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$10,138								\$10,138		\$10,138
344 Current Portion of Long-term Debt - Operating Borrowings												
345 Other Current Liabilities	\$17,208	\$80,757				\$31,130				\$129,095		\$129,095
346 Accrued Liabilities - Other	\$28,132									\$28,132		\$28,132
347 Inter Program - Due To	\$113,606	\$2,294		\$19,082		\$1,955				\$136,937	-\$136,937	\$0
348 Loan Liability - Current												
310 Total Current Liabilities	\$368,346	\$478,689	\$0	\$47,012	\$0	\$49,264	\$0	\$0	\$36,937	\$980,248	-\$136,937	\$843,311
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$255,038								\$255,038		\$255,038
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other	\$26,929									\$26,929		\$26,929
354 Accrued Compensated Absences - Non Current	\$21,848	\$13				\$1,547			\$24,722	\$48,130		\$48,130
355 Loan Liability - Non Current		\$1,125,983								\$1,125,983		\$1,125,983
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$48,777	\$1,381,034	\$0	\$0	\$0	\$1,547	\$0	\$0	\$24,722	\$1,456,080	\$0	\$1,456,080
300 Total Liabilities	\$417,123	\$1,859,723	\$0	\$47,012	\$0	\$50,811	\$0	\$0	\$61,659	\$2,436,328	-\$136,937	\$2,299,391
400 Deferred Inflow of Resources	\$121,237									\$121,237		\$121,237
508.4 Net Investment in Capital Assets	\$6,039,382	\$104,718		\$42,304		\$1,735			\$1,319	\$6,189,458		\$6,189,458
511.4 Restricted Net Position				\$395				\$2,708		\$3,103		\$3,103
512.4 Unrestricted Net Position	\$926,539	\$98,291	\$0	\$304,315	\$0	\$36,860	\$0	\$0	\$100,839	\$1,466,844		\$1,466,844
513 Total Equity - Net Assets / Position	\$6,965,921	\$203,009	\$0	\$347,014	\$0	\$38,595	\$0	\$2,708	\$102,158	\$7,659,405	\$0	\$7,659,405
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,504,281	\$2,062,732	\$0	\$394,026	\$0	\$89,406	\$0	\$2,708	\$163,817	\$10,216,970	-\$136,937	\$10,080,033

Moline Housing Authority (IL020)

Moline, IL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Project Total	6.2 Component Unit - Blended	14.896 PIH Family Self-Sufficiency Program	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,552,218	\$10,502								\$1,562,720		\$1,562,720
70400 Tenant Revenue - Other	\$122,478	\$1,622								\$124,100		\$124,100
70500 Total Tenant Revenue	\$1,674,696	\$12,124	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,686,820	\$0	\$1,686,820
70600 HUD PHA Operating Grants	\$1,743,722		\$45,588		\$47,532	\$1,618,982	\$32,896			\$3,488,720		\$3,488,720
70610 Capital Grants	\$1,736,287									\$1,736,287		\$1,736,287
70710 Management Fee									\$643,208	\$643,208	-\$643,208	\$0
70720 Asset Management Fee									\$14,400	\$14,400	-\$14,400	\$0
70730 Book Keeping Fee									\$59,992	\$59,992	-\$59,992	\$0
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue									\$717,600	\$717,600	-\$717,600	\$0
70800 Other Government Grants												
71100 Investment Income - Unrestricted	\$12,247			\$2,373		\$114			\$64	\$14,798		\$14,798
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue	\$25,863	\$123,101		\$508,706		\$3,866		\$2,708		\$3,866		\$3,866
71600 Gain or Loss on Sale of Capital Assets						\$46,977				\$707,355		\$707,355
72000 Investment Income - Restricted												
70000 Total Revenue	\$5,192,815	\$135,225	\$45,588	\$511,079	\$47,532	\$1,669,939	\$32,896	\$2,708	\$717,664	\$8,355,446	-\$717,600	\$7,637,846
91100 Administrative Salaries	\$99,626	\$2,494		\$110,000		\$63,002	\$2,810		\$364,259	\$642,191		\$642,191
91200 Auditing Fees	\$6,903					\$819			\$3,978	\$11,700		\$11,700
91300 Management Fee	\$607,734	\$4,862				\$30,612				\$643,208	-\$643,208	\$0
91310 Book-keeping Fee	\$40,860	\$0				\$19,132				\$59,992	-\$59,992	\$0
91400 Advertising and Marketing	\$5,468	\$228				\$1,034			\$2,655	\$9,385		\$9,385
91500 Employee Benefit contributions - Administrative	\$44,750	\$448		\$13,525		\$23,431			\$115,102	\$197,256		\$197,256
91600 Office Expenses	\$40,769	\$1,077		\$85		\$5,793			\$31,238	\$78,962		\$78,962
91700 Legal Expense	\$40,874					\$263			\$682	\$41,819		\$41,819
91800 Travel	\$6,090					\$260			\$15,882	\$22,232		\$22,232
91810 Allocated Overhead	\$0									\$0		\$0
91900 Other	\$177,382	\$117		\$459		\$12,275			\$26,550	\$216,783		\$216,783
91000 Total Operating - Administrative	\$1,070,456	\$9,226	\$0	\$124,069	\$0	\$156,621	\$2,810	\$0	\$560,346	\$1,923,528	-\$703,200	\$1,220,328
92000 Asset Management Fee	\$14,400									\$14,400	-\$14,400	\$0
92100 Tenant Services - Salaries	\$2,826		\$34,554			\$3,967	\$22,846		\$3,044	\$67,237		\$67,237
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services	\$287		\$5,988			\$614	\$4,602			\$11,491		\$11,491
92400 Tenant Services - Other	\$3,732		\$5,046			\$239	\$2,638			\$11,655		\$11,655
92500 Total Tenant Services	\$6,845	\$0	\$45,588	\$0	\$0	\$4,820	\$30,886	\$0	\$3,044	\$90,383	\$0	\$90,383

Moline Housing Authority (IL020)

Moline, IL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Project Total	6.2 Component Unit - Blended	14,896 PIH Family Self-Sufficiency Program	1 Business Activities	14,195 Section 8 Housing Assistance Payments Program, Special Allocations	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	14, EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
93100 Water	\$87,318	\$963								\$88,281		\$88,281
93200 Electricity	\$214,663	\$644		\$66						\$215,373		\$215,373
93300 Gas	\$145,412	\$538		\$63						\$146,013		\$146,013
93400 Fuel												
93500 Labor												
93600 Sewer	\$130,960	\$818		\$47						\$131,825		\$131,825
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense												
93000 Total Utilities	\$578,353	\$2,963	\$0	\$176	\$0	\$0	\$0	\$0	\$0	\$581,492	\$0	\$581,492
94100 Ordinary Maintenance and Operations - Labor	\$402,896									\$402,896		\$402,896
94200 Ordinary Maintenance and Operations - Materials and Other	\$201,391	\$3,895				\$382			\$1,109	\$206,777		\$206,777
94300 Ordinary Maintenance and Operations Contracts	\$239,161	\$12,799		\$1,455						\$253,415		\$253,415
94500 Employee Benefit Contributions - Ordinary Maintenance	\$135,435									\$135,435		\$135,435
94000 Total Maintenance	\$978,883	\$16,694	\$0	\$1,455	\$0	\$382	\$0	\$0	\$1,109	\$998,523	\$0	\$998,523
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$112,051	\$2,326								\$114,377		\$114,377
96120 Liability Insurance	\$22,403	\$400				\$3,095			\$2,216	\$28,114		\$28,114
96130 Workmen's Compensation	\$29,663					\$4,185			\$5,883	\$39,731		\$39,731
96140 All Other Insurance	\$8,745	\$406				\$815			\$87	\$10,053		\$10,053
96100 Total Insurance Premiums	\$172,862	\$3,132	\$0	\$0	\$0	\$8,095	\$0	\$0	\$8,186	\$192,275	\$0	\$192,275
96200 Other General Expenses	\$24,889			\$507		\$725			\$53	\$26,174		\$26,174
96210 Compensated Absences	\$62,618	\$268				\$7,385			\$42,187	\$112,468		\$112,468
96300 Payments in Lieu of Taxes	\$77,803	\$8,120		\$2,650						\$88,573		\$88,573
96400 Bad debt - Tenant Rents	\$127,520	\$3,052								\$130,572		\$130,572
96500 Bad debt - Mortgages												
96600 Bad debt - Other						\$4,355				\$4,355		\$4,355
96800 Severance Expense												
96000 Total Other General Expenses	\$292,830	\$11,440	\$0	\$3,157	\$0	\$12,465	\$0	\$0	\$42,240	\$362,132	\$0	\$362,132
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)		\$11,731								\$11,731		\$11,731
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$0	\$11,731	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,731	\$0	\$11,731
96900 Total Operating Expenses	\$3,114,629	\$55,186	\$45,588	\$128,857	\$0	\$182,383	\$32,896	\$0	\$614,925	\$4,174,464	-\$717,600	\$3,456,864
97000 Excess of Operating Revenue over Operating Expenses	\$2,078,186	\$80,039	\$0	\$382,222	\$47,532	\$1,487,556	\$0	\$2,708	\$102,739	\$4,180,982	\$0	\$4,180,982

Moline Housing Authority (IL020)
Moline, IL

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2023

	Project Total	6.2 Component Unit - Blended	14.895 PIH Family Self-Sufficiency Program	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program- Special Allocations	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EFA FSS Escrow Forfeiture Account	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance	\$4,072									\$4,072		\$4,072
97200 Casualty Losses - Non-capitalized	\$19,767									\$19,767		\$19,767
97300 Housing Assistance Payments						\$1,430,984				\$1,430,984		\$1,430,984
97350 HAP Portability-In						\$35,041				\$35,041		\$35,041
97400 Depreciation Expense	\$834,505	\$13,063		\$1,659		\$1,618			\$581	\$851,426		\$851,426
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$3,972,973	\$68,249	\$45,588	\$130,516	\$0	\$1,650,026	\$32,896	\$0	\$615,506	\$6,515,754	-\$717,600	\$5,798,154
10010 Operating Transfer In	\$653,008	\$71,236										
10020 Operating transfer Out	-\$653,008			-\$23,704	-\$47,532					\$724,244	-\$724,244	\$0
10030 Operating Transfers from/to Primary Government												
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss												
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In	\$200,000									\$200,000	-\$200,000	\$0
10092 Inter Project Excess Cash Transfer Out	-\$200,000									-\$200,000	\$200,000	\$0
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other financing Sources (Uses)	\$0	\$71,236	\$0	-\$23,704	-\$47,532	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,219,842	\$138,212	\$0	\$356,859	\$0	\$19,913	\$0	\$2,708	\$102,158	\$1,839,692	\$0	\$1,839,692
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$5,746,079	\$64,874	\$0	-\$9,845	\$0	\$18,682	\$0	\$0	\$0	\$5,819,790		\$5,819,790
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$77								-\$77		-\$77
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												
11100 Changes in Allowance for Doubtful Accounts - Other												
11170 Administrative Fee Equity						\$38,595				\$38,595		\$38,595
11180 Housing Assistance Payments Equity						\$0				\$0		\$0
11190 Unit Months Available	5832	72			72	2808				8784		8784
11210 Number of Unit Months Leased	5450	61			61	2551				8123		8123
11270 Excess Cash	\$491,425									\$491,425		\$491,425
11610 Land Purchases	\$0								\$0	\$0		\$0
11620 Building Purchases	\$1,773,356								\$0	\$1,773,356		\$1,773,356
11630 Furniture & Equipment - Dwelling Purchases	\$0								\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$48,329								\$0	\$48,329		\$48,329
11650 Leasehold Improvements Purchases	\$0								\$0	\$0		\$0
11660 Infrastructure Purchases	\$0								\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0								\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0								\$0	\$0		\$0



John Afoun, Executive Director and Board of Commissioners
Moline Housing Authority
4141 11th Avenue A
Moline, IL 61265

I have audited the financial statements of the business-type activities (and the aggregate discretely presented component units) of the Moline Housing Authority for the year ended March 31, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my engagement letter to you dated October 18, 2023. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Moline Housing Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended March 31, 2023. I noted no transactions entered into by Moline Housing Authority during the year for which there is a lack of authoritative guidance and consensus. All significant transactions have been recognized in the financial statement in the proper period.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreement with Management

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

Management Representations

I have requested certain representations from management that are included in the management representation letter dated November 8, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Pamela J. Simpson".

Pamela J. Simpson, CPA