

**KNOX COUNTY HOUSING AUTHORITY**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**  
**FOR THE YEAR ENDED MARCH 31, 2017**

KNOX COUNTY HOUSING AUTHORITY

TABLE OF CONTENTS

**Introduction**

Independent Auditor's Report 1-2  
Management Discussion and Analysis 3-10

**Basic Financial Statements**

Statement of Net Position 11  
Statement of Revenues, Expenses, and Changes in Net Position 12  
Statement of Cash Flows 13  
Notes to the Financial Statements 14-20

**Other Supplementary Information**

Statement of Net Position - (FDS Schedule Format) 21-29  
Statement and Certification of Capital Fund Program Grant Costs 30  
Statement and Certification of ROSS Neighborhodd Network Program Grant Costs 31

**Single Audit**

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* 32-33  
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with *Uniform Guidance* 34-35  
Schedule of Expenditures of Federal Awards 36  
Notes to the Schedule of Expenditures of Federal Awards 37  
Schedule of Findings and Questioned Costs 38  
Status of Prior Audit Findings 39

**Agreed-Upon Procedures:**

Independent Accountants' Report on Applying Agreed-Upon Procedures 40  
Agreed-upon Procedures 41

## **INTRODUCTION**

# Zenk & Associates, P.C.

## Certified Public Accountants

Members: American Institutes of Certified Public Accountants  
Michigan Association of Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

Board of Commissioners,  
Knox County Housing Authority  
Galesburg, Illinois

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

#### Report on Financial Statements

We have audited the accompanying financial statements of the Knox County Housing Authority, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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

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

#### Auditor's Responsibility

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

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

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

#### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Knox County Housing Authority, as of March 31, 2017, and the respective changes in financial position and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Knox County Housing Authority's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and schedule of actual modernization costs incurred on certain closed projects are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule, the schedule of expenditures of federal awards, and the statement and certification of Capital Fund Program Grant costs are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records use to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statement and certification of the ROSS Neighborhood Network Program Grant costs has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017, on our consideration of the Knox County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County Housing Authority's internal control over financial reporting and compliance.

*Zenk & Associates, P.C.*

November 10, 2017

KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**Introduction**

The Knox County Housing Authority's (the Authority) management's discussion and analysis is designed to {a} assist the reader in focusing on significant financial issues, {b} provide an overview of the Commission's financial activity, {c} identify change in the Commission's financial assets (its ability to address the next and subsequent year challenges), and {d} identify individual fund issues or concerns.

Since the Management Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Commission's financial statements (beginning on page 10).

**FINANCIAL HIGHLIGHTS**

The Authority's net position decreased by \$328,612 (3%) during 2017. Nets position were \$10,815,958 and \$11,144,570 for 2017 and 2016 respectively. This decrease is explained later in this section of the financial statements.

The business-type activities revenue increased by \$189,434 (or 5%) during 2017, and were \$4,135,979 and \$3,946,545 for 2017 and 2016 respectively. This increase is explained later in this section of the financial statements.

The total expenses of all Authority's programs increased by \$120,172 (or 3%) during 2017. Total expenses were \$4,472,953 and \$4,352,781 for 2017 and 2016 respectively. This increase is explained later in this section of the financial statements.

**USING THIS ANNUAL REPORT**

The following graphic outline of the Authority's financial statement presentation:

<b>MD&amp;A</b> Management Discussion and Analysis - pages 3-10
<b>Basic Financial Statements</b> Authority-wide Financial Statements - pages 11-13 Notes to Financial Statements - pages 14-20
<b>Other Required Supplementary Information</b> Required Supplementary Information - pages 21-39

The current presentation focuses on both the Authority as a whole (Authority-wide) and the major individual funds. Both perspectives (Authority-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhances the Authority's accountability.

KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**Authority-Wide Financial Statements**

The Authority-wide financial statements (see pages 11-13) are designed to be corporate-like in that all business type programs are consolidated into one single enterprise fund for the Authority.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities for the entire Authority. Net Position (formerly equity) are reported in three broad categories (as applicable):

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets" , or "Restricted Net Position".

The basic financial statements also include a Statement of Revenues, Expenses, and Changes in Fund Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financial activities.

**Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on Major Funds, rather than fund types. The Authority consists of exclusively Enterprise Funds. Enterprise Funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting. Many of the funds maintained by the Authority are required by the U.S. Department of Housing and Urban Development (HUD). Others are segregated to enhance accountability and control.



KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**The Authority's Funds**

Enterprise Funds, using Business-Type Presentation Format

Conventional Public Housing Program - Under the Conventional Public Housing Program (CFDA #14.850), the Authority owns and manages dwelling units, which it rents to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC # C-3012) with HUD. HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a flat rate or a rate based upon 30% of household income, depending on the circumstances and choice of the renter.

Capital Fund Program - (CFDA # 14.872), the Commission receives additional funding from HUD which is the primary funding source for physical and management improvements to the Commission owned properties and its operations. This program provides funding for large-scale improvements or unplanned emergencies that are not covered by the operating subsidies of the conventional program.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Resident Opportunity and Supportive Service Grants - (ROSS CFDA #14.870) Funding through this program is awarded by HUD to provide additional assistance to residents with special needs, or provide community outreach connections that provide such assistance, for improved quality of life with the Low Income Public Housing Community.

Business Activities - Under the Business Activities, under the New Construction Program (CFDA # 14.182), the Authority owns and manages dwelling units, which it rents to low-income households. The Authority receives subsidies from HUD to help subsidize rents for tenants.

**Authority-Wide Statements**

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged in Business-Type Activities.

**Knox County Housing Authority  
Summary Statement of Net Position  
As of March 31**

<u>Category</u>	<u>FYE 2017</u>	<u>FYE 2016</u>	<u>Change \$</u>	<u>Change %</u>
Current and Other Assets	\$ 2,717,493	\$ 2,811,686	\$ (94,193)	-3%
Capital Assets (Net of Depreciation)	<u>9,312,855</u>	<u>9,596,524</u>	<u>(283,669)</u>	-3%
Total Assets	\$ <u>12,030,348</u>	\$ <u>12,408,210</u>	\$ <u>(377,862)</u>	-3%
Current Liabilities	\$ 384,450	\$ 385,312	\$ (862)	0%
Long Term Liabilities	<u>829,940</u>	<u>878,328</u>	<u>(48,388)</u>	-6%
Total Liabilities	\$ 1,214,390	\$ 1,263,640	\$ (49,250)	-4%
Net Investment in Capital Assets	\$ 8,494,841	\$ 8,730,187	\$ (235,346)	-3%
Restricted Net Position	148,599	190,513	(41,914)	-22%
Unrestricted Net Position	<u>2,172,518</u>	<u>2,223,870</u>	<u>(51,352)</u>	-2%
Total Net Position	\$ <u>10,815,958</u>	\$ <u>11,144,570</u>	\$ <u>(328,612)</u>	-3%

KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**Major Factors Affecting the Statement of Net Position**

Current assets decreased by \$94,193 (or 3%) due to the decrease in restricted cash and a reduction in expenses. Capital Assets decreased \$283,669 (or 3%) which is mostly attributed to depreciation expense.

Current liabilities decreased by \$862 (or less than 1%) due to the decrease in accounts payable due to more expenses paid prior to year end. Long term liabilities decreased by \$48,388 (or 6%) due to debt payments.

**Knox County Housing Authority  
Change of Unrestricted Net Position  
As of March 31, 2017**

Beginning Balance	\$	2,223,870
Results of Operations		(336,974)
Current Year Depreciation (1)		1,063,441
Capital Expenditures		(763,791)
Retirement of Assets, Net		-
Retirement of Debt		(48,323)
Change in Restricted		41,914
Prior Period Adjustment		<u>(7,619)</u>
Ending Balance	\$	<u><u>2,172,518</u></u>

(1) Depreciation is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Position.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**Knox County Housing Authority**  
**Summary Statement of Revenues & Expenses and Changes in Net Position**  
**Years Ended March 31, 2017 and 2016**

<u>Category</u>	<u>FYE 2017</u>	<u>FYE 2016</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenues	\$ 1,481,487	\$ 1,504,788	\$ (23,301)	-2%
Program Grants and Subsidies	1,839,513	2,172,128	(332,615)	-15%
Capital Grants	747,423	236,602	510,821	216%
Interest Income - Unrestricted	8,066	1,848	6,218	336%
Other Revenues	<u>59,490</u>	<u>31,179</u>	<u>28,311</u>	91%
Total Revenue	<u>4,135,979</u>	<u>3,946,545</u>	<u>189,434</u>	5%
Administrative	1,074,303	1,025,926	48,377	5%
Tenant Services	3,344	5,901	(2,557)	100%
Utilities	222,263	185,742	36,521	20%
Ordinary Maintenance	1,014,541	969,337	45,204	5%
General	313,360	322,590	(9,230)	-3%
Interest Expense	76,891	57,986	18,905	33%
Housing Assistance Payments	704,810	795,002	(90,192)	-11%
Depreciation	<u>1,063,441</u>	<u>990,297</u>	<u>73,144</u>	7%
Total Expenses	4,472,953	4,352,781	120,172	3%
Excess of Revenue Over Expenses	(336,974)	(406,236)	69,262	-17%
Net Position, Beginning of Year	11,144,570	11,540,466	(395,896)	-3%
Prior Period Adjustment	<u>8,362</u>	<u>10,340</u>	<u>(1,978)</u>	-19%
Net Position, End of Year	\$ <u>10,815,958</u>	\$ <u>11,144,570</u>	\$ <u>(328,612)</u>	-3%

**Results of Operations**

Revenues of the Authority are generated principally by Federal and State funding grant income. The Authority's revenue increased by \$189,434 from the previous fiscal year. Notable changes as compared from the previous year include:

- Tenant revenues decreased by \$23,301 due to decrease in lease ups.
- Grants and subsidies decreased by \$332,615 due to funding changes.
- Capital grants increased by \$510,821 from draw downs of funds.
- Other revenue increased by \$28,311 from various items.

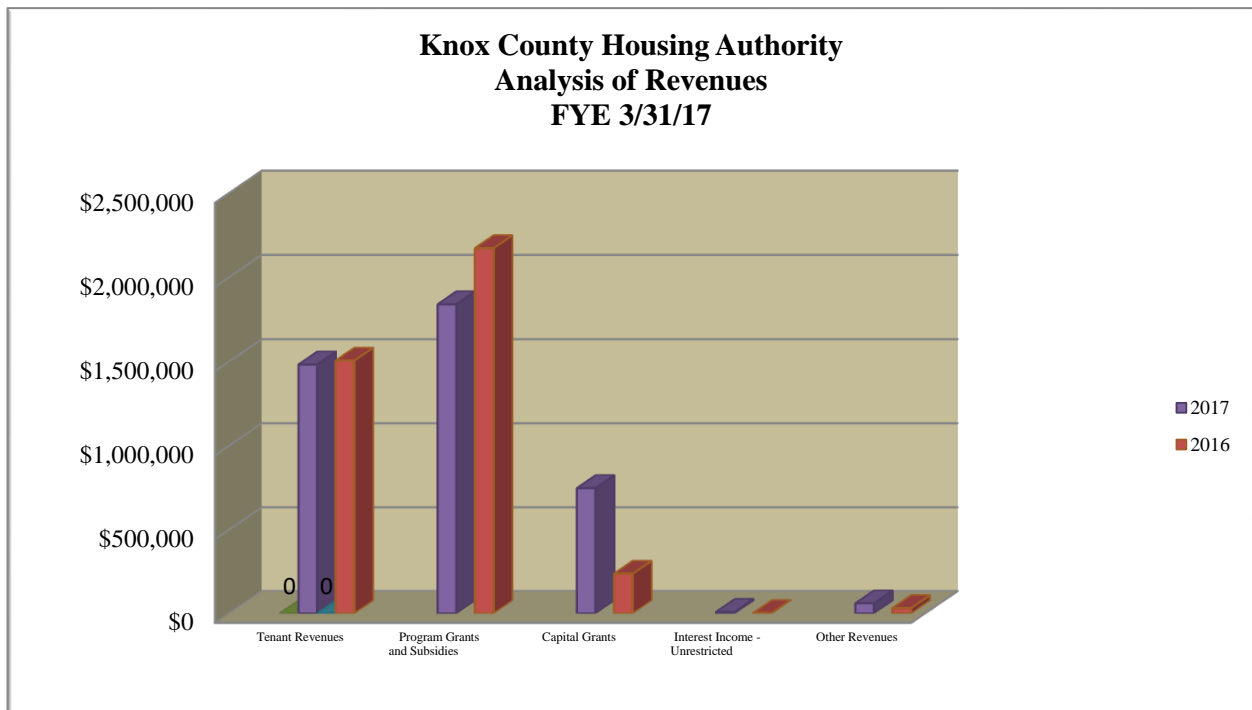
KNOX COUNTY HOUSING AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 MARCH 31, 2017  
 (UNAUDITED)

**Results of Operations, Continued**

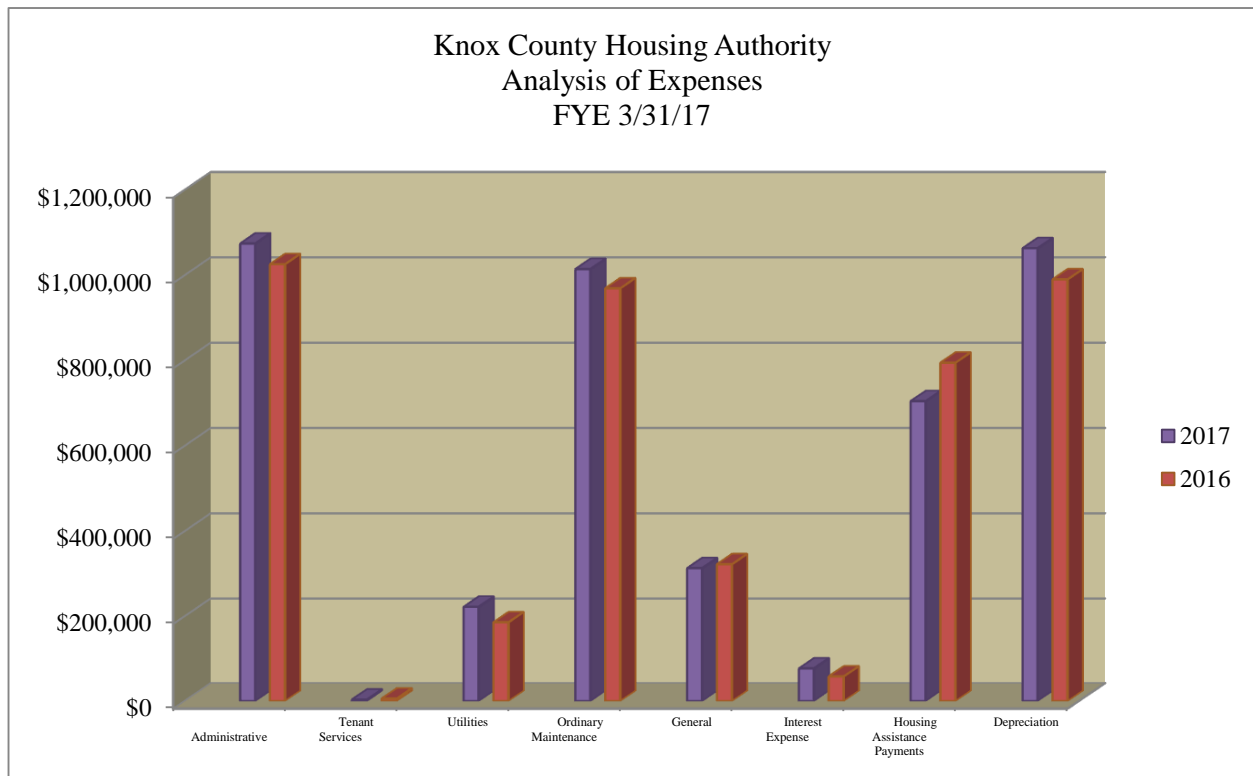
Expenses increased by a total of \$120,172 from the previous year. Significant changes from the previous year include:

- Administrative expenses increased by \$48,377 due to salary increases.
- Utilities increased by \$36,521 due to increase in energy costs.
- Maintenance increased by \$45,204 due to increase in contracts.
- Housing Assistance payments decreased by \$90,192 consistent with decrease of grants.

We have provided the following presentation to demonstrate the revenues and expenses by summarized account category:



KNOX COUNTY HOUSING AUTHORITY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 MARCH 31, 2017  
 (UNAUDITED)



**Capital Assets**

As of March 31, 2017, the Knox County Housing Authority's investment in capital assets was \$9,312,855 (net of accumulated depreciation). This investment includes building improvements and equipment, net of accumulated depreciation.

**Knox County Housing Authority  
 Change in Capital Assets  
 As of March 31, 2017**

<u>Categories</u>	<u>2017</u>	<u>2016</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 3,033,316	\$ 3,033,316	\$ -	0%
Buildings	30,334,915	29,581,640	753,275	3%
Equipment - Dwelling	342,576	330,883	11,693	4%
Equipment - Administrative	798,084	798,084	-	0%
Accumulated Depreciation	<u>(25,196,036)</u>	<u>(24,147,399)</u>	<u>(1,048,637)</u>	4%
<b>Total</b>	<b>\$ <u>9,312,855</u></b>	<b>\$ <u>9,596,524</u></b>	<b>\$ <u>(283,669)</u></b>	<b>-3%</b>

The total decrease in the Authority's capital assets for the current fiscal year was \$283,669 or 3% in terms of net book value. Actual expenditures from the Capital Fund Program to purchase equipment and construct capital assets were \$747,423 for the year. Total capital expenditures for the year were \$763,791.

KNOX COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
MARCH 31, 2017  
(UNAUDITED)

**Knox County Housing Authority  
Change in Capital Assets  
As of March 31, 2017**

Beginning Balance	\$	9,596,524
Additions		763,791
Retirements		
Net of Depreciation		-
Prior Period Adjustment		15,981
Depreciation		<u>(1,063,441)</u>
Ending Balance	\$	<u>9,312,855</u>

Additions and deletions relate to *Capital Fund Program* grant improvements and public housing operations.

**Knox County Housing Authority  
Change in Net Investment in Capital Assets  
As of March 31, 2017**

Beginning Balance	\$	8,730,187
Additions		763,791
Retirements		
Net of Depreciation		-
Retirement of Debt		48,323
Prior Period Adjustment		15,981
Depreciation		<u>(1,063,441)</u>
Ending Balance	\$	<u>8,494,841</u>

**Long-Term Debt**

The Authority entered into Multifamily Revenue Bond, Series 2006 in January 2006, for a 20-year bond in the amount of \$1,400,000. The balance of this bond as of March 31, 2017 is \$818,014.

**Knox County Housing Authority  
Long-Term Debt  
As of March 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Multifamily Revenue Bond	\$ 818,014	\$ 866,337	\$ (48,323)
Less: Current Portion	<u>(39,604)</u>	<u>(38,139)</u>	<u>(1,465)</u>
Total Long-Term Debt	<u>\$ 778,410</u>	<u>\$ 828,198</u>	<u>\$ (49,788)</u>

The Authority made an extra principal payment of \$14,535 and interest payment of \$21,595 in December 2016.

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

Knox County Housing Authority  
Derek Antoine, Executive Director  
225 West Tompkins Street  
Galesburg, IL 61401

## **BASIC FINANCIAL STATEMENTS**

KNOX COUNTY HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
MARCH 31, 2017

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents - Unrestricted	\$	2,177,386
Cash and Cash Equivalents - Restricted		195,690
Cash - Tenant Security Deposit		141,472
Accounts Receivable		42,071
Prepaid Expenses		131,983
Inventory		28,891
TOTAL CURRENT ASSETS		2,717,493

NONCURRENT ASSETS

Capital Assets:		
Nondepreciable		3,033,316
Depreciable		31,475,575
Less: Accumulated Depreciation		(25,196,036)
TOTAL CAPITAL ASSETS		9,312,855

TOTAL ASSETS		12,030,348
--------------	--	------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable		23,263
Accrued Liabilities		66,138
Due to Other Governmental Units		91,070
Tenant Security Deposits		141,473
Unearned Revenue		16,958
Accrued Compensated Absences, Current Portion		5,944
Debt, Current Portion		39,604
TOTAL CURRENT LIABILITIES		384,450

NONCURRENT LIABILITIES

Accrued Compensated Absences		51,530
Long Term Debt		778,410
TOTAL NONCURRENT LIABILITIES		829,940

TOTAL LIABILITIES		1,214,390
-------------------	--	-----------

NET POSITION

Net Investment in Capital Assets		8,494,841
Restricted		148,599
Unrestricted		2,172,518
TOTAL NET POSITION		10,815,958

TOTAL LIABILITIES AND NET POSITION		\$ 12,030,348
------------------------------------	--	---------------

"SEE INDEPENDENT AUDITOR'S REPORT"  
"THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"



KNOX COUNTY HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED MARCH 31, 2017

OPERATING REVENUES		
Tenant Revenue		\$ 1,481,487
Program Grants - Subsidies		1,839,513
Other Revenue		<u>51,920</u>
TOTAL OPERATING REVENUES		3,372,920
OPERATING EXPENSES		
Administrative		1,074,303
Tenant Services		3,344
Utilities		222,263
Maintenance		1,014,541
Protective Services		17,474
General Expense		251,556
Bad Debts		44,330
Housing Assistant Payments		704,810
Depreciation		<u>1,063,441</u>
TOTAL OPERATING EXPENSES		<u>4,396,062</u>
NET OPERATING LOSS		(1,023,142)
NON - OPERATING REVENUE (EXPENSES)		
Fraud Recovery		7,570
Interest Income		8,066
Interest Expense		<u>(76,891)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)		<u>(61,255)</u>
Capital Grants		<u>747,423</u>
CHANGE IN NET POSITION		(336,974)
NET POSITION, BEGINNING OF YEAR		11,144,570
PRIOR PERIOD ADJUSTMENT		<u>8,362</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED		<u>11,152,932</u>
NET POSITION, END OF YEAR		<u><u>\$ 10,815,958</u></u>

"SEE INDEPENDENT AUDITOR'S REPORT"

"THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

KNOX COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 2,111,341
Cash Received from Grants and Subsidies	1,839,513
Cash Payments to Suppliers for Goods and Services	(2,294,834)
Cash Payments for Wages and Related Benefits	<u>(1,626,828)</u>
<b>ACTUAL NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>29,192</u>
 <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Fraud Recovery	<u>8,169</u>
<b>ACTUAL NET CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>8,169</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(763,791)
Capital Grants Received For Capital Assets	772,373
Principal Payments on Debt	(48,323)
Interest Payments on Debt	<u>(76,891)</u>
<b>ACTUAL NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(116,632)</u>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest Income	<u>8,066</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(71,205)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,585,753</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 2,514,548</u></u>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net Operating Loss	\$(1,023,142)
Adjustments to Reconcile Operating Loss to Net Cash provided by Operating Activities	
Depreciation	1,063,441
Bad Debt	44,330
(Increase) Decrease in Assets:	
Receivables	(7,639)
Inventory	1,662
Prepaid Expenses	(7,204)
Increase (Decrease) in Liabilities:	
Accounts Payable	(23,141)
Accrued Liabilities	(22,889)
Tenant Security Deposits	208
Unearned Revenue	<u>3,566</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><u>\$ 29,192</u></u>
 <b>CASH AND CASH EQUIVALENT RECONCILIATION</b>	
Cash and Cash equivalents - Unrestricted	\$ 2,177,386
Cash and Cash equivalents - Restricted	195,690
Cash - Security Deposits	<u>141,472</u>
<b>CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 2,514,548</u></u>

"SEE INDEPENDENT AUDITOR'S REPORT"

"THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS"

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

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

Organization and Reporting Entity

The Knox County Housing Authority (Authority) contracts with the U.S. Department of Housing and Urban Development (HUD) to provide housing to low-income families. The Authority receives subsidies and is regulated by HUD to provide such housing. Therefore, HUD provides the Authority with detailed manuals that prescribe and describe accounting principles and procedures to be used by the Public Housing Authority (PHC). Any significant or material deviations from prescribed procedures are required to be reported as findings in the audit report prepared for HUD. In addition, HUD determines and arranges for temporary and permanent financing for the PHC and provides the funding for repayment of the indebtedness thus created.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board, (GASB) Statement No. 61, The Financial Reporting Entity: Omnibus - an Amendment of GASB Statement No. 14 and Statement No. 39. Financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit as being fiscally dependent on the Authority. The criteria of financial accountability is the appointment of a voting majority plus the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. On that basis, the Authority's management believes the financial statements represents all of the funds in which the Authority is financially accountable.

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. Government activities, which normally are supported by intergovernmental (grant) revenues, are reported separately from any business-type activities, which would rely to a significant extent on fees and charges for support. All of the Authority's activities are considered business activities.

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records on an accrual basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus and Basis of Accounting

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Authority are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Authority finances and meets the cash flow of its enterprise activity.

**"SEE INDEPENDENT AUDITOR'S REPORT"**

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Measurement Focus and Basis of Accounting - Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of facility maintenance, housing assistance payments, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Accounting

The Authority annually prepares its budget for its PHA grants, projects, and budgets for other grants, as prescribed by the Department of Housing and Urban Development. They also prepare five-year budgets. Capital Fund Program budgets are approved by HUD.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents includes amounts on hand and amounts on deposit at financial institutions (checking, savings, and certificates of deposit).

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents represents amounts held in tenants' escrow accounts and for other purposes in Section 8 Vouchers' Choice Program.

Tenants' Accounts Receivable - Recognition of Bad Debts

Bad debts are provided on the allowance method based on management's evaluation of the collectability of outstanding tenants' accounts receivable balances at the end of the year. The total receivables at March 31, 2017 was \$59,441 with an allowance of \$17,370.

Inventories and Materials

Inventories and materials are priced using the average cost method. The allowance for obsolete inventory was \$10,183 at March 31, 2017.

Property and Equipment

Property and equipment are stated at cost and depreciation is computed using the straight line method over an estimated useful life of the assets. The cost of normal maintenance and repairs, that do not add to the value of the asset or materially extend the asset life, are not capitalized. The following are the useful lives used for depreciation purposes:

Buildings	40 Years
Equipment	5-10 Years
Leasehold Improvements	15 Years

**"SEE INDEPENDENT AUDITOR'S REPORT"**

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Construction in Progress

Construction in progress consists of capital projects in progress funded primarily by the capital grant program.

Compensated Absences

It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused sick leave and vacation days. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provision of GASB Statement No. 16, no liabilities is recorded for non-vesting accumulating rights to received sick pay benefits.

Payments in Lieu of Taxes

The Authority is a participant in a tax abatement program providing for payments in lieu of property taxes ("PILOT"). The payments are computed at 10% of rental income less utilities expense.

Restricted Net Position

This component of net position consist of restricted assets when constraints are placed on assets by creditors (through debt covenants), grantors, contributors, laws, regulations, etc.

Management Fee Revenues/Expenses

Management fee revenues and expenses as of March 31, 2017 on the Financial Data Schedule have been eliminated on the Statement of Revenues, Expenses, and Changes in Net Position.

Due From/To Other Programs

Interprogram receivables and payables as of March 31, 2017 on the Financial Data Schedule have been eliminated on the Statement of Net Position.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments may be invested in the following HUD-approved vehicles:

- \* Direct obligations of the federal government backed by the full faith and credit of the United States;
- \* Obligations of government agencies;
- \* Securities of government sponsored agencies;
- \* Demand and savings deposits; and,
- \* Time deposits and repurchase agreements

At March 31, 2017, cash was in bank deposits and certificates of deposit, all of which were fully insured or collateralized with securities held by the Authority or by its agent in the Authority's name. The Authority's cash balances at March 31, 2017, totaled \$2,514,548. The Authority has no investments.

Interest Rate Risk - The Authority's formal investment policy does not specifically address the exposure to this risk.

**"SEE INDEPENDENT AUDITOR'S REPORT"**

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 2 - CASH AND INVESTMENTS ,Continued**

- Credit Risk - The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.
- Custodial Credit Risk - The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or guarantee of principal and interest by the U.S. Government. At year end, \$2,252,976 of the Commission's bank balance of \$2,502,976 was exposed to custodial credit risk because it was uninsured, however, it was collateralized with government securities.
- Concentration of Credit Risk - The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

For all deposits shown below, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. At various times during the year, the Authority's deposits may have been higher than the March 31, 2017 balances detailed below. This means that the Authority's risk and exposure could be higher at times. The Authority had no significant type of deposit during the year not included below.

Financial Statement Captions:

Cash and Cash Equivalents	\$ 2,177,386
Cash and Cash Equivalents - Restricted	195,690
Cash - Security Deposits	<u>141,472</u>
Total	<u>\$ 2,514,548</u>

Notes to Financial Statements:

Cash on Hand	\$ 600
Deposits	<u>2,513,948</u>
Total	<u>\$ 2,514,548</u>

Deposits and investments with stated interest rates (savings accounts, certificates of deposit) are stated at cost.

Investment income is allocated to the fund that owns the deposit.

**NOTE 3 - RESTRICTED CASH**

As of March 31, 2017, the Authority had the following cash, the use of which was restricted under the terms of various grant programs, debt obligations, and other requirements.

Conventional Program:	
Tenant Security Deposits	\$ 89,051
Payment of Current Liabilities	11,684
Section 8 Housing Choice Voucher Program	
Other Restricted	10,852
Payment of Current Liabilities	2
Business Activities	
Other Restricted	137,747
Tenant Security Deposits	52,421
Payment of Current Liabilities	<u>35,405</u>
Total Restricted Cash	<u>\$ 337,162</u>

"SEE INDEPENDENT AUDITOR'S REPORT"

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 4 - COMPENSATED ABSENCES**

Compensated Absences

Vacation leave is accrued annually at 10 days off per year for employees with 8 years or less of service and 15 days off per year for employees with 8 years or more of service.

Sick pay is granted at a rate of 1.25 days per month with a maximum limit on accrued days of 90, no days accrue beyond 90 days for any employee. Upon separation from the Authority, unused sick pay is not paid out.

The following is a summary of changes in compensated absences for the year ended March 31, 2017:

<u>Description</u>	<u>Beginning</u> <u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Accrued Compensated Absences	\$ <u>58,009</u>	\$ <u>534</u>	\$ <u>(1,069)</u>	\$ <u>57,474</u>	\$ <u>5,944</u>

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2017, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Capital Assets not being depreciated				
Land	\$ <u>3,033,316</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,033,316</u>
Total Capital Assets Not Being Depreciated	3,033,316	-	-	3,033,316
Capital Assets being depreciated				
Building	29,581,640	753,275	-	30,334,915
Furniture and Equipment - Dwell	330,883	16,368	(4,675)	342,576
Furniture and Equipment - Admin	<u>798,084</u>	<u>-</u>	<u>-</u>	<u>798,084</u>
Total Capital Assets Being Depreciated	<u>30,710,607</u>	<u>769,643</u>	<u>(4,675)</u>	<u>31,475,575</u>
Subtotal Capital Assets	33,743,923	769,643	(4,675)	34,508,891
Less Accumulated Depreciation:				
Building	(23,194,653)	(1,024,511)	(3,139)	(24,222,303)
Furniture and Equipment - Dwell	(198,152)	(27,750)	4,675	(221,227)
Furniture and Equipment - Admin	<u>(754,594)</u>	<u>(11,180)</u>	<u>13,268</u>	<u>(752,506)</u>
Total Accumulated Depreciation	<u>(24,147,399)</u>	<u>(1,063,441)</u>	<u>14,804</u>	<u>(25,196,036)</u>
Capital Assets, Net of Accumulated Depreciation	\$ <u>6,563,208</u>	\$ <u>(293,798)</u>	\$ <u>10,129</u>	\$ <u>6,279,539</u>
Total Net Capital Assets	\$ <u>9,596,524</u>	\$ <u>(293,798)</u>	\$ <u>10,129</u>	\$ <u>9,312,855</u>

Depreciation expense for the year ended March 31, 2017 was \$1,063,441.

**"SEE INDEPENDENT AUDITOR'S REPORT"**

KNOX COUNTY HOUSING AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 MARCH 31, 2017

**NOTE 6 - LONG TERM DEBT**

The following is a summary of changes in long-term debt for the year ended March 31, 2017.

<u>Type of Debt</u>	<u>Beginning</u>			<u>Ending</u>		
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>Due Within One Year</u>	
Revenue Bond	\$ 866,337	\$ -0-	\$ (48,323)	\$ 818,014	\$ 39,604	

In January, 2006, the Authority entered into a Multifamily Revenue Bond, Series 2006 with the State Bank of Seaton, for a 20 year bond in the amount of \$1,400,000. The bond has an interest rate of 6.50% per annum with a maturity date of January, 2026, with monthly principal and interest payments of \$12,900, beginning February 1, 2006. In June, 2011, the monthly principal and interest payments were reduced to \$7,775.

<u>Project Bond</u>	<u>Date of Note</u>	<u>Term of Note</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Current Balance</u>
Multifamily Revenue Bond, Series 2006	01/01/06	20 Years	\$ 1,400,000	\$ 6.50%	\$ 818,014

Debt service requirements of the notes payable for fiscal years ending on March 31, 2017 are as follows:

<u>Due Fiscal Year Ending</u>	<u>Principal Amount</u>	<u>Interest</u>
2018	\$ 39,604	\$ 53,696
2019	42,295	51,005
2020	45,039	48,261
2021	48,227	45,073
2022	51,503	41,797
2023-2026	<u>591,346</u>	<u>129,845</u>
Total	\$ <u>818,014</u>	\$ <u>369,677</u>

Interest expense for the year ended March 31, 2017 was \$76,891.

**NOTE 7 - EMPLOYEE RETIREMENT PLAN**

*Defined Contribution Plan:* Effective November 1, 2010, the Authority offers a defined contribution plan which is a supplemental employee benefit plan intended to comply with all applicable Federal Laws and regulations and other applicable State and Federal Laws.

The Investment Policy Statement (IPS) has been adopted by the Plan Administrator (Risk Management Systems) to provide guidelines for the investment and management of assets held in trust for the benefit participants in the Plan and their beneficiaries.

During the first year of the participation in the pension plan employees are 50% vested. Should they terminate employment during that year they are entitled to withdraw one half of the funds contributed on their behalf. Each year thereafter and additional 10% of the value of the account is vested with the employee becoming fully vested after five years of participation. The Authority can elect to contribute up to 15.3% of the contributing participants' compensation. Participants can voluntarily contribute up to the maximum allowed by law. The Authority may use forfeitures to pay Plan expenses or to reduce the amounts otherwise required to be contributed to the Plan.

For the year ended March 31, 2017, the following amounts related to the defined contribution plan:

Authority Total Payroll	1,229,553
Payroll for Covered Employees	1,180,586
Employer (Authority) Contribution Made	179,580

**"SEE INDEPENDENT AUDITOR'S REPORT"**



KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2017

**NOTE 8 - RISK MANAGEMENT**

The Authority purchases commercial insurance with various deductibles and coverage to cover property, business auto, and general liabilities. For all insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 9 - PAYMENT IN LIEU OF TAXES**

The Authority has executed a Cooperation Agreement with the City of Galesburg that provides for tax exemption of the housing projects but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. In 2017, those payments totaled \$91,643.

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

Grants

The Authority received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Authority. The amount, if any, of disbursements which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

Litigation and Claims

In the normal course of operations, the Authority may be subject to litigation and claims. At March 31, 2017, the Authority resolved all current matters.

**NOTE 11 -PRIOR PERIOD ADJUSTMENTS**

The Commission recorded an adjustment to correct net position, which was understated for Projects as of March 31, 2017. The adjustment increased the reported net position amount by \$15,408.

The Commission recorded an adjustment to correct net position, which was overstated for Programs as of March 31, 2017. The adjustment decreased the reported net position amount by \$1,194.

The Commission recorded an adjustment to correct net position, which was overstated for COCC as of March 31, 2017. The adjustment decreased the reported net position amount by \$5,852.

	<u>Projects</u>		<u>Programs</u>		<u>COCC</u>		<u>Total</u>
Equity Transfer	\$ 0	\$	0	\$	0	\$	0
Capital Assets	15,984		0		0		15,984
Income/Expense	(576)		(1,194)		(5,852)		(7,622)
Total	<u>\$ 15,408</u>	\$	<u>(1,194)</u>	\$	<u>(5,852)</u>	\$	<u>8,362</u>

**"SEE INDEPENDENT AUDITOR'S REPORT"**

**OTHER SUPPLEMENTARY INFORMATION**

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROJECTS - BALANCE SHEET  
 MARCH 31, 2017

FDS Line Item No.	Account Description	IL085000001	IL085000002	IL085000003	Total Projects
	<b>ASSETS</b>				
111	Cash - Unrestricted	\$513,099	\$391,575	\$104,477	\$1,009,151
113	Cash - Other Restricted	0	0	0	0
114	Cash - Tenant Security Deposits	32,409	46,058	10,584	89,051
115	Cash - Restricted for Payment of Current Liabilities	5,893	5,222	569	11,684
100	<b>TOTAL CASH</b>	<b>551,401</b>	<b>442,855</b>	<b>115,630</b>	<b>1,109,886</b>
122	Accounts Receivable - HUD Other Projects	0	0	0	0
124	Accounts Receivable - Other Governments	0	0	0	0
125	Accounts Receivable - Miscellaneous	0	0	0	0
126	A/R Tenants - Dwelling Rents	3,429	23,796	384	27,609
126.1	Allowance for Doubtful Accounts	(1,029)	(7,139)	0	(8,168)
128	Fraud Recovery	3,306	14,858	0	18,164
128.1	Allowance for Doubtful Accounts - Fraud Rec	(992)	(4,457)	0	(5,449)
129	Accrued Interest Receivable	0	0	0	0
120	<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>4,714</b>	<b>27,058</b>	<b>384</b>	<b>32,156</b>
131	Investments - Unrestricted	0	0	0	0
142	Prepaid Expenses & Other Assets	35,951	42,491	10,798	89,240
143	Inventories	7,260	19,522	4,268	31,050
143.1	Allowances for Obsolete Inventories	(3,646)	(4,576)	(1,553)	(9,775)
144	Interprogram Due From	0	0	0	0
150	<b>TOTAL CURRENT ASSETS</b>	<b>595,680</b>	<b>527,350</b>	<b>129,527</b>	<b>1,252,557</b>
161	Land	1,811,413	466,564	361,921	2,639,898
162	Buildings	9,458,928	13,551,106	3,913,892	26,923,926
163	Furniture and Equipment - Dwellings	109,608	197,267	16,755	323,630
164	Furniture and Equipment - Administrative	303,899	242,313	62,708	608,920
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(8,416,275)	(12,220,200)	(3,067,122)	(23,703,597)
167	Construction in Progress	0	0	0	0
160	<b>TOTAL FIXED ASSETS, NET</b>	<b>3,267,573</b>	<b>2,237,050</b>	<b>1,288,154</b>	<b>6,792,777</b>
174	Other Asset	0	0	0	0
180	<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,267,573</b>	<b>2,237,050</b>	<b>1,288,154</b>	<b>6,792,777</b>
190	<b>TOTAL ASSETS</b>	<b>\$3,863,253</b>	<b>\$2,764,400</b>	<b>\$1,417,681</b>	<b>\$8,045,334</b>
	<b>LIABILITIES</b>				
312	Accounts Payable <=90 Days	\$7,417	\$684	\$606	\$8,707
321	Accrued Wages/Payroll Taxes	5,241	9,404	2,137	16,782
322	Accrued Compensated Absences	835	2,029	363	3,227
331	Accounts Payable - HUD PHA Programs	0	0	0	0
333	Accounts Payable - Other Governments	28,847	18,707	13,961	61,515
341	Tenant Security Deposits	32,409	46,059	10,584	89,052
342	Unearned Revenue	5,893	5,222	569	11,684
343	Current Portion of L-T Debt - Capital Projects	0	0	0	0
346	Accrued Liabilities Other	8,677	7,945	4,127	20,749
347	Interprogram Due To	0	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>89,319</b>	<b>90,050</b>	<b>32,347</b>	<b>211,716</b>
351	Long-Term Debt, Net of Current - Capital Proj	0	0	0	0
353	Non-Current Liabilities - Other	0	0	0	0
354	Accrued Compensated Absences - Non Current	7,514	18,258	3,263	29,035
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,514</b>	<b>18,258</b>	<b>3,263</b>	<b>29,035</b>
300	<b>TOTAL LIABILITIES</b>	<b>96,833</b>	<b>108,308</b>	<b>35,610</b>	<b>240,751</b>
	<b>EQUITY</b>				
508.1	Invested in Capital Assets, Net of Related Debt	3,267,573	2,237,050	1,288,154	6,792,777
511.1	Restricted Net Position	0	0	0	0
512.1	Unrestricted Net Position	498,847	419,042	93,917	1,011,806
513	<b>TOTAL EQUITY</b>	<b>3,766,420</b>	<b>2,656,092</b>	<b>1,382,071</b>	<b>7,804,583</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,863,253</b>	<b>\$2,764,400</b>	<b>\$1,417,681</b>	<b>\$8,045,334</b>

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROJECTS - INCOME STATEMENT  
 MARCH 31, 2017

FDS Line Item No.	Account Description	IL085000001			IL085000002			IL085000003			Total Projects
		Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total	
	REVENUE										
70300	Net Tenant Rental Revenue	\$379,743	\$0	\$379,743	\$221,603	\$0	\$221,603	\$167,709	\$0	\$167,709	\$769,055
70400	Tenant Revenue - Other	16,428	0	16,428	53,171	0	53,171	8,158	0	8,158	77,757
70500	TOTAL TENANT REVENUE	396,171	0	396,171	274,774	0	274,774	175,867	0	175,867	846,812
70600	PHA HUD Grants	286,627	0	286,627	727,889	0	727,889	43,750	0	43,750	1,058,266
70610	Capital Grants	0	495,781	495,781	0	0	0	0	251,642	251,642	747,423
70710	Management Fee	0	0	0	0	0	0	0	0	0	0
70720	Asset Management Fee	0	0	0	0	0	0	0	0	0	0
70730	Book-Keeping Fee	0	0	0	0	0	0	0	0	0	0
70740	Other Fees	0	0	0	0	0	0	0	0	0	0
70800	Other Government Grants	0	0	0	0	0	0	0	0	0	0
71100	Investment Income - Unrestricted	3,345	0	3,345	2,305	0	2,305	767	0	767	6,417
71300	Proceeds From Disposition of Assets Held	0	0	0	0	0	0	0	0	0	0
71400	Fraud Recovery	0	0	0	0	0	0	0	0	0	0
71500	Other Revenue	5,955	0	5,955	23,622	0	23,622	3,100	0	3,100	32,677
71600	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0
72000	Investment Income - Restricted	0	0	0	0	0	0	0	0	0	0
70000	TOTAL REVENUE	692,098	495,781	1,187,879	1,028,590	0	1,028,590	223,484	251,642	475,126	2,691,595
	EXPENSES										
91100	Administrative Salaries	72,627	0	72,627	108,699	0	108,699	43,193	0	43,193	224,519
91200	Auditing Fees	2,310	0	2,310	2,530	0	2,530	660	0	660	5,500
91300	Management Fee	140,040	0	140,040	150,241	0	150,241	40,382	0	40,382	330,663
91310	Book-Keeping Fee	15,630	0	15,630	16,770	0	16,770	4,508	0	4,508	36,908
91400	Advertising and Marketing	0	0	0	0	0	0	0	0	0	0
91500	Employee Benefit Contribution - Administrative	23,140	0	23,140	47,166	0	47,166	15,397	0	15,397	85,703
91600	Office Expenses	10,195	0	10,195	22,866	0	22,866	9,007	0	9,007	42,068
91700	Legal Expense	0	0	0	0	0	0	0	0	0	0
91800	Travel	1,274	0	1,274	1,543	0	1,543	596	0	596	3,413
91900	Other	5,553	0	5,553	1,388	0	1,388	220	0	220	7,161
92000	Asset Management Fee	21,480	0	21,480	22,800	0	22,800	6,120	0	6,120	50,400
92100	Tenant Services - Salaries	0	0	0	1,774	0	1,774	0	0	0	1,774
92200	Employee Benefit Contribution - Tenant Serv	0	0	0	172	0	172	0	0	0	172
92400	Tenant Services - Other	294	0	294	945	0	945	159	0	159	1,398
93100	Water	10,915	0	10,915	2,782	0	2,782	4,399	0	4,399	18,096
93200	Electricity	26,914	0	26,914	15,589	0	15,589	10,402	0	10,402	52,905
93300	Gas	41,568	0	41,568	11,593	0	11,593	8,921	0	8,921	62,082
93600	Sewer	12,733	0	12,733	254	0	254	3,595	0	3,595	16,582
94100	Ordinary Maintenance and Operation - Labor	136,605	0	136,605	254,564	0	254,564	41,604	0	41,604	432,773
94200	Ordinary Maintenance and Operation - Materials	36,186	0	36,186	41,986	0	41,986	14,062	0	14,062	92,234
94300	Ordinary Maintenance and Operation - Cont Cost	60,532	0	60,532	54,847	0	54,847	20,846	0	20,846	136,225
94500	Employee Benefit Contribution - Ord Maintenance	44,715	0	44,715	93,667	0	93,667	14,256	0	14,256	152,638
95000	Protective Services	3,397	0	3,397	10,374	0	10,374	3,703	0	3,703	17,474
96100	Insurance Premiums	43,144	0	43,144	53,886	0	53,886	14,247	0	14,247	111,277
96200	Other General Expenses	0	0	0	0	0	0	0	0	0	0
96210	Compensated Absences	(536)	0	(536)	(604)	0	(604)	1,150	0	1,150	10
96300	Payments in Lieu of Taxes	28,761	0	28,761	19,081	0	19,081	14,039	0	14,039	61,881
96400	Bad Debts - Tenant Rents	4,204	0	4,204	39,336	0	39,336	0	0	0	43,540
96600	Bad Debts - Other	0	0	0	0	0	0	0	0	0	0
96710	Interest of Mortgage (or Bonds) Payable	0	0	0	0	0	0	0	0	0	0
96900	TOTAL OPERATING EXPENSES	741,681	0	741,681	974,249	0	974,249	271,466	0	271,466	1,987,396
97000	EXCESS OPERATING REVENUE OVER EXPENSES	-49,583	495,781	446,198	54,341	0	54,341	-47,982	251,642	203,660	704,199
	OTHER EXPENSES										
97100	Extraordinary Maintenance	0	0	0	0	0	0	0	0	0	0
97200	Casualty Losses - Non Capitalized	0	0	0	0	0	0	0	0	0	0
97300	Housing Assistance Payments	0	0	0	0	0	0	0	0	0	0
97400	Depreciation Expense	421,208	0	421,208	325,168	0	325,168	158,548	0	158,548	904,924
97500	Fraud Losses	0	0	0	0	0	0	0	0	0	0
90000	TOTAL EXPENSES	1,162,889	0	1,162,889	1,299,417	0	1,299,417	430,014	0	430,014	2,892,320
	OTHER FINANCING SOURCES (USES)										
10010	Operating Transfer In	0	0	0	0	0	0	0	0	0	0
10020	Operating Transfer Out	0	0	0	0	0	0	0	0	0	0
	TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	0	0	0	0

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROJECTS - INCOME STATEMENT  
 MARCH 31, 2017

FDS Line Item No.	Account Description	IL08500001			IL08500002			IL08500003			Total Projects
		Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total	Operating Fund	Capital Fund	Total	
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	(\$470,791)	\$495,781	\$24,990	(\$270,827)	\$0	(\$270,827)	(\$206,530)	\$251,642	\$45,112	(\$200,725)
11030	Beginning Equity	3,727,831	0	3,727,831	2,926,919	0	2,926,919	1,335,150	0	1,335,150	7,989,900
11040	Prior Period Adjustment	509,380	(495,781)	13,599	0	0	0	253,451	(251,642)	1,809	15,408
	ENDING EQUITY	\$3,766,420	\$0	\$3,766,420	\$2,656,092	\$0	\$2,656,092	\$1,382,071	\$0	\$1,382,071	\$7,804,583
11190	Unit Months Available	2,144	0	2,144	2,280	0	2,280	612	0	612	5,036
11210	Unit Months Leased	2,088	0	2,088	2,244	0	2,244	600	0	600	4,932
11610	Land Purchases	0	0	0	0	0	0	0	0	0	0
11620	Building Purchases	0	495,781	495,781	0	0	0	0	251,642	251,642	747,423
11630	Furniture & Equipment - Dwelling Purchases	11,868	0	11,868	0	0	0	0	0	0	11,868
11640	Furniture & Equipment - Administrative Purchases	0	0	0	0	0	0	0	0	0	0
11650	Leasehold Improvements	0	0	0	0	0	0	0	0	0	0

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROGRAM - BALANCE SHEET  
 MARCH 31, 2017

FDS Line Item No.	Account Description	14,871 Housing Choice Vouchers	1 Business Activities	Total Programs
	<b>ASSETS</b>			
111	Cash - Unrestricted	\$198,541	\$80,582	\$279,123
113	Cash - Other Restricted	10,852	137,747	148,599
114	Cash - Tenant Security Deposits	0	52,421	52,421
115	Cash - Restricted for Payment of Current Liabilities	2	35,405	35,407
100	<b>TOTAL CASH</b>	<b>209,395</b>	<b>306,155</b>	<b>515,550</b>
122	Accounts Receivable - HUD Other Projects	0	0	0
124	Accounts Receivable - Other Governments	0	0	0
125	Accounts Receivable - Miscellaneous	0	0	0
126	A/R Tenants - Dwelling Rents	0	9,437	9,437
126.1	Allowance for Doubtful Accounts	0	(2,831)	(2,831)
128	Fraud Recovery	4,231	0	4,231
128.1	Allowance for Doubtful Accounts - Fraud Rec	(922)	0	(922)
129	Accrued Interest Receivable	0	0	0
120	<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>3,309</b>	<b>6,606</b>	<b>9,915</b>
131	Investments - Unrestricted	0	0	0
142	Prepaid Expenses & Other Assets	3,174	21,201	24,375
143	Inventories	0	8,024	8,024
143.1	Allowances for Obsolete Inventories	0	(408)	(408)
144	Interprogram Due From	0	0	0
150	<b>TOTAL CURRENT ASSETS</b>	<b>215,878</b>	<b>341,578</b>	<b>557,456</b>
161	Land	0	393,418	393,418
162	Buildings	0	3,410,989	3,410,989
163	Furniture and Equipment - Dwellings	0	18,946	18,946
164	Furniture and Equipment - Administrative	14,990	1,099	16,089
165	Leasehold Improvements	0	0	0
166	Accumulated Depreciation	(14,878)	(1,305,752)	(1,320,630)
167	Construction in Progress	0	0	0
160	<b>TOTAL FIXED ASSETS, NET</b>	<b>112</b>	<b>2,518,700</b>	<b>2,518,812</b>
174	Other Asset	0	0	0
180	<b>TOTAL NON-CURRENT ASSETS</b>	<b>112</b>	<b>2,518,700</b>	<b>2,518,812</b>
190	<b>TOTAL ASSETS</b>	<b>\$215,990</b>	<b>\$2,860,278</b>	<b>\$3,076,268</b>
	<b>LIABILITIES</b>			
312	Accounts Payable <=90 Days	\$379	\$1,937	\$2,316
321	Accrued Wages/Payroll Taxes	1,600	4,066	5,666
322	Accrued Compensated Absences	307	1,041	1,348
331	Accounts Payable - HUD PHA Programs	0	0	0
333	Accounts Payable - Other Governments	0	29,555	29,555
341	Tenant Security Deposits	0	52,421	52,421
342	Unearned Revenue	2	5,272	5,274
343	Current Portion of L-T Debt - Capital Projects	0	39,604	39,604
346	Accrued Liabilities Other	0	10,039	10,039
347	Interprogram Due To	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>2,288</b>	<b>143,935</b>	<b>146,223</b>
351	Long-Term Debt, Net of Current - Capital Proj	0	778,410	778,410
353	Non-Current Liabilities - Other	0	0	0
354	Accrued Compensated Absences - Non Current	1,786	9,365	11,151
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,786</b>	<b>787,775</b>	<b>789,561</b>
300	<b>TOTAL LIABILITIES</b>	<b>4,074</b>	<b>931,710</b>	<b>935,784</b>
	<b>EQUITY</b>			
508.1	Invested in Capital Assets, Net of Related Debt	112	1,700,686	1,700,798
511.1	Restricted Net Position	10,852	137,747	148,599
512.1	Unrestricted Net Position	200,952	90,135	291,087
513	<b>TOTAL EQUITY</b>	<b>211,916</b>	<b>1,928,568</b>	<b>2,140,484</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$215,990</b>	<b>\$2,860,278</b>	<b>\$3,076,268</b>

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROGRAM - INCOME STATEMENT  
 MARCH 31, 2017

		14,871	1	
FDS Line		Housing Choice	Business	Total
Item No.	Account Description	Vouchers	Activities	Programs
	REVENUE			
70300	Net Tenant Rental Revenue	\$0	\$610,917	\$610,917
70400	Tenant Revenue - Other	0	23,758	23,758
70500	TOTAL TENANT REVENUE	0	634,675	634,675
70600	PHA HUD Grants	729,413	51,834	781,247
70610	Capital Grants	0	0	0
70710	Management Fee	0	0	0
7720	Asset Management Fee	0	0	0
70730	Book-Keeping Fee	0	0	0
70750	Other Fees	0	0	0
70800	Other Government Grants	0	0	0
71100	Investment Income - Unrestricted	345	1,104	1,449
71300	Proceeds From Disposition of Assets Held	0	0	0
71400	Fraud Recovery	7,570	0	7,570
71500	Other Revenue	1,924	2,424	4,348
71600	Gain/Loss on Sale of Fixed Assets	0	0	0
72000	Investment Income - Restricted	102	0	102
70000	TOTAL REVENUE	739,354	690,037	1,429,391
	EXPENSES			
91100	Administrative Salaries	59,130	58,077	117,207
91200	Auditing Fees	1,650	1,650	3,300
91300	Management Fee	24,780	108,963	133,743
91310	Book-Keeping Fee	15,488	14,598	30,086
91400	Advertising and Marketing	0	514	514
91500	Employee Benefit Contribution - Administrative	23,746	18,993	42,739
91600	Office Expenses	11,565	10,144	21,709
91700	Legal Expense	0	0	0
91800	Travel	403	2,300	2,703
91900	Other	4,161	1,083	5,244
92000	Asset Management Fee	0	0	0
92100	Tenant Services - Salaries	0	0	0
92200	Employee Benefit Contribution - Tenant Serv	0	0	0
92400	Tenant Services - Other	0	0	0
93100	Water	0	23,760	23,760
93200	Electricity	0	12,967	12,967
93300	Gas	0	3,689	3,689
93600	Sewer	0	22,064	22,064
94100	Ordinary Maintenance and Operation - Labor	0	93,739	93,739
94200	Ordinary Maintenance and Operation - Materials	0	23,921	23,921
94300	Ordinary Maintenance and Operation - Cont Cost	0	42,340	42,340
94500	Employee Benefit Contribution - Ord Maintenance	0	39,333	39,333
95000	Protective Services	0	0	0
96100	Insurance Premiums	3,587	28,169	31,756
96200	Other General Expenses	2,007	0	2,007
96210	Compensated Absences	2	910	912
96300	Payments in Lieu of Taxes	0	29,762	29,762
96400	Bad Debts - Tenant Rents	(2,504)	5,797	3,293
96600	Bad Debts - Other	0	0	0
96710	Interest of Mortgage (or Bonds) Payable	0	76,891	76,891
96900	TOTAL OPERATING EXPENSES	144,015	619,664	763,679
97000	EXCESS OPERATING REVENUE OVER			
	EXPENSES	\$595,339	\$70,373	\$665,712
	OTHER EXPENSES			
97100	Extraordinary Maintenance	\$0	\$0	\$0
97200	Casualty Losses - Non Capitalized	0	0	0
97300	Housing Assistance Payments	704,810	0	704,810
97400	Depreciation Expense	225	157,177	157,402
97500	Fraud Losses	(2,503)	0	(2,503)
90000	TOTAL EXPENSES	846,547	776,841	1,623,388
	OTHER FINANCING SOURCES (USES)			
10010	Operating Transfer In	0	0	0
10020	Operating Transfer Out	0	0	0
	TOTAL OTHER FINANCING SOURCES (USES)	0	0	0

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PROGRAM - INCOME STATEMENT  
 MARCH 31, 2017

FDS Line		14,871	1	
Item No.	Account Description	Housing Choice Vouchers	Business Activities	Total Programs
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	(107,193)	(86,804)	(193,997)
11030	Beginning Equity	320,303	2,015,372	2,335,675
11040	Prior Period Adjustment	(1,194)	0	(1,194)
	ENDING EQUITY	\$211,916	\$1,928,568	\$2,140,484

11170-001	Administrative Fee Equity - Beginning Balance	220,547	0	220,547
11170-010	Administrative Fee Revenue	93,098	0	93,098
11170-040	Investment Income	345	0	345
11170-045	Fraud Recovery Revenue	3,785	0	3,785
11170-050	Other Revenue	28,126	0	28,126
11170-060	Total Admin Fee Revenue	125,354	0	125,354
11170-080	Total Operating Expenses	144,015	0	144,015
11170-090	Depreciation	225	0	225
11170-100	Other Expenses	597	0	597
11170-110	Total Expenses	144,837	0	144,837
11170-002	Net Administrative Fee	(19,483)	0	(19,483)
11170-003	Administrative Fee Equity - Ending Balance	201,064	0	201,064
11170	Administrative Fee Equity	201,064	0	201,064
11180-001	Housing Assistance Payments Equity - Beg	99,756	0	99,756
11180-010	Housing Assistance Payment Revenue	636,315	0	636,315
11180-015	Fraud Recovery Revenue	3,785	0	3,785
11180-020	Other Revenue	2,503	0	2,503
11180-025	Investment Income	102	0	102
11180-030	Total HAP Revenue	642,705	0	642,705
11180-080	Housing Assistance Payments	704,810	0	704,810
11180-090	Other Expenses	26,799	0	26,799
11180-100	Total Housing Assistance Payments	731,609	0	731,609
11180-002	Net Housing Assistance Payments	(88,904)	0	(88,904)
11180-003	Housing Assistance Payments Equity - End	10,852	0	10,852
11180	Housing Assistance Payments Equity	10,852	0	10,852
11190	Unit Months Available	3,360	1,644	5,004
11210	Unit Months Leased	2,070	1,625	3,695



KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PHA - BALANCE SHEET  
 MARCH 31, 2017

FDS Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
	<b>ASSETS</b>						
111	Cash - Unrestricted	\$1,009,151	\$279,123	\$889,112	\$2,177,386	\$0	\$2,177,386
113	Cash - Other Restricted	0	148,599	0	148,599	0	148,599
114	Cash - Tenant Security Deposits	89,051	52,421	0	141,472	0	141,472
115	Cash - Restricted for Payment of Current Liab	11,684	35,407	0	47,091	0	47,091
100	<b>TOTAL CASH</b>	<b>1,109,886</b>	<b>515,550</b>	<b>889,112</b>	<b>2,514,548</b>	<b>0</b>	<b>2,514,548</b>
122	Accounts Receivable - HUD Other Projects	0	0	0	0	0	0
124	Accounts Receivable - Other Governments	0	0	0	0	0	0
125	Accounts Receivable - Miscellaneous	0	0	0	0	0	0
126	A/R Tenants - Dwelling Rents	27,609	9,437	0	37,046	0	37,046
126.1	Allowance for Doubtful Accounts	(8,168)	(2,831)	0	(10,999)	0	(10,999)
128	Fraud Recovery	18,164	4,231	0	22,395	0	22,395
128.1	Allowance for Doubtful Accounts - Fraud Rec	(5,449)	(922)	0	(6,371)	0	(6,371)
129	Accrued Interest Receivable	0	0	0	0	0	0
120	<b>TOTAL ACCOUNTS RECEIVABLE</b>	<b>32,156</b>	<b>9,915</b>	<b>0</b>	<b>42,071</b>	<b>0</b>	<b>42,071</b>
131	Investments - Unrestricted	0	0	0	0	0	0
142	Prepaid Expenses & Other Assets	89,240	24,375	18,368	131,983	0	131,983
143	Inventories	31,050	8,024	0	39,074	0	39,074
143.1	Allowances for Obsolete Inventories	(9,775)	(408)	0	(10,183)	0	(10,183)
144	Interprogram Due From	0	0	0	0	0	0
150	<b>TOTAL CURRENT ASSETS</b>	<b>1,252,557</b>	<b>557,456</b>	<b>907,480</b>	<b>2,717,493</b>	<b>0</b>	<b>2,717,493</b>
161	Land	2,639,898	393,418	0	3,033,316	0	3,033,316
162	Buildings	26,923,926	3,410,989	0	30,334,915	0	30,334,915
163	Furniture and Equipment - Dwellings	323,630	18,946	0	342,576	0	342,576
164	Furniture and Equipment - Administrative	608,920	16,089	173,075	798,084	0	798,084
165	Leasehold Improvements	0	0	0	0	0	0
166	Accumulated Depreciation	(23,703,597)	(1,320,630)	(171,809)	(25,196,036)	0	(25,196,036)
167	Construction in Progress	0	0	0	0	0	0
160	<b>TOTAL FIXED ASSETS, NET</b>	<b>6,792,777</b>	<b>2,518,812</b>	<b>1,266</b>	<b>9,312,855</b>	<b>0</b>	<b>9,312,855</b>
174	Other Asset	0	0	0	0	0	0
180	<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,792,777</b>	<b>2,518,812</b>	<b>1,266</b>	<b>9,312,855</b>	<b>0</b>	<b>9,312,855</b>
190	<b>TOTAL ASSETS</b>	<b>\$8,045,334</b>	<b>\$3,076,268</b>	<b>\$908,746</b>	<b>\$12,030,348</b>	<b>\$0</b>	<b>\$12,030,348</b>
	<b>LIABILITIES</b>						
312	Accounts Payable <=90 Days	\$8,707	\$2,316	\$12,240	\$23,263	\$0	\$23,263
321	Accrued Wages/Payroll Taxes	16,782	5,666	8,218	30,666	0	30,666
322	Accrued Compensated Absences	3,227	1,348	1,369	5,944	0	5,944
331	Accounts Payable - HUD PHA Programs	0	0	0	0	0	0
333	Accounts Payable - Other Governments	61,515	29,555	0	91,070	0	91,070
341	Tenant Security Deposits	89,052	52,421	0	141,473	0	141,473
342	Unearned Revenue	11,684	5,274	0	16,958	0	16,958
343	Current Portion of L-T Debt - Capital Projects	0	39,604	0	39,604	0	39,604
346	Accrued Liabilities Other	20,749	10,039	4,684	35,472	0	35,472
347	Interprogram Due To	0	0	0	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>211,716</b>	<b>146,223</b>	<b>26,511</b>	<b>384,450</b>	<b>0</b>	<b>384,450</b>
351	Long-Term Debt, Net of Current - Capital Proj	0	778,410	0	778,410	0	778,410
353	Non-Current Liabilities - Other	0	0	0	0	0	0
354	Accrued Compensated Absences - Non Current	29,035	11,151	11,344	51,530	0	51,530
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>29,035</b>	<b>789,561</b>	<b>11,344</b>	<b>829,940</b>	<b>0</b>	<b>829,940</b>
300	<b>TOTAL LIABILITIES</b>	<b>240,751</b>	<b>935,784</b>	<b>37,855</b>	<b>1,214,390</b>	<b>0</b>	<b>1,214,390</b>
	<b>EQUITY</b>						
508.1	Invested in Capital Assets, Net of Related Debt	6,792,777	1,700,798	1,266	8,494,841	0	8,494,841
511.1	Restricted Net Position	0	148,599	0	148,599	0	148,599
512.1	Unrestricted Net Position	1,011,806	291,087	869,625	2,172,518	0	2,172,518
513	<b>TOTAL EQUITY</b>	<b>7,804,583</b>	<b>2,140,484</b>	<b>870,891</b>	<b>10,815,958</b>	<b>0</b>	<b>10,815,958</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$8,045,334</b>	<b>\$3,076,268</b>	<b>\$908,746</b>	<b>\$12,030,348</b>	<b>\$0</b>	<b>\$12,030,348</b>

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PHA - INCOME STATEMENT  
 MARCH 31, 2017

FDS Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
	REVENUE						
70300	Net Tenant Rental Revenue	\$769,055	\$610,917	\$0	\$1,379,972	\$0	\$1,379,972
70400	Tenant Revenue - Other	77,757	23,758	0	101,515	0	101,515
70500	TOTAL TENANT REVENUE	846,812	634,675	0	1,481,487	0	1,481,487
70600	PHA HUD Grants	1,058,266	781,247	0	1,839,513	0	1,839,513
70610	Capital Grants	747,423	0	0	747,423	0	747,423
70710	Management Fee	0	0	464,406	464,406	(464,406)	0
70720	Asset Management Fee	0	0	50,400	50,400	(50,400)	0
70730	Book-Keeping Fee	0	0	66,993	66,993	(66,993)	0
70740	Other Fees	0	0	13,424	13,424	0	13,424
70800	Other Government Grants	0	0	0	0	0	0
71100	Investment Income - Unrestricted	6,417	1,449	98	7,964	0	7,964
71300	Proceeds From Disposition of Assets Held	0	0	0	0	0	0
71400	Fraud Recovery	0	7,570	0	7,570	0	7,570
71500	Other Revenue	32,677	4,348	1,471	38,496	0	38,496
71600	Gain/Loss on Sale of Fixed Assets	0	0	0	0	0	0
72000	Investment Income - Restricted	0	102	0	102	0	102
70000	TOTAL REVENUE	2,691,595	1,429,391	596,792	4,717,778	(581,799)	4,135,979
	EXPENSES						
91100	Administrative Salaries	224,519	117,207	322,255	663,981	0	663,981
91200	Auditing Fees	5,500	3,300	2,200	11,000	0	11,000
91300	Management Fee	330,663	133,743	0	464,406	(464,406)	0
91310	Book-Keeping Fee	36,908	30,086	0	66,994	(66,993)	1
91400	Advertising and Marketing	0	514	863	1,377	0	1,377
91500	Employee Benefit Contribution - Administrative	85,703	42,739	123,942	252,384	0	252,384
91600	Office Expenses	42,068	21,709	42,415	106,192	0	106,192
91700	Legal Expense	0	0	8,288	8,288	0	8,288
91800	Travel	3,413	2,703	1,511	7,627	0	7,627
91900	Other	7,161	5,244	11,048	23,453	0	23,453
92000	Asset Management Fee	50,400	0	0	50,400	(50,400)	0
92100	Tenant Services - Salaries	1,774	0	0	1,774	0	1,774
92200	Employee Benefit Contribution - Tenant Serv	172	0	0	172	0	172
92400	Tenant Services - Other	1,398	0	0	1,398	0	1,398
93100	Water	18,096	23,760	181	42,037	0	42,037
93200	Electricity	52,905	12,967	8,121	73,993	0	73,993
93300	Gas	62,082	3,689	1,756	67,527	0	67,527
93600	Sewer	16,582	22,064	60	38,706	0	38,706
94100	Ordinary Maintenance and Operation - Labor	432,773	93,739	0	526,512	0	526,512
94200	Ordinary Maintenance and Operation - Materials	92,234	23,921	812	116,967	0	116,967
94300	Ordinary Maintenance and Operation - Cont Cost	136,225	42,340	526	179,091	0	179,091
94500	Employee Benefit Contribution - Ord Maintenance	152,638	39,333	0	191,971	0	191,971
95000	Protective Services	17,474	0	0	17,474	0	17,474
96100	Insurance Premiums	111,277	31,756	15,407	158,440	0	158,440
96200	Other General Expenses	0	2,007	0	2,007	0	2,007
96210	Compensated Absences	10	912	(1,456)	(534)	0	(534)
96300	Payments in Lieu of Taxes	61,881	29,762	0	91,643	0	91,643
96400	Bad Debts - Tenant Rents	43,540	3,293	0	46,833	0	46,833
96600	Bad Debts - Other	0	0	0	0	0	0
96710	Interest of Mortgage (or Bonds) Payable	0	76,891	0	76,891	0	76,891
96900	TOTAL OPERATING EXPENSES	1,987,396	763,679	537,929	3,289,004	(581,799)	2,707,205
97000	EXCESS OPERATING REVENUE OVER						
	EXPENSES	\$704,199	\$665,712	\$58,863	\$1,428,774	\$0	\$1,428,774
	OTHER EXPENSES						
97100	Extraordinary Maintenance	0	0	\$0	\$0	\$0	\$0
97200	Casualty Losses - Non Capitalized	0	0	0	0	0	0
97300	Housing Assistance Payments	0	704,810	0	704,810	0	704,810
97400	Depreciation Expense	904,924	157,402	1,115	1,063,441	0	1,063,441
90000	Fraud Losses	0	(2,503)	0	(2,503)	0	(2,503)
	TOTAL EXPENSES	2,892,320	1,623,388	539,044	5,054,752	(581,799)	4,472,953
	OTHER FINANCING SOURCES (USES)						
10010	Operating Transfer In	0	0	0	0	0	0
10020	Operating Transfer Out	0	0	0	0	0	0
	TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0

KNOX COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULES  
 PHA - INCOME STATEMENT  
 MARCH 31, 2017

FDS Line	Account Description	Project	Program	Central Office	Subtotal	Elimination	Total
Item No.		Totals	Totals	Cost Center			
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	(200,725)	(193,997)	57,748	(336,974)	0	(336,974)
11030	Beginning Equity	7,989,900	2,335,675	818,995	11,144,570	0	11,144,570
11040	Prior Period Adjustment	15,408	(1,194)	(5,852)	8,362	0	8,362
	ENDING EQUITY	\$7,804,583	\$2,140,484	\$870,891	\$10,815,958	\$0	\$10,815,958

11170-001	Administrative Fee Equity - Beginning Balance	0	220,547	0	220,547	0	220,547
11170-010	Administrative Fee Revenue	0	93,098	0	93,098	0	93,098
11170-040	Investment Income	0	345	0	345	0	345
11170-045	Fraud Recovery Revenue	0	3,785	0	3,785	0	3,785
11170-050	Other Revenue	0	28,126	0	28,126	0	28,126
11170-060	Total Admin Fee Revenue	0	125,354	0	125,354	0	125,354
11170-080	Total Operating Expenses	0	144,015	0	144,015	0	144,015
11170-090	Depreciation	0	225	0	225	0	225
11170-100	Other Expenses	0	597	0	597	0	597
11170-110	Total Expenses	0	144,837	0	144,837	0	144,837
11170-002	Net Administrative Fee	0	(19,483)	0	(19,483)	0	(19,483)
11170-003	Administrative Fee Equity - Ending Balance	0	201,064	0	201,064	0	201,064
11170	Administrative Fee Equity	0	201,064	0	201,064	0	201,064
11180-001	Housing Assistance Payments Equity - Beg	0	99,756	0	99,756	0	99,756
11180-010	Housing Assistance Payment Revenue	0	636,315	0	636,315	0	636,315
11180-015	Fraud Recovery Revenue	0	3,785	0	3,785	0	3,785
11180-020	Other Revenue	0	2,503	0	2,503	0	2,503
11180-025	Investment Income	0	102	0	102	0	102
11180-030	Total HAP Revenue	0	642,705	0	642,705	0	642,705
11180-080	Housing Assistance Payments	0	704,810	0	704,810	0	704,810
11180-090	Other Expenses	0	26,799	0	26,799	0	26,799
11180-100	Total Housing Assistance Payments	0	731,609	0	731,609	0	731,609
11180-002	Net Housing Assistance Payments	0	(88,904)	0	(88,904)	0	(88,904)
11180-003	Housing Assistance Payments Equity - End	0	10,852	0	10,852	0	10,852
11180	Housing Assistance Payments Equity	0	10,852	0	10,852	0	10,852
11190	Unit Months Available	5,036	5,004	0	10,040	0	10,040
11210	Unit Months Leased	4,932	3,695	0	8,627	0	8,627
11610	Land Purchases	0	0	0	0	0	0
11620	Building Purchases	747,423	0	0	747,423	0	747,423
11630	Furniture & Equipment - Dwelling Purchases	11,868	0	0	11,868	0	11,868
11640	Furniture & Equipment - Administrative Purchases	0	0	0	0	0	0
11650	Leasehold Improvements	0	0	0	0	0	0

KNOX COUNTY HOUSING AUTHORITY  
 STATEMENT AND CERTIFICATION OF CAPITAL FUND PROGRAM GRANT COSTS  
 FOR THE YEAR ENDED MARCH 31, 2017

ANNUAL CONTRIBUTION CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	IL06P085 <u>501-14</u>
Funds Approved	\$ 619,889
Funds Expended	<u>619,889</u>
Excess of Funds Approved	<u><u>-0-</u></u>
Funds Approved	619,889
Funds Expended	<u>619,889</u>
Excess of Funds Approved	\$ <u><u>-0-</u></u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Authority's Records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

KNOX COUNTY HOUSING AUTHORITY  
 STATEMENT AND CERTIFICATION OF ACTUAL ROSS NEIGHBORHOOD NETWORK GRANT COSTS  
 FOR THE YEAR ENDED MARCH 31, 2017

IL085RNN027A007

1. The Actual ROSS Neighborhood Network Grant Program Costs of IL085RNN027A007 are as follows:

Funds Approved	\$	300,000
Funds Expended		<u>300,000</u>
Excess of Funds Approved		<u><u>-</u></u>
Funds Approved		300,000
Funds Expended		<u>300,000</u>
Excess of Funds Approved	\$	<u><u>-</u></u>

2. Audit period additions were \$-0- and accordingly were not audited by Zenk & Associates, P.C.
3. The costs shown on the Final Federal Financial Report (SF-425) dated January 18, 2012 as submitted to HUD is in agreement with the PHA's records.
4. All ROSS Program costs have been paid and all related liabilities have been discharged through payment.

**SINGLE AUDIT**

# Zenk & Associates, P.C.

## Certified Public Accountants

Members: American Institutes of Certified Public Accountants  
Michigan Association of Certified Public Accountants

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,  
Knox County Housing Authority  
Galesburg, Illinois

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of business-type activities of the Knox County Housing Authority as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Knox County Housing Authority's basic financial statements and have issued our report thereon dated November 10, 2017.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

**Purpose of this Report**

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

*Zenk & Associates, P.C.*

November 10, 2017



# Zenk & Associates, P.C.

## Certified Public Accountants

Members: American Institutes of Certified Public Accountants  
Michigan Association of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE *UNIFORM GUIDANCE*

Board of Commissioners,  
Knox County Housing Authority  
Galesburg, Illinois

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

### Report on Compliance for Each Major Federal Program

We have audited the Knox County Housing Authority's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Knox County Housing Authority major federal programs for the year ended March 31, 2017. The Knox County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Knox County Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Knox County Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, the Knox County 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 for the year ended March 31, 2017.

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

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

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

Our consideration of the internal control over compliance was for limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Zenk & Associates, P.C.*

November 10, 2017

KNOX COUNTY HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED MARCH 31, 2017

	<u>FEDERAL CFDA NUMBER</u>		<u>FUNDS EXPENDED</u>
<u>U.S. DEPARTMENT OF HUD DIRECT PROGRAMS</u>			
PHA Owned Housing:			
Public and Indian Housing - Operating Subsidy	14.850a	\$	1,058,266 *
Public and Indian Housing - Capital Funds Program	14.872		747,423
Section 8 Housing:			
Housing Choice Voucher Program	14.871		729,413
New Construction (Business Activities)	14.182		<u>51,834</u>
Total From U.S. Department of HUD Direct Programs		\$	<u>2,586,936</u>

\* Indicates Major Program

"SEE INDEPENDENT AUDITOR'S REPORT"

"SEE THE ACCOMPANYING NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS"

KNOX COUNTY HOUSING AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2017

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - SUB RECIPIENT AWARDS

Of the federal expenditures presented in the schedule, Knox County Housing Authority did not provide federal awards to sub recipients.

KNOX COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2017

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of Auditor's Report	Unmodified
Internal Control Over Financial Reporting:	
Are any material weaknesses identified?	No
Are any significant weaknesses identified?	None Reported
Is any noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Federal Awards:	
Are any material weaknesses identified?	No
Are any significant weaknesses identified?	None Reported
Type of Auditor's Report	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.51(a)?	No
Identification of major federal programs:	
Dollar threshold used to distinguish between type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II - FINDINGS RELATED TO FINANCIAL STATEMENTS**

None

**SECTION III - FINDINGS RELATED TO FEDERAL AWARDS**

None

KNOX COUNTY HOUSING AUTHORITY  
SCHEDULE OF THE STATUS OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS  
YEAR ENDED MARCH 31, 2017

**STATUS OF PRIOR FINDINGS**

The prior audit report for the year ended March 31, 2016 contained no audit findings:

**Financial Statement Findings**

None Reported

**Federal Award Findings**

None Reported

**AGREED-UPON PROCEDURES**

# Zenk & Associates, P.C.

## Certified Public Accountants

Members: American Institutes of Certified Public Accountants  
Michigan Association of Certified Public Accountants

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners,  
Knox County Housing Authority  
Galesburg, Illinois

Regional Inspector General of Audit  
Department of Housing and Urban  
Development

We have performed the procedure described in the second paragraph of this report, which was agreed upon by the Knox County Housing Authority and U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the Uniform Guidance reporting package. The Knox County Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedures indicated agreement of the electronically submitted information and hard copy as shown in the attached chart.

We were engaged to perform an audit in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* the financial statements of the Knox County Housing Authority as of the year ended March 31, 2017, and have issued our report thereon dated November 10, 2017. The information in the "Hard Copy Documents" column was included within the scope or was a by-product, of that audit. Further, our opinion on the fair presentation of the supplemental information dated November 10, 2017, was expressed in relation to the general purpose financial statements of the Knox County Housing Authority taken as a whole.

A copy of the reporting package required by the *Uniform Guidance*, which includes the auditors' report is available in its entirety from the Knox County Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the Knox County Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*Zenk & Associates, P.C.*

November 10, 2017



KNOX COUNTY HOUSING AUTHORITY  
 AGREED-UPON PROCEDURES

<b>UFRS Rule Information</b>	<b>Hard Copy Documents</b>	<b>Findings</b>
Balance Sheet and Revenue and Expense	Financial Data Schedule, all CFDA's	Agrees
Footnotes	Footnotes to audited basic financial statements	Agrees
Type of opinion on FDS	Auditors' supplemental report on FDS	Agrees
Audit findings narrative	Schedule of Findings and Questioned Cost	Agrees
General information	Data Collection Form	Agrees
Financial statement report information	Schedule of Findings and Questioned Cost, Part 1 and Data Collection Form	Agrees
Federal program report information	Schedule of Findings and Questioned Cost, Part 1 and Data Collection Form	Agrees
Federal agencies required to receive reporting package	Data Collection Form	Agrees
Basic financial statements and auditors' reports required to be submitted electronically	Basic Financial Statements (inclusive of auditors' reports)	Agrees