

Kodiak Island Housing Authority

Management Discussion and Analysis,
Basic Financial Statements, Required Supplementary
Information, Additional Supplementary
Information and Compliance Reports

September 30, 2023

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KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Management Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Additional Supplementary Information and Compliance Reports

September 30, 2023

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KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Management Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, Additional Supplementary Information and Compliance Reports

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Kodiak Island Housing Authority
Kodiak, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kodiak Island Housing Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Kodiak Island Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kodiak Island Housing Authority, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kodiak Island Housing Authority, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kodiak Island Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-11 and 34-37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kodiak Island Housing Authority's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2024, on our consideration of Kodiak Island Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kodiak Island Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kodiak Island Housing Authority's internal control over financial reporting and compliance.

Donohue & Associates PC

Anchorage, AK
January 31, 2024



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MANAGEMENT DISCUSSION AND ANALYSIS

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KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska

***Management Discussion and Analysis
of Financial Condition and Results of Operations***

For the Year Ended September 30, 2023

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided as a supplement to the accompanying financial statements and footnotes to help provide an understanding of Kodiak Island Housing Authority's (KIHA's) financial condition, changes in financial conditions and results of operations.

Discussion of the Basic Financial Statements

The governmental financial reporting model will present three separate sets of financial statements. They are as follows:

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of KIHA's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all KIHA's assets and liabilities, with the difference between the two reported as net position. Increases and decreases in net position may serve as a useful indicator of whether the financial position of KIHA is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year.

Both of the government-wide financial statements distinguish functions of KIHA that are principally supported by grant revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of KIHA include the General Fund (planning and administration, housing services, homebuyer assistance, housing management services, maintenance and rehabilitation), Homeowner Assistance Fund, Tribal Needs, Modernization and Development, and Other Governmental Funds. The business-type activities of KIHA include the Loan Program and Enterprise Rentals.

Governmental Fund Financial Statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. This includes funds of the Government, i.e., General Fund, Special Revenue Funds, Capital Project Funds, and Other Governmental Funds.

KIHA adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Proprietary Fund Financial Statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. KIHA uses enterprise funds to account for its Loan Program and Enterprise Rentals.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Loan Program and Enterprise Rentals, both of which are considered to be major funds of KIHA.

Condensed Comparative Data

The following presents condensed government-wide comparative data for both the current fiscal period and the prior fiscal period.

Statement of Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and noncurrent assets	\$ 25,428,522	\$ 25,945,446	\$ (1,823,805)	\$ (636,009)	\$ 23,604,717	\$ 25,309,437
Capital assets	10,420,927	10,475,543	9,721,010	9,982,805	20,141,937	20,458,348
Total assets	35,849,449	36,420,989	7,897,205	9,346,796	43,746,654	45,767,785
Current liabilities	14,082,825	16,252,985	261,220	318,214	14,344,045	16,571,199
Noncurrent liabilities	103,524	115,561	-	373,190	103,524	488,751
Total liabilities	14,186,349	16,368,546	261,220	691,404	14,447,569	17,059,950
Net investment in capital assets	10,420,927	10,475,543	9,721,010	9,982,805	20,141,937	20,458,348
Restricted	97,888	40,500	233,967	88,338	331,855	128,838
Unrestricted	11,144,285	9,536,400	(2,318,992)	(1,097,537)	8,825,293	8,438,863
Total Net position	\$ 21,663,100	\$ 20,052,443	\$ 7,635,985	\$ 8,973,606	\$ 29,299,085	\$ 29,026,049

Government-Wide

- KIHA's net assets exceeded liabilities by \$29,299,085 (net position) at the close of the fiscal year. Of this amount, \$20,141,937 is invested in capital assets, net of related debt, \$331,855 is restricted for affordable housing and loan activities, and unrestricted net assets of \$8,825,293, which may be used to meet the ongoing housing needs of KIHA.
- A net increase of \$273,036 in Net Position is attributable to an increase of \$1,610,657 in Governmental Activities, offset by a decrease of \$1,337,621 in Business-Type Activities.

Governmental Activities

Total Assets slightly decreased by 2% or \$571,540 due to the following activities:

- A drawdown of the FY2023 IHBG funds of \$5,412,165 increased both the balances of Cash and Investments in Total Current Assets, and the balance of Unearned Revenues in Total Current Liabilities. However, due to KIHA's planned spending and use of the funds totaling \$5,695,804 that is slightly more than IHBG funds received, the net effect of these activities did not significantly contribute to the overall change in Total Assets and Total Liabilities.
- Inventory increased by \$135,010 as needs for Property Maintenance and Rehabilitation work has picked up post-covid.
- Cash and Investments decreased by \$1,881,633 while Internal Balances, representing funds due from KIHA's Enterprise and other funds, increased by \$1,247,787. The net effect of these balances, along with a net decrease of \$54,616 in net Capital Assets contributed to the overall decrease in Total Assets.

Total Liabilities decreased by \$2,182,197 of which 95% or \$2,078,304 was primarily driven by the overall decrease in Unearned Revenue.

- The decrease in Unearned Revenue in the amount of \$1,895,929 was for planned expenditures for the Housing Assistance Fund (HAF) grant that was received and recorded as Unearned Revenues in the prior year. Use of the funds also contributed to the major decrease in Cash and Investments as noted in the discussion on this subject in Total Assets above.

Business-Type Activities

- Total Assets decreased 121% or \$1,449,588 due primarily to a net increase in Internal balances obligations due to the General Fund unrestricted funds for \$1,247,787 from both the Enterprise and the Loan Fund. These funds are being used for addressing deferred maintenance and major rehabilitation of the properties, along with costly remediation of units contaminated with the increased use of methamphetamines.
- Total Liabilities decreased by \$111,970 due to a decrease in current liabilities of \$56,994 and a decrease in noncurrent liabilities due to the payoff of a notes payable for \$54,976.
- Net position decreased overall by \$1,337,618 due to its internal borrowing of funds from the General Fund.

Changes in Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program revenues:						
Charges for services	\$ 561,668	\$ 439,168	\$ 1,369,197	\$ 1,267,019	\$ 1,930,865	\$ 1,706,187
Operating grants and contributions	7,753,726	7,397,568	-	-	7,753,726	7,397,568
Capital grants and contributions	688,956	1,409,863	-	-	688,956	1,409,863
General revenues:						
Investment earnings	822,656	328,084	20,983	13,225	843,639	341,309
Gain on disposal of assets	264,732	33,571	-	16,289	264,732	49,860
Administrative fees	46,735	56,177	-	-	46,735	56,177
Other	35,859	62,886	46,660	11,475	82,519	74,361
Total revenues	10,174,332	9,727,317	1,436,840	1,308,008	11,611,172	11,035,325
Expenses:						
Homebuyer assistance	2,041,615	2,154,216	-	-	2,041,615	2,154,216
Housing services	1,247,502	1,212,961	-	-	1,247,502	1,212,961
Housing management svcs.	732,433	544,773	-	-	732,433	544,773
Planning and administration	464,709	223,948	-	-	464,709	223,948
Maintenance and rehab	1,121,696	1,024,291	-	-	1,121,696	1,024,291
IHBG ARP	143,051	169,323	-	-	143,051	169,323
Emergency rental assistance	17,288	3,475,470	-	-	17,288	3,475,470
Homeowner assistance	1,895,929	294,931	-	-	1,895,929	294,931
Home start tribal allocations	482,780	338,873	-	-	482,780	338,873
Capital outlay	416,672	150,896	-	-	416,672	150,896
Loan program	-	-	155,518	188,724	155,518	188,724
Enterprise rentals	-	-	2,618,943	2,070,739	2,618,943	2,070,739
Total expenses	8,563,675	9,589,682	2,774,461	2,259,463	11,338,136	11,849,145
Change in net position	1,610,657	137,635	(1,337,621)	(951,455)	273,036	(813,820)
Net position, beginning of year	20,052,443	19,914,808	8,973,606	9,925,061	29,026,049	29,839,869
Net position, end of year	\$ 21,663,100	\$ 20,052,443	\$ 7,635,985	\$ 8,973,606	\$ 29,299,085	\$ 29,026,049

Overall Analysis

Governmental Activities. The General Fund activities is primarily supported with the Indian Housing Block Grant (IHBG) under the Native American Housing and Self Determination Act of 1996 (NAHASDA), which was implemented in 1997. KIHA uses these funds to administer and manage affordable housing activities to meet the housing needs of the Eight (8) Indian Tribes within the Kodiak region.

In FY2023, KIHA was awarded a block grant of \$5,412,165, which KIHA received as a lump sum and manages and invests it in accordance with the NAHASDA regulations. In addition to the IHBG grant, other federal and state grants, administrative fees from Mutual Help Homeownership units, proceeds from conveyance of homeownership units, investment earnings and other income. Total revenues in FY2023 were \$10,174,332, an increase of 5% or \$447,015 over the prior year. The following summarizes the total revenues under Governmental Activities:

- Charge for Services (Rent). Rent is based on household income and KIHA does an annual recertification of income that establishes a household's monthly rent. There was a temporary hold on income verifications during COVID, which has since been resumed resulting in higher rental income. In addition, KIHA purchased a Triplex rental property that provided rental in the year. These activities contributed to the net increase in Charges for Services (rental income) of \$122,500.
- Investment earnings of \$822,656 increased by \$494,572 in the current year, primarily from earnings of the IHBG grant funds that KIHA is permitted to draw and invest to be used for affordable housing activity needs. KIHA did not use these earnings in the current year.
- Other revenues of \$35,859 decreased 43% from the prior year. These funds are revenues for fees other than rents (for example, work order charges and replacement keys) that are paid by the tenants.
- Mutual Help administrative fee revenues of \$46,735 decreased by \$9,442 from FY2022 due to 10 units of Mutual Help Homes that were conveyed to homeowners in FY2023. The gain on sale of disposal of assets \$264,732 also resulted from the conveyance of the 10 mutual help homes.
- Combined Operating grants and Capital grants and contribution revenues totaling \$8,442,682 supported the activities of KIHA's operations as noted below:
 - IHBG Grant - \$5,695,804. IHBG revenues support the affordable housing activities of the Housing Authority. Funds are used for operations and approved affordable housing activities as outlined in the Indian Housing Plan. These activities included support for operations,
 - IHBG American Rescue Plan Act (ARP) - \$746,507. IHBG ARP funds were used to address housing and emergency needs of the communities in Kodiak during COVID that included the purchase of a Triplex rental units for Healthcare workers for \$605K. This grant is one-time grant with a remaining balance of \$2,232,782.
 - Emergency Rental Assistant Payments - \$17,288. Funding from this source was used to provide emergency rental, utilities and other rental assistance to families needing assistance during COVID. This is a one-time grant from the U.S Department of the Treasury that was fully expended in FY2023.
 - Homeowners Assistance Fund - \$1,895,929. Revenue from this one-time grant from the U.S. Department of the Treasury in FY 2022 assisted homeowners who were negatively impacted by COVID with assistance for mortgage and utilities and other homeownership related needs. At FY2023, the grant has a remaining balance of \$1,376,851.
 - Resident Opportunity and Self-Sufficiency (ROSS) Grant - \$ 9,464. In FY2023, KIHA was approved for a grant of \$224,548 ROSS grant from HUD to support their resident self-sufficiency program that includes funding a Service Coordinator to assess KIHA resident housing needs and links them to training and supportive services that will enable participants to move along the self-sufficiency continuum.
 - Alaska Housing Finance Corporation (AHFC) Supplemental Development Grant - \$77,660. This grant was fully expended in FY2023 to fund rehab and modernization work on the 1937 Housing Act rental units.

Business-Type Activities:

Enterprise Rentals—Harborview consists of 48 units, Cliffwood 40 units and Emerald Heights 32 units of efficiencies, one-bedroom, and two-bedroom apartments. Rentals for Charges for services (rent) was \$1,930,865 and increase in rent revenue of \$102,178 due to increased occupancy for Harborview and Emerald Heights properties. Expenditures increased substantially by \$548,204 due to non-routine major rehabilitation projects and unexpected rehabilitation of units with exposure to methamphetamine use.

Loan Program—KIHA originates and services loans for Alaska Housing Finance Corporation (AHFC) and Fannie Mae. Total Revenue in FY2023 was \$66,647 which includes charges for Loan serving fees of \$54,163 and other revenues of \$12,484. In contrast, total revenues in FY2022 year were \$137,075, of which \$132,132 was revenue from loan service fees. Higher interest rates and lack of housing continues to impact the ability of potential homebuyers to purchase, KIHA closed 2 loans in FY2023 compared to 18 loans in FY2022.

Fund Analysis

Major governmental funds for FY2023 are the General Fund, the Homeowner Assistance Special Revenue Fund, and the Modernization and Development Capital Project Fund.

The following is a comparison of General Fund expenditures:

	2023	2022	Net Increase (Decrease)	Percent Change
Housing Assistance	\$ 2,041,615	\$ 2,154,216	\$ (112,601)	-5.2%
Housing services	1,247,502	1,212,961	\$ 34,541	2.8%
Housing management services	732,433	544,773	\$ 187,660	34.4%
Planning and administration	464,709	223,948	\$ 240,761	107.5%
Maintenance and rehabilitation	1,121,696	1,024,291	\$ 97,405	9.5%
IHBG ARP	143,051	169,323	\$ (26,272)	-15.5%
Emergency rental assistance	17,288	3,475,470	\$ (3,458,182)	-99.5%
Homeowner assistance fund	1,895,929	294,931	\$ 1,600,998	542.8%
Home start tribal allocations	482,780	338,873	\$ 143,907	42.5%
Capital outlay	416,672	150,896	\$ 265,776	176.1%
	<u>\$ 8,563,675</u>	<u>\$ 9,589,682</u>	<u>\$ (1,026,007)</u>	<u>-10.70%</u>

While there was only a 10.7% decrease overall in expenditures in FY2023, there were large fluctuation in expenditures for several programs when compared to the prior year. The major changes in expenditures primarily relate to the one-time COVID related activities funded with HUD's IHBG ARP grant funds and the US Treasury Funds - Housing Assistance Fund (HAF) and the Emergency Rental Assistance Fund (ERAP).

- Housing Assistance—Overall decrease is primarily due to a decrease in depreciation expense in FY2022 of \$446,834 compared to depreciation expense recognized in FY2023 of \$326,901.
- Housing Management Services – Increase in share of Administration Costs, including increase in Maintenance and Rehab personnel costs to the outer communities including travel cost associated with the workplan.
- Planning and Administration –Increase is primarily due to increased salary and benefit expenses for administration, travel expenses for the Board of Commissioners and staff for board and training purposes, and office expenses increased due to the expansion of the new office space in FY2023.
- Emergency Rental Assistance (ERAP) – The substantial increase in expenditures over the prior year reflects FY2023 as the first full year of assistance provided under this grant.
- Homeowner Assistance Fund (HAF). The substantial increase in FY2023 is due to the program being fully implemented.
- Homestart Tribal Allocations - Increase in expenses is due to increased activities for maintenance and rehab work post-COVID.

General Fund Budgetary Highlights

KIHA did not amend the original budgets for FY2023. The following variances between the original budget and actual are noted below:

Overall, actual revenues exceeded budget by \$170,047, primarily driven by the significant increase in interest income by \$504,263 from IHBG investments.

Operations – Overall, total actual expenses of \$1,800,214 were 4% under budget, primarily attributable to underspending in Maintenance and Operations by \$197,104.

Housing Services—Actual overall expenditures were 32% under budget by \$591,376. due primarily to the lack of participation by residents in the residence assistance program. KIHA also provides residence assistance through the one-time ERAP grant that meets the same needs of this program.

Housing Management Services—Total expenditures tracked with the budget for the program with total expenditures underspent by \$36,129.

Planning and Administration—Overall, administration expenditure was overspent by 103% or \$241,747. Salary and benefit expenditures was overspent by 45% or \$416,625, along with supplies that was overspent by \$59,839 to address due to needs for COVID related supplies as well as the increase in costs of materials and supplies, travel expenses that was overspent by \$71,332 due to the frequency of travel in FY2023 post-COVID for training, board travel and maintenance and rehab work related travel.

Modernization and Development – Overall, expenditures for this program were underspent by 51%.

Budget Variances in the Business-Type Activities

Enterprise Rentals—The FY2023 budget was developed with an anticipated loss of \$1,817,491 in anticipation of the major renovation and rehabilitation work on units older units. At year end, total revenues of \$1,349,592 exceeded budget by \$147,592, reflecting increasing units being rented.

Loan Program—Actual revenues of \$87,246 is 53% of projected revenues of \$164,000, while actual expenses of \$155,517 was also below budgeted expenses by \$38,921. High interest rates and lack of housing inventory continue to negatively impact this program, resulting in a loss of \$168,271.

Capital Asset

Governmental Activities. Changes in Capital assets, net of depreciation, where applicable are as follows:

	Governmental Activities	
	2023	2022
Land and Site Improvements	\$ 4,442,214	\$ 4,840,630
Construction in Progress	35,636	261,403
Dwelling Structures	5,049,858	4,490,930
Non-dwelling Structures	754,018	769,923
Machinery, Vehicles and Equipment	148,201	112,657
	<u>\$ 10,429,927</u>	<u>\$ 10,475,543</u>

While net capital assets decreased overall by \$54,616, there were large fluctuations in fixed assets with fixed asset additions totaling \$1,140,293 due to dwelling purchases and modernization activities but offset with the conveyance of (10) Mutual Help units and removal of a vehicle from fixed assets totaling \$1,640,002. Mutual Help units will continue to convey at a steady rate over the next few years. Depreciation for FY2023 totaled \$326,901.

Business-Type Activities. Capital assets, net of depreciation are as follows:

	Business-Type Activities	
	2023	2022
Land and Site Improvements	\$ 1,240,197	\$ 1,240,197
Dwelling Structures	8,337,155	8,606,205
Non-dwelling Structures	90,534	98,407
Machinery, Vehicles and Equipment	53,124	37,996
	<u>\$ 9,721,010</u>	<u>\$ 9,982,805</u>

Fixed assets increased by \$25,000 for a purchase of a vehicle, but was offset with FY2023 depreciation of \$286,795, resulting in a net decrease in fixed assets of \$261,795.

Long-Term Debt Activity

Business-Type Activities.

KIHA's Loan Program has a note payable to Alaska Housing Finance Corporation (AHFC). This note is due in quarterly installments based on loan principal and prepayments of houses constructed and conveyed by the Housing Authority to homeowners through AHFC's Loan-To-Sponsor Program. The September 30, 2023, balance is \$30,994 which is a reduction of \$23,982 for the fiscal year. This is a non-interest-bearing note maturing April 15, 2029.

Other Potentially Significant Matters

Governmental Activities.

The Indian Housing Plan to receive the NAHASDA Block Grant 55IH0208680 for fiscal year 2024 has been submitted to HUD for an estimated amount of \$4,225,693. The NAHASDA grant is accounted for based on a 12-month program year.

Economic Factors and Next Year's Budget

KIHA has the following federal and state grants that it has added to its FY2024 budget:

- Alaska Housing Finance Corporation Supplemental Grant funds in the amount of \$140,000 that was awarded to KIHA in December 2023.
- The IHBG-ARP (American Rescue Plan Act of 2021 (ARP) (Public Law 117-2) with a grant balance of \$2,232,782.
- Homeowners Assistance Fund (HAF) from the U.S. Department of the Treasury in FY 2022 for mortgage and utilities assistance and other homeownership related needs. The remaining balance is \$1,376,851.
- The remaining balance of the Resident Opportunity and Self-Sufficiency (ROSS) Grant for \$215,084 that was awarded to KIHA in FY2022.

Contacting the Housing Authority's Financial Management

This financial report is designed to provide the readers with a general overview of the Housing Authority's finances and to demonstrate the Housing Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Department of Kodiak Island Housing Authority; 3137 Mill Bay Road; Kodiak, AK 99615; telephone number (907) 486-8111.

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BASIC FINANCIAL STATEMENTS

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Statement of Net Position
September 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 20,596,112	\$ 2,110,721	\$ 22,706,833
Accounts receivable, net	19,218	4,604	23,822
Internal balances	4,204,091	(4,204,091)	-
Prepaid items	30,454	-	30,454
Inventory	578,647	-	578,647
Total Current Assets	25,428,522	(2,088,766)	23,339,756
Noncurrent Assets:			
Restricted:			
Cash and cash equivalents	-	233,967	233,967
Notes receivable, from homebuyers	-	30,994	30,994
Capital assets, net	10,420,927	9,721,010	20,141,937
Total Noncurrent Assets	10,420,927	9,985,971	20,406,898
Total Assets	35,849,449	7,897,205	43,746,654
LIABILITIES			
Current Liabilities:			
Accounts payable	480,270	78,131	558,401
Deposits	52,942	62,009	114,951
Homebuyer reserves	97,888	-	97,888
Unearned grant revenue	13,451,725	-	13,451,725
Escrow accounts	-	90,086	90,086
Notes payable - due within one year	-	30,994	30,994
Total Current Liabilities	14,082,825	261,220	14,344,045
Noncurrent Liabilities:			
Accrued annual leave	103,524	-	103,524
Notes payable	-	-	-
Total Noncurrent Liabilities	103,524	-	103,524
Total Liabilities	14,186,349	261,220	14,447,569
NET POSITION			
Net Position:			
Net investment in capital assets	10,420,927	9,721,010	20,141,937
Restricted:			
Reserves	97,888	233,967	331,855
Unrestricted	11,144,285	(2,318,992)	8,825,293
Total Net Position	\$ 21,663,100	\$ 7,635,985	\$ 29,299,085

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

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Statement of Activities

Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Homebuyer assistance	\$ 2,041,615	\$ 515,577	\$ 1,648,333	\$ 85,500	\$ 207,795	\$ -	\$ 207,795
Housing services	1,247,502	-	1,247,502	-	-	-	-
Housing management services	732,433	40,788	732,463	-	40,818	-	40,818
Planning and administration	464,709	-	464,684	-	(25)	-	(25)
Maintenance and rehabilitation	1,121,696	-	1,121,696	-	-	-	-
IHBG ARP	143,051	5,303	143,051	603,456	608,759	-	608,759
Emergency rental assistance	17,288	-	17,288	-	-	-	-
Homeowner assistance fund	1,895,929	-	1,895,929	-	-	-	-
Home start tribal allocations	482,780	-	482,780	-	-	-	-
Capital outlay	416,672	-	-	-	(416,672)	-	(416,672)
Total Governmental Activities	8,563,675	561,668	7,753,726	688,956	440,675	-	440,675
Business-Type Activities:							
Loan program	155,518	54,163	-	-	-	(101,355)	(101,355)
Enterprise rentals	2,618,943	1,315,034	-	-	-	(1,303,909)	(1,303,909)
Total Business-Type Activities	2,774,461	1,369,197	-	-	-	(1,405,264)	(1,405,264)
	\$ 11,338,136	\$ 1,930,865	\$ 7,753,726	\$ 688,956	440,675	(1,405,264)	(964,589)
General Revenues:							
Investment earnings					822,656	20,983	843,639
Loss on disposal of assets					264,732	-	264,732
Administrative fees					46,735	-	46,735
Other					35,859	46,660	82,519
Total General Revenues					1,169,982	67,643	1,237,625
Change in Net Position					1,610,657	(1,337,621)	273,036
Net Position, Beginning					20,052,443	8,973,606	29,026,049
Net Position, Ending					\$ 21,663,100	\$ 7,635,985	\$ 29,299,085

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

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Balance Sheet - Governmental Funds
September 30, 2023

	General Fund	Homeowner Assistance Special Revenue Fund	Modernization and Development Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 19,207,589	\$ 1,388,523	\$ -	\$ -	\$ 20,596,112
Accounts receivable, net	11,304	-	-	-	11,304
Grants receivable	-	-	-	7,914	7,914
Due from other funds	3,927,243	-	17,159	271,111	4,215,513
Prepaid items	30,454	-	-	-	30,454
Inventory	578,647	-	-	-	578,647
Total Assets	<u>\$ 23,755,237</u>	<u>\$ 1,388,523</u>	<u>\$ 17,159</u>	<u>\$ 279,025</u>	<u>\$ 25,439,944</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 452,766	\$ 250	\$ 17,159	\$ 10,095	\$ 480,270
Deposits	52,942	-	-	-	52,942
Homebuyer reserves	97,888	-	-	-	97,888
Unearned grant revenue	12,074,874	1,376,851	-	-	13,451,725
Due to other funds	-	11,422	-	-	11,422
Total Liabilities	<u>12,678,470</u>	<u>1,388,523</u>	<u>17,159</u>	<u>10,095</u>	<u>14,094,247</u>

Fund Balances:

Nonspendable:

Prepaid items	30,454	-	-	-	30,454
Inventory	578,647	-	-	-	578,647
Assigned - MH reserves	97,888	-	-	-	97,888
Unassigned	10,369,778	-	-	268,930	10,638,708
Total Fund Balances	<u>11,076,767</u>	<u>-</u>	<u>-</u>	<u>268,930</u>	<u>11,345,697</u>

Total Liabilities

and Fund Balances

\$ 23,755,237	\$ 1,388,523	\$ 17,159	\$ 279,025
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

10,420,927

Accrued leave is not due and payable in the current period and therefore is not reported in the funds.

(103,524)

Net position of governmental activities

\$ 21,663,100

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

Year Ended September 30, 2023

	General Fund	Homeowner Assistance Special Revenue Fund	Modernization and Development Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental:					
Federal sources	\$ 4,178,452	\$ 1,895,929	\$ 1,044,036	\$ 1,246,575	\$ 8,364,992
State of Alaska	-	-	77,660	-	77,660
Local sources:					
Charges for services:					
Rental income	567,165	-	-	5,303	572,468
Home loans				263,627	263,627
Administrative fees	46,735	-	-	-	46,735
Investment earnings	559,463	-	-	-	559,463
Other income	24,656	-	-	-	24,656
Total Revenues	<u>5,376,471</u>	<u>1,895,929</u>	<u>1,121,696</u>	<u>1,515,505</u>	<u>9,909,601</u>
Expenditures:					
Current:					
Homebuyer assistance	1,714,714	-	-	-	1,714,714
Housing services	1,247,502	-	-	-	1,247,502
Housing management services	732,433	-	-	-	732,433
Planning and administration	476,748	-	-	-	476,748
Maintenance and rehabilitation	-	-	1,121,696	-	1,121,696
American Rescue Plan	-	-	-	143,051	143,051
Emergency rental assistance	-	-	-	17,288	17,288
Homeowner assistance fund	-	1,895,929	-	-	1,895,929
Home start tribal allocations	-	-	-	482,780	482,780
Capital outlay	85,500	-	-	603,456	688,956
Total Expenditures	<u>4,256,897</u>	<u>1,895,929</u>	<u>1,121,696</u>	<u>1,246,575</u>	<u>8,521,097</u>
Excess of Revenues Over Expenditures	<u>1,119,574</u>	<u>-</u>	<u>-</u>	<u>268,930</u>	<u>1,388,504</u>
Other Financing Sources:					
Proceeds from sale of capital assets	<u>264,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,732</u>
Net Other Financing Sources	<u>264,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,732</u>
Net Change in Fund Balances	<u>1,384,306</u>	<u>-</u>	<u>-</u>	<u>268,930</u>	<u>1,653,236</u>
Fund Balances, beginning	<u>9,692,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,692,461</u>
Fund Balances, ending	<u>\$ 11,076,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,930</u>	<u>\$ 11,345,697</u>

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

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	1,653,236
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	688,956	
Depreciation	(326,901)	
		362,055

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in accrued leave	12,038
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Governmental funds only report the conveyance or improvement of assets to the extent proceeds are received for each conveyance or improvement. The net effect of transactions involving capital assets is to decrease net assets:

Cost of assets disposed	(1,812,849)	
Accumulated depreciation of disposed assets	1,396,177	
		<u>(416,672)</u>

Change in Net Position of Governmental Activities	\$	<u>1,610,657</u>
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KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Statement of Revenues, Expenditures and Changes in Fund Balance****Original and Final - Budget and Actual - General Fund**

Year Ended September 30, 2023

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources	\$ 4,649,274	\$ 4,168,988	\$ (480,286)
State of Alaska	-	9,464	9,464
Local sources:			
Charges for services - rental income	434,800	567,165	132,365
Administrative fees	55,200	46,735	(8,465)
Interest income	65,000	559,463	494,463
Other income	2,150	24,656	22,506
Total Revenues	<u>5,206,424</u>	<u>5,376,471</u>	<u>170,047</u>
Expenditures:			
Current:			
Homebuyer assistance	1,900,427	1,800,214	100,213
Housing services	1,838,879	1,247,503	591,376
Housing management services	768,562	732,433	36,129
Planning and administration	235,000	476,747	(241,747)
Total Expenditures	<u>4,742,868</u>	<u>4,256,897</u>	<u>485,971</u>
Excess of Revenues Over Expenditures	<u>463,556</u>	<u>1,119,574</u>	<u>656,018</u>
Other Financing Sources:			
Proceeds from sale of capital assets	-	264,732	264,732
Net Other Financing Sources	<u>-</u>	<u>264,732</u>	<u>264,732</u>
Net Change in Fund Balance	<u>\$ 463,556</u>	1,384,306	<u>\$ 656,018</u>
Fund Balance, beginning		<u>9,692,461</u>	
Fund Balance, ending		<u>\$ 11,076,767</u>	

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Statement of Net Position - Proprietary Funds
September 30, 2023

	Loan Program	Enterprise Rentals	Total
ASSETS			
Current Assets:			
Cash and investments	\$ 1,878,930	\$ 231,791	\$ 2,110,721
Accounts receivable, net	-	4,604	4,604
Due from (to) other funds	(17,132)	(4,186,959)	(4,204,091)
Total Current Assets	1,861,798	(3,950,564)	(2,088,766)
Noncurrent Assets:			
Restricted:			
Cash and cash equivalents	100,523	133,444	233,967
Notes receivable, from homebuyers	30,994	-	30,994
Capital assets, net	14,352	9,706,658	9,721,010
Total Noncurrent Assets	145,869	9,840,102	9,985,971
Total Assets	2,007,667	5,889,538	7,897,205
LIABILITIES			
Current Liabilities:			
Accounts payable	1,881	76,250	78,131
Tenant security deposits	-	62,009	62,009
Escrow accounts	90,086	-	90,086
Notes payable - due within one year	30,994	-	30,994
Total Current Liabilities	122,961	138,259	261,220
Noncurrent Liabilities:			
Notes payable	-	-	-
Total Liabilities	122,961	138,259	261,220
NET POSITION			
Net Position:			
Net investment in capital assets	14,352	9,706,658	9,721,010
Restricted for reserves	100,523	133,444	233,967
Unrestricted	1,769,831	(4,088,823)	(2,318,992)
Total Net Position	\$ 1,884,706	\$ 5,751,279	\$ 7,635,985

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**

Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds		
	Loan Program	Enterprise Rentals	Total
Operating Revenues:			
Charges for services - rents	\$ -	\$ 1,315,034	\$ 1,315,034
Charges for services - loan servicing fees	54,163	-	54,163
Other	12,484	34,176	46,660
Total Operating Revenues	66,647	1,349,210	1,415,857
Operating Expenses:			
Salaries and benefits	103,225	705,320	808,545
Professional services	1,445	298	1,743
Commissioner stipends	2,750	16,500	19,250
Supplies	7,643	9,828	17,471
Utilities	-	329,146	329,146
Fuel	-	168,262	168,262
Maintenance and operations	265	632,625	632,890
Training	131	-	131
Insurance	563	59,932	60,495
Publications	-	511	511
Tenant services	-	7,989	7,989
Loan processing fees	764	-	764
Property taxes	-	26,031	26,031
Bank fees	3,200	-	3,200
Shared administrative costs	34,098	377,140	411,238
Depreciation	1,434	285,361	286,795
Total Operating Expenses	155,518	2,618,943	2,774,461
Operating Loss	(88,871)	(1,269,733)	(1,358,604)
Non-Operating Revenues:			
Investment earnings	20,600	383	20,983
	20,600	383	20,983
Change in Net Position	(68,271)	(1,269,350)	(1,337,621)
Net Position, beginning	1,952,977	7,020,629	8,973,606
Net Position, ending	\$ 1,884,706	\$ 5,751,279	\$ 7,635,985

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

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds		
	Loan Program	Enterprise Rentals	Total
Cash Flows from Operating Activities:			
Receipts from borrowers	\$ 74,763	\$ -	\$ 74,763
Receipts from rentals	-	1,325,676	1,325,676
Escrow accounts	(25,823)	-	(25,823)
Payments to suppliers	(15,217)	(1,660,174)	(1,675,391)
Payments to employees	(103,225)	(705,320)	(808,545)
Net Cash Provided by Operating Activities	(69,502)	(1,039,818)	(1,109,320)
Cash Flows from Capital and Related Financial Activities:			
Collection on notes receivable	6,608	-	6,608
Principal payments on notes payable	(23,982)	-	(23,982)
Principal borrowings (payments) on interfund borrowing	148,488	1,065,201	1,213,689
Net Cash Provided by Capital and Related Financing Activities	131,114	1,065,201	1,196,315
Cash Flows from Investing Activities:			
Purchase of capital assets	-	(25,000)	(25,000)
Net Cash Provided (Used) by Investing Activities	-	(25,000)	(25,000)
Net Change in Cash and Cash Equivalents	61,612	383	61,995
Cash and Cash Equivalents, beginning of year	1,917,841	364,852	2,282,693
Cash and Cash Equivalents, end of year	\$ 1,979,453	\$ 365,235	\$ 2,344,688
Balances are Comprised of:			
Cash and cash equivalents	\$ 1,878,930	\$ 231,791	\$ 2,110,721
Restricted Cash and cash equivalents	100,523	133,444	233,967
	\$ 1,979,453	\$ 365,235	\$ 2,344,688
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income (loss)	\$ (68,271)	\$ (1,269,350)	\$ (1,337,621)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	1,434	285,361	286,795
Change in assets - (increase) decrease:			
Accounts receivable	-	(4,604)	(4,604)
Change in liabilities - increase (decrease):			
Accounts payable	1,544	(31,912)	(30,368)
Tenant security deposits	-	(19,313)	(19,313)
Escrow accounts	(4,209)	-	(4,209)
Net Cash Provided by Operating Activities	\$ (69,502)	\$ (1,039,818)	\$ (1,109,320)

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

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Kodiak Island Housing Authority (the Housing Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standards-setting body for governmental accounting and financial principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

A. Reporting Entity

Kodiak Island Housing Authority was established by Title 18 of the Alaska Statutes to administer Low Income Home Ownership and Low Rent Housing programs financed by the U.S. Department of Housing and Urban Development (HUD). The programs are governed by the terms of the Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA). The Housing Authority is not included in any other governmental reporting entity and the Housing Authority's Board of Commissioners has decision-making authority, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Housing Authority does not exercise oversight responsibility over any other entity.

NAHASDA became effective on October 1, 1997. The purpose of this law is to: (1) streamline the process of providing housing assistance to Native Americans, (2) facilitate, where possible, the development of private housing finance mechanisms, and (3) promote economic self-sufficiency and self-determination among Native Americans. Accordingly, it eliminates many of the compliance requirements under the U.S. Housing Act of 1937, as amended, as well as the associated regulations, handbooks and guidebooks that provided guidance in the past. While permitting the Tribal Entity greater latitude in establishing policies and procedures, it also created additional reporting and administrative requirements.

Under NAHASDA, block grants are awarded directly to tribal entities and the amount of the block grant is determined by the number of current assisted stock within the village(s) and the unmet housing needs within the village(s). Tribes may designate Kodiak Island Housing Authority to be the Tribally Designated Housing Entity (TDHE). Block grants are awarded only after an Indian Housing Plan (IHP) has been submitted. The purpose of an IHP is to demonstrate that the TDHE has made or will make adequate provision to comply with the objectives and stewardship requirements of NAHASDA monies.

The Housing Authority is an independent reporting entity with no component units. The Housing Authority is legally separate from and fiscally independent of other state and local governments. Consequently, the Housing Authority's financial statements present only funds for which its governing board is financially accountable.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all activities of the Housing Authority. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are normally supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to customers or applicants who use, purchase, or directly benefit from the goods, services, or privileges meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as *general revenues*.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. Government-Wide and Fund Financial Statements, continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar programs are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible in the current period or soon enough thereafter to pay liabilities of the current period. "Measurable" means the amount of the transaction can be determined. For this purpose, the Housing Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, except for unmatured principal and interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Rental income, earnings on investments, and administration fees are recorded in the General Fund unless otherwise specified by the funding source, using the modified accrual basis of accounting.

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

The Housing Authority reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Homeowner's Assistance Fund Payments Special Revenue Fund* accounts for activities related to COVID relief for qualified applicants covering primarily mortgage arrearages and utilities support.

The *Modernization and Development Capital Project Fund* accounts for various construction projects and significant maintenance costs of the Housing Authority.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation, continued

The Housing Authority reports the following major proprietary funds:

The *Loan Program Enterprise Fund* accounts for the activities of the home loan programs administered by the Housing Authority on behalf of Alaska Housing Finance Corporation and Fannie Mae.

The *Enterprise Rentals Enterprise Fund* accounts for the activities of three moderate-income housing developments operated by the Housing Authority.

Summarized below are the major sources of revenue and the applicable recognition policies.

Intergovernmental Revenue

U.S. Federal and State of Alaska grants are susceptible to accrual and are recorded in the year to which they relate.

Local Revenue

Interest earned is recorded in the General Fund and Enterprise Funds unless otherwise specified by the funding source. Rental income from Housing Authority owned property is recorded in the period to which it relates. Both interest and rental income are susceptible to accrual. Proceeds from the sale of property and other miscellaneous revenues are recognized in the period received.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Use of Estimates

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

E. Assets, Liabilities and Net Position/Fund Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, the Housing Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Interest Rate Risk

The Housing Authority limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates to two years or less.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Assets, Liabilities and Net Position/Fund Equity, continued

Credit Risk

The Housing Authority can invest in obligations of the United States, the State of Alaska and its political subdivisions, savings accounts, certificates of deposit, banker's acceptances, repurchase agreements, and such other legal security instruments. The Housing Authority has a formal investment policy that restricts investments based on credit risk.

Custodial Credit Risk – Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority requires all deposits to be insured or collateralized. The Federal Deposits Insurance Corporation insures \$250,000 in the aggregate per institution.

1. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds" on the balance sheet of the fund financial statements and are eliminated in the preparation of the government-wide financial statements. These balances represent the numerous transactions that occur during the course of operation between individual funds for goods provided or services rendered. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All accounts receivables are shown net of allowance for uncollectible accounts. An allowance for uncollectible receivables is established by management based on historical information.

2. Inventories and Prepaid Items

Office supplies are recorded as expenditures when purchased and there are no material inventory amounts of these supplies. Accounting for inventory of building materials is on the consumption method. The consumption method records the expenditure when consumed rather than when purchased. Inventories are valued at cost, which approximates fair value, using the first-in, first-out (FIFO) method. Reported inventories are equally offset by a portion of fund balance classified as non-spendable in the Fund Financial Statements, which indicates that they do not constitute "available spendable resources" even though they are a component of net position.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded based on the consumption method. Prepaid assets do not reflect current available resources and therefore are equally offset by a portion of fund balance classified as non-spendable fund balance in the Fund Financial Statements.

3. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Assets, Liabilities and Net Position/Fund Equity, continued

3. Capital Assets, continued

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental Funds - <u>Years</u>	Enterprise Funds - <u>Years</u>
Buildings and Dwelling Structures	40	40
Mutual Help Homes	25	-
Non-Dwelling Structures	10	10
Vehicles	10	10
Equipment and Furniture	7	7

4. Compensated Absences

It is the Housing Authority's policy to permit employees to accumulate earned but unused annual leave. Annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations or retirements and not paid prior to the end of the reporting period.

5. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Both governmental and proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue represents grant drawdowns prior to incurring eligible expenditures.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and the business-type activities statement of net position. In the fund financial statements, the face amount of the debt is reported as *other financing sources* in the year the debt is incurred. Interest on long-term obligations is incurred when due.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. Assets, Liabilities and Net Position/Fund Equity, continued

7. Net Position

In the government-wide financial statements, net position is reported in three categories: net investment in capital assets (net of related debt, when applicable); restricted net position; and unrestricted net position.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

8. Fund Equity

In the fund financial statements, fund balance includes five classifications as follows:

Nonspendable Fund Balance – Amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable for (such as inventory, prepaid items, supplies, or long-term receivables). Such constraint is binding until the legal or contractual requirements are repealed or the amounts become spendable.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraints are binding unless modified or rescinded by external bodies, laws, or regulation.

Committed Fund Balance – Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. Commitments may be changed or lifted by the Board taking the same formal action (resolution or ordinance) that imposed the original constraint. The highest level of authority is the Board of Commissioners.

Assigned Fund Balance – Amounts intended to be used by the Housing Authority for specific purposes: intent can be expressed by the Board of Commissioners; or by the Housing Authority's Executive Director, having been designated with such authority.

Unassigned Fund Balance – The residual classification for the General Fund and includes all amounts not contained in the other classifications. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending regarding the restricted and unrestricted fund balances when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used. The Housing Authority's special revenue funds are used to account for and report specific revenue sources that are restricted or committed expenditures for specific purposes other than capital projects. Compliance with the provisions of the *Fund Balance Classification Policy* is reviewed as part of the annual budget adoption process. The Executive Director reports to the Board of Commissioners as close to the end of the fiscal year as possible the anticipated year-end fund balance or deficit. The Board takes appropriate action to commit or assign or otherwise allocate prior year fund balances as a part of the budget planning process.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriations budget was adopted for the General Fund, Homeowner Assistance Special Revenue Fund, and the Modernization and Development Capital Project Fund. All annual appropriations lapse at fiscal year-end.

The appropriated budget is prepared by fund, function and object. Budgetary control is exercised at the fund level.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At September 30, 2023, the Housing Authority had cash and cash equivalents of \$22,940,800 reported as:

Cash and investments	\$ 22,706,833
Restricted cash and cash equivalents	<u>233,967</u>
Total deposits and investments	<u>\$ 22,940,800</u>

There were no investments.

Bank deposits are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000 per institution. It is the Housing Authority's policy that any amount in excess of FDIC insurance is collateralized with securities held by the Housing Authority's agent in the Housing Authority's name. All deposits are carried at fair value plus accrued interest.

B. Receivables

Receivables as of September 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	HAF Special Project Fund	\$ 11,422
General Fund	Loan Program Enterprise Fund	\$ 17,132
General Fund	Enterprise Rentals Enterprise Fund	\$ 4,186,959
Modernization and Development	General Fund	\$ 17,159
Other Governmental Funds	General Fund	\$ 271,112

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Notes to Financial Statements**

September 30, 2023

III. DETAILED NOTES ON ALL FUNDS, continued**C. Capital Assets**

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assests, not being depreciated:				
Land and site improvements	\$ 4,840,630	\$ 78,400	\$ (476,816)	\$ 4,442,214
Construction in progress	261,403	-	(225,767)	35,636
Total capital assets, not being depreciated	5,102,033	78,400	(702,583)	4,477,850
Capital assets, being depreciated:				
Dwelling structures	14,188,580	1,054,793	(1,411,215)	13,832,158
Dwelling equipment	921,220	-	(123,860)	797,360
Non-dwelling structures	1,889,266	-	(82,500)	1,806,766
Machinery, vehicles and equipment	749,790	85,500	(22,427)	812,863
Total capital assets, being depreciated	17,748,856	1,140,293	(1,640,002)	17,249,147
Less accumulated depreciation for:				
Dwelling structures	9,697,650	254,656	(1,170,006)	8,782,300
Dwelling equipment	899,554	7,881	(123,486)	783,949
Non-dwelling structures	1,119,343	38,316	(82,500)	1,075,159
Machinery, vehicles and equipment	658,799	26,048	(20,185)	664,662
Total accumulated depreciation	12,375,346	326,901	(1,396,177)	11,306,070
Net governmental activities being depreciated	5,373,510	813,392	(243,825)	5,943,077
Total net governmental activities capital assets	<u>\$ 10,475,543</u>	<u>\$ 891,792</u>	<u>\$ (946,408)</u>	<u>\$ 10,420,927</u>

Depreciation expense was charged to the governmental functions of the Housing Authority as follows:

Homebuyer assistance	<u>\$ 326,901</u>
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KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Notes to Financial Statements**

September 30, 2023

III. DETAILED NOTES ON ALL FUNDS, continued**C. Capital Assets, continued**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assests, not being depreciated:				
Land and site improvements	\$ 1,240,197	\$ -	\$ -	\$ 1,240,197
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	1,240,197	-	-	1,240,197
Capital assets, being depreciated:				
Buildings	11,241,107	-	-	11,241,107
Improvements other than buildings	1,827,873	-	-	1,827,873
Machinery, vehicles and equipment	203,684	25,000	-	228,684
Total capital assets, being depreciated	13,272,664	25,000	-	13,297,664
Less accumulated depreciation for:				
Buildings	2,634,902	269,050	-	2,903,952
Improvements other than buildings	1,729,466	7,873	-	1,737,339
Machinery, vehicles and equipment	165,688	9,872	-	175,560
Total accumulated depreciation	4,530,056	286,795	-	4,816,851
Net business-type activities being depreciated	8,742,608	(261,795)	-	8,480,813
Total net business-type activities capital assets	\$ 9,982,805	\$ (261,795)	\$ -	\$ 9,721,010

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Notes to Financial Statements**

September 30, 2023

III. DETAILED NOTES ON ALL FUNDS, continued**D. Long-Term Debt**Governmental Activities:

The following is a summary of the governmental activities long-term debt transactions of the Housing Authority for the year ended September 30, 2023:

	Payable October 1, 2022	Additions	Reductions	Payable September 30, 2023	Due Within One Year
Accrued leave	<u>\$ 115,561</u>	<u>\$ 298,874</u>	<u>\$ (310,911)</u>	<u>\$ 103,524</u>	<u>\$ -</u>

The Housing Authority considers accrued leave not expected to be paid from currently available resources as a long-term liability.

Business-Type Activities:

Accounting standards require disclosure of principal obligations for the proceeding five years and thereafter. However, because of the nature of the Alaska Housing Finance Corporation (AHFC) liability, it is not possible to determine principal obligations in the future, by year. For this reason, an implied interest rate has not been determined thereon.

The following is a summary of the business-type activities transactions of the Housing Authority for the year ended September 30, 2023:

	Payable October 1, 2022	Additions	Reductions	Payable September 30, 2023	Due Within One Year
Notes payable	<u>\$ 54,976</u>	<u>\$ -</u>	<u>\$ (23,982)</u>	<u>\$ 30,994</u>	<u>\$ 30,994</u>

Notes payable at September 30, 2023, are comprised of the following issues:

Note payable to the Alaska Housing Finance Corporation, due in quarterly installments based on loan principal and prepayments of houses constructed and conveyed by the Housing Authority to homeowners. This is a non-interest bearing note maturing April 15, 2029.

Total business-type activities

<u>30,994</u>
<u>\$ 30,994</u>

KODIAK ISLAND HOUSING AUTHORITY**Kodiak, Alaska****Notes to Financial Statements**September 30, 2023

III. DETAILED NOTES ON ALL FUNDS, continued**D. Long-Term Debt, continued**

Accounting standards require disclosure of principal obligations for the proceeding five years and thereafter. However, because of the nature of the Alaska Housing Finance Corporation (AHFC) liability, it is not possible to determine principal obligations in the future, by year. For this reason, an implied interest rate has not been determined thereon.

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances at September 30, 2023, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	HAF Special Project Fund	\$ 11,422
General Fund	Loan Program Enterprise Fund	17,132
General Fund	Enterprise Rentals Enterprise Fund	4,186,959
Modernization and Development	General Fund	17,159
Other Governmental Funds	General Fund	<u>271,112</u>
Total		<u>\$ 4,503,784</u>

There were no transfers for the year ended September 30, 2023.

IV. OTHER INFORMATION**A. Contingent Liabilities**

Under the terms of state and federal grants, periodic audits may be performed by funding agencies and certain costs may come into question as not being allowable expenditures under the terms of the grants. Such audits could result in a liability to the grantor agencies. Also, in the normal course of their activities, the Housing Authority may be involved in various claims or pending litigation. Management asserts that there are no material contingencies.

B. Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There were no outstanding claims or liabilities at the end of the current period.

C. Retirement Plan

The Housing Authority established a defined contribution retirement plan in April 2004 to provide benefits at retirement. At September 30, 2023, there were 44 plan members. The Housing Authority contributes 7.65% of a plan member's compensation. All employees over 18 years of age who have full-time/part-time work status and who otherwise meet all eligibility requirements (excluding temporary/seasonal hires) are eligible with exceptions. The Housing Authority contributed \$212,455 to the retirement plan as of September 30, 2023.

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Financial Statements

September 30, 2023

IV. OTHER INFORMATION, continued

D. Economic Dependency

The Housing Authority is primarily dependent on operating and capital grants from the U.S. Department of Housing and Urban Development. Reductions in this funding would have an adverse effect on the Housing Authority's ability to provide current levels of service.

E. Subsequent Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering a variety of topics as follows:

- GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. Effective immediately.
- GASB 96 – *Subscription-Based Information Technology Arrangements*. Effective for fiscal years beginning after June 15, 2022.
- GASB 99 – *Omnibus 2022*. Effective for fiscal years ending after June 15, 2022.
- GASB 100 – *Accounting Changes and Error Corrections-an amendment of GASB No. 62*. Effective for fiscal years ending after June 15, 2022. Earlier application is encouraged.
- GASB 101 – *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.

Statements are not expected to have any significant impact on the financial statements of Kodiak Island Housing Authority.

F. Subsequent Events

The Housing Authority has evaluated subsequent events through January 31, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources	\$ 4,649,274	\$ 4,168,988	\$ (480,286)
State of Alaska	-	9,464	9,464
Local sources:			
Charges for services - rental income	434,800	567,165	(388,065)
Administrative fees	55,200	46,735	504,263
Interest income	65,000	559,463	(40,344)
Other income	2,150	24,656	22,506
Total Revenues	<u>5,206,424</u>	<u>5,376,471</u>	<u>170,047</u>
Expenditures:			
Current:			
Homebuyer assistance:			
Salaries and benefits	556,937	466,144	90,793
Supplies	-	792	(792)
Utilities	186,700	247,560	(60,860)
Fuel	172,500	169,162	3,338
Maintenance and operations	500,000	302,896	197,104
Tribal coordination	7,500	-	7,500
Travel	27,500	29,538	(2,038)
Training	1,000	-	1,000
Insurance	94,000	66,346	27,654
Sundry	2,500	15,041	(12,541)
Property taxes	2,594	2,593	1
Payment in lieu of taxes	24,750	19,607	5,143
Board expenses	4,500	1,153	3,347
Other	60,000	8,211	51,789
Shared administrative costs	259,946	385,671	(125,725)
Capital outlay	-	85,500	(85,500)
Total homebuyer assistance	<u>1,900,427</u>	<u>1,800,214</u>	<u>100,213</u>
Housing services:			
Salaries and benefits	532,687	456,768	75,919
Supplies	43,500	14,931	28,569
Utilities	6,000	4,565	1,435
Fuel	12,000	10,825	1,175
Maintenance and operations	8,500	13,691	(5,191)
Insurance	5,500	4,098	1,402
Resident support services	42,000	23,960	18,040
Residential assistance	1,019,000	524,505	494,495
Shared administrative costs	169,692	194,160	(24,468)
Total housing services	<u>\$ 1,838,879</u>	<u>\$ 1,247,503</u>	<u>\$ 591,376</u>

(continued)

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund, continued
Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures, continued:			
Current:			
Housing management services:			
Salaries and benefits	\$ 404,760	\$ 338,587	\$ 66,173
Professional services	-	1,445	(1,445)
Supplies	25,000	22,683	2,317
Utilities	14,300	11,216	3,084
Fuel	27,300	17,740	9,560
Maintenance and operations	58,500	66,954	(8,454)
Travel	13,250	16,477	(3,227)
Insurance	12,400	13,029	(629)
Tenant services	-	300	(300)
Payment in lieu of taxes	1,250	5,504	(4,254)
Tribal housing advocate	101,500	77,643	23,857
Shared administrative costs	110,302	160,855	(50,553)
Total housing management services	768,562	732,433	36,129
Planning and administration:			
Salaries and benefits	934,257	1,350,882	(416,625)
Professional services	44,500	30,905	13,595
Commissioner stipend	32,500	35,750	(3,250)
Supplies	132,500	192,339	(59,839)
Utilities	8,700	8,426	274
Fuel	5,000	4,681	319
Maintenance and operations	6,000	5,186	814
Travel	115,000	186,332	(71,332)
Training	10,000	7,729	2,271
Insurance	65,000	40,434	24,566
Communications	75,000	77,491	(2,491)
Sundry	500	-	500
Dues and fees	5,000	7,553	(2,553)
Publications	5,000	2,312	2,688
Board expenses	-	6,508	(6,508)
Bank fees	10,000	31,427	(21,427)
Other	2,000	2,136	(136)
Shared administrative costs	(1,215,957)	(1,513,344)	297,387
Total planning and administration	235,000	476,747	(241,747)
Total expenditures	4,742,868	4,256,897	485,971
Excess of Revenues over Expenditures	463,556	1,119,574	656,018
Other Financing Sources:			
Proceeds from sale of dwellings	-	264,732	264,732
Net other financing sources (uses)	-	264,732	264,732
Net Change in Fund Balance	\$ 463,556	1,384,306	\$ 920,750
Fund Balance, beginning		9,692,461	
Fund Balance, ending		\$ 11,076,767	

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Homeowner Assistance Special Revenue Fund
Year Ended September 30, 2023

	Original Budget	Final Budget	Prior Year	Actual Current Year	Total	Variance with Final Budget Positive (Negative)
Revenues:						
Intergovernmental:						
Federal sources	\$ 3,380,399	\$ 3,570,053	\$ 297,274	\$ 1,895,929	\$ 2,193,203	\$ (1,376,850)
Expenditures:						
Current:						
Homeowner Assistance Fund:						
Salaries and benefits	145,000	235,000	46,986	131,587	178,573	56,427
Professional services	280,000	121,000	110,655	1,628	112,283	8,717
Mortgage assistance	1,650,000	2,000,000	12,517	1,080,487	1,093,004	906,996
Utilities assistance	200,000	400,000	-	380,416	380,416	19,584
Home repairs	750,000	200,000	-	57,338	57,338	142,662
Other HAF related	273,399	435,053	53,615	179,180	232,795	202,258
Administrative costs	82,000	179,000	73,501	65,293	138,794	40,206
Total expenditures	3,380,399	3,570,053	297,274	1,895,929	2,193,203	1,376,850
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance, beginning					-	
Fund Balance, ending					\$ -	

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

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Modernization and Development Fund
Year Ended September 30, 2023

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental:			
Federal sources	\$ 2,259,840	\$ 1,044,036	\$ (1,215,804)
State of Alaska	63,650	77,660	14,010
	<u>2,323,490</u>	<u>1,121,696</u>	<u>(1,201,794)</u>
Expenditures:			
Current:			
Emergency Rental Assistance Program:			
Salaries and benefits	547,850	91,896	455,954
Maintenance and operations	1,431,150	777,061	654,089
Assessments	5,000	-	5,000
Shared admin costs	339,490	252,739	86,751
Total expenditures	<u>2,323,490</u>	<u>1,121,696</u>	<u>1,201,794</u>
Net Change in Fund Balance	\$ <u>-</u>	-	\$ <u>-</u>
Fund Balance, beginning		<u>-</u>	
Fund Balance, ending		\$ <u>-</u>	

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ADDITIONAL SUPPLEMENTARY INFORMATION

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Combining Balance Sheet - Other Governmental Funds
September 30, 2023

	IHBG American Rescue Plan Special Revenue Fund	Tribal Needs Capital Project Fund	Total Other Governmental Funds
ASSETS			
Grants receivable	\$ 7,914	\$ -	\$ 7,914
Due from other funds	<u>573</u>	<u>270,538</u>	<u>271,111</u>
Total Assets	<u>\$ 8,487</u>	<u>\$ 270,538</u>	<u>\$ 279,025</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,184	\$ 6,911	\$ 10,095
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,184</u>	<u>6,911</u>	<u>10,095</u>
Fund Balances	<u>5,303</u>	<u>263,627</u>	<u>268,930</u>
Total Liabilities and Fund Balances	<u>\$ 8,487</u>	<u>\$ 270,538</u>	<u>\$ 279,025</u>

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Combining Statement of Revenues, Expenditures and Changes
in Fund Balance - Other Governmental Funds
Year Ended September 30, 2023

	IHBG American Rescue Plan Special Revenue Fund	Emergency Rental Assistance Program Special Revenue Fund	Tribal Needs Capital Project Fund	Total Other Governmental Funds
Revenues:				
Intergovernmental:				
Federal sources	\$ 746,507	\$ 17,288	\$ 482,780	\$ 1,246,575
Local sources:				
Charges for services - rental income	5,303	-	-	5,303
Other income	-	-	263,627	263,627
Total revenues	<u>751,810</u>	<u>17,288</u>	<u>746,407</u>	<u>1,515,505</u>
Expenditures:				
Salaries and benefits	23,082	8,050	39,747	70,879
Supplies	119,420	-	-	119,420
Maintenance and operations	-	-	327,811	327,811
Insurance	-	-	443	443
Assessments	-	-	6,099	6,099
Shared administrative costs	-	9,238	108,680	117,918
Other	549	-	-	549
Capital outlay	603,456	-	-	603,456
Total Expenditures	<u>746,507</u>	<u>17,288</u>	<u>482,780</u>	<u>1,246,575</u>
Net change in Fund Balance	<u>5,303</u>	<u>-</u>	<u>263,627</u>	<u>268,930</u>
Fund Balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, ending	<u>\$ 5,303</u>	<u>\$ -</u>	<u>\$ 263,627</u>	<u>\$ 268,930</u>

KODIAK ISLAND HOUSING AUTHORITY
Kodiak, Alaska
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Total Grant Award</u>	<u>Total Federal Expenditures</u>
U.S. Department of Housing and Urban Development:				
Direct:				
Indian Housing Block Grant	55-IH-02-08680	14.867	\$ 15,345,913	\$ 5,695,804
IHBG American Rescue Plan	21AH0208680	14.867	<u>3,101,390</u>	<u>746,507</u>
Total CFDA #14.867			<u>18,447,303</u>	<u>6,442,311</u>
Resident Opportunity and Supportive Services	ROSS231842-01-00	14.870	<u>224,548</u>	<u>9,464</u>
Total U.S. Department of Housing and Urban Development			<u>18,671,851</u>	<u>6,451,775</u>
U.S. Department of the Treasury:				
Direct:				
Emergency Rental Assistance Program	ERA-2101081026	21.023	5,684,045	17,288
Homeowner Assistance Fund	HAFP-0244	21.026	<u>3,380,399</u>	<u>1,895,929</u>
Total U.S. Department of the Treasury			<u>9,064,444</u>	<u>1,913,217</u>
Total Federal Financial Assistance			\$ <u>27,736,295</u>	\$ <u>8,364,992</u>

KODIAK ISLAND HOUSING AUTHORITY

Kodiak, Alaska

Notes to Schedule of Expenditures of Federal Awards

September 30, 2023

Note 1 – Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of Kodiak Island Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirement of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operation of Kodiak Island Housing Authority, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Kodiak Island Housing Authority.

Note 2 – Indirect Cost Rate

Kodiak Island Housing Authority does not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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COMPLIANCE REPORTS

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DONOHUE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners
Kodiak Island Housing Authority
Kodiak, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Kodiak Island Housing Authority, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Kodiak Island Housing Authority's basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kodiak Island Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kodiak Island Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Kodiak Island 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Donohue & Associates PC

Anchorage, Alaska
January 31, 2024



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

The Board of Commissioners
Kodiak Island Housing Authority
Kodiak, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kodiak Island 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 Kodiak Island Housing Authority's major federal programs for the year ended September 30, 2023. Kodiak Island Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kodiak Island 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 September 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kodiak Island Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Kodiak Island Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Donohue & Associates PC

Anchorage, Alaska
January 31, 2024



KODIAK ISLAND HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended September 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Significant deficiency(ies) identified? yes X no

Material weakness(es) identified? yes X no

Noncompliance material to the financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Significant deficiency(ies) identified? yes X no

Material weakness(es) identified? yes X no

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required

to be reported in accordance with

2 CFR Section 200.516(a)? yes X no

Identification of major programs:

CFDA Number

14.867

21.026

Name of Federal Program or Cluster

Indian Housing Block Grant (IHBG)

Homeowner Assistance Fund (HAF)

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee under

2 CFR Section 200.520?

 X yes no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Prior Year Findings

None

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