

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY  
RED WING, MINNESOTA**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2020**



**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
**Red Wing Housing and Redevelopment Authority**  
Red Wing, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of Red Wing Housing and Redevelopment Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of Red Wing Housing and Redevelopment Authority as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
**Red Wing Housing and Redevelopment Authority**  
Red Wing, Minnesota  
Page Two

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Financial Data Schedule and Schedule of Capital Funds 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 has been derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the Red Wing Housing and Redevelopment 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 solely 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 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 Red Wing Housing and Redevelopment Authority's internal control over financial reporting and compliance.

*Smith, Schaffn and Associates, Ltd.*

Red Wing, Minnesota  
May 28, 2021

## **RED WING HOUSING AND REDEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Red Wing Housing and Redevelopment Authority, we offer readers of the Red Wing Housing and Redevelopment Authority financial statements this narrative overview and analysis of the financial activities of the Red Wing Housing and Redevelopment Authority for the fiscal year ended December 31, 2020.

### **FINANCIAL HIGHLIGHTS**

- The assets of Red Wing Housing and Redevelopment Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,477,280 (*net position*). Of this amount, \$1,990,696 (*unrestricted net position*) may be used to meet the Organization's ongoing obligations in accordance with the Organization's designations and fiscal policies.
- The Organization's total revenues are \$4,609,139 and total expenses are \$4,427,461 for the current year.
- Red Wing Housing and Redevelopment Authority's total capital assets net of accumulated depreciation for the current year are \$11,221,268.
- Red Wing Housing and Redevelopment Authority's total long-term debt for the current year is \$9,304,947.
- At the end of the current fiscal year, unrestricted net position was \$1,990,696 or 45 percent of total expenses.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Organization maintains one type of proprietary fund which consists of various enterprise funds. Accounting procedures are the same as those for business enterprises. This financial report will include the Management's Discussion and Analysis, Financial Statements with accompanying notes, and the Independent Auditor's Reports.

## RED WING HOUSING AND REDEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

### REQUIRED FINANCIAL STATEMENTS

The financial statements report information about the Organization using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

The **Statement of Net Position** includes everything that the Organization owns and owes. The difference between the total of the assets and the total of the liabilities is the net position of the Organization. Net position added to the total liabilities equals the total assets of the Organization. Net position is also equal to the total of all prior years' net income and losses of the Organization including all contributions from HUD.

All of the current year's revenues and expenses are accounted for in the **Statement of Revenues, Expenses, and Changes in Net Position**. This statement records all revenue (income) and expenses. Revenue is categorized by source. Expenses are categorized by type. The excess of revenue over expense is the income for the year. If expenses are greater than revenue, then there is a loss for the year. Income and expenses are of two types: operating and nonoperating. Operating revenue and expenses are those related to the normal running of the Organization's operations. Nonoperating revenue and expenses include items outside of operations and include such items as interest income, capital grants, and gains and losses on disposition of fixed assets. The income or loss for the year, added to the prior year's net position equals the current year's net position.

The other required financial statement is the **Statement of Cash Flows**. The primary purpose of this statement is to provide information about the Organization's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities, and provides answers to such questions as "where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period?"

In addition the Organization presents **Notes to the financial statements**. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 17-26 of this report.

### FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

One of the most important questions asked about the Organization's finances is "Is the Organization, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Organization's activities in a way that will help answer this question. These two statements report the net position of the Organization, and changes in them. You can think of the Organization's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Organization's net position is one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions and legislative mandates.



**RED WING HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 1  
**Net Position**

	2020	2019	Increase (Decrease)
Current and other assets	\$ 5,135,658	\$ 4,519,472 <span style="color: red;">▼</span>	\$ 616,186
Capital assets	11,221,268	11,489,502 <span style="color: red;">▼</span>	(268,234)
Total assets	<u>16,356,926</u>	<u>16,008,974</u>	<u>347,952</u>
Current liabilities	880,025	545,029 <span style="color: red;">▼</span>	334,996
Long-term liabilities	8,999,621	9,168,343 <span style="color: red;">▼</span>	(168,722)
Total liabilities	<u>9,879,646</u>	<u>9,713,372</u>	<u>166,274</u>
Net investment in capital assets	1,916,323	2,101,601 <span style="color: red;">▼</span>	(185,278)
Restricted	2,570,261	2,741,972 <span style="color: red;">▼</span>	(171,711)
Unrestricted	1,990,696	1,452,029 <span style="color: red;">▼</span>	538,667
Total net position	<u>\$ 6,477,280</u>	<u>\$ 6,295,602</u>	<u>\$ 181,678</u>

The Organization's total net position for the current fiscal year is \$6,477,280 of which \$1,916,323 is invested in capital assets. The Red Wing Housing and Redevelopment Authority has \$2,083,487 in cash and investments as of December 31, 2020 (including the tenant security deposit account).

The HRA lent \$200,000 in Small Cities Program Income loans to four commercial properties in the Downtown area and \$15,418.49 in two Owner Occupied Single Family rehab loans.

The HRA received \$418,148 from the HRA Tax Levy with \$100,000 of that amount allocated to the Affordable Housing Trust Fund (AHTF).

The HRA approved eight AHTF Homebuyers Assistance loans of \$9,000 each in 2020.

The HRA issued a loan to CMA Properties LLC in the amount of \$100,000 for four new units in the downtown area.

The HRA will use the MN DEED Small Cities Development Grant program proceeds of \$595,000 in 2020 to seal coat and replace concrete in Jordan Tower I. Project will be completed in 2021.

The Keller Baartman Properties LLC's first phase phase of TIF #8, of 108 units was completed in 2020. Phase II & IV were started in 2020 with leasing to begin in mid-2021.

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Table 2  
**Statement of Revenues, Expenses and Changes in Net Position**

	2020	2019	Increase (Decrease)
<b>Revenues:</b>			
Federal grants	\$ 1,880,049	\$ 1,752,150 <span style="color: red;">▼</span>	\$ 127,899
State and local revenues	807,283	506,103 <span style="color: red;">▼</span>	301,180
Tenant revenue	1,137,970	1,092,959	45,011
Investment earnings	13,212	11,742	1,470
Other income	770,625	411,337	359,288
<b>Total revenues</b>	<b>4,609,139</b>	<b>3,774,291</b>	<b>834,848</b>
<b>Expenses:</b>			
Administration	897,855	817,011 <span style="color: red;">▼</span>	80,844
Tenant Services	80,175	84,200	(4,025)
Utilities	212,455	194,463	17,992
Maintenance and operations	517,138	496,275	20,863
Insurance	130,777	124,362	6,415
General expense	695,831	224,303	471,528
Housing assistance payments	932,321	896,995	35,326
Depreciation	933,930	922,128	11,802
Other expenses	26,979	98,057	(71,078)
<b>Total expenses</b>	<b>4,427,461</b>	<b>3,857,794</b>	<b>569,667</b>
Change in net position	181,678	(83,503)	265,181
Net position, beginning of year	6,295,602	6,379,105	(83,503)
Net position, end of year	<b>\$ 6,477,280</b>	<b>\$ 6,295,602</b>	<b>\$ 181,678</b>

Total revenues for the current year were \$4,609,139 and total expenses were \$4,427,461.

The HRA received an additional \$15,122 in CARES funding for Operating Subsidy, and \$54,334 in CARES funding for the Housing Choice Voucher Program.

Jordan Tower II suffered extensive water damage due to a small fire in a unit on June 19, 2020. Project was completed in mid-December. Cost of the claim was \$473,091.

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS**

The Organization's investment in capital assets as of December 31, 2020, amounted to \$11,221,268 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, and furniture and equipment.

Table 3  
**Capital Assets**  
(net of accumulated depreciation)

	2020	2019	Increase (Decrease)
Land	\$ 819,804	\$ 819,804	\$
Construction in progress	483,225	585,320	(102,095)
Buildings and improvements	19,213,281	18,529,249	684,032
Furniture and equipment - dwellings	49,188	49,188	
Furniture and equipment - administration	586,395	573,762	12,633
Less accumulated depreciation	<u>(9,930,625)</u>	<u>(9,067,821)</u>	<u>(862,804)</u>
<b>Total</b>	<u><u>\$ 11,221,268</u></u>	<u><u>\$ 11,489,502</u></u>	<u><u>\$ (268,234)</u></u>

The HRA purchased a truck and snow plow accessories to allow our maintenance staff to remove snow instead of contracting this service. This will save money each year for the HRA.

Jordan Tower I installed a new boiler system to replace the one that was original to the building.

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-Term Debt.** At the end of the fiscal year, the Red Wing Housing and Redevelopment Authority had long-term debt of \$9,304,947.

Table 4  
**Long-Term Debt**

	2020	2019	Increase (Decrease)
Deferred Loans	\$ 6,043,748	\$ 5,504,921	\$ 538,827
MHFA PARIF Mortgage Note	2,481,000	2,481,000	
MHFA MURL Promissory Notes	302,217	302,217	
General Obligation Housing Development Bonds	445,000	660,000	(215,000)
Other	32,982	33,762	(780)
<b>Total</b>	<b>\$ 9,304,947</b>	<b>\$ 8,981,900</b>	<b>\$ 323,047</b>

Additional information on the Organization's long-term debt can be found in the Notes to the Financial Statements on pages 22-24.

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

Tax Increment for the Keller-Baartman TIF will begin in 2021 due to leasing of units in 2020. Of the tax received, 80% will go to the TIF note #1 for reimbursement to Keller-Baartman.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Red Wing Housing and Redevelopment Authority finances for all those with an interest in the Organization's finances. Questions concerning any of the information provided in this report or requests for additional information contact Corrine Stockwell, Finance Manager at (651) 388-7571, Red Wing Housing and Redevelopment Authority, 428 West Fifth Street, Red Wing, MN 55066.

## **FINANCIAL STATEMENTS**

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**STATEMENT OF NET POSITION**

**December 31, 2020**

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program	Low Rent Public Housing
<b>Assets</b>				
Cash and cash equivalents	969,927	\$	\$ 189,753	\$ 171,953
Receivables	256,569		25,875	11,599
Inventories	24,183			27,557
Prepaid expenses	11,794			13,003
Due from other funds				
Capital assets:				
Nondepreciable	350,787			753,382
Depreciable, net	6,263,968			2,969,800
Notes and mortgages receivable			2,219,114	
<b>Total Assets</b>	<b>7,877,228</b>		<b>2,434,742</b>	<b>3,947,294</b>
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	213,767			10,525
Accrued liabilities	8,953			13,049
Compensated absences	33,476			32,813
Accrued interest	8,123			
Deposits payable	39,440			47,366
Unearned revenue	1,078			2,822
Due to other governments	36,956			37,905
Due to other funds				47
Other liabilities				
Noncurrent liabilities:				
Due in one year	220,000			
Due in more than one year	6,750,110			1,460,104
<b>Total Liabilities</b>	<b>7,311,903</b>			<b>1,604,631</b>
<b>Net Position</b>				
Net investment in capital assets	(355,355)			2,263,079
Restricted net position			2,434,742	
Unrestricted net position	920,680			79,584
<b>Total Net Position</b>	<b>565,325</b>		<b>2,434,742</b>	<b>2,342,663</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,877,228</b>	<b>\$</b>	<b>\$ 2,434,742</b>	<b>\$ 3,947,294</b>

**See Notes to the Financial Statements**

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Elimination	Total
\$ 35,389	\$	\$ 443,573	\$ 5,850	\$	\$	\$ 267,042	\$	\$ 2,083,487
4,893		3,610			67,827			370,373
		4,499						56,239
		4,162						28,959
8,097		73,080		429			(81,606)	
		198,860						1,303,029
3,971		680,500						9,918,239
		108,898				268,588		2,596,600
<u>52,350</u>		<u>1,517,182</u>	<u>5,850</u>	<u>429</u>	<u>67,827</u>	<u>535,630</u>	<u>(81,606)</u>	<u>16,356,926</u>
1,579		2,002						227,873
4,698		13,517	644	429				41,290
10,952		20,937						98,178
		827						8,950
		13,307						100,113
		2,057						5,957
		8,944						83,805
8,533		8,526	5,206		67,827		(81,606)	8,533
		85,326						305,326
		789,407						8,999,621
<u>25,762</u>		<u>944,850</u>	<u>5,850</u>	<u>429</u>	<u>67,827</u>		<u>(81,606)</u>	<u>9,879,646</u>
3,971		4,628						1,916,323
20,171	6,450	108,898						2,570,261
2,446	(6,450)	458,806				535,630		1,990,696
<u>26,588</u>		<u>572,332</u>				<u>535,630</u>		<u>6,477,280</u>
<u>\$ 52,350</u>	<u>\$</u>	<u>\$ 1,517,182</u>	<u>\$ 5,850</u>	<u>\$ 429</u>	<u>\$ 67,827</u>	<u>\$ 535,630</u>	<u>\$ (81,606)</u>	<u>\$ 16,356,926</u>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2020**

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program	Low Rent Public Housing
<b>Operating Revenues</b>				
Tenant rental revenues	\$ 454,423	\$	\$	\$ 521,368
HUD PHA operating grants	536,746	70,405		113,372
Other governmental grants				429,765
Other revenue	529,906		49	2,400
Total Operating Revenues	<u>1,521,075</u>	<u>70,405</u>	<u>49</u>	<u>1,066,905</u>
<b>Operating Expenses</b>				
Administration	207,974		29,950	222,615
Tenant services	20	70,405		6,910
Utilities	69,851			115,048
Maintenance and operations	202,241			254,172
Insurance	48,851			57,050
General expense	517,947		12,492	45,977
Housing assistance payments				
Depreciation	593,404			279,928
Total Operating Expenses	<u>1,640,288</u>	<u>70,405</u>	<u>42,442</u>	<u>981,700</u>
Operating Income (Loss)	(119,213)		(42,393)	85,205
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	4,829		3,235	2,394
Gain (loss) on sale of assets				(5,022)
Interest expense	(16,245)			
Total Nonoperating Revenue (Expenses)	<u>(11,416)</u>		<u>3,235</u>	<u>(2,628)</u>
Income (Loss) Before Capital Grants or Transfers	(130,629)		(39,158)	82,577
Capital grants				
Operating transfers in				129,902
Operating transfers out				
Change in Net Position	(130,629)		(39,158)	212,479
<b>Net Position - Beginning of Year</b>	<u>695,954</u>		<u>2,473,900</u>	<u>2,130,184</u>
<b>Net Position - End of Year</b>	<u>\$ 565,325</u>	<u>\$</u>	<u>\$ 2,434,742</u>	<u>\$ 2,342,663</u>

**See Notes to the Financial Statements**



Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Elimination	Total
\$ 987,550	\$ 89,876	\$ 183,787	\$	\$ 42,074	\$	\$	\$ (21,608)	\$ 1,137,970
		318,148	59,370					1,840,023
		133,417			4,853	100,000		807,283
987,550	89,876	635,352	59,370	42,074	4,853	100,000	(21,608)	4,555,901
165,909		261,974	11,380	17,648	2,013		(21,608)	897,855
					2,840			80,175
		27,556						212,455
1,317		59,408						517,138
		24,876						130,777
2,885		115,665		865				695,831
838,685			55,120	38,516				932,321
1,079		59,519						933,930
1,009,875		548,998	66,500	57,029	4,853		(21,608)	4,400,482
(22,325)	89,876	86,354	(7,130)	(14,955)		100,000		155,419
22		1,049						13,212
		(5,712)				1,683		(10,734)
								(16,245)
22		(4,663)				1,683		(13,767)
(22,303)	89,876	81,691	(7,130)	(14,955)		101,683		141,652
	40,026							40,026
43,257			7,130	14,955		433,947	(629,191)	
	(129,902)	(499,289)					629,191	
20,954		(417,598)				535,630		181,678
5,634		989,930						6,295,602
\$ 26,588	\$	\$ 572,332	\$	\$	\$	\$ 535,630	\$	\$ 6,477,280

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2020**

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants , Small Cities Program
<b>Cash Flows From Operating Activities</b>			
Cash received from tenants	\$ 455,234	\$	\$
Cash received from intergovernmental	283,860	70,405	(511)
Other cash received	529,906		125,052
Cash paid to employees	(211,803)	(43,378)	
Cash paid to suppliers	(632,184)	(27,027)	(42,442)
	<u>425,013</u>		<u>82,099</u>
<b>Cash Flows From Investing Activities</b>			
Interest income received	<u>4,829</u>		<u>3,235</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition of capital assets	(7,403)		
Proceeds from capital grants			
Casualty loss costs			
Interfund borrowings	(10,017)		
Operating transfers			
Other long-term liabilities			
Interest paid on long-term debt	(16,245)		
Proceeds from (principal paid) on long-term debt	(215,000)		
	<u>(248,665)</u>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>181,177</b>		<b>85,334</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>788,750</b>		<b>104,419</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 969,927</u></b>	<b><u>\$</u></b>	<b><u>\$ 189,753</u></b>

**See Notes to the Financial Statements**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$ 522,024	\$	\$	\$ 184,896	\$	\$	\$	\$	\$ 1,162,154
535,437	982,657	89,876	318,148	59,370	42,074			2,381,316
2,400			23,417				100,000	780,775
(249,996)	(92,635)		(144,571)	(7,519)	(12,167)	(4,853)		(766,922)
(439,863)	(912,035)		(351,143)	(58,546)	(44,536)			(2,507,776)
370,002	(22,013)	89,876	30,747	(6,695)	(14,629)	(4,853)	100,000	1,049,547
2,394	22		1,049				1,683	13,212
(629,687)			(39,342)					(676,432)
		40,026						40,026
(33,735)	(2,402)		45,548	(3,921)	(326)	4,853		
129,902	43,257	(129,902)	(230,701)	7,130	14,955		165,359	
	5,530							5,530
136,566			(4,520)					(16,245)
								(82,954)
(396,954)	46,385	(89,876)	(229,015)	3,209	14,629	4,853	165,359	(730,075)
(24,558)	24,394		(197,219)	(3,486)			267,042	332,684
196,511	10,995		640,792	9,336				1,750,803
<u>\$ 171,953</u>	<u>\$ 35,389</u>	<u>\$</u>	<u>\$ 443,573</u>	<u>\$ 5,850</u>	<u>\$</u>	<u>\$</u>	<u>\$ 267,042</u>	<u>\$ 2,083,487</u>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2020**

**RECONCILIATION OF OPERATING**

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Operating Income (Loss)	\$ (119,213)	\$	\$ (42,393)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	593,404		
(Increase) Decrease In:			
Accounts receivable	(252,886)		(511)
Inventories	(12,833)		
Prepaid expenses	(3,018)		
Notes and mortgages receivable			125,003
Increase (Decrease) In:			
Accounts payable	210,960		
Other accrued liabilities	502		
Compensated absences	7,286		
Unearned revenue	811		
Net Cash Provided By (Used In) Operating Activities	<u>\$ 425,013</u>	<u>\$</u>	<u>\$ 82,099</u>
<b>Supplemental Disclosure of Noncash Capital and Related Financing Activities</b>			
Cash paid for interest	\$ 16,245	\$	\$

**See Notes to the Financial Statements**

**INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$ 85,205	\$ (22,325)	\$ 89,876	\$ 86,354	\$ (7,130)	\$ (14,955)	\$	\$ 100,000	\$ 155,419
279,928	1,079		59,519					933,930
(7,700)	(4,893)		(906)			(4,853)		(271,749)
(10,686)			(2,045)					(25,564)
(947)			2,775					(1,190)
			(110,000)					15,003
7,544	453		(7,533)					211,424
8,622	1,251		(2,743)	435	326			8,393
7,380	2,422		3,311					20,399
656			2,015					3,482
<u>\$ 370,002</u>	<u>\$ (22,013)</u>	<u>\$ 89,876</u>	<u>\$ 30,747</u>	<u>\$ (6,695)</u>	<u>\$ (14,629)</u>	<u>\$ (4,853)</u>	<u>\$ 100,000</u>	<u>\$ 1,049,547</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$ 16,245

# RED WING HOUSING AND REDEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies

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#### Reporting Entity

Red Wing Housing and Redevelopment Authority operates as a local government unit for the purpose of providing housing redevelopment services to the local area. The governing body consists of a seven member board appointed by the City Council.

In accordance with GASB Statement No. 14 of the Organization's financial statements include the primary government and the component units of the Red Wing Housing and Redevelopment Authority, defined as follows:

*Primary Government* - Includes all funds, organizations, institutions, agencies, departments, or offices which are not legally separate from the Red Wing Housing and Redevelopment Authority.

*Component Units* - Component units are legally separate organizations for which the elected officials of the Red Wing Housing and Redevelopment Authority are financially accountable or for which the nature or significance of their relationship with the Red Wing Housing and Redevelopment Authority would cause the financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the Red Wing Housing and Redevelopment Authority.

#### Basis of Presentation

Organizations which meet certain criteria established by the American Institute of Certified Public Accountants are required to use reporting standards set forth for that industry. Under this criteria, Red Wing Housing and Redevelopment Authority is considered a governmental entity for financial reporting purposes because the Board of Directors is nominated or appointed by governmental entities. This guidance includes applying all GASB pronouncements issued after Statement 1, with certain exclusions and all required note disclosures for governmental entities.

#### Measurement Focus, Basis of accounting and Financial Statement Presentation

Measurement focus is the term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The accompanying financial statements are reported using the "economic resources measurement focus" and the "accrual basis of accounting." Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### Fund accounting

To ensure observance of limitations and restrictions placed on the use of funds available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

The Organization reports the following major proprietary funds:

The *N/C S/R Section 8 Programs* fund accounts for housing assistance in the form of rent subsidy for an apartment building owned by the Organization.

# RED WING HOUSING AND REDEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies (Continued)

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#### Fund accounting (continued)

The *Multifamily Housing Service Coordinators* fund accounts for low income rent for multifamily housing.

The *Community Development Block Grants/Small Cities Program* fund accounts for low interest or no interest loans and grants for various qualifying community improvement projects.

The *Low Rent Public Housing* fund accounts for the rental and other income, operating subsidies and the expenses related to the operation and maintenance of low income housing units owned by the Organization.

The *Housing Choice Vouchers* fund records the receipt of HUD grants and the subsequent payment to landlords of Housing Assistance Payments along with the other related expenses.

The *Public Housing Capital Fund Program* fund records the receipt and subsequent disbursement of Capital Grants from HUD. As projects are completed, assets are transferred to the Low Income Public Housing Fund.

The *State/Local* fund accounts for County tax levies and rents on homes owned by the Organization to be used for various Organization goals.

The *Bridges* fund accounts for rental subsidy for individuals with serious mental illness.

The *Continuum of Care* fund accounts for shelter aid for the homeless.

The *TIF #8* fund accounts for the Keller-Baartman Properties LLC tax increment funding (TIF) project for which the HRA may receive up to 20% to be applied to administrative expenses and payments into the Affordable Housing Trust Fund.

The Affordable Housing Trust Fund (*AHTF*) accounts for homebuyer assistance loans, owner/occupied rehab, and new small site affordable housing units funded by tax levy funds.

#### Use of estimates

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

#### Cash and cash equivalents

The Organization considers all demand deposits and investments with an original maturity of three months or less to be cash equivalents.

#### Capital assets

Capital assets are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings and improvements	5 - 50
Furniture and equipment - dwelling units	3 - 10
Furniture and equipment - administration	3 - 10

# RED WING HOUSING AND REDEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies (Continued)

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#### Compensated absences

It is the Organization's policy to permit employees to accumulate a limited amount of earned but unused vacation which is paid to the employees upon separation. Vacation pay is accrued when incurred.

#### Deposits payable

Deposits payable represent tenant deposits held for damages and/or unpaid rent.

#### Revenue recognition

Depending on the terms of a grant, grant revenues are recognized in the period of entitlement or as the related expenditures are incurred. Revenues not earned are reported as deferred revenue.

#### Concentration of Credit Risk

The Organization places its deposits and temporary cash investments with financial institutions insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times, such deposits and investments may be in excess of the FDIC insurance limit.

#### Risk management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; and natural disasters. The Organization carries commercial insurances for the risks of loss. Claims have not exceeded coverage in any of the last three years.

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### 2. Cash and Cash Equivalents

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#### Summary of Cash and Deposits

As of December 31, 2020 the Organization's cash and deposits consisted entirely of deposits held at a local financial institution.

<u>Cash and Deposits</u>	<u>Maturities</u>	<u>Fair Value</u>
Cash	None	\$ 1,762,598
Certificates of deposit	December 2020 - November 2021	<u>320,889</u>
		<u>\$ 2,083,487</u>

#### Investment Policy

The Organization's policy is to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the organization and comply with all state statutes governing the investment of public funds.

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# RED WING HOUSING AND REDEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 2. Cash and Cash Equivalents

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#### Investments Authorized by Minnesota Statute

The Organization is authorized to invest idle funds according to Minnesota Statute.

#### Custodial Credit Risk

The Organization's deposits are entirely covered by federal depository insurance.

#### Interest Rate Risk

The Organization's investment policy does not limit its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Credit Risk

The Organization's investment policy does not limit its investment choices beyond those restricted by Minnesota Statute.

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### 3. Loans Receivable

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Following is a summary of the notes receivable outstanding at December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes and Mortgages Receivable				
Community Development Block Grant / Small Cities Program	\$2,344,117	\$ 129,000	\$ 254,003	\$2,219,114
AHTF		\$ 268,588		268,588
State / Local	267,486	14,373	172,961	108,898
Total	<u>\$2,611,603</u>	<u>\$ 411,961</u>	<u>\$ 426,964</u>	<u>\$2,596,600</u>

As part of the Organization's community development block grant program, the Organization has issued various loans with rates varying from 0% to 4% and forgivable grant agreements for the rehabilitation of commercial property to improve a business or improve the appearance of the community. Receivables outstanding at December 31, 2020 totaled \$2,219,114.

The State/Local notes and mortgages receivable consist of residential loans with interest rates varying from 0% to 6% for qualified home financing and rehabilitation costs. Receivables outstanding at December 31, 2020 totaled \$108,898.

The AHTF notes and mortgages receivable consist of Homebuyers Assistance loans with varying interest rates for qualified individuals. Receivables outstanding at December 31, 2020 totaled \$268,588.

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**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. Capital Assets**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 819,804	\$	\$	\$ 819,804
Construction in progress	585,320	476,775	(578,870)	483,225
Total capital assets	<u>1,405,124</u>	<u>476,775</u>	<u>(578,870)</u>	<u>1,303,029</u>
Capital assets, being depreciated:				
Buildings and improvements	18,529,249	823,538	(139,506)	19,213,281
Furniture and equipment - dwelling units	49,188			49,188
Furniture and equipment - administration	573,762	63,088	(50,455)	586,395
Total capital assets	<u>19,152,199</u>	<u>886,626</u>	<u>(189,961)</u>	<u>19,848,864</u>
Less accumulated depreciation	<u>9,067,821</u>	<u>933,930</u>	<u>(71,126)</u>	<u>9,930,625</u>
Total capital assets, being depreciated, net	<u>10,084,378</u>	<u>(47,304)</u>	<u>(118,835)</u>	<u>9,918,239</u>
Governmental activities capital assets, net	<u>\$ 11,489,502</u>	<u>\$ 429,471</u>	<u>\$ (697,705)</u>	<u>\$ 11,221,268</u>

Depreciation expense was charged to functions/programs as follows:

**Business-Type Activities:**

N/C S/R Section 8 Programs	\$ 593,404
Low Rent Public Housing	279,928
Housing Choice Vouchers	1,079
State / Local	<u>59,519</u>
Total depreciation expense - business-type activities	<u>\$ 933,930</u>

# RED WING HOUSING AND REDEVELOPMENT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

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### 5. Long-Term Debt

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The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

#### **Deferred Loans:**

The 1999 Loan proceeds were issued for \$24,770. The entire balance with zero percent interest is forgiven \$2,477 per year starting in the 11<sup>th</sup> year. The 2001 Loan proceeds were issued for \$37,450. The entire balance with zero percent interest is forgiven \$3,745 per year starting in the 11<sup>th</sup> year. The 2006 Mortgage proceeds were issued for rehabilitation of Jordan II. The entire balance with zero percent interest is deferred until 2024. The 2001 Mortgage proceeds were issued to finance temporary housing for low and moderate income persons. This zero percent interest loan must be repaid only if proceeds cease to be used for loan purposes. The 2012 Loan proceeds were issued for \$50,000. The entire balance with zero percent interest is forgiven after 10 years. The 2014 Loan proceeds were issued for \$405,000. The entire balance with zero percent interest is forgiven after 20 years. The 2016 Loan proceeds were issued for \$917,537. The entire balance with zero percent interest is forgiven after 20 years. The 2017 Loan proceeds were issued for \$3,000,000. The entire balance with zero percent interest is forgiven after 20 years. The 2019 Loan proceeds were issued for \$406,001. The entire balance with zero percent interest is forgiven after 20 years.

#### **MHFA PARIF Mortgage Note:**

The HRA borrowed funds in 2017 and 2018 from the Preservation Affordable Rental Investment Program for the rehabilitation of a multifamily rental housing development for persons of low and moderate income. The total amount that can be drawn on the mortgage note is \$2,481,000 and matures in 2047. The outstanding balance totaled \$2,481,000 as of December 31, 2019. Interest on the principal amount outstanding is computed at 4.50%. The principal amount including the accumulated interest and accrued interest is payable commencing on the first day of August, 2022, and the first day of each succeeding month until the entire indebtedness has been paid in full.

#### **MHFA MURL Promissory Notes:**

The HRA accepted funds in 1993 and 1994 from the Minnesota Rural and Urban Homesteading Program in order to make non-interest bearing loans to qualified first time home buyers. The HRA may retain collections on these loans received after June 1, 1996 in order to make future MURL qualified expenditures.

#### **General Obligation Housing Development Bonds:**

The 2009A Housing Development Refunding Bonds were issued to refund the 1998 Jordan Tower II Project Housing Development Bonds. These bonds are payable solely from revenues generated from rental income from the Jordan Tower II Project and are backed by the full faith and credit of the Organization.

#### **Other Loans:**

Proceeds from these Loans were used to finance the rental units. These loans are payable from revenues generated from renting these properties to the public at Fair Market Rent.

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Long-Term Debt**

A summary of interest rates, maturities and December 31, 2020 balances is as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2019
Deferred Loans:			
2001 MHFA	0.00%	2021	\$ 34
2001 Deferred Mortgage	0.00%	2021	84,500
2006 MHFA Deferred Mortgage - Jordan II	0.00%	2024	1,044,110
2012 Small Cities PI Loan	0.00%	2022	50,000
2014 MHFA - Elevators	0.00%	2034	405,000
2016 MHFA - Windows J1	0.00%	2036	917,537
2017 MHFA - Home	0.00%	2037	3,000,000
2019 MHFA - Boilers J1	0.00%	2039	542,567
MHFA PARIF Mortgage Note:			
2017 PARIF	4.50%	2047	2,481,000
MHFA MURL Promissory Notes:			
1993 Note	0.00%	2023	159,268
1994 Note	0.00%	2023	142,949
General Obligation Housing Development Bond:			
Series 2009 Refunding	2.00 - 3.70%	2022	445,000
Other:			
Small Cities PI Loan	4.00%	2022	32,982
Total			<u>\$ 9,304,947</u>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Long-Term Debt**

The changes in the Long-Term Debt during the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Debt Reductions	Forgiven	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>						
Deferred Loans:						
2001 MHFA	\$ 3,774	\$	\$	\$ (3,740)	\$ 34	\$ 34
2001 Deferred Mortgage	84,500				84,500	84,500
2006 MHFA Deferred Mortgage - Jordan II	1,044,110				1,044,110	
2012 Small Cities PI Loan	50,000				50,000	
2014 MHFA - Elevators	405,000				405,000	
2016 MHFA - Windows J1	917,537				917,537	
2017 MHFA - Home	3,000,000				3,000,000	
2019 MHFA - Boilers J1	406,001	136,566			542,567	
MHFA PARIF Mortgage Note:						
2017 PARIF	2,481,000				2,481,000	
MHFA MURL Promissory Notes:						
1993 Note	159,268				159,268	
1994 Note	142,949				142,949	
General Obligation Housing Development Bond:						
Series 2009 Refunding	660,000	5,000	220,000		445,000	220,000
Other:						
Small Cities PI Loan (30 yr.)	33,762		780		32,982	792
Business-type Activities						
Long-term Liabilities	<u>\$ 9,387,901</u>	<u>\$ 141,566</u>	<u>\$ 220,780</u>	<u>\$ (3,740)</u>	<u>\$ 9,304,947</u>	<u>\$ 305,326</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020 are summarized below:

Years	General Obligation		PARIF Loan		Other	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 220,000	\$ 12,285	\$	\$	\$ 85,326	\$ 1,231
2022	225,000	4,162			82,186	1,231
2023				72,663	302,255	2,365
2024				174,390	1,044,110	
2025				174,390		
2026 - 2030			120,356	751,593		
2031 - 2035			444,620	427,329		
2036 - 2040			556,573	315,374	4,865,104	
2041 - 2045			696,717	175,232		
2046 - 2050			662,734	24,357		
	<u>\$ 445,000</u>	<u>\$ 16,447</u>	<u>\$ 2,481,000</u>	<u>\$ 2,115,328</u>	<u>\$ 6,378,981</u>	<u>\$ 4,827</u>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Individual Fund Disclosures**

Balances of inter-fund receivables and payables as of December 31, 2020 at the individual fund level for planned project interim borrowing and cash deficiency are as follows:

Funds	Interfund Receivable	Interfund Payable
State / Local	\$ 73,080	\$ 8,526
Low Rent Public Housing		47
Housing Choice Vouchers	8,097	
Bridges		5,206
TIF #8		67,827
Continuum of Care	429	
	\$ 81,606	\$ 81,606

Transfers during the year ended December 31, 2020 were as follows:

Funds	Transfers In	Transfers Out
Low Rent Public Housing	\$ 129,902	\$
Public Housing Capital Fund Program		129,902
Housing Choice Vouchers	43,257	
Continuum of Care	14,955	
Bridges	7,130	
AHTF	433,947	
State / Local		499,289
	\$ 629,191	\$ 629,191

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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**7. Commitments and Contingencies**

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The Organization receives a substantial amount of its support from the federal government. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization's programs and activities.

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**8. Deferred Compensation Plans**

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The Organization has an IRC Section 457 deferred compensation plan available to all employees of the HRA and is administered by an unrelated financial institution. The amount deferred (contributions to the plan by the employees) is generally not available until the employee retires.

The Organization also has a Section 401(a) defined contribution profit sharing plan for all eligible employees. Under this Plan, the Organization contributes 8% of eligible employee compensation to the Plan. This Plan also has vesting requirements of 20% per year with full vesting after year 5. Employer contributions to this Plan totaled \$54,748 for the year ended December 31, 2020.

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**9. Subsequent Events – COVID-19**

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In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 28, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact future operations, however, the potential impact is unknown at this time.

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## **SUPPORTING DATA**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE  
STATEMENT OF NET POSITION  
December 31, 2020

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
<b>Assets</b>			
<b>Current Assets</b>			
<b>Cash</b>			
111 Cash - unrestricted	\$ 529,870	\$	\$
113 Cash - other restricted	179,539		189,753
114 Cash - tenant security deposits	39,440		
115 Cash - restricted - payment of current liability	221,078		
<b>100 Total Cash</b>	<b>969,927</b>		<b>189,753</b>
<b>Receivables</b>			
122 Accounts receivable - other HUD projects	6,456		
125 Accounts receivable - miscellaneous	249,555		
126 Accounts receivable -tenants - dwelling units	558		
129 Accrued interest receivable			25,875
<b>120 Total Receivables</b>	<b>256,569</b>		<b>25,875</b>
142 Prepaid expenses and other assets	11,794		
143 Inventories	24,183		
144 Inter program due from			
<b>150 Total Current Assets</b>	<b>1,262,473</b>		<b>215,628</b>
<b>Noncurrent Assets</b>			
<b>Fixed Assets</b>			
161 Land	350,787		
162 Buildings	10,321,075		
163 Furniture, equipment & machinery - dwelling units			
164 Furniture, equipment & machinery - administration	215,103		
166 Accumulated depreciation	(4,272,210)		
167 Construction in progress			
<b>160 Total Fixed Assets</b>	<b>6,614,755</b>		
171 Notes, loans and mortgages receivable - noncurrent			2,219,114
<b>180 Total Noncurrent Assets</b>	<b>6,614,755</b>		<b>2,219,114</b>
<b>190 Total Assets</b>	<b>\$ 7,877,228</b>	<b>\$</b>	<b>\$ 2,434,742</b>

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$ 121,765	\$ 6,685 28,704	\$	\$ 342,883	5,850	\$	\$	\$	\$ 1,007,053
47,366			13,307				267,042	665,038
2,822			87,383					100,113
<b>171,953</b>	<b>35,389</b>		<b>443,573</b>	<b>5,850</b>			<b>267,042</b>	<b>2,083,487</b>
								6,456
	4,893		2,428			67,827		324,703
11,599			1,182					13,339
								25,875
<b>11,599</b>	<b>4,893</b>		<b>3,610</b>			<b>67,827</b>		<b>370,373</b>
13,003			4,162					28,959
27,557			4,499					56,239
	8,097		73,080		429			81,606
<b>224,112</b>	<b>48,379</b>		<b>528,924</b>	<b>5,850</b>	<b>429</b>	<b>67,827</b>	<b>267,042</b>	<b>2,620,664</b>
270,157			198,860					819,804
6,884,274			2,007,932					19,213,281
15,464			63,244					78,708
117,584	16,734		207,454					556,875
(4,047,522)	(12,763)		(1,598,130)					(9,930,625)
483,225								483,225
<b>3,723,182</b>	<b>3,971</b>		<b>879,360</b>					<b>11,221,268</b>
			108,898				268,588	2,596,600
<b>3,723,182</b>	<b>3,971</b>		<b>988,258</b>				<b>268,588</b>	<b>13,817,868</b>
<b>\$ 3,947,294</b>	<b>\$ 52,350</b>	<b>\$</b>	<b>\$ 1,517,182</b>	<b>\$ 5,850</b>	<b>\$ 429</b>	<b>\$ 67,827</b>	<b>\$ 535,630</b>	<b>\$ 16,438,532</b>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE  
STATEMENT OF NET POSITION  
December 31, 2020

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
<b>Liabilities</b>			
<b>Current Liabilities</b>			
311 Bank overdraft	\$	\$	\$
312 Accounts payable <= 90 days	213,767		
321 Accrued wage / payroll tax payable	8,953		
322 Accrued compensated absences - current portion	23,362		
325 Accrued interest payable	8,123		
333 Accounts payable - other government	36,956		
341 Tenant security deposit	39,440		
342 Deferred revenues	1,078		
343 Current portion of long-term debt	220,000		
345 Other current liabilities			
347 Inter program due to			
<b>310 Total Current Liabilities</b>	<b>551,679</b>		
<b>Noncurrent Liabilities</b>			
351 Long-term debt, net of current	6,750,110		
353 Noncurrent liabilities - other			
354 Accrued compensated absences - noncurrent	10,114		
<b>350 Total Noncurrent Liabilities</b>	<b>6,760,224</b>		
<b>300 Total Liabilities</b>	<b>7,311,903</b>		
<b>Equity/Net Assets</b>			
508.1 Net investment in capital assets	(355,355)		
511.1 Restricted net assets			2,434,742
512.1 Unrestricted net assets	920,680		
<b>513 Total Equity/Net Assets</b>	<b>565,325</b>		<b>2,434,742</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>\$ 7,877,228</b>	<b>\$</b>	<b>\$ 2,434,742</b>

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
10,525	986		2,002					227,280
13,049	4,698		8,895	644	429			36,668
22,699	6,526		17,849					70,436
			827					8,950
37,905	593		8,944					84,398
47,366			13,307					100,113
2,822			2,057					5,957
			85,326					305,326
			4,622					4,622
47			8,526	5,206		67,827		81,606
<b>134,413</b>	<b>12,803</b>		<b>152,355</b>	<b>5,850</b>	<b>429</b>	<b>67,827</b>		<b>925,356</b>
1,460,104			789,407					8,999,621
	8,533							8,533
10,114	4,426		3,088					27,742
<b>1,470,218</b>	<b>12,959</b>		<b>792,495</b>					<b>9,035,896</b>
<b>1,604,631</b>	<b>25,762</b>		<b>944,850</b>	<b>5,850</b>	<b>429</b>	<b>67,827</b>		<b>9,961,252</b>
2,263,079	3,971		4,628					1,916,323
	20,171	6,450	108,898					2,570,261
79,584	2,446	(6,450)	458,806				535,630	1,990,696
<b>2,342,663</b>	<b>26,588</b>		<b>572,332</b>				<b>535,630</b>	<b>6,477,280</b>
<b>\$ 3,947,294</b>	<b>\$ 52,350</b>	<b>\$</b>	<b>\$ 1,517,182</b>	<b>\$ 5,850</b>	<b>\$ 429</b>	<b>\$ 67,827</b>	<b>\$ 535,630</b>	<b>\$ 16,438,532</b>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended December 31, 2020

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
<b>Revenues</b>			
<b>Tenant Revenue</b>			
70300 Net tenant rental revenue	\$ 447,183	\$	\$
70400 Tenant revenue - other	7,240		
<b>70500 Total Tenant Revenue</b>	<b>454,423</b>		
70600 HUD PHA operating grants	536,746	70,405	
70610 Capital grants			
<b>Fee Revenue</b>			
70750 Other fees			
<b>70700 Total Fee Revenue</b>			
70800 Other government grants			
71100 Investment income - unrestricted	4,829		3,235
71500 Other revenue	529,906		49
71600 Gain (loss) on sale of assets			
<b>70000 Total Revenue</b>	<b>\$ 1,525,904</b>	<b>\$ 70,405</b>	<b>\$ 3,284</b>

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$ 502,635	\$	\$	\$ 130,216	\$	\$	\$	\$	\$ 1,080,034
18,733			53,571					79,544
<b>521,368</b>			<b>183,787</b>					<b>1,159,578</b>
113,372	987,550	89,876 40,026			42,074			1,840,023 40,026
						4,853		4,853
						<b>4,853</b>		<b>4,853</b>
429,765			318,148	59,370				807,283
2,394	22		1,049				1,683	13,212
2,400			133,417				100,000	765,772
(5,022)			(5,712)					(10,734)
<b>\$ 1,064,277</b>	<b>\$ 987,572</b>	<b>\$ 129,902</b>	<b>\$ 630,689</b>	<b>\$ 59,370</b>	<b>\$ 42,074</b>	<b>\$ 4,853</b>	<b>\$ 101,683</b>	<b>\$ 4,620,013</b>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 For the Year Ended December 31, 2020

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
<b>Expenses</b>			
<b>Administrative</b>			
91100 Administrative Salaries	\$ 116,318	\$	\$
91200 Auditing Fee	4,250		
91400 Advertising and Marketing	2,656		
91500 Employee Benefit Contribution	41,273		
91600 Office Expenses	17,369		
91700 Legal Expense	535		
91800 Travel	67		
91900 Other	25,506		29,950
<b>91000 Total Administrative</b>	<b>207,974</b>		<b>29,950</b>
<b>Tenant Services</b>			
92100 Salaries		43,378	
92300 Employee Benefit Contributions		11,733	
92400 Tenant Services - Other	20	15,294	
<b>92500 Total Tenant Services</b>	<b>20</b>	<b>70,405</b>	
<b>Utilities</b>			
93100 Water	9,587		
93200 Electricity	29,169		
93300 Gas	18,101		
93600 Sewer	12,994		
<b>93000 Total Utilities</b>	<b>69,851</b>		
<b>Ordinary Maintenance and Operations</b>			
94100 Labor	88,199		
94200 Materials and Other	17,492		
94300 Contracts	65,174		
94500 Employee Benefit Contributions	31,376		
<b>94000 Total Ordinary Maintenance and Operations</b>	<b>202,241</b>		
<b>Insurance</b>			
96110 Property Insurance	35,352		
96120 Liability Insurance	6,583		
96130 Workmen's Compensation	5,986		
96140 All Other Insurance	930		
<b>96100 Total Insurance</b>	<b>\$ 48,851</b>	<b>\$</b>	<b>\$</b>



Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$ 120,392	\$ 90,214	\$	\$ 129,616	\$ 7,519	\$ 12,167	\$	\$	\$ 476,226
4,250	4,250		4,250					17,000
2,698			80					5,434
45,351	44,486		36,477	3,716	5,366			176,669
25,106	7,214		9,490					59,179
1,088	608		3,148					5,379
39	23		366		115			610
23,691	19,114		78,547	145		2,013		178,966
<b>222,615</b>	<b>165,909</b>		<b>261,974</b>	<b>11,380</b>	<b>17,648</b>	<b>2,013</b>		<b>919,463</b>
						2,547		45,925
						293		12,026
6,910								22,224
<b>6,910</b>						<b>2,840</b>		<b>80,175</b>
18,768			14,582					42,937
50,273			5,983					85,425
19,862			5,927					43,890
26,145			1,064					40,203
<b>115,048</b>			<b>27,556</b>					<b>212,455</b>
122,224			14,954					225,377
25,037			10,940					53,469
60,155	1,317		27,719					154,365
46,756			5,795					83,927
<b>254,172</b>	<b>1,317</b>		<b>59,408</b>					<b>517,138</b>
41,590			16,544					93,486
7,711			2,346					16,640
5,986			5,986					17,958
1,763								2,693
<b>\$ 57,050</b>	<b>\$</b>	<b>\$</b>	<b>\$ 24,876</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 130,777</b>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
<b>Expenses (Continued)</b>			
<b>Other General Expenses</b>			
96200 Other General Expenses	\$ 614	\$	\$ 12,492
96210 Compensated Absences	7,286		
96300 Payments in Lieu of Taxes	36,956		
96400 Bad Debt - Tenant Rents			
<b>96000 Total Other General Expenses</b>	<b>44,856</b>		<b>12,492</b>
<b>Interest Expense and Amortization Cost</b>			
96710 Interest on Mortgage Payable	16,245		
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>16,245</b>		
<b>96900 Total Operating Expenses</b>	<b>590,038</b>	<b>70,405</b>	<b>42,442</b>
<b>97000 Excess Revenue Over Operating Expenses</b>	<b>935,866</b>		<b>(39,158)</b>
<b>Other Expenses</b>			
97100 Extraordinary Maintenance	473,091		
97300 Housing Assistance Payments			
97350 HAP Portability - In			
97400 Depreciation Expense	593,404		
<b>90000 Total Expenses</b>	<b>1,656,533</b>	<b>70,405</b>	<b>42,442</b>
<b>Other Financing Sources (Uses)</b>			
10010 Operating transfers in			
10020 Operating transfers out			
<b>10100 Total Other Financing Sources (Uses)</b>			
<b>Excess (Deficiency) of Total Revenue Over</b>			
<b>10000 (Under) Total Expenses</b>	<b>\$ (130,629)</b>	<b>\$</b>	<b>\$ (39,158)</b>

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	Continuum of Care	TIF #8	AHTF	Total
\$	\$ 464		\$ 97,835	\$	\$ 865	\$	\$	\$ 112,270
7,380	2,421		3,312					20,399
37,905			14,518					89,379
692								692
<b>45,977</b>	<b>2,885</b>		<b>115,665</b>		<b>865</b>			<b>222,740</b>
								16,245
								<b>16,245</b>
<b>701,772</b>	<b>170,111</b>		<b>489,479</b>	<b>11,380</b>	<b>18,513</b>	<b>4,853</b>		<b>2,098,993</b>
<b>362,505</b>	<b>817,461</b>	<b>129,902</b>	<b>141,210</b>	<b>47,990</b>	<b>23,561</b>		<b>101,683</b>	<b>2,521,020</b>
	834,004			55,120	38,516			473,091
	4,681							927,640
279,928	1,079		59,519					4,681
<b>981,700</b>	<b>1,009,875</b>		<b>548,998</b>	<b>66,500</b>	<b>57,029</b>	<b>4,853</b>		<b>933,930</b>
129,902	43,257			7,130	14,955		433,947	629,191
<b>129,902</b>	<b>43,257</b>	<b>(129,902)</b>	<b>(499,289)</b>	<b>7,130</b>	<b>14,955</b>		<b>433,947</b>	<b>(629,191)</b>
<b>\$ 212,479</b>	<b>\$ 20,954</b>	<b>\$</b>	<b>\$ (417,598)</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 535,630</b>	<b>\$ 181,678</b>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**FINANCIAL DATA SCHEDULE  
MEMO ACCOUNT INFORMATION**

**For the Year Ended December 31, 2020**

	<u>N/C S/R Section 8 Programs</u>	<u>Multifamily Housing Service Coordinators</u>	<u>Community Development Block Grants / Small Cities Program</u>
<b>Memo Account Information</b>			
11020	Required annual debt principal payments	\$	\$
11030	Beginning equity	695,954 ▼	2,473,900 ▼
11040	Prior period adjustment and equity transfers		
11190	Unit months available	1,248 ▼	
11210	Unit months leased	1,235	
11620	Building purchases		

<u>Low Rent Public Housing</u>	<u>Housing Choice Vouchers</u>	<u>Public Housing Capital Fund Program</u>	<u>Bridges</u>	<u>State / Local</u>	<u>Continuum of Care</u>	<u>TIF #8</u>	<u>AHTF</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$
2,130,184	5,634			989,930				6,295,602
40,026		(40,026)						
1,428	2,028							4,704
1,412	1,646							4,293
		40,026						40,026

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**SCHEDULE OF CAPITAL FUNDS  
December 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>Total</u>
Total Funds Approved	\$ 225,388	\$ 201,500	\$ 426,888
Total Funds Received	<u>89,876</u>	<u>93,399</u>	<u>183,275</u>
Remaining Funds Due	<u>\$ 135,512</u>	<u>\$ 108,101</u>	<u>\$ 243,613</u>
Total Funds Received	\$ 89,876	\$ 93,399	\$ 183,275
Total Funds Expended	<u>89,876</u>	<u>93,399</u>	<u>183,275</u>
Funds on Hand	<u>\$</u>	<u>\$</u>	<u>\$</u>
Received during Current Year	\$ 89,876	\$ 93,399	\$ 183,275
Current Amount Due			
Prior Amount Due			
Current Revenue	<u>\$ 89,876</u>	<u>\$ 93,399</u>	<u>\$ 183,275</u>

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
**Red Wing Housing and Redevelopment Authority**  
Red Wing, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business activities and each major fund of Red Wing Housing and Redevelopment Authority, as of December 31, 2020, and the related notes to the financial statements, which collectively comprise Red Wing Housing and Redevelopment Authority's basic financial statements and have issued our report thereon dated May 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Red Wing Housing and Redevelopment 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**Compliance and Other Matters**

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

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. Section 6.65, contains seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interests, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Red Wing Housing and Redevelopment Authority failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Organization's noncompliance with the above referenced provisions.

**Purpose of this Report**

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



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Commissioners  
**Red Wing Housing and Redevelopment Authority**  
Red Wing, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the Red Wing Housing and Redevelopment Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Red Wing Housing and Redevelopment Authority's major federal programs for the year ended December 31, 2020. The Red Wing Housing and Redevelopment Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Red Wing Housing and Redevelopment 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 December 31, 2020.

Report on Internal Control Over Compliance

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

Internal Control Over Compliance (continued)

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

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

Purpose of this Report

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Red Wing Housing and Redevelopment Authority, as of and for the year ended December 31, 2020. We have issued our report thereon dated May 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Smith, Schafn and Associates, Ltd.*

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

December 31, 2020

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing &amp; Urban Development</u>		
N/C S/R Section 8 Programs	14.195	\$ 536,746
Multifamily Housing Service Coordinators	14.191	70,405
Low Rent Public Housing	14.850	113,372
Housing Choice Vouchers	14.871	987,550
Public Housing Capital Fund Program	14.872	129,902
Shelter Plus Care	14.238	<u>42,074</u>
Total Expenditures of Federal Awards		<u>\$ 1,880,049</u>

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Red Wing Housing and Redevelopment Authority under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Red Wing Housing and Redevelopment Authority, it is not intended to and does not present the financial position, changes in assets, or cash flows of the Red Wing Housing and Redevelopment Authority.

**Note 2. Summary of Significant Accounting Principles**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Red Wing Housing and Redevelopment Authority has not charged indirect costs to any of the federal programs. Therefore the election of the de minimis indirect cost rate is not applicable as allowed under the Uniform Guidance.

**Note 3. Other**

Red Wing Housing and Redevelopment Authority had no expenditures to subrecipients for the year ended December 31, 2020.

**RED WING HOUSING AND REDEVELOPMENT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2020**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Red Wing Housing and Redevelopment Authority.
2. No instances of material deficiencies disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Red Wing Housing and Redevelopment Authority were disclosed during the audit.
4. No deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Red Wing Housing and Redevelopment Authority expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to a major federal award program for the Red Wing Housing and Redevelopment Authority are reported in this schedule.
7. The Programs tested as major programs were:

<u>Name of Program</u>	<u>CFDA</u>
Housing Choice Vouchers	14.871

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Red Wing Housing and Redevelopment Authority does qualify as a low-risk auditee.

**Findings – Financial Statement Audit**

No findings were noted during the financial statement audit for the year ended December 31, 2020.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

No findings were noted during the federal program audit for the year ended December 31, 2020.

**Prior Year Findings**

None noted.