

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

Opinions

We have audited the financial statements of Red Wing Housing and Redevelopment Authority, which comprise the statement of financial position as of December 31, 2022, and the related notes to the financial statements, which collectively comprise the Red Wing Housing and Redevelopment Authority basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Red Wing Housing and Redevelopment Authority as of December 31, 2022 and the changes in financial position, and, its cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller 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 the Red Wing Housing and Redevelopment Authority and to meet our other ethical responsibilities, in accordance with the 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 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 the Management'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.

Auditor's 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 GAAS and *Government 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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 the required supplementary information as listed in the table of contents 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 an opinion on the basic financial statements taken as a whole. The accompanying Financial Data Schedule, Schedule of Capital Funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principals, 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 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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2023 on our consideration of the Management'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 the District's internal control over financial reporting and compliance.

Smith, Schafu and Associates, Ltd.

Red Wing, Minnesota
May 25, 2023

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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, 2022.

FINANCIAL HIGHLIGHTS

- The assets of Red Wing Housing and Redevelopment Authority exceeded its liabilities at the close of the most recent fiscal year by \$5,451,858 (*net position*). Of this amount, \$2,087,715 (*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 \$4,094,866 and total expenses are \$5,070,350 for the current year.
- Red Wing Housing and Redevelopment Authority's total capital assets net of accumulated depreciation for the current year are \$9,773,341.
- Red Wing Housing and Redevelopment Authority's total long-term debt for the current year is \$9,202,021.
- At the end of the current fiscal year, unrestricted net position was \$2,087,715 or 41 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 and deferred inflows of resources 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 18 - 27 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

	2022	2021	Increase (Decrease)
Current and other assets	\$ 5,585,488	\$ 5,357,565	\$ 227,923
Capital assets	9,773,341	10,510,123	(736,782)
Total assets	<u>15,358,829</u>	<u>15,867,688</u>	<u>(508,859)</u>
Current liabilities	455,661	667,894	(212,233)
Long-term liabilities	9,108,935	8,772,452	336,483
Total liabilities	<u>9,564,596</u>	<u>9,440,346</u>	<u>124,250</u>
Net investment in capital assets	571,320	1,447,090	(875,770)
Restricted	2,792,823	3,068,153	(275,330)
Unrestricted	2,087,715	1,912,099	175,616
Total net position	<u>\$ 5,451,858</u>	<u>\$ 6,427,342</u>	<u>\$ (975,484)</u>

The Organization's total net position for the current fiscal year is \$5,451,858 of which \$571,320 is invested in capital assets. The Red Wing Housing and Redevelopment Authority has \$2,903,210 in cash and investments as of December 31, 2022 (including the tenant security deposit account).

The HRA received \$436,732 from tax levy with \$100,000 of that allocated to the Affordable Housing Trust Fund (AHTF).

The HRA approved three \$50,000 commercial loans for the Downtown and Old West Main areas in 2022. A total of \$94,550 was paid out for these loans.

Four AHTF Homebuyers Assistance loans were approved for \$9,000 each in 2022.

One new unit construction loan was approved in 2022 for \$125,000. This will add 5 new units to the downtown area.

TIF #8-Keller Baartman Properties completed Phase IV, and started Phase III in 2022. Tax increment paid on the TIF was \$117,244.91, and the HRA received \$29,311.23, which will go to the AHTF.

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

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

	<u>2022</u>	<u>2021</u>	Increase (Decrease)
Revenues:			
Federal grants	\$ 1,917,401	\$ 1,924,726	\$ (7,325)
State and local revenues	459,842	515,958	(56,116)
Tenant revenue	1,245,612	1,192,887	52,725
Investment earnings	4,108	4,235	(127)
Other income	467,902	300,409	167,493
Total revenues	<u>4,094,865</u>	<u>3,938,215</u>	<u>156,650</u>
Expenses:			
Administration	1,104,667	843,105	261,562
Tenant Services	76,126	74,123	2,003
Utilities	287,631	243,881	43,750
Maintenance and operations	616,539	589,078	27,461
Insurance	170,659	148,909	21,750
General expense	361,521	200,041	161,480
Housing assistance payments	940,008	876,362	63,646
Depreciation	1,027,479	1,001,627	25,852
Other expenses	485,719	11,027	474,692
Total expenses	<u>5,070,349</u>	<u>3,988,153</u>	<u>1,082,196</u>
Change in net position	(975,484)	(49,938)	(925,546)
Net position, beginning of year	<u>6,427,342</u>	<u>6,477,280</u>	<u>(49,938)</u>
Net position, end of year	<u>\$ 5,451,858</u>	<u>\$ 6,427,342</u>	<u>\$ (975,484)</u>

Total revenues for the current year were \$4,094,866 and total expenses were \$5,070,350.

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

CAPITAL ASSETS

The Organization's investment in capital assets as of December 31, 2022, amounted to \$9,773,341 (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)

	2022	2021	Increase (Decrease)
Land	\$ 819,804	\$ 819,804	\$
Construction in progress	167,277	10,501	156,776
Buildings and improvements	20,010,028	19,928,818	81,210
Furniture and equipment - dwellings	79,272	49,188	30,084
Furniture and equipment - administration	573,651	624,799	(51,148)
Less accumulated depreciation	(11,876,691)	(10,922,987)	(953,704)
Total	\$ 9,773,341	\$ 10,510,123	\$ (736,782)

**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 \$9,202,021.

Table 4
Long-Term Debt

	<u>2022</u>	<u>2021</u>	Increase (Decrease)
Deferred Loans	\$ 5,993,714	\$ 6,043,748	\$ (50,034)
MHFA PARIF Mortgage Note	2,878,575	2,481,000	397,575
MHFA MURL Promissory Notes	302,217	302,217	
General Obligation Housing Development Bonds		225,000	(225,000)
Other	<u>27,515</u>	<u>28,406</u>	<u>(891)</u>
Total	<u>\$ 9,202,021</u>	<u>\$ 9,080,371</u>	<u>\$ 121,650</u>

Additional information on the Organization's long-term debt can be found in the Notes to the Financial Statements on pages 24 - 26.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND FEES

Keller-Baartman received tax increments for Phase I and Phase II for 2022. The total amount received in 2022 was \$146,556.14, of which \$117,244.91 was issued to Keller-Baartman for TIF notes. The HRA received \$29,311.23 to be applied to AHTF.

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, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program	Low Rent Public Housing
Assets				
Cash and cash equivalents	\$ 1,217,096	\$	\$ 329,600	\$ 251,508
Receivables	4,590		775	8,009
Lease receivables	342,375			
Inventories	24,208			27,586
Prepaid expenses	15,549			18,212
Due from other funds	30,491			
Capital assets:				
Nondepreciable	466,375			302,838
Depreciable, net	5,096,817			3,062,453
Notes and mortgages receivable			1,795,606	
Total Assets	<u>7,197,501</u>	<u></u>	<u>2,125,981</u>	<u>3,670,606</u>
Liabilities and Net Position				
Liabilities				
Accounts payable	14,513			18,569
Accrued liabilities	10,953			11,541
Compensated absences	25,845			25,396
Accrued interest				
Deposits payable	39,614			48,647
Unearned revenue	302			2,183
Due to other governments	37,063			40,719
Due to other funds				8,812
Other liabilities				
Noncurrent liabilities:				
Due in one year	65,571			
Due in more than one year	6,857,114			1,460,104
Total Liabilities	<u>7,050,975</u>	<u></u>	<u></u>	<u>1,615,971</u>
Deferred Inflows of Resources				
Deferred inflows from leases	342,375			
Total Deferred Inflows of Resources:	<u>342,375</u>	<u></u>	<u></u>	<u></u>
Net Position				
Net investment in capital assets	(1,359,493)			1,905,187
Restricted net position			2,125,981	
Unrestricted net position	1,163,644			149,448
Total Net Position	<u>(195,849)</u>	<u></u>	<u>2,125,981</u>	<u>2,054,635</u>
Total Liabilities, Deferred Inflows of Resources and Net	<u>\$ 7,197,501</u>	<u>\$</u>	<u>\$ 2,125,981</u>	<u>\$ 3,670,606</u>

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
\$ 31,471 5,367	\$	\$ 687,309 3,605	\$ 9,304 376	\$ 43,801 22,425	\$ 333,121	\$	\$ 2,903,210 45,147 342,375 56,298 39,204
		4,504				(70,890)	
		5,443					
		40,399					
		217,868					987,081
1,813		625,177					8,786,260
		34,040			369,608		2,199,254
<u>38,651</u>		<u>1,618,345</u>	<u>9,680</u>	<u>66,226</u>	<u>702,729</u>	<u>(70,890)</u>	<u>15,358,829</u>
173		5,222		13,994			52,471
6,126		9,670	439				38,729
1,357		12,489					65,087
		763					763
		12,800					101,061
		230					2,715
		9,625					87,407
605			9,241	52,232		(70,890)	
14,342							14,342
		27,515					93,086
		791,717					9,108,935
<u>22,603</u>		<u>870,031</u>	<u>9,680</u>	<u>66,226</u>		<u>(70,890)</u>	<u>9,564,596</u>
							342,375
							342,375
1,813		23,813					571,320
12,128		34,040			620,674		2,792,823
2,107		690,461			82,055		2,087,715
<u>16,048</u>		<u>748,314</u>			<u>702,729</u>		<u>5,451,858</u>
<u>\$ 38,651</u>	<u>\$</u>	<u>\$ 1,618,345</u>	<u>\$ 9,680</u>	<u>\$ 66,226</u>	<u>\$ 702,729</u>	<u>\$ (70,890)</u>	<u>\$ 15,358,829</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program	Low Rent Public Housing
Operating Revenues				
Tenant rental revenues	\$ 492,155	\$	\$	\$ 592,450
HUD PHA operating grants	555,910	69,155		152,253
Other governmental grants				40,662
Other revenue	52,417			4,978
Total Operating Revenues	<u>1,100,482</u>	<u>69,155</u>	<u></u>	<u>790,343</u>
Operating Expenses				
Administration	233,952		7,500	298,529
Tenant services		69,155		6,971
Utilities	104,535			150,732
Maintenance and operations	209,364			331,708
Insurance	66,537			76,767
General expense	35,872		163,947	42,331
Housing assistance payments				
Depreciation	592,960			371,750
Total Operating Expenses	<u>1,243,220</u>	<u>69,155</u>	<u>171,447</u>	<u>1,278,788</u>
Operating Income (Loss)	<u>(142,738)</u>	<u></u>	<u>(171,447)</u>	<u>(488,445)</u>
Nonoperating Revenues (Expenses)				
Investment income	1,901		1,426	74
Loss on sale of assets	(6,703)			
Interest expense	(478,311)			
Total Nonoperating Revenue (Expenses)	<u>(483,113)</u>	<u></u>	<u>1,426</u>	<u>74</u>
Income (Loss) Before Capital Grants and Transfers	(625,851)		(170,021)	(488,371)
Capital grants				
Operating transfers in				214,226
Operating transfers out			(124,629)	
Change in Net Position	<u>(625,851)</u>	<u></u>	<u>(294,650)</u>	<u>(274,145)</u>
Net Position - Beginning of Year	<u>430,002</u>	<u></u>	<u>2,420,631</u>	<u>2,328,780</u>
Net Position - End of Year	<u><u>\$ (195,849)</u></u>	<u><u>\$</u></u>	<u><u>\$ 2,125,981</u></u>	<u><u>\$ 2,054,635</u></u>

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
\$ 925,857	\$ 113,057	\$ 182,007	\$	\$	\$	\$ (21,000)	\$ 1,245,612
		339,365	79,815				1,816,232
		176,139		134,822	99,546		459,842
<u>925,857</u>	<u>113,057</u>	<u>697,511</u>	<u>79,815</u>	<u>134,822</u>	<u>99,546</u>	<u>(21,000)</u>	<u>3,989,588</u>
161,833		273,072	15,959	134,822		(21,000)	1,104,667
		32,364					76,126
3,730		71,737					287,631
		27,355					616,539
790		100,527			18,054		170,659
868,370			71,638				361,521
1,079		61,690					940,008
<u>1,035,802</u>		<u>566,745</u>	<u>87,597</u>	<u>134,822</u>	<u>18,054</u>	<u>(21,000)</u>	<u>1,027,479</u>
<u>(109,945)</u>	<u>113,057</u>	<u>130,766</u>	<u>(7,782)</u>		<u>81,492</u>		<u>4,584,630</u>
							<u>(595,042)</u>
17		127				563	4,108
		(705)					(7,408)
							<u>(478,311)</u>
<u>17</u>		<u>(578)</u>			<u>563</u>		<u>(481,611)</u>
(109,928)	113,057	130,188	(7,782)		82,055		(1,076,653)
	101,169						101,169
72,854		124,629	7,782			(419,491)	
	<u>(214,226)</u>	<u>(80,636)</u>				<u>419,491</u>	
<u>(37,074)</u>		<u>174,181</u>			<u>82,055</u>		<u>(975,484)</u>
53,122		574,133			620,674		6,427,342
<u>\$ 16,048</u>	<u>\$</u>	<u>\$ 748,314</u>	<u>\$</u>	<u>\$</u>	<u>\$ 702,729</u>	<u>\$</u>	<u>\$ 5,451,858</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Cash Flows From Operating Activities			
Cash received from tenants	\$ 492,450	\$	\$
Cash received from intergovernmental	556,832	69,155	28
Other cash received	52,417		186,351
Cash paid to employees	(205,954)	(47,058)	
Cash paid to suppliers	(434,716)	(22,097)	(171,447)
Net Cash Provided By (Used In) Operating Activities	<u>461,029</u>		<u>14,932</u>
Cash Flows From Investing Activities			
Interest income received	<u>1,901</u>		<u>1,426</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(127,319)		
Interfund borrowings	(30,491)		
Operating transfers			(124,629)
Other long-term liabilities			
Interest paid on long-term debt	(478,311)		
Proceeds from (principal paid) on long-term debt	<u>172,575</u>		
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(463,546)</u>		<u>(124,629)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(616)		(108,271)
Cash and Cash Equivalents - Beginning of Year	<u>1,217,712</u>		<u>437,871</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,217,096</u>	<u>\$</u>	<u>\$ 329,600</u>

See Notes to the Financial Statements

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 590,872	\$	\$	\$ 185,525	\$	\$	\$	\$ 1,268,847
193,329	925,163	113,057	339,365	79,439			2,276,368
4,978			206,097		146,556	99,546	695,945
(271,635)	(92,569)		(148,149)	(10,659)	(134,822)		(910,846)
(615,139)	(947,054)		(357,628)	(77,205)	13,994	(43,527)	(2,654,819)
(97,595)	(114,460)	113,057	225,210	(8,425)	25,728	56,019	675,495
73	18		127			563	4,108
(105,468)			(65,318)				(298,105)
8,812	(1,464)		52,465	2,605	17,573	(49,500)	
214,226	72,854	(214,226)	43,993	7,782			6,503
	6,503						(478,311)
			(50,925)				121,650
117,570	77,893	(113,057)	(19,785)	10,387	17,573	(49,500)	(547,094)
20,048	(36,549)		205,552	1,962	43,301	7,082	132,509
231,460	68,020		481,757	7,342	500	326,039	2,770,701
<u>\$ 251,508</u>	<u>\$ 31,471</u>	<u>\$</u>	<u>\$ 687,309</u>	<u>\$ 9,304</u>	<u>\$ 43,801</u>	<u>\$ 333,121</u>	<u>\$ 2,903,210</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

RECONCILIATION OF OPERATING

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Operating Income (Loss)	\$ (142,738)	\$	\$ (171,447)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	592,960		
Loans forgiven			
(Increase) Decrease In:			
Accounts receivable	922		28
Inventories	18,057		
Prepaid expenses	(2,221)		
Notes and mortgages receivable			186,351
Increase (Decrease) In:			
Accounts payable	5,032		
Other accrued liabilities	(4,673)		
Compensated absences	(6,605)		
Unearned revenue	295		
Net Cash Provided By (Used In) Operating Activities	<u>\$ 461,029</u>	<u>\$</u>	<u>\$ 14,932</u>

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	TIF #8	AHTF	Total
\$ (488,445)	\$(109,945)	\$113,057	\$ 130,766	\$ (7,782)	\$	\$ 81,492	\$ (595,042)
371,750	1,079		61,690				1,027,479
			22,746			18,054	40,800
414	(694)		3,384	(376)	11,734		15,412
22,926			5,805				46,788
(2,978)			(876)				(6,075)
			7,212			(43,527)	150,036
5,752	(3,863)		1,552		13,994		22,467
1,448	1,105		(8,811)	(267)			(11,198)
(6,884)	(2,142)		1,608				(14,023)
(1,578)			134				(1,149)
<u>\$ (97,595)</u>	<u>\$(114,460)</u>	<u>\$113,057</u>	<u>\$225,210</u>	<u>\$ (8,425)</u>	<u>\$ 25,728</u>	<u>\$ 56,019</u>	<u>\$ 675,495</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

1. Summary of Significant Accounting Policies (Continued)

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

1. Summary of Significant Accounting Policies (Continued)

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 unearned 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.

Leases

For leases with a term exceeding 12 months, the Organization recognizes a lease liability and a right to use lease asset in the government-wide financial statements.

The right to use lease asset is calculated at the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus certain initial direct costs incurred, minus any lease incentives received. Subsequently, the right to use lease asset is amortized on a straight-line basis over its useful life. The District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Remeasurement of the right to use lease asset and lease liability occurs when certain changes occur that are likely to have a significant impact on the lease liability.

Right to use lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Implementation of New Accounting Principles

During the year, the Organization implemented GASB Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Implementation of New Accounting Principles (Continued)

The implementation of this standard resulted in changing the presentation of the financial statements by including the lease receivable and deferred inflows from leases as of January 1, 2022. The beginning net position has not been impacted by the implementation.

2. Cash and Cash Equivalents

Summary of Cash and Deposits

As of December 31, 2022 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	\$ 2,597,136
Certificates of deposit	December 2023	157,844
Certificates of deposit	February 2024	52,388
Certificates of deposit	February 2023	95,842
		<u>\$ 2,903,210</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.

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.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

3. Leases

In August 2005, the Organization entered into a lease with a telephone and internet provider. Under the lease, the provider pays the City \$645.33 per month for 8 years including renewal options in exchange for the right to use real property located at 440 West 5th Street. The equipment placed in this location will provide internet services to the City residents with antennas on top of one of the HRA's buildings. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term. The total amount of deferred inflows of leases recognized were \$5,970 and \$5,597 during December 31, 2022 and 2021, respectively.

In April 2008, the Organization entered into a lease with a telephone and internet provider. Under the lease, the provider pays the City \$1,952.77 per month for 12 years including renewal options in exchange for the right to use real property located at 440 West 5th Street. The equipment placed in this location will provide internet services to the City residents with antennas on top of one of the HRA's buildings. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term. The total amount of deferred inflows of leases recognized were \$17,768 and \$16,826 during December 31, 2022 and 2021, respectively.

4. Loans Receivable

Following is a summary of the notes receivable outstanding at December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes and Mortgages Receivable				
Community Development Block Grant / Small Cities Program	\$1,981,957	\$ 92,434	\$ 278,785	\$1,795,606
AHTF	344,135	44,452	18,979	369,608
State / Local	63,998		29,958	34,040
Total	<u>\$2,390,090</u>	<u>\$ 136,886</u>	<u>\$ 327,722</u>	<u>\$2,199,254</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, 2022 totaled \$1,795,606.

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, 2022 totaled \$34,040.

The AHTF notes and mortgages receivable consist of Homebuyers Assistance loans with varying interest rates for qualified individuals. Receivables outstanding at December 31, 2022 totaled \$369,608.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 819,804	\$	\$	\$ 819,804
Construction in progress	10,501	166,353	(9,577)	167,277
Total capital assets	<u>830,305</u>	<u>166,353</u>	<u>(9,577)</u>	<u>987,081</u>
Capital assets, being depreciated:				
Buildings and improvements	19,928,818	100,386	(19,176)	20,010,028
Furniture and equipment - dwelling units	49,188	30,084		79,272
Furniture and equipment - administration	624,799	9,995	(61,143)	573,651
Total capital assets	<u>20,602,805</u>	<u>140,465</u>	<u>(80,319)</u>	<u>20,662,951</u>
Less accumulated depreciation	<u>10,922,987</u>	<u>1,027,479</u>	<u>(73,775)</u>	<u>11,876,691</u>
Total capital assets, being depreciated, net	<u>9,679,818</u>	<u>(887,014)</u>	<u>(6,544)</u>	<u>8,786,260</u>
Governmental activities capital assets, net	<u>\$ 10,510,123</u>	<u>\$ (720,661)</u>	<u>\$ (16,121)</u>	<u>\$ 9,773,341</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities:

N/C S/R Section 8 Programs	\$ 592,960
Low Rent Public Housing	371,750
Housing Choice Vouchers	1,079
State / Local	<u>61,690</u>
Total depreciation expense - business-type activities	<u>\$ 1,027,479</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

6. Long-Term Debt

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 11th 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 11th 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 due 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 with deferred interest that was transferred to the principal payment on July 1, 2022 of \$424,039 that matures in 2047. The outstanding balance totaled \$2,878,575 as of December 31, 2022. 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

6. Long-Term Debt

A summary of interest rates, maturities and December 31, 2022 balances is as follows:

	<u>Range of Interest Rates</u>	<u>Final Maturity</u>	<u>Balance December 31, 2022</u>
Deferred Loans:			
2001 Deferred Mortgage	0.00%	2026	84,500
2006 MHFA Deferred Mortgage - Jordan II	0.00%	2024	1,044,110
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	2,878,575
MHFA MURL Promissory Notes:			
1993 Note	0.00%	2023	159,268
1994 Note	0.00%	2023	142,949
Other:			
Small Cities PI Loan	4.00%	2026	27,515
Total			<u>\$ 9,202,021</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

6. Long-Term Debt

The changes in the Long-Term Debt during the year ended December 31, 2022 are as follows:

	Beginning Balance	Additions	Debt Reductions	Forgiven	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES						
Deferred Loans:						
2001 MHFA	\$ 34	\$	\$ 34	\$	\$	\$
2001 Deferred Mortgage	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	542,567				542,567	
MHFA PARIF Mortgage Note:						
2017 PARIF	2,481,000	424,039	26,464		2,878,575	65,571
MHFA MURL Promissory Notes:						
1993 Note	159,268				159,268	
1994 Note	142,949				142,949	
General Obligation Housing Development Bond:						
Series 2009 Refunding	225,000		225,000			
Other:						
Small Cities PI Loan (30 yr.)	28,406		891		27,515	27,515
Business-type Activities						
Long-term Liabilities	<u>\$ 9,080,371</u>	<u>\$ 424,039</u>	<u>\$ 302,389</u>	<u>\$</u>	<u>\$ 9,202,021</u>	<u>\$ 93,086</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2022 are summarized below:

Years	PARIF Loan		Other	
	Principal	Interest	Principal	Interest
2023	\$ 65,571	\$ 128,194	\$ 329,732	\$ 1,231
2024	68,584	125,182	1,044,110	2,365
2025	71,734	122,031		
2026	75,030	118,736	84,500	
2027	78,477	115,289		
2028 - 2032	449,890	518,939		
2033 - 2037	563,171	405,658	1,865,104	
2038 - 2042	704,975	263,854	3,000,000	
2043 - 2047	801,143	86,952		
	<u>\$2,878,575</u>	<u>\$1,884,835</u>	<u>\$6,323,446</u>	<u>\$3,596</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Individual Fund Disclosures

Balances of inter-fund receivables and payables as of December 31, 2022 at the individual fund level for planned project interim borrowing and cash deficiency are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
State / Local	\$ 40,399	\$
Low Rent Public Housing		8,812
N/C S/R Section 8 Programs	30,491	
Housing Choice Vouchers		605
Bridges		9,241
TIF #8		52,232
	<u>\$ 70,890</u>	<u>\$ 70,890</u>

Transfers during the year ended December 31, 2022 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Low Rent Public Housing	\$ 214,226	\$
Public Housing Capital Fund Program		214,226
Housing Choice Vouchers	72,854	
Bridges	7,782	
State / Local		80,636
	<u>\$ 294,862</u>	<u>\$ 294,862</u>

8. Commitments and Contingencies

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.

9. Deferred Compensation Plans

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 \$56,043 for the year ended December 31, 2022

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SUPPORTING DATA

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Assets			
Current Assets			
Cash			
111 Cash - unrestricted	\$ 928,889	\$	\$
113 Cash - other restricted	182,720		329,600
114 Cash - tenant security deposits	39,614		
115 Cash - restricted - payment of current liability	65,873		
100 Total Cash	1,217,096		329,600
Receivables			
122 Accounts receivable - other HUD projects	3,963		
125 Accounts receivable - miscellaneous			
126 Accounts receivable -tenants - dwelling units	627		
128 Lease receivable	342,375		
129 Accrued interest receivable			775
120 Total Receivables	346,965		775
142 Prepaid expenses and other assets	15,549		
143 Inventories	24,208		
144 Inter program due from	30,491		
150 Total Current Assets	1,634,309		330,375
Noncurrent Assets			
Fixed Assets			
161 Land	350,787		
162 Buildings	10,318,027		
163 Furniture, equipment & machinery - dwelling units			
164 Furniture, equipment & machinery - administration	223,287		
166 Accumulated depreciation	(5,444,497)		
167 Construction in progress	115,588		
160 Total Fixed Assets	5,563,192		
171 Notes, loans and mortgages receivable - noncurrent			1,795,606
180 Total Noncurrent Assets	5,563,192		1,795,606
190 Total Assets	\$ 7,197,501	\$	\$ 2,125,981

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 200,678	\$ 5,001	\$	\$ 646,764	\$ 9,304	\$ 43,801	\$	\$ 1,834,437
	26,470					333,121	871,911
48,647			12,800				101,061
2,183			27,745				95,801
251,508	31,471		687,309	9,304	43,801	333,121	2,903,210
				376			4,339
	5,367		1,821		22,425		29,613
8,009			1,784				10,420
							342,375
							775
8,009	5,367		3,605	376	22,425		387,522
18,212			5,443				39,204
27,586			4,504				56,298
			40,399				70,890
305,315	36,838		741,260	9,680	66,226	333,121	3,457,124
270,157			198,860				819,804
7,647,125			2,044,876				20,010,028
45,548			33,724				79,272
105,711	16,734		227,919				573,651
(4,735,931)	(14,921)		(1,681,342)				(11,876,691)
32,681			19,008				167,277
3,365,291	1,813		843,045				9,773,341
			34,040			369,608	2,199,254
3,365,291	1,813		877,085			369,608	11,972,595
\$ 3,670,606	\$ 38,651	\$	\$ 1,618,345	\$ 9,680	\$ 66,226	\$ 702,729	\$ 15,429,719

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Liabilities			
Current Liabilities			
312	Accounts payable <= 90 days	\$ 14,513	\$
321	Accrued wage / payroll tax payable	10,953	
322	Accrued compensated absences - current portion	17,313	
325	Accrued interest payable		
333	Accounts payable - other government	37,063	
341	Tenant security deposit	39,614	
342	Deferred revenues	302	
343	Current portion of long-term debt	65,571	
345	Other current liabilities		
346	Accrued liabilities - other		
347	Inter program due to		
310	Total Current Liabilities	185,329	
Noncurrent Liabilities			
351	Long-term debt, net of current	6,857,114	
353	Noncurrent liabilities - other		
354	Accrued compensated absences - noncurrent	8,532	
350	Total Noncurrent Liabilities	6,865,646	
300	Total Liabilities	7,050,975	
Deferred Inflows of Resources			
	Deferred inflows from leases	342,375	
	Total Deferred Inflows of Resources	342,375	
Equity/Net Assets			
508.1	Net investment in capital assets	(1,359,493)	
511.1	Restricted net assets		2,125,981
512.1	Unrestricted net assets	1,163,644	
513	Total Equity/Net Assets	(195,849)	2,125,981
600	Total Liabilities and Equity/Net Assets	\$ 7,197,501	\$ 2,125,981

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 2,332	\$ 173	\$	\$ 5,222	\$	\$ 13,994	\$	\$ 36,234
11,541	6,126		8,467	439			37,526
16,864	1,035		10,016				45,228
			763				763
40,719			9,625				87,407
48,647			12,800				101,061
2,183			230				2,715
			27,515				93,086
			1,203				1,203
16,237							16,237
8,812	605			9,241	52,232		70,890
147,335	7,939		75,841	9,680	66,226		492,350
1,460,104			791,717				9,108,935
	14,342						14,342
8,532	322		2,473				19,859
1,468,636	14,664		794,190				9,143,136
1,615,971	22,603		870,031	9,680	66,226		9,635,486
							342,375
							342,375
1,905,187	1,813		23,813				571,320
	12,128		34,040			620,674	2,792,823
149,448	2,107		690,461			82,055	2,087,715
2,054,635	16,048		748,314			702,729	5,451,858
\$ 3,670,606	\$ 38,651	\$	\$ 1,618,345	\$ 9,680	\$ 66,226	\$ 702,729	\$ 15,429,719

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Revenues			
Tenant Revenue			
70300 Net tenant rental revenue	\$ 484,180	\$	\$
70400 Tenant revenue - other	7,975		
70500 Total Tenant Revenue	492,155		
70600 HUD PHA operating grants	555,910	69,155	
70610 Capital grants			
Fee Revenue			
70750 Other fees			
70700 Total Fee Revenue			
70800 Other government grants			
71100 Investment income - unrestricted	1,901		1,426
71500 Other revenue	52,417		
71600 Gain (loss) on sale of assets	(6,703)		
70000 Total Revenue	\$ 1,095,680	\$ 69,155	\$ 1,426

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 570,374	\$	\$	\$ 133,442	\$	\$	\$	\$ 1,187,996
22,076			48,565				78,616
592,450			182,007				1,266,612
152,253	925,857	113,057					1,816,232
		101,169					101,169
					134,822		134,822
					134,822		134,822
40,662			339,365	79,815			459,842
74	17		127			563	4,108
4,978			176,139			99,546	333,080
			(705)				(7,408)
\$ 790,417	\$ 925,874	\$ 214,226	\$ 696,933	\$ 79,815	\$ 134,822	\$ 100,109	\$ 4,108,457

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Expenses			
Administrative			
91100 Administrative Salaries	\$ 134,286	\$	\$
91200 Auditing Fee	4,250		
91400 Advertising and Marketing	6,368		
91500 Employee Benefit Contribution	47,051		
91600 Office Expenses	19,361		
91700 Legal Expense			
91800 Travel	1,036		
91900 Other	21,600		7,500
91000 Total Administrative	233,952		7,500
Tenant Services			
92100 Salaries		47,058	
92300 Employee Benefit Contributions		15,097	
92400 Tenant Services - Other		7,000	
92500 Total Tenant Services		69,155	
Utilities			
93100 Water	16,172		
93200 Electricity	39,302		
93300 Gas	30,318		
93600 Sewer	18,743		
93000 Total Utilities	104,535		
Ordinary Maintenance and Operations			
94100 Labor	78,273		
94200 Materials and Other	37,468		
94300 Contracts	70,618		
94500 Employee Benefit Contributions	23,005		
94000 Total Ordinary Maintenance and Operations	209,364		
Insurance			
96110 Property Insurance	49,980		
96120 Liability Insurance	8,171		
96130 Workmen's Compensation	6,844		
96140 All Other Insurance	1,542		
96100 Total Insurance	\$ 66,537	\$	\$

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 176,217	\$ 94,711	\$	\$ 132,701	\$ 10,659	\$ 4,894	\$	\$ 553,468
4,250	4,250		4,250				17,000
6,445			20				12,833
64,057	39,818		55,209	4,343	1,358		211,836
28,120	7,794		27,838				83,113
2,348			1,229				3,577
850	489		2,231	6			4,612
16,242	14,771		49,594	951	128,570		239,228
298,529	161,833		273,072	15,959	134,822		1,125,667
							47,058
							15,097
6,971							13,971
6,971							76,126
22,802			13,651				52,625
59,613			7,313				106,228
39,968			10,325				80,611
28,349			1,075				48,167
150,732			32,364				287,631
102,301			15,447				196,021
89,767			12,795				140,030
102,023	3,730		39,068				215,439
37,617			4,427				65,049
331,708	3,730		71,737				616,539
58,306			17,864				126,150
9,601			2,647				20,419
6,844			6,844				20,532
2,016							3,558
\$ 76,767	\$	\$	\$ 27,355	\$	\$	\$	\$ 170,659

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2022

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Expenses (Continued)			
Other General Expenses			
96200 Other General Expenses	\$ 2,128	\$	\$ 163,947
96210 Compensated Absences	(6,605)		
96300 Payments in Lieu of Taxes	37,063		
96400 Bad Debt - Tenant Rents			
96000 Total Other General Expenses	32,586		163,947
Interest Expense and Amortization Cost			
96710 Interest on Mortgage Payable	478,311		
96700 Total Interest Expense and Amortization Cost	478,311		
96900 Total Operating Expenses	1,125,285	69,155	171,447
97000 Excess Revenue Over Operating Expenses	(29,605)		(170,021)
Other Expenses			
97100 Extraordinary Maintenance	3,286		
97300 Housing Assistance Payments			
97400 Depreciation Expense	592,960		
90000 Total Expenses	1,721,531	69,155	171,447
Other Financing Sources (Uses)			
10010 Operating transfers in			
10020 Operating transfers out			(124,629)
10100 Total Other Financing Sources (Uses)			(124,629)
Excess (Deficiency) of Total Revenue Over			
10000 (Under) Total Expenses	\$ (625,851)	\$	\$ (294,650)

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 2,575 (6,883) 40,719 5,920 42,331	\$ 2,932 (2,142)		\$ 79,483 1,609 15,743 3,692 100,527	\$	\$	\$ 18,054	\$ 269,119 (14,021) 93,525 9,612 358,235
							478,311 478,311
907,038	166,353		505,055	15,959	134,822	18,054	3,113,168
(116,621)	759,521	214,226	191,878	63,856		82,055	995,289
							3,286 940,008 1,027,479 5,083,941
371,750 1,278,788	868,370 1,079 1,035,802		61,690 566,745	71,638 87,597	134,822	18,054	
214,226 214,226	72,854 72,854	(214,226) (214,226)	124,629 (80,636) 43,993	7,782 7,782			419,491 (419,491)
\$ (274,145)	\$ (37,074)	\$	\$ 174,181	\$	\$	\$ 82,055	\$ (975,484)

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**FINANCIAL DATA SCHEDULE
MEMO ACCOUNT INFORMATION
For the Year Ended December 31, 2022**

	<u>N/C S/R Section 8 Programs</u>	<u>Multifamily Housing Service Coordinators</u>	<u>Community Development Block Grants / Small Cities Program</u>
Memo Account Information			
11020 Required annual debt principal payments	\$ 65,571	\$	\$ 27,515
11030 Beginning equity	430,002		2,420,631
11040 Prior period adjustment and equity transfers			
11190 Unit months available	1,248		
11210 Unit months leased	1,230		
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>TIF #8</u>	<u>AHTF</u>	<u>Total</u>
\$	\$	\$	\$	\$	\$	\$	\$ 93,086
2,328,780	53,122			574,133		620,674	6,427,342
83,071		(83,071)					
1,426	2,028		144				4,846
1,398	1,494		141				4,263
		83,071					83,071

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF CAPITAL FUNDS
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Total</u>
Total Funds Approved	\$ 291,247	\$ 238,345	\$ 226,643	\$ 756,235
Total Funds Received	<u>72,000</u>	<u>97,407</u>	<u>216,049</u>	<u>385,456</u>
Remaining Funds Due	<u>\$ 219,247</u>	<u>\$ 140,938</u>	<u>\$ 10,594</u>	<u>\$ 370,779</u>
Total Funds Received	\$ 72,000	\$ 97,407	\$ 216,049	\$ 385,456
Total Funds Expended	<u>72,000</u>	<u>97,407</u>	<u>216,049</u>	<u>385,456</u>
Funds on Hand	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Received during Current Year	\$ 72,000	\$ 28,707	\$ 113,519	\$ 214,226
Current Amount Due				
Prior Amount Due				
Current Revenue	<u>\$ 72,000</u>	<u>\$ 28,707</u>	<u>\$ 113,519</u>	<u>\$ 214,226</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 Red Wing Housing and Redevelopment Authority, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2023.

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) as a basis for designing 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. 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 have not been identified.

Report on 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 financial statements. 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*.

Report on Compliance and Other Matters (Continued)

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.

Smith, Schafu and Associates, Ltd.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE 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

Opinion on Each Major Federal Program

We have audited the Red Wing Housing and Redevelopment Authority's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, Red Wing Housing and Redevelopment Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of its major federal programs for the year ended December 31, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 Red Wing Housing and Redevelopment Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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 Red Wing Housing and Redevelopment 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

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.

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.

Red Wing Housing and Redevelopment Authority
Page Three

Report on Internal Control Over Compliance (Continued)

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.

Smith, Schafn and Associates, Ltd.

Red Wing, Minnesota
May 25, 2023

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
December 31, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal Expenditures
<u>U.S. Department of Housing & Urban Development</u>		
N/C S/R Section 8 Programs	14.195	\$ 555,910
Multifamily Housing Service Coordinators	14.191	69,155
Low Rent Public Housing	14.850	152,253
Resident Opportunity and Supportive Services	14.870	40,662
Housing Choice Vouchers	14.871	925,857
Public Housing Capital Fund Program	14.872	<u>214,226</u>
Total Expenditures of Federal Awards		<u>\$ 1,958,063</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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 Principles, 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.

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.

3. Indirect Cost Rate

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.

Red Wing Housing and Redevelopment Authority had no expenditures to subrecipients for the year ended December 31, 2022.

4. Findings – Financial Statement Audit

No findings were noted during the Red Wing Housing and Redevelopment Authority financial statement audit for the year ended December 31, 2022.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- 1. Type of auditor's report issued: Unmodified

- 2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None reported

- 3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

- Significant deficiency(ies) identified? _____ Yes X None reported

- 2. Type of auditor's report issued on compliance for major federal programs: Unmodified

- 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Programs Tested as a Major Program

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.871	Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No