

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2023**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
FINANCIAL STATEMENTS	
Statement of Net Position	10 - 11
Statement of Revenues, Expenses and Changes in Net Position	12 - 13
Statement of Cash Flows	14 - 17
Notes to the Financial Statements	18 - 27
SUPPLEMENTARY DATA	
Financial Data Schedule	28 - 39
Schedule of Capital Funds	40
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	41 – 42
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	43 – 45
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48

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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, 2023, 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, 2023 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 supplementary 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 7, 2024 on our consideration of the 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 the Organization's internal control over financial reporting and compliance.

Red Wing, Minnesota
May 7, 2024

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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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of Red Wing Housing and Redevelopment Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,137,273 (*net position*). Of this amount, \$2,607,866 (*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 \$5,067,713 and total expenses are \$5,382,298 for the current year.
- Red Wing Housing and Redevelopment Authority's total capital assets net of accumulated depreciation for the current year are \$9,154,818.
- Red Wing Housing and Redevelopment Authority's total long-term debt for the current year is \$9,345,834.
- At the end of the current fiscal year, unrestricted net position was \$2,607,866 or 48 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

	2023	2022	Increase (Decrease)
Current and other assets	\$ 6,003,608	\$ 5,585,488	\$ 418,120
Capital assets	<u>9,154,818</u>	<u>9,773,341</u>	<u>(618,523)</u>
Total assets	<u>15,158,426</u>	<u>15,358,829</u>	<u>(200,403)</u>
Current liabilities	1,081,313	455,661	625,652
Long-term liabilities	<u>8,622,518</u>	<u>9,108,935</u>	<u>(486,417)</u>
Total liabilities	<u>9,703,831</u>	<u>9,564,596</u>	<u>139,235</u>
Net investment in capital assets	(191,014)	571,320	(762,334)
Restricted	2,720,421	2,792,823	(72,402)
Unrestricted	<u>2,607,866</u>	<u>2,087,715</u>	<u>520,151</u>
Total net position	<u>\$ 5,137,273</u>	<u>\$ 5,451,858</u>	<u>\$ (314,585)</u>

The Organization's total net position for the current fiscal year is \$5,137,273 of which (\$191,014) is invested in capital assets. The Red Wing Housing and Redevelopment Authority has \$3,625,568 in cash and investments as of December 31, 2023 (including the tenant security deposit account).

The HRA received \$419,962 from tax levy with \$125,000 of that allocated to the Affordable Housing Trust Fund (AHTF).

The AHTF produced one Homebuyers Assistance loan for \$9,000, and one Single Family Owner-Occupied loan for \$24,000 in 2023.

The HRA approved one \$50,000 commercial loan for the Downtown and Old West Main areas in 2023. A total of \$51,625 was paid out for this loan as well as expenses from loans in 2022.

TIF #8-Keller-Baartman Properties completed Phase IV and began work on Phase III in 2023. All Phases are expected to be complete in 2024, which is over a year ahead of schedule. Tax increment paid on the TIF notes was \$295,074.02. The HRA received \$73,768.51, with \$31,195.64 going 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

	2023	2022	Increase (Decrease)
Revenues:			
Federal grants	\$ 2,460,978	\$ 1,917,401	\$ 543,577
State and local revenues	506,799	459,842	46,957
Tenant revenue	1,364,309	1,245,612	118,697
Investment earnings	43,476	4,108	39,368
Other income	692,151	467,902	224,249
Total revenues	<u>5,067,713</u>	<u>4,094,865</u>	<u>972,848</u>
Expenses:			
Administration	1,360,514	1,104,667	255,847
Tenant Services	84,893	76,126	8,767
Utilities	293,240	287,631	5,609
Maintenance and operations	737,406	616,539	120,867
Insurance	181,321	170,659	10,662
General expense	449,698	361,521	88,177
Housing assistance payments	1,091,582	940,008	151,574
Depreciation	1,043,800	1,027,479	16,321
Other expenses	139,844	485,719	(345,875)
Total expenses	<u>5,382,298</u>	<u>5,070,349</u>	<u>311,949</u>
Change in net position	(314,585)	(975,484)	660,899
Net position, beginning of year	<u>5,451,858</u>	<u>6,427,342</u>	<u>(975,484)</u>
Net position, end of year	<u>\$ 5,137,273</u>	<u>\$ 5,451,858</u>	<u>\$ (314,585)</u>

Total revenues for the current year were \$5,067,713 and total expenses were \$5,382,298.

The HRA was awarded a POHP (Publicly Owned Housing Program) grant in 2020 for \$522,286.58. The grant was for work in Jordan Tower I for new electrical panels, main switch gear, and a new back-up generator. Due to supply chain issues, work began in 2023 and completed in 2024.

A grant from HAI Group (HRA insurance company) for \$121,192 was awarded in 2022. Startup work began in 2023 and will be completed in 2024. These funds will be used in our family scattered sites – Deer Run and Featherstone Townhomes to replace concrete walkways, stoops and steps, and driveways/parking lot.

CAPITAL ASSETS

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

The Organization's investment in capital assets as of December 31, 2023, amounted to \$9,154,818 (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)

	2023	2022	Increase (Decrease)
Land	\$ 802,961	\$ 819,804	\$ (16,843)
Construction in progress	419,142	167,277	251,865
Buildings and improvements	20,180,938	20,040,112	140,826
Furniture and equipment - dwellings	49,188	49,188	
Furniture and equipment - administration	584,893	573,651	11,242
Less accumulated depreciation	<u>(12,882,304)</u>	<u>(11,876,691)</u>	<u>(1,005,613)</u>
Total	<u>\$ 9,154,818</u>	<u>\$ 9,773,341</u>	<u>\$ (618,523)</u>

**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 \$9,136,450.

Table 4
Long-Term Debt

	2023	2022	Increase (Decrease)
Deferred Loans	\$ 6,203,098	\$ 5,993,714	\$ 209,384
MHFA PARIF Mortgage Note	2,813,004	2,878,575	(65,571)
MHFA MURL Promissory Notes	302,217	302,217	
Other	27,515	27,515	
Total	\$ 9,345,834	\$ 9,202,021	\$ 143,813

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 Phases I, II, and IV for 2023. The total amount received was \$368,842.53, of which \$295,074.02 was issued to Keller-Baartman for payment on TIF notes. The HRA received \$73,768.51, with \$31,195.64 going to the 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, 2023

	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	\$ 1,467,189	\$	\$ 357,918	\$ 387,185
Receivables	5,169		1,871	17,180
Lease receivables	317,322			
Inventories	26,919			30,676
Prepaid expenses	15,827			18,498
Due from other funds				
Capital assets:				
Nondepreciable	350,787			689,299
Depreciable, net	4,624,816			2,715,679
Notes and mortgages receivable			1,528,296	
Total Assets	<u>6,808,029</u>		<u>1,888,085</u>	<u>3,858,517</u>
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	8,139			11,925
Accrued liabilities	13,313			16,370
Compensated absences	29,818			28,084
Accrued interest	10,549			
Deposits payable	39,973			49,218
Unearned revenue	622			1,577
Due to other governments	39,853			46,413
Due to other funds				701
Noncurrent liabilities:				
Due in one year	393,584			
Due in more than one year	6,463,530			1,669,488
Total Liabilities	<u>6,999,381</u>			<u>1,823,776</u>
Deferred Inflows of Resources				
Deferred inflows from leases	317,322			
Total Deferred Inflows of Resources	<u>317,322</u>			
Net Position				
Net investment in capital assets	(1,881,509)			1,735,489
Restricted net position			1,888,085	
Unrestricted net position	1,372,835			299,252
Total Net Position	<u>(508,674)</u>		<u>1,888,085</u>	<u>2,034,741</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 6,808,029</u>	<u>\$</u>	<u>\$ 1,888,085</u>	<u>\$ 3,858,517</u>

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
\$ 5,858	\$	\$ 951,399	\$ 6,404	\$ 65,410	\$ 384,205	\$	\$ 3,625,568
9,532		2,505					36,257
		5,008					317,322
		6,085					62,603
		47,960			31,196	(79,156)	40,410
		182,017					1,222,103
734		591,486					7,932,715
		24,973			368,179		1,921,448
<u>16,124</u>	<u></u>	<u>1,811,433</u>	<u>6,404</u>	<u>65,410</u>	<u>783,580</u>	<u>(79,156)</u>	<u>15,158,426</u>
994		3,865					24,923
4,807		9,739	176				44,405
1,386		16,016					75,304
		1,864					12,413
		13,155					102,346
		503					2,702
		9,638					95,904
6,817			6,228	65,410		(79,156)	
		329,732					723,316
		489,500					8,622,518
<u>14,004</u>	<u></u>	<u>874,012</u>	<u>6,404</u>	<u>65,410</u>	<u></u>	<u>(79,156)</u>	<u>9,703,831</u>
							317,322
							317,322
734		(45,728)					(191,014)
	104,634	24,973			702,729		2,720,421
1,386	(104,634)	958,176			80,851		2,607,866
<u>2,120</u>	<u></u>	<u>937,421</u>	<u></u>	<u></u>	<u>783,580</u>	<u></u>	<u>5,137,273</u>
<u>\$ 16,124</u>	<u>\$</u>	<u>\$ 1,811,433</u>	<u>\$ 6,404</u>	<u>\$ 65,410</u>	<u>\$ 783,580</u>	<u>\$ (79,156)</u>	<u>\$ 15,158,426</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2023

	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	\$ 520,754	\$	\$	\$ 662,356
HUD PHA operating grants	556,845	77,258		270,138
Other governmental grants				80,045
Other revenue	50,294		125	10,049
Total Operating Revenues	<u>1,127,893</u>	<u>77,258</u>	<u>125</u>	<u>1,022,588</u>
Operating Expenses				
Administration	238,010		1,105	343,672
Tenant services		77,258		7,635
Utilities	106,067			154,963
Maintenance and operations	259,538		521	391,440
Insurance	71,356			82,562
General expense	51,569		237,690	51,989
Housing assistance payments				
Depreciation	598,780			379,440
Total Operating Expenses	<u>1,325,320</u>	<u>77,258</u>	<u>239,316</u>	<u>1,411,701</u>
Operating Income (Loss)	<u>(197,427)</u>		<u>(239,191)</u>	<u>(389,113)</u>
Nonoperating Revenues (Expenses)				
Investment income	22,865		1,295	5,270
Sale of assets	480			2,100
Interest expense	<u>(138,743)</u>			
Total Nonoperating Revenue (Expenses)	<u>(115,398)</u>		<u>1,295</u>	<u>7,370</u>
Income (Loss) Before Capital Grants and Transfers	(312,825)		(237,896)	(381,743)
Capital grants				
Operating transfers in				361,849
Operating transfers out				
Change in Net Position	<u>(312,825)</u>		<u>(237,896)</u>	<u>(19,894)</u>
Net Position - Beginning of Year	<u>(195,849)</u>		<u>2,125,981</u>	<u>2,054,635</u>
Net Position - End of Year	<u>\$ (508,674)</u>	<u>\$</u>	<u>\$ 1,888,085</u>	<u>\$ 2,034,741</u>

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
\$ 1,114,843	\$ 163,008	\$ 181,199	\$	\$	\$	\$	\$ 1,364,309
		419,962	86,837				2,182,092
612		127,362		315,223	93,696		586,844
<u>1,115,455</u>	<u>163,008</u>	<u>728,523</u>	<u>86,837</u>	<u>315,223</u>	<u>93,696</u>		<u>597,361</u>
							<u>4,730,606</u>
173,490		269,739	19,275	315,223			1,360,514
		32,210					84,893
6,915		78,992					293,240
		27,403					737,406
7,245		81,452			19,753		181,321
1,013,469			78,113				449,698
1,079		64,501					1,091,582
<u>1,202,198</u>		<u>554,297</u>	<u>97,388</u>	<u>315,223</u>	<u>19,753</u>		<u>1,043,800</u>
							<u>5,242,454</u>
(86,743)	163,008	174,226	(10,551)		73,943		(511,848)
212		6,926			6,908		43,476
		92,210					94,790
		(1,101)					(139,844)
<u>212</u>		<u>98,035</u>			<u>6,908</u>		<u>(1,578)</u>
(86,531)	163,008	272,261	(10,551)		80,851		(513,426)
	198,841						198,841
72,603			10,551			(445,003)	
	(361,849)	(83,154)				445,003	
<u>(13,928)</u>		<u>189,107</u>			<u>80,851</u>		<u>(314,585)</u>
16,048		748,314			702,729		5,451,858
<u>\$ 2,120</u>	<u>\$</u>	<u>\$ 937,421</u>	<u>\$</u>	<u>\$</u>	<u>\$ 783,580</u>	<u>\$</u>	<u>\$ 5,137,273</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	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	\$ 521,074	\$	\$
Cash received from intergovernmental	556,266	77,258	(1,096)
Other cash received	50,294		29,745
Cash paid to employees	(234,191)	(43,308)	
Cash paid to suppliers	(481,681)	(33,950)	(1,626)
	<u>411,762</u>	<u></u>	<u>27,023</u>
Net Cash Provided By (Used In) Operating Activities			
Cash Flows From Investing Activities			
Interest income received	<u>22,865</u>	<u></u>	<u>1,295</u>
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(10,711)		
Proceeds from capital grants			
Interfund borrowings	30,491		
Operating transfers			
Other long-term liabilities			
Interest paid on long-term debt	(138,743)		
Proceeds from (principal paid) on long-term debt	(65,571)	<u></u>	<u></u>
	<u>(184,534)</u>	<u></u>	<u></u>
Net Cash Provided By (Used In) Capital and			
Net Increase (Decrease) in Cash and Cash Equivalents	250,093		28,318
Cash and Cash Equivalents - Beginning of Year	<u>1,217,096</u>	<u></u>	<u>329,600</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,467,189</u>	<u>\$</u>	<u>\$ 357,918</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
\$ 661,750	\$	\$	\$ 182,572	\$	\$	\$	\$ 1,365,396
341,012	1,110,678	163,008	419,962	87,213			2,754,301
10,049	612		136,429		337,648	93,696	658,473
(335,724)	(99,877)		(164,939)	(12,797)	(315,223)		(1,206,059)
(692,775)	(1,101,711)		(322,295)	(84,854)	(13,994)	(18,324)	(2,751,210)
(15,688)	(90,298)	163,008	251,729	(10,438)	8,431	75,372	820,901
5,270	212		6,926			6,908	43,476
(417,027)			97,251				(330,487)
(8,111)	6,212	198,841	(7,561)	(3,013)	13,178	(31,196)	198,841
361,849	72,603	(361,849)	(83,154)	10,551			(14,342)
	(14,342)		(1,101)				(139,844)
209,384							143,813
146,095	64,473	(163,008)	5,435	7,538	13,178	(31,196)	(142,019)
135,677	(25,613)		264,090	(2,900)	21,609	51,084	722,358
251,508	31,471		687,309	9,304	43,801	333,121	2,903,210
<u>\$ 387,185</u>	<u>\$ 5,858</u>	<u>\$</u>	<u>\$ 951,399</u>	<u>\$ 6,404</u>	<u>\$ 65,410</u>	<u>\$ 384,205</u>	<u>\$ 3,625,568</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

RECONCILIATION OF OPERATING

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Operating Income (Loss)	\$ (197,427)	\$	\$ (239,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	598,780		
Loans forgiven			237,690
(Increase) Decrease In:			
Accounts receivable	(579)		(1,096)
Inventories	(2,711)		
Prepaid expenses	(278)		
Notes and mortgages receivable			29,620
Increase (Decrease) In:			
Accounts payable	(6,374)		
Other accrued liabilities	16,058		
Compensated absences	3,973		
Unearned revenue	320		
Net Cash Provided By (Used In) Operating Activities	<u>\$ 411,762</u>	<u>\$</u>	<u>\$ 27,023</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
\$ (389,113)	\$ (86,743)	\$163,008	\$174,226	\$(10,551)	\$	\$ 73,943	\$ (511,848)
379,440	1,079		64,501				1,043,800
			3,081			19,753	260,524
(9,171)	(4,165)		1,100	376	22,425		8,890
(3,090)			(504)				(6,305)
(286)			(642)				(1,206)
			5,986			(18,324)	17,282
(6,644)	821		(1,357)		(13,994)		(27,548)
11,094	(1,319)		1,538	(263)			27,108
2,688	29		3,527				10,217
(606)			273				(13)
<u>\$ (15,688)</u>	<u>\$ (90,298)</u>	<u>\$163,008</u>	<u>\$251,729</u>	<u>\$(10,438)</u>	<u>\$ 8,431</u>	<u>\$ 75,372</u>	<u>\$ 820,901</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.

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

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Fund accounting (continued)

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 *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.

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

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.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

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. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognize a subscription liability and a right-of-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. This Statement establishes uniform accounting and financial reporting requirements for Subscription-Based Information Technology Arrangements; improves the comparability of government financial statements; and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

2. Cash and Cash Equivalents

Summary of Cash and Deposits

As of December 31, 2023 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	\$ 3,311,568
Certificates of deposit	April 2024	53,785
Certificates of deposit	May 2024	53,711
Certificates of deposit	July 2024	44,573
Certificates of deposit	September 2024	97,898
Certificates of deposit	February 2025	10,394
Certificates of deposit	July 2026	53,639
		<u>\$ 3,625,568</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 HRA 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 was \$6,343 for the year ending December 31, 2023.

In April 2008, the Organization entered into a lease with a telephone and internet provider. Under the lease, the provider pays the HRA \$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 HRA 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 was \$18,710 for the year ending December 31, 2023.

4. Loans Receivable

Following is a summary of the notes receivable outstanding at December 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes and Mortgages Receivable				
Community Development Block Grant / Small Cities Program	\$1,795,606	\$ 78,769	\$ 346,079	\$1,528,296
AHTF	369,608	25,200	26,629	368,179
State / Local	34,040		9,067	24,973
Total	<u>\$2,199,254</u>	<u>\$ 103,969</u>	<u>\$ 381,775</u>	<u>\$1,921,448</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, 2023 totaled \$1,528,296.

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, 2023 totaled \$24,973.

The AHTF notes and mortgages receivable consist of Homebuyers Assistance loans with varying interest rates for qualified individuals. Receivables outstanding at December 31, 2023 totaled \$368,179.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

5. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 819,804	\$	\$ (16,843)	\$ 802,961
Construction in progress	167,277	387,385	(135,520)	419,142
Total capital assets	<u>987,081</u>	<u>387,385</u>	<u>(152,363)</u>	<u>1,222,103</u>
Capital assets, being depreciated:				
Buildings and improvements	20,040,112	273,647	(132,821)	20,180,938
Furniture and equipment - dwelling units	49,188			49,188
Furniture and equipment - administration	573,651	11,242		584,893
Total capital assets	<u>20,662,951</u>	<u>284,889</u>	<u>(132,821)</u>	<u>20,815,019</u>
Less accumulated depreciation	<u>11,876,691</u>	<u>1,043,800</u>	<u>(38,187)</u>	<u>12,882,304</u>
Total capital assets, being depreciated, net	<u>8,786,260</u>	<u>(758,911)</u>	<u>(94,634)</u>	<u>7,932,715</u>
Governmental activities capital assets, net	<u>\$ 9,773,341</u>	<u>\$ (371,526)</u>	<u>\$ (246,997)</u>	<u>\$ 9,154,818</u>

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities:

N/C S/R Section 8 Programs	\$ 598,780
Low Rent Public Housing	379,440
Housing Choice Vouchers	1,079
State / Local	<u>64,501</u>
Total depreciation expense - business-type activities	<u>\$ 1,043,800</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 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 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. The 2023 Loan proceeds were issued for \$209,384, that can be drawn down upon until the loan reaches a balance of \$522,700. The entire balance with zero percent interest is forgiven after 20 years.

MHFA PARIF Mortgage Note:

The HRA borrowed funds in 2017 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 \$2,813,004 as of December 31, 2023. 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.

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, 2023 balances is as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2023
Deferred Loans:			
2001 Deferred Mortgage	0.00%	2026	\$ 84,500
2006 MHFA Deferred Mortgage - Jordan II	0.00%	2037	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
2023 MHFA - Electrical	0.00%	2043	209,384
MHFA PARIF Mortgage Note:			
2017 PARIF	4.50%	2047	2,813,004
MHFA MURL Promissory Notes:			
1993 Note	0.00%	2024	159,268
1994 Note	0.00%	2024	142,949
Other:			
Small Cities PI Loan	4.00%	2024	27,515
Total			<u>\$ 9,345,834</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, 2023 are as follows:

	Beginning Balance	Additions	Debt Reductions	Forgiven	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES						
Deferred Loans:						
2001 Deferred Mortgage	\$ 84,500	\$	\$	\$	\$ 84,500	\$
2006 MHFA Deferred Mortgage - Jordan II	1,044,110				1,044,110	325,000
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	
2023 MHFA - Electrical		209,384			209,384	
MHFA PARIF Mortgage Note:						
2017 PARIF	2,878,575		65,571		2,813,004	68,584
MHFA MURL Promissory Notes:						
1993 Note	159,268				159,268	159,268
1994 Note	142,949				142,949	142,949
Other:						
Small Cities PI Loan (30 yr.)	27,515				27,515	27,515
Business-type Activities						
Long-term Liabilities	<u>\$ 9,202,021</u>	<u>\$ 209,384</u>	<u>\$ 65,571</u>	<u>\$</u>	<u>\$ 9,345,834</u>	<u>\$ 723,316</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2023 are summarized below:

Years	PARIF Loan		Other	
	Principal	Interest	Principal	Interest
2024	\$ 68,584	\$ 125,182	\$ 654,732	\$ 1,864
2025	71,734	122,031	56,000	
2026	75,030	118,736	140,500	
2027	78,477	115,289	56,000	
2028	82,082	111,684	56,000	
2029 - 2033	470,558	498,271	336,000	
2034 - 2038	589,043	379,786	5,024,214	
2039 - 2043	737,362	231,467	209,384	
2044 - 2047	640,135	54,194		
	<u>\$2,813,004</u>	<u>\$1,756,641</u>	<u>\$6,532,830</u>	<u>\$1,864</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, 2023 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	\$ 47,960	\$
Low Rent Public Housing		701
Housing Choice Vouchers		6,817
Bridges		6,228
TIF #8		65,410
AHTF	31,196	
	<u>\$ 79,156</u>	<u>\$ 79,156</u>

Transfers during the year ended December 31, 2023 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Low Rent Public Housing	\$ 361,849	\$
Public Housing Capital Fund Program		361,849
Housing Choice Vouchers	72,603	
Bridges	10,551	
State / Local		83,154
	<u>\$ 445,003</u>	<u>\$ 445,003</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 \$62,412 for the year ended December 31, 2023.

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SUPPORTING DATA

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2023

	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	\$ 846,212	\$	\$
113 Cash - other restricted	186,798		357,918
114 Cash - tenant security deposits	39,973		
115 Cash - restricted - payment of current liability	394,206		
100 Total Cash	1,467,189		357,918
Receivables			
122 Accounts receivable - other HUD projects	5,066		
125 Accounts receivable - miscellaneous			
126 Accounts receivable -tenants - dwelling units	103		
128 Lease receivable	317,322		
129 Accrued interest receivable			1,871
120 Total Receivables	322,491		1,871
142 Prepaid expenses and other assets	15,827		
143 Inventories	26,919		
144 Inter program due from			
150 Total Current Assets	1,832,426		359,789
Noncurrent Assets			
Fixed Assets			
161 Land	350,787		
162 Buildings	10,444,807		
163 Furniture, equipment & machinery - dwelling units			
164 Furniture, equipment & machinery - administration	223,287		
166 Accumulated depreciation	(6,043,278)		
167 Construction in progress			
160 Total Fixed Assets	4,975,603		
171 Notes, loans and mortgages receivable - noncurrent			1,528,296
180 Total Noncurrent Assets	4,975,603		1,528,296
190 Total Assets	\$ 6,808,029	\$	\$ 1,888,085

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 336,390	\$ 5,858	\$	\$ 608,009	\$ 6,404	\$ 65,410	\$	\$ 1,868,283
						384,205	928,921
49,218			13,155				102,346
1,577			330,235				726,018
387,185	5,858		951,399	6,404	65,410	384,205	3,625,568
	6,759						11,825
	2,773		2,233				5,006
17,180			272				17,555
							317,322
							1,871
17,180	9,532		2,505				353,579
18,498			6,085				40,410
30,676			5,008				62,603
			47,960			31,196	79,156
453,539	15,390		1,012,957	6,404	65,410	415,401	4,161,316
270,157			182,017				802,961
7,709,874			2,026,255				20,180,936
15,464			33,724				49,188
105,711	16,734		239,164				584,896
(5,115,370)	(16,000)		(1,707,657)				(12,882,305)
419,142							419,142
3,404,978	734		773,503				9,154,818
			24,973			368,179	1,921,448
3,404,978	734		798,476			368,179	11,076,266
\$ 3,858,517	\$ 16,124	\$	\$ 1,811,433	\$ 6,404	\$ 65,410	\$ 783,580	\$ 15,237,582

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2023

	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	\$ 8,139	\$	\$
321 Accrued wage / payroll tax payable	13,313		
322 Accrued compensated absences - current portion	16,964		
325 Accrued interest payable	10,549		
333 Accounts payable - other government	39,853		
341 Tenant security deposit	39,973		
342 Deferred revenues	622		
343 Current portion of long-term debt	393,584		
346 Accrued liabilities - other			
347 Inter program due to			
310 Total Current Liabilities	522,997		
Noncurrent Liabilities			
351 Long-term debt, net of current	6,463,530		
354 Accrued compensated absences - noncurrent	12,854		
350 Total Noncurrent Liabilities	6,476,384		
300 Total Liabilities	6,999,381		
Deferred Inflows of Resources			
Deferred inflows from leases	317,322		
Total Deferred Inflows of Resources	317,322		
Equity/Net Assets			
508.1 Net investment in capital assets	(1,881,509)		
511.1 Restricted net assets			1,888,085
512.1 Unrestricted net assets	1,372,835		
513 Total Equity/Net Assets	(508,674)		1,888,085
600 Total Liabilities and Equity/Net Assets	\$ 6,808,029	\$	\$ 1,888,085

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 3,939	\$ 994	\$	\$ 3,865	\$	\$	\$	\$ 16,937
16,370	4,807		9,739	176			44,405
15,230	1,105		8,984				42,283
			1,864				12,413
46,413			9,638				95,904
49,218			13,155				102,346
1,577			503				2,702
			329,732				723,316
7,986							7,986
701	6,817			6,228	65,410		79,156
141,434	13,723		377,480	6,404	65,410		1,127,448
1,669,488			489,500				8,622,518
12,854	281		7,032				33,021
1,682,342	281		496,532				8,655,539
1,823,776	14,004		874,012	6,404	65,410		9,782,987
							317,322
							317,322
1,735,489	734		(45,728)				(191,014)
		104,634	24,973			702,729	2,720,421
299,252	1,386	(104,634)	958,176			80,851	2,607,866
2,034,741	2,120		937,421			783,580	5,137,273
\$ 3,858,517	\$ 16,124	\$	\$ 1,811,433	\$ 6,404	\$ 65,410	\$ 783,580	\$ 15,237,582

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2023

	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	\$ 513,880	\$	\$
70400 Tenant revenue - other	6,874		
70500 Total Tenant Revenue	520,754		
70600 HUD PHA operating grants	556,845	77,258	
70610 Capital grants			
Fee Revenue			
70750 Other fees			
70700 Total Fee Revenue			
70800 Other government grants			
71100 Investment income - unrestricted	22,865		1,295
71400 Fraud recovery			
71500 Other revenue	50,294		125
71600 Gain (loss) on sale of assets	480		
70000 Total Revenue	\$ 1,151,238	\$ 77,258	\$ 1,420

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 632,602	\$	\$	\$ 128,232	\$	\$	\$	\$ 1,274,714
29,754			52,967				89,595
662,356			181,199				1,364,309
270,138	1,114,843	163,008 198,841					2,182,092 198,841
					315,223		315,223
					315,223		315,223
80,045			419,962	86,837			586,844
5,270	212		6,926			6,908	43,476
	612						612
10,049			127,362			93,696	281,526
2,100			92,210				94,790
\$ 1,029,958	\$ 1,115,667	\$ 361,849	\$ 827,659	\$ 86,837	\$ 315,223	\$ 100,604	\$ 5,067,713

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2023

	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Expenses			
Administrative			
91100 Administrative Salaries	\$ 135,700	\$	\$
91200 Auditing Fee	4,850		
91400 Advertising and Marketing	5,173		
91500 Employee Benefit Contribution	51,309		
91600 Office Expenses	19,326		
91700 Legal Expense	1,208		
91800 Travel	1,327		
91900 Other	19,117		1,105
91000 Total Administrative	238,010		1,105
Tenant Services			
92100 Salaries		43,308	
92300 Employee Benefit Contributions		22,061	
92400 Tenant Services - Other		11,889	
92500 Total Tenant Services		77,258	
Utilities			
93100 Water	19,292		
93200 Electricity	38,656		
93300 Gas	28,080		
93600 Sewer	20,039		
93000 Total Utilities	106,067		
Ordinary Maintenance and Operations			
94100 Labor	94,519		
94200 Materials and Other	28,698		
94300 Contracts	100,829		521
94500 Employee Benefit Contributions	35,492		
94000 Total Ordinary Maintenance and Operations	259,538		521
Insurance			
96110 Property Insurance	53,945		
96120 Liability Insurance	9,104		
96130 Workmen's Compensation	6,386		
96140 All Other Insurance	1,921		
96100 Total Insurance	\$ 71,356	\$	\$

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$ 201,902	\$ 99,848	\$	\$ 152,467	\$ 12,797	\$ 12,632	\$	\$ 615,346
4,850	4,850		4,850				19,400
5,211							10,384
77,118	44,964		58,142	4,580	3,616		239,729
30,252	9,223		18,780				77,581
2,606			237				4,051
1,321	771		3,287				6,706
20,412	13,834		31,976	1,898	298,975		387,317
343,672	173,490		269,739	19,275	315,223		1,360,514
							43,308
							22,061
7,635							19,524
7,635							84,893
29,029			14,298				62,619
61,695			9,224				109,575
32,110			7,898				68,088
32,129			790				52,958
154,963			32,210				293,240
131,135			12,472				238,126
99,686			14,401				142,785
109,023	6,915		50,563				267,851
51,596			1,556				88,644
391,440	6,915		78,992				737,406
64,043			18,239				136,227
10,036			2,778				21,918
6,386			6,386				19,158
2,097							4,018
\$ 82,562	\$	\$	\$ 27,403	\$	\$	\$	\$ 181,321

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 For the Year Ended December 31, 2023

	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	\$ 6,216	\$	\$ 237,690
96210 Compensated Absences	3,972		
96300 Payments in Lieu of Taxes	39,853		
96400 Bad Debt - Tenant Rents	1,260		
96000 Total Other General Expenses	51,301		237,690
Interest Expense and Amortization Cost			
96710 Interest on Mortgage Payable	138,743		
96700 Total Interest Expense and Amortization Cost	138,743		
96900 Total Operating Expenses	865,015	77,258	239,316
97000 Excess Revenue Over Operating Expenses	286,223		(237,896)
Other Expenses			
97100 Extraordinary Maintenance	268		
97300 Housing Assistance Payments			
97400 Depreciation Expense	598,780		
90000 Total Expenses	1,464,063	77,258	239,316
Other Financing Sources (Uses)			
10010 Operating transfers in			
10020 Operating transfers out			
10100 Total Other Financing Sources (Uses)			
Excess (Deficiency) of Total Revenue Over			
10000 (Under) Total Expenses	\$ (312,825)	\$	\$ (237,896)

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
\$	\$ 7,216	\$	\$ 63,240	\$	\$	\$ 19,753	\$ 334,115
2,687	29		3,527				10,215
46,413			14,685				100,951
2,889							4,149
51,989	7,245		81,452			19,753	449,430
			1,101				139,844
			1,101				139,844
1,032,261	187,650		490,897	19,275	315,223	19,753	3,246,648
(2,303)	928,017	361,849	336,762	67,562		80,851	1,821,065
							268
	1,013,469			78,113			1,091,582
379,440	1,079		64,501				1,043,800
1,411,701	1,202,198		555,398	97,388	315,223	19,753	5,382,298
361,849	72,603			10,551			445,003
		(361,849)	(83,154)				(445,003)
361,849	72,603	(361,849)	(83,154)	10,551			
\$ (19,894)	\$ (13,928)	\$	\$ 189,107	\$	\$	\$ 80,851	\$ (314,585)

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**FINANCIAL DATA SCHEDULE
MEMO ACCOUNT INFORMATION**

For the Year Ended December 31, 2023

	<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	\$ 393,584	\$	\$ 329,732
11030 Beginning equity	(195,849)		2,125,981
11040 Prior period adjustment and equity transfers			
11190 Unit months available	1,248		
11210 Unit months leased	1,225		
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>
\$	\$	\$	\$	\$	\$	\$	\$ 723,316
2,054,635	16,048			748,314		702,729	5,451,858
214,226		(214,226)					
1,428	2,028		144	282			5,130
1,393	1,637		131	267			4,653
		214,226					214,226

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF CAPITAL FUNDS
December 31, 2023**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Total</u>
Total Funds Approved	\$ 293,806	\$277,774	\$239,429	\$226,643	\$1,037,652
Total Funds Received	<u>111,800</u>	<u>169,433</u>	<u>239,429</u>	<u>226,643</u>	<u>747,305</u>
Remaining Funds Due	<u>\$ 182,006</u>	<u>\$108,341</u>	<u>\$</u>	<u>\$</u>	<u>\$ 290,347</u>
Total Funds Received	\$ 111,800	\$169,433	\$239,429	\$226,643	\$ 747,305
Total Funds Expended	<u>111,800</u>	<u>169,433</u>	<u>239,429</u>	<u>226,643</u>	<u>747,305</u>
Funds on Hand	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Received during Current Year	\$ 111,800	\$ 97,433	\$142,022	\$ 10,594	\$ 361,849
Current Amount Due					
Prior Amount Due					
Current Revenue	<u>\$ 111,800</u>	<u>\$ 97,433</u>	<u>\$142,022</u>	<u>\$ 10,594</u>	<u>\$ 361,849</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, 2023, 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 7, 2024.

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*.

Red Wing Housing and Redevelopment Authority

Page Two

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.

Red Wing, Minnesota

May 7, 2024

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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 major 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

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

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

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

Page Three

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.

Red Wing, Minnesota
May 7, 2024

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
December 31, 2023

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing & Urban Development</u>		
N/C S/R Section 8 Programs	14.195	\$ 556,845
Public Housing Operating Fund	14.850	270,138
Multifamily Housing Service Coordinators	14.191	77,258
Resident Opportunity and Supportive Services	14.870	80,045
Housing Choice Vouchers	14.871	1,114,843
Public Housing Capital Fund Program	14.872	<u>361,849</u>
Total Expenditures of Federal Awards		<u>\$ 2,460,978</u>

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023**

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, 2023. 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.

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, 2023.

5. Subrecipients

Red Wing Housing and Redevelopment Authority had no expenditures to subrecipients for the year ended December 31, 2023.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

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
14.195	N/C S/R Section 8 Programs

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

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