RED WING HOUSING AND REDEVELOPMENT AUTHORITY
RED WING, MINNESOTA

FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, 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, 2024 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 April 24, 2025 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.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
April 24, 2025

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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, 2024.

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 $5,232,288 (*net position)*. Of this amount, $2,665,567 (*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 $5,639,556 and total expenses are $5,544,541 for the current year.

- Red Wing Housing and Redevelopment Authority's total capital assets net of accumulated depreciation for the current year are $8,914,532.

- Red Wing Housing and Redevelopment Authority's total long-term debt for the current year is $9,197,131.

- At the end of the current fiscal year, unrestricted net position was $2,665,567 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.

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.

Table 1
Net Position

	2024	2023	Increase (Decrease)
Current and other assets	$ 6,491,942	$ 6,003,608	$ 488,334
Capital assets	8,914,532	9,154,818	(240,286)
Total assets	15,406,474	15,158,426	248,048
Current liabilities	1,112,922	1,081,313	31,609
Long-term liabilities	9,061,264	8,939,840	121,424
Total liabilities	10,174,186	10,021,153	153,033
Net investment in capital assets	(262,400)	(191,014)	(71,386)
Restricted	2,829,121	2,720,421	108,700
Unrestricted	2,665,567	2,607,866	57,701
Total net position	$ 5,232,288	$ 5,137,273	$ 95,015

The Organization's total net position for the current fiscal year is $5,232,288 of which ($262,400) is invested in capital assets. The Red Wing Housing and Redevelopment Authority has $3,944,485 in cash and investments as of December 31, 2024 (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 three New Unit Construction loans totaling $300,000, and one Single Family Owner-Occupied loan for $24,000 in 2024.

The HRA approved, but did not fund, three $50,000 commercial loans for the Downtown and Old West Main areas, funded one $40,000 commercial loan, and had administrative and loan origination expenses of $17,577 for a total of $57,577 expended in 2024.

TIF #8-Keller-Baartman Properties is near completion on Phase III in 2024. This Phase should be completed in 2025. Tax increment paid on the TIF notes was $364,555. The HRA received $91,139, with $74,110 going to the AHTF.

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

	2024	2023	Increase (Decrease)
Revenues:			
Federal grants	$ 2,812,719	$ 2,460,978	$ 351,741
State and local revenues	394,452	506,799	(112,347)
Tenant revenue	1,447,118	1,364,309	82,809
Investment earnings	53,031	43,476	9,555
Other income	932,236	692,151	240,085
Total revenues	5,639,556	5,067,713	571,843
Expenses:			
Administration	1,506,588	1,360,514	146,074
Tenant Services	92,453	84,893	7,560
Utilities	250,045	293,240	(43,195)
Maintenance and operations	652,905	737,406	(84,501)
Insurance	194,610	181,321	13,289
General expense	453,833	449,698	4,135
Housing assistance payments	1,210,650	1,091,582	119,068
Depreciation	1,058,535	1,043,800	14,735
Interest expense	124,922	139,844	(14,922)
Total expenses	5,544,541	5,382,298	162,243
Change in net position	95,015	(314,585)	409,600
Net position, beginning of year	5,137,273	5,451,858	(314,585)
Net position, end of year	$ 5,232,288	$ 5,137,273	$ 95,015

Total revenues for the current year were $5,639,556 and total expenses were $5,544,541.

Work was completed on the 2020 POHP (Publicly Owned Housing Program) grant. The grant was for work in Jordan Tower I for new electrical panels, main switch gear, and a new back-up generator.

A grant from HAI Group (HRA insurance company) for $121,192 was mainly completed in 2024. These funds were used in our family scattered sites – Deer Run and Featherstone Townhomes to replace concrete walkways, stoops and steps, and driveways/parking lot.

A Congressionally Directed Spending (CDS) grant was received for $100,000 for flooring and security doors in the Women's Center. Work began in 2024, and was completed in early 2025.

The Red Wing HRA was awarded a POHP grant in 2024 for $7,784,700. The grant is for work in Jordan Tower I for plumbing, bathrooms, electrical panels, front entrance doors, and penthouse doors. This project totals $6,275,000. Family Scattered Sites work will consist of plumbing, windows, and storage doors. This project totals $1,507,700. Work will take approximately 18 months to complete.

CAPITAL ASSETS

The Organization's investment in capital assets as of December 31, 2024, amounted to $8,914,532 (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)

	2024	2023	Increase (Decrease)
Land	$ 802,961	$ 802,961	$
Construction in progress	887,661	419,142	468,519
Buildings and improvements	20,495,696	20,180,938	314,758
Furniture and equipment - dwellings	49,188	49,188	
Furniture and equipment - administration	619,865	584,893	34,972
Less accumulated depreciation	(13,940,839)	(12,882,304)	(1,058,535)
Total	$ 8,914,532	$ 9,154,818	$ (240,286)

Long-Term Debt. At the end of the fiscal year, the Red Wing Housing and Redevelopment Authority had long-term debt of $9,197,131.

Table 4
Long-Term Debt

	2024	2023	Increase (Decrease)
Deferred Loans	$ 6,150,494	$ 6,203,098	$ (52,604)
MHFA PARIF Mortgage Note	2,744,420	2,813,004	(68,584)
MHFA MURL Promissory Notes	302,217	302,217	
Other		27,515	(27,515)
Total	$ 9,197,131	$ 9,345,834	$ (148,703)

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 2024. The total amount received was $455,694, of which $364,555 was issued to Keller-Baartman for payment on TIF notes. The HRA received $91,139, with $74,110 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 Kulseth, Finance Director 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, 2024

	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	$ 1,458,473	$	$ 432,544	$ 516,807
Receivables	6,968			103,967
Lease receivables	293,584			
Inventories	28,790			32,807
Prepaid expenses	16,185			18,918
Due from other funds				
Capital assets:				
Nondepreciable	350,787			1,154,028
Depreciable, net	4,022,398			2,572,031
Notes and mortgages receivable			1,323,341	
Total Assets	$ 6,177,185	$	$ 1,755,885	$ 4,398,558
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	$ 8,597	$	$ 325	$ 112,295
Accrued liabilities				
Compensated absences	47,090			45,456
Accrued interest	10,292			
Deposits payable	39,751			51,433
Unearned revenue	536			3,999
Due to other governments	43,573			53,573
Due to other funds				18,943
Noncurrent liabilities:				
Due in one year	127,234			
Due in more than one year	6,333,546			1,944,634
Total Liabilities	6,610,619		325	2,230,333
Deferred Inflows of Resources				
Deferred inflows from leases	293,584			
Total Deferred Inflows of Resources	293,584			
Net Position				
Net investment in capital assets	(2,087,594)			1,801,622
Restricted net position			1,755,560	
Unrestricted net position	1,360,576			366,603
Total Net Position	(727,018)		1,755,560	2,168,225
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 6,177,185	$	$ 1,755,885	$ 4,398,558

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
$ 40,728	$	$ 944,280	$ 2,865	$258,829	$ 289,959	$	$ 3,944,485
897		3,939	19,551				135,322
							293,584
		5,356					66,953
		28,405					63,508
6,065		42,003			74,110	(122,178)	
		185,806					1,690,621
		629,482					7,223,911
					664,749		1,988,090
$ 47,690	$	$ 1,839,271	$ 22,416	$258,829	$1,028,818	$(122,178)	$15,406,474
$ 1,043	$	$ 5,520	$	$184,075	$	$	$ 311,855
		28,219					28,219
1,904		22,896					117,346
							10,292
		11,909					103,093
		2					4,537
		10,983					108,129
		6,065	22,416	74,754		(122,178)	
		302,217					429,451
		489,500					8,767,680
2,947		877,311	22,416	258,829		(122,178)	9,880,602
							293,584
							293,584
		23,572					(262,400)
44,743					1,028,818		2,829,121
		938,388					2,665,567
44,743		961,960			1,028,818		5,232,288
$ 47,690	$	$ 1,839,271	$ 22,416	$258,829	$1,028,818	$(122,178)	$15,406,474

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

	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	$ 543,439	$	$	$ 704,716
HUD PHA operating grants	621,452	85,459		325,148
Other governmental grants				112,441
Other revenue	44,708			8,751
Total Operating Revenues	1,209,599	85,459		1,151,056
Operating Expenses				
Administration	257,266		25,994	368,274
Tenant services	213	85,459		6,781
Utilities	87,849			134,959
Maintenance and operations	235,711			360,075
Insurance	75,324			86,696
General expense	66,064		106,531	82,836
Housing assistance payments				
Depreciation	605,818			383,580
Total Operating Expenses	1,328,245	85,459	132,525	1,423,201
Operating Income (Loss)	(118,646)		(132,525)	(272,145)
Nonoperating Revenues (Expenses)				
Investment income	25,224			8,822
Interest expense	(124,922)			
Total Nonoperating Revenue (Expenses)	(99,698)			8,822
Income (Loss) Before Capital Grants and Transfers	(218,344)		(132,525)	(263,323)
Capital grants				
Operating transfers in				396,807
Operating transfers out				
Change in Net Position	(218,344)		(132,525)	133,484
Net Position - Beginning of Year	(508,674)		1,888,085	2,034,741
Net Position - End of Year	$ (727,018)	$	$ 1,755,560	$ 2,168,225

See Notes to the Financial Statements

Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Elimination	Total
$	$	$ 198,963	$	$	$	$	$ 1,447,118
1,271,412	117,895						2,421,366
		286,601	107,851				506,893
104		185,479		381,584	311,610		932,236
1,271,516	117,895	671,043	107,851	381,584	311,610		5,307,613
182,366		260,746	30,358	381,584			1,506,588
							92,453
		27,237					250,045
2,229		54,890					652,905
		32,590					194,610
9,631		113,173			75,598		453,833
1,111,311			99,339				1,210,650
734		68,403					1,058,535
1,306,271		557,039	129,697	381,584	75,598		5,419,619
(34,755)	117,895	114,004	(21,846)		236,012		(112,006)
503		9,256			9,226		53,031
							(124,922)
503		9,256			9,226		(71,891)
(34,252)	117,895	123,260	(21,846)		245,238		(183,897)
	278,912						278,912
76,875			21,846			(495,528)	
	(396,807)	(98,721)				495,528	
42,623		24,539			245,238		95,015
2,120		937,421			783,580		5,137,273
$ 44,743	$	$ 961,960	$	$	$ 1,028,818	$	$ 5,232,288

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

	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	$ 543,353	$	$
Cash received from intergovernmental	619,653	85,459	1,871
Other cash received	44,708		98,424
Cash paid to employees	(273,717)	(50,683)	
Cash paid to suppliers	(443,281)	(34,776)	(25,669)
Net Cash Provided By (Used In) Operating Activities	490,716		74,626
Cash Flows From Investing Activities			
Interest income received	25,224		
Net Cash Provided By Investing Activities	25,224		
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(3,400)		
Proceeds from capital grants			
Interfund borrowings			
Operating transfers			
Interest paid on long-term debt	(124,922)		
Proceeds from (principal paid) on long-term debt	(396,334)		
Net Cash Provided By (Used In) Capital and Related	(524,656)		
Net Increase (Decrease) in Cash and Cash Equivalents	(8,716)		74,626
Cash and Cash Equivalents - Beginning of Year	1,467,189		357,918
Cash and Cash Equivalents - End of Year	$ 1,458,473	$	$ 432,544

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
$ 707,138	$	$	$ 198,462	$	$	$	$ 1,448,953
350,802	1,280,047	117,895	285,167	88,300			2,829,194
8,751	104		210,452		381,584	311,610	1,055,633
(398,941)	(105,172)		(152,687)	(20,472)	(381,584)		(1,383,256)
(532,484)	(1,204,605)		(333,367)	(109,401)	184,075	(372,168)	(2,871,676)
135,266	(29,626)	117,895	208,027	(41,573)	184,075	(60,558)	1,078,848
8,822	503		9,256			9,226	53,031
8,822	503		9,256				53,031
(704,661)			(110,188)				(818,249)
		278,912					278,912
18,242	(12,882)		12,022	16,188	9,344	(42,914)	
396,807	76,875	(396,807)	(98,721)	21,846			
							(124,922)
275,146			(27,515)				(148,703)
(14,466)	63,993	(117,895)	(224,402)	38,034	9,344	(42,914)	(812,962)
129,622	34,870		(7,119)	(3,539)	193,419	(94,246)	318,917
387,185	5,858		951,399	6,404	65,410	384,205	3,625,568
$ 516,807	$ 40,728	$	$ 944,280	$ 2,865	$ 258,829	$ 289,959	$ 3,944,485

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

	RECONCILIATION OF OPERATING		
	N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Operating Income (Loss)	$ (118,646)	$	$ (132,525)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	605,818		
Loans forgiven			106,531
Bad debts	5,015		
(Increase) Decrease In:			
Accounts receivable	(6,814)		1,871
Inventories	(1,871)		
Prepaid expenses	(358)		
Notes and mortgages receivable			98,424
Increase (Decrease) In:			
Accounts payable	458		325
Other accrued liabilities	(10,072)		
Compensated absences	17,272		
Unearned revenue	(86)		
Net Cash Provided By (Used In) Operating Activities	$ 490,716	$	$ 74,626

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
$ (272,145)	$ (34,755)	$ 117,895	$ 114,004	$ (21,846)	$	$ 236,012	$ (112,006)
383,580	734		68,403				1,058,535
			24,973			75,598	207,102
11,891			5,362				22,268
(98,678)	8,635		(6,796)	(19,551)			(121,333)
(2,131)			(348)				(4,350)
(420)			(22,320)				(23,098)
						(372,168)	(273,744)
100,370	49		1,655		184,075		286,932
(6,995)	(4,807)		16,715	(176)			(5,335)
17,372	518		6,880				42,042
2,422			(501)				1,835
$ 135,266	$ (29,626)	$ 117,895	$ 208,027	$ (41,573)	$ 184,075	$ (60,558)	$ 1,078,848

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 services provided to residents multifamily housing.

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.

	Useful Life in Years
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 and sick time which is paid to the employees upon separation. Vacation and sick time pay is accrued when incurred. Sick time is paid up to half the balance at termination if employee has been employed over three years. The change in compensated absences is a net increase or decrease each year.

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. 101, Compensated Absences. This Statement provides guidance on accounting and financial reporting for reporting a liability for certain types of leave (compensated absences). Under this Statement, government organizations are required to recognize a liability for employee's compensated absences if the leave is attributable to employee's services already rendered, if the leave accumulates, or if it is more likely than not to be used for time off or paid in cash upon separation. The liability is measured using an employee's rate of pay at the date of the financial statements.

2. Cash and Cash Equivalents

Summary of Cash and Deposits

As of December 31, 2024 the Organization's cash and deposits consisted entirely of deposits held at a local financial institution.

Cash and Deposits	Maturities	Fair Value
Cash	None	$ 3,622,009
Non-negotiable certificates of deposit	March 2025	100,763
Non-negotiable certificates of deposit	May 2025	45,452
Non-negotiable certificates of deposit	June 2025	56,537
Non-negotiable certificates of deposit	October 2025	54,606
Non-negotiable certificates of deposit	July 2026	54,233
Non-negotiable certificates of deposit	November 2025	10,885
		$ 3,944,485

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.

Fair Value Measurements

There were no investments at fair value at the Organization as of December 31, 2024.

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 $6,731 for the year ending December 31, 2024.

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 $19,684 for the year ending December 31, 2024.

4. Loans Receivable

Following is a summary of the notes receivable outstanding at December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Notes and Mortgages Receivable				
Community Development Block Grant / Small Cities Program	$1,528,296	$ 40,000	$ 244,955	$1,323,341
AHTF	368,179	314,201	17,631	664,749
State / Local	24,973		24,973	
Total	$1,921,448	$ 354,201	$ 287,559	$1,988,090

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, 2024 totaled $1,323,341.

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, 2024 totaled $0.

The AHTF notes and mortgages receivable consist of Homebuyers Assistance loans with varying interest rates for qualified individuals. Receivables outstanding at December 31, 2024 totaled $664,749.

5. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	$ 802,961	$	$	$ 802,961
Construction in progress	419,142	653,099	184,580	887,661
Total capital assets	1,222,103	653,099	184,580	1,690,622
Capital assets, being depreciated:				
Buildings and improvements	20,180,938	314,758		20,495,696
Furniture and equipment - dwelling units	49,188			49,188
Furniture and equipment - administration	584,893	34,972		619,865
Total capital assets	20,815,019	349,730		21,164,749
Less accumulated depreciation	12,882,304	1,058,535		13,940,839
Total capital assets, being depreciated, net	7,932,715	(708,805)		7,223,910
Governmental activities capital assets, net	$ 9,154,818	$ (55,706)	$ 184,580	$ 8,914,532

Depreciation expense was charged to functions/programs as follows:

Business-Type Activities:	
N/C S/R Section 8 Programs	$ 605,818
Low Rent Public Housing	383,580
Housing Choice Vouchers	734
State / Local	68,403
Total depreciation expense - business-type activities	$ 1,058,535

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. In 2024 a draw of $275,146 occurred that resulted in an ending balance of $484,530. 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 $2,744,420 as of December 31, 2024. 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.

6. Long-Term Debt

A summary of interest rates, maturities and December 31, 2024 balances is as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2024
Deferred Loans:			
2001 Deferred Mortgage	0.00%	2026	$ 84,500
2006 MHFA Deferred Mortgage - Jordan II	0.00%	2037	716,360
2014 MHFA - Elevators	0.00%	2033	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	484,530
MHFA PARIF Mortgage Note:			
2017 PARIF	4.50%	2047	2,744,420
MHFA MURL Promissory Notes:			
1993 Note	0.00%	2025	159,268
1994 Note	0.00%	2025	142,949
Total			$ 9,197,131

6. Long-Term Debt

The changes in the Long-Term Debt during the year ended December 31, 2024 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		327,750		716,360	55,500
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	275,146			484,530	
MHFA PARIF Mortgage Note:						
2017 PARIF	2,813,004		68,584		2,744,420	71,734
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			
Business-type Activities Long-term Liabilities	$ 9,345,834	$ 275,146	$ 423,849	$	$ 9,197,131	$ 429,451

The annual requirements to amortize all long-term debt outstanding as of December 31, 2024 are summarized below:

	PARIF Loan		Other	
Years	Principal	Interest	Principal	Interest
2025	$ 71,734	$ 122,031	$ 357,717	$
2026	75,030	118,736	140,000	
2027	78,477	115,289	55,500	
2028	82,082	111,684	55,500	
2029	85,853	107,913	55,500	
2030 - 2034	492,176	476,653	277,500	
2035 - 2039	616,103	352,726	5,026,464	
2040 - 2044	771,235	197,593	484,529	
2045 - 2047	471,730	28,833		
	$2,744,420	$1,631,459	$6,452,710	$

7. Individual Fund Disclosures

Balances of inter-fund receivables and payables as of December 31, 2024 at the individual fund level for planned project interim borrowing and cash deficiency are as follows:

Funds	Interfund Receivable	Interfund Payable
State / Local	$ 42,003	$ 6,065
Low Rent Public Housing		18,943
Housing Choice Vouchers	6,065	
Bridges		22,416
TIF #8		74,754
AHTF	74,110	
	$ 122,178	$ 122,178

Transfers during the year ended December 31, 2024 were as follows:

Funds	Transfers In	Transfers Out
Low Rent Public Housing	$ 396,807	$
Public Housing Capital Fund Program		396,807
Housing Choice Vouchers	76,875	
Bridges	21,846	
State / Local		98,721
	$ 495,528	$ 495,528

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 $71,229 for the year ended December 31, 2024.

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SUPPORTING DATA

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2024

		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	$ 1,099,682	$	$
113	Cash - other restricted	191,270		432,544
114	Cash - tenant security deposits	39,751		
115	Cash - restricted - payment of current liability	127,770		
100	**Total Cash**	**1,458,473**		**432,544**
Receivables				
122	Accounts receivable - other HUD projects	6,599		
125	Accounts receivable - miscellaneous			
126	Accounts receivable -tenants - dwelling units	369		
128	Lease receivable	293,584		
120	**Total Receivables**	**300,552**		
142	Prepaid expenses and other assets	16,185		
143	Inventories	28,790		
144	Inter program due from			
150	**Total Current Assets**	**1,804,000**		**432,544**
Noncurrent Assets				
Fixed Assets				
161	Land	350,787		
162	Buildings	10,444,807		
163	Furniture, equipment & machinery - dwelling units			
164	Furniture, equipment & machinery - administration	226,687		
166	Accumulated depreciation	(6,649,096)		
167	Construction in progress			
160	**Total Fixed Assets**	**4,373,185**		
171	Notes, loans and mortgages receivable - noncurrent			1,323,341
180	**Total Noncurrent Assets**	**4,373,185**		**1,323,341**
190	**Total Assets**	**$ 6,177,185**	**$**	**$ 1,755,885**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
$ 461,375	$ 746	$	$ 630,152	$ 2,865	$258,829	$	$ 2,453,649
	39,982					289,959	953,755
51,433			11,909				103,093
3,999			302,219				433,988
516,807	**40,728**		**944,280**	**2,865**	**258,829**	**289,959**	**3,944,485**
102,261				19,551			128,411
	897		2,981				3,878
1,706			958				3,033
							293,584
103,967	**897**		**3,939**	**19,551**			**428,906**
18,918			28,405				63,508
32,807			5,356				66,953
	6,065		42,003			74,110	122,178
672,499	**47,690**		**1,023,983**	**22,416**	**258,829**	**364,069**	**4,626,030**
270,157			182,017				802,961
7,946,407			2,104,480				20,495,694
15,464			33,724				49,188
109,111	16,734		267,336				619,868
(5,498,951)	(16,734)		(1,776,058)				(13,940,839)
883,871			3,789				887,660
3,726,059			**815,288**				**8,914,532**
						664,749	1,988,090
3,726,059			**815,288**			**664,749**	**10,902,622**
$ 4,398,558	**$ 47,690**	**$**	**$ 1,839,271**	**$22,416**	**$258,829**	**$1,028,818**	**$ 15,528,652**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENT OF NET POSITION
December 31, 2024

		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	$ 8,597	$	$ 325
321	Accrued wage / payroll tax payable			
322	Accrued compensated absences - current portion	24,309		
325	Accrued interest payable	10,292		
333	Accounts payable - other government	43,573		
341	Tenant security deposit	39,751		
342	Deferred revenues	536		
343	Current portion of long-term debt	127,234		
346	Accrued liabilities - other			
347	Inter program due to			
310	**Total Current Liabilities**	**254,292**		**325**
Noncurrent Liabilities				
351	Long-term debt, net of current	6,333,546		
354	Accrued compensated absences - noncurrent	22,781		
350	**Total Noncurrent Liabilities**	**6,356,327**		
300	**Total Liabilities**	**6,610,619**		**325**
Deferred Inflows of Resources				
	Deferred inflows from leases	293,584		
	Total Deferred Inflows of Resources	**293,584**		
Equity/Net Assets				
508.1	Net investment in capital assets	(2,087,594)		
511.1	Restricted net assets			1,755,560
512.1	Unrestricted net assets	1,360,576		
513	**Total Equity/Net Position**	**(727,018)**		**1,755,560**
600	**Total Liabilities and Equity/Net Position**	**$ 6,177,185**	**$**	**$ 1,755,885**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
$ 4,766	$ 1,029	$	$ 5,520	$	$ 184,075	$	$ 204,312
			28,219				28,219
22,675	1,318		12,133				60,435
							10,292
53,573	14		10,983				108,143
51,433			11,909				103,093
3,999			2				4,537
			302,217				429,451
107,529							107,529
18,943			6,065	22,416	74,754		122,178
262,918	**2,361**		**377,048**	**22,416**	**258,829**		**1,178,189**
1,944,634			489,500				8,767,680
22,781	586		10,763				56,911
1,967,415	**586**		**500,263**				**8,824,591**
2,230,333	**2,947**		**877,311**	**22,416**	**258,829**		**10,002,780**
							293,584
							293,584
1,801,622			23,572				(262,400)
	44,743					1,028,818	2,829,121
366,603			938,388				2,665,567
2,168,225	**44,743**		**961,960**			**1,028,818**	**5,232,288**
$ 4,398,558	**$ 47,690**	**$**	**$ 1,839,271**	**$ 22,416**	**$ 258,829**	**$ 1,028,818**	**$ 15,528,652**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

		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	$ 533,452	$	$
70400	Tenant revenue - other	9,987		
70500	**Total Tenant Revenue**	**543,439**		
70600	HUD PHA operating grants	621,452	85,459	
70610	Capital grants			
Fee Revenue				
70750	Other fees			
70700	**Total Fee Revenue**			
70800	Other government grants			
71100	Investment income - unrestricted	25,224		
71500	Other revenue	44,708		
70000	**Total Revenue**	**$ 1,234,823**	**$ 85,459**	**$**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
$ 681,095	$	$	$ 142,962	$	$	$	$ 1,357,509
23,621			56,001				89,609
704,716			**198,963**				**1,447,118**
325,148	1,271,412	117,895					2,421,366
		278,912					278,912
					381,584		381,584
					381,584		**381,584**
112,441			286,601	107,851			506,893
8,822	503		9,256			9,226	53,031
8,751	104		185,479			311,610	550,652
$ 1,159,878	**$ 1,272,019**	**$ 396,807**	**$ 680,299**	**$ 107,851**	**$ 381,584**	**$ 320,836**	**$ 5,639,556**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

		N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Expenses				
Administrative				
91100	Administrative Salaries	$ 155,361	$	$
91200	Auditing Fee	4,500		
91400	Advertising and Marketing	4,790		
91500	Employee Benefit Contribution	52,799		
91600	Office Expenses	19,724		
91700	Legal Expense			
91800	Travel	889		
91900	Other	19,203		25,994
91000	**Total Administrative**	**257,266**		**25,994**
Tenant Services				
92100	Salaries		50,683	
92300	Employee Benefit Contributions		25,902	
92400	Tenant Services - Other	213	8,874	
92500	**Total Tenant Services**	**213**	**85,459**	
Utilities				
93100	Water	21,100		
93200	Electricity	30,417		
93300	Gas	14,926		
93600	Sewer	21,406		
93000	**Total Utilities**	**87,849**		
Ordinary Maintenance and Operations				
94100	Labor	101,084		
94200	Materials and Other	20,678		
94300	Contracts	73,010		
94500	Employee Benefit Contributions	40,939		
94000	**Total Ordinary Maintenance and Operations**	**235,711**		
Insurance				
96110	Property Insurance	56,935		
96120	Liability Insurance	9,389		
96130	Workmen's Compensation	9,000		
96100	**Total Insurance**	**$ 75,324**	**$**	**$**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
$ 229,116	$ 104,655	$	$ 144,154	$ 20,472	$ 7,466	$	$ 661,224
4,500	4,500		4,500				18,000
4,864							9,654
78,147	50,131		59,944	9,627	2,378		253,026
28,531	8,454		14,433				71,142
510			1,243				1,753
937	589		4,245				6,660
21,669	14,037		32,227	259	371,740		485,129
368,274	**182,366**		**260,746**	**30,358**	**381,584**		**1,506,588**
							50,683
							25,902
6,781							15,868
6,781							**92,453**
31,237			15,693				68,030
48,381			4,933				83,731
21,408			5,983				42,317
33,933			628				55,967
134,959			**27,237**				**250,045**
152,453			8,534				262,071
43,918			8,055				72,651
95,369	2,229		36,516				207,124
68,335			1,785				111,059
360,075	**2,229**		**54,890**				**652,905**
67,380			19,567				143,882
10,316			4,023				23,728
9,000			9,000				27,000
$ 86,696	**$**	**$**	**$ 32,590**	**$**	**$**	**$**	**$ 194,610**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

		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	$ 204	$	$ 106,531
96210	Compensated Absences	17,272		
96300	Payments in Lieu of Taxes	43,573		
96400	Bad Debt - Tenant Rents	5,015		
96000	**Total Other General Expenses**	**66,064**		**106,531**
Interest Expense and Amortization Cost				
96710	Interest on Mortgage Payable	124,922		
96700	**Total Interest Expense and Amortization Cost**	**124,922**		
96900	**Total Operating Expenses**	**847,349**	**85,459**	**132,525**
97000	**Excess Revenue Over Operating Expenses**	**387,474**		**(132,525)**
Other Expenses				
97300	Housing Assistance Payments			
97400	Depreciation Expense	605,818		
90000	**Total Expenses**	**1,453,167**	**85,459**	**132,525**
Other Financing Sources (Uses)				
10010	Operating transfers in			
10020	Operating transfers out			
10100	**Total Other Financing Sources (Uses)**			
10000	**Excess (Deficiency) of Total Revenue Over (Under) Total Expenses**	**$ (218,344)**	**$**	**$ (132,525)**

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	State / Local	Bridges	TIF #8	AHTF	Total
$	$ 9,114	$	$ 86,335	$	$	$ 75,598	$ 277,782
17,372	517		6,879				42,040
53,573			14,597				111,743
11,891			5,362				22,268
82,836	**9,631**		**113,173**			**75,598**	**453,833**
							124,922
							124,922
1,039,621	**194,226**		**488,636**	**30,358**	**381,584**	**75,598**	**3,275,356**
120,257	**1,077,793**	**396,807**	**191,663**	**77,493**		**245,238**	**2,364,200**
	1,111,311			99,339			1,210,650
383,580	734		68,403				1,058,535
1,423,201	**1,306,271**		**557,039**	**129,697**	**381,584**	**75,598**	**5,544,541**
396,807	76,875			21,846			495,528
		(396,807)	(98,721)				(495,528)
396,807	**76,875**	**(396,807)**	**(98,721)**	**21,846**			
$ 133,484	**$ 42,623**	**$**	**$ 24,539**	**$**	**$**	**$ 245,238**	**$ 95,015**

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL DATA SCHEDULE
MEMO ACCOUNT INFORMATION
For the Year Ended December 31, 2024

		N/C S/R Section 8 Programs	Multifamily Housing Service Coordinators	Community Development Block Grants / Small Cities Program
Memo Account Information				
11020	Required annual debt principal payments	$ 127,234	$	$ 302,217
11030	Beginning equity	(508,674)		1,888,085
11040	Prior period adjustment and equity transfers			
11190	Unit months available	1,248		
11210	Unit months leased	1,240		
11620	Building purchases			

Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Bridges	State / Local	TIF #8	AHTF	Total
$	$	$	$	$	$	$	$ 429,451
2,034,741	2,120			937,421		783,580	5,137,273
191,699		(191,699)					
1,428	2,028		144	273			5,121
1,417	1,657		143	265			4,722
		191,699					191,699

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF CAPITAL FUNDS
December 31, 2024

	2024	2023	2022	Total
Total Funds Approved	$ 303,130	$293,806	$292,289	$ 889,225
Total Funds Received	112,350	273,401	292,289	678,040
Remaining Funds Due	$ 190,780	$ 20,405	$	$ 211,185
Total Funds Received	$ 112,350	$273,401	$292,289	$ 678,040
Total Funds Expended	112,350	273,401	292,289	678,040
Funds on Hand	$	$	$	$
Received during Current Year	$ 112,350	$161,601	$122,856	$ 396,807
Current Amount Due				
Prior Amount Due				
Current Revenue	$ 112,350	$161,601	$122,856	$ 396,807

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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, 2024, 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 April 24, 2025.

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' 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' 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– bid laws, depositories of public funds and public 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, Schafer and Associates, Ltd.

Red Wing, Minnesota
April 24, 2025

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, 2024. 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, 2024.

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.

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.

Smith, Schafer and Associates, Ltd.

Red Wing, Minnesota
April 24, 2025

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
December 31, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal Expenditures	
U.S. Department of Housing & Urban Development			
N/C S/R Section 8 Programs	14.195	$ 621,452	
Public Housing Operating Fund	14.850	257,628	
Multifamily Housing Service Coordinators	14.191	85,459	
Resident Opportunity and Supportive Services	14.870	67,520	
Housing Choice Vouchers	14.871	1,271,412	***
Public Housing Capital Fund Program	14.872	396,807	
Total Expenditures of Federal Awards		$ 2,700,278	

***Major Program

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024

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, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Red Wing Housing and Redevelopment Authority, it is not intended to and does not present the financial position, changes in assets, or cash flows of the Red Wing Housing and Redevelopment Authority.

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, 2024.

5. Subrecipients

Red Wing Housing and Redevelopment Authority had no expenditures to subrecipients for the year ended December 31, 2024.

RED WING HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024

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