

**BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
BROOKINGS, SOUTH DAKOTA**

**PROJECT NUMBERS: SD056VO and SD 056MR  
ANNUAL CONTRIBUTION CONTRACT NUMBER: SD056**

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**FINANCIAL REPORT**

**FOR THE ONE YEAR ENDING DECEMBER 31, 2021**

**WITH INDEPENDENT AUDITOR'S REPORTS**

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**INDEPENDENT AUDIT SERVICES, P.C.**  
Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042

BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA

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PROJECT NUMBERS: SD056VO and SD 056MR  
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FOR THE ONE YEAR ENDING December 31, 2021

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

## **INDEPENDENT AUDIT SERVICES, P.C.**

Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042  
605.270.3020

Board of Commissioners  
Brookings County Housing & Redevelopment Commission  
Brookings, South Dakota

### **INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinions:**

I have audited the accompanying financial statements of each major fund of the Brookings County Housing & Redevelopment Commission (Commission), a component unit of Brookings County, South Dakota as of and for the one year ending December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Brookings County Housing & Redevelopment Commission as of December 31, 2021, and the respective changes in its financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions:**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Brookings County Housing & Redevelopment Commission and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Responsibilities of Management for the Financial Statements:**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibility for the Audit of the Financial Statements:**

My 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 my opinions. Reasonable

Brookings County Housing & Redevelopment Commission  
Independent Auditor's Report -- Page Two

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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, I:

- > 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 the Commission'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 my opinion, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information (no opinion)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 4 to 7) 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 Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information (opinion)

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements as a whole.

Brookings County Housing & Redevelopment Commission  
Independent Auditor's Report -- Page Three

The accompanying combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission (page 19) is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards (page 20) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The accompanying financial data schedules (page 21 and 22) are presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission, the schedule of expenditures of federal awards, and the financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject 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 my opinion, the combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission, the schedule of expenditures of federal awards and the financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated September 24, 2022 (page 23) on my consideration of the Brookings County Housing & Redevelopment Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my 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 the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

September 24, 2022



**BROOKINGS COUNTY SECT 8 V 1310 MAIN AVE S STE #106**  
**Brookings, South Dakota**

**Management's Discussion and Analysis**  
**December 31, 2021**

Management's Discussion and Analysis (MD&A) is a reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999.

Our discussion and analysis of the Brookings County Sect 8 V 1310 Main Ave S Ste #106 (herein referred to as "the Housing Authority"), Brookings, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2021. Please read the MD&A in conjunction with the Housing Authority's financial statements.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**Financial Highlights**

Total assets of the Housing Authority for the year ended December 31, 2021 were \$384,861. Total liabilities were \$169,700. Deferred inflows of resources were \$0, and total assets exceeded total liabilities by \$215,161 (net position).

Unrestricted net position totals \$109,934 This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December 31, 2021, was \$1,860,253 and expenses totaled \$1,758,976, revenue exceeded expenses by \$101,278.

**Overview of the Financial Statements**

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as program level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information of the Housing Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Position. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**BROOKINGS COUNTY SECT 8 V 1310 MAIN AVE S STE #106**  
**Brookings, South Dakota**

**Management's Discussion and Analysis**  
**December 31, 2021**

**Financial Analysis**

The Housing Authority's basic financial statements are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2021. The Statement of Changes in Net Position summarizes the revenues and sources of those revenues, and expenses incurred in operating the Housing Authority for the year ended December 31, 2021.

**Housing Choice Voucher Program** – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Housing Assistance Payment (HAP) to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

**Moderate Rehab Program** – Provides assistance to families living in units that were developed by individual owners for low income families and housing assistance provided by the Housing Authority.

**Statement of Net Position**

FOR THE YEAR ENDED December 31	2021	2020
Current assets and prepaid expense	\$384,861	\$303,698
Inventory held for resale	\$0	\$0
Capital assets, net	\$0	\$0
Pension assets, net		
Total Assets	\$384,861	\$303,698
Deferred Outflows of Resources	\$0	\$0
Current liabilities	\$73,984	\$103,474
Non-current liabilities	\$95,716	\$86,341
Total liabilities	\$169,700	\$189,815
Deferred Inflow of Resources	\$0	\$0
Net Position		
Invested in capital assets, net of related debt	\$0	\$0
Restricted	\$105,227	\$7,170
Unrestricted	\$109,934	\$106,713
Total Net Position	\$215,161	\$113,893
Total Liabilities, Deferred inflow of Resources and Equity/Net Position	<u>\$384,861</u>	<u>\$303,698</u>

**Comparative Statement of Revenues, Expenses and Changes in Net Position**

<b>FOR THE YEAR ENDED December 31</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
<b>Program Revenue</b>			
Tenant revenue	\$0	\$0	\$0
Other income	\$8,340	\$32,573	(24,233)
Federal grants and subsidies	\$1,851,764	\$1,646,794	\$204,970
Interest income	\$149	\$354	(\$205)
<b>Total revenue</b>	<b>\$1,860,253</b>	<b>\$1,679,721</b>	<b>\$180,532</b>
<b>Program Expenses</b>			
Administration	\$227,206	\$174,678	\$52,528
Tenant Services	\$37,966	\$37,966	\$0
Utilities	\$0	\$0	\$0
Ordinary maintenance & operations	\$0	\$0	\$0
Protective services	\$0	\$0	\$0
General expenses	\$4,448	\$4,641	(\$193)
Non-routine maintenance	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0
Interest Expense	\$0	\$0	\$0
HAP	\$1,489,356	\$1,506,757	(\$17,401)
Pension net revenue			
<b>Total expenses</b>	<b>\$1,758,976</b>	<b>\$1,724,042</b>	<b>\$34,934</b>
<b>Gain/loss - disposition of assets</b>	<b>\$0</b>	<b>(\$2,560)</b>	<b>\$2,560</b>
Transfer of funds	\$0	\$0	\$0
<b>Change in Net Position</b>	<b>\$101,278</b>	<b>(\$46,880)</b>	<b>\$148,158</b>
<b>Beginning Net Position</b>	<b>\$113,883</b>	<b>\$160,763</b>	<b>(\$46,880)</b>
Pension assets, net			
Pension related deferred outflow			
<b>Ending Net Position</b>	<b>\$215,161</b>	<b>\$113,883</b>	<b>\$101,278</b>

Federal grants total \$1,851,764.

### Capital Assets

**Capital Assets at Year-end  
(Net of Accumulated Depreciation)**

<b>FOR THE YEAR ENDED December 31</b>	<b>2021</b>	<b>2020</b>	<b>change</b>
Land	\$0	\$0	\$0
Buildings	\$0	\$0	\$0
Furniture, Equipment & Machinery - Admin	\$0	\$0	\$0
Furniture, Equipment & Machinery - Dwelling	\$0	\$0	\$0
Construction in Progress	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
Total Capital assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Long Term Debt

The Housing Authority has no long-term debt.

### Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the federal budget for the current year (and future years).

### Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Rich Galbraith, Executive Director, at Brookings County Sect 8 V 1310 Main Ave S Ste #106, Po Box 432, Brookings, South Dakota 57006 -- (605) 692-1670

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

STATEMENT OF NET POSITION  
 ENTERPRISE FUNDS AS OF DECEMBER 31, 2021

	Section-8 Existing Housing Fund	Section-8 Moderate Rehabilitation Fund	Totals
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash:			
Unrestricted cash:			
Checking - administration	(108,098.77)		(108,098.77)
Money market	235,183.92		235,183.92
Certificates of deposit - 90 days or less	6,404.10		6,404.10
Restricted cash:			
Checking - HAP equity	105,227.00		105,227.00
Savings - FSS expense	11,645.51		11,645.51
Money market - FSS escrow	68,280.20		68,280.20
Savings - FSS maintenance	15,790.74		15,790.74
Total cash	334,432.70	0.00	334,432.70
Accounts receivable - tenants	8,102.00	153.00	8,255.00
Accounts receivable - vacated units	(8,102.00)	(153.00)	(8,255.00)
Accounts receivable - HUD	0.00		0.00
Accounts receivable - other	3,722.99		3,722.99
Accrued interest receivable	6.74		6.74
Prepaid insurance	2,104.90		2,104.90
Due from other fund		44,593.73	44,593.73
Total current assets	340,267.33	44,593.73	384,861.06
Noncurrent assets:			
Capital assets:			
Equipment - administration	0.00		0.00
Accumulated depreciation	0.00		0.00
Total capital assets	0.00	0.00	0.00
Total assets:	340,267.33	44,593.73	384,861.06
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable	655.10		655.10
Accounts payable - HUD		28,735.00	28,735.00
Due to other fund	44,593.73		44,593.73
Total current liabilities	45,248.83	28,735.00	73,983.83
Noncurrent liabilities:			
Family self-sufficiency (FSS):			
Expenses	11,645.51		11,645.51
Escrow	68,280.20		68,280.20
Mortgage maintenance reserve	15,790.74		15,790.74
Total liabilities	140,965.28	28,735.00	169,700.28
<b>NET POSITION</b>			
Net invested in capital assets	0.00		0.00
Restricted for HAP payments	105,227.00		105,227.00
Unrestricted - Pre 2004 earnings	13,346.50		13,346.50
Unrestricted - Post 2003 earnings	80,728.55	15,858.73	96,587.28
Total net position	199,302.05	15,858.73	215,160.78

See accompanying notes.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET POSITION  
 ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021

	Section-8 Existing Housing Choice Voucher Fund	Section-8 Moderate Rehabilitation Fund	Totals
<hr/>			
<b>Revenues:</b>			
<b>Intergovernmental revenue:</b>			
HUD operating grants:			
HAP (voucher) program	1,559,991.00	21,302.00	1,581,293.00
Section 8 administration	189,752.00	6,690.00	196,442.00
CARES	36,063.04		36,063.04
FSS administration	37,966.00		37,966.00
Miscellaneous revenue:			
Fraud recovery - HUD	2,221.00		2,221.00
Fraud recovery	2,220.00		2,220.00
Absorption	2,736.00		2,736.00
Other income	1,163.00		1,163.00
<b>Total operating revenues</b>	<b>1,832,112.04</b>	<b>27,992.00</b>	<b>1,860,104.04</b>
<hr/>			
<b>Operating expenses:</b>			
Administration	221,107.44	6,098.10	227,205.54
Tenant services	37,965.96		37,965.96
Maintenance	0.00	0.00	0.00
General expenses	4,379.12	69.00	4,448.12
Housing assistance payments (HAP)	1,435,151.00	21,302.00	1,456,453.00
Family self-sufficiency payments (FSS)	32,903.00		32,903.00
Depreciation	0.00		0.00
<b>Total operating expenses</b>	<b>1,731,506.52</b>	<b>27,469.10</b>	<b>1,758,975.62</b>
<hr/>			
<b>Operating income (loss):</b>	<b>100,605.52</b>	<b>522.90</b>	<b>101,128.42</b>
<hr/>			
<b>Nonoperating revenues (expenses):</b>			
Interest earned	93.94	55.35	149.29
<b>Change in net position</b>	<b>100,699.46</b>	<b>578.25</b>	<b>101,277.71</b>
<hr/>			
<b>Total net position:</b>			
January 1, 2021	98,602.59	15,280.48	113,883.07
<b>December 31, 2021</b>	<b>199,302.05</b>	<b>15,858.73</b>	<b>215,160.78</b>
<hr/>			

See accompanying notes.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

STATEMENT OF CASH FLOWS  
 ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021

	Section-8 Existing Housing Choice Voucher Fund	Section-8 Moderate Rehabilitation Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating subsidy - HUD HAP	1,559,991.00	23,972.00	1,583,963.00
Operating grant - HUD section 8 administrat	189,752.00	6,690.00	196,442.00
Operating grant - HUD CARES	0.00		0.00
Operating grant - HUD FSS administration	37,966.00		37,966.00
Fraud recovery	4,441.00		4,441.00
Other income - absorption	2,736.00		2,736.00
Other income	523.76		523.76
Housing assistance payments (HAP)	(1,435,151.00)	(21,302.00)	(1,456,453.00)
Family self-sufficiency program (FSS)	(23,528.22)		(23,528.22)
Payroll and related payments	(37,965.96)		(37,965.96)
Vendor payments	(224,756.46)	(6,167.10)	(230,923.56)
Net cash provided (used) by operating activ	74,008.12	3,192.90	77,201.02
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVIT</b>			
Due (from) to other fund	3,248.25	(3,248.25)	0.00
Net cash provided (used) by non-capital fir	3,248.25	(3,248.25)	0.00
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
None			0.00
Net cash provided (used) by capital financi	0.00	0.00	0.00
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	100.57	55.35	155.92
Redeem certificates of deposit	16,933.67		16,933.67
Net cash provided (used) by investing activ	17,034.24	55.35	17,089.59
Net increase (decrease) in cash and cash equi	94,290.61	(0.00)	94,290.61
Cash - January 1, 2021	240,142.09	0.00	240,142.09
Cash - December 31, 2021	334,432.70	(0.00)	334,432.70
	0.00	(0.00)	0.00
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	100,605.52	522.90	101,128.42
Adjustments required for reconciliation:			
None	0.00		0.00
Change in:			
Accounts receivable	(639.24)		(639.24)
Prepaid insurance	75.00		75.00
Accounts payable - HUD		2,670.00	2,670.00
Accounts payable	655.10		655.10
Prepaid tenant AR (CARES)	(36,063.04)		(36,063.04)
Prepaid HAP subsidy			0.00
FSS maintenance reserve	(1,853.21)		(1,853.21)
FSS expense	(58.78)		(58.78)
FSS escrow	11,286.77		11,286.77
Net cash provided (used) by operating activ	74,008.12	3,192.90	77,201.02
Noncash investing, capital and financing activities:			
None			

See accompanying notes.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
December 31, 2021

## **NOTES TO THE FINANCIAL STATEMENTS**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission complies with accounting principles generally accepted in the United States (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Reporting Entity:

The Brookings County Housing and Redevelopment Commission, (Commission) a component unit of Brookings County, South Dakota, was organized in 2001 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C., 1401, et seq.). The Brookings County Commission appoints the five directors of the governing board for five-year staggered terms. The Commission elects its own chairperson and recruits and employs its management personnel and other workers. The Brookings County Commission has the ability to veto or otherwise modify the Commission's decision to construct a specific project and issue debt.

The primary government is Brookings County, South Dakota.

At December 31, 2021, the Commission's officials were:

Brookings County Housing and  
Redevelopment Commission:  
    Ryan Krogrman, Chairperson  
    Mike Holzhauser  
    Dan McColley  
    Ellie Vandenberg  
    Vacant

Attorney:  
    Brookings County Attorney

The Commission has no significant related party activity with these individuals.

The Commission also has Joint Powers Agreements to administer, through agency funds, the same low income public housing (HAP) programs for Deuel, Hamlin, Kingsbury, and Moody Counties Housing and Redevelopment Commissions.

The Commission administers a Section 8 Existing Housing Choice Voucher Program. The U.S. Dept. of Housing and Urban Development (HUD) funds these programs with tenant rent subsidizes. The Commission inspects properties to see that they are kept within HUD guidelines.

Under the Housing Choice Voucher Program, the Commission administers contracts with independent landlords who own the rental property. The Commission subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. Generally, the HAP payment to the landlord is the fair market rent less the family's share, which is usually set at 30% of the family's household income.

The Commission also administers a family self-sufficiency program (FSS) that is accounted for within the housing choice voucher program (CFDA 14.871) as a current liability.

The Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**b. Basis of Presentation:**

The accounts are organized on the basis of a fund, which is considered a separate accounting entity. Operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The fund in this financial report is classified as an "enterprise" fund type.

**Enterprise funds:**

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Commission maintains "Section-8 Existing Housing Choice Vouchers" and "Moderate Rehabilitation" funds to account for the HUD grants and HAP payments made to operate its voucher/FSS and moderate rehabilitation operations. Both of these funds are considered major funds.

**c. Measurement Focus and Basis of Accounting:**

Measurement focus refers to what financial resources make up a fund. Basis of accounting refers to when revenues and expenses are recognized by a fund and reported in the financial statements.

**Enterprise Funds:**

Measurement Focus - All enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with a fund are included in its statement of net position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position.

Basis of Accounting - All enterprise funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash is received or paid. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements are satisfied.

**d. Capital Assets:**

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations, and that have initial useful lives extending beyond a single reporting period.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. The Commission has no infrastructure assets.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Capitalization thresholds and estimated useful lives by type of asset is as follows:

Equipment: A threshold of \$5,000  
Estimated useful life of more than 1 year

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

At December 31, 2021 there were no capital assets.

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

Interest costs incurred during construction of capital assets is not capitalized with other capital asset costs.

e. Long-term Liabilities:

The Commission has no long-term liabilities except for FSS expense and homebuyer maintenance reserves. See note 5.

f. Operating and Nonoperating Revenues:

Operating revenues are those associated with voucher and HAP activity. Nonoperating revenues are those not associated with voucher and HAP activity such as interest income.

A landlord's tenant generally pays rent based on the higher of 30% of their adjusted gross income (based on HUD guidelines) or 10% of their gross income. HUD pays the remainder of the rent through a housing assistance payment (HAP) to the landlord based on a landlord's voucher.

HUD requires the Commission to account for money recovered from tenants for misrepresentation or other actions as fraud recovery. Fraud recovery is shared equally between the Commission and HUD.

g. Net Position Classifications:

Net position is displayed in three components:

1. Net Invested in Capital Assets - Consists of capital assets and restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of net position with constraints placed on their use by either (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that do not meet the criteria of 1 or 2 above.

h. Application of Net Position:

It is the Commission's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

i. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as a reduction of a disbursement in the fund that is reimbursed. All other interfund transactions are reported as transfers.

j. Accounting Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates and assumptions. Following are some of the estimates made by management during the year:

- \* Allowance for doubtful accounts -- estimated uncollectables
- \* Depreciation -- estimated service life

## 2. CASH, DEPOSITS, INVESTMENTS AND CASH FLOWS

Deposits - The Commission deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or better, or a qualified public depository may furnish a corporate surety bond from a corporation authorized to do business in South Dakota.

Deposits are reported at costs, plus interest, if the account is an add-on type.

The actual bank balances at December 31, 2021 were: Insured \$337,433.09 and Collateralized\*\* \$0.00 for a total of \$337,433.09.

\*\* Uninsured, collateral jointly held by state's/Commission's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at December 31, 2021 was \$334,432.70.

Investments - In general, SDCL 11-7-31 permits Housing & Redevelopment Commission funds "...to invest any funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control."

Additionally, SDCL 4-5-6 permits Housing & Redevelopment Commission funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

The Commission had no investments during the year ending December 31, 2021 because certificates of deposit are insured or collateralized.

Investment Risk - State law limits eligible investments for the Commission as discussed above. The Commission has no investment policy that would further limit its investment choices.

Interest Rate Risk - The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All certificates of deposits are at fixed interest rates for a specified term.

Concentration of Credit Risk - The Commission places no limit on the amount that may be deposited or invested in any one institution. At December 31, 2021 all of the Commission's cash and certificates of deposit are deposited in First bank & Trust, Wells Fargo, Central Bank, and Great Western Bank.

Credit Risk - The Commission had no credit risks because the Commission had no investments during the year ending December 31, 2021.

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. At December 31, 2021, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are fully FDIC insured.

Cash Flows - For the purposes of the statement of cash flows, the Commission considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

Restricted cash is:

105,227.00	Held for HAP payments.
11,645.51	Held in a reserve for FSS clients who have immediate cash needs
68,280.20	Held for the Family Self-Sufficiency (FSS) Escrow Program including its home ownership clients. This money is held for FSS clients until they complete a five-year program to improve their earned income.
15,790.74	Held in a maintenance reserve for FSS home ownership clients that are using the Housing Voucher program to help purchase a home.
-----	
200,943.45	

### 3. RECEIVABLES AND PREPAID EXPENSES

Receivables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year.

The premiums on all major insurance policies are charged to prepaid insurance and amortized (expensed) over the life of the policy on a monthly basis.

### 4. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the one-year ending December 31, 2021 are:

	12-31-2000	Additions	Deletions	12-31-2021
Equipment	0			0
Accum depr.	0			0
	=====	=====	=====	=====
	0	0	0	0

Because of a policy to make \$5,000 the capital asset threshold, there are no capital assets to report.

### 5. LIABILITIES

At December 31, 2021 liabilities consist of the following:

Accounts payable due vendors	655.10
Due HUD	28,735.00
Inter-program due to	44,593.73
	-----
Current	73,983.83
	=====
FSS expense donation deposits	11,645.51
FSS escrow deposits	68,280.20
FSS homebuyer maintenance reserve	15,790.74
	-----
Non-current	95,716.45
	=====

The Commission has no debt or no conduit debt.

## 6. INTERPROGRAM BALANCES

The cost associated with administration are prorated between the existing housing choice voucher fund and the moderate rehabilitation fund using a revolving account. The proration is determined monthly, set up as a receivable or payable, and collected or paid in the following month. At December 31, 2021 the existing housing choice voucher fund owed the moderate rehabilitation fund \$44,593.73.

## 7. HAP EQUITY

A recap of Housing Assistance Payment (HAP) Equity is as follows:

	Vouchers HAP Equity	Vouchers Non-HAP Equity	Mod Rehab HAP Equity	Mod Rehab Non-HAP Equity
HUD - HAP	1,559,991.00		21,302.00	
HUD - administrative fees		189,752.00		6,690.00
HUD - CARES		36,063.04		
HUD - FSS administration		37,966.00		
HUD - FSS absorption	2,736.00			
Fraud recovery	2,221.00	2,220.00		
Void check	1,163.00			
Other income				
HAP to landlords	(1,435,151.00)		(21,302.00)	
HUD FSS payments	(32,903.00)			
Administration expenses		(221,107.44)		(6,098.10)
Tenant services		(37,965.96)		
Maintenance		(0.00)		
General expenses		(4,379.12)		(69.00)
Depreciation		(0.00)		
Interest earned		93.94		55.35
-----	-----	-----	-----	-----
Change in net position	98,057.00	2,642.46	0.00	578.25
HAP/Non-HAP Equity:				
January 1, 2021	7,170.00	91,432.59	0.00	15,280.48
-----	-----	-----	-----	-----
December 31, 2021	105,227.00	94,075.05	0.00	15,858.73
=====	=====	=====	=====	=====

## 8. FAMILY SELF-SUFFICIENCY (FSS) PROGRAM

The Family Self-Sufficiency Program is accounted for within the housing choice voucher program (CFDA 14.871) as a current liability. A recap of the Family Self-Sufficiency Program activity is as follows:

	Checking (donations)	Savings (HUD subsidy) (for client expenses)	Savings (Mortgage maintenance client contract) reserve)
HUD's HAP match to:			
Clients' escrow		35,993.00	
Homebuyers' maintenance accounts			90.00
Donations	200.00		
Return of clients' escrow to Commission		(5,608.92)	
Restitution		6,000.00	
Interest earned	1.16	5.90	7.93
Client disbursements, net	(259.94)	(25,103.21)	(1,951.14)
-----	-----	-----	-----
Net change in cash	(58.78)	11,286.77	(1,853.21)
Cash: January 1, 2021	11,704.29	56,993.43	17,643.95
-----	-----	-----	-----
Cash: December 31, 2021	11,645.51	68,280.20	15,790.74
=====	=====	=====	=====

The expense cash is for the Commission to disburse to FSS clients as it sees a need. Escrow cash, based on HUD guidelines, is given to clients after they have fulfilled a five year contract and reached individually established goals. If the client doesn't fulfill their contract, the money is not given to them. Instead the money is "absorbed" and returned to HUD.

#### 9. PRE-2004 and POST-2003 RETAINED EARNINGS

HUD guidelines allow pre-2004 earnings to be donated to community organizations. Earnings from 2004 and after cannot be donated to community organizations. The activity of Pre-2004 and Post-2003 earning is as follows:

Vouchers	Net				
	Total Retained Earnings	Invested in Capital Assets	Restricted for HAP Payments	Pre-2004 Retained Earnings	Post-2003 Retained Earnings
January 1, 2021	98,602.59	0.00	7,170.00	13,346.50	78,086.09
Activity	100,605.52	0.00	98,057.00		2,548.52
Interest earnings	93.94				93.94
	-----	-----	-----	-----	-----
December 31, 2021	199,302.05	0.00	105,227.00	13,346.50	80,728.55
	=====	=====	=====	=====	=====

Moderate Rehabilitation	Net				
	Total Retained Earnings	Invested in Capital Assets	Restricted for HAP Payments	Pre-2004 Retained Earnings	Post-2003 Retained Earnings
January 1, 2021	15,280.48				15,280.48
Activity	522.90				522.90
Interest earnings	55.35				55.35
	-----	-----	-----	-----	-----
December 31, 2021	15,858.73	0 .00	0.00	0.00	15,858.73
	=====	=====	=====	=====	=====

#### 10. OPERATING LEASES

In 2019 the Commission leased office space for a minimum yearly lease payment of \$6,960. In 2019 the Commission leased an office copy machine for a minimum monthly lease payment of \$96 plus .008 cents per page and a network service charge of \$12.95.

#### 11. ECONOMIC DEPENDENCY

The Commission receives grants from the Department of Housing and Urban Development (HUD). These grants represent 98% of total revenues for the year ending December 31, 2021.

#### 12. COMMITMENTS AND CONTINGENCIES

Litigation: At December 31, 2021 the Commission was not involved in any threatened litigation.

Examinations: The Commission is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing grants given to the Commission in the current and prior years. There were no examinations during the year ended December 31, 2021.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustments by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Commission. The amounts, if any, of expenditures which may be disallowed by HUD cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

Risk Management: The Commission is exposed to various risks of losses related to torts, theft of and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance coverage for these risks to the extent deemed prudent by the Commission's management. No claims have been made upon the Commission.

The Commission does not carry worker's compensation insurance, unemployment insurance or employee health insurance because all employees are the responsibility of RAM Housing Specialists, Inc. of Aberdeen, South Dakota.

### 13. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The Commission has no material related party activity.

Because the Commission is a component unit of the Brookings County, South Dakota, it is a governmental entity and is exempt from federal income taxes. The State of South Dakota does not have an income tax.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN NET POSITION OF ALL HOUSING CHOICE VOUCHERS PROGRAMS  
 ADMINISTERED BY THE BROOKINGS COUNTY HOUSING AND  
 REDEVELOPMENT COMMISSION  
 FOR THE YEAR ENDING DECEMBER 31, 2021

	Brookings County Fund	Deuel County Agency Fund	Hamlin County Agency Fund	Kingsbury County Agency Fund	Moody County Agency Fund	Minnehaha County Agency Fund	Port Out Agency Fund
Total	-----	-----	-----	-----	-----	-----	-----
<b>Revenue:</b>							
Intergovernmental revenue:							
HUD operating grants:							
HAP programs	1,581,293.00	1,493,242.00	20,496.00	27,850.00	25,492.00	14,213.00	0.00
Section 8 administrat	196,442.00	196,442.00					0.00
CARES	36,063.00	36,063.00					
FSS program	37,966.00	37,966.00					
Miscellaneous revenue:							
Fraud recovery - HUD	2,221.00	2,221.00					
Fraud recovery	2,220.00	2,220.00					
Absorption	2,736.00	2,736.00					
Other income	1,163.00	1,163.00					
Total revenue	1,860,104.00	1,772,053.00	20,496.00	27,850.00	25,492.00	14,213.00	0.00
	-----	-----	-----	-----	-----	-----	-----
<b>Expenditures:</b>							
Health and welfare:							
Housing assistance paym	1,456,453.00	1,368,402.00	20,496.00	27,850.00	25,492.00	14,213.00	0.00
Administrative	227,206.00	227,206.00					0.00
Tenant services	37,966.00	37,966.00					
Maintenance	0.00	0.00					
General expenses	4,448.00	4,448.00					
Family self-sufficiency	32,903.00	32,903.00					
Depreciation	0.00	0.00					
Total expenditures	1,758,976.00	1,670,925.00	20,496.00	27,850.00	25,492.00	14,213.00	0.00
	-----	-----	-----	-----	-----	-----	-----
<b>Excess of revenues over (under)</b>							
expenditures	101,128.00	101,128.00	0.00	0.00	0.00	0.00	0.00
Other financing sources (us							
Interest earned	149.00	149.00					
Change in net position	101,277.00	101,277.00	0.00	0.00	0.00	0.00	0.00
	-----	-----	-----	-----	-----	-----	-----
<b>Net position:</b>							
January 1, 2021	113,883.00	113,883.00	0.00	0.00	0.00	0.00	0.00
December 31, 2021	215,160.00	215,160.00	0.00	0.00	0.00	0.00	0.00
	=====	=====	=====	=====	=====	=====	=====

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDING DECEMBER 31, 2021

	Federal CFDA Number	2021 Expenditures
<b>Direct Federal Programs:</b>		
U.S. Department of Housing and Urban Development:		
Lower Income Housing Assistance Program		
Section 8 - Moderate Rehabilitation		
PHA Code: SD056MR		
Part of Section 8 Project-Based Cluster	14.856	27,469
Section 8 Housing Choice Vouchers (Note 2)		
PHA Code: SD056VO		
Part of Housing Voucher Cluster	14.871	1,749,743
PIH Family Self-Sufficiency		
PHA Code: SD056VO		
Not part of a cluster	14.896	32,903
<b>Total Department of Housing and Urban Development:</b>		<b>1,810,115</b>
Department of Treasury:		
Passed through the Dept. of Housing and Urban Development		
Coronavirus Relief Fund	21.019	36,063
<b>Total Department of Treasury</b>		<b>36,063</b>
<b>Total Federal Awards</b>		<b>1,846,178</b>

**Note 1:**

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Brookings County Housing and Redevelopment Commission (HRC). It also includes federal grant activity administered by Brookings County HRC for Deuel, Hamlin, Kingsbury, and Moody Counties HRCs. It is presented on the full accrual basis of accounting. The information is presented in accordance with the requirements of OMB Uniform Guidance.

The HRC has not elected to use the 10% de minimis cost rate.

**Note 2:**

This is a major program.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 DECEMBER 31, 2021

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

		Financial Data Schedule					
Financial Data Schedule (FDS)							
For the One Year Ending December 31, 202		Audit	PIH	Housing	HCC	HCV	Section 8
Required by the Dept. of Housing and Urban Development (HUD)		-----	Family	Choice	CARES	Funding	MOD
Line	Item #	Section-8	Self-Sufficiency	CFDA #	CFDA #	CFDA #	CFDA #
		Totals	Reclass	14.896	14.871	21.019	14.856
		12-31-21		12-31-21	12-31-21	12-31-21	12-31-21
<b>ASSETS</b>		-----	-----	-----	-----	-----	-----
<b>Current assets:</b>		-----	-----	-----	-----	-----	-----
111	Cash - unrestricted	133,489	100		133,389		
113	Cash - restricted	132,663	(100)		132,763		
125	Accts Rec - miscellaneous	3,723			3,723		
129	Accts Rec - accrued interest	7			7		
131	Investments - unrestricted	0					
132	Investments - restricted	68,280			68,280		
142	Prepaid expenses and other as:	2,105			2,105		
144	Interprogram due from	44,594					44,594
150	Total current assets:	384,861	0	0	340,267	0	44,594
<b>Noncurrent assets:</b>		-----	-----	-----	-----	-----	-----
164	Furniture, equipment - adminis	0					
166	Accumulated depreciation	0					
160	Total non-current assets:	0	0	0	0	0	0
190	Total assets	384,861	0	0	340,267	0	44,594
<b>LIABILITIES</b>		=====	=====	=====	=====	=====	=====
<b>Current liabilities:</b>		=====	=====	=====	=====	=====	=====
312	Accounts payable	655			655		
331	Accounts payable - HUD	28,735					28,735
347	Interprogram due to	44,594			44,594		
310	Total current liabilities	73,984	0	0	45,249	0	28,735
<b>Noncurrent liabilities:</b>		-----	-----	-----	-----	-----	-----
353	Other (FSS)	95,716			95,716		
300	Total liabilities	169,700	0	0	140,965	0	28,735
<b>NET POSITION</b>		-----	-----	-----	-----	-----	-----
508.1	Net invested in capital assets	0					
<b>Restricted net position:</b>		-----	-----	-----	-----	-----	-----
511.4	Excess HAP equity	105,227			105,227		
<b>Unrestricted net position:</b>		-----	-----	-----	-----	-----	-----
512.4	Pre-2004	13,346	13,346				
512.4	Post-2003	96,588	(13,346)		94,075		15,859
513	Total net position	215,161	0	0	199,302	0	15,859
Total liabilities and net position		384,861	0	0	340,267	0	44,594

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 DECEMBER 31, 2021

Financial Data Schedule

Financial Data Schedule (FDS)		Financial Data Schedule					
For the One Year Ending December 31, 202		Audit	PIH	Housing	HCC	HCV	Section 8
Required by the Dept. of Housing and Urban Development			Family	Choice	CARES	Funding	MOD
Line	Item #	Section-8	Self-Sufficiency	Vouchers	CFDA #	CFDA #	CFDA #
		Totals	Reclass	12-31-21	12-31-21	12-31-21	12-31-21
<b>REVENUE</b>							
70600	HUD PHA oper grants - HAP	1,581,293	(232,505)		1,749,743	36,063	27,992
70600	HUD PHA oper grants - admin	196,442	196,442				
70600	HUD PHA oper grants - CARES	36,063	36,063				
70600	HUD PHA oper grants - FSS admi	37,966		37,966			
71100	Investment income - unrestrict	0	(148)		93		55
71400	Fraud recovery	4,441			4,441		
71500	Other revenue	3,899			3,899		
		-----	-----	-----	-----	-----	-----
	<b>700 Total revenue</b>	<b>1,860,104</b>	<b>(148)</b>	<b>37,966</b>	<b>1,758,176</b>	<b>36,063</b>	<b>28,047</b>
<b>EXPENSES</b>							
Expenses - administrative:							
91200	Auditing fee	5,200			4,400		800
91300	Management fee	171,929			133,173	36,063	2,693
91600	Office expenses	32,499			31,588		911
91800	Travel	0					
91900	Other	17,577	1		15,883		1,693
Expenses - tenant services:							
92100	Salaries	37,966		37,966			
Expenses - maintenance:							
94300	Ordinary maintenance	0					
Expenses - general:							
96120	Liability insurance	2,077			2,010		67
96140	All other insurance	176			174		2
96200	Other general expenses	2,195			2,195		
97300	Housing Assistance Payments	1,456,453	1,456,453				
97300	HUD operating grants - FSS	32,903	32,903				
97400	Depreciation	0					
		-----	-----	-----	-----	-----	-----
	<b>96900 Total operating expenses</b>	<b>1,758,975</b>	<b>1,489,357</b>	<b>37,966</b>	<b>189,423</b>	<b>36,063</b>	<b>6,166</b>
Other expenses:							
97300	Housing Assistance Payments	0	(1,489,356)		1,468,054		21,302
97400	Depreciation	0					
		-----	-----	-----	-----	-----	-----
	<b>90000 Total expenses</b>	<b>1,758,975</b>	<b>1</b>	<b>37,966</b>	<b>1,657,477</b>	<b>36,063</b>	<b>27,468</b>
		-----	-----	-----	-----	-----	-----
Other financing sources (uses):							
71100	Investment income - unrestrict	149	149				
		-----	-----	-----	-----	-----	-----
10100	Total other financing sources (u	149	149	0	0	0	0
		-----	-----	-----	-----	-----	-----
	<b>10000 Change in net position</b>	<b>101,278</b>	<b>0</b>	<b>0</b>	<b>100,699</b>	<b>0</b>	<b>579</b>
<b>NET POSITION</b>							
11030	Beginning	113,883		0	98,603	0	15,280
11040	Prior period adjustments	0					
		-----	-----	-----	-----	-----	-----
11170	Ending administrative fee equi	109,934	0	0	94,075	0	15,859
11180	Ending Housing Assistance Pymt	105,227		0	105,227	0	0
		=====	=====	=====	=====	=====	=====

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

Board of Commissioners  
Brookings County Housing & Redevelopment Commission  
Brookings, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 each major fund of the Brookings County Housing & Redevelopment Commission (Commission), a component unit of Brookings County, South Dakota, as of December 31, 2021, and for the one year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated September 24, 2022, which was unmodified.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

*Internal Control Over Financial Reporting*

In planning and performing my audit of the financial statements, I considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of Brookings County Housing & Redevelopment Commission's internal control.

A deficiency in internal control exist 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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 the attention of those charged with governance.

Report on Compliance and Other Matters and on Internal Control  
Page Two

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of Brookings County Housing & Redevelopment Commission in a separate Letter of Comments dated September 24, 2022.

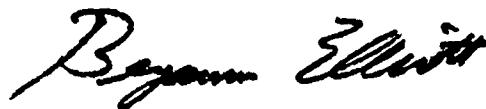
**Purpose of the Report**

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

However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

September 24, 2022



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

Board of Commissioners  
Brookings County Housing and Redevelopment Commission  
Brookings, South Dakota

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program:*

I have audited the Brookings County Housing and Redevelopment Commission's (Commission) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement, that could have a direct and material effect on the Commission's major federal program as of December 31, 2021 and for the year then ended. The Commission's major federal program is identified in the summary of auditor's results section in the accompanying schedule of audit findings and questioned cost (page 28).

In my opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ending December 31, 2021.

*Basis for Opinion on a Major Federal Program:*

I conducted my 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*). My responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Commission and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the Commission's major federal program. My audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

*Management's Responsibility for Compliance:*

Management is responsible for compliance with 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 the Commission's federal programs.

*Auditor's Responsibilities for the Audit of Compliance:*

My 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 the Commission's compliance based on my 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. 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 the Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- > 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 the Commission's compliance with requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- > Obtain an understanding of the Commission'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 the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Report on Internal Control over Compliance

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify a deficiency in internal control over compliance that I consider to be material a weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or 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.

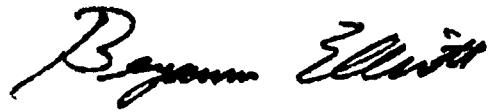
My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

September 24, 2022



BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR END December 31, 2021

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Prior Federal Audit Findings:

There were no prior year federal audit findings.

Prior Other Audit Findings:

There were no prior year other audit findings.

SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS

I. Summary of Auditor's Results

*Financial Statements:*

Type of auditor's report issued:	Unmodified
Material noncompliance noted:	None Reported
Internal control over financial reporting: * Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported
<i>Federal Awards:</i>	
Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs: * Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported

Any audit findings disclosed that are  
required to be reported in accordance with  
2 CFR 200.516(a)

No

*Identification of major program:*

Dept. of Housing and Urban Development:  
CFDA No. 14.871 Housing Choice Vouchers

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

Does the Brookings County Housing and Redevelopment  
Commission qualify as a low-risk auditee? Yes

II. Financial Statement Findings

None Reported

III. Federal Award Findings and Questioned Costs

None Reported

IV. Prior Year Findings

None Reported