

**THE HOUSING AND REDEVELOPMENT COMMISSION OF
THE CITY OF SIOUX FALLS, SOUTH DAKOTA,
A COMPONENT UNIT OF THE CITY OF
SIOUX FALLS, SOUTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Housing and Redevelopment Commission
of The City of Sioux Falls, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota as of and for the year ended September 30, 2025, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota as of September 30, 2025, and the respective changes in 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota 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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota'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.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota are intended to present the net position, revenues, expenses and cash flows of only that portion of the financial statements of the City of Sioux Falls, South Dakota that is attributable to the transactions of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota. They do not purport to, and do not, present fairly the financial position of the City of Sioux Falls, South Dakota as of September 30, 2025, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards 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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota'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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota'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, 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 opinions on the financial statements that collectively comprise the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota's basic financial statements. The Commission's Financial Data Schedules (FDS), Capital Fund Program Schedule of Modernization Expenditures by Project Number, and South Sycamore Estates Statements and Supplementary Schedules (for the years ended September 30, 2025 and 2024) as listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The

accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements For Federal Awards*, and is also not a required part of the basic financial statements. The Financial Data Schedules, Capital Fund Program Schedule of Modernization Expenditures by Project Number, South Sycamore Estates Statements and Supplementary Schedules (for the years ended September 30, 2025 and 2024) and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.



BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

May 1, 2026

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

As management of the Housing and Redevelopment Commission of the City of Sioux Falls (the Commission) a component unit of the City of Sioux Falls, South Dakota, we offer readers of the Commission's financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the Commission's financial statements.

Financial Highlights

- The assets of the Primary Government exceeded its liabilities at the close of the 2025 fiscal year by \$3,769,335 (net position), compared to net position of \$4,315,761 for the fiscal year 2024. This is a 12.66% decrease from fiscal year 2024.
- The Primary Government's cash and cash equivalents balance at September 30, 2025 was \$1,940,133 representing a decrease of \$631,960 from September 30, 2024.
- The Primary Government had total operating revenues of \$17,396,633, and operating expenses of \$17,985,763 for the year ended September 30, 2025. This compares to total operating revenues of \$17,318,426 and operating expenses of \$17,469,218 for the year ended September 30, 2024.

Overview of the Financial Statements

The Management's Discussion and Analysis is intended to serve as an introduction to the Commission's basic financial statements and to summarize what is included in them.

The financial statements are designed to be corporate-like in nature and activities are shown for the entire Commission.

These Statements include a Statement of Net Position. The Statement of Net Position reports all financial and capital resources for the Commission. The statement is presented in the format where assets less liabilities equal net position. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Noncurrent".

The focus of the Statement of Net Position (the "Unrestricted net position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Commission. Net position is reported in three broad categories:

Net Investment in Capital Assets: This component of net position consists of all Capital Assets, 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.

Restricted Net Position: This component of net position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Unrestricted Net Position: Consists of net position that does not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position."

The financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Nonoperating Revenue and Expenses, such as investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

Financial Analysis

	2025	2024	Change	
			Dollar	%
Assets:				
Current and Other Assets	\$ 3,412,778	\$ 3,772,960	\$ (360,182)	-9.55%
Capital Assets	1,365,594	1,419,916	(54,322)	-3.83%
Total Assets	<u>4,778,372</u>	<u>5,192,876</u>	<u>(414,504)</u>	-7.98%
Liabilities:				
Current and Other Liabilities	863,626	754,388	109,238	14.48%
Long-Term Liabilities	145,411	122,727	22,684	18.48%
Total Liabilities	<u>1,009,037</u>	<u>877,115</u>	<u>131,922</u>	15.04%
Net Position:				
Net Investment in Capital Assets	1,237,686	1,303,478	(65,792)	-5.05%
Restricted	287,917	135,468	152,449	112.54%
Unrestricted	2,243,732	2,876,815	(633,083)	-22.01%
Total Net Position	<u>\$ 3,769,335</u>	<u>\$ 4,315,761</u>	<u>\$ (546,426)</u>	-12.66%

Assets

Net position may serve, over a period of time, as a useful indicator of a government's financial position. In the case of the Primary Government, assets exceeded liabilities by \$3,769,335 at the close of fiscal year September 30, 2025.

Total assets, as of September 30, 2025, were \$4,778,372. Of this total, \$3,412,778 was current and other assets, while \$1,365,594 were capital assets. For fiscal year ended September 30, 2024, current and other assets were \$3,772,960 and capital assets were \$1,419,916. Current assets decreased with decreases in cash of approximately \$631,000 and an increase to receivables of approximately \$266,000. The decrease in capital assets was due to depreciation and amortization of approximately \$124,000 and acquisitions of approximately \$69,000.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Liabilities

Total liabilities as of September 30, 2025 were \$1,009,037 compared to total liabilities of \$877,115 for fiscal year ended September 30, 2024. During the year ended September 30, 2025, the Commission added approximately \$54,000 in lease liabilities.

Net Position

Total net position, as of September 30, 2025, was \$3,769,335 which consisted of unrestricted net position of \$2,243,732, restricted net position for grantor agency of \$252,376, restricted net position for debt covenants of \$35,541, and net investment in capital assets of \$1,237,686. As of September 30, 2024, unrestricted net position was \$2,876,815, restricted net position for grantor agency was \$101,360, restricted net position for debt covenants of \$34,108, and net investment in capital assets was \$1,303,478 for a total net position of \$4,315,761, as restated.

A portion of the Primary Government's net position, 33%, reflects its investment in capital assets (e.g., buildings, machinery, and equipment). These assets are not available for future spending. The unrestricted net position of the Primary Government, 60%, is available for future use to provide program services. The total net position of the Primary Government decreased - \$546,426 during the fiscal year 2025.

Changes in Net Position

There was a decrease in net position of \$546,426 from fiscal year 2024 to fiscal year 2025. The ending total net position was \$3,769,335 in fiscal year 2025 while fiscal year 2024 ended with a total net position of \$4,315,761.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The following schedule compares the revenues, expenses and changes in net position for the current and previous fiscal year.

	2025	2024	Change	
			Dollar	%
Revenues				
Program Revenues				
Dwelling rental	\$ 166,372	\$ 226,103	\$ (59,731)	-26.42%
Tenant revenue-other	5,817	5,725	92	1.61%
Fraud recovery	53,556	40,293	13,263	32.92%
Other revenue and management fees	507,678	351,524	156,154	44.42%
HUD PHA grants	16,386,765	16,418,360	(31,595)	-0.19%
HUD Capital grants	-	70,419	(70,419)	-100.00%
Other Governmental grants	276,445	276,421	24	0.01%
General Revenues				
Interest income	44,371	19,433	24,938	128.33%
Total Revenues	<u>17,441,004</u>	<u>17,408,278</u>	<u>32,726</u>	0.19%
Expenses				
Administrative	1,371,510	1,250,779	120,731	9.65%
Management fees	62,532	74,005	(11,473)	-15.50%
Tenant services	1,454,161	1,199,897	254,264	21.19%
Utilities	30,482	27,124	3,358	12.38%
Ordinary maintenance and operations	253,141	221,854	31,287	14.10%
Extraordinary maintenance	68,282	6,067	62,215	1025.47%
General expense	147,981	110,378	37,603	34.07%
Housing assistance payments	14,474,014	14,509,393	(35,379)	-0.24%
Dwelling units rent expense	-	7,277	(7,277)	-100.00%
Depreciation	123,660	62,444	61,216	98.03%
Interest expense	1,667	-	1,667	100.00%
Total Expenses	<u>17,987,430</u>	<u>17,469,218</u>	<u>518,212</u>	2.97%
Change in Net Position	<u>(546,426)</u>	<u>(60,940)</u>	<u>(485,486)</u>	796.66%
Beginning Net Position	<u>4,315,761</u>	<u>4,376,701</u>	<u>(60,940)</u>	-1.39%
Ending Net Position	<u>\$ 3,769,335</u>	<u>\$ 4,315,761</u>	<u>\$ (546,426)</u>	-12.66%

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Revenue

The operating revenues of the Primary Government increased by \$78,207 for fiscal year 2025. Total operating revenues for fiscal year September 30, 2025 were \$17,396,633, while in fiscal year September 30, 2024, total operating revenues were \$17,318,426. The main factors were increases in other fees and other revenue combining for approximately \$156,000 from 2024.

Operating Expenses

Operating expenses increased by 2.96% or \$516,545 from fiscal year 2024 to fiscal year 2025. The main factors were increases in tenant services and general expenses combining for approximately \$361,000 from 2024.

Capital Assets and Debt Administration

CAPITAL ASSETS

As of September 30, 2025, the Primary Government's investment in capital assets was \$1,237,686 (net of accumulated depreciation and amortization). This investment in capital assets includes buildings, improvements, equipment, and computer hardware.

There were \$69,338 in capital assets purchased during fiscal year 2025 which consisted of leased copy machines, small furniture and fixtures, flooring upgrades, and a new security system. Depreciation and amortization expense totaled \$123,660.

Please see Note 6 to the financial statements for additional information on capital assets.

LONG-TERM DEBT

The Primary Government had \$254,614 in outstanding debt as of the end of the fiscal year. The note payable is owed by South Sycamore Estates, a 16-unit apartment complex. Lease liabilities represent the balance to be paid for the right to use copy machines from an outside vendor.

The Commission is liable for the accrued vacation and sick leave payable to qualifying employees.

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Note payable	\$ 116,438	\$ -	\$ (31,345)	\$ 85,093	\$ 31,345
Lease	-	54,097	(11,282)	42,815	11,744
Compensated absences**	95,681	31,025	-	126,706	66,114
Long-term liabilities	<u>\$ 212,119</u>	<u>\$ 85,122</u>	<u>\$ (42,627)</u>	<u>\$ 254,614</u>	<u>\$ 109,203</u>

Compensated absences are reported net of additions and retirements. Please see Note 8 to the financial statements for additional information on long-term debt.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Primary Government's budget for the fiscal year:

- Wage increases for all employees resulted in an increase from 3% to 4%.
- Budgeted an increase of 10% in health insurance premiums.
- Housing Choice Voucher administrative fees revenue budgeted at 95% utilization with 84.5% proration and housing assistance payments budgeted at 99% utilization with 99% proration.
- Administrative overhead costs allocated based upon number of units utilized by programs.
- Revenues and expenses were adjusted according to existing contracts, projected increases and decreases and historical information, increases of 3-5% in operating expenses, and historical information.

Component Unit

Affordable Housing Solutions is a discretely presented component unit. A complete copy of this audit report can be obtained at the administrative office. Please see Note 1 to the financial statements.

Contacting the Commission's Financial Management

The financial report is designed to provide a general overview of the Primary Government's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Sioux Falls Housing and Redevelopment Commission, 630 South Minnesota Avenue, Sioux Falls, SD 57104-4825. Also, separately issued financial statements for Affordable Housing Solutions (component unit) can be obtained at the above address.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
ASSETS		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 1,208,809	\$ 524,571
Cash and cash equivalents - restricted	731,324	311,753
Receivables, (net of allowances for uncollectibles, if any):		
Tenants	9,961	10,700
Miscellaneous	42,164	41,070
HUD	170,187	-
Other Government	602,921	49,964
Note	521,095	185,398
Interest	15,092	6,369
Prepaid expenses	111,225	10,856
Assets held for resale	-	385,929
Total current assets	<u>3,412,778</u>	<u>1,526,610</u>
Noncurrent assets:		
Notes receivable	-	4,481,846
Investment in Tax Credit Partnership	-	25,341
Capital assets, net of accumulated depreciation and amortization:		
Land	482,500	293,684
Buildings	714,599	1,969,262
Equipment	124,938	34,554
Leased assets	42,219	-
Leasehold improvements	1,338	121,530
Total noncurrent assets	<u>1,365,594</u>	<u>6,926,217</u>
Total assets	<u>4,778,372</u>	<u>8,452,827</u>
LIABILITIES		
Current liabilities:		
Accounts payable - vendors	116,516	244,387
Accounts payable - HUD	69,748	-
Accounts payable - other governments	14,235	515,872
Accrued wages and payroll taxes payable	106,370	-
Tenants security deposits	8,351	11,800
Unearned revenues	122,194	4,842
Accrued compensated absences - current portion	66,114	-
Accrued interest payable	126	49,558
Other current liabilities	316,883	12,772
Notes payable - current portion	31,345	237,200
Lease liabilities - current portion	11,744	-
Total current liabilities	<u>863,626</u>	<u>1,076,431</u>
Noncurrent liabilities:		
Accrued compensated absences (net of current portion)	60,592	-
Notes payable (net of current portion)	53,748	8,014,621
Lease liabilities (net of current portion)	31,071	-
Total noncurrent liabilities	<u>145,411</u>	<u>8,014,621</u>
Total liabilities	<u>1,009,037</u>	<u>9,091,052</u>
Net Position		
Net investment in capital assets	1,237,686	(518,838)
Restricted - grantor agencies	252,376	54,471
Restricted - debt covenants	35,541	190,791
Unrestricted	2,243,732	(364,649)
Total Net Position	<u>\$ 3,769,335</u>	<u>\$ (638,225)</u>

See Notes to the Financial Statements

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	PRIMARY GOVERNMENT	COMPONENT UNIT
OPERATING REVENUES		
Dwelling rental	\$ 166,372	\$ 265,150
Tenant revenue - other	5,817	-
Fraud recovery	53,556	-
HUD PHA grants	16,386,765	-
Other fees	389,670	-
Other governmental grants	276,445	92,000
Other revenue	118,008	85,590
Total operating revenues	<u>17,396,633</u>	<u>442,740</u>
OPERATING EXPENSES		
Administrative	1,371,510	195,402
Management fees	62,532	96,648
Tenants services	1,454,161	1,461
Utilities	30,482	74,317
Ordinary maintenance and operation	253,141	113,843
Extraordinary maintenance	68,282	-
General expense	147,981	16,878
Housing assistance payments	14,474,014	-
Depreciation and amortization	123,660	110,996
Total operating expenses	<u>17,985,763</u>	<u>609,545</u>
Operating income (deficit)	<u>(589,130)</u>	<u>(166,805)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	44,371	1,921
HUD capital grants	-	-
Gain/(Loss) on disposal of capital assets	-	(146,549)
Interest expense	(1,667)	(57,815)
Total nonoperating revenues (expenses)	<u>42,704</u>	<u>(202,443)</u>
Increase (Decrease) in Net Position	<u>(546,426)</u>	<u>(369,248)</u>
Total Net Position - beginning	<u>4,315,761</u>	<u>(268,977)</u>
Total Net Position - ending	<u>\$ 3,769,335</u>	<u>\$ (638,225)</u>

See Notes to the Financial Statements

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental receipts	\$ 171,965	\$ 231,804
Other cash payments received	197,278	907,436
Operating grants received	16,888,912	92,000
Payments to employees	(2,134,018)	(4,195)
Payments to other suppliers	(1,247,779)	(518,309)
Payments for housing assistance	(14,474,014)	-
Payment in lieu of taxes	(11,503)	(1,170)
Tenant deposits held in trust	(304)	(200)
	<u>(609,463)</u>	<u>707,366</u>
Net Cash Provided (Used) by Operating Activities		
	<u>(609,463)</u>	<u>707,366</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds on long-term debt	-	938,358
Issuance of notes receivable	-	(938,358)
Proceeds received on notes receivable	-	149,818
Interest paid on debt	-	(35,050)
Principal paid on long-term debt	(31,345)	(48,972)
Net payments on line of credit	-	(407,709)
Interest paid on lease liabilities	(1,542)	-
Principal paid on lease liabilities	(11,282)	-
Purchase of capital assets	(15,124)	(34,188)
	<u>(59,293)</u>	<u>(376,101)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
	<u>(59,293)</u>	<u>(376,101)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>36,796</u>	<u>28,797</u>
Net Cash Provided (Used) by Investing Activities	<u>36,796</u>	<u>28,797</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(631,960)	360,062
Cash and Cash Equivalents, Beginning of Year	<u>2,572,093</u>	<u>476,262</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,940,133</u>	<u>\$ 836,324</u>
Cash and cash equivalents - unrestricted	\$ 1,208,809	\$ 524,571
Cash and cash equivalents - restricted	<u>731,324</u>	<u>311,753</u>
Total cash and cash equivalents	<u>\$ 1,940,133</u>	<u>\$ 836,324</u>

See Notes to the Financial Statements

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (deficit)	\$ (589,130)	\$ (166,805)
Adjustments to reconcile operating income (deficit) to net cash provided (used) by operating activities:		
Depreciation and amortization	123,660	110,996
Bad debt expense (recovery)	2,851	(3,942)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenants	(3,075)	(29,404)
Accounts receivable - HUD	167,836	-
Accounts receivable - other	(426,365)	44,778
Prepaid expense	(5,450)	(450)
Assets held for resale	-	449,224
Increase (decrease) in:		
Accounts payable - vendors	27,261	10,643
Accounts payable - other governments	6,853	343,197
Accounts payable - HUD	57,866	-
Accrued wages and payroll taxes	(17,754)	(4,195)
Accrued compensated absences	31,025	-
Accrued interest payable	126	-
Other current liabilities	(47,272)	12,772
Tenants security deposit	(304)	(200)
Unearned revenue	62,409	(59,248)
Net Cash Provided (Used) by Operating Activities	<u>\$ (609,463)</u>	<u>\$ 707,366</u>
NONCASH ACTIVITIES		
Capital assets acquired through lease liabilities	\$ 54,214	\$ -

See Notes to the Financial Statements

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota (the Commission) was organized in 1969 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 mayor and city council appoint the five members of the governing board for five-year staggered terms. The Public Housing Authority (PHA) board elects its own chairperson and recruits and employs its management personnel and other employees. The local governing board of the City of Sioux Falls, South Dakota has the ability to veto or otherwise modify a Housing Commission's decision to construct a specific project and issue debt.

The primary government is the City of Sioux Falls, South Dakota.

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota defines component units as all organizations, funds, departments, agencies, boards and other components for which the elected officials of the primary government exercise significant influence over and, or are financially accountable, or other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Affordable Housing Solutions, a nonprofit organization incorporated in May 1978, is recognized by the Department of Housing and Urban Development as an instrumentality of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota authorized by Section 11B of the United States Housing Act of 1937. The purpose of the Corporation is to promote, carryout and/or assist with the development, financing, and advancement of housing projects. The Board of Directors is composed of a minimum of nine and a maximum of fifteen directors endorsed by the Housing Commission.

Complete financial statements for the Component unit may be obtained at the unit's administrative office.

Affordable Housing Solutions
630 South Minnesota Avenue
Sioux Falls, South Dakota 57104-4825

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Nature of Business

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota administers various low-income housing assistance payment programs in Sioux Falls, South Dakota under the following ongoing contracts:

	<u>Number of Units</u>
Public Housing Program	
SD01600000123D and SD01600000124D	24
Capital Fund Program SD06P016501-23	
Section 8 Housing Choice Vouchers	1935
Emergency Housing Vouchers	63
Section 8 Moderate Rehabilitation	
SD016MR0003	12
SD016MR0004	27
SD016MR0005	28
Shelter Plus Care Program	
SD0016L8T002208	4
SD0021L8T002207	5
SD0002L8T002215	41
Family Self-Sufficiency	
FSS22SD5397 and FSS23SD539701	
Housing Opportunities for Persons with AIDS	
23-028-52003-0	
24-028-52003-0	
Section 8(bb) Project-based	
South Sycamore Estates	16
Other Projects:	
Management of Affordable Housing Solutions, Inc.	
Management of Affordable Housing Solutions, Inc. owned rental properties	
Management of Spring Centre Apartments, LP	
Management of The Residences at Greenway, LP	

It was resolved by the Minnehaha County, South Dakota Commission, on December 5, 1995, that the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota is authorized to administer HUD funded programs in Minnehaha County, South Dakota.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Basis of Presentation

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statement presents increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are tenant rent, HUD and other operating grants and fraud recovery. Operating expenses include administrative expenses, tenant services, utilities, maintenance, housing assistance payments, general expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents

For purposes of financial statement reporting, the Commission considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are considered to be cash equivalents and are recorded at cost.

Accounts Receivable

All tenants accounts receivable are shown net of an allowance for doubtful accounts. Receivables from vacated tenants comprise the allowance. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Assets Held for Resale

Assets held for resale of the Component Unit consist of properties purchased for the purpose of constructing or renovating homes for low and moderate income families through the neighborhood revitalization program. Assets held for resale are valued at cost.

Capital Assets

Capital assets are recorded at cost, or estimated historical cost. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. The Commission's policy is to capitalize those assets with a useful life greater than one year, and an initial acquisition cost as shown in the schedule below.

Donated capital assets are valued at their acquisition value on the date donated.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses and Changes in Net Position, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All		
Buildings:			
Single family dwellings	\$ 5,000	Straight-line	25-40 years
Multifamily and Commercial buildings	10,000	Straight-line	25-40 years
Modernization improvements:			
Single family dwellings	5,000	Straight-line	15 years
Multifamily and Commercial buildings	10,000	Straight-line	15 years
Leasehold improvements	5,000	Straight-line	15 years
Machinery and vehicles	5,000	Straight-line	5 years
Equipment and furnishings	2,500	Straight-line	5 years

Land, an inexhaustible capital asset, is not depreciated.

Leases

At the commencement of a lease, the Commission 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 lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to Family Self Sufficiency (FSS) escrow amounts, promissory note trustee accounts and tenant security deposits.

Compensated Absences

The following presents both the Commission's leave policies in place through May 31, 2025, and the revised policies implemented effective June 2025.

Vacation Leave – Previous Policy (Effective through May 2025)

<u>Years of Service</u>	<u>Annual Accrual</u>	<u>Maximum Accrual</u>
0 - 5 years	80 hours	120 hours
6 -15 years	120 hours	180 hours
16 + years	160 hours	240 hours

Upon termination, all accumulated vacation leave will be paid to the employee.

Sick Leave – Previous Policy (Effective through May 2025)

- Full-time employees accrued 8 hours of sick leave per month.
- There was no maximum accumulation.
- Accumulated sick leave was not paid upon termination.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Vacation Leave – Non-Exempt Full-Time Employees (Effective June 2025)

<u>Years of Service</u>	<u>Annual Accrual</u>	<u>Maximum Accrual</u>
0 - <5 years	72 hours	144 hours
5 -<16 years	108 hours	216 hours
16+ years	144 hours	288 hours

Vacation Leave – Exempt Full-Time Employees (Effective June 2025)

<u>Years of Service</u>	<u>Annual Accrual</u>	<u>Maximum Accrual</u>
0 - <5 years	80 hours	240 hours
5 -<16 years	120 hours	360 hours
16 + years	160 hours	480 hours

Upon termination, all accumulated vacation leave will be paid to the employee.

Sick Leave - Revised Policy (Effective June 2025)

- Sick leave accrues for non-exempt full-time employees at 86 hours per year.
- Sick leave accrues for exempt full-time employees at 96 hours per year.
- There is no limit to sick leave accumulation.
- Accumulated sick leave is not paid upon termination.

The Commission accounts for compensated absences using a days-used approach. This approach consists of gathering the historical usage of compensated absences used to determine both a liability related to leave to be used as time off and leave to be settled in cash upon termination of employment. Salary-related employer payments are included in the calculation of the compensated absence liability.

Net Position

Net position represents the residual interest in the Commission's assets after liabilities are deducted and they consist of three sections: Net investment in capital assets, Restricted, and Unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation and related debt. Restricted represents net position that has been restricted by HUD, grantor agencies or debt covenants. All other net position is unrestricted.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the entity. For the Commission, these revenues are charges for dwelling rents and administrative fees. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the entity. Revenues and expenses not meeting these definitions are reported as nonoperating. HUD PHA grants are considered operating grants to match the housing voucher operating expenses.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Use of Estimates

The preparation of financial statements required 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 income and expense during the reporting period. Actual results could differ from those estimates.

Interprogram Eliminations and Reclassifications

In the process of aggregating data for the financial statements, some amounts reported as interprogram activity and balances in the supplementary Financial Data Schedule have been eliminated or reclassified, as follows:

- a. In order to minimize the grossing-up effect on assets and liabilities within the primary government and component unit columns of the Statement of Net Position, amounts reported as interprogram receivables and payables have been eliminated, except for the net residual amounts due between the primary government and the component unit, which are presented as Intra-entity Balances.
- b. In order to minimize the doubling-up effect on primary government activity, certain “centralized expenses” including an administrative overhead component, are charged as direct expenses to programs in order to show all expenses that are associated with a service or program. When expenses are charged, corresponding revenue within the client’s nonfederal programs is also recorded. The Statement of Revenues, Expenses, and Changes in Net Position reflect the elimination of these activities.

NOTE 2 DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The Commission’s 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 which exceed deposit insurance such as the 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 a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – The primary investment authority in the statute specifically for Housing and Redevelopment Commissions is SDCL 11-7-31. SDCL 4-5-6 is the supplemental investment authority. These statutes permit housing authority funds to be invested 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); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that such securities shall either mature within eighteen months from the date of purchase or be redeemable at the option of the holder within eighteen months from the

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

date of purchase and that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial risk. As of September 30, 2025, the Commission's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Investments – As of September 30, 2025, the Commission had no investments.

Authorized Investments by the Commission – The Commission has a formal investment policy that requires all deposits in excess of \$250,000, the amount insured by FDIC regardless of type, to be continuously and fully secured. The policy also sets forth the determination for the appropriate mixture of investments and requires the maintenance of an investment register.

Interest Rate Risk – The Commission's formal investment policy considers maturity as one of the factors used to determine the appropriate mixture of investments. However, it does not set forth a limit for investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits eligible investments for the Commission, as discussed above. The Commission's investment policy does not further limit its investment choices. As of September 30, 2025, the Commission had no investments.

Concentration of Credit Risk – The Commission places no limit on the amount that may be invested in any one issuer. As of September 30, 2025, the Commission had no investments.

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government:

Housing Choice Voucher (HAP)	\$ 77,936
Housing Choice Voucher (FSS Escrow)	309,373
Housing Choice Voucher (FSS escrow forfeiture)	54,521
Emergency Housing Voucher	63,054
Public Housing (FSS escrow)	7,510
Housing Deposit Assistance Program	1,141
Family Self Sufficiency (FSS) Special Needs Fund	4,563
Family Self Sufficiency (FSS) United Way	2,214
Section 8 Mod Rehab	163,698
Reserve for Replacements	11,896
Residual Receipts Reserve	8,626
Tax-Insurance Reserve	14,826
Operating Reserve	193
Tenant Security Deposits	8,351
Total Primary Government	\$ 731,324

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Component Unit:

First Premier Grant	\$ 100,000
Neighborhood Revitalization Down Payment Assistance	6,235
Affordable Housing Solutions Security Deposit Loan	1,013
Affordable Housing Solutions Housing Assistance Fund	1,319
Reserve for Replacement	145,821
Tax-Insurance Reserve	11,677
Operating Reserve	33,294
Tenant Security Deposits	<u>12,394</u>
Total Component Unit	<u>\$ 311,753</u>

NOTE 4 NOTES RECEIVABLE

Notes receivable for the Commission and Affordable Housing Solutions, Inc., the component unit, represents funds provided to entities for the purchase of property for future development of housing projects for low and moderate-income families. As of September 30, 2025, notes and interest receivable consisted of the following:

Primary Government:

	<u>Notes Receivable</u>	<u>Interest Receivable</u>
Mortgage receivable - 440 S Williams Ave (NR150-153) Affordable Housing Solutions, Inc., 2.0% interest, term of 24 months (8 quarterly interest only payments beginning October 1, 2022)*	\$ 62,014	\$ 1,761
Mortgage receivable - 2808 E 20th St (NR158-165) Affordable Housing Solutions, Inc., 2.0% interest, term of 24 months (8 quarterly interest only payments beginning October 1, 2022)*	129,337	4,531
Mortgage receivable - 4515 E 15th St (NR149) Affordable Housing Solutions, Inc., 2.0% interest, term of 36 months (12 quarterly interest only payments beginning September 1, 2024)	299,440	7,992
Mortgage receivable - 3031 N Wayland Ave (NR141) Affordable Housing Solutions, Inc., 2.0% interest, term of 36 months (12 quarterly interest only payments beginning September 1, 2024)	<u>30,304</u>	<u>808</u>
	<u>\$ 521,095</u>	<u>\$ 15,092</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

Component Unit:

	<u>Notes Receivable</u>	<u>Interest Receivable</u>
Notes receivable - Neighborhood Revitalization Down Payment Assistance Program (NRDAP), 0% interest, payable upon sale of related property.	\$ 35,903	\$ -
Notes receivable - Glory House, 1.5% interest, interest only annual payments, maturity date of December 1, 2033.	2,850,000	3,563
Notes receivable - St. Francis House, 1.5% interest, payable in 39 quarterly installments, maturity dates ranging from March 1, 2034 to December 1, 2034.	<u>1,781,341</u>	<u>2,806</u>
	<u>\$ 4,667,244</u>	<u>\$ 6,369</u>

*

Due for maturity during the year ended September 30, 2025, the primary government granted an extension for payment to the component unit and expects to collect in the following fiscal year.

NOTE 5 INVESTMENT IN TAX CREDIT PARTNERSHIP (Component Unit)

Affordable Housing Solutions (component unit) invested \$25,331 in 2013 into Spring Centre Apartments, LLC as part of a tax credit partnership. The Component Unit receives .01% of Spring Centre's yearly earnings. The total Investment at September 30, 2025 was \$25,331. The Organization is the general partner with .01% interest with CitiHousing receiving 99.99% interest as the limited partner.

In July 2019, the component unit became the General Partner in The Residences at Greenway Limited Partnership. The Partnership is the owner of land and a Low-Income Housing Tax Credit (LIHTC) apartment complex being constructed to house low income tenants. At September 30, 2025, the value of the investment was \$1,237,686. The Organization is the general partner with .01% interest with Midwest Housing Equity Group receiving 99.99% interest as the limited partner.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated or amortized:</i>				
Land	\$ 482,500	\$ -	\$ -	\$ 482,500
Total capital assets not being depreciated or amortized	<u>482,500</u>	<u>-</u>	<u>-</u>	<u>482,500</u>
<i>Capital assets being depreciated or amortized:</i>				
Buildings	3,910,260	11,325	-	3,921,585
Equipment	429,221	3,799	-	433,020
Leased assets	-	54,214	-	54,214
Leasehold improvements	<u>81,855</u>	<u>-</u>	<u>-</u>	<u>81,855</u>
Total capital assets being depreciated or amortized	<u>4,421,336</u>	<u>69,338</u>	<u>-</u>	<u>4,490,674</u>
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	3,150,375	56,611	-	3,206,986
Equipment	255,854	52,228	-	308,082
Leased assets	-	11,995	-	11,995
Leasehold improvements	<u>77,691</u>	<u>2,826</u>	<u>-</u>	<u>80,517</u>
Total accumulated depreciation	<u>3,483,920</u>	<u>123,660</u>	<u>-</u>	<u>3,607,580</u>
Total capital assets being depreciated and amortized, net	<u>937,416</u>	<u>(54,322)</u>	<u>-</u>	<u>883,094</u>
<i>Capital assets, net</i>	<u>\$1,419,916</u>	<u>\$ (54,322)</u>	<u>\$ -</u>	<u>\$ 1,365,594</u>

Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 293,684	\$ -	\$ -	\$ 293,684
<i>Capital assets being depreciated:</i>				
Buildings	2,887,064	1,484	-	2,888,548
Equipment	131,798	32,704	-	164,502
Leasehold Improvements	<u>363,185</u>	<u>-</u>	<u>-</u>	<u>363,185</u>
Total capital assets being depreciated	<u>3,382,047</u>	<u>34,188</u>	<u>-</u>	<u>3,416,235</u>
<i>Less accumulated depreciation for:</i>				
Buildings	836,653	82,633	-	919,286
Equipment	125,797	4,151	-	129,948
Leasehold Improvements	<u>217,443</u>	<u>24,212</u>	<u>-</u>	<u>241,655</u>
Total accumulated depreciation	<u>1,179,893</u>	<u>110,996</u>	<u>-</u>	<u>1,290,889</u>
Total capital assets being depreciated, net	<u>2,202,154</u>	<u>(76,808)</u>	<u>-</u>	<u>2,125,346</u>
<i>Capital assets, net</i>	<u>\$2,495,838</u>	<u>\$ (76,808)</u>	<u>\$ -</u>	<u>\$ 2,419,030</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

NOTE 7 ACCOUNTS PAYABLE – OTHER GOVERNMENTS

Accounts Payable – Other Governments consists of \$14,235 in payment in lieu of taxes (PILOT) for the primary government as of September 30, 2025.

Accounts Payable – Other Governments for the component unit consists of \$515,872 in interest-free notes due to the City of Sioux Falls, South Dakota. The City of Sioux Falls Planning and Development Services provides funding for costs incurred for the acquisition, demolition, construction, and resale of properties held for resale through the neighborhood revitalization program. The funds are secured by a note recorded with the Minnehaha County Register of Deeds. The notes are interest free and payable to the City upon sale of the property.

NOTE 8 LONG-TERM OBLIGATIONS

Primary Government:

A summary of changes in long-term obligations follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Note payable	\$ 116,438	\$ -	\$ (31,345)	\$ 85,093	\$ 31,345
Lease	-	54,097	(11,282)	42,815	11,744
Compensated absences**	<u>95,681</u>	<u>31,025</u>	<u>-</u>	<u>126,706</u>	<u>66,114</u>
Long-term liabilities	<u>\$212,119</u>	<u>\$ 85,122</u>	<u>\$ (42,627)</u>	<u>\$254,614</u>	<u>\$ 109,203</u>

** The change in compensated absences is reported as a net change.

The note payable at September 30, 2025 is comprised of the following:

	Amounts Due Within <u>One Year</u>	Amounts Due After <u>One Year</u>	<u>Total</u>
Note payable - South Dakota Housing Development Authority (SDHDA), 0% interest, due March 2028, monthly payments \$512 through November 2008 and \$2,612 starting December 1, 2008, collateralized by real estate, equipment, fixtures and all rents and leases of the project.	<u>\$ 31,345</u>	<u>\$ 53,748</u>	<u>\$ 85,093</u>

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The annual requirements to amortize the note payable as of September 30, 2025 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 31,345	\$ -	\$ 31,345
2027	31,345	-	31,345
2028	22,403	-	22,403
	<u>\$ 85,093</u>	<u>\$ -</u>	<u>\$ 85,093</u>

The Commission leases copy machines at its administrative office. The terms of the leases span a period of approximately 5 years, commencing in October 2024 and terminating in October 2029. The following is a schedule by years of future minimum payments required under the lease:

<u>Maturity Analysis</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 11,744	\$ 1,315	\$ 13,059
2027	12,163	896	13,059
2028	12,597	462	13,059
2029	6,193	73	6,266
2030	118	1	119
Total future payments	<u>\$ 42,815</u>	<u>\$ 2,747</u>	<u>\$ 45,562</u>

Component Unit:

A summary of changes and composition of long-term obligations are as follows:

<u>Project</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
435 West 3rd St - Spring Pointe					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, with a maturity date of October 2053. Payment under this Mortgage Note shall be payable solely from the actual project generated cash flow in excess of a 1.15 debt service coverage ratio as verified by the Corporation's prior year's audited financial statements.	\$ 299,089	\$ -	\$ -	\$ 299,089	\$ -
435 West 3rd St - Spring Pointe					
Mortgage payable - Sioux Falls Planning and Development Services 2.0% interest, term is 30 years, annual payments of \$5,358 with a maturity date of July 2044.	87,612	-	(3,606)	84,006	3,678

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Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1521 East 5th St - Highland Five					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, with a maturity date of June 2046. Payment under this Mortgage Note shall be payable solely from the actual project generated cash flow in excess of a 1.15 debt service coverage ratio as verified by the Corporation's prior year's audited financial statements.	\$ 100,000	\$ -	\$ -	100,000	\$ -
1521 East 5th St - Highland Five					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, payable in 312 monthly installments of \$485 beginning January 1, 2015, 47 monthly installments of \$420 beginning January 1, 2041, and one lump sum payment of \$102 payable December 1, 2044.	114,417	-	(5,820)	108,597	5,820
1521 East 5th St - Highland Five					
Mortgage payable - Sioux Falls Planning and Development Services, 0% interest, annual payments of \$3,333, with a maturity date of December 2048.	80,000	-	(3,333)	76,667	3,333
505 S Duluth - Graff					
Mortgage payable - Sioux Falls Planning and Development Services, 3.0% interest, due December 2030, yearly payments of \$2,983	18,585	-	(2,425)	16,160	2,498
505 S Duluth - Graff					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, with a maturity date of January 2032, payment under this Mortgage Note shall be payable solely from the actual project-generated cash flow in excess of a 1.15 debt service coverage ratio as verified by the Corporation's prior year's audited financial statements.	359,222	-	-	359,222	-
322 S Duluth - Duluth Heights					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, with a maturity date of January 2034, payment under this Mortgage Note shall be payable solely from the actual project-generated cash flow in excess of a 1.15 debt service coverage ratio as verified by the Corporation's prior year's audited financial statements.	689,590	-	-	689,590	-
322 S Duluth - Duluth Heights					
Mortgage payable - Sioux Falls Planning and Development Services, 0% interest, with a maturity date of December 2035, \$90,000 of this note is deferred at 0% interest until sold or transferred.	131,074	-	(3,423)	127,651	3,423
440 South Williams Avenue (NR150-153)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 1, 2022)***	62,014	-	-	62,014	62,014
2808 East 20th Street (NR158-165)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 1, 2022)***	129,337	-	-	129,337	129,337
1209/1215 Homestead Circle					
Mortgage Payable - First Interstate Bank 4.95% interest, term is 5 years (59 monthly payments of \$261 with final balloon payment due July 20, 2027 for remaining principal and interest due)	19,900	-	(2,229)	17,671	2,309

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Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
1209/1215 Homestead Circle					
Mortgage payable - Sioux Falls Planning and Development Services. Deferred for first 5 years at 0% interest, monthly payments of \$579.36 beginning August 1, 2017 at an interest rate of 3% and a maturity date of July 1, 2027.	\$ 18,864	\$ -	\$ (6,441)	12,423	\$ 6,672
633 W 10th St - Pettigrew Manor					
Mortgage payable - Sioux Falls Planning and Development Services. Deferred at 0% interest until property is sold or transferred.	200,000	-	-	200,000	-
633 W 10th St - Pettigrew Manor					
Mortgage payable - Sioux Falls Planning and Development Services, 0% interest, term is 40 years from the project completion date. Payment under the note shall be paid annually with \$5,000 payments on years two through eight, \$6,000 payments on years nine through fifteen, and \$11,760 payments on years from sixteen through forty.	341,000	-	(5,000)	336,000	5,000
633 W 10th St - Pettigrew Manor					
Mortgage payable - Sioux Falls Planning and Development Services, 0% interest, term is 40 years from the project completion date. Payment under the note shall be payable solely from the actual project-generated cash flow in excess of a 1.15 debt service coverage ratio as verified by the Corporation's prior year's audited financial statements.	270,000	-	-	270,000	-
633 W 10th St - Pettigrew Manor					
Mortgage payable - GROW South Dakota 4.75% interest, term is 15 years, quarterly payments of \$3,043 with a maturity date of March 2032.	76,502	-	(8,695)	67,807	9,116
633 W 10th St - Pettigrew Manor					
Unamortized debt issuance costs on Grow South Dakota Mortgage payable	(1,174)	-	159	(1,015)	-
633 W 10th St - Pettigrew Manor					
Mortgage payable - South Dakota Housing Development Authority (SDHDA), 0% interest, payable in 25 annual installments of \$4,000 with a maturity date of September 2041. \$100,000 of this note is deferred at 0% interest until sold or transferred.	172,000	-	(8,000)	164,000	4,000
Glory House					
Promissory Note - MacArthur Foundation 1.00% interest, interest only payments due annually on October 1st, with a maturity date of October 10, 2034	2,850,000	-	-	2,850,000	-
St. Francis House					
Promissory Note - MacArthur Foundation 1.00% interest, interest only payments due annually on October 1st, with a maturity date of October 10, 2034	1,014,500	938,358	-	1,952,858	-

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
3031 N Wayland Ave (NR141)					
Mortgage payable - Sioux Falls Housing and Redevelopment					
Commission 2.0% interest, term is 3 years (12 Quarterly Interest only payments beginning September 1, 2024)	\$ 30,304	\$ -	\$ -	30,304	\$ -
4515 E 15th St (NR149)					
Mortgage payable - Sioux Falls Housing and Redevelopment					
Commission 2.0% interest, term is 3 years (12 Quarterly Interest only payments beginning September 1, 2024)	299,440	-	-	299,440	-
Total	<u>\$ 7,362,276</u>	<u>\$ 938,358</u>	<u>\$ (48,813)</u>	<u>\$ 8,251,821</u>	<u>\$ 237,200</u>

*** Due for maturity during the year ended September 30, 2025, the component unit was granted an extension for payment by the primary government and expects to pay off outstanding balance in the following fiscal year.

The annual requirements to amortize long-term obligations as of September 30, 2025 are as follows:

Year Ending September 30	Principal	Interest	Total
2026	\$ 237,200	\$ 6,295	\$ 243,495
2027	389,118	59,797	448,915
2028	38,896	52,052	90,948
2029	39,544	51,405	90,949
2030	51,972	50,737	102,709
2031-2035	6,088,713	198,594	6,287,307
2036-2040	300,118	3,459	303,577
2041-2045	337,171	1,030	338,201
2046-2050	-	-	-
2051-2055	299,089	-	299,089
2056-2060	470,000	-	470,000
	<u>\$ 8,251,821</u>	<u>\$ 423,369</u>	<u>\$8,875,190</u>

During the year ended September 30, 2025, the component unit has outstanding lines of credit. A summary of changes and composition of such items is as follows:

Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
3029/3031 N Wayland Ave (NR140-141)					
Line of Credit - First Premier Bank					
8.5% interest with a maturity date of April 10, 2025	\$ 185,508	\$ -	\$ (185,508)	\$ -	\$ -
428/430 S. Williams Ave (NR152-153)					
Line of Credit - First Premier Bank					
8.75% interest with a maturity date of May 1, 2025	222,201	-	(222,201)	-	-
Total	<u>\$ 407,709</u>	<u>\$ -</u>	<u>\$ (407,709)</u>	<u>\$ -</u>	<u>\$ -</u>

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SEPTEMBER 30, 2025

NOTE 9 FIDELITY BOND

During 2005, in accordance with the provisions of the regulatory agreement, a fidelity bond in the amount of \$250,000 was purchased by Sioux Falls Housing and Redevelopment Commission and issued to South Sycamore Estates that met the minimum fidelity bond requirements as established by SDHDA. The annual fidelity bond premium of \$1,039 was paid on May 9, 2025.

NOTE 10 RESTRICTED NET POSITION

The following table shows the net position restricted for other purposes as shown on the statement of net position:

<u>Project</u>	<u>Restricted By</u>	<u>Amount</u>
<i>Primary Government:</i>		
Housing Choice Vouchers	Grantor Agency	\$ 77,936
FSS Escrow Forfeiture	Grantor Agency	54,521
Emergency Housing	Grantor Agency	19,303
Section 8 Mod Rehab	Grantor Agency	92,698
Housing Deposit Assistance Program	Grantor Agency	1,141
Family Self-Sufficiency - UW	Grantor Agency	2,214
Family Self-Sufficiency - Special Needs	Grantor Agency	4,563
South Sycamore Estates	Debt Covenant	<u>35,541</u>
Total Restricted Net Position - Primary Government		<u><u>\$ 287,917</u></u>
<i>Component Unit:</i>		
Neighborhood Revitalization	Grantor Agency	\$ 42,139
SFHRC - Land	Grantor Agency	10,000
AHS Security Deposit Loan	Grantor Agency	1,013
Housing Assistance Grant	Grantor Agency	1,319
Duluth Heights Apartments	Debt Covenant	48,536
Highland Five Apartments	Debt Covenant	28,630
Pettigrew Manor	Debt Covenant	38,119
Spring Pointe Apartments	Debt Covenant	21,254
Graff Apartments	Debt Covenant	<u>54,252</u>
Total Restricted Net Position - Component Unit		<u><u>\$ 245,262</u></u>

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

NOTE 11 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the year ended September 30, 2025, the Commission managed its risks as follows:

Worker's Compensation

The Commission purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits

The Commission provides coverage for unemployment benefits by paying into the unemployment compensation fund established by state law and managed by the State of South Dakota.

Employee Health Insurance

The Commission purchases health insurance for its employees from Sanford Health Systems. This plan is not a common risk pool.

Liability Insurance

The Commission purchases liability insurance risks related to torts, theft, or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 12 RETIREMENT PLAN

All eligible employees participate in a defined contribution pension plan, the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies and other organizations that are eligible to participate in this plan subject to the approval in the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after reaching age 18 and completing one year of continuous and uninterrupted employment. Authority for establishing, administering and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements as required supplementary information. That report may be obtained by writing to the ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202 or by calling (502) 561-4550.

On June 24, 2002, the Commission adapted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1% of basic compensation, and a corresponding employer contribution of 4% of basic compensation. In addition, the resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1% mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7% for the employer. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20% for each year of

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

the employee's participation in the plan. During the year ended September 30, 2025, the cost to the Commission was \$74,192.

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

GASB Statement No. 105, *Subsequent Events*, defines subsequent events as transactions or other events occurring after the financial statement date but before the statements are available for issuance. Financial statements are considered available for issuance when they are complete in accordance with generally accepted accounting principles and have received all required approvals. The Statement also requires disclosure of the date through which subsequent events were evaluated and clarifies the distinction between recognized and nonrecognized subsequent events, including related note disclosure requirements. This statement is effective for fiscal years beginning after June 15, 2026. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the Commission's financial statements.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grants

The Housing Authority participates in federal grant programs, which are governed by various rules and regulations of the grantor agency. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that the Housing Authority has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at September 30, 2025 may be impaired. In the opinion of the Housing Authority, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2025

NOTE 15 SUBSEQUENT EVENTS

On February 26, 2026, the Commission acquired an office building in Sioux Falls for \$1,250,000. To aid in financing the purchase, the Commission obtained a loan of \$850,000 from First Premier Bank. The loan carries an interest rate of 6.25 percent and has a maturity date of March 1, 2031.

Other than those previously referenced, no significant events occurred subsequent to the Commission's year end. Subsequent events have been evaluated through May 1, 2026, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
THE FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	PUBLIC HOUSING 14.850	SECTION 8 VOUCHERS 14.871	FSS ESCROW FORFEITURE 14.EFA	EMERGENCY HOUSING VOUCHERS 14.EHV	SECTION 8 MOD REHAB 14.856	SHELTER PLUS CARE 14.238	FSS/ROSS 14.896	HOPWA 14.241	BUSINESS ACTIVITIES	ELIMINATION ENTRIES	PRIMARY GOVERNMENT TOTALS	COMPONENT UNIT
ASSETS												
111 Cash - unrestricted	\$ 195,243	\$ 743,035	\$ -	\$ 12,672	\$ -	\$ -	\$ -	\$ -	\$ 257,859	\$ -	\$ 1,208,809	\$ 524,571
113 Cash - other restricted	3,422	77,936	54,521	63,054	163,698	-	-	-	43,459	-	406,090	299,359
114 Cash - tenant security deposits	4,370	-	-	-	-	-	-	-	3,981	-	8,351	12,394
115 Cash - restricted for payment of current liabilities	7,510	309,373	-	-	-	-	-	-	-	-	316,883	-
100 Total cash	210,545	1,130,344	54,521	75,726	163,698	-	-	-	305,299	-	1,940,133	836,324
122 Accounts receivable - HUD other projects	-	-	-	-	-	98,092	27,801	-	44,294	-	170,187	-
124 Accounts receivable - other government	-	-	-	-	-	-	-	20,413	582,508	-	602,921	49,964
125 Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	53,490	-	53,490	41,070
126 Accounts receivable - tenants - dwelling	6,517	-	-	-	-	-	-	-	20,224	-	26,741	27,142
126.1 Allowance for doubtful accounts - tenants	(3,086)	-	-	-	-	-	-	-	(13,694)	-	(16,780)	(16,442)
126.2 Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	(11,326)	-	(11,326)	-
127 Notes and mortgages receivable - current	-	-	-	-	-	-	-	-	521,095	-	521,095	185,398
129 Accrued interest receivable	-	-	-	-	-	-	-	-	15,092	-	15,092	6,369
120 Total receivables, net of allowance for doubtful	3,431	-	-	-	-	98,092	27,801	20,413	1,211,683	-	1,361,420	293,501
142 Prepaid expenses and other assets	14,476	-	-	-	-	-	-	-	96,749	-	111,225	10,856
144 Interprogram due from	-	-	-	-	11,002	-	-	-	570,044	(581,046)	-	-
145 Assets held for resale	-	-	-	-	-	-	-	-	-	-	-	385,929
150 Total current assets	228,452	1,130,344	54,521	75,726	174,700	98,092	27,801	20,413	2,183,775	(581,046)	3,412,778	1,526,610
161 Land	240,000	-	-	-	-	-	-	-	242,500	-	482,500	293,684
162 Buildings	2,145,251	-	-	-	-	-	-	-	1,776,334	-	3,921,585	2,888,547
163 Furniture, equipment & machinery - dwellings	-	-	-	-	-	-	-	-	84,267	-	84,267	164,502
164 Furniture, equipment & machinery - administration	15,903	-	-	-	-	-	-	-	332,850	-	348,753	-
164 Leased assets - copy machines	542	44,998	-	1,084	-	-	-	-	7,590	-	54,214	-
165 Leasehold improvements	-	-	-	-	-	-	-	-	81,855	-	81,855	363,186
166 Accumulated depreciation	(2,091,718)	-	-	-	-	-	-	-	(1,503,867)	-	(3,595,585)	(1,290,889)
166 Accumulated amortization	(120)	(9,956)	-	(240)	-	-	-	-	(1,679)	-	(11,995)	-
167 Construction in progress	-	-	-	-	-	-	-	-	-	-	-	-
160 Total fixed assets, net of accumulated	309,858	35,042	-	844	-	-	-	-	1,019,850	-	1,365,594	2,419,030
171 Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-	-	-	-	4,481,846
176 Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	25,341
180 Total non-current assets	309,858	35,042	-	844	-	-	-	-	1,019,850	-	1,365,594	6,926,217
190 Total assets	\$ 538,310	\$ 1,165,386	\$ 54,521	\$ 76,570	\$ 174,700	\$ 98,092	\$ 27,801	\$ 20,413	\$ 3,203,625	\$ (581,046)	\$ 4,778,372	\$ 8,452,827
LIABILITIES AND NET POSITION												
312 Accounts payable <90 days	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,516	\$ -	\$ 116,516	\$ 244,387
321 Accrued wages/payroll taxes payable	-	-	-	-	-	-	-	-	106,370	-	106,370	-
322 Accrued compensated absences	-	-	-	-	-	-	-	-	66,114	-	66,114	-
325 Accrued interest payable	1	104	-	3	-	-	-	-	18	-	126	49,558
331 Accounts payable - HUD PHA projects	-	-	-	-	-	-	-	-	69,748	-	69,748	-
333 Accounts payable - other governments	1,442	-	-	-	-	-	-	-	12,793	-	14,235	515,872
341 Tenant security deposits	4,370	-	-	-	-	-	-	-	3,981	-	8,351	11,800
342 Unearned revenues	3,422	-	-	43,751	71,000	-	-	-	4,021	-	122,194	4,842
343 Current portion of long-term debt - cap. projects	-	-	-	-	-	-	-	-	31,345	-	31,345	237,200
343 Current portion of long-term debt - leases	117	9,748	-	235	-	-	-	-	1,644	-	11,744	-
345 Other current liabilities	7,510	309,373	-	-	-	-	-	-	-	-	316,883	12,772
347 Interprogram due to	14,417	2,796	-	35,182	-	98,092	27,801	24,533	378,225	(581,046)	-	-
310 Total current liabilities	31,279	322,021	-	79,171	71,000	98,092	27,801	24,533	790,775	(581,046)	863,626	1,076,431
351 Long-term debt, net of current - cap. projects	-	-	-	-	-	-	-	-	53,748	-	53,748	8,014,621
353 Long-term debt, net of current - leases	311	25,789	-	621	-	-	-	-	4,350	-	31,071	-
354 Accrued compensated absences	-	-	-	-	-	-	-	-	60,592	-	60,592	-
350 Total noncurrent liabilities	311	25,789	-	621	-	-	-	-	118,690	-	145,411	8,014,621
300 Total liabilities	31,590	347,810	-	79,792	71,000	98,092	27,801	24,533	909,465	(581,046)	1,009,037	9,091,052
NET POSITION												
508.4 Net investment in capital assets	309,546	9,149	-	220	-	-	-	-	930,389	-	1,249,304	(518,838)
511.4 Restricted net position	-	77,936	54,521	19,303	92,698	-	-	-	43,459	-	287,917	245,262
512.4 Unrestricted net position	197,174	730,491	-	(22,745)	11,002	-	-	(4,120)	1,320,312	-	2,232,114	(364,649)
513 Total net position	506,720	817,576	54,521	(3,222)	103,700	-	-	(4,120)	2,294,160	-	3,769,335	(638,225)
600 Total liabilities and net position	\$ 538,310	\$ 1,165,386	\$ 54,521	\$ 76,570	\$ 174,700	\$ 98,092	\$ 27,801	\$ 20,413	\$ 3,203,625	\$ (581,046)	\$ 4,778,372	\$ 8,452,827

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
THE FINANCIAL DATA SCHEDULE – REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	PUBLIC HOUSING 14.850	SECTION 8 VOUCHERS 14.871	FSS ESCROW FORFEITURE 14.EFA	EMERGENCY HOUSING VOUCHERS 14.EHV	SECTION 8 MOD REHAB 14.856	SHELTER PLUS CARE 14.238	FSS/ROSS 14.896	HOPWA 14.241	BUSINESS ACTIVITIES	ELIMINATION ENTRIES	PRIMARY GOVERNMENT TOTALS	COMPONENT UNIT
REVENUE												
70300 Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,372	\$ -	\$ 166,372	\$ 265,150
70400 Tenant revenue - other	2,577	-	-	-	-	-	-	-	3,240	-	5,817	-
70500 Total tenant revenue	2,577	-	-	-	-	-	-	-	169,612	-	172,189	265,150
70600 HUD PHA operating grants	83,168	15,101,156	9,785	545,341	71,579	376,790	130,221	-	68,725	-	16,386,765	-
70710 Management Fee	-	-	-	-	-	-	-	-	214,389	-	214,389	-
70750 Other fees	2,292	-	-	-	-	-	-	-	172,989	-	175,281	-
70800 Other governmental grants	-	-	-	-	-	-	-	276,445	-	-	276,445	92,000
71100 Investment income - unrestricted	4,167	-	-	-	-	-	-	-	33,616	-	37,783	841
71400 Fraud recovery	-	53,556	-	-	-	-	-	-	-	-	53,556	-
71500 Other revenue	100,137	-	-	-	-	-	1,578	-	16,293	-	118,008	85,590
71600 Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	(146,549)
72000 Investment income - restricted	2,325	-	2,142	-	-	-	273	-	1,848	-	6,588	1,080
70000 Total revenue	194,666	15,154,712	11,927	545,341	71,579	376,790	132,072	276,445	677,472	-	17,441,004	298,112
EXPENSES												
91100 Administrative salaries	1,035	334,638	-	7,998	-	-	53,307	-	115,498	-	512,476	-
91200 Auditing fees	587	50,272	-	1,028	367	1,346	-	-	9,278	-	62,878	20,197
91300 Management fees	-	-	-	609	15,174	14,615	-	21,864	10,270	-	62,532	96,648
91400 Advertising and marketing	37	3,019	-	84	-	-	50	-	15,271	-	18,461	600
91500 Employee benefit contribution	1,232	78,694	-	1,342	-	-	19,906	-	35,891	-	137,065	-
91600 Office expenses	4,558	266,860	-	7,211	-	1,841	783	-	73,359	-	354,612	9,193
91700 Legal expense	32	2,528	-	72	-	-	-	-	1,898	-	4,530	10
91800 Travel	-	-	-	-	-	-	-	-	-	-	-	-
91900 Other	1,549	64,180	-	787	-	779	1,153	-	213,040	-	281,488	165,402
92100 Tenant services - salaries	17,826	750,345	-	24,124	-	-	39,127	28,349	207,123	-	1,066,894	-
92300 Employee benefit contributions - tenant services	7,511	192,168	-	9,049	-	-	16,143	12,251	67,832	-	304,954	-
92400 Tenant services - other	4,922	769	6,583	6,683	-	50,070	1,161	6,205	5,920	-	82,313	1,461
93100 Water	241	-	-	-	-	-	-	-	9,354	-	9,595	20,185
93200 Electricity	891	-	-	-	-	-	-	-	16,465	-	17,356	50,851
93300 Gas	1,927	-	-	-	-	-	-	-	1,604	-	3,531	3,281
94100 Ordinary maintenance and operations - labor	13,211	-	-	-	-	-	-	-	80,270	-	93,481	-
94200 Ordinary maintenance and operations - mat & other	6,790	2,972	-	44	-	-	-	-	28,329	-	38,135	18,099
94300 Ordinary maintenance and operations - contr costs	38,490	-	-	-	-	-	-	-	50,616	-	89,106	95,744
94500 Employee benefit contributions-ordinary maint	5,511	-	-	-	-	-	-	-	26,908	-	32,419	-
95200 Protective services - other	-	-	-	-	-	-	-	-	1,870	-	1,870	-
96100 Insurance premiums	30,154	24,543	-	678	-	-	1,163	434	18,627	-	75,599	19,650
96200 Other general expenses	-	11,224	-	-	-	-	-	-	-	-	11,224	-
96210 Compensated absences	5,543	11,491	-	1,059	-	-	596	10,387	15,858	-	44,934	-
96300 Payments in lieu of taxes	2,849	-	-	-	-	-	-	-	8,654	-	11,503	1,170
96400 Bad debt - tenant rents	2,851	-	-	-	-	-	-	-	-	-	2,851	(3,942)
96710 Interest on mortgage payable	-	-	-	-	-	-	-	-	-	-	-	57,815
96720 Interest on leases	17	1,384	-	33	-	-	-	-	233	-	1,667	-
96900 Total operating expense	147,764	1,795,087	6,583	60,801	15,541	68,651	133,389	79,490	1,014,168	-	3,321,474	556,364
97000 Excess operating revenue over operating expenses	46,902	13,359,625	5,344	484,540	56,038	308,139	(1,317)	196,955	(336,696)	-	14,119,530	(258,252)
97100 Extraordinary maintenance	68,282	-	-	-	-	-	-	-	-	-	68,282	-
97300 Housing assistance payments	5,640	13,382,720	-	484,202	21,276	317,512	-	193,939	68,725	-	14,474,014	-
97400 Depreciation expense	6,844	-	-	-	-	-	-	-	104,821	-	111,665	110,996
97400 Amortization expense	120	9,956	-	240	-	-	-	-	1,679	-	11,995	-
90000 Total expenses	228,650	15,187,763	6,583	545,243	36,817	386,163	133,389	273,429	1,189,393	-	17,967,430	667,360
10010 Operating transfers in	-	-	-	-	(31,751)	9,373	1,317	-	3,016	18,045	-	-
10020 Operating transfers out	-	-	-	-	-	-	-	(3,016)	21,061	(18,045)	-	-
10000 Excess of operating revenue over (under) expenses	\$ (33,984)	\$ (33,051)	\$ 5,344	\$ 98	\$ 3,011	\$ -	\$ -	\$ -	\$ (487,844)	\$ -	\$ (546,426)	\$ (369,248)
Memo Account Information:												
11020 Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,345	\$ -	\$ 31,345	\$ 683,809
11030 Beginning equity	540,704	850,627	49,177	(3,320)	100,689	-	-	(4,120)	2,782,004	-	4,315,761	(268,977)
11170 Administrative fee equity	-	739,640	-	(22,525)	-	-	-	-	-	-	717,115	-
11180 Housing assistance payments equity	-	77,936	-	19,303	-	-	-	-	-	-	97,239	-
11190 Unit months available	288	23,227	-	756	454	504	-	361	192	-	25,782	456
11210 Number of unit months leased	230	21,575	-	639	410	494	-	361	150	-	23,859	422

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
CAPITAL FUND PROGRAM SCHEDULE OF MODERNIZATION
EXPENDITURES BY PROJECT NUMBER
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Grant Year 2021 <u>SD01P01650121</u>	Grant Year 2022 <u>SD01P01650122</u>	Grant Year 2024 <u>SD01P01650124</u>	Grant Year 2025 <u>SD01P01650125</u>
Fund Approved	\$ 57,168	\$ 70,022	\$ 70,485	\$ 70,883
Fund Expended	<u>57,168</u>	<u>70,022</u>	<u>-</u>	<u>-</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,485</u>	<u>\$ 70,883</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

ASSETS	2025	2024	LIABILITIES AND NET POSITION	2025	2024
1100 Current Assets			2100 Current Liabilities		
1120 Cash and Cash Equivalents	\$ 1,384	\$ 862	2116 Accounts Payable - Section 8 & Other	\$ 69,748	\$ -
1130 Accounts Receivable - Residents	6,531	6,156	2160 Mortgage Payable (Current Portion)	31,345	31,345
1130 Accounts Receivable - Vacated tenants	13,694	-	2190 Miscellaneous Current Liabilities	62,683	22,203
1131 Allowance for Doubtful Accounts	(13,694)	-	2191 Tenant Security Deposits	3,981	4,310
1140 Accounts and Notes Receivable - Operations	44,294	-	2210 Prepaid Rents	4,021	1,973
1190 Miscellaneous Current Assets	2,228	2,184	Total Current Liabilities	<u>171,778</u>	<u>59,831</u>
1191 Tenant Deposits Held in Trust	3,981	4,310			
Total Current Assets	<u>58,418</u>	<u>13,512</u>	2300 Long-Term Liabilities		
			2310 Mortgage Payable, Less Current Portion	<u>53,748</u>	<u>85,093</u>
1300 Restricted Deposits And Funded Reserves			Total Liabilities	<u>225,526</u>	<u>144,924</u>
1310 Escrow Deposits	14,826	14,290			
1320 Reserve for Replacements	11,896	13,210	3100 Net Position		
1330 Operating Reserve	193	-	3130 Net Position	<u>210,793</u>	<u>274,457</u>
1340 Residual Receipts Reserve	8,626	8,264			
Total Restricted Deposits and Funded Reserves	<u>35,541</u>	<u>35,764</u>	Total Liabilities and Net Position	<u>\$ 436,319</u>	<u>\$ 419,381</u>
1400 Fixed Assets					
1410 Land	82,500	82,500			
1420 Buildings and Improvements	948,479	948,479			
1440 Building Equipment - Fixed	84,267	84,267			
	<u>1,115,246</u>	<u>1,115,246</u>			
Less Accumulated Depreciation	772,886	745,141			
Total Fixed Assets	<u>342,360</u>	<u>370,105</u>			

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
5100 Rent Income		
5120 Rent Revenue - Apartments	\$ 3,418	\$ 90,258
5121 Rental Assistance Payments	68,725	50,350
5170 Rent Revenue - Garage	3,240	3,240
Total Rent Income - Gross Potential	<u>75,383</u>	<u>143,848</u>
 5200 Rent Adjustments/Vacancies		
5220 Apartment Vacancies	<u>(4,334)</u>	<u>(12,344)</u>
 5152 Net Rental Income (Rent Income Less Vacancies)	<u>71,049</u>	<u>131,504</u>
 5400 Finance Income		
5410 Interest Income - Operations	1,448	508
5430 Interest Income - Residual Receipts	174	185
5440 Interest Income - Replacement Reserves	219	237
Total Finance Revenue	<u>1,841</u>	<u>930</u>
 5900 Other Revenue		
5920 Tenant Charges	1,797	2,385
Total Other Revenue	<u>1,797</u>	<u>2,385</u>
 Total Revenue	<u>74,687</u>	<u>134,819</u>
 6263 Administrative Expenses		
6250 Other Renting Expenses	1,655	4,780
6320 Management Fee	10,270	9,391
6340 Legal Expense	150	-
6350 Audit Expense	3,600	4,050
6370 Bad Debts	-	7,877
6390 Miscellaneous Administrative Expenses	5,289	1,388
Total Administrative Expenses	<u>20,964</u>	<u>27,486</u>
 6400 Utilities Expense		
6450 Electricity	2,870	3,163
6451 Water	7,725	7,278
6452 Gas	362	275
Total Utilities Expense	<u>10,957</u>	<u>10,716</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
STATEMENTS OF ACTIVITIES - CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

6000 Project Expense Accounts (Continued)

	<u>2025</u>	<u>2024</u>
6500 Operating and Maintenance Expenses		
6510 Payroll	12,794	8,404
6515 Supplies	17,423	7,117
6520 Contracts	20,510	9,594
6525 Garbage and Trash Removal	4,152	5,083
6530 Security Contract	839	860
6546 Heating/Cooling Repairs and Maintenance	1,469	2,359
6548 Snow Removal	800	2,315
6570 Vehicle & Maintenance Equip. Operations & Repairs	-	6,067
Total Operating and Maintenance Expenses	<u>57,987</u>	<u>41,799</u>
 6600 Depreciation		
6600 Depreciation - Building and Improvements	<u>27,745</u>	<u>28,529</u>
 6700 Taxes and Insurance		
6710 Taxes - Real Estate	7,850	6,432
6711 Taxes - Payroll	850	537
6720 Insurance - Property and Liability	9,106	8,892
6722 Insurance - Workers Compensation	162	118
6723 Health Insurance and Other Benefits	2,730	1,980
Total Taxes And Insurance	<u>20,698</u>	<u>17,959</u>
 Total Expenses	<u>138,351</u>	<u>126,489</u>
 Change in Net Position	(63,664)	8,330
 Net Position, Beginning of Year	<u>274,457</u>	<u>266,127</u>
 Net Position, End of Year	<u><u>\$ 210,793</u></u>	<u><u>\$ 274,457</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
STATEMENTS CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

Cash Flows From Operating Activities	2025	2024
Rental Receipts	\$ 94,936	\$ 126,461
Interest Received	1,841	930
Other Cash Received	5,037	4,421
	<u>101,814</u>	<u>131,812</u>
Administrative	10,694	18,256
Management Fees	10,270	9,391
Utilities	10,957	11,664
Operating and Maintenance	24,359	33,419
Real Estate Taxes	998	6,039
Payroll Taxes	850	537
Insurance	12,042	10,853
	<u>70,170</u>	<u>90,159</u>
Net Cash Provided (Used) By Operating Activities	<u>31,644</u>	<u>41,653</u>
Cash Flows From Investing Activities		
Net (Deposits to) Withdrawals from Restricted Deposits	223	(2,099)
Increase (Decrease) in Tenant Security Deposits	329	(713)
(Increase) Decrease in Tenant Security Deposit - Contra	(329)	713
	<u>223</u>	<u>(2,099)</u>
Net Cash Provided (Used) By Investing Activities	<u>223</u>	<u>(2,099)</u>
Cash Flows From Capital and Related Financing Activities		
Mortgage Principal Payments	(31,345)	(31,345)
Purchase of Property and Equipment	-	(8,892)
	<u>(31,345)</u>	<u>(40,237)</u>
Net Cash Provided (Used) by Financing Activities	<u>(31,345)</u>	<u>(40,237)</u>
Net Change In Cash and Cash Equivalents	522	(683)
Cash and Cash Equivalents, Beginning of Year	<u>862</u>	<u>1,545</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,384</u>	<u>\$ 862</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
STATEMENTS CASH FLOWS - CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in Net Position	\$ (63,664)	\$ 8,330
Adjustments to Reconcile Change in Net Position to Net Cash		
Provided (Used) by Operating Activities		
Depreciation	27,745	28,529
Decrease or (Increase) in:		
Tenants Accounts Receivable	(14,069)	2,279
Accounts and Notes Receivable - Operations	(30,600)	91
Other Current Assets	(44)	137
Increase or (Decrease) in:		
Accounts Payable (Excluding Capital)	-	(5,044)
Accounts Payable - Section 8 & Other	69,748	-
Miscellaneous Current Liabilities	40,480	11,504
Prepaid Rents	2,048	(4,173)
Net Cash Provided (Used) By Operating Activities	<u>\$ 31,644</u>	<u>\$ 41,653</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULES OF CASH OPERATING RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Source of Funds		
Operating		
Revenues		
Rental Income	\$ 94,936	\$ 126,461
Non Dwelling Rental	3,240	3,240
Other Income		
Miscellaneous Charges to Tenants	1,797	1,181
Interest Income	1,841	930
	<u>101,814</u>	<u>131,812</u>
Expenditures		
Administrative	10,694	18,256
Management Fees	10,270	9,391
Utilities	10,957	11,664
Operating and Maintenance	24,359	33,419
Real Estate Taxes	998	6,039
Payroll Taxes	850	537
Insurance	12,042	10,853
	<u>70,170</u>	<u>90,159</u>
Cash Provided (Used) by Operations Before Debt Service	31,644	41,653
Mortgage Principal Payments	<u>(31,345)</u>	<u>(31,345)</u>
Cash Provided (Used) by Operations after Debt Service	<u>299</u>	<u>10,308</u>
Application of Funds		
Decrease (Increase) in Restricted Deposits and Funded Reserves	223	(2,099)
Purchase of Property and Equipment	<u>-</u>	<u>(8,892)</u>
Total Application of Funds	<u>223</u>	<u>(10,991)</u>
Increase (Decrease) in Cash	522	(683)
Unrestricted Cash At Beginning of Year	<u>862</u>	<u>1,545</u>
Unrestricted Cash At End of Year	<u><u>\$ 1,384</u></u>	<u><u>\$ 862</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF COMPUTATION OF SURPLUS CASH AND RESIDUAL RECEIPTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Add: Cash

Cash on Hand and in Banks (Accts. 1120 & 1191)	\$ 5,365	
All Accounts Receivable (Acct. 1130 & 1140)	<u>50,825</u>	
Total Cash		\$ 56,190

Less: Current Obligations

Mortgage Payable (Due Within 30 days) (Acct 2160)	2,612	
Prepaid Rents (Acct. 2210)	4,021	
Miscellaneous Liabilities (Acct. 2190)	62,683	
Tenants Security Deposits (Acct. 2191)	<u>3,981</u>	
Total Current Obligations		<u>73,297</u>

Cash Surplus (Deficit)		<u><u>\$ (17,107)</u></u>
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**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SCHEDULE OF COMPUTATION OF AUTHORIZED MANAGEMENT FEE
YEAR END SETTLEMENT

Net Tenant Rental Revenues (As Defined in Management Agreement)	\$ 67,809	
Authorized Management Fee (%)	<u>7.32%</u>	
Current Year Management Compensation		\$ 4,965
Adjust for:		
Fees Payable to (Receivable from) Agent at end of Previous Year	<u>-</u>	
Total Authorized Compensation		\$ 4,965
Less:		
Cash Management Fees Paid During Current Year		<u>-</u>
Due to Management Agent from Project		<u><u>\$ 4,965</u></u>

SCHEDULE OF BANK ACCOUNTS

	Bank	Account Name	Account Number	Amount
Operating Account	First Interstate Bank	Checking	XXX5180	\$ 1,384
Security Deposit Accounts	First Premier Bank	Savings	XXX3714	3,981
Total Cash				<u><u>\$ 5,365</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF TENANT SECURITY DEPOSITS HELD IN TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Security Deposits Held in Trust

Beginning Balance		\$ 4,310
Deposits:		
Tenant Security Deposits	\$ 543	
Transfer from General Account	-	
Interest Earned	-	543
	<u> </u>	
Disbursements:		
Tenant Security Deposits	(872)	
Transfer to General Account	-	(872)
	<u> </u>	<u> </u>
Security Deposits Held in Trust		* <u><u>\$ 3,981</u></u>
* Cash in Bank		

Security Deposits' Liability (Contra)

Beginning Balance	\$ 4,310
Deposits Received	543
Deposits Returned	<u>(872)</u>
Ending Balance Current Year	<u><u>\$ 3,981</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF CHANGES IN FIXED ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	Balance 10/01/24	Change in Accounting Estimate	Additions	Deductions	Balance 9/30/25
Land	\$ 82,500	\$ -	\$ -	\$ -	\$ 82,500
Buildings and Improvements	948,479	-	-	-	948,479
Building Equipment - Fixed	84,267	-	-	-	84,267
	<u>\$ 1,115,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115,246</u>

	Balance 10/01/23	Change in Accounting Estimate	Additions	Deductions	Balance 9/30/24
Land	\$ 82,500	\$ -	\$ -	\$ -	\$ 82,500
Buildings and Improvements	948,479	-	-	-	948,479
Building Equipment - Fixed	75,375	-	8,892	-	84,267
	<u>\$ 1,106,354</u>	<u>\$ -</u>	<u>\$ 8,892</u>	<u>\$ -</u>	<u>\$ 1,115,246</u>

Accumulated Depreciation

	Balance 10/1/24	Change in Accounting Estimate	Additions	Deductions	Balance 9/30/25
Buildings and Improvements	\$ 685,420	\$ -	\$ 24,543	\$ -	\$ 709,963
Building Equipment - Fixed	59,721	-	3,202	-	62,923
	<u>\$ 745,141</u>	<u>\$ -</u>	<u>\$ 27,745</u>	<u>\$ -</u>	<u>\$ 772,886</u>

	Balance 10/1/23	Change in Accounting Estimate	Additions	Deductions	Balance 9/30/24
Buildings and Improvements	\$ 686,879	\$ (26,978)	\$ 25,519	\$ -	\$ 685,420
Building Equipment - Fixed	58,609	(1,898)	3,010	-	59,721
	<u>\$ 745,488</u>	<u>\$ (28,876)</u>	<u>\$ 28,529</u>	<u>\$ -</u>	<u>\$ 745,141</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

SCHEDULE OF ACCOUNTS RECEIVABLE

		<u>2025</u>	<u>2024</u>
0-30 days:	1 Tenant	\$ 248	\$ 169
30-60 days	1 Tenant	1,474	-
90-120 days	2 Tenants	2,765	1,769
Over 120 days	1 Tenant	2,044	4,218
Total		<u>\$ 6,531</u>	<u>\$ 6,156</u>
Vacated	6 Tenants	\$ 13,694	\$ 7,200
Less Allowance for Doubtful Accounts		<u>(13,694)</u>	<u>(7,200)</u>
		<u>\$ 6,531</u>	<u>\$ 6,156</u>

As of September 30, 2025, South Sycamore Estates had an accounts receivable balance of \$44,294, representing housing assistance subsidies earned but not yet received from SDHDA. Such circumstances did not apply as of September 30, 2024, and therefore, carried a balance of \$0.

As of September 30, 2025 and 2024, there were no accounts payable balances applicable to operations. As of September 30, 2025, South Sycamore Estates owed \$69,748 to HUD to pay back overpayments on housing assistance payments. Such circumstances did not apply as of September 30, 2024, and therefore, carried a balance of \$0.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024

SCHEDULE OF MISCELLANEOUS CURRENT LIABILITIES

	<u>2025</u>	<u>2024</u>
6710 - Taxes - Real Estate	\$ 12,793	\$ 5,940
5920 - Tenant Charges	3,412	1,250
6320 - Management Fee	15,444	5,064
6390 - Miscellaneous Administrative Expenses	156	82
6450 - Electricity	685	216
6451 - Water	1,753	565
6510 - Payroll	1,981	608
6515 - Supplies	5,924	1,902
6520 - Contracts	5,173	1,540
6590 - Miscellaneous Operating & Maintenance Expenses	1,661	569
6720 - Property & Liability Insurance	13,701	4,467
	<u>\$ 62,683</u>	<u>\$ 22,203</u>

SCHEDULE OF PAYMENTS IN LIEU OF TAXES

	<u>2025</u>	<u>2024</u>
Net Dwelling Rental Income	\$ 67,809	\$ 128,264
	x <u>5%</u>	x <u>5%</u>
Current Year Payments in Lieu of Taxes	3,390	6,413
Less Special Assessments	<u>-</u>	<u>(473)</u>
	<u>\$ 3,390</u>	<u>\$ 5,940</u>

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH CONTRACTUAL AGREEMENTS

To the Board of Commissioners
Sioux Falls Housing and Redevelopment Commission
Sioux Falls, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, which includes South Sycamore Estates, which comprise the statement of net position as of September 30, 2025, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2026.

In connection with our audit, nothing came to our attention that caused us to believe South Sycamore Estates failed to comply with the terms, covenants, provisions, or conditions of SDHDA's Annual Financial Statement and Audit Guide insofar as they relate to accounting matters. 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 South Sycamore Estates' noncompliance with the above referenced items, covenants, provisions, or conditions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the boards of directors and management of South Sycamore Estates, Sioux Falls Housing and Redevelopment Commission and the State of South Dakota and is not intended to be and should not be used by anyone other than these specified parties.



BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

May 1, 2026

MORTGAGOR'S CERTIFICATION

I hereby certify that I have examined the foregoing financial statements of South Sycamore Estates and, to the best of my knowledge and belief, the same is a true statement of the financial condition as of September 30, 2025.

Larissa Deedrich, Executive Director

May 1, 2026

Date

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grants	Federal AL Number	Program/Grantor Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Direct Programs</u>			
Shelter Plus Care	14.238	SD0002L8T002215	\$ 339,413
	14.238	SD0021L8T002207	37,377
			<u>376,790</u>
Public Housing	14.850	SD01600000123D	82,918
			<u>82,918</u>
Public Housing Capital Fund	14.872	SD01P016501-23	250
			<u>250</u>
<u>Section 8 Project Based Cluster</u>			
Lower Income Housing Assistance	14.856	SD016MR0003	52,502
Program - Section 8 Moderate	14.856	SD016MR0004	19,077
Total Lower Income Housing Assistance			71,579
Program - Section 8 Moderate			68,725
Section 8(bb) Project-based	14.195	SD99M000097	
Total Section 8 Project Based Cluster			<u>140,304</u>
<u>Housing Voucher Cluster</u>			
Section 8 Housing Choice Vouchers	14.871	SD016VO	13,396,612
	14.871	SD016AF	1,704,544
	14.871 (EFA)		9,785
Emergency Housing Vouchers	14.871 (EHV)	SD016EF0001	41,573
	14.871 (EHV)	SD016EH0001	493,950
	14.871 (EHV)	SD016ES0001	9,818
Total Housing Voucher Cluster			<u>15,656,282</u>
Family Self Sufficiency Program	14.896	FSS23SD5397	130,221
			<u>130,221</u>
<u>Pass-through Montana Department of Public Health and Human Service, Intergovernmental Human Services Bureau</u>			
Housing Opportunities for Persons with AIDS	14.241	22028530030	132,677
	14.241	24028520030	143,768
			<u>276,445</u>
Total Expenditures of Federal Awards			<u>\$ 16,663,210</u>

See Notes to the Schedule of Expenditures of Federal Awards

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards (the “schedule”) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to requirement.

NOTE 2 INDIRECT COST RATE

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota has not elected to use the 15-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota under programs of the federal government for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota.

**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
The Housing and Redevelopment Commission
of the City of Sioux Falls, South Dakota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota as of and for the year ended September 30, 2025, and the related notes to the financial statements and have issued our report thereon dated May 1, 2026. The financial statements of the discretely presented component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Affordable Housing Solutions.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's financial statements are free of 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*.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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. 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.



BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

May 1, 2026

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

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance of 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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's major federal program for the year ended September 30, 2025. The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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, the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota 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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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 the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's federal programs.

Auditor's Responsibility 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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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 generally accepted auditing standards, *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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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 Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Brady Martz". The signature is written in a cursive, flowing style.

BRADY MARTZ
GRAND FORKS, NORTH DAKOTA

May 1, 2026

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
 Material weakness(es) identified? x yes no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? yes x none reported

Non-compliance material to financial
statements noted? yes x no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes x no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? x yes none reported

Type of auditor's report issued on compliance
For the major program: Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516 (a)? x yes no

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
Housing Voucher Cluster	14.871

Dollar threshold used to distinguish
between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? yes x no

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Section II - Financial Statement Findings

2025-001 Material Weakness – Preparation of Financial Statements and Schedule of Expenditures of Federal Awards

Criteria

An appropriate system of internal control requires the Commission to prepare financial statements and the schedule of expenditures of federal awards (SEFA) in compliance with accounting principles generally accepted in the United States of America.

Condition

The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the entity currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The entity has elected to have the auditors assist in preparation of the financial statements and notes.

Cause

The entity has elected to not allocate resources for the preparation of the financial statements and SEFA.

Effect

The disclosures in the financial statements could be incomplete and there is an increased risk of material misstatement to the entity's financial statements and SEFA.

Repeat Finding

See 2024-001.

Recommendation

We recommend the entity consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials

Management recognizes the deficiency and believes it is effectively handling the reporting responsibilities given the size of the Commission.

2025-002 Material Weakness – Material Adjusting Journal Entries

Criteria

The entity is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cause

The entity's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The entity's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Repeat Finding

See 2024-002

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials

Management recognizes the deficiency and plans to implement the auditor's recommendation.

Section III - Federal Award Findings and Questioned Costs

2025-003 Reporting

Federal Program

U.S. Department of Housing and Urban Development AL #14.871 – Significant Deficiency

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2025

Criteria

PHAs are required to submit accurate data in monthly VMS submissions as HUD uses this data to determine renewal funding levels.

Condition

The Authority did not have control procedures in place throughout the year for reconciliations of HAP expenses. This resulted in inaccurate data submitted in monthly VMS submissions.

Questioned Costs

None

Context

We reviewed VMS data submissions noting reported balances did not accurately reflect balances recorded in the Commission's general ledger.

Effect

HUD did not have accurate data to use in determining renewal funding levels.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Cause

The Commission was going through a software conversion which delayed various reconciliation processes and staff turnover resulted in control processes not implemented for the entire fiscal year.

Repeat Finding

See 2024-006.

Recommendation

We recommend the Commission reviews their internal control procedures over the reconciliation of HAP expenses to ensure accurate reporting.

Views of Responsible Officials

Management recognizes the deficiency and plans to implement the auditor's recommendation.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

2024-001 Material Weakness – Preparation of Financial Statements and Schedule of Expenditures of Federal Awards

Criteria

An appropriate system of internal control requires the Commission to prepare financial statements and the schedule of expenditures of federal awards (SEFA) in compliance with accounting principles generally accepted in the United States of America.

Condition

The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the entity currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The entity has elected to have the auditors assist in preparation of the financial statements and notes.

Current year status

See 2025-001.

2024-002 Material Weakness – Material Adjusting Journal Entries

Criteria

The entity is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with GAAP.

Condition

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

Current year status

See 2025-002.

2024-003 Eligibility

Federal Program

U.S. Department of Housing and Urban Development AL #14.871 – Significant Deficiency

Criteria

The Commission must calculate the tenant's rent payment using the documentation from third party verification in accordance with 24 CFR Part 5 Subpart F. The Commission must also reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification (24 CFR section 982.516).

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Condition

During our review of tenant files, we noted one instance in which a tenant did not have family income and composition reexamined every 12 months through third party verification. We also noted three instances where tenant's HAP payments were calculated incorrectly. These incorrect calculations were due to utility allowance calculated incorrectly, incorrect verified income amounts used, and outdated verified income amounts used.

Current year status

Corrective action has been taken and this finding has been removed.

2024-004 Special Tests and Provisions: Rent Reasonableness

Federal Program

U.S. Department of Housing and Urban Development AL #14.871 – Significant Deficiency

Criteria

The Commission must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

Condition

We tested compliance with the Commission's rent reasonableness forms in 40 tenant files and found that four files did not contain rent reasonableness forms for an increase in rent. Although lacking adequate support, it was determined charged rent was reasonable in amount.

Current year status

Corrective action has been taken and this finding has been removed.

2024-005 Reporting

Federal Program

U.S. Department of Housing and Urban Development AL #14.871 – Significant Deficiency

Criteria

The Commission must submit a monthly VMS form electronically to HUD within 22 days after month-end.

Condition

We noted on two occasions that the VMS submission was not performed by the deadline.

Current year status

Corrective action has been taken and this finding has been removed.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2025

2024-006 Reporting

Federal Program

U.S. Department of Housing and Urban Development AL #14.871 – Significant Deficiency

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2024

Criteria

PHAs are required to submit accurate data in monthly VMS submissions as HUD uses this data to determine renewal funding levels.

Condition

The Authority did not have control procedures in place throughout the year for reconciliations of HAP expenses. This resulted in inaccurate data submitted in monthly VMS submissions.

Current year status

See 2025-003.

Housing And Redevelopment Authority of Sioux Falls

630 SOUTH MINNESOTA AVENUE
SIOUX FALLS, SOUTH DAKOTA 57104-4825



Executive Director
Larissa Deedrich

Office: 605-332-0704
Fax: 605-339-9305

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2025

2025-001

Contact Person

Larissa Deedrich, Executive Director

Corrective Action Plan

Management has begun the process of creating a quality control plan to ensure that all files are accurate and follow all local, state and federal compliance guidelines.

Planned Completion Date for CAP

September 30, 2026

2025-002

Contact Person

Larissa Deedrich, Executive Director

Corrective Action Plan

The Commission will review internal accounting records and determine proper balances in each general ledger account prior to the audit being conducted each year.

Planned Completion Date for CAP

September 30, 2026

2025-003

Contact Person

Larissa Deedrich, Executive Director

Corrective Action Plan

Management has reviewed control processes and assigned staff to perform necessary controls over the reconciliation of HAP expenses.

Planned Completion Date for CAP

September 30, 2026