

**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, 2020

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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 Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Other 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 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 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. Such 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 March 19, 2021 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 & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 19, 2021

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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, 2020. 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 2020 fiscal year by \$3,165,072 (net position), compared to net position of \$2,899,523 for the fiscal year 2019. This is a 9.16% increase from fiscal year 2019.
- The Primary Government's cash and cash equivalents balance at September 30, 2020 was \$2,880,245 representing an increase of \$841,318 from September 30, 2019.
- The Primary Government had total operating revenues of \$15,586,585, and operating expenses of \$15,377,500 for the year ended September 30, 2020. This compares to total operating revenues of \$14,479,219 and operating expenses of \$14,551,033 for the year ended September 30, 2019.

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 equal liabilities plus 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, 2020

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

	2020	2019	Change	
			Dollar	%
Assets:				
Current and Other Assets	\$ 3,112,978	\$ 2,305,785	\$ 807,193	35.01%
Capital Assets	1,339,206	1,391,200	(51,994)	-3.74%
Total Assets	<u>4,452,184</u>	<u>3,696,985</u>	<u>755,199</u>	20.43%
Liabilities:				
Current and Other Liabilities	1,030,320	509,904	520,416	102.06%
Long-Term Liabilities	256,792	287,558	(30,766)	-10.70%
Total Liabilities	<u>1,287,112</u>	<u>797,462</u>	<u>489,650</u>	61.40%
Net Position:				
Net Investment in Capital Assets	1,097,388	1,118,037	(20,649)	-1.85%
Restricted	167,467	123,895	43,572	35.17%
Unrestricted	1,900,217	1,657,591	242,626	14.64%
Total Net Position	<u>\$ 3,165,072</u>	<u>\$ 2,899,523</u>	<u>\$ 265,549</u>	9.16%

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 \$3,165,072 at the close of fiscal year September 30, 2020.

Total assets, as of September 30, 2020, were \$4,452,184. Of this total, \$3,112,978 was current and other assets, while \$1,339,206 were capital assets. For fiscal year ended September 30, 2019, current and other assets were \$2,305,785 and capital assets were \$1,391,200. Current and other assets increased mainly due to the net effect of an increase in cash along with an increase in receivables. The decrease in capital assets was mainly due to the depreciation of capital assets.

**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, 2020

Liabilities

Total liabilities as of September 30, 2020 were \$1,287,112 compared to total liabilities of \$797,462 for fiscal year ended September 30, 2019. No new long-term debt was issued during the year ended September 30, 2020.

Net Position

Total net position, as of September 30, 2020, was \$3,165,072 which consisted of unrestricted net position of \$1,900,217, restricted net position for grantor agency of \$132,655, restricted net position for debt covenants of \$34,812, and net investment in capital assets of \$1,097,388. As of September 30, 2019, unrestricted net position was \$1,657,591, restricted net position for grantor agency was \$79,758, restricted net position for debt covenants of \$44,137, and net investment in capital assets was \$1,118,037 for a total net position of \$2,899,523.

A portion of the Primary Government's net position, 35%, 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 increased \$265,549 during the fiscal year 2020.

Changes in Net Position

There was an increase in net position of \$265,549 from fiscal year 2019 to fiscal year 2020. The ending total net position was \$3,165,072 in fiscal year 2020 while fiscal year 2019 ended with a total net position of \$2,899,523.

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

**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, 2020

	2020	2019	Change	
			Dollar	%
Revenues				
Program Revenues				
Dwelling rental	\$ 208,483	\$ 204,849	\$ 3,634	1.77%
Tenant revenue-other	2,987	3,713	(726)	-19.55%
Fraud recovery	17,010	9,842	7,168	72.83%
Other revenue and management fees	421,571	430,378	(8,807)	-2.05%
HUD PHA grants	14,330,790	13,181,547	1,149,243	8.72%
HUD Capital grants	50,639	16,310	34,329	100.00%
Other Governmental grants	605,744	648,890	(43,146)	-6.65%
General Revenues				
Interest income	5,825	6,900	(1,075)	-15.58%
Total Revenues	15,643,049	14,502,429	1,140,620	7.87%
Expenses				
Administrative	710,969	695,753	15,216	2.19%
Management fees	112,420	123,695	(11,275)	-9.12%
Tenant services	894,397	844,451	49,946	5.91%
Utilities	29,810	25,800	4,010	15.54%
Ordinary maintenance and operations	140,503	138,434	2,069	1.49%
Extraordinary maintenance	57,965	32,001	25,964	81.13%
General expense	183,994	181,879	2,115	1.16%
Housing assistance payments	13,169,238	12,429,874	739,364	5.95%
Dwelling units rent expense	12,615	13,780	(1,165)	100.00%
Depreciation and amortization	65,589	65,366	223	0.34%
Total Expenses	15,377,500	14,551,033	826,467	5.68%
Change in Net Position	265,549	(48,604)	314,153	-646.35%
Beginning Net Position	2,899,523	2,948,127	(48,604)	-1.65%
Ending Net Position	\$ 3,165,072	\$ 2,899,523	\$ 265,549	9.16%

**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, 2020

Revenue

The operating revenues of the Primary Government increased by \$1,141,695 for fiscal year 2020. Total operating revenues for fiscal year September 30, 2020 were \$15,586,585, while in fiscal year September 30, 2019, total operating revenues were \$14,479,219. The main factor was an increase in HUD PHA grants of \$1,149,243 from 2019.

Operating Expenses

Operating expenses increased by 5.68% or \$826,467 from fiscal year 2019 to fiscal year 2020. The main factor was an increase in HAP payments of \$739,364 from 2019.

Capital Assets and Debt Administration

CAPITAL ASSETS

As of September 30, 2020, the Primary Government's investment in capital assets was \$1,339,206 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, equipment, and computer hardware.

There was \$13,597 in capital assets purchased during fiscal year 2020 which consisted of air conditioners and HVAC upgrades. Depreciation expense totaled \$65,589.

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

LONG-TERM DEBT

The Primary Government had \$337,469 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).

The Commission is liable for the accrued vacation and sick leave payable to qualifying employees. The increase is due to an increase in the amount of leave accumulated and outstanding at the end of the year.

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Note payable	\$ 273,163	\$ -	\$ (31,345)	\$ 241,818	\$ 31,345
Compensated absences	<u>93,238</u>	<u>103,669</u>	<u>(101,256)</u>	<u>95,651</u>	<u>49,332</u>
Long-term liabilities	<u>\$ 366,401</u>	<u>\$ 103,669</u>	<u>\$ (132,601)</u>	<u>\$ 337,469</u>	<u>\$ 80,677</u>

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, 2020**

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 which resulted in an increase from 1.75% to 4.5%.
- Budgeted an increase of 12.5% in health insurance premiums.
- Housing Choice Voucher administrative fees revenue budgeted at 96% utilization with 78.5% proration and housing assistance payments budgeted at 98% utilization with 99% proration.
- Revenues and expenses were adjusted according to existing contracts, projected increases and decreases 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, 2020**

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
ASSETS		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 1,893,285	\$ 265,288
Cash and cash equivalents - restricted	986,960	267,421
Receivables, (net of allowances for uncollectibles, if any):		
Tenants	2,710	1,785
Miscellaneous	6,042	27,441
HUD	97,828	-
Other Government	82,924	225,341
Note	2,476	-
Interest	1,188	-
Prepaid expenses	39,565	9,614
Assets held for resale	-	3,130,328
Total current assets	<u>3,112,978</u>	<u>3,927,218</u>
Noncurrent assets:		
Notes receivable	-	21,903
Investment in Tax Credit Partnership	-	25,331
Capital assets, net of accumulated depreciation:		
Land	492,500	401,751
Buildings	806,387	2,354,100
Equipment	20,636	9,255
Leasehold improvements	19,683	236,266
Construction in progress	-	34,500
Total noncurrent assets	<u>1,339,206</u>	<u>3,083,106</u>
Total assets	<u>4,452,184</u>	<u>7,010,324</u>
LIABILITIES		
Current liabilities:		
Accounts payable - vendors	45,651	215,773
Accounts payable - HUD	38,353	-
Accounts payable - other governments	5,005	1,884,807
Accrued wages and payroll taxes payable	56,770	5,002
Tenants security deposits	8,118	10,050
Unearned revenues	480,052	610
Accrued compensated absences - current portion	49,332	2,718
Accrued interest payable	-	1,783
Other current liabilities	315,694	34,081
Line of credit	-	824,764
Notes payable - current portion	31,345	316,856
Total current liabilities	<u>1,030,320</u>	<u>3,296,444</u>
Noncurrent liabilities:		
Accrued compensated absences (net of current portion)	46,319	-
Notes payable (net of current portion)	210,473	3,102,263
Total noncurrent liabilities	<u>256,792</u>	<u>3,102,263</u>
Total liabilities	<u>1,287,112</u>	<u>6,398,707</u>
Net Position		
Net investment in capital assets	1,097,388	(108,247)
Restricted - grantor agencies	132,655	87,480
Restricted - debt covenants	34,812	179,309
Unrestricted	1,900,217	453,075
Total Net Position	<u>\$ 3,165,072</u>	<u>\$ 611,617</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, 2020

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
OPERATING REVENUES		
Dwelling rental	\$ 208,483	\$ 318,794
Tenant revenue - other	2,987	2,802
Fraud recovery	17,010	-
HUD PHA grants	14,330,790	-
Other fees	299,582	-
Other governmental grants	605,744	-
Other revenue	121,989	263,094
Total operating revenues	<u>15,586,585</u>	<u>584,690</u>
OPERATING EXPENSES		
Administrative	710,969	160,034
Management fees	112,420	84,543
Tenants services	894,397	106,142
Utilities	29,810	61,472
Ordinary maintenance and operation	140,503	66,721
Extraordinary maintenance	57,965	-
General expense	183,994	45,385
Housing assistance payments	13,169,238	-
Dwelling units rent expense	12,615	-
Depreciation and amortization	65,589	115,018
Total operating expenses	<u>15,377,500</u>	<u>639,315</u>
Operating income (deficit)	<u>209,085</u>	<u>(54,625)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	5,825	661
HUD capital grants	50,639	-
Interest expense	-	(52,468)
Total nonoperating revenues (expenses)	<u>56,464</u>	<u>(51,807)</u>
Increase (Decrease) in Net Position	265,549	(106,432)
Total Net Position - beginning	<u>2,899,523</u>	<u>718,049</u>
Total Net Position - ending	<u>\$ 3,165,072</u>	<u>\$ 611,617</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, 2020**

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental receipts	\$ 195,420	\$ 326,459
Other cash payments received	518,755	286,385
Operating grants received	14,892,417	-
Payments to employees	(1,317,411)	(113,641)
Payments to other suppliers	(279,457)	(298,090)
Payments for housing assistance	(13,169,238)	-
Payment in lieu of taxes	(9,825)	(2,775)
Tenant deposits held in trust	(971)	(2,227)
	829,690	196,111
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Issuance of notes receivable	(986)	-
Principal paid on long-term debt	(31,345)	(40,954)
Net payments on line of credit	-	(145,563)
Interest paid on debt	-	(54,357)
Capital grants	50,639	-
Purchases of capital assets	(13,597)	(2,786)
	4,711	(243,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	6,917	661
	6,917	661
Net Cash Provided (Used) by Investing Activities	6,917	661
Net Increase (Decrease) in Cash and Cash Equivalents	841,318	(46,888)
Cash and Cash Equivalents, Beginning of Year	2,038,927	579,597
Cash and Cash Equivalents, End of Year	\$ 2,880,245	\$ 532,709
Cash and cash equivalents - unrestricted	\$ 1,893,285	\$ 265,288
Cash and cash equivalents - restricted	986,960	267,421
Total cash and cash equivalents	\$ 2,880,245	\$ 532,709

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, 2020

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (deficit)	\$ 209,085	\$ (54,625)
Adjustments to reconcile operating income (deficit) to net cash provided (used) by operating activities:		
Depreciation and amortization	65,589	115,018
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenants	(448)	7,665
Accounts receivable - HUD	(44,117)	-
Accounts receivable - other	77,187	(134,511)
Prepaid expense	1,399	(2,483)
Assets held for resale	-	727,430
Increase (decrease) in:		
Accounts payable - vendors	(40,676)	199,840
Accounts payable - other governments	33,355	(666,017)
Accrued wages and payroll taxes	12,981	(2,232)
Accrued compensated absences	2,413	(1,401)
Other current liabilities	42,812	13,559
Tenants security deposit	(971)	(2,227)
Unearned revenue	471,081	(3,905)
	471,081	(3,905)
Net Cash Provided (Used) by Operating Activities	\$ 829,690	\$ 196,111

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, 2020

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
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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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	
SD01600000118D, SD01600000119D and SD01600000120D	25
Capital Fund Program SD06P016501-18 and SD06P016501-19	
Section 8 Housing Choice Vouchers	1,874
Section 8 Moderate Rehabilitation	
SD016MR0003	17
SD016MR0004	34
SD016MR0005	28
Shelter Plus Care Program	
SD0016L8T001804 and SD0016L8T001905	4
SD002C8T001803 and SD0021L8T001904	5
SD0002L8T001811 and SD0002L8T001912	29
Family Self-Sufficiency Program	
FSS18SD2290 and FSS20SD3306	
HOME Investments Partnerships Program	
19-4312	
Housing Opportunities for Persons with AIDS	
19-028-53003-0 and 20-028-53003-0	
20-028-52004-0 and 21-028-52003-0	
Other Projects:	
South Sycamore Estates	16
Management of Affordable Housing Solutions, Inc.	
Management of Affordable Housing Solutions, Inc. owned rental properties	38
Management of Spring Centre Apartments, LP	31

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
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
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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
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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.

For capital assets used in proprietary fund’s operations, construction period interest is capitalized in accordance with accounting principles generally accepted in the United States of America.

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.

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 Section 8 Housing Choice Voucher program excess funds received, Family Self Sufficiency (FSS) escrow amounts, promissory note trustee accounts and tenant security deposits.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

Compensated Absences

The Commission allows employees to accumulate vacation leave as follows:

<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 accumulates for full-time employees at a rate of 8 hours per month. Exempt employees have no limit on accumulated sick leave, but receive no compensation for any unused sick leave upon termination. Hourly employees are limited to 160 hours of accumulated sick leave. Fifty percent of the hours in excess of 160 hours of sick leave are paid to the employees at the end of each fiscal year. Upon termination, hourly employees are paid for fifty percent of their sick leave balance.

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.

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.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

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 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 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, 2020, the Commission’s deposits were fully insured or collateralized and were not exposed to custodial credit risk.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

Investments – As of September 30, 2020, 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, 2020, 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, 2020, the Commission had no investments.

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government:

Housing Choice Voucher (HAP)	\$ 126,909
Housing Choice Voucher (FSS Escrow)	304,479
Housing Choice Voucher (Care Act)	472,399
Public Housing (FSS escrow)	2,740
Family Self Sufficiency (FSS) Special Needs Fund	3,890
SF Community Foundation Grant Funds	4,750
Section 8 Mod Rehab	23,858
Reserve for Replacements	19,482
Residual Receipts Reserve	7,691
Tax-Insurance Reserve	12,644
Tenant Security Deposits	<u>8,118</u>

Total Primary Government \$ 986,960

Component Unit:

Neighborhood Revitalization	\$ 75,972
Affordable Housing Solutions Security Deposit Loan	1,590
Earnest Money Deposits	500
Field of Dreams Interest Escrow	50,741
Reserve for Replacement	86,172
Tax-Insurance Reserve	11,187
Operating Reserve	31,209
Tenant Security Deposits	<u>10,050</u>

Total Component Unit \$ 267,421

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

NOTE 4 NOTES RECEIVABLE (Component Unit)

Notes receivable for the Component Unit of \$21,903 at September 30, 2020 represents funds that were provided by grant proceeds to establish and maintain the “Neighborhood Revitalization Down Payment Assistance Program” (NRDAP) for qualifying homebuyers. The notes are interest free, deferred loans and are secured by the homebuyer’s property. The mortgage is registered with the Minnehaha County Register of Deeds and payable upon sale of the property.

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, 2020 was \$25,331.

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, 2020, the value of the investment was \$0 as the apartment complex was still in repair and the Organization had yet to make their required capital contribution of \$10. The Organization is the general partner with .01% interest with Midwest Housing Equity Group receiving 99.99% interest as the limited partner.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 492,500	\$ -	\$ -	\$ 492,500
Total capital assets not being depreciated	<u>492,500</u>	<u>-</u>	<u>-</u>	<u>492,500</u>
<i>Capital assets being depreciated:</i>				
Buildings	3,857,378	3,572	-	3,860,950
Equipment	149,342	10,025	-	159,367
Leasehold improvements	81,855	-	-	81,855
Total capital assets being depreciated	<u>4,088,575</u>	<u>13,597</u>	<u>-</u>	<u>4,102,172</u>
<i>Less accumulated depreciation for:</i>				
Buildings	3,001,015	53,548	-	3,054,563
Equipment	130,580	8,151	-	138,731
Leasehold improvements	58,282	3,890	-	62,172
Total accumulated depreciation	<u>3,189,877</u>	<u>65,589</u>	<u>-</u>	<u>3,255,466</u>
Total capital assets being depreciated, net	<u>898,698</u>	<u>(51,992)</u>	<u>-</u>	<u>846,706</u>
<i>Capital assets, net</i>	<u>\$ 1,391,198</u>	<u>\$ (51,992)</u>	<u>\$ -</u>	<u>\$ 1,339,206</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

Component Unit:

	Beginning Balance	Increases	Decreases	Reclassified to Held for Resale	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 401,751	\$ -	\$ -	\$ -	\$ 401,751
Construction in progress	34,500	-	-	-	34,500
Total capital assets not being depreciated	<u>436,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,251</u>
<i>Capital assets being depreciated:</i>					
Buildings	2,885,433	-	-	-	2,885,433
Equipment	122,143	2,785	-	-	124,928
Leasehold Improvements	363,185	-	-	-	363,185
Total capital assets being depreciated	<u>3,370,761</u>	<u>2,785</u>	<u>-</u>	<u>-</u>	<u>3,373,546</u>
<i>Less accumulated depreciation for:</i>					
Buildings	448,000	83,333	-	-	531,333
Equipment	108,200	7,473	-	-	115,673
Leasehold Improvements	102,707	24,212	-	-	126,919
Total accumulated depreciation	<u>658,907</u>	<u>115,018</u>	<u>-</u>	<u>-</u>	<u>773,925</u>
Total capital assets being depreciated, net	<u>2,711,854</u>	<u>(112,233)</u>	<u>-</u>	<u>-</u>	<u>2,599,621</u>
<i>Capital assets, net</i>	<u>\$ 3,148,105</u>	<u>\$ (112,233)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,035,872</u>

NOTE 7 ACCOUNTS PAYABLE – OTHER GOVERNMENTS

Accounts Payable – Other Governments consists of \$5,005 in payment in lieu of taxes (PILOT) for the primary government as of September 30, 2020.

Accounts Payable – Other Governments for the component unit consists of \$1,884,807 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.

**THE HOUSING AND REDEVELOPMENT COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

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	\$ 273,163	\$ -	\$ (31,345)	\$ 241,818	\$ 31,345
Compensated absences	<u>93,238</u>	<u>103,669</u>	<u>(101,256)</u>	<u>95,651</u>	<u>49,332</u>
Long-term liabilities	<u>\$ 366,401</u>	<u>\$ 103,669</u>	<u>\$ (132,601)</u>	<u>\$ 337,469</u>	<u>\$ 80,677</u>

The note payable at September 30, 2020 is comprised of the following:

	Amounts Due Within One Year	Amounts Due After One Year	Total
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>\$ 210,473</u>	<u>\$ 241,818</u>
Total	<u>\$ 31,345</u>	<u>\$ 210,473</u>	<u>\$ 241,818</u>

The annual requirements to amortize the note payable as of September 30, 2020 is as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 31,345	\$ -	\$ 31,345
2022	31,345	-	31,345
2023	31,345	-	31,345
2024	31,345	-	31,345
2025	31,345	-	31,345
2026-2028	<u>85,093</u>	<u>-</u>	<u>85,093</u>
	<u>\$ 241,818</u>	<u>\$ -</u>	<u>\$ 241,818</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

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.	104,606	-	(3,266)	101,340	3,332
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.	143,517	-	(5,820)	137,697	5,821
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 2044.	96,667	-	(3,333)	93,334	3,334
505 S Duluth - Graff					
Mortgage payable - Sioux Falls Planning and Development Services, 3.0% interest, due December 2030, yearly payments of \$2,983	29,690	-	(2,097)	27,593	2,156
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	-

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

<u>Project</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
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.	148,188	-	(3,422)	144,766	3,424
1209/1215 Homestead Circle Mortgage Payable - Great Western Bank 4.75% interest, term is 10 years (60 monthly payments of \$261 with final balloon payment due July 2022 for remaining principal and interest due).	29,613	-	(1,724)	27,889	1,844
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.	48,502	-	(5,570)	42,932	5,745
4501 E 15th Street - Field of Dreams Mortgage payable - Sioux Falls Planning and Development Services. Deferred at 0% interest until property is sold or transferred.	275,000	-	-	275,000	275,000
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.	366,000	-	(5,000)	361,000	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.	114,287	-	(6,879)	107,408	7,200

**THE HOUSING AND REDEVELOPMENT COMMISSION
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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
633 W 10th St - Pettigrew Manor					
Unamortized debt issuance costs on Grow South Dakota Mortgage payable	\$ (1,899)	\$ -	\$ 158	\$ (1,741)	\$ -
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.	188,000	-	(4,000)	184,000	4,000
Total	<u>\$ 3,460,072</u>	<u>\$ -</u>	<u>\$ (40,953)</u>	<u>\$ 3,419,119</u>	<u>\$ 316,856</u>

The annual requirements to amortize long-term obligations as of September 30, 2020 are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 316,856	\$ 10,287	\$ 327,143
2022	66,478	9,317	75,795
2023	41,180	7,702	48,882
2024	41,876	7,006	48,882
2025	43,619	6,263	49,882
2026-2030	218,838	20,315	239,153
2031-2035	1,289,914	6,480	1,296,394
2036-2040	295,099	3,459	298,558
2041-2045	336,173	1,030	337,203
2046-2050	-	-	-
2051-2055	299,086	-	299,086
2056-2059	470,000	-	470,000
	<u>\$ 3,419,119</u>	<u>\$ 71,859</u>	<u>\$ 3,490,978</u>

During 2019, the component unit renewed a line of credit agreement with First Premier Bank for \$1,400,000 carrying an interest rate of 4.5 percent and a maturity date of November 1, 2021. The outstanding balance as of September 30, 2020 is \$824,764.

During 2020, the component unit was advanced \$50,000 three different times from the Sioux Falls Housing and Redevelopment Commission to assist the Organization with operational costs, which was paid back each time within 30 days. At September 30, 2020, the balance remaining on that short-term debt was \$0.

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 \$1,108 was paid by the Sioux Falls Housing and Redevelopment Commission on May 11, 2020.

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2020

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>
Housing Choice Vouchers	Grantor Agency	\$ 126,909
Family Self-Sufficiency	Grantor Agency	5,545
Housing Deposit Assistance	Grantor Agency	201
South Sycamore Estates	Debt Covenant	<u>34,812</u>
Total Restricted Net Position - Primary Government		<u>\$ 167,467</u>
Component Unit:		
Neighborhood Revitalization	Grantor Agency	\$ 43,875
Wells Fargo Impact Grant	Grantor Agency	42,000
AHS Security Deposit Loan	Grantor Agency	1,605
Field of Dreams Project	Debt Covenant	50,741
Duluth Heights Apartments	Debt Covenant	32,097
Highland Five Apartments	Debt Covenant	16,864
633 W 10th St Project	Debt Covenant	23,262
Spring Pointe Apartments	Debt Covenant	21,095
Graff Apartments	Debt Covenant	<u>35,250</u>
Total Restricted Net Position - Component Unit		<u>\$ 266,789</u>

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, 2020, 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.

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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 attaining 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 the employee's participation in the plan. During the years ended September 30, 2020, 2019, and 2018, the cost to the Commission was \$49,557, \$50,686, and \$47,877, respectively.

NOTE 13 COMMITMENTS

The component unit has outstanding contract commitments as of September 30, 2020 totaling \$367,668. Of this total, \$109,640 relates to 720 W 15th Street, \$159,079 relates to 401/405 S Van Eps Avenue, and \$98,949 relates to 6501 W Verbena Street. These are projects in which the Organization participates with the City of Sioux Falls Planning and Development Services to construct, rehabilitate and renovate housing projects for low and moderate-income families.

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SEPTEMBER 30, 2020

NOTE 14 NEW PRONOUNCEMENTS

GASB Statement No. 84, *Fiduciary Activities*, provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

GASB Statement No. 92, *Omnibus 2020*, provides additional guidance to improve consistency of authoritative literature by addressing practice issues identified during the application of certain GASB statements. This statement provides accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activity

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SEPTEMBER 30, 2020

of public entity risk pools, fair value measurements and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), most notable, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. This statement provides exceptions and clarifications regarding hedging derivative instruments for such transactions that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 *provides additional guidance for determining whether a primary government is financially accountable for a potential component unit*. This Statement requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined

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benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

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

NOTE 15 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Commission's year end. Subsequent events have been evaluated through March 19, 2021, which is the date these 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, 2020

	PUBLIC HOUSING	PUBLIC HOUSING	SECTION 8	SECTION 8	SECTION 8	SECTION 8	SHELTER	HOME		SECTION 8		BUSINESS	ELIMINATION	PRIMARY	
	14.850	14.PHC	14.871	14.HCC	MOD REHAB 14.856	MOD REHAB 14.MRC	14.238	14.239	FSS 14.896	NEW CONSTRUCTION 14.182	HOPWA 14.241	ACTIVITIES	ENTRIES	GOVERNMENT TOTALS	
ASSETS															
111 Cash - unrestricted	\$ 108,134	\$ -	\$ 34,819	\$ -	\$ 38,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,711,983	\$ -	\$ 1,893,285	
113 Cash - other restricted	-	-	126,909	472,399	23,858	-	-	-	-	-	-	48,457	-	671,623	
114 Cash - tenant security deposits	4,520	-	-	-	-	-	-	-	-	-	-	3,598	-	8,118	
115 Cash - restricted for payment of current liabilities	2,740	-	304,479	-	-	-	-	-	-	-	-	-	-	307,219	
100 Total cash	115,394	-	466,207	472,399	62,207	-	-	-	-	-	-	1,764,038	-	2,880,245	
122 Accounts receivable - HUD other projects	49,931	254	-	-	12,766	1,226	23,296	-	10,355	-	-	-	-	97,828	
124 Accounts receivable - other government	-	-	-	-	-	-	-	35,826	-	-	47,098	-	-	82,924	
125 Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	-	-	-	8,279	-	8,279	
126 Accounts receivable - tenants - dwelling	2,081	-	-	-	-	-	-	-	-	-	-	7,263	-	9,344	
126.1 Allowance for doubtful accounts - tenants	(310)	-	-	-	-	-	-	-	-	-	-	(6,324)	-	(6,634)	
126.2 Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-	-	(2,237)	-	(2,237)	
127 Notes and mortgages receivable - current	2,476	-	-	-	-	-	-	-	-	-	-	-	-	2,476	
129 Accrued interest receivable	743	-	-	-	-	-	-	-	-	-	-	445	-	1,188	
120 Total receivables, net of allowance for doubtful	54,921	254	-	-	12,766	1,226	23,296	35,826	10,355	-	47,098	7,426	-	193,168	
142 Prepaid expenses and other assets	13,626	-	-	-	-	-	-	-	-	-	-	25,939	-	39,565	
144 Interprogram due from	-	-	-	-	-	-	-	-	-	-	-	125,765	(125,765)	-	
150 Total current assets	183,941	254	466,207	472,399	74,973	1,226	23,296	35,826	10,355	-	47,098	1,923,168	(125,765)	3,112,978	
161 Land	250,000	-	-	-	-	-	-	-	-	-	-	242,500	-	492,500	
162 Buildings	2,175,313	-	-	-	-	-	-	-	-	-	-	1,685,637	-	3,860,950	
163 Furniture, equipment & machinery - dwellings	-	-	-	-	-	-	-	-	-	-	-	64,243	-	64,243	
164 Furniture, equipment & machinery - administration	-	-	-	-	-	-	-	-	-	-	-	95,124	-	95,124	
165 Leasehold improvements	-	-	-	-	-	-	-	-	-	-	-	81,855	-	81,855	
166 Accumulated depreciation	(2,140,308)	-	-	-	-	-	-	-	-	-	-	(1,115,158)	-	(3,255,466)	
160 Total fixed assets, net of accumulated	285,005	-	-	-	-	-	-	-	-	-	-	1,054,201	-	1,339,206	
190 Total assets	\$ 468,946	\$ 254	\$ 466,207	\$ 472,399	\$ 74,973	\$ 1,226	\$ 23,296	\$ 35,826	\$ 10,355	\$ -	\$ 47,098	\$ 2,977,369	\$ (125,765)	\$ 4,452,184	
LIABILITIES AND NET POSITION															
312 Accounts payable <90 days	\$ 9,550	\$ -	\$ 15,462	\$ -	\$ 5,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71	\$ 14,737	\$ -	\$ 45,651	
321 Accrued wages/payroll taxes payable	-	-	-	-	-	-	-	-	-	-	-	56,770	-	56,770	
322 Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	-	49,332	-	49,332	
331 Accounts payable - HUD PHA projects	-	-	-	-	38,353	-	-	-	-	-	-	-	-	38,353	
333 Accounts payable - other governments	-	-	-	-	-	-	-	-	-	-	-	5,005	-	5,005	
341 Tenant security deposits	4,520	-	-	-	-	-	-	-	-	-	-	3,598	-	8,118	
342 Unearned revenues	1,380	-	-	472,399	-	-	-	-	-	-	-	6,273	-	480,052	
343 Current portion of long-term debt - cap. projects	-	-	-	-	-	-	-	-	-	-	-	31,345	-	31,345	
345 Other current liabilities	2,740	-	304,359	-	-	-	-	-	-	-	-	8,595	-	315,694	
347 Interprogram due to	-	254	-	-	7,781	1,226	23,296	35,826	10,355	-	47,027	-	(125,765)	-	
310 Total current liabilities	18,190	254	319,821	472,399	51,965	1,226	23,296	35,826	10,355	-	47,098	175,655	(125,765)	1,030,320	
351 Long-term debt, net of current - cap. projects	-	-	-	-	-	-	-	-	-	-	-	210,473	-	210,473	
354 Accrued compensated absences	-	-	-	-	-	-	-	-	-	-	-	46,319	-	46,319	
350 Total noncurrent liabilities	-	-	-	-	-	-	-	-	-	-	-	256,792	-	256,792	
300 Total liabilities	18,190	254	319,821	472,399	51,965	1,226	23,296	35,826	10,355	-	47,098	432,447	(125,765)	1,287,112	
NET POSITION															
508.4 Net investment in capital assets	285,005	-	-	-	-	-	-	-	-	-	-	812,383	-	1,097,388	
511.4 Restricted net position	-	-	126,909	-	-	-	-	-	-	-	-	40,558	-	167,467	
512.4 Unrestricted net position	165,751	-	19,477	-	23,008	-	-	-	-	-	-	1,691,981	-	1,900,217	
513 Total net position	450,756	-	146,386	-	23,008	-	-	-	-	-	-	2,544,922	-	3,165,072	
600 Total liabilities and net position	\$ 468,946	\$ 254	\$ 466,207	\$ 472,399	\$ 74,973	\$ 1,226	\$ 23,296	\$ 35,826	\$ 10,355	\$ -	\$ 47,098	\$ 2,977,369	\$ (125,765)	\$ 4,452,184	

**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, 2020**

	PUBLIC HOUSING 14.850	CAPITAL FUNDS 14.872	PUBLIC HOUSING 14.PHC	SECTION 8 VOUCHERS 14.871	SECTION 8 VOUCHERS 14.HCC	SECTION 8 MOD REHAB 14.856	SECTION 8 MOD REHAB 14.MRC	SHELTER PLUS CARE 14.238	HOME VOUCHERS 14.239	FSS 14.896	SECTION 8 NEW CONSTRUCTION 14.182	HOPWA 14.241	BUSINESS ACTIVITIES	ELIMINATION ENTRIES	PRIMARY GOVERNMENT TOTALS
REVENUE															
70300 Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 208,483	\$ -	\$ 208,483
70400 Tenant revenue - other	238	-	-	-	-	-	-	-	-	-	-	-	2,749	-	2,987
70500 Total tenant revenue	238	-	-	-	-	-	-	-	-	-	-	-	211,232	-	211,470
70600 HUD PHA operating grants	123,534	49,404	254	13,149,872	40,331	536,484	1,226	343,985	-	85,700	-	-	-	-	14,330,790
70610 HUD Capital grants	-	50,639	-	-	-	-	-	-	-	-	-	-	-	-	50,639
70750 Other fees	-	-	-	-	-	-	-	-	-	-	-	-	299,582	-	299,582
70800 Other governmental grants	-	-	-	-	-	-	-	-	342,299	-	-	263,445	-	-	605,744
71100 Investment income - unrestricted	1,518	-	-	17	-	-	-	-	-	-	-	-	3,784	-	5,319
71400 Fraud recovery	-	-	-	17,010	-	-	-	-	-	-	-	-	-	-	17,010
71500 Other revenue	38,280	-	-	-	-	-	-	-	-	-	-	-	83,709	-	121,989
72000 Investment income - restricted	-	-	-	-	-	-	-	-	-	-	-	-	506	-	506
70000 Total revenue	163,570	100,043	254	13,166,899	40,331	536,484	1,226	343,985	342,299	85,700	-	263,445	598,813	-	15,643,049
EXPENSES															
91100 Administrative salaries	16,029	-	50	207,026	3,245	-	137	-	-	35,667	-	-	35,427	-	297,581
91200 Auditing fees	412	-	-	27,314	-	2,388	-	113	78	-	-	-	7,807	-	38,112
91300 Management fees	-	-	-	-	-	66,402	-	14,728	5,447	-	-	17,235	8,608	-	112,420
91400 Advertising and marketing	20	-	-	1,689	-	-	-	-	-	-	-	-	617	-	2,326
91500 Employee benefit contribution	5,081	-	16	70,183	1,034	-	43	-	-	6,230	-	-	12,722	-	95,309
91600 Office expenses	4,787	-	95	178,270	6,228	-	263	2,436	1,610	-	-	-	29,633	-	223,322
91700 Legal expense	-	-	-	2,652	-	-	-	-	-	-	-	-	3,000	-	5,652
91800 Travel	1	-	-	2,915	-	-	-	-	-	-	-	-	516	-	3,432
91900 Other	528	-	-	26,533	-	-	-	-	-	-	-	89	18,085	-	45,235
92100 Tenant services - salaries	24,425	-	59	372,484	21,382	-	546	-	-	30,838	-	44,020	132,446	-	626,200
92300 Employee benefit contributions - tenant services	13,893	-	16	120,108	7,269	-	187	-	-	15,900	-	9,249	49,861	-	216,483
92400 Tenant services - other	18	-	-	850	-	-	-	17,237	17,835	-	-	7,250	8,524	-	51,714
93100 Water	623	-	-	-	-	-	-	-	-	-	-	-	10,724	-	11,347
93200 Electricity	542	-	-	-	-	-	-	-	-	-	-	-	15,547	-	16,089
93300 Gas	1,419	-	-	-	-	-	-	-	-	-	-	-	955	-	2,374
94100 Ordinary maintenance and operations - labor	21,378	-	-	-	-	-	-	-	-	-	-	-	12,514	-	33,892
94200 Ordinary maintenance and operations - mat & other	11,941	-	17	-	1,117	-	48	-	-	-	-	-	11,204	-	24,327
94300 Ordinary maintenance and operations - contr costs	34,598	-	1	-	56	-	2	-	-	-	-	-	35,233	-	69,890
94500 Employee benefit contributions-ordinary maint	8,079	-	-	-	-	-	-	-	-	-	-	-	4,315	-	12,394
95200 Protective services - other	-	-	-	-	-	-	-	-	-	-	-	-	1,704	-	1,704
96100 Insurance premiums	21,449	-	-	18,460	-	-	-	-	-	922	-	612	16,382	-	57,825
96200 Other general expenses	-	-	-	10,911	-	-	-	-	-	-	-	-	-	-	10,911
96210 Compensated absences	6,632	-	-	58,600	-	-	-	-	-	7,616	-	5,343	19,041	-	97,232
96300 Payments in lieu of taxes	3,304	-	-	-	-	-	-	-	-	-	-	-	6,521	-	9,825
96400 Bad debt - tenant rents	-	-	-	-	-	-	-	-	-	-	-	-	5,315	-	5,315
96600 Bad debt - other	104	-	-	-	-	-	-	-	-	-	723	-	355	-	1,182
96900 Total operating expense	175,263	-	254	1,097,995	40,331	68,790	1,226	34,514	24,970	97,173	723	83,798	447,056	-	2,072,094
97000 Excess operating revenue over operating expenses	(11,693)	100,043	-	12,068,904	-	467,694	-	309,471	317,329	(11,473)	(723)	179,647	151,757	-	13,570,956
97100 Extraordinary maintenance	57,965	-	-	-	-	-	-	-	-	-	-	-	-	-	57,965
97300 Housing assistance payments	-	-	-	11,888,993	-	467,694	-	315,505	317,329	-	-	179,717	-	-	13,169,238
97400 Depreciation expense	7,592	-	-	-	-	-	-	-	-	-	-	-	57,997	-	65,589
97800 Dwelling units rent expense	12,615	-	-	-	-	-	-	-	-	-	-	-	-	-	12,615
90000 Total expenses	253,435	-	254	12,986,988	40,331	536,484	1,226	350,019	342,299	97,173	723	263,515	505,053	-	15,377,501
10010 Operating transfers in	100,043	-	-	-	-	-	-	-	-	11,473	-	-	-	(111,516)	-
10020 Operating transfers out	-	(100,043)	-	-	-	-	-	6,034	-	-	723	70	(18,300)	111,516	-
10000 Excess of operating revenue over (under) expenses	\$ 10,178	\$ -	\$ -	\$ 179,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,460	\$ -	\$ 265,549
Memo Account Information:															
11020 Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,345	\$ -	\$ 31,345
11030 Beginning equity	440,578	-	-	(33,525)	-	23,008	-	-	-	-	-	-	2,469,462	-	2,899,523
11040 Prior period adjustments/equity transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170 Administrative fee equity	-	-	-	19,477	-	-	-	-	-	-	-	-	-	-	19,477
11180 Housing assistance payments equity	-	-	-	126,909	-	-	-	-	-	-	-	-	-	-	126,909
11190 Unit months available	269	-	-	22,572	-	948	-	606	387	-	-	356	192	-	25,330
11210 Number of unit months leased	265	-	-	21,581	-	860	-	600	387	-	-	356	192	-	24,241

**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, 2020

	Grant Year 2018 <u>SD01P01650118</u>	Grant Year 2019 <u>SD01P01650119</u>	Grant Year 2020 <u>SD01P01650120</u>
Fund Approved	\$ 50,112	\$ 49,931	\$ 53,262
Fund Expended	<u>50,112</u>	<u>49,931</u>	<u>-</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,262</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, 2020 AND 2019

ASSETS	2020	2019	LIABILITIES AND NET POSITION	2020	2019
1100 Current Assets			2100 Current Liabilities		
1120 Cash and Cash Equivalents	\$ 911	\$ 150	2110 Accounts Payable	\$ 1,655	\$ 9,925
1130 Accounts Receivable - Residents	939	1,988	2160 Mortgage Payable (Current Portion)	31,345	31,345
1140 Accounts and Notes Receivable - Operations	107	-	2190 Miscellaneous Current Liabilities	39,831	42,015
1190 Miscellaneous Current Assets	2,931	2,937	2191 Tenant Security Deposits	3,598	4,357
1191 Tenant Deposits Held in Trust	3,598	4,357	2210 Prepaid Rents	1,523	1,051
Total Current Assets	8,486	9,432	Total Current Liabilities	77,952	88,693
1300 Restricted Deposits And Funded Reserves			2300 Long-Term Liabilities		
1310 Escrow Deposits	12,644	13,038	2310 Mortgage Payable, Less Current Portion	210,473	241,818
1320 Reserve for Replacements	19,482	28,283			
1340 Residual Receipts Reserve	7,691	7,588	Total Liabilities	288,425	330,511
Total Restricted Deposits and Funded Reserves	39,817	48,909			
1400 Fixed Assets					
1410 Land	82,500	82,500			
1420 Buildings	948,479	948,479			
1440 Building Equipment - Fixed	64,243	54,218			
	1,095,222	1,085,197			
Less Accumulated Depreciation	659,397	631,098			
Total Fixed Assets	435,825	454,099			
			3100 Net Position		
			3130 Net Position	195,703	181,929
Total Assets	\$ 484,128	\$ 512,440	Total Liabilities and Net Position	\$ 484,128	\$ 512,440

**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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
5100 Rent Income		
5120 Rent Revenue - Apartments	\$ 117,597	\$ 114,795
5170 Rent Revenue - Garage	<u>2,700</u>	<u>2,700</u>
Total Rent Income - Gross Potential	120,297	117,495
5200 Rent Adjustments/Vacancies		
5220 Apartment Vacancies	<u>-</u>	<u>(2,445)</u>
5152 Net Rental Income (Rent Income Less Vacancies)	<u>120,297</u>	<u>115,050</u>
5400 Finance Income		
5410 Interest Income - Operations	7	14
5430 Interest Income - Residual Receipts	103	158
5440 Interest Income - Replacement Reserves	<u>397</u>	<u>568</u>
Total Finance Revenue	<u>507</u>	<u>740</u>
5900 Other Revenue		
5920 Tenant Charges	<u>49</u>	<u>141</u>
Total Other Revenue	<u>49</u>	<u>141</u>
Total Revenue	<u>120,853</u>	<u>115,931</u>
6263 Administrative Expenses		
6320 Management Fee	8,608	8,224
6350 Audit Expense	3,290	3,205
6370 Bad Debts	5,315	3,690
6390 Miscellaneous Administrative Expenses	<u>132</u>	<u>200</u>
Total Administrative Expenses	<u>17,345</u>	<u>15,319</u>
6400 Utilities Expense		
6450 Electricity	3,342	3,098
6451 Water	9,508	6,360
6452 Gas	<u>-</u>	<u>4</u>
Total Utilities Expense	<u>12,850</u>	<u>9,462</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
6500 Operating and Maintenance Expenses		
6510 Payroll	\$ 7,201	\$ 3,236
6515 Supplies	4,685	8,966
6520 Contracts	3,259	11,496
6525 Garbage and Trash Removal	4,128	4,746
6530 Security Contract	790	640
6546 Heating/Cooling Repairs and Maintenance	1,601	2,703
6548 Snow Removal	7,043	11,125
Total Operating and Maintenance Expenses	<u>28,707</u>	<u>42,912</u>
 6600 Depreciation		
6600 Depreciation - Building and Improvements	<u>28,299</u>	<u>27,631</u>
 6700 Taxes and Insurance		
6710 Taxes - Real Estate	5,880	5,618
6711 Taxes - Payroll	462	210
6720 Insurance - Property and Liability	11,729	11,746
6722 Insurance - Workers Compensation	97	46
6723 Health Insurance and Other Benefits	1,710	550
Total Taxes And Insurance	<u>19,878</u>	<u>18,170</u>
 Total Expenses	<u>107,079</u>	<u>113,494</u>
 Change in Net Position	13,774	2,437
 Net Position, Beginning of Year	<u>181,929</u>	<u>179,492</u>
 Net Position, End of Year	<u>\$ 195,703</u>	<u>\$ 181,929</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, 2020 AND 2019

Cash Flows From Operating Activities	2020	2019
Rental Receipts	\$ 119,118	\$ 113,697
Interest Received	507	740
Other Cash Received	<u>2,835</u>	<u>2,742</u>
	<u>122,460</u>	<u>117,179</u>
Administrative	8,737	7,147
Management Fees	8,608	8,224
Utilities	12,031	9,994
Operating and Maintenance	40,405	37,295
Real Estate Taxes	5,648	5,303
Payroll Taxes	462	210
Insurance	<u>13,530</u>	<u>12,342</u>
	<u>89,421</u>	<u>80,515</u>
Net Cash Provided (Used) By Operating Activities	<u>33,039</u>	<u>36,664</u>
Cash Flows From Investing Activities		
Net (Deposits to) Withdrawals from Restricted Deposits	<u>9,092</u>	<u>(3,040)</u>
Net Cash Provided (Used) By Investing Activities	<u>9,092</u>	<u>(3,040)</u>
Cash Flows From Capital and Related Financing Activities		
Mortgage Principal Payments	(31,345)	(31,345)
Purchase of Property and Equipment	<u>(10,025)</u>	<u>(2,775)</u>
Net Cash Provided (Used) by Financing Activities	<u>(41,370)</u>	<u>(34,120)</u>
Net Change In Cash and Cash Equivalents	761	(496)
Cash and Cash Equivalents, Beginning of Year	<u>150</u>	<u>646</u>
Cash and Cash Equivalents, End of Year	<u>\$ 911</u>	<u>\$ 150</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Change in Net Position	\$ 13,774	\$ 2,437
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities		
Depreciation	28,299	27,631
Decrease or (Increase) in:		
Tenants Accounts Receivable	1,049	1,188
Accounts and Notes Receivable - Operations	(107)	-
Other Current Assets	6	-
Increase or (Decrease) in:		
Accounts Payable (Excluding Capital)	(8,270)	7,700
Miscellaneous Current Liabilities	(2,184)	(2,451)
Prepaid Rents	472	159
	<u> </u>	<u> </u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 33,039</u>	<u>\$ 36,664</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SCHEDULE OF CASH OPERATING RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Source of Funds		
Operating		
Revenues		
Rental Income	\$ 119,118	\$ 113,697
Non Dwelling Rental	2,700	2,700
Other Income		
Miscellaneous Charges to Tenants	135	42
Interest Income	507	740
	<u>122,460</u>	<u>117,179</u>
Expenditures		
Administrative	8,737	7,147
Management Fees	8,608	8,224
Utilities	12,031	9,994
Operating and Maintenance	40,405	37,295
Real Estate Taxes	5,648	5,303
Payroll Taxes	462	210
Insurance	13,530	12,342
	<u>89,421</u>	<u>80,515</u>
Cash Provided (Used) by Operations Before Debt Service	33,039	36,664
Mortgage Principal Payments	<u>(31,345)</u>	<u>(31,345)</u>
Cash Provided (Used) by Operations after Debt Service	<u>1,694</u>	<u>5,319</u>
Application of Funds		
Decrease (Increase) in Restricted Deposits and Funded Reserves	9,092	(3,040)
Purchase of Property and Equipment	<u>(10,025)</u>	<u>(2,775)</u>
Total Application of Funds	<u>(933)</u>	<u>(5,815)</u>
Increase (Decrease) in Cash	761	(496)
Unrestricted Cash At Beginning of Year	<u>150</u>	<u>646</u>
Unrestricted Cash At End of Year	<u>\$ 911</u>	<u>\$ 150</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SCHEDULE OF COMPUTATION OF SURPLUS CASH AND RESIDUAL RECEIPTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Add: Cash

Cash on Hand and in Banks (Accts. 1120 & 1191)	\$ 4,509	
All Accounts Receivable (Acct. 1130 & 1140)	<u>1,046</u>	
Total Cash		\$ 5,555

Less: Current Obligations

Accounts Payable (Due Within 30 Days) (Acct. 2110)	1,655	
Mortgage Payable (Due Within 30 days) (Acct 2160)	2,612	
Prepaid Rents (Acct. 2210)	1,523	
Tenants Security Deposits (Acct. 2191)	<u>3,598</u>	
Total Current Obligations		<u>9,388</u>

Cash Deficit \$ (3,833)

**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, 2020

SCHEDULE OF COMPUTATION OF AUTHORIZED MANAGEMENT FEE
YEAR END SETTLEMENT

Net Tenant Rental Revenues (As Defined in Management Agreement)	\$ 117,597	
Authorized Management Fee (%)	<u>7.32%</u>	
Current Year Management Compensation		\$ 8,608
Adjust for:		
Fees Payable to (Receivable from) Agent at end of Previous Year		<u>-</u>
Total Authorized Compensation		\$ 8,608
Less:		
Cash Management Fees Paid During Current Year		<u>8,608</u>
Due to Management Agent from Project		<u>\$ -</u>

SCHEDULE OF BANK ACCOUNTS

	<u>Bank</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Operating Account	Great Western Bank	Checking	XXX5180	\$ 911
Security Deposit Accounts	Great Western Bank	Savings	XXX5049	<u>3,598</u>
Total Cash				<u>\$ 4,509</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SCHEDULE OF TENANT SECURITY DEPOSITS HELD IN TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Security Deposits Held in Trust

Beginning Balance		\$ 4,357
Deposits:		
Tenant Security Deposits	\$ -	
Transfer from General Account	-	
Interest Earned	<u>2</u>	2
Disbursements:		
Tenant Security Deposits	-	
Transfer to General Account	<u>(761)</u>	<u>(761)</u>
Security Deposits Held in Trust		* <u><u>\$ 3,598</u></u>

* Cash in Bank

Security Deposits' Liability (Contra)

Beginning Balance		\$ 4,357
Deposits Received		500
Deposits Returned		<u>(1,259)</u>
Ending Balance Current Year		<u><u>\$ 3,598</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SCHEDULE OF CHANGES IN FIXED ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Balance 09/30/19	Additions	Deductions	Balance 9/30/20
Land	\$ 82,500	\$ -	\$ -	\$ 82,500
Buildings	948,479	-	-	948,479
Building Equipment - Fixed	54,218	10,025	-	64,243
	<u>\$1,085,197</u>	<u>\$10,025</u>	<u>\$ -</u>	<u>\$1,095,222</u>

	Balance 09/30/18	Additions	Deductions	Balance 9/30/19
Land	\$ 82,500	\$ -	\$ -	\$ 82,500
Buildings	948,479	-	-	948,479
Building Equipment - Fixed	54,218	-	-	54,218
	<u>\$1,085,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,085,197</u>

Accumulated Depreciation

	Balance 9/30/19	Additions	Deductions	Balance 9/30/20
Buildings	\$ 584,450	\$25,607	\$ -	\$ 610,057
Building Equipment - Fixed	46,648	2,692	-	49,340
	<u>\$ 631,098</u>	<u>\$28,299</u>	<u>\$ -</u>	<u>\$ 659,397</u>

	Balance 9/30/18	Additions	Deductions	Balance 9/30/19
Buildings	\$ 558,842	\$25,608	\$ -	\$ 584,450
Building Equipment - Fixed	44,625	2,023	-	46,648
	<u>\$ 603,467</u>	<u>\$27,631</u>	<u>\$ -</u>	<u>\$ 631,098</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, 2020 AND 2019

SCHEDULE OF ACCOUNTS RECEIVABLE

	2020	2019
0-30 days: 10 Tenants	\$ 2,103	\$ 1,373
30-60 days 2 Tenants	720	615
90-120 days 1 tenant	628	-
Over 120 days 1 tenant	3,812	-
Total	\$ 7,263	\$ 1,988
Vacated No Tenants	\$ -	\$ 4,200
Less Allowance for Doubtful Accounts	(6,324)	(4,200)
	\$ 939	\$ 1,988

SCHEDULE OF ACCOUNTS PAYABLE

	2020	2019
1190 - Accounts Receivable - Other	\$ 107	\$ -
5920 - Tenant Charges	88	-
6450 - Electricity	242	248
6451 - Water	824	-
6515 - Supplies	273	2,330
6520 - Contracts	121	6,239
6525 - Garbage & Trash Removal	-	329
6546 - Heating and Cooling Repair and Maintenance	-	779
	\$ 1,655	\$ 9,925

SCHEDULE OF MISCELLANEOUS CURRENT LIABILITIES

	2020	2019
6710 - Taxes - Real Estate	\$ 5,005	\$ 4,773
6520 - Contracts	34,826	37,242
	\$ 39,831	\$ 42,015

**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, 2020 AND 2019

SCHEDULE OF PAYMENTS IN LIEU OF TAXES

	2020	2019
Net Dwelling Rental Income	\$ 117,597	\$ 112,350
	x <u>5%</u>	x <u>5%</u>
Current Year Payments in Lieu of Taxes	5,880	5,618
Less Special Assessments	<u>(875)</u>	<u>(845)</u>
	<u>\$ 5,005</u>	<u>\$ 4,773</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 South Sycamore Estates, which comprise the statement of net position as of September 30, 2020, 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 March 19, 2021.

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 should not be used for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 19, 2021

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, 2020.



Karl Fulmer, Executive Director

3/19/2021

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, 2020

Federal Grants	Federal CFDA 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	SD0002L8T001811	\$ 226,344
	14.238	SD0002L8T001912	63,903
	14.238	SD0016L8T001804	26,862
	14.238	SD0016L8T001905	1,958
	14.238	SD0021L8T001803	22,891
	14.238	SD0021L8T001904	2,027
			343,985
Public Housing	14.850	SD01600000118D	274
	14.850	SD01600000119D	31,863
	14.850	SD01600000120D	91,397
CARES ACT	14.PHC	SD01600000120DC	254
			123,788
Public Housing Capital Fund	14.872	SD01P016501-18	50,112
	14.872	SD01P016501-19	49,931
			100,043
<u>Section 8 Project Based Cluster</u>			
Lower Income Housing Assistance	14.856	SD016MR0003	107,030
Program - Section 8 Moderate	CARES ACT 14.MRC	SD016MR0003	1,226
	14.856	SD016MR0004	208,619
	14.856	SD016MR0005	220,835
Total Section 8 Project Based Cluster			537,710
<u>Housing Voucher Cluster</u>			
	14.871	SD016VO	11,932,868
	14.871	SD016AF	1,217,004
CARES ACT	14.HCC	SD016AF	40,331
Total Housing Voucher Cluster			13,190,203
Family Self Sufficiency Program	14.896	FSS18SD2290	13,239
	14.896	FSS20SD3306	72,461
			85,700
<u>Pass-through the City of Sioux Falls, SD Department of Community Development</u>			
HOME Investment	14.239	19-4312	342,299
<u>Pass-through Montana Department of Public Health and Human Service, Intergovernmental Human Services Bureau</u>			
Housing Opportunities for Persons with AIDS	14.241	19028530030	110,282
	14.241	20028530030	9,416
	14.241	20028520040	128,064
	14.241	21028520030	15,683
			263,445
<i>Total U.S. Department of Housing and Urban Development</i>			14,987,173
Total Expenditures of Federal Awards			\$ 14,987,173

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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards 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 10-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, 2020. 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, 2020, and the related notes to the financial statements and have issued our report thereon dated March 19, 2021. The financial statements of the discretely presented component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

March 19, 2021

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

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 described 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, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance.

Opinion on Each Major Federal Program

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, 2020.

Report on Internal Control Over Compliance

Management of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Brady Martz

**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

March 19, 2021

**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, 2020**

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? yes no
Significant deficiency(ies) identified that are
not considered to be material weaknesses?
reported yes none
Non-compliance material to financial
statements noted? yes no

Federal Awards

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

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)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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Housing Voucher Cluster	14.871 and 14.HCC
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Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

There are no findings which are required to be reported under this section.

Section III - Federal Award Findings and Questioned Costs

There are no findings which are required to be reported under this section.

**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, 2020**

2019-001 Section 8 Housing Choice Vouchers 14.871 – Waiting List

Criteria or Specific Requirement – The PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Except as provided in 24 CFR section 982.203 (Special admission (non-waiting list)), all families admitted to the program must be selected from the waiting list. “Selection” from the waiting list generally occurs when the PHA notifies a family whose name reaches the top of the waiting list to come in to verify eligibility for admission (24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207).

Condition – We noted that one applicant was missed when offering vouchers on one waiting list selection tested.

Cause – Due to human error, one name was omitted between pulls from the waiting list. The error was discovered and the name was included in the next available mailing.

Questioned Costs – None

Context – We tested compliance with the Commission’s waiting list procedures by selecting one waiting list selection and tested 40 applicants from that list.

Effect – The applicant was missed and could have received HAP prior to the next waiting list pull when the applicant was successfully included.

Recommendation – We recommend that the Commission review the procedures for selecting tenants to ensure all applicants are included within the selections being made.

Repeat Finding – No

Current Year Status – We noted no similar instances during our testing in the current year 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, 2020

2019-002 Section 8 Housing Choice Vouchers 14.871 – Missing File

Criteria or Specific Requirement – The PHA must maintain supporting documentation to ensure compliance with various requirements such as eligibility, rent reasonableness, HAP calculations etc.

Condition – We noted that one file that we selected to test was unable to be located.

Cause – The Commission has gone through substantial staff turnover within the Housing Choice Voucher Program, specifically the Housing Specialists (“HS”) positions. The file in question was maintained by an HS that left employment in early 2019 and staff is uncertain why parts of the file were not in the standard location.

Questioned Costs – Undeterminable

Context – We tested compliance on a sample of 53 tenant files and internal controls over 68 tenant files out of the population of approximately 1,881.

Effect – The tenant could be receiving HAP that is either incorrect or possibly ineligible.

Recommendation – We recommend that the Commission review the procedures for maintaining tenant files.

Repeat Finding – No

Current Year Status – We noted no similar instances during our testing in the current year and this finding has been removed.