

**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, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*. We are required to be independent of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota, a component unit of the City of Sioux Falls, South Dakota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2024 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**

April 5, 2024

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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, 2023. 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 2023 fiscal year by \$4,347,825 (net position), compared to net position of \$4,015,441 for the fiscal year 2022. This is an 8.28% increase from fiscal year 2022.
- The Primary Government's cash and cash equivalents balance at September 30, 2023 was \$3,275,856 representing an increase of \$341,596 from September 30, 2022.
- The Primary Government had total operating revenues of \$16,299,092, and operating expenses of \$15,999,626 for the year ended September 30, 2023. This compares to total operating revenues of \$15,493,898 and operating expenses of \$15,137,301 for the year ended September 30, 2022.

Overview of the Financial Statements

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

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

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

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

Net Investment in Capital Assets: This component of net position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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

	2023	2022	Change	
			Dollar	%
Assets:				
Current and Other Assets	\$ 3,790,067	\$ 3,504,955	\$ 285,112	8.13%
Capital Assets	1,353,668	1,451,752	(98,084)	-6.76%
Total Assets	<u>5,143,735</u>	<u>4,956,707</u>	<u>187,028</u>	3.77%
Liabilities:				
Current and Other Liabilities	668,772	774,303	(105,531)	-13.63%
Long-Term Liabilities	127,138	166,963	(39,825)	-23.85%
Total Liabilities	<u>795,910</u>	<u>941,266</u>	<u>(145,356)</u>	-15.44%
Net Position:				
Net Investment in Capital Assets	1,205,885	1,272,624	(66,739)	-5.24%
Restricted	81,661	193,605	(111,944)	-57.82%
Unrestricted	3,060,279	2,549,212	511,067	20.05%
Total Net Position	<u>\$ 4,347,825</u>	<u>\$ 4,015,441</u>	<u>\$ 332,384</u>	8.28%

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 \$4,347,825 at the close of fiscal year September 30, 2023.

Total assets, as of September 30, 2023, were \$5,143,735. Of this total, \$3,790,067 was current and other assets, while \$1,353,668 were capital assets. For fiscal year ended September 30, 2022, current and other assets were \$3,504,955 and capital assets were \$1,451,752. Current assets increased mainly due to the increase in cash. The decrease in capital assets was due to depreciation expense.

**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, 2023

Liabilities

Total liabilities as of September 30, 2023 were \$795,910 compared to total liabilities of \$941,266 for fiscal year ended September 30, 2022. No new long-term debt was issued during the year ended September 30, 2023.

Net Position

Total net position, as of September 30, 2023, was \$4,347,825 which consisted of unrestricted net position of \$3,060,279, restricted net position for grantor agency of \$53,544, restricted net position for debt covenants of \$28,117, and net investment in capital assets of \$1,205,885. As of September 30, 2022, unrestricted net position was \$2,549,212, restricted net position for grantor agency was \$172,103, restricted net position for debt covenants of \$21,502, and net investment in capital assets was \$1,272,624 for a total net position of \$4,015,441.

A portion of the Primary Government's net position, 28%, 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, 70%, is available for future use to provide program services. The total net position of the Primary Government increased \$332,384 during the fiscal year 2023.

Changes in Net Position

There was an increase in net position of \$332,384 from fiscal year 2022 to fiscal year 2023. The ending total net position was \$4,347,825 in fiscal year 2023 while fiscal year 2022 ended with a total net position of \$4,015,441.

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, 2023

	2023	2022	Change	
			Dollar	%
Revenues				
Program Revenues				
Dwelling rental	\$ 238,492	\$ 234,773	\$ 3,719	1.58%
Tenant revenue-other	3,085	3,483	(398)	-11.43%
Fraud recovery	42,155	64,171	(22,016)	-34.31%
Other revenue and management fees	378,176	458,127	(79,951)	-17.45%
HUD PHA grants	15,345,805	14,468,819	876,986	6.06%
HUD Capital grants	29,562	44,314	(14,752)	-33.29%
Other Governmental grants	291,379	264,525	26,854	10.15%
General Revenues				
Interest income	14,259	5,302	8,957	168.94%
Total Revenues	16,342,913	15,543,514	799,399	5.14%
Expenses				
Administrative	908,464	891,538	16,926	1.90%
Management fees	113,370	111,785	1,585	1.42%
Tenant services	973,065	855,913	117,152	13.69%
Utilities	28,258	28,987	(729)	-2.51%
Ordinary maintenance and operations	190,386	181,116	9,270	5.12%
Extraordinary maintenance	774	26,159	(25,385)	-97.04%
General expense	171,808	180,929	(9,121)	-5.04%
Housing assistance payments	13,498,488	12,728,222	770,266	6.05%
Dwelling units rent expense	13,020	27,110	(14,090)	-51.97%
Depreciation	101,993	105,542	(3,549)	-3.36%
Loss on capital asset	10,903	-	10,903	100.00%
Total Expenses	16,010,529	15,137,301	873,228	5.77%
Change in Net Position	332,384	406,213	(73,829)	-18.17%
Beginning Net Position	4,015,441	3,609,228	406,213	11.25%
Ending Net Position	\$ 4,347,825	\$ 4,015,441	\$ 332,384	8.28%

**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, 2023

Revenue

The operating revenues of the Primary Government increased by for fiscal year 2023. Total operating revenues for fiscal year September 30, 2023 were \$16,299,092, while in fiscal year September 30, 2022, total operating revenues were \$15,493,898. The main factor was an increase in HUD PHA grants of \$876,986 from 2022.

Operating Expenses

Operating expenses increased by 5.70% or \$862,325 from fiscal year 2022 to fiscal year 2023. The main factor was an increase in HAP payments of \$770,266 from 2022.

Capital Assets and Debt Administration

CAPITAL ASSETS

As of September 30, 2023, the Primary Government's investment in capital assets was \$1,353,668 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements, equipment, and computer hardware.

There were \$14,812 in capital assets purchased during fiscal year 2023 which consisted of HVAC equipment and flooring. Depreciation expense totaled \$101,993.

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

LONG-TERM DEBT

The Primary Government had \$202,669 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.

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Note payable	\$ 179,128	\$ -	\$ (31,345)	\$ 147,783	\$ 31,345
Compensated absences	<u>79,673</u>	<u>102,342</u>	<u>(127,129)</u>	<u>54,886</u>	<u>44,186</u>
Long-term liabilities	<u>\$258,801</u>	<u>\$ 102,342</u>	<u>\$(158,474)</u>	<u>\$202,669</u>	<u>\$ 75,531</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, 2023**

Economic Factors and Next Year's Budgets and Rates

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

- Wage increases for all employees resulted in an increase from 3.75% to 6.25%.
- Budgeted an increase of 10% in health insurance premiums.
- Housing Choice Voucher administrative fees revenue budgeted at 95% utilization with 84.5% proration and housing assistance payments budgeted at 99% utilization with 99% proration.
- Administrative overhead costs allocated based upon number of units utilized by programs.
- Revenues and expenses were adjusted according to existing contracts, projected increases and decreases and historical information, increases of 3-5% in operating expenses, and historical information.

Component Unit

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

Contacting the Commission's Financial Management

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	<u>PRIMARY</u> <u>GOVERNMENT</u>	<u>COMPONENT</u> <u>UNIT</u>
ASSETS		
Current Assets:		
Cash and cash equivalents - unrestricted	\$ 2,786,366	\$ 180,670
Cash and cash equivalents - restricted	489,490	258,537
Receivables, (net of allowances for uncollectibles, if any):		
Tenants	10,861	1,831
Miscellaneous	25,129	23,548
HUD	165,977	-
Other Government	72,950	29,851
Note	193,969	-
Interest	4,555	-
Prepaid expenses	40,770	9,271
Assets held for resale	-	3,026,683
Total current assets	<u>3,790,067</u>	<u>3,530,391</u>
Noncurrent assets:		
Notes receivable	-	33,403
Investment in Tax Credit Partnership	-	25,341
Capital assets, net of accumulated depreciation:		
Land	482,500	293,684
Buildings	738,543	2,105,153
Equipment	124,614	1,666
Leasehold improvements	8,011	163,628
Total noncurrent assets	<u>1,353,668</u>	<u>2,622,875</u>
Total assets	<u>5,143,735</u>	<u>6,153,266</u>
LIABILITIES		
Current liabilities:		
Accounts payable - vendors	87,311	196,534
Accounts payable - HUD	68,197	-
Accounts payable - other governments	5,548	43,874
Accrued wages and payroll taxes payable	84,855	4,975
Tenants security deposits	8,197	10,000
Unearned revenues	74,103	323,596
Accrued compensated absences - current portion	44,186	7,780
Accrued interest payable	-	10,041
Other current liabilities	265,030	29,090
Line of credit	-	2,109,588
Notes payable - current portion	31,345	235,470
Total current liabilities	<u>668,772</u>	<u>2,970,948</u>
Noncurrent liabilities:		
Accrued compensated absences (net of current portion)	10,700	6,616
Notes payable (net of current portion)	116,438	2,972,588
Total noncurrent liabilities	<u>127,138</u>	<u>2,979,204</u>
Total liabilities	<u>795,910</u>	<u>5,950,152</u>
Net Position		
Net investment in capital assets	1,205,885	(462,577)
Restricted - grantor agencies	53,544	144,515
Restricted - debt covenants	28,117	147,425
Unrestricted	3,060,279	373,751
Total Net Position	<u>\$ 4,347,825</u>	<u>\$ 203,114</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, 2023

	PRIMARY GOVERNMENT	COMPONENT UNIT
OPERATING REVENUES		
Dwelling rental	\$ 238,492	\$ 262,942
Tenant revenue - other	3,085	6,341
Fraud recovery	42,155	-
HUD PHA grants	15,345,805	-
Other fees	356,603	46,153
Other governmental grants	291,379	170,000
Other revenue	21,573	(117,539)
Net assets released from restriction	-	(23,520)
Total operating revenues	16,299,092	344,377
OPERATING EXPENSES		
Administrative	908,464	194,898
Management fees	113,370	91,915
Tenants services	973,065	2,519
Utilities	28,258	67,145
Ordinary maintenance and operation	190,386	100,274
Extraordinary maintenance	774	3,769
General expense	171,808	40,307
Housing assistance payments	13,498,488	-
Dwelling units rent expense	13,020	-
Depreciation	101,993	107,330
Total operating expenses	15,999,626	608,157
Operating income (deficit)	299,466	(263,780)
NONOPERATING REVENUES (EXPENSES)		
Investment income	14,259	2,795
HUD capital grants	29,562	-
Gain/(Loss) on disposal of capital assets	(10,903)	-
Interest expense	-	(8,904)
Capital contribution	-	10,000
Total nonoperating revenues (expenses)	32,918	3,891
Increase (Decrease) in Net Position	332,384	(259,889)
Total Net Position - beginning	4,015,441	463,003
Total Net Position - ending	\$ 4,347,825	\$ 203,114

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, 2023**

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Rental receipts	\$ 219,617	\$ 248,091
Other cash payments received	376,219	1,341,142
Operating grants received	15,564,716	170,000
Assets released from restriction	-	(23,520)
Payments to employees	(1,452,102)	(142,825)
Payments to other suppliers	(1,013,069)	(3,216,954)
Payments for housing assistance	(13,498,488)	-
Payment in lieu of taxes	(10,120)	(1,136)
Tenant deposits held in trust	(754)	600
	<u>186,019</u>	<u>(1,624,602)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Issuance of notes receivable	160,391	-
Principal paid on long-term debt	(31,345)	(203,901)
Proceeds received on line of credit	-	2,506,903
Net payments on line of credit	-	(882,000)
Interest paid on debt	-	(2,041)
Capital grants	29,562	-
Purchase of capital assets	(14,812)	(1,383)
	<u>143,796</u>	<u>1,417,578</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>11,781</u>	<u>2,795</u>
Net Cash Provided (Used) by Investing Activities	<u>11,781</u>	<u>2,795</u>
Net Increase (Decrease) in Cash and Cash Equivalents	341,596	(204,229)
Cash and Cash Equivalents, Beginning of Year	<u>2,934,260</u>	<u>643,437</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,275,856</u>	<u>\$ 439,208</u>
Cash and cash equivalents - unrestricted	\$ 2,786,366	\$ 180,670
Cash and cash equivalents - restricted	<u>489,490</u>	<u>258,537</u>
Total cash and cash equivalents	<u>\$ 3,275,856</u>	<u>\$ 439,207</u>

See Notes to the Financial Statements

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	PRIMARY GOVERNMENT	COMPONENT UNIT
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (deficit)	\$ 299,466	\$ (263,780)
Adjustments to reconcile operating income (deficit) to net cash provided (used) by operating activities:		
Depreciation	101,993	107,330
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenants	(5,855)	(14,851)
Accounts receivable - HUD	(72,468)	-
Accounts receivable - other	(47,197)	175,187
Prepaid expense	24,091	(607)
Assets held for resale	-	(1,775,908)
Notes receivable - NRDAP	-	(4,000)
Increase (decrease) in:		
Accounts payable - vendors	20,238	164,504
Accounts payable - other governments	(78,022)	(84,686)
Accrued wages and payroll taxes	1,301	(10,411)
Accrued compensated absences	(24,787)	4,365
Other current liabilities	26,835	(52,122)
Tenants security deposit	(754)	600
Unearned revenue	(58,822)	129,777
Net Cash Provided (Used) by Operating Activities	\$ 186,019	\$ (1,624,602)

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota (the Commission) was organized in 1969 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C. 1401 et seq.). The mayor and city council appoint the five members of the governing board for five-year staggered terms. The Public Housing Authority (PHA) board elects its own chairperson and recruits and employs its management personnel and other employees. The local governing board of the City of Sioux Falls, South Dakota has the ability to veto or otherwise modify a Housing Commission's decision to construct a specific project and issue debt.

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

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

Discretely Presented Component Unit

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

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

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

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:

	Number of Units
Public Housing Program	
SD01600000122D and SD01600000123D	24
Capital Fund Program SD06P016501-22	
Section 8 Housing Choice Vouchers	1952
Emergency Housing Vouchers	63
Section 8 Moderate Rehabilitation	
SD016MR0003	12
SD016MR0004	27
SD016MR0005	28
Shelter Plus Care Program	
SD0016L8T002107 and SD0016L8T002208	4
SD0002L8T002106 and SD0021L8T002207	5
SD0002L8T002114 and SD0002L8T002215	29
Family Self-Sufficiency	
FSS21SD4657 and FSS22SD5397	
Housing Opportunities for Persons with AIDS	
22-028-53003-0	
23-028-52003-0	
20-028-19021-0	
Section 8(bb) Project-based	
South Sycamore Estates	16
Other Projects:	
Management of Affordable Housing Solutions, Inc.	
Management of Affordable Housing Solutions, Inc. owned rental properties	
Management of Spring Centre Apartments, LP	
Management of The Residences at Greenway, LP	

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Assets Held for Resale

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

Capital Assets

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

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

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

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

Land, an inexhaustible capital asset, is not depreciated.

Restricted Assets

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

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. There is no limit to the number of hours of sick leave an employee may accumulate. Accumulated sick pay is not paid upon termination of employment.

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, 2023

Interprogram Eliminations and Reclassifications

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

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

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

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

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

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

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, 2023, the Commission’s deposits were fully insured or collateralized and were not exposed to custodial credit risk with the exception of one bank where the Commission did not have sufficient collateral by approximately \$410,685.

Investments – As of September 30, 2023, 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, 2023, 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, 2023, the Commission had no investments.

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Primary Government:

Housing Choice Voucher (HAP)	\$ 5,263
Housing Choice Voucher (FSS Escrow)	253,071
Housing Choice Voucher (FSS escrow forfeiture)	48,521
Emergency Housing Voucher	63,188
Public Housing (FSS escrow)	2,599
Family Self Sufficiency (FSS) Special Needs Fund	4,606
Housing Deposit Assistance Program	417
SF Community Foundation Grant Funds	1,766
Section 8 Mod Rehab	68,197
Reserve for Replacements	11,559
Residual Receipts Reserve	7,897
Tax-Insurance Reserve	14,209
Tenant Security Deposits	<u>8,197</u>
Total Primary Government	<u>\$ 489,490</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Component Unit:

Neighborhood Revitalization	\$ 90,000
Neighborhood Revitalization Down Payment Assistance	8,509
Affordable Housing Solutions Security Deposit Loan	1,339
Affordable Housing Solutions Housing Assistance Fund	1,264
Reserve for Replacement	104,488
Tax-Insurance Reserve	11,234
Operating Reserve	31,703
Tenant Security Deposits	<u>10,000</u>
Total Component Unit	<u>\$ 258,537</u>

NOTE 4 NOTES RECEIVABLE

Notes receivables for the Commission of \$191,350 at September 30, 2023 represents funds provided to Affordable Housing Solutions, Inc., the component unit, for the purchase of land for future development of housing projects for low and moderate-income families. The Commission also has \$2,619 in notes receivable from tenants for repair charges.

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, 2023 was \$25,331. The Organization is the general partner with .01% interest with CitiHousing receiving 99.99% interest as the limited partner.

In July 2019, the component unit became the General Partner in The Residences at Greenway Limited Partnership. The Partnership is the owner of land and a Low-Income Housing Tax Credit (LIHTC) apartment complex being constructed to house low income tenants. At September 30, 2023, the value of the investment was \$10. The Organization is the general partner with .01% interest with Midwest Housing Equity Group receiving 99.99% interest as the limited partner.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 492,500	\$ -	\$ 10,000	\$ 482,500
Total capital assets not being depreciated	492,500	-	10,000	482,500
<i>Capital assets being depreciated:</i>				
Buildings	3,951,647	11,311	79,292	3,883,666
Equipment	352,498	3,501	-	355,999
Leasehold improvements	81,855	-	-	81,855
Total capital assets being depreciated	4,386,000	14,812	79,292	4,321,520
<i>Less accumulated depreciation for:</i>				
Buildings	3,166,125	57,387	78,389	3,145,123
Equipment	190,669	40,716	-	231,385
Leasehold improvements	69,954	3,890	-	73,844
Total accumulated depreciation	3,426,748	101,993	78,389	3,450,352
Total capital assets being depreciated, net	959,252	(87,181)	903	871,168
<i>Capital assets, net</i>	<u>\$ 1,451,752</u>	<u>\$ (87,181)</u>	<u>\$ 10,903</u>	<u>\$ 1,353,668</u>

Component Unit:

	Beginning Balance	Increases	Decreases	Reclassified to Held for Resale	Ending Balance
<i>Capital assets not being depreciated:</i>					
Land	\$ 283,684	\$ 10,000	\$ -	\$ -	\$ 293,684
<i>Capital assets being depreciated:</i>					
Buildings	2,885,433	-	-	-	2,885,433
Equipment	124,928	1,383	-	-	126,311
Leasehold Improvements	363,185	-	-	-	363,185
Total capital assets being depreciated	3,373,546	1,383	-	-	3,374,929
<i>Less accumulated depreciation for:</i>					
Buildings	697,997	82,283	-	-	780,280
Equipment	123,811	834	-	-	124,645
Leasehold Improvements	175,344	24,213	-	-	199,557
Total accumulated depreciation	997,152	107,330	-	-	1,104,482
Total capital assets being depreciated, net	2,376,394	(105,947)	-	-	2,270,447
<i>Capital assets, net</i>	<u>\$ 2,660,078</u>	<u>\$ (95,947)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,564,131</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

NOTE 7 ACCOUNTS PAYABLE – OTHER GOVERNMENTS

Accounts Payable – Other Governments consists of \$5,548 in payment in lieu of taxes (PILOT) for the primary government as of September 30, 2023.

Accounts Payable – Other Governments for the component unit consists of \$43,874 in interest-free notes due to the City of Sioux Falls, South Dakota. The City of Sioux Falls Planning and Development Services provides funding for costs incurred for the acquisition, demolition, construction, and resale of properties held for resale through the neighborhood revitalization program. The funds are secured by a note recorded with the Minnehaha County Register of Deeds. The notes are interest free and payable to the City upon sale of the property.

NOTE 8 LONG-TERM OBLIGATIONS

Primary Government:

A summary of changes in long-term obligations follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	\$ 179,128	\$ -	\$ (31,345)	\$ 147,783	\$ 31,345
Compensated absences	<u>79,673</u>	<u>102,342</u>	<u>(127,129)</u>	<u>54,886</u>	<u>44,186</u>
Long-term liabilities	<u>\$258,801</u>	<u>\$102,342</u>	<u>\$(158,474)</u>	<u>\$202,669</u>	<u>\$ 75,531</u>

The note payable at September 30, 2023 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	<u>\$ 31,345</u>	<u>\$ 116,438</u>	<u>\$147,783</u>

The annual requirements to amortize the note payable as of September 30, 2023 is as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 31,345	\$ -	\$ 31,345
2025	31,345	-	31,345
2026	31,345	-	31,345
2027	31,345	-	31,345
2028	<u>22,403</u>	<u>-</u>	<u>22,403</u>
	<u>\$ 147,783</u>	<u>\$ -</u>	<u>\$ 147,783</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

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.	94,592	-	(3,445)	91,147	3,535
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.	126,057	-	(5,820)	120,237	5,820
1521 East 5th St - Highland Five					
Mortgage payable - Sioux Falls Planning and Development Services, 0% interest, annual payments of \$3,333, with a maturity date of December 2048.	86,667	-	(3,333)	83,334	3,333
505 S Duluth - Graff					
Mortgage payable - Sioux Falls Planning and Development Services, 3.0% interest, due December 2030, yearly payments of \$2,983	23,223	-	(2,282)	20,941	2,355
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, 2023

<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.	137,920	-	(3,423)	134,497	3,423
440 South Williams Avenue (NR150-153)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 01, 2022)	124,027	-	(62,013)	62,014	62,014
701 North Bahnson Avenue (NR154-155)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 01, 2022)	49,278	-	(49,278)	-	-
705 North Bahnson Avenue (NR156-157)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 01, 2022)	49,279	-	(49,279)	-	-
2808 East 20th Street (NR158-165)					
Mortgage payable - Sioux Falls Housing and Redevelopment Commission 2.0% interest, term is 2 years (8 Quarterly Interest only payments beginning October 01, 2022)	129,337	-	-	129,337	129,337
1209/1215 Homestead Circle					
Mortgage Payable - First Interstate Bank 4.95% interest, term is 5 years (59 monthly payments of \$261 with final balloon payment due July 20, 2027 for remaining principal and interest due)	23,958	-	(2,006)	21,952	2,090
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.	31,281	-	(6,102)	25,179	6,280
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	-

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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.	\$ 351,000	\$ -	\$ (5,000)	\$ 346,000	\$ 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.	92,706	-	(7,920)	84,786	8,283
633 W 10th St - Pettigrew Manor					
Unamortized debt issuance costs on Grow South Dakota Mortgage payable	(1,425)	-	158	(1,267)	-
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.	176,000	-	(4,000)	172,000	4,000
Total	<u>\$ 3,411,801</u>	<u>\$ -</u>	<u>\$ (203,743)</u>	<u>\$ 3,208,058</u>	<u>\$ 235,470</u>

The annual requirements to amortize long-term obligations as of September 30, 2023 are as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 235,470	\$ 8,021	\$ 243,491
2025	45,844	7,170	53,014
2026	46,719	6,295	53,014
2027	58,792	5,174	63,966
2028	38,906	4,024	42,930
2029-2033	1,296,748	10,552	1,307,300
2034-2038	297,360	4,366	301,726
2039-2043	262,700	2,030	264,730
2044-2048	156,430	105	156,535
2049-2053	299,089	-	299,089
2054-2058	-	-	-
2059-2060	470,000	-	470,000
	<u>\$ 3,208,058</u>	<u>\$ 47,737</u>	<u>\$ 3,255,795</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023**

During the year ended September 30, 2023, the component unit has several outstanding lines of credit. A summary of changes and composition of such items is as follows:

Project	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
4501/4503/4507/4509/4513/4515 E 15th St					
Line of Credit - First Premier Bank					
8.5% interest with a maturity date of April 10, 2024	\$ 484,685	\$ 858,908	\$ (652,000)	\$ 691,593	\$ 691,593
408/410 South Lewis Ave (NR137-138)					
Line of Credit - First Premier Bank					
8.5% interest with a maturity date of April 10, 2024	-	424,911	-	424,911	424,911
3029/3031 N Wayland Ave (NR140-141)					
Line of Credit - First Premier Bank					
8.5% interest with a maturity date of April 10, 2024	-	428,567	-	428,567	428,567
701/703 N Bahnson Ave (NR154-155)					
Line of Credit - First Premier Bank					
8.5% interest with a maturity date of April 10, 2024	-	395,807	(230,000)	165,807	165,807
705/707 N Bahnson Ave (NR156-157)					
Line of Credit - First Premier Bank					
8.75% interest with a maturity date of October 25, 2023	-	395,807	-	395,807	395,807
428/430 S. Williams Ave (NR152-153)					
Line of Credit - First Premier Bank					
8.75% interest with a maturity date of August 1, 2024	-	2,903	-	2,903	2,903
 Total	 <u>\$ 484,685</u>	 <u>\$ 2,506,903</u>	 <u>\$ (882,000)</u>	 <u>\$ 2,109,588</u>	 <u>\$ 2,109,588</u>

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 on May 11, 2023.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

NOTE 10 RESTRICTED NET POSITION

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

Project	Restricted By	Amount
FSS Escrow Forfeiture	Grantor Agency	\$ 48,521
Family Self-Sufficiency	Grantor Agency	4,606
Housing Deposit Assistance	Grantor Agency	417
South Sycamore Estates	Debt Covenant	<u>28,117</u>
Total Restricted Net Position - Primary Government		<u>\$ 81,661</u>
Component Unit:		
Neighborhood Revitalization	Grantor Agency	\$ 41,912
First Premier Grant	Grantor Agency	90,000
SFHRC - Land	Grantor Agency	10,000
AHS Security Deposit Loan	Grantor Agency	1,339
Housing Assistance Grant	Grantor Agency	1,264
Duluth Heights Apartments	Debt Covenant	35,892
Highland Five Apartments	Debt Covenant	22,525
Pettigrew Manor	Debt Covenant	29,327
Spring Pointe Apartments	Debt Covenant	16,569
Graff Apartments	Debt Covenant	<u>43,112</u>
Total Restricted Net Position - Component Unit		<u>\$ 291,940</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, 2023, 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.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

Employee Health Insurance

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

Liability Insurance

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

NOTE 12 RETIREMENT PLAN

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

On June 24, 2002, the Commission adapted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1% of basic compensation, and a corresponding employer contribution of 4% of basic compensation. In addition, the resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1% mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7% for the employer. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20% for each year of the employee's participation in the plan. During the years ended September 30, 2023, 2022, and 2021, the cost to the Commission was \$58,766, \$58,938, and \$53,417, respectively.

NOTE 13 NEW PRONOUNCEMENTS

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF SIOUX FALLS, SOUTH DAKOTA**
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
SEPTEMBER 30, 2023

- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances the accounting and financial reporting requirements for accounting changes and error corrections. The standard is effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

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

NOTE 14 SUBSEQUENT EVENTS

On October 19, 2023, Affordable Housing Solutions (a component unit of Sioux Falls Housing and Redevelopment Commission) partnered with Minnehaha County, and the City of Sioux Falls as a Program Related Investment (PRI) partner. The goal of the funding is to work to create housing opportunities for individuals coming out of the criminal justice system. AHS as the PRI, will be responsible for administering the funds which includes, encumbering the funds, distribution of the funds which includes underwriting the organization that has applied for the funds. Presently, AHS has encumbered a total of \$4 million. AHS will also be responsible for collection of the funds and returning the principal plus 1% interest to MacArthur at the end of the loan agreement, which currently sits at eleven years. Subsequent events have been evaluated through April 5, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
THE FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	PUBLIC HOUSING 14.850	SECTION 8 VOUCHERS 14.871	FSS ESCROW FORFEITURE 14.EFA	EMERGENCY HOUSING VOUCHERS 14.EHV	SECTION 8 MOD REHAB 14.856	SHELTER PLUS CARE 14.238	FSS/ROSS 14.896	HOPWA 14.241	BUSINESS ACTIVITIES	ELIMINATION ENTRIES	PRIMARY GOVERNMENT TOTALS	COMPONENT UNIT
ASSETS												
111 Cash - unrestricted	\$ 189,778	\$ 764,636	\$ -	\$ 1,378	\$ 20,718	\$ -	\$ -	\$ -	\$ 1,809,856	\$ -	\$ 2,786,366	\$ 180,670
113 Cash - other restricted	-	5,263	48,521	63,188	68,197	-	-	-	40,454	-	225,623	248,537
114 Cash - tenant security deposits	4,600	-	-	-	-	-	-	-	3,597	-	8,197	10,000
115 Cash - restricted for payment of current liabilities	2,599	253,071	-	-	-	-	-	-	-	-	256,670	-
100 Total cash	196,977	1,022,970	48,521	64,566	88,915	-	-	-	1,853,907	-	3,276,856	439,207
122 Accounts receivable - HUD other projects	39,010	29,772	-	3,945	6,836	71,084	15,239	-	91	-	165,977	-
124 Accounts receivable - other government	-	-	-	-	-	-	-	72,950	-	-	72,950	29,851
125 Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-	25,180	-	25,180	23,548
126 Accounts receivable - tenants - dwelling	2,477	-	-	-	-	-	-	-	12,971	-	15,448	19,123
126.1 Allowance for doubtful accounts - tenants	(51)	-	-	-	-	-	-	-	(4,536)	-	(4,587)	(17,292)
126.2 Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	(51)	-	(51)	-
127 Notes and mortgages receivable - current	2,619	-	-	-	-	-	-	-	191,350	-	193,969	33,403
129 Accrued interest receivable	2,095	-	-	-	-	-	-	-	2,460	-	4,555	-
120 Total receivables, net of allowance for doubtful	46,150	29,772	-	3,945	6,836	71,084	15,239	72,950	227,465	-	473,441	88,633
142 Prepaid expenses and other assets	18,048	-	-	-	-	-	-	-	22,722	-	40,770	9,271
144 Interprogram due from	-	-	-	-	-	-	-	-	158,450	(158,450)	-	-
150 Total current assets	261,175	1,052,742	48,521	68,511	95,751	71,084	15,239	72,950	2,262,544	(158,450)	3,790,067	3,563,794
161 Land	240,000	-	-	-	-	-	-	-	242,500	-	482,500	293,684
162 Buildings	2,107,332	-	-	-	-	-	-	-	1,776,334	-	3,883,666	2,885,433
163 Furniture, equipment & machinery - dwellings	-	-	-	-	-	-	-	-	75,375	-	75,375	126,311
164 Furniture, equipment & machinery - administration	-	-	-	-	-	-	-	-	280,624	-	280,624	-
165 Leasehold improvements	-	-	-	-	-	-	-	-	81,855	-	81,855	363,185
166 Accumulated depreciation	(2,080,912)	-	-	-	-	-	-	-	(1,369,440)	-	(3,450,352)	(1,104,482)
160 Total fixed assets, net of accumulated	266,420	-	-	-	-	-	-	-	1,087,248	-	1,353,668	2,564,131
176 Investments in joint ventures	-	-	-	-	-	-	-	-	-	-	-	25,341
180 Total non-current assets	266,420	-	-	-	-	-	-	-	1,087,248	-	1,353,668	2,589,472
190 Total assets	\$ 527,595	\$ 1,052,742	\$ 48,521	\$ 68,511	\$ 95,751	\$ 71,084	\$ 15,239	\$ 72,950	\$ 3,349,792	\$ (158,450)	\$ 5,143,735	\$ 6,153,266
LIABILITIES AND NET POSITION												
312 Accounts payable <90 days	\$ 7,733	\$ 41,748	\$ -	\$ 3,427	\$ 1,498	\$ 710	\$ -	\$ 113	\$ 32,082	\$ -	\$ 87,311	\$ 196,534
321 Accrued wages/payroll taxes payable	-	-	-	-	-	-	-	-	84,855	-	84,855	4,975
322 Accrued compensated absences	-	-	-	-	-	-	-	-	44,186	-	44,186	7,780
331 Accounts payable - HUD PHA projects	-	-	-	-	68,197	-	-	-	-	-	68,197	-
333 Accounts payable - other governments	-	-	-	-	-	-	-	-	5,548	-	5,548	43,874
341 Tenant security deposits	4,600	-	-	-	-	-	-	-	3,597	-	8,197	10,000
342 Unearned revenues	2,347	-	-	63,844	-	-	-	-	7,912	-	74,103	323,596
343 Current portion of long-term debt - cap. projects	-	-	-	-	-	-	-	-	31,345	-	31,345	2,345,058
345 Other current liabilities	2,599	253,071	-	-	-	-	-	-	9,360	-	265,030	29,090
347 Interprogram due to	-	-	-	-	-	70,374	15,239	72,837	-	(158,450)	-	-
310 Total current liabilities	17,279	294,819	-	67,271	69,695	71,084	15,239	72,950	218,885	(158,450)	668,772	2,970,948
351 Long-term debt, net of current - cap. projects	-	-	-	-	-	-	-	-	116,438	-	116,438	2,972,588
354 Accrued compensated absences	-	-	-	-	-	-	-	-	10,700	-	10,700	6,616
350 Total noncurrent liabilities	-	-	-	-	-	-	-	-	127,138	-	127,138	2,979,204
300 Total liabilities	17,279	294,819	-	67,271	69,695	71,084	15,239	72,950	346,023	(158,450)	795,910	5,950,152
NET POSITION												
508.4 Net investment in capital assets	266,420	-	-	-	-	-	-	-	939,465	-	1,205,885	(462,577)
511.4 Restricted net position	-	-	48,521	-	-	-	-	-	33,140	-	81,661	291,940
512.4 Unrestricted net position	243,896	757,923	-	1,240	26,056	-	-	-	2,031,164	-	3,060,279	373,751
513 Total net position	510,316	757,923	48,521	1,240	26,056	-	-	-	3,003,769	-	4,347,825	203,114
600 Total liabilities and net position	\$ 527,595	\$ 1,052,742	\$ 48,521	\$ 68,511	\$ 95,751	\$ 71,084	\$ 15,239	\$ 72,950	\$ 3,349,792	\$ (158,450)	\$ 5,143,735	\$ 6,153,266

**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, 2023

	PUBLIC HOUSING 14.850	CAPITAL FUNDS 14.872	SECTION 8 VOUCHERS 14.871	ESCROW FORFEITURE 14.EFA	EMERGENCY HOUSING VOUCHERS 14.EHV	MOD REHAB 14.856	SHELTER PLUS CARE 14.238	FSS/ROSS 14.896	HOPWA 14.241	BUSINESS ACTIVITIES	ELIMINATION ENTRIES	PRIMARY GOVERNMENT TOTALS	COMPONENT UNIT
REVENUE													
70300 Net tenant rental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,492	\$ -	\$ 238,492	\$ 262,942
70400 Tenant revenue - other	-	-	-	-	-	-	-	-	-	3,085	-	3,085	6,341
70500 Total tenant revenue	-	-	-	-	-	-	-	-	-	241,577	-	241,577	269,283
70600 HUD PHA operating grants	145,518	40,210	13,740,716	35,623	500,868	398,096	311,335	122,288	-	51,151	-	15,345,805	-
70610 HUD Capital grants	-	29,562	-	-	-	-	-	-	-	-	-	29,562	-
70710 Management Fee	-	-	-	-	-	-	-	-	-	251,172	-	251,172	-
70750 Other fees	-	-	-	-	-	-	-	-	-	105,431	-	105,431	46,153
70800 Other governmental grants	-	-	-	-	-	-	-	-	291,379	-	-	291,379	170,000
71100 Investment income - unrestricted	2,149	-	2,174	-	-	-	-	-	-	9,408	-	13,731	690
71400 Fraud recovery	-	-	38,022	-	2,103	2,030	-	-	-	-	-	42,155	-
71500 Other revenue	16	-	-	-	-	-	-	-	-	21,557	-	21,573	105,311
71600 Gain or loss on sale of capital assets	(903)	-	-	-	-	-	-	-	-	-	-	(903)	-
72000 Investment income - restricted	-	-	-	21	-	-	-	-	-	507	-	528	2,105
70000 Total revenue	146,780	69,772	13,780,912	35,644	502,971	400,126	311,335	122,288	291,379	680,803	-	16,342,010	347,172
EXPENSES													
91100 Administrative salaries	9,522	-	254,839	-	5,453	-	-	44,639	-	60,004	-	374,457	89,282
91200 Auditing fees	403	-	30,242	-	567	2,526	119	-	-	7,839	-	41,696	12,259
91300 Management fees	-	-	-	-	-	69,544	13,223	-	21,080	9,523	-	113,370	91,915
91400 Advertising and marketing	88	-	7,916	-	195	-	-	-	-	1,594	-	9,793	1,125
91500 Employee benefit contribution	2,464	-	52,348	-	1,135	-	-	18,534	-	14,899	-	89,380	37,429
91600 Office expenses	5,308	-	256,434	-	8,528	-	2,195	-	-	34,537	-	307,002	11,341
91700 Legal expense	731	-	6,519	-	180	-	-	-	-	2,583	-	10,013	60
91800 Travel	-	-	-	-	-	-	-	-	-	360	-	360	437
91900 Other	12,579	-	34,196	-	3,018	-	-	-	-	25,970	-	75,763	32,897
92100 Tenant services - salaries	24,505	-	434,629	-	15,449	-	-	32,777	42,839	111,247	-	661,446	2,317
92300 Employee benefit contributions - tenant services	8,754	-	140,780	-	4,349	-	-	17,447	25,870	29,923	-	227,123	202
92400 Tenant services - other	-	-	5,184	1,230	19,326	-	38,637	-	9,089	11,030	-	84,496	-
93100 Water	210	-	-	-	-	-	-	-	-	8,727	-	8,937	14,415
93200 Electricity	66	-	-	-	-	-	-	-	-	16,228	-	16,294	50,272
93300 Gas	1,084	-	-	-	-	-	-	-	-	1,943	-	3,027	2,458
94100 Ordinary maintenance and operations - labor	21,189	-	-	-	-	-	-	-	-	23,269	-	44,458	-
94200 Ordinary maintenance and operations - mat & other	23,167	-	-	-	-	-	-	-	-	12,178	-	35,345	15,973
94300 Ordinary maintenance and operations - contr costs	41,495	-	-	-	-	-	-	-	-	54,345	-	95,840	84,301
94500 Employee benefit contributions-ordinary maint	6,373	-	-	-	-	-	-	-	-	8,370	-	14,743	-
95200 Protective services - other	765	-	-	-	-	-	-	-	-	7,916	-	8,681	5,666
96100 Insurance premiums	28,384	-	20,543	-	710	-	-	965	588	13,509	-	64,699	16,213
96200 Other general expenses	-	-	7,511	-	-	-	-	-	-	-	-	7,511	-
96210 Compensated absences	(2,115)	-	53,181	-	3,062	-	-	8,781	7,006	6,295	-	76,210	10,068
96300 Payments in lieu of taxes	2,906	-	-	-	-	-	-	-	-	7,214	-	10,120	1,136
96400 Bad debt - tenant rents	51	-	-	-	-	-	-	-	-	4,536	-	4,587	17,292
96900 Total operating expense	187,929	-	1,304,322	1,230	61,972	72,070	54,174	123,143	106,472	474,039	-	2,385,351	505,962
97000 Excess operating revenue over operating expenses	(41,149)	69,772	12,476,590	34,414	440,999	328,056	257,161	(855)	184,907	206,764	-	13,956,659	(158,790)
97100 Extraordinary maintenance	774	-	-	-	-	-	-	-	-	-	-	774	3,769
97300 Housing assistance payments	-	-	12,215,870	-	462,654	327,041	258,007	-	183,765	51,151	-	13,498,488	-
97400 Depreciation expense	5,385	-	-	-	-	-	-	-	-	96,608	-	101,993	107,330
97800 Dwelling units rent expense	13,020	-	-	-	-	-	-	-	-	-	-	13,020	-
90000 Total expenses	207,108	-	13,520,192	1,230	524,626	399,111	312,181	123,143	290,237	621,798	-	15,999,626	617,061
10010 Operating transfers in	69,772	-	-	-	-	-	846	855	-	1,142	(72,615)	-	-
10020 Operating transfers out	-	(69,772)	-	-	-	-	-	-	(1,142)	(1,701)	72,615	-	-
10040 Operating Transfer from/to Component Unit	(10,000)	-	-	-	-	-	-	-	-	-	-	(10,000)	10,000
10000 Excess of operating revenue over (under) expenses	\$ (556)	\$ -	\$ 260,720	\$ 34,414	\$ (21,655)	\$ 1,015	\$ -	\$ -	\$ -	\$ 58,446	\$ -	\$ 332,384	\$ (259,889)
Memo Account Information:													
11020 Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,345	\$ -	\$ 31,345	\$ 2,384,633
11030 Beginning equity	510,872	-	497,203	14,107	22,895	25,041	-	-	-	2,945,323	-	4,015,441	463,003
11170 Administrative fee equity	-	-	757,923	-	-	-	-	-	-	-	-	757,923	-
11180 Housing assistance payments equity	-	-	-	-	-	-	-	-	-	-	-	-	-
11190 Unit months available	288	-	23,227	-	756	869	467	-	310	192	-	26,109	456
11210 Number of unit months leased	264	-	21,575	-	584	618	462	-	310	180	-	23,993	430

**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, 2023

	Grant Year 2021 <u>SD01P01650121</u>	Grant Year 2022 <u>SD01P01650122</u>	Grant Year 2023 <u>SD01P01650123</u>
Fund Approved	\$ 56,908	\$ 69,772	\$ 70,198
Fund Expended	<u>56,908</u>	<u>30,762</u>	<u>-</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ 39,010</u>	<u>\$ 70,198</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, 2023 AND 2022

ASSETS	2023	2022	LIABILITIES AND NET POSITION	2023	2022
1100 Current Assets			2100 Current Liabilities		
1120 Cash and Cash Equivalents	\$ 1,545	\$ 1,035	2110 Accounts Payable	\$ 5,044	\$ 1,419
1130 Accounts Receivable - Residents	8,435	3,172	2160 Mortgage Payable (Current Portion)	31,345	31,345
1140 Accounts and Notes Receivable - Operations	91	-	2190 Miscellaneous Current Liabilities	10,699	7,558
1190 Miscellaneous Current Assets	2,321	1,895	2191 Tenant Security Deposits	3,597	4,086
1191 Tenant Deposits Held in Trust	3,597	4,086	2210 Prepaid Rents	6,146	12,256
Total Current Assets	15,989	10,188	Total Current Liabilities	56,831	56,664
 1300 Restricted Deposits And Funded Reserves			 2300 Long-Term Liabilities		
1310 Escrow Deposits	14,209	12,654	2310 Mortgage Payable, Less Current Portion	116,438	147,783
1320 Reserve for Replacements	11,559	6,779			
1340 Residual Receipts Reserve	7,897	7,712	Total Liabilities	173,269	204,447
Total Restricted Deposits and Funded Reserves	33,665	27,145			
 1400 Fixed Assets					
1410 Land	82,500	82,500			
1420 Buildings	948,479	948,479			
1440 Building Equipment - Fixed	75,375	71,874			
	1,106,354	1,102,853			
Less Accumulated Depreciation	745,488	717,272			
Total Fixed Assets	360,866	385,581	 3100 Net Position		
			3130 Net Position	237,251	218,467
 Total Assets	\$ 410,520	\$ 422,914	 Total Liabilities and Net Position	\$ 410,520	\$ 422,914

**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, 2023 AND 2022

	2023	2022
5100 Rent Income		
5120 Rent Revenue - Apartments	\$ 87,893	\$ 85,767
5121 Rental Assistance Payments	51,151	49,627
5170 Rent Revenue - Garage	2,280	2,160
Total Rent Income - Gross Potential	141,324	137,554
5200 Rent Adjustments/Vacancies		
5220 Apartment Vacancies	(8,953)	(3,857)
5152 Net Rental Income (Rent Income Less Vacancies)	132,371	133,697
5400 Finance Income		
5410 Interest Income - Operations	71	11
5430 Interest Income - Residual Receipts	185	16
5440 Interest Income - Replacement Reserves	237	26
Total Finance Revenue	493	53
5900 Other Revenue		
5920 Tenant Charges	805	1,065
5990 Miscellaneous Revenue	-	11,128
Total Other Revenue	805	12,193
Total Revenue	133,669	145,943
6263 Administrative Expenses		
6320 Management Fee	9,523	9,629
6350 Audit Expense	3,500	3,450
6370 Bad Debts	4,536	5,475
6390 Miscellaneous Administrative Expenses	1,041	1,070
Total Administrative Expenses	18,600	19,624
6400 Utilities Expense		
6450 Electricity	3,381	3,103
6451 Water	7,840	7,179
6452 Gas	215	269
Total Utilities Expense	11,436	10,551

**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, 2023 AND 2022

6000 Project Expense Accounts (Continued)

	<u>2023</u>	<u>2022</u>
6500 Operating and Maintenance Expenses		
6510 Payroll	\$ 5,251	\$ 5,328
6515 Supplies	7,456	10,938
6520 Contracts	7,768	5,882
6525 Garbage and Trash Removal	5,493	4,396
6530 Security Contract	480	875
6546 Heating/Cooling Repairs and Maintenance	2,046	2,299
6548 Snow Removal	11,465	5,950
Total Operating and Maintenance Expenses	<u>39,959</u>	<u>35,668</u>
6600 Depreciation		
6600 Depreciation - Building and Improvements	<u>28,216</u>	<u>29,326</u>
6700 Taxes and Insurance		
6710 Taxes - Real Estate	6,505	6,577
6711 Taxes - Payroll	340	346
6720 Insurance - Property and Liability	8,511	7,720
6722 Insurance - Workers Compensation	53	68
6723 Health Insurance and Other Benefits	1,265	1,531
Total Taxes And Insurance	<u>16,674</u>	<u>16,242</u>
 Total Expenses	 <u>114,885</u>	 <u>111,411</u>
 Change in Net Position	 18,784	 34,532
 Net Position, Beginning of Year	 <u>218,467</u>	 <u>183,935</u>
 Net Position, End of Year	 <u>\$ 237,251</u>	 <u>\$ 218,467</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, 2023 AND 2022

Cash Flows From Operating Activities	<u>2023</u>	<u>2022</u>
Rental Receipts	\$ 118,627	\$ 161,323
Interest Received	493	53
Other Cash Received	4,183	14,434
	<u>123,303</u>	<u>175,810</u>
Administrative	8,916	10,316
Management Fees	9,523	9,629
Utilities	11,501	10,278
Operating and Maintenance	34,292	97,440
Real Estate Taxes	6,600	5,771
Payroll Taxes	340	346
Insurance	10,255	9,448
	<u>81,427</u>	<u>143,228</u>
Net Cash Provided (Used) By Operating Activities	<u>41,876</u>	<u>32,582</u>
Cash Flows From Investing Activities		
Net (Deposits to) Withdrawals from Restricted Deposits	(6,520)	3,179
Increase (Decrease) in Tenant Security Deposits	489	532
(Increase) Decrease in Tenant Security Deposit - Contra	(489)	(532)
	<u>(6,520)</u>	<u>3,179</u>
Net Cash Provided (Used) By Investing Activities	<u>(6,520)</u>	<u>3,179</u>
Cash Flows From Capital and Related Financing Activities		
Mortgage Principal Payments	(31,345)	(31,345)
Purchase of Property and Equipment	(3,501)	(3,881)
	<u>(34,846)</u>	<u>(35,226)</u>
Net Cash Provided (Used) by Financing Activities	<u>(34,846)</u>	<u>(35,226)</u>
Net Change In Cash and Cash Equivalents	510	535
Cash and Cash Equivalents, Beginning of Year	<u>1,035</u>	<u>500</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,545</u>	<u>\$ 1,035</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in Net Position	\$ 18,784	\$ 34,532
Adjustments to Reconcile Change in Net Position to Net Cash Provided (Used) by Operating Activities		
Depreciation	28,216	29,326
Decrease or (Increase) in:		
Tenants Accounts Receivable	(5,263)	2,948
Accounts and Notes Receivable - Operations	(91)	27,410
Other Current Assets	(426)	(129)
Increase or (Decrease) in:		
Accounts Payable (Excluding Capital)	3,625	(620)
Miscellaneous Current Liabilities	3,141	(60,313)
Prepaid Rents	(6,110)	(572)
	<u>41,876</u>	<u>32,582</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 41,876</u>	<u>\$ 32,582</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULES OF CASH OPERATING RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Source of Funds		
Operating		
Revenues		
Rental Income	\$ 118,627	\$ 161,323
Non Dwelling Rental	2,280	2,160
Other Income		
Grants	-	11,128
Miscellaneous Charges to Tenants	1,903	1,146
Interest Income	493	53
	<u>123,303</u>	<u>175,810</u>
 Expenditures		
Administrative	8,916	10,316
Management Fees	9,523	9,629
Utilities	11,501	10,278
Operating and Maintenance	34,292	97,440
Real Estate Taxes	6,600	5,771
Payroll Taxes	340	346
Insurance	10,255	9,448
	<u>81,427</u>	<u>143,228</u>
 Cash Provided (Used) by Operations Before Debt Service	41,876	32,582
 Mortgage Principal Payments	<u>(31,345)</u>	<u>(31,345)</u>
 Cash Provided (Used) by Operations after Debt Service	<u>10,531</u>	<u>1,237</u>
 Application of Funds		
Decrease (Increase) in Restricted Deposits and Funded Reserves	(6,520)	3,179
Purchase of Property and Equipment	<u>(3,501)</u>	<u>(3,881)</u>
 Total Application of Funds	<u>(10,021)</u>	<u>(702)</u>
 Increase (Decrease) in Cash	510	535
 Unrestricted Cash At Beginning of Year	<u>1,035</u>	<u>500</u>
 Unrestricted Cash At End of Year	<u>\$ 1,545</u>	<u>\$ 1,035</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF COMPUTATION OF SURPLUS CASH AND RESIDUAL RECEIPTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Add: Cash

Cash on Hand and in Banks (Accts. 1120 & 1191)	\$ 5,142	
All Accounts Receivable (Acct. 1130 & 1140)	<u>8,526</u>	
Total Cash		\$ 13,668

Less: Current Obligations

Accounts Payable (Due Within 30 Days) (Acct. 2110)	5,044	
Mortgage Payable (Due Within 30 days) (Acct 2160)	2,612	
Prepaid Rents (Acct. 2210)	6,146	
Miscellaneous Liabilities (Acct. 2190)	10,699	
Tenants Security Deposits (Acct. 2191)	<u>3,597</u>	
Total Current Obligations		<u>28,098</u>

Cash Surplus (Deficit)		<u><u>\$ (14,430)</u></u>
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**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

SCHEDULE OF COMPUTATION OF AUTHORIZED MANAGEMENT FEE
YEAR END SETTLEMENT

Net Tenant Rental Revenues (As Defined in Management Agreement)	\$ 130,091	
Authorized Management Fee (%)	<u>7.32%</u>	
Current Year Management Compensation		\$ 9,523
Adjust for:		
Fees Payable to (Receivable from) Agent at end of Previous Year		<u>-</u>
Total Authorized Compensation		\$ 9,523
Less:		
Cash Management Fees Paid During Current Year		<u>9,523</u>
Due to Management Agent from Project		<u><u>\$ -</u></u>

SCHEDULE OF BANK ACCOUNTS

	<u>Bank</u>	<u>Account Name</u>	<u>Account Number</u>	<u>Amount</u>
Operating Account	First Interstate Bank	Checking	XXX5180	\$ 1,545
Security Deposit Accounts	First Interstate Bank	Savings	XXX5049	3,597
Total Cash				<u><u>\$ 5,142</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF TENANT SECURITY DEPOSITS HELD IN TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Security Deposits Held in Trust

Beginning Balance		\$ 4,086
Deposits:		
Tenant Security Deposits	\$ 500	
Transfer from General Account	-	
Interest Earned	-	500
Disbursements:		
Tenant Security Deposits	(989)	
Transfer to General Account	-	(989)
Security Deposits Held in Trust		* <u><u>\$ 3,597</u></u>
* Cash in Bank		

Security Deposits' Liability (Contra)

Beginning Balance		\$ 4,086
Deposits Received		500
Deposits Returned		(989)
Ending Balance Current Year		<u><u>\$ 3,597</u></u>

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SOUTH SYCAMORE ESTATES PROJECT NUMBER SD-99-X001-001
SUPPLEMENTARY SCHEDULES
SCHEDULE OF CHANGES IN FIXED ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	Balance 09/30/22	Additions	Deductions	Balance 9/30/23
Land	\$ 82,500	\$ -	\$ -	\$ 82,500
Buildings	948,479	-	-	948,479
Building Equipment - Fixed	71,874	3,501	-	75,375
	<u>\$ 1,102,853</u>	<u>\$ 3,501</u>	<u>\$ -</u>	<u>\$ 1,106,354</u>

	Balance 09/30/21	Additions	Deductions	Balance 9/30/22
Land	\$ 82,500	\$ -	\$ -	\$ 82,500
Buildings	948,479	-	-	948,479
Building Equipment - Fixed	67,993	3,881	-	71,874
	<u>\$ 1,098,972</u>	<u>\$ 3,881</u>	<u>\$ -</u>	<u>\$ 1,102,853</u>

Accumulated Depreciation

	Balance 9/30/22	Additions	Deductions	Balance 9/30/23
Buildings	\$ 661,272	\$ 25,607	\$ -	\$ 686,879
Building Equipment - Fixed	56,000	2,609	-	58,609
	<u>\$ 717,272</u>	<u>\$ 28,216</u>	<u>\$ -</u>	<u>\$ 745,488</u>

	Balance 9/30/21	Additions	Deductions	Balance 9/30/22
Buildings	\$ 635,664	\$ 25,608	\$ -	\$ 661,272
Building Equipment - Fixed	52,282	3,718	-	56,000
	<u>\$ 687,946</u>	<u>\$ 29,326</u>	<u>\$ -</u>	<u>\$ 717,272</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, 2023 AND 2022

SCHEDULE OF ACCOUNTS RECEIVABLE

	2023	2022
0-30 days: 2 Tenants	\$ 3,652	\$ 398
30-60 days 1 Tenant	409	179
90-120 days 0 Tenants	-	255
Over 120 days 2 Tenants	4,374	2,340
Total	\$ 8,435	\$ 3,172
Vacated 3 Tenants	\$ 4,234	\$ 5,475
Less Allowance for Doubtful Accounts	(4,234)	(5,475)
	\$ 8,435	\$ 3,172

SCHEDULE OF ACCOUNTS PAYABLE

	2023	2022
5920 - Tenant Charges	\$ 1,204	\$ 106
6390 - Miscellaneous Administrative Expenses	161	-
6450 - Electricity	298	200
6451 - Water	628	813
6452 - Gas	22	-
6515 - Supplies	1,147	62
6520 - Contracts	-	238
1310 - Escrow Deposit	1,504	-
1190 - Misc Prepaid Expenses	80	-
	\$ 5,044	\$ 1,419

SCHEDULE OF MISCELLANEOUS CURRENT LIABILITIES

	2023	2022
6710 - Taxes - Real Estate	\$ 5,548	\$ 5,643
6520 - Contracts	5,151	1,915
	\$ 10,699	\$ 7,558

**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, 2023 AND 2022

SCHEDULE OF PAYMENTS IN LIEU OF TAXES

	2023	2022
Net Dwelling Rental Income	\$ 130,091	\$ 131,537
	x <u>5%</u>	x <u>5%</u>
Current Year Payments in Lieu of Taxes	6,505	6,577
Less Special Assessments	<u>(957)</u>	<u>(934)</u>
	<u><u>\$ 5,548</u></u>	<u><u>\$ 5,643</u></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, 2023, 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 April 5, 2024.

In connection with our audit, we noted that South Sycamore Estates failed to comply with the resident files provisions and conditions of SDHDA's Annual Financial Statement and Audit Guide insofar as they relate to accounting matters as described in the schedule of findings and questioned costs as item 2023-001. Also, in connection with our audit, nothing came to our attention that cause us to believe South Sycamore Estates failed to comply with the other terms, provisions, covenants 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.

Government Auditing Standards requires the auditor to perform limited procedures on South Sycamore Estate's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. South Sycamore Estate's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

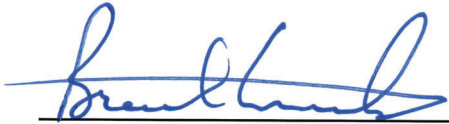


BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

April 5, 2024

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, 2023.



Brent Tucker, Interim Executive Director

April 5, 2024

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, 2023

Federal Grants	Federal AL Number	Program/Grantor Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Direct Programs</u>			
Shelter Plus Care	14.238	SD0002L8T002114	\$ 181,544
	14.238	SD0002L8T002215	65,946
	14.238	SD0016L8T002107	29,738
	14.238	SD0016L8T002208	2,159
	14.238	SD0021L8T002106	28,970
	14.238	SD0021L8T002207	2,979
			311,336
Public Housing	14.850	SD01600000117D	814
	14.850	SD01600000118D	30
	14.850	SD01600000119D	21
	14.850	SD01600000122D	38,257
	14.850	SD01600000123D	106,396
			145,518
Public Housing Capital Fund	14.872	SD01P016501-22	69,772
			69,772
<u>Section 8 Project Based Cluster</u>			
Lower Income Housing Assistance	14.856	SD016MR0003	73,687
Program - Section 8 Moderate	14.856	SD016MR0004	127,695
	14.856	SD016MR0005	196,714
Total Lower Income Housing Assistance Program - Section 8 Moderate			398,096
Section 8(bb) Project-based	14.195	SD99M000097	51,151
Total Section 8 Project Based Cluster			449,247
<u>Housing Voucher Cluster</u>			
Section 8 Housing Choice Vouchers	14.871	SD016VO	12,070,268
	14.871	SD016AF	1,670,448
	14.871 (EFA)		35,623
Emergency Housing Vouchers	14.871 (EHV)	SD016EF0001	43,518
	14.871 (EHV)	SD016EH0001	436,540
	14.871 (EHV)	SD016EC0001	1,200
	14.871 (EHV)	SD016ES0001	19,610
Total Housing Voucher Cluster			14,277,207
Family Self Sufficiency Program	14.896	FSS22SD4657	27,964
	14.896	FSS22SD5397	94,324
			122,288
<u>Pass-through Montana Department of Public Health and Human Service, Intergovernmental Human Services Bureau</u>			
Housing Opportunities for Persons with AIDS	14.241	22028530030	154,772
	14.241	23028520030	135,138
	14.241	20028190210	1,469
			291,379
Total Expenditures of Federal Awards			\$ 15,666,746

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, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 INDIRECT COST RATE

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota has not elected to use the 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, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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, 2023, and the related notes to the financial statements and have issued our report thereon dated April 5, 2024. The financial statements of the discretely presented component unit, Affordable Housing Solutions, were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Commission's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.



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

April 5, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance of with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's major federal program for the year ended September 30, 2023. The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota 's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2023-002, 2023-003, 2023-004, and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, and 2023-005 to be significant deficiencies.

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

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

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**

April 5, 2024

**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, 2023**

Section I - Summary of Auditor's Results

Financial Statements

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

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

Federal Awards

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

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

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? x yes no

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section II - Financial Statement Findings

2023-001 Material Weakness – Resident Files

Criteria

South Dakota Housing Development Authority requires the Authority to follow resident file supporting documentation policies for South Sycamore Estates for eligibility and admission into units in this program.

Condition

During our testing of South Sycamore Estate resident files, we noted several instances of noncompliance with the policies set by South Dakota Housing Development Authority. We noted the following during our testing selection of seven files: 1) seven files had missing, incomplete, or inaccurate original applications for Tenant Eligibility and Recertifications (50059) and most recent 3 years of 50059's; 2) six files did not have income verification from all sources; 3) one file did not have a signed lease; 4) seven files were missing some or all of their current and previous annual inspection reports and move-in and move-out inspections; and 5) seven files could not determine if income was below requirement set by SDHDA due to not having accurate 50059 information.

Cause

Lack of controls and oversight during the year.

Effect

The Authority may be providing assistance to tenants that either no longer qualify or may be charging incorrect rental rates.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend there be a second party review of the file to ensure all appropriate documents are included.

Views of Responsible Officials

Management agrees with the finding and will hire a second party review to ensure that all files and documents current and up to date. A quality control plan will be implemented to ensure future compliance with files.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section III - Federal Award Findings and Questioned Costs

2023-002 Eligibility

Federal Program

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

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2023

Criteria

The Authority must determine HAP assistance based on a calculation from the eligible tenant's annual income, deductions and third party verification in accordance with HUD Section 8 Housing Voucher Program compliance requirements. 24 CFR Part 5 Subpart F (24 CFR section 5.601 et seq.) (24 CFR sections 982.201, 982.515, and 982.516).

Condition

During our review of tenant files, one tenant did not have income verified with a third party during the annual recertification as well as not having their family income and composition reexamined every 12 months. We also noted two instances where utility allowances were calculated incorrectly resulting in incorrect HAP payments that were not caught.

Questioned Costs

None

Context

We reviewed a sample of 40 tenant files for eligibility requirements.

Effect

Tenants may not be provided the proper housing assistance in accordance with their income and eligibility factors.

Cause

Lack of controls and oversight during the year.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend there be a second party review of the file to ensure all necessary procedures have been performed and appropriate documents are included. The review would also ensure that procedures are being performed correctly and calculations are accurate.

Views of Responsible Officials

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

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023-003 Special Tests and Provisions: Rent Reasonableness

Federal Program

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

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2023

Criteria

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

Condition

We tested compliance with the Authority's rent reasonableness forms in 40 tenant files and found that one tenant did not have a rent reasonableness form for an increase in rent. The rent was deemed reasonable by the Authority once noted by the auditors. We also noted two tenants whose rent was not within 110% of the rent reasonableness comparables.

Questioned Costs

None

Context

We reviewed a sample of 40 tenant files for rent reasonableness requirements.

Effect

HAP payments could have been paid to a tenant where rent was not considered reasonable.

Cause

Upon change in rent during the term of the HAP contract, the tenant file did not contain forms comparing the rent of like-kind units and the rent comparison was not reviewed to ensure that it was within the required percentage.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend there be a second party review of the file to ensure all appropriate documents are included.

Views of Responsible Officials

The Authority will have a checklist on annual certifications to ensure all appropriate documents are included in the file.

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023-004 Special Tests and Provisions: HQS Enforcement

Federal Program

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

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2023

Criteria

The Authority must require the owner to correct any life threatening HQS deficiencies within 24 hours after the inspection and all other HQS deficiencies within 30 calendar days. If the owner does not correct the cited HQS deficiencies within the specified correction period, the Authority must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract. (24 CFR sections 982.158(d) and 982.404).

Condition

We tested compliance with the Authority's HQS Enforcement on 40 failed inspections and found that one failed inspection was not cleared timely and HAP payments were not abated.

Questioned Costs

None

Context

We reviewed a sample of 40 of the Authority's 508 failed inspections to note a re-inspection and subsequent pass.

Effect

The tenant could be living in a unit that is not fit for living, or not up to standard with the lease agreement terms.

Cause

The failed inspection was not followed up on within a reasonable time to ensure that the failed items were corrected.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend implementing a review process that occurs within the required timeframe for inspections to be followed up in order to ensure the failed inspections are appropriately taken care of.

Views of Responsible Officials

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

**THE HOUSING AND REDEVELOPMENT COMMISSION OF THE
CITY OF SIOUX FALLS, SOUTH DAKOTA**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2023-005 Special Tests and Provisions: Depository Agreements

Federal Program

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

Grant Award No.

ND014-Housing Choice Voucher

Federal Award Year

2023

Criteria

PHAs are required to enter into depository agreements with their financial institutions in the form required by HUD (24 CFR section 982.156). The Authority is required to meet the terms of the agreements.

Condition

The Authority did not meet all the terms set forth by the depository agreements. It was noted that one account was not properly collateralized.

Questioned Costs

None

Context

We reviewed the depository agreements required by HUD for bank accounts holding HCV funds.

Effect

The Authority's deposits are not covered by collateral and If the bank fails, deposits would be at risk of being lost.

Cause

The pledged collateral did not exceed deposits over FDIC coverage at the point in time in which deposits were highest.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend the Authority reviews pledged collateral balances and deposits on a monthly basis to ensure proper coverage is maintained.

Views of Responsible Officials

Management recognizes the deficiency and plans to implement the auditor's recommendation. Steps are in place to find another bank to move accounts to. This will be completed within the year.

**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, 2023**

There are no audit findings for the prior year.

Housing And Redevelopment Authority of Sioux Falls

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



Interim Executive Director
Brent Tucker

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

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

2023-001

Contact Person

Brent Tucker, Interim Executive Director

Corrective Action Plan

Management has begun the process of creating a quality control plan to ensure that all files are accurate and follow all local, state and federal compliance guidelines. An Independent entity has also been hired to review all current files and all corrections have been made.

Planned Completion Date for CAP

April 30, 2024

2023-002

Contact Person

Brent Tucker, Interim Executive Director

Corrective Action Plan

Management has begun the process of creating a quality control plan to ensure that all files are accurate and follow all local, state and federal compliance guidelines. An Independent entity has also been hired to review all current files and all corrections have been made.

Planned Completion Date for CAP

April 30, 2024

2023-003

Contact Person

Brent Tucker, Interim Executive Director

Corrective Action Plan

Management has implemented a new software program that provides rent reasonableness documentation. Staff have been trained on the proper way to utilize the software and are also now aware of when to run a rent reasonableness comparison.

Planned Completion Date for CAP

March 1, 2024

Housing And Redevelopment Authority of Sioux Falls

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



Interim Executive Director
Brent Tucker

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

2023-004

Contact Person

Brent Tucker, Interim Executive Director

Corrective Action Plan

Management has begun the process of creating a quality control plan to ensure that all HQS inspections and abatements are monitored. Staff have been trained on when to properly abate a payment and how to properly document abatements.

Planned Completion Date for CAP

March 1, 2024

2023-005

Contact Person

Brent Tucker, Interim Executive Director

Corrective Action Plan

Plans are in place to move accounts to another bank. A RFP for a new bank will be released in 2024.

Planned Completion Date for CAP

June 30, 2024