

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
TYNDALL, SOUTH DAKOTA**

FINANCIAL REPORT

DECEMBER 31, 2021

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tyndall Housing and Redevelopment
Commission
P.O. Box 262
Tyndall, South Dakota 57066

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Tyndall Housing and Redevelopment Commission, a component unit of the Municipality of Tyndall, as of December 31, 2021, and for the year then ended, and the related notes to the financial statements, which collectively comprise Tyndall Housing and Redevelopment 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 of the Tyndall Housing and Redevelopment Commission as of December 31, 2021, and the respective changes in financial position and, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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. We are required to be independent of Tyndall Housing and Redevelopment Commission 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 of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tyndall Housing and Redevelopment Commission's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tyndall Housing and Redevelopment Commission'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.

Report on Comparative Information

We have previously audited the Tyndall Housing and Redevelopment Commission's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2022. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Tyndall Housing and Redevelopment Commission has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tyndall Housing and Redevelopment Commission's financial statements. The Supplementary

Schoenfish & Co., Inc.

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Schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the Mortgagors' Certification but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2023, on our consideration of Tyndall Housing and Redevelopment Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is 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 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 Tyndall Housing and Redevelopment Commission's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
Certified Public Accountants
March 27, 2023

Schoenfish & Co., Inc.

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TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
STATEMENT OF NET POSITION
December 31, 2021

	<u>LIDI I</u>	<u>LIDI II</u>	<u>PTAK</u>	<u>TOTAL</u>
ASSETS:				
<u>Current Assets:</u>				
Cash in Bank - Operating	172,896.94	4,898.62	40,941.18	218,736.74
Certificates of Deposit	271,245.33	134,417.92		405,663.25
Due from LIDI I		55.80		55.80
Total Current Assets	<u>444,142.27</u>	<u>139,372.34</u>	<u>40,941.18</u>	<u>624,455.79</u>
<u>Deposits Held in Trust - Savings:</u>				
Resident Security Deposits	<u>8,055.31</u>	<u>1,783.42</u>	<u>0.00</u>	<u>9,838.73</u>
<u>Prepaid Expenses:</u>				
Other Insurance	<u>85.00</u>	<u>0.00</u>	<u>0.00</u>	<u>85.00</u>
<u>Capital Assets:</u>				
<u>Property and Equipment:</u>				
Land	31,776.00	7,500.00		39,276.00
Land Improvements	160,808.15	29,569.04		190,377.19
Buildings	1,264,903.19	497,351.09		1,762,254.28
Building Equipment - Portable	70,885.69	9,060.63		79,946.32
Furnishings	113,444.54	74,029.15		187,473.69
Ptak Building			441,001.94	441,001.94
Total Property and Equipment	<u>1,641,817.57</u>	<u>617,509.91</u>	<u>441,001.94</u>	<u>2,700,329.42</u>
<u>Accumulated Depreciation:</u>				
Land Improvements	(92,375.18)	(21,814.84)		(114,190.02)
Buildings	(939,322.95)	(382,458.66)		(1,321,781.61)
Building Equipment - Portable	(56,753.21)	(7,796.35)		(64,549.56)
Furnishings	(78,472.29)	(67,641.06)		(146,113.35)
Total Accumulated Depreciation	<u>(1,166,923.63)</u>	<u>(479,710.91)</u>	<u>0.00</u>	<u>(1,646,634.54)</u>
Total Net Capital Assets	<u>474,893.94</u>	<u>137,799.00</u>	<u>441,001.94</u>	<u>1,053,694.88</u>
TOTAL ASSETS	<u><u>927,176.52</u></u>	<u><u>278,954.76</u></u>	<u><u>481,943.12</u></u>	<u><u>1,688,074.40</u></u>

The notes to the financial statements are an integral part of this statement.

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
STATEMENT OF NET POSITION
December 31, 2021
(Continued)

	<u>LIDI I</u>	<u>LIDI II</u>	<u>PTAK</u>	<u>TOTAL</u>
<u>LIABILITIES AND NET POSITION:</u>				
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Due to LIDI II	55.80			55.80
Property Taxes Payable	4,100.00	1,905.20		6,005.20
Total Current Liabilities	<u>4,155.80</u>	<u>1,905.20</u>	<u>0.00</u>	<u>6,061.00</u>
<u>Deposit and Prepayment Liabilities</u>				
Tenant Security Deposits	7,929.00	421.74	0.00	8,350.74
Total Liabilities	<u>12,084.80</u>	<u>2,326.94</u>	<u>0.00</u>	<u>14,411.74</u>
<u>Net Position:</u>				
Net Investment in Capital Assets	474,893.94	137,799.00	441,001.94	1,053,694.88
Unrestricted Net Position	440,197.78	138,828.82	40,941.18	619,967.78
Total Net Position	<u>915,091.72</u>	<u>276,627.82</u>	<u>481,943.12</u>	<u>1,673,662.66</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>927,176.52</u></u>	<u><u>278,954.76</u></u>	<u><u>481,943.12</u></u>	<u><u>1,688,074.40</u></u>

The notes to the financial statements are an integral part of this statement.

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2021

	<u>LIDI I</u>	<u>LIDI II</u>	<u>PTAK</u>	<u>TOTAL</u>
<u>OPERATING REVENUE:</u>				
Net Rental Revenue	141,782.00	54,476.12	29,030.00	225,288.12
Laundry Income	2,325.00	733.00		3,058.00
Garage Rent	3,850.00	960.00		4,810.00
Total Operating Revenue	<u>147,957.00</u>	<u>56,169.12</u>	<u>29,030.00</u>	<u>233,156.12</u>
<u>OPERATING EXPENSES</u>				
Rental Expense	401.55	97.40		498.95
Administrative Expense	24,898.88	14,481.66	121.60	39,502.14
Utility Expense	31,881.36	9,777.11	986.40	42,644.87
Operating and Maintenance Expense	36,670.97	13,953.55	3,711.57	54,336.09
Depreciation	38,775.89	16,472.13		55,248.02
Taxes and Insurance	24,635.99	8,930.18	3,815.86	37,382.03
Total Operating Expenses	<u>157,264.64</u>	<u>63,712.03</u>	<u>8,635.43</u>	<u>229,612.10</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(9,307.64)</u>	<u>(7,542.91)</u>	<u>20,394.57</u>	<u>3,544.02</u>
<u>NONOPERATING REVENUE (EXPENSE):</u>				
Earnings on Deposits and Investments	6,866.72	424.34	0.00	7,291.06
Total Nonoperating Revenue (Expense)	<u>6,866.72</u>	<u>424.34</u>	<u>0.00</u>	<u>7,291.06</u>
<u>CHANGE IN NET POSITION</u>	<u>(2,440.92)</u>	<u>(7,118.57)</u>	<u>20,394.57</u>	<u>10,835.08</u>
<u>NET POSITION, BEGINNING OF YEAR</u>	<u>917,532.64</u>	<u>283,746.39</u>	<u>461,548.55</u>	<u>1,662,827.58</u>
<u>NET POSITION, END OF YEAR</u>	<u>915,091.72</u>	<u>276,627.82</u>	<u>481,943.12</u>	<u>1,673,662.66</u>

The notes to the financial statements are an integral part of this statement.

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
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Tyndall, South Dakota
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	<u>LIDI I</u>	<u>LIDI II</u>	<u>PTAK</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Rents Received from Tenants	141,782.00	54,476.12	29,030.00	225,288.12
Service and Other Income	6,175.00	1,693.00		7,868.00
Cash Payments to Suppliers for Goods and Services	<u>(122,353.35)</u>	<u>(52,736.44)</u>	<u>(8,635.43)</u>	<u>(183,725.22)</u>
Net Cash Provided (Used) by Operating Activities	<u>25,603.65</u>	<u>3,432.68</u>	<u>20,394.57</u>	<u>49,430.90</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Purchase of Equipment	(50,252.03)	(7,598.52)		(57,850.55)
Mortgage Payment (Final)		(11,967.50)		(11,967.50)
Interest Paid		(96.24)		(96.24)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(50,252.03)</u>	<u>(19,662.26)</u>	<u>0.00</u>	<u>(69,914.29)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest Received	6,866.72	424.34	0.00	7,291.06
Net Cash Provided (Used) by Investing Activities	<u>6,866.72</u>	<u>424.34</u>	<u>0.00</u>	<u>7,291.06</u>
<u>Net Increase (Decrease) in Cash & Cash Equivalents During the Fiscal Year</u>	<u>(17,781.66)</u>	<u>(15,805.24)</u>	<u>20,394.57</u>	<u>(13,192.33)</u>
<u>Cash & Cash Equivalents at Beginning of Year</u>	<u>469,979.24</u>	<u>156,905.20</u>	<u>20,546.61</u>	<u>647,431.05</u>
<u>Cash & Cash Equivalents at End of Year</u>	<u>452,197.58</u>	<u>141,099.96</u>	<u>40,941.18</u>	<u>634,238.72</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</u>				
Operating Income	(9,307.64)	(7,542.91)	20,394.57	3,544.02
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	38,775.89	16,472.13		55,248.02
(Increase) Decrease in Pre-Paid Expenses	6.00			6.00
(Increase) Decrease in Accounts Receivable/Payable	(3,995.45)	(3,004.55)		(7,000.00)
Increase (Decrease) in Tenant Security Deposit Payable	(15.00)	(279.44)		(294.44)
Increase (Decrease) in Prior-Property Taxes Payable		(171.55)		(171.55)
Increase (Decrease) in Property Taxes Payable	139.85	(2,041.00)		(1,901.15)
Net Cash Provided (Used) by Operating Activities	<u>25,603.65</u>	<u>3,432.68</u>	<u>20,394.57</u>	<u>49,430.90</u>

The notes to the financial statements are an integral part of this statement.

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The funds included in this report are controlled by or dependent upon the board of directors.

The accounting policies of the housing commission conform to generally accepted accounting principles applicable to governments.

b. Fund Accounting

The Tyndall Housing and Redevelopment Commission, a Public Housing Authority (PHA), is engaged in providing affordable housing and housing assistance to the low income, handicapped and elderly through low rent housing programs.

The low rent housing programs of the Commission are regulated by and follow uniform systems of accounts and accounting procedures as prescribed for the program by the United States Department of Housing and Urban Development (HUD). The programs are primarily funded with subsidies from HUD and tenant rents.

The programs consist of the following:

a. LIDI I

This program, HUD Project No. SD99-H001-44, consists of a twenty-four-unit low rent public housing facility for the elderly. The project receives monthly housing assistance payments through the South Dakota Housing Development Authority (SDHDA) as assistance to support this program.

b. LIDI II

This program, HUD Project No. SD99-H001-103, consists of ten elderly low rent public housing units. The project receives monthly housing assistance payments through the South Dakota Housing Development Authority (SDHDA) as assistance to support this program.

c. PTAK

This program consists of three units to provide public housing.

These programs are administered by public housing authorities authorized under state law to operate housing programs within an area or jurisdiction and are regulated by the United States Department of Housing and Urban Development (HUD) as to rental charges, rental subsidies and operating methods. The Commission receives subsidies and grants from HUD to assist in covering the costs of the Commission's low rent housing programs. The Commission is required to prepare and adopt annual operating budgets for each of its low rent housing programs.

Low-income families who participate in these housing assistance programs, tenants of the project, typically pay a portion of their housing costs. This generally amounts to the greater of either thirty (30) percent of their adjusted gross income, based on HUD guidelines, or ten (10) percent of their gross income. The remaining portion of the rent for the units is paid by HUD either through public housing program subsidies or through SDHDA in the form of housing assistance payments (HAP).

See Independent Auditor's Report.

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
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Tyndall, South Dakota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)**

d. Basis of Presentation

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

e. Capital Assets

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

Capital assets are recorded at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the financial statements, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on each proprietary fund's 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 reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land & Land Rights	\$ 0.00	--- N/A ---	--- N/A ---
Improvements Other than Buildings	\$ 1.00	Straight-Line	15-27.5 yrs.
Buildings	\$ 1.00	Straight-Line	7-40 yrs.
Machinery & Equipment	\$ 1.00	Straight-Line	5-12 yrs.

Land is an inexhaustible capital asset and is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)**

Interest costs incurred during construction of capital assets are required to be capitalized along with other capital asset costs. There was no significant interest to capitalize on this entity.

e. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

f. Deposits and Investments

The Commission follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. 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, 9-22-6.1 and 9-22-6.2. Qualified depositories are required by SDCL 4-6A-3 to be 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.

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

The actual bank balances at December 31, 2021 were as follows:

	Bank Balance		
	LIDI I	LIDI II	PTAK
Insured (FDIC/NCUA)	\$ 459,725.11	\$ 143,319.68	\$ 40,941.18
Total Deposits	\$ 459,725.11	\$ 143,319.68	\$ 40,941.18

The carrying amount of deposits on the December 31, 2021 balance sheet was \$634,238.72.

Investments – SDCL 11-7-31 permits a commission power to invest any funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control. In general, SDCL 4-5-6 permits 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 all investments 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.

Interest Rate Risk – The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)

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

Concentration of Credit Risk – The Commission places no limit on the amount that may be invested in any one issuer.

g. Cash Flows

For purposes of the statement of cash flows, the Commission considers all highly liquid investments as deposits with a term to maturity of three months or less to be cash equivalents.

h. Compensated Absences

The employees do not earn annual leave and sick leave.

i. Revenue and Expense Classifications

In the Statement of Revenues, Expenses, and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Equity Classifications

Equity is classified as Net Position and is displayed in three components:

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

k. Application of Net Position

It is the Commission’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

2. TENANT SECURITY DEPOSITS

The tenants are required to make security deposits when they move in. These deposits help pay for damage caused by the tenants and for delinquent rents at the time the tenant vacates the unit. The amount left after these adjustments, if any, is refunded to the tenant.

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)**

3. ACCRUED PROPERTY TAXES

SDCL 11-7-73 states in part that “The Commission file with the director of equalization, on or before May first of each year, a statement of dwelling unit rentals of that project collected during the preceding year... five percent of the revenue from the dwelling unit rentals shall be charged to the commission as payments in lieu of taxes.”

	<u>LIDI I</u>	<u>LIDI II</u>
Payment in Lieu of Taxes	\$ 4,100.00	\$ 1,905.20

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2021, is as follows:

	<u>1/01/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassification</u>	<u>12/31/2021</u>
Capital Assets, Not Being Depreciated:					
Land	39,276.00				39,276.00
Total Capital Assets, Not Being Depreciated	39,276.00	0.00	0.00	0.00	39,276.00
Capital Assets Being Depreciated:					
Land Improvement	170,008.61	20,368.58			190,377.19
Buildings	1,726,067.31	36,186.97			1,762,254.28
Building Equipment - Portable	144,914.84			(64,968.52)	79,946.32
Furnishings	121,210.17	1,295.00		64,968.52	187,473.69
Ptak Building	441,001.94				441,001.94
Totals	2,603,202.87	57,850.55	0.00	0.00	2,661,053.42
Less Accumulated Depreciation for:					
Land Improvement	(108,374.33)	(5,815.69)			(114,190.02)
Buildings	(1,285,879.80)	(35,901.81)			(1,321,781.61)
Building Equipment - Portable	(117,567.80)	(6,826.47)		59,844.71	(64,549.56)
Furnishings	(79,564.59)	(6,704.05)		(59,844.71)	(146,113.35)
Total Accumulated Depreciation	(1,591,386.52)	(55,248.02)	0.00	0.00	(1,646,634.54)
Total Capital Assets Being Depreciated, Net	1,011,816.35	2,602.53	0.00	0.00	1,014,418.88
Total Capital Assets, Net	1,051,092.35	2,602.53	0.00	0.00	1,053,694.88

Depreciation expense was charged to functions as follows:

LIDI I	\$ 38,775.89
LIDI II	16,472.13
Total Depreciation Expense	\$ 55,248.02

See Independent Auditor’s Report.

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)**

5. LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Business-Type Activities:					
Mortgage Payable - LIDI II	11,967.50		11,967.50	0.00	0.00
Total Business-Type Activities	<u>11,967.50</u>	<u>0.00</u>	<u>11,967.50</u>	<u>0.00</u>	<u>0.00</u>

6. ECONOMIC DEPENDENCY

The Commission is economically dependent upon the receipt of housing assistance payments from the regulatory authority. The project received \$ 74,378.12 for housing assistance for the year ended December 31, 2021.

7. INCOME TAXES

The Commission is a governmental unit exempt from federal income taxes.

8. FIDELITY BOND

Pursuant to Section 1404 of the Management Agreement, the Agent shall furnish at his own expense, a fidelity bond (dual obligee) naming the Commission and SDHDA as obligees to protect the Commission and SDHDA against misapplication of funds of the Commission by the Agent and his employees. The terms and conditions of the Bond, and the surety thereon shall be subject to the approval of the Owner and SDHDA and shall be in an amount not less than the total number of units maintained by the Redevelopment Commission multiplied by \$500. The bond shall be provided without a deductible amount. The LIDI I project maintains 24 units for a fidelity requirement of \$12,000.00. The LIDI II project maintains 10 units for a fidelity requirement of \$5,000.00. A combined fidelity bond of \$25,000.00 is maintained for LIDI projects.

9. 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 period ended December 31, 2021, the Commission managed its risks as follows:

Employee Health Insurance:

The Commission does not purchase health insurance for its employees.

Liability Insurance:

The Commission purchases liability insurance for 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 the liability coverage during the past three years.

See Independent Auditor's Report.

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021 (Continued)**

Workmen's Compensation:

The Commission purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

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.

10. COMPONENT UNIT:

The Tyndall Housing and Redevelopment Commission is a component unit of the Municipality of Tyndall. The Commission provides low-income housing to qualified individuals. The Municipality is responsible for appointing a five-member board to oversee the operation of the Commission.

11. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through March 14, 2023, the date on which the financial statements were available to be issued.

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2021

Rental Income:

Potential Rental Income:

Apartments - Tenants	155,583.00	
Housing Assistance Payments	74,378.12	
Total Potential Rental Income - @ 100% Occupancy		229,961.12

Rent Adjustments/Vacancies:

Apartment Vacancies	(4,673.00)	(4,673.00)
Total Rental Income		225,288.12

Service Income:

Laundry Income	3,058.00	
Garage Rent	4,810.00	
Total Service Income		7,868.00

Financial Income:

Interest Income	212.06	
Interest Income-CD's	6,655.83	
Replacement Reserves	333.67	
Residual Receipts	71.48	
Income from DCE Investment	18.02	
Total Financial Income		7,291.06

TOTAL REVENUES		240,447.18
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PROJECT EXPENSES:

Renting Expense:

Advertising		498.95
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Administrative Expense:

Manager Salaries	24,540.00	
Management Fee	2,025.00	
Audit Expense	7,400.00	
Executive Expense	1,662.89	
Office Rent	2,010.00	
Postage	113.00	
Service Charge	101.25	
Software Expense	1,650.00	
Total Administrative Expenses		39,502.14

Utility Expenses:

Electricity	33,495.00	
Water	5,749.35	

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended December 31, 2021

Sewer	3,400.52	
Total Utility Expenses	<u>3,400.52</u>	42,644.87
<u>Operating and Maintenance Expenses:</u>		
Payroll	25,729.50	
Building Maintenance	2,630.45	
Cleaning	722.76	
Lawn Care	2,369.16	
Pest Control	3,955.93	
Garbage & Trash Removal	5,443.00	
Supplies	4,018.64	
Equipment Repair	8,316.65	
Service Charge	24.00	
Building Maintenance	1,126.00	
Total Operating and Maintenance Expenses	<u>54,336.09</u>	54,336.09
<u>Depreciation:</u>		
Improvements	5,815.69	
Buildings	35,901.81	
Building Equipment - Portable	6,826.47	
Furnishings	6,704.05	
Total Depreciation	<u>55,248.02</u>	55,248.02
<u>Taxes and Insurance:</u>		
Property Taxes	6,448.06	
Payroll Taxes	3,848.97	
Property and Liability Insurance	26,794.00	
Permits & License	291.00	
Total Taxes and Insurance	<u>37,382.03</u>	37,382.03
<u>TOTAL EXPENSES</u>		<u>229,612.10</u>
<u>EXCESS REVENUE OVER (UNDER) EXPENSES</u>		<u>10,835.08</u>

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
SCHEDULE OF CASH OPERATING RECEIPTS AND DISBURSEMENTS
For The Year Ended December 31, 2021

SOURCE OF FUNDS:Operations:Receipts:

Rental Income - Tenants	151,589.25	
Rental Income - HAP Subsidy	74,378.12	
Garage Rent	3,850.00	
Service Income	4,018.00	
Financial Income	7,291.06	
Total Receipts	241,126.43	241,126.43

Disbursements:

Administrative	40,001.09	
Utilities	42,644.87	
Operating and Maintenance	55,015.34	
Taxes and Insurance	37,382.03	
Capital Expenditures	57,850.55	
Interest on Building Loan	96.24	
Total Disbursements	232,990.12	232,990.12

Cash Provided (Used) by Operations Before Debt Service 8,136.31

Amortization of Mortgage (11,967.50)

Cash Provided (Used) by Operations After Debt Service (3,831.19)

Other Funds:

CDs Changed	(13,148.76)	
Increase (Decrease) in Property Taxes Payable	6.00	
Increase (Decrease) Residence Security Deposits	(2,072.70)	
Increase(Decrease) in Security Deposit	14.06	
Security Deposit Allocated Interest	174.04	
	(22,027.36)	(22,027.36)

TOTAL SOURCE OF FUNDS **(25,858.55)**

APPLICATION OF FUNDS:

(Increase) Decrease in Tax Escrow	2,875.89	
(Increase) Decrease in Insurance Escrow	2,082.82	
Reserve for Replacements - Funded	11,489.40	
Reserve for Painting - Funded	16,568.10	
(Increase) Decrease in Development Cost Escrow	28,108.92	
(Increase) Decrease in Residual Receipts Reserve	84,908.45	
TOTAL APPLICATION OF FUNDS	146,033.58	146,033.58

Increase in Cash 120,175.03

UNRESTRICTED CASH AT BEGINNING OF YEAR 232,979.63

UNRESTRICTED CASH AT END OF YEAR **353,154.66**

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**SCHEDULE OF BANK ACCOUNTS
December 31, 2021**

<u>Type of Account</u>	<u>Account Name</u>	<u>Bank</u>	<u>Balance</u>	<u>Balance</u>
<u>Operating Account:</u>				
Checking	Tyndall Housing Redevelopment Commission - LIDI I	Security State Bank Tyndall, SD 57066	172,896.94	172,896.94
Checking	Tyndall Housing Redevelopment Commission - LIDI II	Security State Bank Tyndall, SD 57066	4,898.62	4,898.62
Checking	Tyndall Housing Redevelopment Commission - PTAK	Security State Bank Tyndall, SD 57066	40,941.18	40,941.18
<u>Security Deposit Account:</u>				
Savings	Tyndall Housing Redevelopment Commission - LIDI I	Security State Bank Tyndall, SD 57066	8,055.31	8,055.31
Savings	Tyndall Housing Redevelopment Commission - LIDI II	Security State Bank Tyndall, SD 57066	1,783.42	1,783.42
<u>Certificates of Deposits:</u>				
Certificate of Deposit	Tyndall Housing Redevelopment Commission - LIDI I	Security State Bank Tyndall, SD 57066	271,245.33	271,245.33
Certificate of Deposit	Tyndall Housing Redevelopment Commission - LIDI II	Security State Bank Tyndall, SD 57066	134,417.92	134,417.92
<u>TOTAL CASH IN BANK ACCOUNTS</u>			<u>634,238.72</u>	<u>634,238.72</u>

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota
TENANTS SECURITY DEPOSITS
For The Year Ended December 31, 2021

	<u>LIDI I</u>	<u>LIDI II</u>	<u>PTAK</u>	<u>TOTAL</u>
<u>SECURITY DEPOSITS HELD IN TRUST:</u>				
<u>Beginning Balance</u>	8,069.37	2,251.90	0.00	10,321.27
<u>Deposits:</u>				
Tenant Security Deposits	1,270.00	0.00		1,270.00
Interest Earned	5.94	1.52		7.46
Total Deposits	1,275.94	1.52	0.00	1,277.46
<u>Disbursements:</u>				
Checking Service Charge	(4.00)	(467.00)		(471.00)
Security Deposit Returned	(1,286.00)	(3.00)		(1,289.00)
Total Disbursements	(1,290.00)	(470.00)	0.00	(1,760.00)
<u>ENDING BALANCE</u>	8,055.31	1,783.42	0.00	9,838.73
<u>SECURITY DEPOSIT LIABILITY:</u>				
<u>Beginning Balance</u>	7,944.00	701.18	0.00	8,645.18
Interest Earned, Allocated to Residents	1.00	0.72		1.72
Security Deposits Received	1,270.00	0.00		1,270.00
Security Deposits Refunded	(1,286.00)	(280.16)		(1,566.16)
<u>ENDING BALANCE</u>	7,929.00	421.74	0.00	8,350.74

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**SCHEDULE OF ACCOUNTS RECEIVABLE/PAYABLE
December 31, 2021**

ACCOUNTS RECEIVABLE:

LIDI II

Due from LIDI I for Payroll Taxes

55.80

ACCOUNTS PAYABLE:

LIDI I

Due to LIDI II for Payroll Taxes

55.80

**TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota**

**ACCOUNTANT'S LICENSE TO ENGAGE
IN PRACTICE OF PUBLIC ACCOUNTANCY**

Supervising Accountant	Randy R. Schoenfish
South Dakota CPA Certificate	1004
South Dakota Permit to Practice Public Accountancy	422

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57368

**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**

Board of Directors
Tyndall Housing and Redevelopment
Commission
P.O. Box 262
Tyndall, South Dakota 57066

We have audited, 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, the financial statements of the business-type activities of the Tyndall Housing and Redevelopment Commission, a component unit of the Municipality of Tyndall, South Dakota, as of December 31, 2021 and for the year then ended, and the related notes to the financial statements, which collectively comprise Tyndall Housing and Redevelopment Commission's basic financial statements and have issued our report thereon dated March 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tyndall Housing and Redevelopment Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tyndall Housing and Redevelopment Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Tyndall Housing and Redevelopment 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Tyndall Housing and Redevelopment Commission's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 preceding paragraph 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 Current Audit Findings as item 2021-001 to be a material weakness.

Compliance and Other Matters

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

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tyndall Housing and Redevelopment Commission's Response to Findings

Tyndall Housing and Redevelopment Commission's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings. Tyndall Housing and Redevelopment Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Tyndall Housing and Redevelopment Commission'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. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
March 27, 2023

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

CERTIFIED PUBLIC ACCOUNTANTS
Phone: 605-928-7241
FAX No.: 605-928-8241
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
CONTRACTUAL AGREEMENTS**

Board of Directors
Tyndall Housing and Redevelopment
Commission
P.O. Box 262
Tyndall, South Dakota 57066

We have audited the accompanying statement of net Position of Tyndall Housing and Redevelopment Commission, a component unit of the Municipality of Tyndall, as of December 31, 2021, and the related statement of revenues and expenses and changes in net position and statement of cash flows for the year then ended and have issued our report thereon dated March 27, 2023. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and requirements promulgated by the South Dakota Housing Development Authority. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In connection with our audit, nothing came to our attention that caused us to believe that Tyndall Housing and Redevelopment Commission was not in compliance with any of the terms, covenants, provisions or conditions or any contractual agreements it is a party to. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Tyndall Housing and Redevelopment Commission and the South Dakota Housing Development Authority in connection with the Projects to which it refers and should not be used for any other purpose.



Schoenfish & Co., Inc.
Certified Public Accountants
March 27, 2023

TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
Tyndall, South Dakota

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2021

PRIOR AUDIT FINDINGS:

Internal Control Over Revenues:

Finding No. 2020-001

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenue functions. This comment has not been corrected and is restated as current audit finding number 2021-001.

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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TYNDALL HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE MUNICIPALITY OF TYNDALL
 Tyndall, South Dakota

SCHEDULE OF CURRENT AUDIT FINDINGS
 December 31, 2021

CURRENT AUDIT FINDINGS:

Internal Control Over Revenues:

Finding No. 2021-001

Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenue functions. This is a continuing audit comment since 2001.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets. Also, it results in increased reliability that information is properly recorded.

Cause:

The Executive Director processes all revenue transactions from beginning to end. The Executive Director also receives money, issues receipts, records receipts, posts receipts in the accounting records, prepares bank deposits, reconciles bank statements, and prepares financial statements.

Effect:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation:

1. We recommend that the Tyndall Housing & Redevelopment Commission be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Commission Board President, Dave Sutera, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Commission, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to develop policies and to provide compensating controls.

Schoenfish & Co., Inc.

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