

**Vermillion Housing and
Redevelopment Commission**

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2023 and 2022**

Vermillion Housing and Redevelopment Commission

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**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 Commissioners
Vermillion Housing and Redevelopment Commission
Vermillion, South Dakota

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 and the major fund of the Vermillion Housing and Redevelopment Commission (A Component Unit of the City of Vermillion, South Dakota), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated February 8, 2024.

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 Commission’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit 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 Current Audit Findings and Questioned Costs, as item 2023-001 to be material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing*.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit. The Commission's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Commission'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.

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 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.



Elk Point, South Dakota
February 8, 2024



Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Commissioners
Vermillion Housing and Redevelopment Commission
Vermillion, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Vermillion Housing and Redevelopment Commission (A Component Unit of the City of Vermillion), South Dakota (Commission), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Commission’s major federal programs for the year ended June 30, 2023. The Commission’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Vermillion Housing and Redevelopment Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Commission 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 Commission’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 Commission's federal programs.

Auditor's Responsibilities 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 the Commission'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Commission'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 Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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.

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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-001 to be material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 Commission's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

A handwritten signature in cursive script that reads "Elk Point LLC".

Elk Point, South Dakota
February 8, 2024

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Schedule of Prior Audit Findings
Year Ended June 30, 2023

Prior Audit Findings

Prior Federal Audit Findings

Finding Number 2022-001:

A material weakness in internal controls was reported in fiscal year 2008 due to a lack of proper segregation of duties for accounting functions, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

This prior audit comment has not been corrected and is restated under the current audit findings as finding number 2023-001.

Prior Other Audit Findings

See finding elements as above.

This prior audit comment has not been corrected and is restated under the current other audit findings as finding number 2023-001.

Vermillion Housing and Redevelopment Commission
 (A Component Unit of the City of Vermillion)
 Schedule of Current Audit Findings and Questioned Costs
 Year Ended June 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?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified that are not material weaknesses?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major programs: 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:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

14.871	Section 8 Housing Choice Vouchers Program
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Dollar threshold used to distinguish between Type A and Type B \$750,000

Auditee qualified as low-risk auditee? yes X no

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Schedule of Current Audit Findings and Questioned Costs
Year Ended June 30, 2023 (Continued)

Section II – Financial Statement Findings

Current Other Audit Findings

Internal Control-Related Findings – Material Weaknesses

Finding 2023-001

Criteria: In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review, and record keeping of the tasks related to revenue and expenses. Lack of this segregation of duties could adversely affect the organization’s ability to record, process, summarize, and report financial data consistent with management assertions.

Condition: A material weakness in internal controls was reported due to a lack of adequate segregation of duties for revenues and expenses resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Cause: The limited size of the Organization’s staff and resources.

Effect: This condition may affect the Organization’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: We recommend that the Board of Commissioners be cognizant of this lack of segregation of duties for revenues and expenses and attempt to provide compensating controls whenever and wherever possible and practical.

View of Responsible Officials: The Commissioners of this entity are aware of this problem, which is a result of the size of the entity, which precludes staffing at a level sufficient to provide compensating controls whenever and wherever possible and practical. The Commission has prepared a response to the finding. See Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

There is one finding or questioned cost relating to federal award programs which is required to be reported in accordance with 2 CFR 200.516(a).

Current Federal Audit Findings

Internal Control Related Findings and Questioned Costs:

Finding Number 2023-001

See finding elements and corrective action plan as above.

VERMILLION HOUSING AND REDEVELOPMENT COMMISSION
VERMILLION, SD 57069

June 30, 2023

CORRECTIVE PLAN OF ACTION (UNAUDITED)

Vermillion Housing and Redevelopment Commission (VHRC) has considered the lack of segregation of duties for revenue and expenditures.

At this time, it is not cost effective for VHRC to hire additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by VHRC to decrease the likelihood that financial data is adversely affected.

Name of Responsible Person: David Thiesse, Executive Director and Craig DeVelder, Board President
Projected Implementation Date: Ongoing

Name and address of independent public accounting firm:

ELO Prof. LLC
1101 W Main
Elk Point, SD 57025

If there are questions regarding this plan, please call David Thiesse, Executive Director at (605)677-7191.



Independent Auditor's Report

Board of Commissioners
Vermillion Housing and Redevelopment Commission
Vermillion, 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 major fund of the Vermillion Housing and Redevelopment Commission (A Component Unit of City of Vermillion), South Dakota (Commission), as of June 30, 2023 and 2022, and for the years then ended, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of the Vermillion Housing and Redevelopment Commission as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 the 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 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 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 the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the HUD-required financial data schedules 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 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 Schedule of Expenditures of Federal Awards and the financial data schedules 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 February 8, 2024 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Commission's internal control over financial reporting and compliance.



Elk Point, South Dakota
February 8, 2024

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Management's Discussion and Analysis

For the Year Ended June 30, 2023

The Vermillion Housing and Redevelopment Commission (VHA) offers readers of the Authority's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2023.

The primary focus of the VHA's financial statement (summarized fund-type information) has been discarded. The new and clearly preferable focus is on both the VHA as a whole (Authority-wide) and the major individual funds. Both perspectives (authority-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or Authority to Authority) and enhance the VHA's accountability.

Financial Statements

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

These Statements include a Statement of Net Position. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets, equals liabilities, plus "Net Position," formerly known as net assets/equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current."

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 Authority. Net Position (formerly net assets/equity) are 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: This component of Net Position consists of restricted assets, caused by constraints placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted: 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 the authority's share of fraud recovery, Operating Expenses, such as administrative, housing assistance payments, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, 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, capital and related financing activities, and investing activities.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Management's Discussion and Analysis

For the Year Ended June 30, 2023

The Authority's Funds

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Vermillion Housing and Redevelopment Commission (VHA) administers contracts with independent landlords that own the property. The VHA subsidizes the family's rent through a Housing Assistance Payment Contract made with the landlord. The program is administered under a contract with HUD based on data submitted by the agency through the Voucher Management System (VMS) and PIH Information Center (PIC). HUD provides Annual Contributions Funding to enable the VHA to structure a lease that sets the participants' gross rent at no more than 40% of their adjusted monthly income.

Authority-Wide Statement

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year. The Authority is engaged only in Business-Type Activities.

Table A-1

Statement of Net Position

	<u>2023</u>	<u>2022</u>
Current and Other Assets	\$ 158,310	\$ 128,177
Total Assets	<u>158,310</u>	<u>128,177</u>
Current Liabilities	34,393	41,088
Noncurrent Liabilities	1,421	3,370
Total Liabilities	<u>35,814</u>	<u>44,458</u>
Net Position:		
Restricted	41,646	17,021
Unrestricted	72,245	58,093
Unrestricted - Local Funds	8,605	8,605
Total Net Position	<u>\$ 122,496</u>	<u>\$ 83,719</u>

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Management's Discussion and Analysis

For the Year Ended June 30, 2023

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Vermillion Housing & Redevelopment Commission is engaged only in Business-Type Activities.

Table A-2

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenue		
HUD PHA Grants	\$ 1,119,928	\$ 1,031,544
Contribution from City of Vermillion	9,312	7,490
Interest Income	59	85
Miscellaneous Income	388	5,910
Total Revenues	<u>1,129,687</u>	<u>1,045,029</u>
Expense		
Administrative	150,450	143,047
Housing Assistance Payment	940,460	894,105
Total Expenses	<u>1,090,910</u>	<u>1,037,152</u>
Change in Net Position	38,777	7,877
Beginning Net Position	<u>83,719</u>	<u>75,842</u>
Ending Net Position	<u>\$ 122,496</u>	<u>\$ 83,719</u>

**Major Factors Affecting the Statement of Revenue, Expenses
And Changes in Net Position**

The specific economic factors that can affect the VHA are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of assistance current participants, are eligible for.
- Inflationary pressure on utility rates, supplies and other costs.

Vermillion Housing and Redevelopment Commission
 (A Component Unit of the City of Vermillion)
 Management's Discussion and Analysis
 For the Year Ended June 30, 2023

Table A-3
Capital Assets at Year- End

	2023	2022
Furniture and equipment	\$ 3,628	\$ 3,628
Less accumulated depreciation	(3,628)	(3,628)
Total capital assets, net	\$ --	\$ --

Financial Contact

The individual to be contacted regarding this report is Dave Thiesse, Executive Director for the Vermillion Housing and Redevelopment Commission, at (605) 677-7191. Specific requests may be submitted to Dave Thiesse, The Vermillion Housing and Redevelopment Commission, 25 Center St., Vermillion SD, 57069.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Proprietary Fund – Statement of Net Position

June 30, 2023 and 2022

	Enterprise Fund	
	June 30,	
	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 95,588	\$ 95,614
Cash and cash equivalents - management	8,605	8,605
Accounts receivable	9,721	4,389
Prepaid insurance	2,750	2,548
Total Current Assets	<u>116,664</u>	<u>111,156</u>
Restricted Assets		
Restricted Cash	<u>41,646</u>	<u>17,021</u>
Capital Assets		
Furniture and equipment	<u>3,628</u>	<u>3,628</u>
Total Capital Assets	<u>3,628</u>	<u>3,628</u>
Less accumulated depreciation	<u>(3,628)</u>	<u>(3,628)</u>
Net Capital Assets	<u>--</u>	<u>--</u>
	<u><u>\$ 158,310</u></u>	<u><u>\$ 128,177</u></u>
Liabilities & Net Position		
Current Liabilities		
Accounts payable	\$ 4,776	\$ 4,604
Accrued wages and taxes	830	3,571
Unearned revenue	26,339	30,772
Accrued compensated absences - current	2,448	2,141
Total Current Liabilities	<u>34,393</u>	<u>41,088</u>
Noncurrent Liabilities		
Accrued compensated absences - noncurrent	<u>1,421</u>	<u>3,370</u>
Total Liabilities	<u>35,814</u>	<u>44,458</u>
Net Position		
Restricted	41,646	17,021
Unrestricted	72,245	58,093
Unrestricted - management	<u>8,605</u>	<u>8,605</u>
Total Net Position	<u>122,496</u>	<u>83,719</u>
	<u><u>\$ 158,310</u></u>	<u><u>\$ 128,177</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Proprietary Fund – Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	Enterprise Fund	
	June 30,	
	2023	2022
Operating Income		
Other income	<u>\$ 388</u>	<u>\$ 5,910</u>
Operating Expenses		
Administration expenses	150,450	143,047
Housing assistance payments	<u>940,460</u>	<u>894,105</u>
Total Operating Expenses	<u>1,090,910</u>	<u>1,037,152</u>
Loss From Operations	<u>(1,090,522)</u>	<u>(1,031,242)</u>
Nonoperating Revenue		
Revenue from Local Sources:		
Earnings on investments and deposits	59	85
Contributions from City of Vermillion	9,312	7,490
Revenue from Federal Sources:		
Annual housing voucher subsidies - HUD	<u>1,119,928</u>	<u>1,031,544</u>
Total Nonoperating Revenue	<u>1,129,299</u>	<u>1,039,119</u>
Increase in Net Position	38,777	7,877
Net Position, Beginning of Year	83,719	75,842
Net Position, End of Year	<u><u>\$ 122,496</u></u>	<u><u>\$ 83,719</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Proprietary Fund – Statement of Cash Flows

For the Years Ended June 30, 2023 and 2022

	Enterprise Fund	
	June 30,	
	2023	2022
Cash Flows From Operating Activities:		
Other operating cash receipts	\$ 388	\$ 5,910
Cash payments to employees for services	(117,973)	(109,477)
Cash payments to suppliers of goods or services	<u>(982,682)</u>	<u>(938,100)</u>
Net Cash (Used) by Operating Activities	<u>(1,100,267)</u>	<u>(1,041,667)</u>
Cash Flows From Investing Activities:		
Interest received	<u>59</u>	<u>85</u>
Net Cash Provided by Investing Activities	<u>59</u>	<u>85</u>
Cash Flows From Noncapital Financing Activities:		
Operating subsidies	<u>1,124,807</u>	<u>1,008,082</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,124,807</u>	<u>1,008,082</u>
Increase in Cash	24,599	(33,500)
Cash and Cash Equivalents, Beginning of Year	<u>121,240</u>	<u>154,740</u>
Cash and Cash Equivalents, End of Year	<u>\$ 145,839</u>	<u>\$ 121,240</u>
Reconciliation of (Loss) From Operations to Net Cash (Used) by Operating Activities:		
(Loss) From Operations	\$ (1,090,522)	\$ (1,031,242)
Adjustments to Reconcile (Loss) From Operations to Net Cash (Used) by Operating Activities:		
(Increase) decrease in Assets:		
Accounts receivable	(5,332)	(4,389)
Prepaid insurance	(202)	(69)
Increase (decrease) in Liabilities:		
Accounts payable	172	(6,218)
Accrued wages and taxes	(2,741)	29
Accrued compensated absences	<u>(1,642)</u>	<u>222</u>
Net Cash (Used) by Operating Activities	<u>\$ (1,100,267)</u>	<u>\$ (1,041,667)</u>
Composition of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 95,588	\$ 95,614
Cash and cash equivalents - management	8,605	8,605
Restricted Cash	<u>41,646</u>	<u>17,021</u>
	<u>\$ 145,839</u>	<u>\$ 121,240</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies:

a. Reporting Entity:

Vermillion Housing and Redevelopment Commission (Commission), is a component unit of the City of Vermillion, South Dakota. In July 1990, the City of Vermillion adopted a resolution to establish the Vermillion Housing and Redevelopment Commission to administer the United States Department of Housing and Urban Development, Section 8 Existing Certificate, Voucher, and Moderate Rehabilitation Program. The program became operational in January 1991.

The funds included in this report are controlled by or dependent upon the Vermillion Housing and Redevelopment Commission's governing board. The governing board of the commission is made up of five residents of the area of operation of the commission who have been appointed by the mayor of the City of Vermillion and approved by the City Council.

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Commission is financially accountable if its governing body has a voting majority which is appointed by another governing board. This governing board has the ability to impose its will on the organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burden on the primary government of the Commission. The Commission presently has no component unit included within its reporting entity, however it is a component unit of the City of Vermillion, South Dakota.

b. Basis of Presentation:

The Commission represents a public housing Commission engaged in a single government program that provides financial assistance for low- income public housing. As such, the Commission presents a combined net position financial statement.

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting entity as a whole. They include all funds of the reporting entity. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources in a net position form. Net position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into a fund, each of which is considered to be a separate accounting entity. This fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund net position, revenues, and expenses. There is only one major proprietary fund. A fund is considered major if it is the primary operating fund of the organization or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenses of the individual enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenses of the individual enterprise fund are at least 5 percent of the corresponding total for all enterprise funds combined, or
3. Management has elected to classify one or more enterprise fund as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

All of the Commission's activities are accounted for within the proprietary fund.

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.

- 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).

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Fund Financial Statements:

In the fund financial statements, the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary funds.

Basis of Accounting:

Fund Financial Statements

In the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

d. Capital Assets:

Capital assets include 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.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition 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.

The total June 30, 2023 balance of capital assets for business type activities are all valued at original cost.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

Depreciation of all exhaustible capital assets is recorded as an 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 reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$ 500	straight-line	5-12 years

Land, an inexhaustible capital asset, is not depreciated.

In the fund financial statements, capital assets used in proprietary fund operations are accounted for on the accrual basis.

e. Program Revenues:

In the Statement of Revenues, Expenses and Changes in Fund Net Position, reported program revenues derive directly from the program itself or from parties other than the organization's citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

f. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's 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, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

g. Cash and Cash Equivalents:

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

h. 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 borrowing 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 whether 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 position that do not meet the definition of “restricted” or “net investment in capital assets.”

i. 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.

j. Budgets and Budgetary Accounting:

Every year, the Commission proposes and adopts budgets according to the Commission’s policy, procedures and federal program requirements.

k. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies: (Continued)

l. Federal Income Taxes:

No provision for federal income taxes has been made as the Vermillion Housing and Redevelopment Commission is a governmental unit and is, therefore, not liable for income taxes.

m. Compensated Absences:

Annual vacation is earned by the full-time employee based on years of service. Upon termination, employees are entitled to receive compensation for their accrued annual leave balance.

The Commission accrues sick leave benefits based on hours worked. Upon termination, employees are not entitled to receive compensation for their accrued sick leave balance.

The financial statements give effect to this liability. This amount does include employer's share of payroll deductions.

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, 13-16-15, 13-16-15.1 and 13-16-18.1. 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 120 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 – Under SDCL 12-7-31, the Commission has the power to invest reserve and debt service funds. A commission shall have further 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 local governments' funds to be invested only in (a) securities of the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Notes to Financial Statements

June 30, 2023 and 2022

2. Deposits and Investments & Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Custodial Credit Risk – 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 credit risk.

As of June 30, 2023, the VHA had no uninsured deposits.

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.

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. As of June 30, 2023, the Commission had no investments.

Concentration of Credit Risk- The Commission places no limit on the amount that may be invested with any one issuer. As of June 30, 2023, the Commission had no investments.

3. Restricted Cash:

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Purpose</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Restricted by HUD	\$ 41,646	\$ 17,021

4. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. Appropriate allowances for estimated uncollectibles have been established as follows:

	<u>6/30/2023</u>	<u>6/30/2022</u>
Fraud receivables	\$ 6,734	\$ 8,244
Other HUD receivables	9,721	4,389
Allowance for doubtful accounts	(6,734)	(8,244)
	<u>\$ 9,721</u>	<u>\$ 4,389</u>

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Notes to Financial Statements
June 30, 2023 and 2022

5. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows:

	<u>Balance 7/1/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
Business-type activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 3,628	\$ --	\$ --	\$ 3,628
Totals	<u>3,628</u>	<u>--</u>	<u>--</u>	<u>3,628</u>
Less accumulated depreciation	<u>3,628</u>	<u>--</u>	<u>--</u>	<u>3,628</u>
Total capital assets, being depreciated, net	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Business type activities capital assets, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

6. 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; and natural disasters. During the period ended June 30, 2023, the Commission managed its risks as follows:

Liability Insurance:

The Commission purchases liability insurance for risks related to torts; theft or damage to property; 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.

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.

Workers' Compensation:

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

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Notes to Financial Statements
June 30, 2023 and 2022

7. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2023 was as follows:

<u>Restricted by</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
HUD	\$ 41,646	\$ 17,021

8. Current Vulnerability to Certain Concentrations:

The organization's operations are concentrated in the multifamily rental market. In addition, the organization operates in a heavily regulated environment. The operations of the organization are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations, are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Notes to Financial Statements
June 30, 2023 and 2022

9. Unrestricted Net Position:

Reconciliation of Unrestricted Net Position Account Balances:

	<u>Pre - 2004</u>	<u>Post - 2003</u>	<u>Total</u>
Unrestricted Net Asset Balance at 6/30/03	\$ 11,628	\$ --	\$ 11,628
Net Admin Fee Operating Income (Loss) for the year ended 6/30/04	(6,604)	--	(6,604)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/05	(5,024)	(1,089)	(6,113)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/06	--	6,159	6,159
Net Admin Fee Operating Income (Loss) for the year ended 6/30/07	--	778	778
Net Admin Fee Operating Income (Loss) for the year ended 6/30/08	--	3,471	3,471
Net Admin Fee Operating Income (Loss) for the year ended 6/30/09	--	(20,785)	(20,785)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/10	--	1,589	1,589
Net Admin Fee Operating Income (Loss) for the year ended 6/30/11	--	10,660	10,660
Net Admin Fee Operating Income (Loss) for the year ended 6/30/12	--	5,830	5,830
Net Admin Fee Operating Income (Loss) for the year ended 6/30/13	--	911	911
Net Admin Fee Operating Income (Loss) for the year ended 6/30/14	--	(6,919)	(6,919)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/15	--	(2,832)	(2,832)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/16	--	3,661	3,661
Net Admin Fee Operating Income (Loss) for the year ended 6/30/17	--	7,962	7,962
Net Admin Fee Operating Income (Loss) for the year ended 6/30/18	--	9,797	9,797
Net Admin Fee Operating Income (Loss) for the year ended 6/30/19	--	31,010	31,010
Net Admin Fee Operating Income (Loss) for the year ended 6/30/20	--	(12,921)	(12,921)
Net Admin Fee Operating Income (Loss) for the year ended 6/30/21	--	17,798	17,798
Net Admin Fee Operating Income (Loss) for the year ended 6/30/22	--	3,013	3,013
Net Admin Fee Operating Income (Loss) for the year ended 6/30/23	--	14,152	14,152
	<u>\$ --</u>	<u>\$ 72,245</u>	<u>\$ 72,245</u>

Supplementary Information

Vermillion Housing and Redevelopment Commission
(A Component Unit of the City of Vermillion)
Financial Data Schedules
June 30, 2023 and 2022

Line item number & Description	Total Programs	Housing Choice Vouchers	State/Local
111 Cash - Unrestricted	\$69,800	\$61,195	\$8,605
113 Cash - Other Restricted	\$41,646	\$41,646	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$34,393	\$34,393	\$0
100 Total Cash	\$145,839	\$137,234	\$8,605
122 Accounts Receivable - HUD Other Projects	\$9,721	\$9,721	\$0
128 Fraud Recovery	\$6,734	\$6,734	\$0
128.1 Allowance for Doubtful Accounts - Fraud	(\$6,734)	(\$6,734)	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,721	\$9,721	\$0
142 Prepaid Expenses and Other Assets	\$2,750	\$2,750	\$0
150 Total Current Assets	\$158,310	\$149,705	\$8,605
164 Furniture, Equipment & Machinery - Administration	\$3,628	\$3,628	\$0
166 Accumulated Depreciation	(\$3,628)	(\$3,628)	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0
180 Total Non-Current Assets	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$158,310	\$149,705	\$8,605
312 Accounts Payable <= 90 Days	\$4,776	\$4,776	\$0
321 Accrued Wage/Payroll Taxes Payable	\$830	\$830	\$0
322 Accrued Compensated Absences - Current Portion	\$2,448	\$2,448	\$0
342 Unearned Revenue	\$32,344	\$32,344	\$0
347 Inter Program - Due To	(\$6,005)	(\$6,005)	\$0
310 Total Current Liabilities	\$34,393	\$34,393	\$0
354 Accrued Compensated Absences - Non-Current	\$1,421	\$1,421	\$0
350 Total Non-Current Liabilities	\$1,421	\$1,421	\$0
300 Total Liabilities	\$35,814	\$35,814	\$0
511.1 Restricted Net Position	\$41,646	\$41,646	\$0
512.1 Unrestricted Net Position	\$80,850	\$72,245	\$8,605
513 Total Equity - Net Assets / Position	\$122,496	\$113,891	\$8,605
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$158,310	\$149,705	\$8,605

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Financial Data Schedules

June 30, 2023 and 2022

Line item number & Description	Total Programs	Housing Choice Vouchers	State/Local
70600-010 Housing Assistance Payments	\$965,084	\$965,084	\$0
70600-020 Ongoing Administrative Fees Earned	\$154,844	\$154,844	\$0
70600 HUD PHA Operating Grants	\$1,119,928	\$1,119,928	\$0
71100-020 Interest Earned	\$59	\$59	\$0
71100 Total Investment Income - Unrestricted	\$59	\$59	\$0
71400-010 Housing Assistance Payment	\$0	\$0	\$0
71400-020 Administrative Fee	\$0	\$0	\$0
71400 Fraud Recovery	\$388	\$388	\$0
70000 Total Revenues	\$1,120,375	\$1,120,375	\$0
91100 Administrative Salaries	\$95,296	\$95,296	\$0
91200 Auditing Fees	\$8,469	\$8,469	\$0
91310 Bookkeeping Fee	\$5,275	\$5,275	\$0
91500 Employee Benefit Contributions - Administrative	\$13,270	\$13,270	\$0
91600 - Office Expenses	\$6,319	\$6,319	\$0
91800 - Travel	\$927	\$927	\$0
91900 Other	\$10,227	\$10,227	\$0
91000 Total Operating - Administrative	\$139,783	\$139,783	\$0
96130 Workmen's Compensation	\$2,676	\$2,676	\$0
96140 All Other Insurance	\$1,512	\$1,512	\$0
96100 Total Insurance Premiums	\$4,188	\$4,188	\$0
96200 Other General Expenses	\$1,455	\$1,455	\$0
96210 Compensated Absences	\$5,024	\$5,024	\$0
92400 Tenant Services	\$0	\$0	\$0
96000 Total Other General Expenses	\$6,479	\$6,479	\$0
96900 Total Operating Expenses	\$150,450	\$150,450	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$969,925	\$969,925	\$0
97300-010 Mainstream			
97300 Housing Assistance Payments	\$940,460	\$940,460	\$0
97500 Fraud Losses	\$0	\$0	\$0
90000 Total Expenses	\$1,090,910	\$1,090,910	\$0
10030 Operating Transfers from/to Primary Government	\$9,312	\$9,312	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$38,777	\$38,777	\$0

Vermillion Housing and Redevelopment Commission

(A Component Unit of the City of Vermillion)

Financial Data Schedules

June 30, 2023 and 2022

Line Item number & Description	Total Programs	Housing Choice Vouchers	State/Local
11030 Beginning Equity	\$66,698	\$58,093	\$8,605
11170-001 Admin Fee Equity - Beginning Balance	\$66,698	\$58,093	\$8,605
11170-010 Administrative Fee Revenue	\$154,843	\$154,843	\$0
11170-040 Investment Income	\$59	\$59	\$0
11170-045 Fraud Recovery Revenue	\$388	\$388	\$0
11170-050 Other Revenue	\$9,312	\$9,312	\$0
11170-060 Total Admin Fees Revenues	\$164,602	\$164,602	\$0
11170-080 Total Operating Expenses	\$150,450	\$150,450	\$0
11170-100 Other Expenses (Portion of Fraud Losses)	\$0	\$0	\$0
11170-110 Total Expenses	\$150,450	\$150,450	\$0
11170-002 Net Administrative Fee	\$14,152	\$14,152	\$0
11170-003 Administrative Fee Equity - Ending Balance	\$80,850	\$72,245	\$8,605
11170-006 Post-2003 Administrative Fee Reserves	\$80,850	\$72,245	\$8,605
11180-001 HAP Equity - Beginning Balance	\$17,022	\$17,022	\$0
11180-010 Housing Assistance Payment Revenues	\$965,084	\$965,084	\$0
11180-045 Fraud Recovery Revenue	\$0	\$0	\$0
11180-030 Total HAP Revenues	\$965,084	\$965,084	\$0
11180-080 Housing Assistance Payments	\$940,460	\$940,460	\$0
11180-090 Other Expenses (Portion of Fraud Losses)	\$0	\$0	\$0
11180-100 Total HAP Expenses	\$940,460	\$940,460	\$0
11180-002 Net Housing Assistance Payments	\$24,624	\$24,624	\$0
11180-003 HAP Equity - Ending Balance	\$41,646	\$41,646	\$0
11190-210 Total ACC HCV Units	3,576		
11190-220 Unfunded Units	(803)		
11190 Unit Months Available	2,773		
11210 Number of Unit Months Leased	1,833		

Vermillion Housing and Redevelopment Commission

A Component Unit of the City of Vermillion)

Schedule of Expenditures of Federal Awards

June 30, 2023

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:		
Direct Federal Funding:		
Section 8 Housing Choice Voucher Program (Note 3)	14.871	\$ 1,028,992
Emergency Housing Voucher	14.EHV	90,936
Total U.S. Department of Housing and Urban Development		<u>\$ 1,119,928</u>

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Vermillion Housing and Redevelopment Commission under programs of the federal government for the year ended June 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 Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on 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 reimbursement. The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a major federal award program.