

BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
BROOKINGS, SOUTH DAKOTA

PROJECT NUMBERS: SD056VO and SD 056MR  
ANNUAL CONTRIBUTION CONTRACT NUMBER: SD056

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FINANCIAL REPORT

FOR THE ONE YEAR ENDING DECEMBER 31, 2019

WITH INDEPENDENT AUDITOR'S REPORTS

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**INDEPENDENT AUDIT SERVICES, P.C.**

Benjamin Elliott, CPA

P.O. Box 262

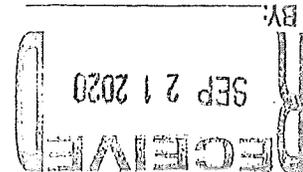
Madison, South Dakota 57042



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C/O 500 EAST CAPITOL  
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(605) 773-3595

RUSSELL A. OLSON  
AUDITOR GENERAL

September 16, 2020



Rich Galbraith, Contracting Officer  
Brookings County Housing and Redevelopment Commission  
PO Box 432  
Brookings, SD 57006-0432

We have reviewed and accepted your audit report on the:

Brookings County Housing and Redevelopment Commission  
(For the Year Ended December 31, 2019)

Our review was limited to the report and did not include a review of the working papers.

Please present a copy of this letter to the governing board to indicate our acceptance of the audit report.

Yours very truly,

Russell A. Olson  
Auditor General

RAO:sld

cc: Benjamin Elliott, CPA  
Independent Audit Services, PC  
PO Box 262  
Madison, SD 57042

BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA

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PROJECT NUMBERS: SD056VO and SD 056MR  
ANNUAL CONTRIBUTION CONTRACT NUMBER: SD056

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FOR THE ONE YEAR ENDING DECEMBER 31, 2019

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

# INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042  
605.270.3020

Board of Commissioners  
Brookings County Housing & Redevelopment Commission  
Brookings, South Dakota

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

I have audited the accompanying financial statements of each major fund of the Brookings County Housing & Redevelopment Commission (Commission), a component unit of Brookings County, South Dakota, as of and for the one year ending December 31, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

I was not engaged to audit "The Giving Closet" which interacted with the Family Self-Sufficiency expense program and had cash of \$5,192.72 at December 31, 2019, which was absorbed into the Family Self-Sufficiency expense program.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinions.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Brookings County Housing & Redevelopment Commission, a component unit of Brookings County, South Dakota as of December 31, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information (No Opinion)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 4 to 7) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 formation and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters - Other Information (Opinion)

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements.

The accompanying combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission (page 19) is presented for the purpose of additional analysis and is not a required part of the basic financial stmts.

The accompanying schedule of expenditures of federal awards (page 20) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The financial data schedule (page 21 and 22) is presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements.

The combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission, the schedule of expenditures of federal awards, and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

Brookings County Housing & Redevelopment Commission  
Independent Auditor's Report - Page Three

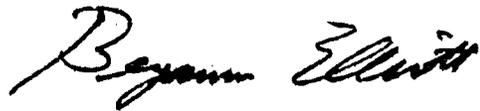
such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Brookings County Housing and Redevelopment Commission, the schedule of expenditures of federal awards and the financial data schedules are 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*, I have also issued my report dated September 8, 2020 (page 23) on my tests of its compliance with certain provisions of laws, regulations, contracts, and other matters and my consideration of the Commission's internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's compliance and internal control over financial reporting.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota

September 8, 2020



**BROOKINGS COUNTY SECT 8 V HOUSING & REDEV COMM**  
**Brookings, South Dakota**

**Management's Discussion and Analysis**  
**December 31, 2019**

Management's Discussion and Analysis (MD&A) is a reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999.

Our discussion and analysis of the Brookings County Sect 8 V Housing & Redev Comm (herein referred to as "the Housing Authority"), Brookings, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2019. Please read the MD&A in conjunction with the Housing Authority's financial statements.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

**Financial Highlights**

Total assets of the Housing Authority for the year ended December 31, 2019 were \$347,523. Total liabilities were \$186,760. Total assets exceeded total liabilities by \$160,763 (net position).

Unrestricted net position totals \$82,783. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December 31, 2019, was \$1,654,546 and expenses totaled \$1,582,753 revenue exceeded expenses by \$71,793.

**Overview of the Financial Statements**

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as program level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information of the Housing Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Position. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis**

The Housing Authority's basic financial statements are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2019. The Statement of Changes in Net Position summarizes the

revenues and sources of those revenues, and expenses incurred in operating the Housing Authority for the year ended December 31, 2019.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program- The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties.

Moderate Rehab Program – Provides assistance to families living in units that were developed by individual owners for low income families and housing assistance provided by the Housing Authority.

Statement of Net Position

FOR THE YEAR ENDED December 31	2019	2018
Current assets and prepaid expense	\$344,963	\$242,135
Inventory held for resale	\$0	\$0
Capital assets, net	\$2,560	\$876
Pension assets, net		
Total Assets	\$347,523	\$243,011
Deferred Outflows of Resources	\$0	\$0
Current liabilities	\$148,128	\$130,098
Non-current liabilities	38,632	\$0
Total liabilities	\$186,760	\$130,098
Deferred Inflow of Resources	\$0	\$0
Net Position		
Invested in capital assets, net of related debt	\$2,560	\$876
Restricted	\$75,001	\$0
Unrestricted	\$82,202	\$112,037
Total Net Position	<u>\$160,763</u>	<u>\$112,913</u>
Total Liabilities, Deferred inflow of Resources and Equity/Net Position	<u>\$347,523</u>	<u>\$243,011</u>

**Comparative Statement of Revenues, Expenses and Changes in Net Position**

FOR THE YEAR ENDED December 31	2019	2018	Change
<b>Program Revenue</b>			
Tenant revenue	\$0	\$0	\$0
Other income	\$4,012	\$1,260	\$2,752
Federal grants and subsidies	\$1,650,176	\$1,672,630	(\$22,454)
Interest income	\$358	\$511	(\$153)
<b>Total revenue</b>	<u>\$1,654,546</u>	<u>\$1,674,401</u>	(\$19,855)
<b>Program Expenses</b>			
Administration	\$173,049	\$167,795	\$5,254
Tenant Services	\$37,966	\$37,966	\$0
Utilities	\$0	\$0	\$0
Ordinary maintenance & operations	\$715	\$0	\$715
Protective services	\$0	\$0	\$0
General expenses	\$4,061	\$12,217	(\$8,156)
Non-routine maintenance	\$0	\$0	\$0
Depreciation	\$528	\$584	(\$56)
Interest Expense	\$0	\$0	\$0
HAP	\$1,366,434	\$1,454,319	(\$87,885)
Pension net revenue			
<b>Total expenses</b>	<u>\$1,582,753</u>	<u>\$1,672,882</u>	(\$90,128)
Gain/loss - disposition of assets	\$0	\$0	\$0
Transfer of funds	\$0	\$0	\$0
<b>Change in Net Position</b>	<u>\$71,793</u>	<u>\$1,519</u>	\$73,312
<b>Beginning Net Position</b>	<u>\$112,913</u>	<u>\$111,394</u>	\$1,519
Prior year adjustments	<u>(\$23,942)</u>		(23,942)
Pension related deferred outflow			
<b>Ending Net Position</b>	<u>\$160,764</u>	<u>\$112,913</u>	(\$17,080)

Federal grants total \$1582,226.

**Capital Assets**

**Capital Assets at Year-end  
(Net of Accumulated Depreciation)**

FOR THE YEAR ENDED December 31	2019	2018	change

Land	\$0	\$0	\$0
Buildings	\$0	\$0	\$0
Furniture, Equipment & Machinery - Admin	8,985	\$12,540	\$3,555
Furniture, Equipment & Machinery - Dwelling	\$0	\$0	\$0
Construction in Progress	\$0	\$0	\$0
Subtotal	\$8,985	\$12,540	\$3,555
Accumulated Depreciation	(\$6,425)	(\$11,664)	(\$5,239)
Total Capital assets	<u>\$2,560</u>	<u>\$876</u>	<u>\$1,684</u>

### **Long Term Debt**

The Housing Authority has no long-term debt.

### **Economic Factors**

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the federal budget for the current year (and future years).

### **Contacting the Housing Authority's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Rich Galbraith, Executive Director, at Brookings County Sect 8 V Housing & Redev Comm, Po Box 432, Brookings, South Dakota 57006 -- (605) 692-1670

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
Project Number: Moderate Rehabilitation - SD056MR  
PHA Code: SD056

STATEMENT OF NET POSITION  
ENTERPRISE FUNDS AS OF DECEMBER 31, 2019

	Section-8 Existing Housing Choice Voucher Fund	Section-8 Moderate Rehabilitation Fund	Totals
	-----	-----	-----
<b>ASSETS:</b>			
<b>Current assets:</b>			
Cash:			
Unrestricted cash:			
Checking - administration	(6,227.45)		(6,227.45)
Checking - FSS expense	12,539.33		12,539.33
Money market	184,444.85		184,444.85
Certificates of deposit - 90 days or less	6,402.82		6,402.82
Restricted cash:			
Money market - FSS escrow	71,908.16		71,908.16
Savings - FSS collateral	2,431.48		2,431.48
Savings - FSS maintenance	26,093.30		26,093.30
Total cash	297,592.49	0.00	297,592.49
Certificates of deposit - more than 90 days	16,648.98		16,648.98
Accounts receivable - tenants	8,102.00	153.00	8,255.00
Accounts receivable - vacated units	(8,102.00)	(153.00)	(8,255.00)
Accounts receivable - HUD	0.00		0.00
Accounts receivable - other	1,474.66		1,474.66
Accounts receivable - SDHDA sec deposits	0.00		0.00
Accrued interest receivable	65.07		65.07
Prepaid insurance	102.90		102.90
Due from other fund		29,079.97	29,079.97
Total current assets	315,884.10	29,079.97	344,964.07
<b>Noncurrent assets:</b>			
Capital assets:			
Equipment - administration	8,984.71		8,984.71
Accumulated depreciation	(6,424.77)		(6,424.77)
Total capital assets	2,559.94	0.00	2,559.94
<b>Total assets:</b>	<u>318,444.04</u>	<u>29,079.97</u>	<u>347,524.01</u>
<b>LIABILITIES:</b>			
<b>Current liabilities:</b>			
Accounts payable	31,103.12		31,103.12
Accounts payable - HUD		16,037.00	16,037.00
Family self-sufficiency (FSS): Escrow	71,908.16		71,908.16
Due to other fund	29,079.97		29,079.97
Total current liabilities	132,091.25	16,037.00	148,128.25
<b>Noncurrent liabilities:</b>			
Family self-sufficiency (FSS):			
Expenses	12,539.33		12,539.33
Mortgage maintenance reserve	26,093.30		26,093.30
<b>Total liabilities</b>	<u>170,723.88</u>	<u>16,037.00</u>	<u>186,760.88</u>
<b>NET POSITION</b>			
Net invested in capital assets	2,559.94		2,559.94
Restricted for HAP payments	75,001.00		75,001.00
Unrestricted - Pre 2004 earnings	13,334.84		13,334.84
Unrestricted - Post 2003 earnings	56,824.38	13,042.97	69,867.35
<b>Total net position</b>	<u>147,720.16</u>	<u>13,042.97</u>	<u>160,763.13</u>

See accompanying notes.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
Project Number: Moderate Rehabilitation - SD056MR  
PHA Code: SD056

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2019

	Section-8 Existing Housing Choice Voucher Fund	Section-8 Moderate Rehabilitation Fund	Totals
	-----	-----	-----
<b>Revenues:</b>			
Intergovernmental revenue:			
HUD operating grants:			
HAP program	1,408,257.00	31,279.00	1,439,536.00
Section 8 administration	166,702.00	5,972.00	172,674.00
FSS administration	37,966.00		37,966.00
Miscellaneous revenue:			
Fraud recovery - HUD	482.00		482.00
Fraud recovery	481.66		481.66
Other income	3,194.30		3,194.30
	-----	-----	-----
<b>Total operating revenues</b>	<b>1,617,082.96</b>	<b>37,251.00</b>	<b>1,654,333.96</b>
	-----	-----	-----
<b>Operating expenses:</b>			
Administration	167,419.11	5,629.90	173,049.01
Tenant services	37,966.00		37,966.00
Maintenance	692.00	23.00	715.00
General expenses	4,000.80	61.00	4,061.80
Housing assistance payments (HAP)	1,277,207.00	31,279.00	1,308,486.00
Family self-sufficiency payments (FSS)	57,947.91		57,947.91
Depreciation	527.77		527.77
	-----	-----	-----
<b>Total operating expenses</b>	<b>1,545,760.59</b>	<b>36,992.90</b>	<b>1,582,753.49</b>
	-----	-----	-----
Operating income (loss):	71,322.37	258.10	71,580.47
<b>Nonoperating revenues (expenses):</b>			
Interest earned	289.90	68.00	357.90
Loss on disposition of property	(146.00)		(146.00)
	-----	-----	-----
Change in net position	71,466.27	326.10	71,792.37
<b>Total net position:</b>			
January 1, 2019	96,266.89	16,645.87	112,912.76
Prior year HUD HAP adjustment	(20,013.00)	(3,929.00)	(23,942.00)
	-----	-----	-----
January 1, 2019, adjusted	76,253.89	12,716.87	88,970.76
	-----	-----	-----
December 31, 2019	147,720.16	13,042.97	160,763.13
	=====	=====	=====

See accompanying notes.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF THE BROOKINGS COUNTY, SOUTH DAKOTA  
BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
Project Number: Moderate Rehabilitation - SD056MR  
PHA Code: SD056

STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2019

	Section-8 Existing Housing Choice Voucher Fund	Section-8 Moderate Rehabilitation Fund	Totals
	-----	-----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating subsidy - HUD HAP	1,436,254.69	37,874.00	1,474,128.69
Operating grant - HUD section 8 administra	166,702.00	5,972.00	172,674.00
Operating grant - HUD FSS administration	37,966.00		37,966.00
Fraud recovery	963.66		963.66
Other income	3,194.30		3,194.30
Housing assistance payments (HAP)	(1,277,207.00)	(31,279.00)	(1,308,486.00)
Family self-sufficiency payments (FSS)	(37,711.75)		(37,711.75)
Payroll and related payments	(37,966.00)		(37,966.00)
Vendor payments	(169,283.33)	(5,713.90)	(174,997.23)
Net cash provided (used) by operating acti	<u>122,912.57</u>	<u>6,853.10</u>	<u>129,765.67</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVI</b>			
Due (from) to other fund	2,992.10	(2,992.10)	0.00
Net cash provided (used) by non-capital fi	<u>2,992.10</u>	<u>(2,992.10)</u>	<u>0.00</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Cash payment for equipment	(2,357.71)		(2,357.71)
Net cash provided (used) by capital financ	<u>(2,357.71)</u>	<u>0.00</u>	<u>(2,357.71)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	480.23	68.00	548.23
Purchase certificates of deposit	(281.59)		(281.59)
Net cash provided (used) by investing acti	<u>198.64</u>	<u>68.00</u>	<u>266.64</u>
Net increase (decrease) in cash and cash equ	<u>123,745.60</u>	<u>3,929.00</u>	<u>127,674.60</u>
Cash - January 1, 2019	193,859.89	0.00	193,859.89
Prior year HUD HAP adjustment	(20,013.00)	(3,929.00)	(23,942.00)
Cash - January 1, 2019, adjusted	<u>173,846.89</u>	<u>(3,929.00)</u>	<u>169,917.89</u>
Cash - December 31, 2019	<u><u>297,592.49</u></u>	<u><u>(0.00)</u></u>	<u><u>297,592.49</u></u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	71,322.37	258.10	71,580.47
Adjustments required for reconciliation:			
Depreciation expense	527.77		527.77
Change in:			
Accounts receivable	27,997.69		27,997.69
Prepaid insurance	2,077.00		2,077.00
Accounts payable	751.58		751.58
Prepaid HAP subsidy		6,595.00	6,595.00
FSS maintenance reserve	70.83		70.83
FSS expense	7,293.93		7,293.93
FSS escrow	12,871.40		12,871.40
Net cash provided (used) by operating acti	<u><u>122,912.57</u></u>	<u><u>6,853.10</u></u>	<u><u>129,765.67</u></u>
Noncash investing, capital and financing activities:			
Loss on disposition of capital asset	146.00		
See accompanying notes.			

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
DECEMBER 31, 2019

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission complies with accounting principles generally accepted in the United States (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

a. Reporting Entity:

The Brookings County Housing and Redevelopment Commission, (Commission) a component unit of Brookings County, South Dakota, was organized in 2001 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C., 1401, et seq.). The Brookings County Commission appoints the five directors of the governing board for five-year staggered terms. The Commission elects its own chairperson and recruits and employs its management personnel and other workers. The Brookings County Commission has the ability to veto or otherwise modify the Commission's decision to construct a specific project and issue debt.

The primary government is Brookings County, South Dakota.

At December 31, 2019, the Commission's officials were:

Brookings County Commission:	Contracting Officer:
Michael Bartley, Commissioner	Richard Galbraith
Brookings County Housing and Redevelopment Commission:	Attorney:
Jason Meusbürger, Chairperson	Brookings County Attorney
Mike Holzhauser	
Angie Schmitz	
Ellie Vandenberg	
Vacant	

The Commission has no significant related party activity with these individuals.

The Commission also has Joint Powers Agreements to administer, through agency funds, the same low income public housing (HAP) programs for Deuel, Hamlin, Kingsbury, and Moody Counties Housing and Redevelopment Commissions.

The Commission administers a Section 8 Existing Housing Choice Voucher Program. The U.S. Dept. of Housing and Urban Development (HUD) funds these programs with tenant rent subsidies. The Commission inspects properties to see that they are kept within HUD guidelines.

Under the Housing Choice Voucher Program, the Commission administers contracts with independent landlords who own the rental property. The Commission subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. Generally, the HAP payment to the landlord is the fair market rent less the family's share, which is usually set at 30% of the family's household income.

The Commission also administers a family self-sufficiency program (FSS) that is accounted for within the housing choice voucher program (CFDA 14.871) as a current liability.

The Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

b. Basis of Presentation:

The accounts are organized on the basis of a fund, which is considered a separate accounting entity. Operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The fund in this financial report is classified as an "enterprise" fund type.

Enterprise funds:

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Commission maintains "Section-8 Existing Housing Choice Vouchers" and "Moderate Rehabilitation" funds to account for the HUD grants and HAP payments made to operate its voucher/FSS and moderate rehabilitation operations. Both of these funds are considered major funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus refers to what financial resources make up a fund. Basis of accounting refers to when revenues and expenses are recognized by a fund and reported in the financial statements.

Enterprise Funds:

Measurement Focus - All enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with a fund are included in its statement of net position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position.

Basis of Accounting - All enterprise funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash is received or paid. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements are satisfied.

d. 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.

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. The Commission has no infrastructure assets.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Capitalization thresholds and estimated useful lives by type of asset is as follows:

Equipment: A threshold of \$500  
Estimated useful life of 5 years

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 estimated fair value on the date donated.

At December 31, 2019 zero percent of capital assets are determined by estimates of historical cost.

The cost of normal maintenance and repairs that do not add value of the assets, or materially extend asset lives, are not capitalized. Improvements that add value, or materially extend asset lives, are capitalized.

Interest costs incurred during construction of general capital assets is capitalized with the capital asset costs.

e. Long-term Liabilities:

The Commission has no long-term liabilities except for FSS expense and homebuyer maintenance reserves. See note 5.

f. Operating and Nonoperating Revenues:

Operating revenues are those associated with voucher and HAP activity. Nonoperating revenues are those not associated with voucher and HAP activity such as interest income.

A landlord's tenant generally pays rent based on the higher of 30% of their adjusted gross income (based on HUD guidelines) or 10% of their gross income. HUD pays the remainder of the rent through a housing assistance payment (HAP) to the landlord based on a landlord's voucher.

HUD requires the Commission to account for money recovered from tenants for misrepresentation or other actions as fraud recovery. Fraud recovery is shared equally between the Commission and HUD.

g. Net Position Classifications:

Net position is displayed in three components:

1. Net Invested in Capital Assets - Consists of capital assets and restricted capital assets, net of accumulated depreciation 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 by either (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 criteria of 1 or 2 above.

h. 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 which can be charged to either restricted or unrestricted net position.

i. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as a reduction of a disbursement in the fund that is reimbursed. All other interfund transactions are reported as transfers.

j. Accounting Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates and assumptions. Following are some of the estimates made by management during the year:

- \* Allowance for doubtful accounts -- estimated uncollectables
- \* Depreciation -- estimated service live

## 2. CASH, DEPOSITS, INVESTMENTS AND CASH FLOWS

Deposits - The Commission deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as 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 better, or a qualified public depository may furnish a corporate surety bond from a corporation authorized to do business in South Dakota.

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

The actual bank balances at December 31, 2019 were: Insured \$318,090.47 and Collateralized\*\* \$0.00 for a total of \$318,090.47.

\*\* Uninsured, collateral jointly held by state's/Commission's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at December 31, 2019 was \$314,241.47.

Investments - In general, SDCL 11-7-31 permits Housing & Redevelopment Commission funds ". . .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."

Additionally, SDCL 4-5-6 permits Housing & Redevelopment Commission funds to be invested only 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) 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 safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

The Commission had no investments during the year ending December 31, 2019 because certificates of deposit are insured or collateralized.

Investment 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.

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. All certificates of deposits are at fixed interest rates for a specified term.

Concentration of Credit Risk - The Commission places no limit on the amount that may be deposited or invested in any one institution. At December 31, 2019 all of the Commission's cash and certificates of deposit are deposited in First bank & Trust, Wells Fargo, Meta Bank, and Great Western Bank.

Credit Risk - The Commission had no credit risks because the Commission had no investments during the year ending December 31, 2019.

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. At December 31, 2019, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are fully FDIC insured.

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

Restricted cash is:

71,908.16	Held for the Family Self-Sufficiency (FSS) Escrow Program including its home ownership clients. This money is held for FSS clients until they complete a five-year program to improve their earned income.
2,431.48	Held as collateral for FSS client loans.
26,093.30	Held in a maintenance reserve for FSS home ownership clients that are using the Housing Voucher program to help purchase a home.
-----	
100,432.94	

3. RECEIVABLES AND PREPAID EXPENSES

Receivables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year.

The premiums on all major insurance policies are charged to prepaid insurance and amortized (expensed) over the life of the policy on a monthly basis.

4. CHANGES IN CAPITAL ASSETS

There was one capital asset purchases in 2019 of \$2,357.71 for a phone system. Capital assets of \$5,912.92 were removed with related accumulated depreciation of \$5,766.92. A loss of \$146.00 was recognized and depreciation of \$527.77 was recognized.

Changes in capital assets for the one-year ending December 31, 2019 are:

	12-31-2018	Additions	Deletions	12-31-2019
Equipment	12,540	2,358	(5,913)	8,985
Accum depr	(11,664)	(528)	5,767	(6,425)
	=====	=====	=====	=====
	876	1,830	(146)	2,560

5. LIABILITIES

At December 31, 2019 liabilities consist of the following:

FSS expense donation deposits	12,539.33
FSS escrow deposits	71,908.16
FSS homebuyer maintenance reserve	26,093.30
	-----
	110,540.79
Accounts payable due vendors	31,103.12
Due HUD	16,037.00
Inter-program due to	29,079.97
	-----
	186,760.88
	=====

The Commission has no debt or no conduit debt.

6. INTERPROGRAM BALANCES

The cost associated with administration are prorated between existing housing choice voucher fund and moderate rehabilitation fund using a revolving account. The proration is determined monthly, set up as a receivable or payable, and collected or paid in the following month. At December 31, 2019 the existing housing choice voucher fund owed the moderate rehabilitation fund \$29,079.97.

7. FAMILY SELF-SUFFICIENCY (FSS) PROGRAM

The Family Self-Sufficiency Program is accounted for within the housing choice voucher program (CFDA 14.871) as a current liability. A recap of the Family Self-Sufficiency Program activity is as follows:

	Checking (donations (for client expenses)	Savings (HUD subsidy) (escrow for client contract)	Savings (Mortgage maintance reserve)
HUD's HAP match to:			
Clients' escrow		57,947.91	
Homebuyers' maintenance accounts			35.00
Return of clients' escrow to Commission (absorption)		10,489.14	
Client disbursement payable		1,143.29	
Year-end disbursement accruals		(11,632.43)	
From Giving Closet	5,192.72		
Private donations	4,500.00		
Interest earned	1.74	17.22	35.83
Client disbursements	(2,400.53)	(45,093.73)	
	-----	-----	-----
Net change in cash	7,293.93	12,871.40	70.83
Cash: December 31, 2018	5,245.40	59,036.76	26,022.47
	-----	-----	-----
Cash: December 31, 2019	12,539.33	71,908.16	26,093.30
	=====	=====	=====

The expense cash is for the Commission to disburse to FSS clients as it sees a need. Escrow cash, based on HUD guidelines, is given to clients after they have fulfilled a five year contract and reached individually established goals. If the client doesn't fulfill their contract, the money is not given to them. Instead the money is "absorbed" and returned to HUD.

8. SECTION-8 VOUCHER NET POSITION

A recap of the Section-8 Voucher Net Position is as follows:

	Restricted (HAP Equity)	Unrestricted (Administration)
HUD - HAP	1,439,536.00	
HUD - administrative fees		172,674.00
HUD - FSS administration		37,966.00
Fraud recovery	482.00	481.66
Other income		3,194.30
HAP to landlords	(1,308,486.00)	
HUD FSS payments	(57,947.91)	
Administration expenses		(173,049.01)
Tenant services		(37,966.00)
Maintenance		(715.00)
General expenses		(4,061.80)
Depreciation		(527.77)
Interest earned		357.90
Loss on property disposition		(146.00)
Allocation	1,416.91	(1,416.91)
	-----	-----
Change in net position	75,001.00	(3,208.63)
Net Position:		
December 31, 2018	0.00	112,912.76
Prior year HUD adjustment		(23,942.00)
	-----	-----
December 31, 2019	75,001.00	85,762.13
	=====	=====

9. PRE-2004 and POST-2003 RETAINED EARNINGS

HUD guidelines allow pre-2004 earnings to be donated to community organizations. Earnings from 2004 and after cannot be donated to community organizations. The activity of Pre-2004 and Post-2003 earning is as follows:

	Total Retained Earnings	Net Invested in Capital Assets	Restricted for HAP Payments	Pre-2004 Earnings	Post-2003 Earnings
December 31, 2018	112,912.76	876.00	0.00	18,367.84	93,668.92
Donation	(5,060.00)			(5,060.00)	
Activity	76,494.47	1,683.94	75,001.00		(190.47)
HUD adjustment	(23,942.00)				(23,942.00)
Interest earnings	357.90			27.00	330.90
December 31, 2019	160,763.13	2,559.94	75,001.00	13,334.84	69,867.35

10. OPERATING LEASES

In 2019 the Commission leased office space for a minimum yearly lease payment of \$6,960. In 2019 the Commission leased an office copy machine for a minimum monthly lease payment of \$96 plus .008 cents per page and a network service charge of \$12.95.

11. ECONOMIC DEPENDENCY

The Commission receives grants from the Department of Housing and Urban Development (HUD). These grants represent 99% of total revenues for the year ending December 31, 2019.

12. COMMITMENTS AND CONTINGENCIES

Litigation: At December 31, 2019 the Commission was not involved in any threatened litigation.

Examinations: The Commission is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing grants given to the Commission in the current and prior years. There were no examinations during the year ended December 31, 2019.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustments by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Commission. The amounts, if any, of expenditures which may be disallowed by HUD cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

Risk Management: The Commission is exposed to various risks of losses related to torts, theft of and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission carries commercial insurance coverage for these risks to the extent deemed prudent by the Commission's management. No claims have been made upon the Commission.

The Commission does not carry worker's compensation insurance, unemployment insurance or employee health insurance because all employees are the responsibility of RAM Housing Specialists, Inc. of Aberdeen, South Dakota.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN NET POSITION OF ALL HOUSING CHOICE VOUCHERS PROGRAMS  
 ADMINISTERED BY THE BROOKINGS COUNTY HOUSING AND  
 REDEVELOPMENT COMMISSION  
 FOR THE YEAR ENDING DECEMBER 31, 2019

	Brookings County Fund (1)	Deuel County Agency Fund	Kingsbury County Agency Fund	Moody County Agency Fund	Hamlin County Agency Fund	Minnehaha County Agency Fund	Port Out Agency Fund
<b>Revenue:</b>							
Intergovernmental revenue:							
HUD operating grants:							
HAP programs	1,439,536.00	1,305,145.00	18,923.00	17,137.00	55,930.00	15,129.00	0.00
Section 8 administrat	172,674.00	172,674.00					
FSS program	37,966.00	37,966.00					
Miscellaneous revenue:							
Fraud recovery - HUD	482.00	482.00					
Fraud recovery	481.66	481.66					
Interest earned	357.90	357.90					
Other	3,048.30	3,048.30					
<b>Total revenue</b>	<b>1,654,545.86</b>	<b>1,520,154.86</b>	<b>18,923.00</b>	<b>17,137.00</b>	<b>55,930.00</b>	<b>15,129.00</b>	<b>0.00</b>
<b>Expenditures:</b>							
Health and welfare:							
Housing assistance paym	1,308,486.00	1,174,095.00	18,923.00	17,137.00	55,930.00	15,129.00	0.00
Family self-sufficiency	57,947.91	57,947.91					
Administrative	173,049.01	173,049.01					
Tenant services	37,966.00	37,966.00					
Maintenance	715.00	715.00					
General expenses	4,061.80	4,061.80					
Depreciation	527.77	527.77					
<b>Total expenditures</b>	<b>1,582,753.49</b>	<b>1,448,362.49</b>	<b>18,923.00</b>	<b>17,137.00</b>	<b>55,930.00</b>	<b>15,129.00</b>	<b>0.00</b>
<b>Excess of revenues over (under)</b>							
<b>expenditures</b>	<b>71,792.37</b>	<b>71,792.37</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Other financing sources (us</b>							
None	0.00						
<b>Change in net position</b>	<b>71,792.37</b>	<b>71,792.37</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Net position:</b>							
January 1, 2019, adjusted	88,970.76	88,970.76	0.00	0.00	0.00	0.00	0.00
December 31, 2019	160,763.13	160,763.13	0.00	0.00	0.00	0.00	0.00

(1) Includes Moderate Rehabilitation program

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 BROOKINGS, SOUTH DAKOTA

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDING DECEMBER 31, 2019

	Federal CFDA Number	2019 Expenditures
Direct Federal Programs:		
U.S. Department of Housing and Urban Development:		
Lower Income Housing Assistance Program		
Section 8 - Moderate Rehabilitation		
PHA Code: SD056MR		
Part of Section 8 Project-Based Cluster	H.856	37,251
Section 8 Housing Choice Vouchers (Note 2)		
PHA Code: SD056VO		
Part of Housing Voucher Cluster	14.871.	1,574,959
PIH Family Self-Sufficiency		
PHA Code: SD056VO		
Not part of a cluster	14.896	37,966
 Total Federal Awards		 1,650,176

Note 1:  
 The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Brookings County Housing and Redevelopment Commission (HRC). It also includes federal grant activity administered by Brookings County HRC for Deuel, Hamlin, Kingsbury, and Moody Counties HRCs. It is presented on the full accrual basis of accounting. The information is presented in accordance with the requirements of OMB Uniform Guidance.

The HRC has not elected to use the 10% de minimis cost rate.

Note 2:  
 This is a major program.

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 DECEMBER 31, 2019

Project Number: Vouchers - SD056VO  
 Project Number: Moderate Rehabilitation - SD056MR  
 PHA Code: SD056

Financial Data Schedule (FDS)  
 For the One Year Ending December 31, 2019  
 Required by the Dept. of Housing  
 and Urban Development (HUD)

Financial Data Schedule

Line Item #	Audit Section-8 Totals 12-31-19	Reclass	Housing	PIH	Section 8
			Choice Vouchers CFDA # 12-31-19	Family Self-Sufficiency CFDA # 12-31-19	MOD Rehab. CFDA # 12-31-19
<b>ASSETS</b>					
Current assets:					
111	Cash - unrestricted	197,159	66,008	131,151	
113	Cash - other restricted (FSS)	0	(104,441)	104,441	
125	Accts Rec - miscellaneous	1,475		1,475	
126	Accts Rec - tenants	8,255	8,255	0	
126.1	Doubtful accounts - tenants	(8,255)	(8,255)	0	
129	Accts Rec - accrued interest	65		65	
131	Investments - unrestricted	16,649	16,649	0	
135	Investments - restricted (FSS)	100,433	30,976	69,457	
142	Prepaid expenses and other assets	102		102	
144	Interprogram due from	29,080			29,080
150	Total current assets:	344,963	9,192	306,691	29,080
Noncurrent assets:					
164	Furniture, equipment - administration	8,985	(5,913)	14,898	
166	Accumulated depreciation	(6,425)	5,913	(12,338)	
160	Total non-current assets:	2,560	0	2,560	0
190	Total assets	347,523	9,192	309,251	29,080
<b>LIABILITIES</b>					
Current liabilities:					
312	Accounts payable	31,103	(3,700)	34,803	
331	Accounts payable - HUD	16,037		0	16,037
342	Unearned revenue	0			
345	Other current liabilities (FSS)	71,908	2,451	69,457	
347	Interprogram due to	29,080		29,080	
310	Total current liabilities	148,128	(1,249)	133,340	16,037
Noncurrent liabilities:					
353	Other (FSS expenses)	12,539	(16,901)	29,440	
353	Other (FSS mortgage maintenance)	26,093	26,093	0	
300	Total liabilities	186,760	7,943	162,780	16,037
<b>NET POSITION</b>					
508.1	Net invested in capital assets	2,560		2,560	
511.4	Restricted net position	75,001	75,001		
512.4	Unrestricted net assets - Pre-2004	13,335	(61,666)	75,001	
512.4	Unrestricted net assets - Post-2003	69,867	(12,086)	68,910	13,043
513	Total net position	160,763	1,249	146,471	13,043
Total liabilities and net position		347,523	9,192	309,251	29,080

BROOKINGS COUNTY HOUSING AND REDEVELOPMENT COMMISSION  
 A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA  
 DECEMBER 31, 2019

Financial Data Schedule (FDS)  
 For the One Year Ending December 31, 2019  
 Required by the Dept. of Housing  
 and Urban Development

Financial Data Schedule

Line Item #	Audit Section-8 Totals 12-31-19	Reclass	Financial Data Schedule		
			Housing Choice Vouchers CFDA # 14.871 12-31-19	PIH Family Self-Sufficiency CFDA # 14.896 12-31-19	Section 8 MOD Rehab. CFDA # 14.856 12-31-19
<b>REVENUE</b>					
70600 HUD PHA operating grants - HAP	1,439,536	(172,674)	1,574,959		37,251
70600 HUD PHA operating grants - admin	172,674	172,674			
70600 HUD PHA operating grants - FSS admin	37,966			37,966	
71100 Investment income - unrestricted	0	(358)	290		68
71400 Fraud recovery	964		964		
71500 Other revenue	3,194		3,194		
700 Total revenue	1,654,334	(358)	1,579,407	37,966	37,319
<b>EXPENSES</b>					
Expenses - administrative:					
91200 Auditing fee	4,700		4,100		600
91300 Management fee	126,103		122,507		3,596
91600 Office expenses	29,930		28,812		1,118
91900 Other	12,316		12,000		316
Expenses - tenant services:					
92100 Salaries	37,966			37,966	
Expenses - maintenance:					
94300 Ordinary maintenance	715	23	692		
Expenses - general:					
96120 Liability insurance	2,077		2,016		61
96140 All other insurance	177		177		
96200 Other general expenses	1,807	394	1,390		23
97300 Housing Assistance Payments	1,308,486	1,308,486			
97300 Housing Assistance Payments (FSS)	57,948	57,948			
97400 Depreciation	528	528			
96900 Total operating expenses	1,582,753	1,367,379	171,694	37,966	5,714
Other expenses:					
97300 Housing Assistance Payments	0	(1,367,683)	1,336,404		31,279
97400 Depreciation	0	(674)	674		
90000 Total expenses	1,582,753	(978)	1,508,772	37,966	36,993
Other financing sources (uses):					
71100 Investment income - unrestricted	358	358			
71600 Loss on disposition of capital asset:	(146)	(146)			
10100 Total other financing sources (uses):	212	212	0	0	0
10000 Change in net position	71,793	832	70,635	0	326
<b>NET POSITION</b>					
11030 Beginning	112,913		96,267		16,646
11040 Prior period adjustments	(23,943)	417	(20,431)		(3,929)
11170 Ending administrative fee equity	160,763	1,249	146,471	0	13,043

REPORT ON  
COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
Brookings County Housing & Redevelopment Commission  
Brookings, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of the Brookings County Housing & Redevelopment Commission (Commission), a component unit of Brookings County, South Dakota, as of December 31, 2019, and for the one year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated September 8, 2020, which was unmodified.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

*Internal Control Over Financial Reporting*

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of Brookings County Housing & Redevelopment Commission's internal control.

A deficiency in internal control exist 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 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 the attention of those charged with governance.

Report on Compliance and Other Matters and on Internal Control  
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My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of Brookings County Housing & Redevelopment Commission in a separate Letter of Comments dated September 8, 2020.

Purpose of the Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's compliance and internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota



September 8, 2020

Report on Internal Control over Compliance

Management of the Brookings County Housing and Redevelopment Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs. In planning and performing my audit of compliance, I considered the Commission's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance with the Commission's major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or 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.

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

I did note minor matters involving internal control over compliance that I reported to the governing body and management of Brookings County Housing & Redevelopment Commission in a separate Letter of Comments dated September 8, 2020.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota



September 8, 2020

BROOKINGS COUNTY HOUSING & REDEVELOPMENT COMMISSION  
A COMPONENT UNIT OF BROOKINGS COUNTY, SOUTH DAKOTA

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR END DECEMBER 31, 2019

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Prior Federal Audit Findings:

There were no prior year federal audit findings.

Prior Other Audit Findings:

There were no prior year other audit findings.

SCHEDULE OF CURENT AUDIT FINDINGS AND QUESTIONED COSTS

I. Summary of Auditor's Results

*Financial Statements:*

Type of auditor's report issued:	Unmodified
Material noncompliance noted:	None Reported
Internal control over financial reporting:	
* Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported

*Federal Awards:*

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
* Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No
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Identification of major program:

Dept. of Housing and Urban Development:  
CFDA No. 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B federal award programs.	\$750,000
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Does the Brookings County Housing and Redevelopment Commission qualify as a low-risk auditee?	Yes
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II. Financial Statement Findings

None Reported

III. Federal Award Findings and Questioned Costs

None Reported

IV. Prior Year Findings

None Reported