

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

CONTENTS

Independent Auditors' Report	4-7
---	-----

Management's Discussion and Analysis	8-17
---	------

Basic Financial Statements

Statement of Net Position	18-19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21-22
Notes to Financial Statements.....	23-46

Supplementary Information

Supplementary Financial Data Schedule	47-72
Statement of Actual Modernization Costs - Uncompleted	73
Statement of Actual Grant Costs.....	74
Statement of Actual Grant Costs - Uncompleted.....	75
Schedule of Expenditures of Federal Awards.....	76
Notes to Schedule of Expenditures of Federal Awards	77

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

CONTENTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	80-82
Schedule of Findings and Questioned Costs.....	83-84
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	85-86

INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
Housing and Redevelopment Authority of Duluth, Minnesota
Duluth, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Housing and Redevelopment Authority of Duluth, Minnesota, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing and Redevelopment Authority of Duluth, Minnesota'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 financial position of the Housing and Redevelopment Authority of Duluth, Minnesota, as of September 30, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing and Redevelopment Authority of Duluth, Minnesota 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing and Redevelopment Authority of Duluth, Minnesota'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 Management's Discussion and Analysis 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 an opinion on the financial statements that collectively comprise the Housing and Redevelopment Authority of Duluth, Minnesota's basic financial statements. The supplementary information on pages 47 through 75, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, 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)*, 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 supplementary information on pages 47 through 75, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, 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*, we have issued our report dated June 28, 2024 on our consideration of the Housing and Redevelopment Authority of Duluth, Minnesota's internal control over financial reporting and 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 Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota's internal control over financial reporting and compliance.

Marum LLP

Boston, MA

June 28, 2024

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

The Housing and Redevelopment Authority of Duluth, Minnesota (the Authority) is pleased to present its basic financial statements as of and for the year ended September 30, 2023, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended September 30, 2023, with comparative data for the year ended September 30, 2022. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at September 30, 2023 by \$80,148,873 (net position), representing an increase of \$6,385,439 from the prior year.
- Total revenues increased by \$7,521,080 from the prior year, while total expenses increased by \$2,432,235.
- The Authority's current ratio that measures liquidity decreased during the year from 13.27 to 8.35.
- The Authority's total debt decreased from \$11,358,201 to \$11,238,841.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established (1) to provide sufficient supply of adequate, safe, and sanitary dwellings in or to protect health, safety, morals and welfare of the citizens of the state; (2) to clear and redevelop blighted areas; (3) to perform those duties according to the city's comprehensive plans; (4) to remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situations in which private enterprise would not act without government participation or subsidies; and (5) in cities of the first class, to provide housing for persons of all income. These services are provided through the administration of the following programs:

Federal Programs

- Section 8 Housing Choice Voucher Program
- Mainstream Vouchers
- Emergency Housing Vouchers
- Low Rent Public Housing Program
- Public Housing Capital Fund Program
- Family Self Sufficiency Program
- Section 8 Moderate Rehabilitation Program

Other Programs

- Central Office Cost Center
- Business Activities

Component Units

- Red Rock, LLC
- Harborview Phase I, LLC
- North Pointe Apartments, LLC
- Bluewater Housing, LLC
- Harborview Phase V, LLC
- Harborview Phase VI, LLC

For additional information on the Authority's programs, see the notes to financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at September 30, 2023 compared to September 30, 2022. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION

September 30, 2023 and 2022

	2023	2022	Change	% Change
Current Assets	\$ 27,637,401	\$ 22,105,272	\$ 5,532,129	25.03%
Capital Assets	37,779,819	33,027,574	4,752,245	14.39%
Other Noncurrent Assets	33,599,597	35,827,265	(2,227,668)	-6.22%
Total Assets	99,016,817	90,960,111	8,056,706	8.86%
Current Liabilities	3,310,147	1,665,716	1,644,431	98.72%
Noncurrent Liabilities	11,519,588	11,668,505	(148,917)	-1.28%
Total Liabilities	14,829,735	13,334,221	1,495,514	11.22%
Deferred Inflows of Resources	4,038,209	3,862,456	175,753	4.55%
Net investment in capital assets	25,980,460	31,622,574	(5,642,114)	-17.84%
Restricted	1,917,537	5,732,772	(3,815,235)	-66.55%
Unrestricted	52,250,876	36,408,088	15,842,788	43.51%
Total Net Position	\$ 80,148,873	\$ 73,763,434	\$ 6,385,439	8.66%

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

Total assets of the Authority at September 30, 2023 and 2022 were \$99,016,817 and \$90,960,111, respectively, a change of 8.86%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and leases and notes receivable. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the Authority at September 30, 2023 and 2022 were \$14,829,735 and \$13,334,221, respectively, a change of 11.22%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt.

Deferred inflows and outflows of resources relate to the Authority's leases and general tax levies. In 2023, the Authority's deferred inflows increased by \$175,753. This change is the result of an increase in general tax levy related deferred inflows of resources.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by \$15,842,788, or 43.51%, for the fiscal year.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended September 30, 2023 compared to the year ended September 30, 2022. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended September 30, 2023 and 2022

	2023	2022	Change	% Change
Revenue				
Operating Revenues	\$ 27,229,554	\$ 22,838,201	\$ 4,391,353	19.23%
Non-operating Revenues	4,713,655	1,583,928	3,129,727	197.59%
Total Revenues	31,943,209	24,422,129	7,521,080	30.80%
Expenses				
Housing assistance payments	9,742,079	8,419,306	1,322,773	15.71%
Administration	6,626,202	6,187,344	438,858	7.09%
Repair and maintenance	3,916,372	3,379,310	537,062	15.89%
Depreciation expense	2,312,582	2,198,563	114,019	5.19%
Utilities	1,146,418	1,149,363	(2,945)	-0.26%
Other general expenses	650,211	988,168	(337,957)	-34.20%
Insurance expense	425,019	394,173	30,846	7.83%
Protective services	294,480	212,231	82,249	38.75%
Tenant services	101,214	53,734	47,480	88.36%
Interest expense	343,193	143,343	199,850	139.42%
Total Expenses	25,557,770	23,125,535	2,432,235	10.52%
Change in Net Position	6,385,439	1,296,594	5,088,845	392.48%
Net Position - Beginning of Year	73,763,434	72,466,840	1,296,594	1.79%
Net Position - End of Year	\$ 80,148,873	\$ 73,763,434	\$ 6,385,439	8.66%

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended September 30, 2022 to September 30, 2023 include the following:

- Operating revenues increased by \$4,391,353, or 19.23%, due to an increase in subsidy for the Housing Choice Voucher and Emergency Housing Voucher programs and an increase in income from the Authority's investment portfolio.
- Nonoperating revenues increased by \$3,129,727, or 197.59%, due to an increase in capital grant activity funded through the Capital Fund Program.
- Housing assistance payments increased by \$1,322,773, or 15.71%, due to an increase in leasing activity and an increase in average contract rents.
- Repair and maintenance expenses increased by \$537,062, or 15.89%, due to an increase in maintenance expenses related to the Bluewater Housing, LLC property.
- Administrative expenses increased by \$438,858, or 7.09%, due to an increase in legal fees related to redevelopment activity as well as an increase in salary and benefits expense.
- Interest expense increased by \$199,850, or 139.42%, due to a full year of interest expense from debt agreements entered into during fiscal year 2022.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, capital assets, net of accumulated depreciation was \$37,779,819 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from September 30, 2022 to September 30, 2023:

CAPITAL ASSET ANALYSIS

September 30, 2023 and 2022

	2023	2022	Change	% Change
Land	\$ 3,009,450	\$ 3,009,449	\$ 1	0.00%
Buildings	89,582,257	86,893,838	2,688,419	3.09%
Furniture and equipment	13,255,587	13,266,049	(10,462)	-0.08%
Construction in progress	6,319,512	2,564,484	3,755,028	146.42%
Total capital assets	112,166,806	105,733,820	6,432,986	6.08%
Accumulated depreciation	(74,386,987)	(72,706,246)	(1,680,741)	2.31%
Capital assets, net of accumulated depreciation	<u>\$ 37,779,819</u>	<u>\$ 33,027,574</u>	<u>\$ 4,752,245</u>	14.39%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found at Note 10 in the notes to financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT’S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

Long-Term Debt

At September 30, 2023, the Authority had total long-term debt of \$11,238,841, a decrease of \$119,360 compared to the prior year. Additional information on the Authority’s long-term debt can be found in the notes to financial statements.

LONG TERM DEBT ANALYSIS September 30, 2023 and 2022

	2023	2022	Change	% Change
Long term debt	\$ 11,238,841	\$ 11,358,201	\$ (119,360)	-1.05%

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

OWNED HOUSING AND RENT SUBSIDY PROGRAMS:

The Authority completed its RAD conversion in April 2024, and now looks to use the Section 22 Streamlined Voluntary Conversion repositioning option for its remaining 150 units of public housing (46 scattered site units and 104 mixed finance public housing units). Using HUD’s repositioning options will allow the Authority to keep the units affordable and sustainable into the future. We anticipate being fully converted by the end of FY25.

Utilization of housing choice vouchers continues to be a struggle for our voucher holders. The success rate still hovers at around 40 percent despite the implementation of “success rate payment standards.” In addition to utilizing the higher payment standards, the Authority continues to work with the U.S. Department of Housing and Urban Development (HUD) on strategies for increasing utilization including landlord engagement and outreach. The Authority has implemented bi-monthly and/or quarterly landlord education sessions available to all landlords in Duluth. The popularity of these education sessions has grown as the Minnesota State Legislature has passed sweeping landlord-tenant reforms. In addition, the Authority will continue to look at housing development and project basing vouchers in new developments as one way of increasing utilization.

In FY25 the Authority also expects to be awarded Bring It Home Minnesota rental assistance vouchers. The plan is to project base these vouchers so they do not compete with our federal program. The Administrative fees for both the Bring It Home vouchers as well as the new RAD-PBV vouchers will assist the Rent Subsidy department with funds to administer these programs. The hope is that this department will no longer need support from the Authority’s tax levy.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

REHABILITATION OF EXISTING HOUSING STOCK AND NEW HOUSING DEVELOPMENT:

The Authority is actively working with the City's Planning and Economic Development Department to utilize its revolving loan funding. Through these funds the Authority not only offers low interest loans to landlords who keep their rents affordable and rent to low-income renters, but also offers zero interest deferred loans to income eligible homeowners for needed housing rehabilitation. These programs help extend the life of the home and assist in building equity for our low and moderate income homeowners.

The Authority continues to manage the City of Duluth's Housing Trust Fund to provide low and no-interest financing for new housing construction and substantial rehabilitation of existing housing. Other resources the Authority offers to low and moderate income homeowners include its board approved Small Repair and Emergency Repair Programs, Minnesota Housing Impact Funds for exterior renovations, and Minnesota Housing Impact Funds for lead service line replacement and fuel oil furnace conversion. These programs, administered through the Authority's Rehab and Real Estate Department, continue to make an impact in the preservation of the older housing stock in Duluth.

The Authority (1) developed and began leasing 18 cottages (mixed income) in October 2023, (2) is building a 70 unit affordable senior multi-family rental project in the Harbor Highlands neighborhood (completion and leasing anticipated in October 2024), and (3) has broken ground on a 40 unit affordable family townhome project in the Harbor Highlands neighborhood (completion and leasing anticipated in June 2025).

These three developments will add 128 units of housing to Duluth at varying levels of affordability and include units set aside for veterans, people with disabilities, and people experiencing homelessness.

The Authority is looking at new opportunities for housing development to add more affordable units to our community. This includes workforce home ownership developments in the Morgan Park and Hillside neighborhoods. In addition, the Authority is assisting local non-profits acquire land and/or receive funding to develop mission-specific housing and support BIPOC and women owned housing developers. The Authority is also available to assist the City in meeting its workforce housing development goals through lot/land development.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

MANAGEMENT'S DISCUSSION & ANALYSIS

SEPTEMBER 30, 2023

LOCAL COLLABORATION AND FIGHT TO END HOMELESSNESS:

In addition to the plethora of rent subsidy programs aimed at addressing homelessness, the Authority continues its membership in Duluth's Affordable Housing Coalition and financially supports both the Coordinated Entry System and the Tenant Landlord Connection. The Authority continues to house the homeless warming center in its Lincoln Park Community Center from approximately October 15 to April 15 each year.

The Authority's Construction Training Pilot Program continues to thrive through its partnership with Community Action Duluth. This program exposes low-income residents to the construction trades. The goal of this program is to move the needle on poverty by providing training and placement into good paying jobs. This program also addresses blighted properties by rehabilitating houses and selling them to low or moderate income households for home ownership. This program received a National NAHRO Award of Merit in 2023.

The Authority's first net-zero energy construction loan was successfully deployed and paid back. We hope to use this revolving loan fund to spur additional energy efficient/green development initiatives.

The Authority is a voice for affordable housing through advocacy at both the state and federal level. Overall, through these advocacy and other efforts, the Authority continues to provide decent, safe, and affordable housing to nearly 2,700 families per day through our housing programs, and continues to serve the city's overall housing and community redevelopment needs.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Jill Keppers, Executive Director, Housing and Redevelopment Authority of Duluth, Minnesota, 22 East Second Street, Duluth, MN 55816.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 8,201,260
Restricted cash	1,024,890
Accounts receivable, net	2,985,638
Interest receivable	527,094
Current portion of notes receivable	265,588
Current portion of leases receivable	112,872
Investments	12,573,849
Prepaid expenses and other current assets	422,987
Assets held for sale	<u>1,523,223</u>
Total Current Assets	<u>27,637,401</u>

Noncurrent Assets

Restricted cash	5,524,083
Restricted investments	987,476
Notes receivable, net of current portion	24,005,559
Leases receivable, net of current portion	3,082,479
Capital assets, non-depreciable	9,328,962
Capital assets, net of accumulated depreciation	<u>28,450,857</u>
Total Noncurrent Assets	<u>71,379,416</u>

TOTAL ASSETS	<u>99,016,817</u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF NET POSITION (CONTINUED)

SEPTEMBER 30, 2023

LIABILITIES

Current Liabilities

Accounts payable	\$ 1,068,223
Accounts payable, HUD	18,878
Accounts payable, other government	344,748
Current portion of long term debt	193,697
Accrued wages and current portion of compensated absences	272,671
Other current liabilities	169,430
Other accrued expenses	25,142
Unearned revenue	940,443
Tenant security deposits	<u>276,915</u>
Total Current Liabilities	<u>3,310,147</u>

Noncurrent Liabilities

Long term debt, net of current portion	11,045,144
Accrued compensated absences, net of current portion	415,964
Other noncurrent liabilities	<u>58,480</u>
Total Noncurrent Liabilities	<u>11,519,588</u>

TOTAL LIABILITIES	<u>14,829,735</u>
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DEFERRED INFLOWS OF RESOURCES	<u>4,038,209</u>
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NET POSITION

Net investment in capital assets	25,980,460
Restricted:	
Housing assistance payments	117,939
Other	1,799,598
Unrestricted	<u>52,250,876</u>
TOTAL NET POSITION	<u>\$ 80,148,873</u>

The accompanying notes are an integral part of these financial statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

OPERATING REVENUES

HUD grants	\$ 17,335,808
Tenant rental income	4,409,399
Other revenue	3,597,495
Other government grants	<u>1,886,852</u>
Total Operating Revenues	<u>27,229,554</u>

OPERATING EXPENSES

Housing assistance payments	9,742,079
Administration	6,626,202
Repair and maintenance	3,916,372
Depreciation expense	2,312,582
Utilities	1,146,418
Other general expenses	650,211
Insurance expense	425,019
Protective services	294,480
Tenant services	<u>101,214</u>
Total Operating Expenses	<u>25,214,577</u>

Operating Income	<u>2,014,977</u>
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NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	1,661,012
Interest expense	<u>(343,193)</u>
Total Nonoperating Revenues (Expenses)	<u>1,317,819</u>

Income before Capital Grants	3,332,796
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CAPITAL GRANTS

HUD capital grants	<u>3,052,643</u>
Total Capital Grants	<u>3,052,643</u>

Change in Net Position	6,385,439
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Net Position, Beginning of Year	<u>73,763,434</u>
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Net Position, End of Year	<u><u>\$ 80,148,873</u></u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 17,449,070
Other government grants	2,042,338
Receipts from tenants	3,931,790
Other operating receipts	3,317,657
Payments to employees	(5,227,598)
Payments to suppliers	(6,949,885)
Payments to landlords	<u>(9,742,079)</u>
Net cash provided by operating activities	<u>4,821,293</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants	3,052,643
Interest expense	(343,193)
Payments on long term debt	(119,360)
Acquisitions of capital assets	<u>(7,064,827)</u>
Net cash used in capital and related financing activities	<u>(4,474,737)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	1,456,919
Proceeds from the sale of investments	<u>5,550,980</u>
Issuance of notes receivable	<u>(3,585,358)</u>
Net cash provided by investing activities	<u>3,422,541</u>

Net increase in cash, cash equivalents and restricted cash	3,769,097
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Cash, cash equivalents and restricted cash, beginning of year	<u>10,981,136</u>
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Cash, cash equivalents and restricted cash, end of year	<u>\$ 14,750,233</u>
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The accompanying notes are an integral part of these financial statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Reconciliation of operating income to net cash provided by operating activities:

Operating Income	\$ 2,014,977
Adjustments:	
Depreciation	2,312,582
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(232,836)
(Increase) decrease in accounts receivable, other	(990,579)
(Increase) decrease in accounts receivable, HUD	99,345
(Increase) decrease in accounts receivable, other government	155,486
(Increase) decrease in prepaid expenses and other current assets	(312,522)
(Decrease) increase in accounts payable	601,069
(Decrease) increase in accounts payable, HUD	13,917
(Decrease) increase in accounts payable, other government	226,599
(Decrease) increase in compensated absences and accrued wages	5,425
(Decrease) increase in deferred inflows of resources	174,071
(Decrease) increase in accrued expenses and other current liabilities	(16,518)
(Decrease) increase in tenant security deposits	24,104
(Decrease) increase in unearned operating revenue	746,173
Net cash provided by operating activities	<u>\$ 4,821,293</u>

Cash, cash equivalents and restricted cash per Statement of Net Position:

Cash and cash equivalents	\$ 8,201,260
Restricted cash - current	1,024,890
Restricted cash - noncurrent	<u>5,524,083</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u><u>\$ 14,750,233</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION

The Housing and Redevelopment Authority of Duluth, Minnesota (the Authority) is a public body, corporate and politic, of the State of Minnesota, created by the City of Duluth (the City) pursuant to the Minnesota Housing and Redevelopment Authority Act of 1947. The powers of the Authority are vested in its seven-member Board of Commissioners, the members of which are appointed by the Mayor of Duluth.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher, Mainstream Voucher Program and the Emergency Housing Voucher Program – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard. Mainstream vouchers assist non-elderly persons with disabilities. Aside from serving a special population, Mainstream vouchers are administered using the same rules as other housing choice vouchers.

The Emergency Housing Voucher (EHV) program is available through the American Rescue Plan Act (ARPA). HUD awarded the Authority 27 Emergency Housing Vouchers in order to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION (CONTINUED)

Family Self- Sufficiency – FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards home-ownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling.

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner received a subsidy equal to the difference between an approval contract rent and the tenant’s share of the rent.

Other Programs

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly management and bookkeeping fee.

Business Activities – The Authority uses this program to account for management services that it provides to third parties and other non-federal activities.

Component Units

The Authority’s financial statements include the accounts of all of the Authority’s operations. The criteria for including organizations as component units within the Authority’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization’s board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION (CONTINUED)

Component Units (Continued)

Based on the aforementioned criteria and because of the nature and significance of their operational or financial relationships with the Authority, there are several organizations that are considered to be component units and are included in the Authority's reporting entity. These blended component units, although legally separate entities are, in substance, part of the Authority's operations.

Separate financial information for each of the following blended component units is presented in Note 18:

Red Rock, LLC – The Authority is the sole member of Red Rock, LLC (Red Rock). Red Rock's only activity is 0.01% interest in Harborview Phase I, LLC as described below.

Harborview Phase I, LLC – Harborview Phase I, LLC owns and operates a 44-unit low-income housing project located in Duluth, Minnesota. Equity interest in Harborview Phase I, LLC (Harborview) is assigned 99.99% to the Authority and .01% to Red Rock. Harborview is included in these financial statements with its year ended December 31, 2023. Harborview issues stand-alone financial statements, which can be obtained from the Housing and Redevelopment Authority of Duluth located at 222 East Second Street, Duluth, Minnesota 55816, Attention: Deputy Director.

North Pointe Apartments, LLC – North Pointe Apartments, LLC (North Pointe) was formed during 2021 to facilitate the transition from traditional public housing into a multifamily platform. The Authority is the sole member of North Pointe. North Pointe owns and operates King Manor and Tri Towers rental properties under the provisions of a regulatory agreement with the U.S. Department of Housing and Urban Development. These properties were transferred to North Pointe from the Authority during 2022 as part of the Rental Assistance Demonstration conversion whereby properties are converted from public housing to project-based rental assistance.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 1 – ORGANIZATION (CONTINUED)

Bluewater Housing, LLC – Bluewater Housing, LLC (Bluewater) was formed during 2021 to facilitate the transition from traditional public housing into a multifamily platform to occur in subsequent years. The Authority is the sole member of Bluewater. The properties were transferred to Bluewater from the Authority in October 2022 as part of its Section 18 conversion whereby properties are converted from public housing to project-based Section 8 vouchers.

Harborview Phase V, LLC – Harborview Phase V, LLC was formed during 2020 for the purpose of applying for funding to Minnesota Housing for the construction of the Skyridge Flats affordable senior housing development to be built in subsequent years if funded. The Company has no activity as of September 30, 2023.

Harborview Phase VI, LLC – Harborview Phase VI, LLC was formed during 2022 for the purpose of applying for funding from Minnesota Housing for the construction of Harbor Highlands Phase VI Townhomes, an affordable family housing development to be built in subsequent years if funded. The Company has no activity as of September 30, 2023.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW ACCOUNTING STANDARDS ADOPTED

During 2023, the Authority adopted the following accounting standards that did not impact the Authority's financial statements.

GASB Statement Number	Name
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>
96	<i>Subscription-Based Information Technology Arrangements</i>

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased. Also included in cash equivalents are non-negotiable certificates of deposits, recorded at cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

INVESTMENTS

The Authority's investments are accounted for at either amortized cost or at fair value, which is the price that would be received to sell the investment in an orderly transaction between market participants at the measurement date. Fair value of actively traded securities is determined by the reported market value of securities and mutual funds trading on national exchanges. Values of securities not actively traded are based on observable inputs of similar financial instruments or on the fair value of the underlying assets. Realized gains and losses are determined on the specific-identification method. Accrued income on investments is recorded as earned, since it is both measurable and available. Investment transactions are recorded on the settlement date.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS (CONTINUED)

The Authority can only invest in the following U.S. Department of Housing and Urban Development (HUD)-approved instruments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government sponsored agencies, demand and savings deposits, money market deposit accounts, municipal depository fund, super NOW accounts, certificates of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD-approved list.

Minnesota Statutes §118A.04 and §118A.05 generally authorize the following types of investments as available to the Authority:

- Securities that are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage backed securities defined as “high risk” by Minnesota Statutes §118A.04, subd. 6;
- Mutual funds through shares of registered investment companies provided the mutual fund receive certain ratings depending on its investments;
- General obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states, provided such obligations have certain specified bond ratings by a national bond rating service;
- Bankers’ acceptances of United States banks;
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE (CONTINUED)

Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

TAXES RECEIVABLE/TAXES REVENUE

The Authority levies property taxes in December of each year to finance the budgeted expenditures of the following fiscal year. The levies become an enforceable lien on the properties on the first Monday in January. The Authority's board approves the tax capacity rates for the support of the Authority's activities. The tax capacity rates are also approved by the Duluth City Council. Property owners are required to pay one-half of their real estate taxes by May 15 and the balance by October 15. The County assesses and collects the property taxes and remits the portion collected for the Authority in July and December of each year. Property taxes certified in December 2022 and payable in 2023 are recognized as revenues for the fiscal year ended September 30, 2023; the tax levies are prorated based on the months in the fiscal year.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	15-40 years
Land and Building Improvements	15-40 years
Furniture, Equipment and Machinery	3-27 years

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2023.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (AS LESSOR)

The Authority is a lessor of rooftop space on its high-rise buildings for communication towers. The Authority recognizes a lease receivable and a deferred inflow of resources. The Authority recognizes lease receivables with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

ASSETS HELD FOR DEVELOPMENT

Assets held for development, including land and buildings, are recorded at cost and are not depreciated. The Authority defines assets held for development as all costs associated with purchasing and improving an asset so the asset is in a condition in which it can be sold to the public.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

The Authority has contracts with several different employee groups. Employee benefits under the contracts are different but generally include provisions for sick leave and vacation leave. Vacation is earned by all non-temporary employees. Employees may carry up to 30 days of vacation to subsequent years during their first 20 years of employment and up to 38 days thereafter. This carryover is in addition to any vacation accrued in the current year. Vacation is accrued as earned. Total accrued compensated absences at September 30, 2023 aggregated \$622,603.

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

ECONOMIC DEPENDENCY

The Authority's federal programs are economically dependent on grants and annual contributions from HUD. These programs operate at a loss prior to receiving these grants and contributions.

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of net assets that applies to future periods. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to leases. At September 30, 2023, deferred inflows of resources were \$4,038,209.

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2024, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in these financial statements.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 3 – NET POSITION

Net position is reported in three categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. At September 30, 2023, the net investment in capital assets was \$25,980,460.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At September 30, 2023, restrictions represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments and other restricted net position for projects, loans and reserves. At September 30, 2023, restricted net position was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 117,939
Hope VI project	922,476
Revolving loan	170,057
Operating reserves	219,941
CDBG program	55,388
State of Minnesota programs	158,142
Other reserves	273,594
Total	<u>\$ 1,917,537</u>

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At September 30, 2023, the unrestricted net position was \$52,250,876.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk – Cash Deposits

At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. Management believes that no significant risk exists with respect to cash balances as of September 30, 2023.

Investments - Credit Risk

Pursuant to HUD's Cash Management and Investment Policies and Procedures, the Authority is authorized to invest in various investment instruments including, but not limited to, U.S. Treasury Bills, Notes and Bonds, obligations of federal government agencies, demand and savings deposits, Municipal Depository Fund accounts, repurchase agreements, and certificates of deposit. The objectives of the policy are: safety of principal, yield on investments, liquidity of investments, and maintaining scheduled maturities that are consistent with cash needs.

The Authority's investment policy generally limits the maturities of investments to not more than three years. However, the Authority may invest in securities with maturities in excess of three years if they can be traded in the secondary market. Eligible investments shall be consistent with those permitted by HUD's Cash Management and Investment Policies and Procedures. The Authority's investments, along with their investment maturities and credit quality ratings as of September 30, 2023 are as follows:

Type of Investment	Fair Value	Average Rating	<u>Investment Maturity (in Years)</u>		
			1	1-2	2-3
Money Market Funds	\$ 178,176	N/A	\$ 178,176	\$ --	\$ --
Government Obligations	<u>13,383,149</u>	AAA	<u>7,095,782</u>	<u>6,287,367</u>	<u>--</u>
Total	<u>\$ 13,561,325</u>		<u>\$ 7,273,958</u>	<u>\$ 6,287,367</u>	<u>\$ --</u>

Investments - Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Authority's investment policy generally limits the maturities of investments to not more than three years to reduce the risk of impact on the fair value of investments. However, the Authority may invest in securities with maturities in excess of three years if they can be traded in the secondary market.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority follows HUD's Cash Management and Investment Policies and Procedures.

NOTE 5 – RESTRICTED CASH AND INVESTMENTS

The Authority's restricted cash balance consists of funds restricted for future HAP payments, other restricted cash for operating and replacement reserves, and tax and insurance escrows reserves, as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At September 30, 2023, restricted cash was categorized as follows:

<u>Category of Restriction</u>	<u>Amount</u>
Housing assistance payments	\$ 117,939
Hope VI project	922,476
Deposits held in escrow or reserve	5,699,736
Revolving loan	170,057
Operating reserve for Harbor View Phase I	219,941
CDBG program	55,388
State of Minnesota programs	158,142
Tenant security deposits	<u>192,770</u>
Total	<u>\$ 7,536,449</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at September 30, 2023.

Category of Receivable	Amount
HUD	\$ 3,691
Other Government	1,638,860
Miscellaneous	1,399,198
Tenants	<u>200,768</u>
Gross Receivables	3,242,517
Allowance - Tenants	(66,803)
Allowance - Other	<u>(190,076)</u>
Net Receivables	<u><u>\$ 2,985,638</u></u>

NOTE 7 – NOTES RECEIVABLE

Notes receivable consists of the following:

Installment loans for rental rehabilitation. Twenty-six loans outstanding ranging from \$1,224 to \$56,372. The loans require monthly payments of principal and interest at 2%. The loans are secured by liens held by the Authority on the properties.

\$ 439,281

Loan due from Gateway Properties, LLP for rehabilitation. The loan is due in full November 2046. The loan requires accrues interest at 6.0%. Payments are only due from designated net available cash flow as defined in the loan agreement. The loan is secured by a mortgage.

1,975,633

Loan due from St. Francis Apartments, LLC, used for the purchase of property. This is a 0% interest loan and due in full June 2051. The loan is secured by a lien held by the Authority on the property.

250,000

Notes due from Central Hillside Development Limited Partnership. Two notes outstanding with balances of \$243,100 and \$81,900. The notes are due in full in 2025. The notes require interest only in the event of default as described in the note document. Notes are secured by mortgage.

325,000

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 7 – NOTES RECEIVABLE (CONTINUED)

Hope VI early start notes due from development companies, consist of two notes. Hope VI homeownership early start notes due from TCG Harbor Homes, LLC, consist of two notes with balances of \$32,654 and \$107,077. The notes were due December 31, 2011, and call for interest at 2.0% until an event of default at which time interest will equal the Wells Fargo Bank prime rate plus 3%. The notes are secured by affirmation of guaranty.	139,731
Hope VI note due from Harbor View Phase II, LP. The note is due in full in 2049. The note calls for interest equal to a blended applicable federal rate as described in the note agreement, with all interest accruing yearly to be added to principal. The note is secured by mortgage and security agreement.	2,903,756
Hope VI note due from Harbor View Phase III, LP. The note is due in full in 2052. The note calls for interest equal to a blended applicable federal rate as described in the note agreement, with all interest accruing yearly to be added to principal. The note is secured by mortgage and security agreement.	3,753,384
Hope VI note due from Harbor View Phase IV, LLC. The note is due in full in 2050. The note calls for interest at a fixed rate of 4.3%. The note is secured by mortgage and security agreement.	336,950
Hope VI note due from Matterhorn Apartments, LLC. The note is due in full in 2049. The note calls for interest equal to a blended applicable federal rate as described in the note agreement, with all interest accruing yearly to be added to principal. The note is secured by mortgage and security agreement.	3,522,091
Hope VI note due from Harbor View Phase IV, LLC. The note is due in full in 2050. The note calls for interest at a fixed rate of 4.3%. The note is secured by mortgage and security agreement.	3,755,718
Loan due from Great Lakes Development Corporation, note has fixed 0% interest rate and was due February 28, 2020.	100,000
Note for sale of property. This is a 0% interest note, and due in full May 2026. If terms are not met, interest will equal the Wells Fargo Bank accrue at prime rate plus 3% and will be due immediately. The loan is secured by lien held by the Authority on the property.	20,000

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 7 – NOTES RECEIVABLE (CONTINUED)

Program income homeownership early start notes due from TCG Harbor Homes, LLC, consist of three notes with balances of \$465,804, \$245,385 and \$62,229. The notes were due December 31, 2011, and call for interest at 2.0% until an event of default at which time interest will equal the Wells Fargo Bank prime rate plus 3%. The notes are secured by affirmation of guaranty. 773,418

Loan due from Harborview Phase V, LLC used for the purchase of property. This is a 0% interest loan and due in full June 2051. The loan is secured by a lien held by the Authority on the property. 3,950,000

Loans due from individuals who purchased land at Hawk Ridge. Forty-four loans outstanding ranging from \$18,000 to \$51,893. The loans require lump sum payments. The loans require interest ranging from 0% to 3%. The loans are secured by liens held by the Authority on the properties. 1,314,813

Loans due from income-eligible families. Sixteen loans outstanding ranging from \$9,391 to \$158,422. The loans require monthly payments of principal only based on family's income and are for an indefinite period. The loans are secured by liens held by the Authority on the properties. 726,169

Self-funded and unrestricted rehab loans for low income homeowners for Emergency repairs or healthier homes. These loans require no monthly payments of principal or interest for 30 years. The loans are secured by liens held by the Authority on the properties. 55,471

Neighborhood Stabilization Program loans. Two loans outstanding with balances ranging from \$73,556 to \$282,025. The loans require monthly payments of principal based on purchaser income and interest at 1.0% The loans are secured by liens held by the Authority on the properties. 355,182

Other	<u>9,747</u>
Total notes receivable	24,706,344
Less current portion	<u>239,731</u>
Long term notes receivable	<u>\$ 24,446,613</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 8 – CONTINGENT PROGRAM ASSETS RECEIVABLES

The Authority has various loans under the Community Development Block Grant Program (CDBG) with families to assist them with the modernization of existing homes through housing rehabilitation loans of up to \$25,000 per homeowner. These are 30-year deferred loans that are secured by liens held by the Authority on the properties. If the homeowner sells their home before the 30-year period has expired, the entire loan must be repaid. The Authority does not record these loans as receivables as any loans repaid to the Authority are returned to the City.

NOTE 9 – ASSETS HELD FOR DEVELOPMENT

The Authority has \$1,082,169 of land and buildings to be developed in subsequent years as of September 30, 2023. The Authority purchases buildings and rehabilitates them to a condition suitable for occupancy. The Authority also purchases land to be sold with the intent the buyer will construct a house.

NOTE 10 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	October 1, 2022	Increases	Decreases	September 30, 2023
Capital assets not being depreciated				
Land	\$ 3,009,450	\$ --	\$ --	\$ 3,009,450
Construction in progress	2,564,484	6,007,134	(2,252,106)	6,319,512
Total capital assets not being depreciated	<u>5,573,934</u>	<u>6,007,134</u>	<u>(2,252,106)</u>	<u>9,328,962</u>
Capital assets being depreciated				
Buildings	86,893,837	3,433,278	(744,859)	89,582,256
Furniture, equipment & machinery	13,266,049	31,276	(41,738)	13,255,587
Total capital assets being depreciated	<u>100,159,886</u>	<u>3,464,554</u>	<u>(786,597)</u>	<u>102,837,843</u>
Less accumulated depreciation				
Buildings	63,026,327	1,921,642	(590,104)	64,357,865
Furniture, equipment & machinery	9,679,919	390,940	(41,738)	10,029,121
Total accumulated depreciation	<u>72,706,246</u>	<u>2,312,582</u>	<u>(631,842)</u>	<u>74,386,986</u>
Capital Assets Net	<u>\$ 33,027,574</u>	<u>\$ 7,159,106</u>	<u>\$ (2,406,861)</u>	<u>\$ 37,779,819</u>
Depreciation expense was charged to:				
Federal Public Housing		\$ 1,046,029		
Other Programs		<u>\$ 1,266,553</u>		

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 11 – LEASE RECEIVABLES

The Authority is a lessor of rooftop space on its high-rise buildings for communication towers. The Authority recognizes a lease receivable and a deferred inflow of resources on the financial statements. Revenues recognized in connection with lease receivable and deferred inflow of resources amounted to \$123,543 and interest revenue was \$160,922 for the year ended September 30, 2023.

The following table summarizes the lease receivable and lease revenue:

Lease	Lease Receivable	Lease Revenue
T-Mobile (Midtowne Manor)	\$ 184,327	\$ 25,852
AT&T (Midtowne Manor)	1,140,598	15,073
Dish (Midtowne Manor)	400,160	14,580
Verizon (Ramsey Manor)	279,569	10,971
Dish (Ramsey Manor)	400,160	14,580
AT&T (Tri Towers)	577,524	12,612
T-Mobile (Tri Towers)	213,013	29,875
	<u>\$ 3,195,351</u>	<u>\$ 123,543</u>

NOTE 12 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended September 30, 2023 is as follows:

	October 1, 2022	Additions	Reductions	September 30, 2023	Amount due within one year
Compensated Absences	\$ 610,616	\$ 385,342	\$ (373,355)	\$ 622,603	\$ 206,639
FSS Escrow	<u>85,024</u>	<u>9,812</u>	<u>(36,356)</u>	<u>58,480</u>	<u>--</u>
Total	<u>\$ 695,640</u>	<u>\$ 395,154</u>	<u>\$ (409,711)</u>	<u>\$ 681,083</u>	<u>\$ 206,639</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 13 – CONDUIT DEBT OBLIGATIONS

The Authority has issued several conduit debt notes and bonds. These notes and bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The Housing Authority has no obligation beyond the resources provided by the related loans. Accordingly, the notes and bonds are not reported as liabilities in the accompanying financial statements. Following are the conduit obligations outstanding at September 30, 2023:

Revenue note, series 2009, replacement of gymnasium	\$ 111,052
Revenue note, series 2009A, acquisition, equipping and capital improvements of a foster care facility and a bed, board and lodge facility	798,609
Revenue note, series 2009B, acquisition, equipping and capital improvements of a foster care facility and a bed, board and lodge facility	40,356
Revenue refunding bond, series 2012, construction of two nursing and assisted living facilities	5,384,292
Revenue note, series 2016A, capital improvements to create dormitory for international students	1,001,658
Charter school lease revenue refunding bonds, series 2018A, construction and renovation of a charter school facility	17,815,000
Revenue note, series 2019, capital improvements for partial roof replacement to fourth through twelfth grade educational facilities	412,793
Revenue Note, series 2020, refinance 2006 note and commercial loan and finance capital improvements to boarding care facility	2,363,951
Multifamily housing revenue bonds, series 2021, finance the acquisition, renovation, and equipping of a multifamily residential facility (Greysolon Plaza Apartments)	<u>17,900,000</u>
	<u>\$ 45,827,711</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 14 – LONG TERM DEBT

Long term debt activity for the year ended September 30, 2023 is as follows:

	October 1, 2022	Additions	Reductions	September 30, 2023	Amount due within one year
Notes Payable	<u>\$ 11,358,201</u>	<u>\$ --</u>	<u>\$ (119,360)</u>	<u>\$ 11,238,841</u>	<u>\$ 193,697</u>

The Authority entered into a \$2,517,000 housing development revenue note, series 2022A to finance the construction of 18 single-family affordable homes (the project). The note requires annual principal payments ranging from \$59,000 to \$122,000 and semiannual interest payments through December 1, 2051. Interest rate is fixed at 2.65% for the first five years and then adjusted every five years to US Treasury five-year constant maturity rate plus 1.50% with a lifetime floor of 2.65%. Prepayments up to 20% of the original loan amount are allowed without penalty within any 12-month period. Prepayments in excess of 20% of the original loan amount are subject to a prepayment fee equal to 90 days of interest at the interest rate then in effect. For the year ended September 30, 2023, the Authority incurred interest expense of \$137,818. The total principal balance at September 30, 2023 was \$2,517,000.

Harborview entered into a 0% interest; \$880,000 mortgage note payable to MHFA. The outstanding balance is due June 2037. The note is secured by a combination mortgage, security agreement, assignment of rents and leases, and fixture financing statement.

Harborview entered into a 0% interest; \$525,000 mortgage note payable to Greater Minnesota Housing Fund. Payments due from available cash flow in the amount lesser of \$17,500 or eligible cash with the remaining unpaid principal due June 2037. The note is secured by a combination mortgage, security agreement, assignment of rents and leases, and fixture financing statement.

North Pointe entered into a \$7,500,000 mortgage note payable that is insured by HUD. The note is payable in monthly installments of \$27,951, including interest at 2.78%, until 2057 when the note is due in full. The note is subject to prepayment penalties declining from 10.00% to 1.00% for any additional payments from 2022 through 2032. The note is secured by gross revenues of North Pointe. For the year ended September 30, 2023, the Authority incurred interest expense of \$205,375. The total principal balance at September 30, 2023 was \$7,316,841.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 14 – LONG TERM DEBT (CONTINUED)

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2024	\$ 193,697	\$ 266,632	\$ 460,329
2025	196,462	263,290	459,752
2026	203,332	256,804	460,136
2027	209,311	251,155	460,466
2028	214,403	245,354	459,757
2029-2033	1,165,536	1,134,007	2,299,543
2034-2038	2,740,554	963,128	3,703,682
2039-2043	1,531,597	767,097	2,298,694
2044-2048	1,755,348	542,343	2,297,691
2049-2053	1,885,896	286,463	2,172,359
2054-2057	<u>1,142,705</u>	<u>59,183</u>	<u>1,201,888</u>
Total	<u>\$ 11,238,841</u>	<u>\$ 5,035,456</u>	<u>\$ 16,274,297</u>

NOTE 15 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. Under a cooperative agreement with the City of Duluth, all the low-rent housing projects are exempt from real and personal property taxes levied or imposed by any taxing body; therefore, the Authority makes an annual payment in lieu of taxes equal to 10% of all shelter rent collected to the City of Duluth. The payment in lieu of taxes for the year ended September 30, 2023 aggregated \$300,070.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 16 – PENSION PLANS

The Duluth Housing Authority money purchase pension plan is a defined contribution plan as described in Section 404(c) of the Employee Retirement Income Security Act (ERISA) and the regulations thereunder. The plan is administered by a pension committee designated by the Board of Commissioners of the Authority. The Authority reserves the right, by written resolution of the Board of Commissioners, to amend or terminate the plan in the event the Authority deems it advisable.

All employees are eligible to participate in the plan on January 1 of the year following the date of employment and will continue to participate so long as they work 1,000 hours during that plan year. Participants will not be entitled to the Authority's contribution for a plan year, unless they work at least 1,000 hours during that plan year. The Authority contributes 12.5% of each participant's compensation as defined in the plan. This contribution covers both the pension plan and the life insurance plan. Employee contributions are not required or permitted. Employees must have at least 1,000 hours of service in a plan year to begin vesting and in subsequent years to continue vesting. The employer's contribution for each employee (and interest allocated to the employee's account) vest evenly over a five-year period. Employer's contributions and investment earnings for employees who leave employment before their contributions vest are used to reduce the employer's contribution requirements. The Authority's contributions for 2023 were \$409,618. There were no employee contributions.

NOTE 17 – RISK MANAGEMENT

LITIGATION

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

GRANTS

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 18 – BLENDED COMPONENT UNIT

Harborview Phase I, LLC (Harborview), North Pointe Apartments, LLC (North Pointe), and Bluewater Housing, LLC (Bluewater) (blended component units of the Authority) are included in these financial statements with their years ended December 31, 2023, September 30, 2023, and September 30, 2023, respectively. Condensed financial information of for these component units is as follows:

	<u>Harborview Phase I, LLC</u>	<u>North Pointe Apartments</u>	<u>Bluewater, LLC</u>
Fiscal year end	12/31/2023	9/30/2023	9/30/2023
Condensed Summary of Net Position			
Assets			
Current	\$ 184,781	\$ 11,052,172	\$ 1,274,711
Capital	5,433,328	5,804,432	7,391,679
Other noncurrent	--	790,537	--
Total Assets	<u>5,618,109</u>	<u>17,647,141</u>	<u>8,666,390</u>
Liabilities			
Current	254,262	2,516,930	614,074
Noncurrent	<u>5,253,098</u>	<u>7,183,143</u>	<u>--</u>
Total Liabilities	<u>5,507,360</u>	<u>9,700,073</u>	<u>614,074</u>
Deferred inflows of resources	<u>--</u>	<u>781,032</u>	<u>--</u>
Net Position			
Net investment in capital assets	(447,973)	(1,512,408)	7,391,679
Unrestricted	<u>558,722</u>	<u>8,678,444</u>	<u>660,637</u>
Total Net Position	<u>\$ 110,749</u>	<u>\$ 7,166,036</u>	<u>\$ 8,052,316</u>
Condensed Summary of Revenues, Expenses and Changes in Net Position			
Operating Revenues			
Tenant rental revenue	\$ 495,340	\$ 1,363,229	\$ 2,949,933
Government grants	--	2,055,341	--
Other revenue	<u>43,937</u>	<u>145,840</u>	<u>109,980</u>
Total Operating Revenues	<u>539,277</u>	<u>3,564,410</u>	<u>3,059,913</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

NOTE 18 – BLENDED COMPONENT UNIT (CONTINUED)

Condensed Summary of Revenues, Expenses and Changes in Net Position (Continued)

Operating Expenses

Administration	\$ 116,408	\$ 846,757	\$ 658,701
Repair and maintenance	165,882	1,017,565	1,128,317
Depreciation expense	232,532	483,665	506,396
Utilities	74,987	471,918	55,941
Tenant services	--	20,100	--
Insurance expense	30,480	149,013	81,947
Taxes and Insurances	149,831	178,309	174,429
Protective services	<u>--</u>	<u>12,918</u>	<u>8,723</u>
Total Operating Expenses	<u>770,120</u>	<u>3,180,245</u>	<u>2,614,454</u>

Operating Income (Loss)	<u>(230,843)</u>	<u>384,165</u>	<u>445,459</u>
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Non-operating Revenues (Expenses)

Interest income	958	171,882	--
Interest expense	(29,456)	(188,099)	--
Transfers in (out)	<u>--</u>	<u>--</u>	<u>7,671,408</u>
Total Non-operating Revenues (Expenses)	<u>(28,498)</u>	<u>(16,217)</u>	<u>7,671,408</u>

Change in Net Position	(259,341)	367,948	8,116,867
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Beginning Net Position	<u>370,090</u>	<u>6,798,088</u>	<u>(64,551)</u>
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Ending Net Position	<u>\$ 110,749</u>	<u>\$ 7,166,036</u>	<u>\$ 8,052,316</u>
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Condensed Summary of Cash Flows

Net Cash Provided by (Used In):

Operating Activities	\$ 422,408	\$ 865,135	\$ 1,083,640
Non-Capital Financing	(444,527)	--	--
Capital and Related Financing	(76,446)	(915,059)	--
Investing	<u>958</u>	<u>171,882</u>	<u>--</u>

Net Change in Cash	(97,607)	121,958	1,083,640
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Cash and cash equivalents at beginning of year	<u>232,548</u>	<u>8,624,417</u>	<u>35,449</u>
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Cash and cash equivalents at end of year	<u>\$ 134,941</u>	<u>\$ 8,746,375</u>	<u>\$ 1,119,089</u>
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HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 01	AMP 02	AMP 04	AMP 06	AMP 07	AMP 08	AMP 09
111	Cash - Unrestricted	1,301,801	348,193	1,108	22,394	63,295	42,354	28,840
113	Cash - Other Restricted	104,922	--	--	--	--	--	--
114	Cash - Tenant Security Deposits	--	--	--	--	--	--	--
100	Total Cash	1,406,723	348,193	1,108	22,394	63,295	42,354	28,840
122	Accounts Receivable - HUD Other Projects	--	--	--	--	--	--	--
124	Accounts Receivable - Other Government	--	--	--	--	--	--	--
125	Accounts Receivable - Miscellaneous	515,932	38,623	76,620	--	--	--	--
126	Accounts Receivable - Tenants	12,156	12,599	20,525	--	--	--	--
126.1	Allowance for Doubtful Accounts -Tenants	--	(4,551)	--	--	--	--	--
126.2	Allowance for Doubtful Accounts - Other	--	--	--	--	--	--	--
127	Notes, Loans, & Mortgages Receivable - Current	--	--	--	--	--	--	--
129	Accrued Interest Receivable	16,379	29,879	34,660	--	--	--	--
120	Total Receivables, Net of Allowances for Doubtful Accounts	544,467	76,550	131,805	--	--	--	--
131	Investments - Unrestricted	350,000	1,440,000	990,000	--	--	--	--
132	Investments - Restricted	--	--	--	--	--	--	--
142	Prepaid Expenses and Other Assets	13,670	26,803	43,934	--	--	--	--
144	Inter Program Due From	--	--	--	--	--	--	--
145	Assets Held for Sale	--	--	--	--	--	--	--
150	Total Current Assets	2,314,860	1,891,546	1,166,847	22,394	63,295	42,354	28,840
161	Land	60,168	203,523	104,167	--	--	--	--
162	Buildings	4,509,776	12,102,418	13,605,194	--	--	--	--
163	Furniture, Equipment & Machinery - Dwellings	1,016,030	2,751,330	3,257,652	--	--	--	--
164	Furniture, Equipment & Machinery - Administration	130,417	608,255	270,347	--	--	--	--
166	Accumulated Depreciation	(5,781,243)	(7,670,102)	(14,695,133)	--	--	--	--
167	Construction in Progress	1,230,832	263,790	--	--	--	--	--
160	Total Capital Assets, Net of Accumulated Depreciation	1,165,980	8,259,214	2,542,227	--	--	--	--
171	Notes, Loans and Mortgages Receivable - Non-Current	--	--	--	--	--	--	--
174	Other Assets	--	679,848	1,724,966	--	--	--	--
180	Total Non-Current Assets	1,165,980	8,939,062	4,267,193	--	--	--	--
200	Deferred Outflow of Resources	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 01	AMP 02	AMP 04	AMP 06	AMP 07	AMP 08	AMP 09
290	Total Assets and Deferred Outflow of Resources	3,480,840	10,830,608	5,434,040	22,394	63,295	42,354	28,840
312	Accounts Payable <= 90 Days	508,819	53,967	62,148	--	--	--	--
321	Accrued Wage/Payroll Taxes Payable	1,007	4,505	--	--	--	--	--
322	Accrued Compensated Absences - Current Portion	--	12,825	6,920	--	--	--	--
324	Accrued Contingency Liability	--	--	14,105	--	--	--	--
331	Accounts Payable - HUD PHA Programs	--	--	--	--	--	--	--
333	Accounts Payable - Other Government	37,672	40,055	43,079	--	--	--	--
341	Tenant Security Deposits	10,184	30,306	43,655	--	--	--	--
342	Unearned Revenue	249	451	1,503	--	--	--	--
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	--
345	Other Current Liabilities	3,352	4,105	4,258	--	--	--	--
346	Accrued Liabilities - Other	--	2,500	12,500	--	--	--	--
347	Inter Program - Due To	88,537	126	42	--	--	--	--
310	Total Current Liabilities	649,820	148,840	188,210	--	--	--	--
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	--
353	Non-current Liabilities - Other	--	--	--	--	--	--	--
354	Accrued Compensated Absences - Non Current	--	--	--	--	--	--	--
350	Total Non-Current Liabilities	--	--	--	--	--	--	--
300	Total Liabilities	649,820	148,840	188,210	--	--	--	--
400	Deferred Inflow of Resources	--	710,456	1,800,605	--	--	--	--
508.4	Net Investment in Capital Assets	1,165,980	8,259,214	2,542,227	--	--	--	--
511.4	Restricted Net Position	104,922	--	--	--	--	--	--
512.4	Unrestricted Net Position	1,560,118	1,712,098	902,998	22,394	63,295	42,354	28,840
513	Total Equity - Net Assets / Position	2,831,020	9,971,312	3,445,225	22,394	63,295	42,354	28,840
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	3,480,840	10,830,608	5,434,040	22,394	63,295	42,354	28,840
70300	Net Tenant Rental Revenue	91,795	542,337	691,184	--	--	--	--
70400	Tenant Revenue - Other	40,296	33,900	101,372	--	--	--	--
70500	Total Tenant Revenue	132,091	576,237	792,556	--	--	--	--
70600	HUD PHA Operating Grants	1,146,193	545,345	695,575	17,592	43,697	49,100	41,188

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 01	AMP 02	AMP 04	AMP 06	AMP 07	AMP 08	AMP 09
70610	Capital Grants	1,460,552	868,694	723,397	--	--	--	--
70710	Management Fee	--	--	--	--	--	--	--
70720	Asset Management Fee	--	--	--	--	--	--	--
70730	Book Keeping Fee	--	--	--	--	--	--	--
70700	Total Fee Revenue	--	--	--	--	--	--	--
70800	Other Government Grants	--	--	--	--	--	--	--
71100	Investment Income - Unrestricted	17,306	61,663	47,665	--	--	--	--
71200	Mortgage Interest Income	--	--	--	--	--	--	--
71400	Fraud Recovery	--	--	--	--	--	--	--
71500	Other Revenue	12,838	54,942	144,090	--	--	--	--
71600	Gain or Loss on Sale of Capital Assets	250	--	--	--	--	--	--
72000	Investment Income - Restricted	25,791	--	--	--	--	--	--
70000	Total Revenue	2,795,021	2,106,881	2,403,283	17,592	43,697	49,100	41,188
91100	Administrative Salaries	3,998	75,463	114,446	--	--	--	--
91200	Auditing Fees	12,109	5,920	8,880	--	--	--	--
91300	Management Fee	81,908	202,294	286,898	--	--	--	--
91310	Book-keeping Fee	3,863	12,923	18,218	--	--	--	--
91400	Advertising and Marketing	--	99	165	--	--	--	--
91500	Employee Benefit contributions - Administrative	781	31,349	44,293	--	--	--	--
91600	Office Expenses	27,618	49,514	72,351	--	--	--	--
91700	Legal Expense	20,000	30,995	55,689	--	--	--	--
91800	Travel	17	253	585	--	--	--	--
91900	Other	--	21,586	3,155	15,833	39,327	44,190	37,069
91000	Total Operating - Administrative	150,294	430,396	604,680	15,833	39,327	44,190	37,069
92000	Asset Management Fee	5,520	18,000	25,800	1,920	3,600	2,040	1,800
92100	Tenant Services - Salaries	--	10,586	11,669	--	--	--	--
92300	Employee Benefit Contributions - Tenant Services	--	4,009	4,418	--	--	--	--
92400	Tenant Services - Other	--	1,386	2,315	--	--	--	--
92500	Total Tenant Services	--	15,981	18,402	--	--	--	--
93100	Water	2,978	46,829	78,284	--	--	--	--
93200	Electricity	3,647	101,713	151,804	--	--	--	--
93300	Gas	5,372	46,016	57,426	--	--	--	--
93400	Fuel	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 01	AMP 02	AMP 04	AMP 06	AMP 07	AMP 08	AMP 09
93000	Total Utilities	11,997	194,558	287,514	--	--	--	--
94100	Ordinary Maintenance and Operations - Labor	40,092	120,451	270,248	--	--	--	--
94200	Ordinary Maintenance and Operations - Materials and Other	28,533	38,534	67,870	--	--	--	--
94300	Ordinary Maintenance and Operations Contracts	50,705	118,878	444,550	--	--	--	--
94500	Employee Benefit Contributions - Ordinary Maintenance	16,379	81,886	160,194	--	--	--	--
94000	Total Maintenance	135,709	359,749	942,862	--	--	--	--
95200	Protective Services - Other Contract Costs	--	4,375	6,423	--	--	--	--
95000	Total Protective Services	--	4,375	6,423	--	--	--	--
96110	Property Insurance	12,414	28,820	49,058	--	--	--	--
96120	Liability Insurance	7,446	5,068	8,164	--	--	--	--
96130	Workmen's Compensation	1,699	4,089	5,674	--	--	--	--
96140	All Other Insurance	1,927	331	1,322	--	--	--	--
96100	Total insurance Premiums	23,486	38,308	64,218	--	--	--	--
96210	Compensated Absences	--	537	(4,462)	--	--	--	--
96300	Payments in Lieu of Taxes	5,601	32,411	36,549	--	--	--	--
96400	Bad debt - Tenant Rents	--	10,477	28,103	--	--	--	--
96800	Severance Expense	--	--	5,390	--	--	--	--
96000	Total Other General Expenses	5,601	43,425	65,580	--	--	--	--
96710	Interest of Mortgage (or Bonds) Payable	--	--	--	--	--	--	--
96720	Interest on Notes Payable (Short and Long Term)	--	--	--	--	--	--	--
96700	Total Interest Expense and Amortization Cost	--	--	--	--	--	--	--
96900	Total Operating Expenses	332,607	1,104,792	2,015,479	17,753	42,927	46,230	38,869
97000	Excess of Operating Revenue over Operating Expenses	2,462,414	1,002,089	387,804	(161)	770	2,870	2,319
97100	Extraordinary Maintenance	--	11,465	29,771	--	--	--	--
97200	Casualty Losses - Non-capitalized	--	--	2,500	--	--	--	--
97300	Housing Assistance Payments	--	--	--	--	--	--	--
97400	Depreciation Expense	--	611,074	434,955	--	--	--	--
90000	Total Expenses	332,607	1,727,331	2,482,705	17,753	42,927	46,230	38,869

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 01	AMP 02	AMP 04	AMP 06	AMP 07	AMP 08	AMP 09
10010	Operating Transfer In	--	--	--	--	--	--	--
10020	Operating transfer Out	--	--	--	--	--	--	--
10030	Operating Transfers from/to Primary Government	--	--	--	--	--	--	--
10040	Operating Transfers from/to Component Unit	(6,972,663)	--	--	--	--	--	--
10091	Inter Project Excess Cash Transfer In	6,889	--	--	--	--	--	--
10092	Inter Project Excess Cash Transfer Out	--	--	--	--	--	--	--
10093	Transfers between Program and Project - In	946,166	3,277,028	237,903	--	--	--	--
10094	Transfers between Project and Program - Out	(946,166)	(3,277,028)	(237,903)	--	--	--	--
10100	Total Other financing Sources (Uses)	(6,965,774)	--	--	--	--	--	--
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(4,503,360)	379,550	(79,422)	(161)	770	2,870	2,319
11020	Required Annual Debt Principal Payments	--	--	--	--	--	--	--
11030	Beginning Equity	7,334,377	9,591,758	3,524,643	22,555	62,525	39,484	26,521
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	3	4	4	--	--	--	--
11170	Administrative Fee Equity	--	--	--	--	--	--	--
11190	Unit Months Available	3,516	1,800	2,580	192	360	204	180
11210	Number of Unit Months Leased	3,297	1,725	2,427	184	360	197	180
11620	Building Purchases	1,460,552	868,694	723,397	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 10	AMP 12	AMP 14	AMP 15	AMP 16	AMPs
111	Cash - Unrestricted	43,649	25,324	--	--	--	1,876,958
113	Cash - Other Restricted	--	--	--	--	--	104,922
114	Cash - Tenant Security Deposits	--	--	--	--	--	--
100	Total Cash	43,649	25,324	--	--	--	1,981,880
122	Accounts Receivable - HUD Other Projects	--	--	--	--	--	--
124	Accounts Receivable - Other Government	--	--	--	--	--	--
125	Accounts Receivable - Miscellaneous	--	--	--	--	--	631,175
126	Accounts Receivable - Tenants	--	--	--	--	--	45,280
126.1	Allowance for Doubtful Accounts - Tenants	--	--	--	--	--	(4,551)
126.2	Allowance for Doubtful Accounts - Other	--	--	--	--	--	--
127	Notes, Loans, & Mortgages Receivable - Current	--	--	--	--	--	--
129	Accrued Interest Receivable	--	--	--	--	--	80,918
120	Total Receivables, Net of Allowances for Doubtful Accounts	--	--	--	--	--	752,822
131	Investments - Unrestricted	--	--	--	--	--	2,780,000
132	Investments - Restricted	--	--	--	--	--	--
142	Prepaid Expenses and Other Assets	--	--	--	--	--	84,407
144	Inter Program Due From	--	--	--	--	--	--
145	Assets Held for Sale	--	--	--	--	--	--
150	Total Current Assets	43,649	25,324	--	--	--	5,599,109
161	Land	--	--	--	--	--	367,858
162	Buildings	--	--	--	--	--	30,217,388
163	Furniture, Equipment & Machinery - Dwellings	--	--	--	--	--	7,025,012
164	Furniture, Equipment & Machinery - Administration	--	--	--	--	--	1,009,019
166	Accumulated Depreciation	--	--	--	--	--	(28,146,478)
167	Construction in Progress	--	--	--	--	--	1,494,622
160	Total Capital Assets, Net of Accumulated Depreciation	--	--	--	--	--	11,967,421
171	Notes, Loans and Mortgages Receivable - Non-Current	--	--	--	--	--	--
174	Other Assets	--	--	--	--	--	2,404,814
180	Total Non-Current Assets	--	--	--	--	--	14,372,235
200	Deferred Outflow of Resources	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 10	AMP 12	AMP 14	AMP 15	AMP 16	AMPs
290	Total Assets and Deferred Outflow of Resources	43,649	25,324	--	--	--	19,971,344
312	Accounts Payable <= 90 Days	--	--	--	--	--	624,934
321	Accrued Wage/Payroll Taxes Payable	--	--	--	--	--	5,512
322	Accrued Compensated Absences - Current Portion	--	--	--	--	--	19,745
324	Accrued Contingency Liability	--	--	--	--	--	14,105
331	Accounts Payable - HUD PHA Programs	--	--	--	--	--	--
333	Accounts Payable - Other Government	--	--	--	--	--	120,806
341	Tenant Security Deposits	--	--	--	--	--	84,145
342	Unearned Revenue	--	--	--	--	--	2,203
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	--	--	--	--
345	Other Current Liabilities	--	--	--	--	--	11,715
346	Accrued Liabilities - Other	--	--	--	--	--	15,000
347	Inter Program - Due To	--	--	--	--	--	88,705
310	Total Current Liabilities	--	--	--	--	--	986,870
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	--	--	--	--
353	Non-current Liabilities - Other	--	--	--	--	--	--
354	Accrued Compensated Absences - Non Current	--	--	--	--	--	--
350	Total Non-Current Liabilities	--	--	--	--	--	--
300	Total Liabilities	--	--	--	--	--	986,870
400	Deferred Inflow of Resources	--	--	--	--	--	2,511,061
508.4	Net Investment in Capital Assets	--	--	--	--	--	11,967,421
511.4	Restricted Net Position	--	--	--	--	--	104,922
512.4	Unrestricted Net Position	43,649	25,324	--	--	--	4,401,070
513	Total Equity - Net Assets / Position	43,649	25,324	--	--	--	16,473,413
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	43,649	25,324	--	--	--	19,971,344
70300	Net Tenant Rental Revenue	--	--	--	--	--	1,325,316
70400	Tenant Revenue - Other	--	--	--	--	--	175,568
70500	Total Tenant Revenue	--	--	--	--	--	1,500,884
70600	HUD PHA Operating Grants	51,928	34,130	2,111	2,889	1,889	2,631,637

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 10	AMP 12	AMP 14	AMP 15	AMP 16	AMPs
70610	Capital Grants	--	--	--	--	--	3,052,643
70710	Management Fee	--	--	--	--	--	--
70720	Asset Management Fee	--	--	--	--	--	--
70730	Book Keeping Fee	--	--	--	--	--	--
70700	Total Fee Revenue	--	--	--	--	--	--
70800	Other Government Grants	--	--	--	--	--	--
71100	Investment Income - Unrestricted	--	--	--	--	--	126,634
71200	Mortgage Interest Income	--	--	--	--	--	--
71400	Fraud Recovery	--	--	--	--	--	--
71500	Other Revenue	--	--	--	--	--	211,870
71600	Gain or Loss on Sale of Capital Assets	--	--	--	--	--	250
72000	Investment Income - Restricted	--	--	--	--	--	25,791
70000	Total Revenue	51,928	34,130	2,111	2,889	1,889	7,549,709
91100	Administrative Salaries	--	--	--	--	--	193,907
91200	Auditing Fees	--	--	--	--	--	26,909
91300	Management Fee	--	--	--	--	--	571,100
91310	Book-keeping Fee	--	--	--	--	--	35,004
91400	Advertising and Marketing	--	--	--	--	--	264
91500	Employee Benefit contributions - Administrative	--	--	--	--	--	76,423
91600	Office Expenses	--	--	--	--	--	149,483
91700	Legal Expense	--	--	--	--	--	106,684
91800	Travel	--	--	--	--	--	855
91900	Other	46,735	30,717	--	--	--	238,612
91000	Total Operating - Administrative	46,735	30,717	--	--	--	1,399,241
92000	Asset Management Fee	1,800	1,320	--	--	--	61,800
92100	Tenant Services - Salaries	--	--	--	--	--	22,255
92300	Employee Benefit Contributions - Tenant Services	--	--	--	--	--	8,427
92400	Tenant Services - Other	--	--	--	--	--	3,701
92500	Total Tenant Services	--	--	--	--	--	34,383
93100	Water	--	--	--	--	--	128,091
93200	Electricity	--	--	--	--	--	257,164
93300	Gas	--	--	--	--	--	108,814
93400	Fuel	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 10	AMP 12	AMP 14	AMP 15	AMP 16	AMPs
93000	Total Utilities	--	--	--	--	--	494,069
94100	Ordinary Maintenance and Operations - Labor	--	--	--	--	--	430,791
94200	Ordinary Maintenance and Operations - Materials and Other	--	--	--	--	--	134,937
94300	Ordinary Maintenance and Operations Contracts	--	--	--	--	--	614,133
94500	Employee Benefit Contributions - Ordinary Maintenance	--	--	--	--	--	258,459
94000	Total Maintenance	--	--	--	--	--	1,438,320
95200	Protective Services - Other Contract Costs	--	--	--	--	--	10,798
95000	Total Protective Services	--	--	--	--	--	10,798
96110	Property Insurance	--	--	--	--	--	90,292
96120	Liability Insurance	--	--	--	--	--	20,678
96130	Workmen's Compensation	--	--	--	--	--	11,462
96140	All Other Insurance	--	--	--	--	--	3,580
96100	Total insurance Premiums	--	--	--	--	--	126,012
96210	Compensated Absences	--	--	--	--	--	(3,925)
96300	Payments in Lieu of Taxes	--	--	--	--	--	74,561
96400	Bad debt - Tenant Rents	--	--	--	--	--	38,580
96800	Severance Expense	--	--	--	--	--	5,390
96000	Total Other General Expenses	--	--	--	--	--	114,606
96710	Interest of Mortgage (or Bonds) Payable	--	--	--	--	--	--
96720	Interest on Notes Payable (Short and Long Term)	--	--	--	--	--	--
96700	Total Interest Expense and Amortization Cost	--	--	--	--	--	--
96900	Total Operating Expenses	48,535	32,037	--	--	--	3,679,229
97000	Excess of Operating Revenue over Operating Expenses	3,393	2,093	2,111	2,889	1,889	3,870,480
97100	Extraordinary Maintenance	--	--	--	--	--	41,236
97200	Casualty Losses - Non-capitalized	--	--	--	--	--	2,500
97300	Housing Assistance Payments	--	--	--	--	--	--
97400	Depreciation Expense	--	--	--	--	--	1,046,029
90000	Total Expenses	48,535	32,037	--	--	--	4,768,994

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	AMP 10	AMP 12	AMP 14	AMP 15	AMP 16	AMPs
10010	Operating Transfer In	--	--	--	--	--	--
10020	Operating transfer Out	--	--	--	--	--	--
10030	Operating Transfers from/to Primary Government	--	--	--	--	--	--
10040	Operating Transfers from/to Component Unit	--	--	(203,504)	(222,343)	(272,897)	(7,671,407)
10091	Inter Project Excess Cash Transfer In	--	--	--	--	--	6,889
10092	Inter Project Excess Cash Transfer Out	--	--	(2,111)	(2,889)	(1,889)	(6,889)
10093	Transfers between Program and Project - In	--	--	--	--	--	4,461,097
10094	Transfers between Project and Program - Out	--	--	--	--	--	(4,461,097)
10100	Total Other financing Sources (Uses)	--	--	(205,615)	(225,232)	(274,786)	(7,671,407)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	3,393	2,093	(203,504)	(222,343)	(272,897)	(4,890,692)
11020	Required Annual Debt Principal Payments	--	--	--	--	--	--
11030	Beginning Equity	40,256	23,231	203,504	222,343	272,897	21,364,094
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	--	--	--	--	--	11
11170	Administrative Fee Equity	--	--	--	--	--	--
11190	Unit Months Available	180	132	--	--	--	9,144
11210	Number of Unit Months Leased	180	125	--	--	--	8,675
11620	Building Purchases	--	--	--	--	--	3,052,643

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
111	Cash - Unrestricted	75,340	--	--	--	72,980	--	171,310
113	Cash - Other Restricted	55,388	--	--	--	--	--	117,939
114	Cash - Tenant Security Deposits	--	--	--	--	--	--	--
100	Total Cash	130,728	--	--	--	72,980	--	289,249
122	Accounts Receivable - HUD Other Projects	--	--	--	--	--	3,691	--
124	Accounts Receivable - Other Government	--	--	34,672	18,473	--	--	--
125	Accounts Receivable - Miscellaneous	229,438	--	--	--	--	--	9,784
126	Accounts Receivable - Tenants	--	--	--	--	--	--	--
126.1	Allowance for Doubtful Accounts - Tenants	--	--	--	--	--	--	--
126.2	Allowance for Doubtful Accounts - Other	--	--	--	--	--	--	--
127	Notes, Loans, & Mortgages Receivable - Current	--	--	--	--	--	--	--
129	Accrued Interest Receivable	--	--	--	--	--	--	--
120	Total Receivables, Net of Allowances for Doubtful Accounts	229,438	--	34,672	18,473	--	3,691	9,784
131	Investments - Unrestricted	--	--	--	--	--	--	--
132	Investments - Restricted	--	--	--	--	--	--	65,000
142	Prepaid Expenses and Other Assets	299	--	--	--	--	--	1,776
144	Inter Program Due From	--	--	--	--	--	--	--
145	Assets Held for Sale	--	--	--	--	--	--	--
150	Total Current Assets	360,465	--	34,672	18,473	72,980	3,691	365,809
161	Land	--	--	--	--	--	--	--
162	Buildings	--	--	--	--	--	--	--
163	Furniture, Equipment & Machinery - Dwellings	--	--	--	--	--	--	--
164	Furniture, Equipment & Machinery - Administration	--	--	--	--	--	--	21,981
166	Accumulated Depreciation	--	--	--	--	--	--	(21,981)
167	Construction in Progress	--	--	--	--	--	--	--
160	Total Capital Assets, Net of Accumulated Depreciation	--	--	--	--	--	--	--
171	Notes, Loans and Mortgages Receivable - Non-Current	510,422	--	--	--	--	--	--
174	Other Assets	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
180	Total Non-Current Assets	510,422	--	--	--	--	--	--
200	Deferred Outflow of Resources	--	--	--	--	--	--	--
290	Total Assets and Deferred Outflow of Resources	870,887	--	34,672	18,473	72,980	3,691	365,809
312	Accounts Payable <= 90 Days	25,493	--	--	1	3	--	634
321	Accrued Wage/Payroll Taxes Payable	3,730	--	1,213	84	134	510	11,302
322	Accrued Compensated Absences - Current Portion	5,987	--	8,781	140	224	271	18,991
324	Accrued Contingency Liability	--	--	--	--	--	--	--
331	Accounts Payable - HUD PHA Programs	--	--	--	--	18,878	--	--
333	Accounts Payable - Other Government	--	--	--	--	--	--	--
341	Tenant Security Deposits	--	--	--	--	--	--	--
342	Unearned Revenue	--	--	450	--	12	--	682
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	--
345	Other Current Liabilities	--	--	--	--	--	--	--
346	Accrued Liabilities - Other	--	--	--	--	--	--	--
347	Inter Program - Due To	204,163	--	24,291	18,244	12	2,910	682
310	Total Current Liabilities	239,373	--	34,735	18,469	19,263	3,691	32,291
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	--
353	Non-current Liabilities - Other	--	--	--	--	--	--	58,480
354	Accrued Compensated Absences - Non Current	--	--	--	--	--	--	--
350	Total Non-Current Liabilities	--	--	--	--	--	--	58,480
300	Total Liabilities	239,373	--	34,735	18,469	19,263	3,691	90,771
400	Deferred Inflow of Resources	--	--	--	--	--	--	--
508.4	Net Investment in Capital Assets	--	--	--	--	--	--	--
511.4	Restricted Net Position	55,388	--	--	--	--	--	117,939
512.4	Unrestricted Net Position	576,126	--	(63)	4	53,717	--	157,099
513	Total Equity - Net Assets / Position	631,514	--	(63)	4	53,717	--	275,038

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	870,887	--	34,672	18,473	72,980	3,691	365,809
70300	Net Tenant Rental Revenue	--	--	--	--	--	--	--
70400	Tenant Revenue - Other	--	--	--	--	--	--	--
70500	Total Tenant Revenue	--	--	--	--	--	--	--
70600	HUD PHA Operating Grants	--	--	--	--	114,867	42,210	11,940,411
70610	Capital Grants	--	--	--	--	--	--	--
70710	Management Fee	--	--	--	--	--	--	--
70720	Asset Management Fee	--	--	--	--	--	--	--
70730	Book Keeping Fee	--	--	--	--	--	--	--
70700	Total Fee Revenue	--	--	--	--	--	--	--
70800	Other Government Grants	757,043	22,000	86,784	93,553	--	--	--
71100	Investment Income - Unrestricted	--	--	--	--	--	--	--
71200	Mortgage Interest Income	--	--	--	--	--	--	--
71400	Fraud Recovery	--	--	--	--	180	--	5,403
71500	Other Revenue	134,596	--	--	--	--	--	14,307
71600	Gain or Loss on Sale of Capital Assets	--	--	--	--	--	--	--
72000	Investment Income - Restricted	--	--	--	--	--	--	748
70000	Total Revenue	891,639	22,000	86,784	93,553	115,047	42,210	11,960,869
91100	Administrative Salaries	185,379	--	59,149	2,979	8,713	24,532	537,730
91200	Auditing Fees	4,826	--	--	55	159	--	8,240
91300	Management Fee	--	--	5,600	1,638	5,439	--	238,658
91310	Book-keeping Fee	--	--	--	683	1,965	--	113,760
91400	Advertising and Marketing	--	--	--	--	--	--	190
91500	Employee Benefit contributions - Administrative	108,400	--	22,982	1,404	4,176	17,804	256,229
91600	Office Expenses	40,539	--	7,385	176	648	--	89,304
91700	Legal Expense	--	--	--	--	--	--	103
91800	Travel	794	--	--	13	38	--	2,498
91900	Other	701,257	--	24,092	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
91000	Total Operating - Administrative	1,041,195	--	119,208	6,948	21,138	42,336	1,246,712
92000	Asset Management Fee	--	--	--	--	--	--	--
92100	Tenant Services - Salaries	--	--	--	--	--	--	--
92300	Employee Benefit Contributions - Tenant Services	--	--	--	--	--	--	--
92400	Tenant Services - Other	--	--	--	--	--	--	--
92500	Total Tenant Services	--	--	--	--	--	--	--
93100	Water	--	--	--	--	--	--	--
93200	Electricity	--	--	--	--	--	--	--
93300	Gas	--	--	--	--	--	--	--
93400	Fuel	--	--	--	--	--	--	--
93000	Total Utilities	--	--	--	--	--	--	--
94100	Ordinary Maintenance and Operations - Labor	--	--	--	--	--	--	--
94200	Ordinary Maintenance and Operations - Materials and Other	--	--	--	--	--	--	--
94300	Ordinary Maintenance and Operations Contracts	--	--	--	--	--	--	--
94500	Employee Benefit Contributions - Ordinary Maintenance	--	--	--	--	--	--	--
94000	Total Maintenance	--	--	--	--	--	--	--
95200	Protective Services - Other Contract Costs	--	--	--	--	--	--	--
95000	Total Protective Services	--	--	--	--	--	--	--
96110	Property Insurance	9	--	--	--	--	--	--
96120	Liability Insurance	--	--	--	--	--	--	--
96130	Workmen's Compensation	3,799	--	--	71	195	--	10,889
96140	All Other Insurance	--	--	--	8	23	--	1,256
96100	Total insurance Premiums	3,808	--	--	79	218	--	12,145
96210	Compensated Absences	(547)	--	1,577	66	(65)	209	5,648
96300	Payments in Lieu of Taxes	--	--	--	--	--	--	--
96400	Bad debt - Tenant Rents	--	--	--	--	--	--	--
96800	Severance Expense	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
96000	Total Other General Expenses	(547)	--	1,577	66	(65)	209	5,648
96710	Interest of Mortgage (or Bonds) Payable	--	--	--	--	--	--	--
96720	Interest on Notes Payable (Short and Long Term)	--	--	--	--	--	--	--
96700	Total Interest Expense and Amortization Cost	--	--	--	--	--	--	--
96900	Total Operating Expenses	1,044,456	--	120,785	7,093	21,291	42,545	1,264,505
97000	Excess of Operating Revenue over Operating Expenses	(152,817)	22,000	(34,001)	86,460	93,756	(335)	10,696,364
97100	Extraordinary Maintenance	--	--	--	--	--	--	--
97200	Casualty Losses - Non-capitalized	--	--	--	--	--	--	--
97300	Housing Assistance Payments	--	--	--	86,461	88,026	--	10,713,802
97400	Depreciation Expense	--	--	--	--	--	--	--
90000	Total Expenses	1,044,456	--	120,785	93,554	109,317	42,545	11,978,307
10010	Operating Transfer In	--	--	34,000	--	--	335	205,000
10020	Operating transfer Out	(12,000)	(22,000)	--	--	--	--	--
10030	Operating Transfers from/to Primary Government	--	--	--	--	--	--	--
10040	Operating Transfers from/to Component Unit	--	--	--	--	--	--	--
10091	Inter Project Excess Cash Transfer In	--	--	--	--	--	--	--
10092	Inter Project Excess Cash Transfer Out	--	--	--	--	--	--	--
10093	Transfers between Program and Project - In	--	--	--	--	--	--	--
10094	Transfers between Project and Program - Out	--	--	--	--	--	--	--
10100	Total Other financing Sources (Uses)	(12,000)	(22,000)	34,000	--	--	335	205,000
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(164,817)	--	(1)	(1)	5,730	--	187,562
11020	Required Annual Debt Principal Payments	--	--	--	--	--	--	--
11030	Beginning Equity	796,331	--	(62)	5	47,987	--	87,476
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	--	--	--	--	--	--	--
11170	Administrative Fee Equity	--	--	(63)	--	--	--	--
11190	Unit Months Available	--	--	--	--	342	--	21,120

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Community Development Block Grants/Entitl ement Grants	Community Development Block Grants/State Program	Continuum of Care Program	HOME Investment Partnerships Program	Lower Income Housing Assistance Program_ Section 8 Moderate Rehabilitation	PIH Family Self- Sufficiency Program	Housing Choice Vouchers
11210	Number of Unit Months Leased	--	--	--	--	260	--	16,664
11620	Building Purchases	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Mainstream Vouchers	Emergency Housing Voucher	Other Federal Program 1	Other Federal Program 2	Emergency Shelter Grant	Revitalization of Severely Distressed Public Housing	State/Local
111	Cash - Unrestricted	13,586	92,473	72,183	--	--	64,894	1,993,990
113	Cash - Other Restricted	--	--	--	--	--	--	558,670
114	Cash - Tenant Security Deposits	--	--	--	--	--	--	--
100	Total Cash	13,586	92,473	72,183	--	--	64,894	2,552,660
122	Accounts Receivable - HUD Other Projects	--	--	--	--	--	--	--
124	Accounts Receivable - Other Government	--	--	176,640	--	4,052	460,555	944,468
125	Accounts Receivable - Miscellaneous	--	--	--	--	--	--	333,733
126	Accounts Receivable - Tenants	--	--	--	--	--	--	--
126.1	Allowance for Doubtful Accounts - Tenants	--	--	--	--	--	--	--
126.2	Allowance for Doubtful Accounts - Other	--	--	--	--	--	(190,076)	--
127	Notes, Loans, & Mortgages Receivable - Current	--	--	--	--	--	139,731	100,000
129	Accrued Interest Receivable	--	--	--	--	--	222,196	132,897
120	Total Receivables, Net of Allowances for Doubtful Accounts	--	--	176,640	--	4,052	632,406	1,511,098
131	Investments - Unrestricted	--	--	--	--	--	231,168	6,097,681
132	Investments - Restricted	--	--	--	--	--	922,476	--
142	Prepaid Expenses and Other Assets	--	--	--	--	--	3,063	8,467
144	Inter Program Due From	--	--	--	--	--	--	415,148
145	Assets Held for Sale	--	--	--	--	--	--	1,082,169
150	Total Current Assets	13,586	92,473	248,823	--	4,052	1,854,007	11,667,223
161	Land	--	--	--	--	--	1,073,911	54,406
162	Buildings	--	--	--	--	--	--	671,304
163	Furniture, Equipment & Machinery - Dwellings	--	--	--	--	--	--	--
164	Furniture, Equipment & Machinery - Administration	--	--	--	--	--	31,772	96,189
166	Accumulated Depreciation	--	--	--	--	--	(31,772)	(101,076)
167	Construction in Progress	--	--	--	--	--	--	4,824,890
160	Total Capital Assets, Net of Accumulated Depreciation	--	--	--	--	--	1,073,911	5,545,713
171	Notes, Loans and Mortgages Receivable - Non-Current	--	--	--	--	--	21,970,846	7,718,075
174	Other Assets	--	--	--	--	--	--	--
180	Total Non-Current Assets	--	--	--	--	--	23,044,757	13,263,788

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Mainstream Vouchers	Emergency Housing Voucher	Other Federal Program 1	Other Federal Program 2	Emergency Shelter Grant	Revitalization of Severely Distressed Public Housing	State/Local
200	Deferred Outflow of Resources	--	--	--	--	--	--	--
290	Total Assets and Deferred Outflow of Resources	13,586	92,473	248,823	--	4,052	24,898,764	24,931,011
312	Accounts Payable <= 90 Days	2	2	--	--	--	16,765	47,102
321	Accrued Wage/Payroll Taxes Payable	167	335	--	--	--	--	2,280
322	Accrued Compensated Absences - Current Portion	280	520	--	--	--	--	6,343
324	Accrued Contingency Liability	--	--	--	--	--	--	--
331	Accounts Payable - HUD PHA Programs	--	--	--	--	--	--	--
333	Accounts Payable - Other Government	--	--	--	--	--	--	--
341	Tenant Security Deposits	--	--	--	--	--	--	--
342	Unearned Revenue	8	70,855	--	--	--	--	475
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	60,000
345	Other Current Liabilities	--	--	--	--	--	--	10,254
346	Accrued Liabilities - Other	--	--	--	--	--	--	8,128
347	Inter Program - Due To	8	7	61,322	--	4,052	--	616
310	Total Current Liabilities	465	71,719	61,322	--	4,052	16,765	135,198
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	--	--	--	--	--	4,715,002
353	Non-current Liabilities - Other	--	--	--	--	--	--	--
354	Accrued Compensated Absences - Non Current	--	--	--	--	--	--	--
350	Total Non-Current Liabilities	--	--	--	--	--	--	4,715,002
300	Total Liabilities	465	71,719	61,322	--	4,052	16,765	4,850,200
400	Deferred Inflow of Resources	--	--	88,381	--	--	--	657,735
508.4	Net Investment in Capital Assets	--	--	--	--	--	1,073,911	770,711
511.4	Restricted Net Position	--	--	--	--	--	922,476	558,670
512.4	Unrestricted Net Position	13,121	20,754	99,120	--	--	22,885,612	18,093,695
513	Total Equity - Net Assets / Position	13,121	20,754	99,120	--	--	24,881,999	19,423,076
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	13,586	92,473	248,823	--	4,052	24,898,764	24,931,011
70300	Net Tenant Rental Revenue	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Mainstream Vouchers	Emergency Housing Voucher	Other Federal Program 1	Other Federal Program 2	Emergency Shelter Grant	Revitalization of Severely Distressed Public Housing	State/Local
70400	Tenant Revenue - Other	--	--	--	--	--	--	--
70500	Total Tenant Revenue	--	--	--	--	--	--	--
70600	HUD PHA Operating Grants	169,733	381,609	--	--	--	--	--
70610	Capital Grants	--	--	--	--	--	--	--
70710	Management Fee	--	--	--	--	--	--	--
70720	Asset Management Fee	--	--	--	--	--	--	--
70730	Book Keeping Fee	--	--	--	--	--	--	--
70700	Total Fee Revenue	--	--	--	--	--	--	--
70800	Other Government Grants	--	--	--	--	55,991	--	777,397
71100	Investment Income - Unrestricted	--	--	--	--	--	35,194	395,158
71200	Mortgage Interest Income	--	--	--	--	--	648,138	84,000
71400	Fraud Recovery	--	--	--	--	--	--	--
71500	Other Revenue	--	--	347,813	--	--	17,013	2,234,707
71600	Gain or Loss on Sale of Capital Assets	--	--	--	--	--	--	90,474
72000	Investment Income - Restricted	--	--	--	--	--	105,581	159
70000	Total Revenue	169,733	381,609	347,813	--	55,991	805,926	3,581,895
91100	Administrative Salaries	8,421	14,411	758	--	--	1,457	116,146
91200	Auditing Fees	145	124	--	--	--	2,742	876
91300	Management Fee	3,128	5,052	--	--	--	--	1,308
91310	Book-keeping Fee	1,725	3,158	--	--	--	--	817
91400	Advertising and Marketing	--	--	--	--	--	--	1,003
91500	Employee Benefit contributions - Administrative	4,000	6,821	53	--	--	731	44,157
91600	Office Expenses	2,741	3,578	--	--	9,906	33,251	208,026
91700	Legal Expense	--	--	--	--	--	--	30,017
91800	Travel	35	30	--	--	--	--	1,414
91900	Other	--	--	327,356	--	46,085	--	216,555
91000	Total Operating - Administrative	20,195	33,174	328,167	--	55,991	38,181	620,319
92000	Asset Management Fee	--	--	--	--	--	--	--
92100	Tenant Services - Salaries	--	--	--	--	--	--	--
92300	Employee Benefit Contributions - Tenant Services	--	--	--	--	--	--	--
92400	Tenant Services - Other	--	46,731	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Mainstream Vouchers	Emergency Housing Voucher	Other Federal Program 1	Other Federal Program 2	Emergency Shelter Grant	Revitalization of Severely Distressed Public Housing	State/Local
92500	Total Tenant Services	--	46,731	--	--	--	--	--
93100	Water	--	--	--	--	--	714	6,375
93200	Electricity	--	--	--	--	--	9,293	21,292
93300	Gas	--	--	--	--	--	2,988	6,802
93400	Fuel	--	--	--	--	--	--	--
93000	Total Utilities	--	--	--	--	--	12,995	34,469
94100	Ordinary Maintenance and Operations - Labor	--	--	--	--	--	--	--
94200	Ordinary Maintenance and Operations - Materials and Other	--	--	--	--	--	103	10,607
94300	Ordinary Maintenance and Operations Contracts	--	--	--	--	--	26,088	84,488
94500	Employee Benefit Contributions - Ordinary Maintenance	--	--	--	--	--	--	--
94000	Total Maintenance	--	--	--	--	--	26,191	95,095
95200	Protective Services - Other Contract Costs	--	--	--	--	--	--	262,041
95000	Total Protective Services	--	--	--	--	--	--	262,041
96110	Property Insurance	--	--	--	--	--	2,357	736
96120	Liability Insurance	--	--	--	--	--	2,129	1,651
96130	Workmen's Compensation	168	123	--	--	--	--	704
96140	All Other Insurance	19	14	--	--	--	--	2
96100	Total insurance Premiums	187	137	--	--	--	4,486	3,093
96210	Compensated Absences	102	486	--	--	--	--	732
96300	Payments in Lieu of Taxes	--	--	--	--	--	--	--
96400	Bad debt - Tenant Rents	--	--	--	--	--	--	--
96800	Severance Expense	--	--	--	--	--	--	--
96000	Total Other General Expenses	102	486	--	--	--	--	732
96710	Interest of Mortgage (or Bonds) Payable	--	--	--	--	--	--	123,195
96720	Interest on Notes Payable (Short and Long Term)	--	--	2,443	--	--	--	--
96700	Total Interest Expense and Amortization Cost	--	--	2,443	--	--	--	123,195
96900	Total Operating Expenses	20,484	80,528	330,610	--	55,991	81,853	1,138,944

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Mainstream Vouchers	Emergency Housing Voucher	Other Federal Program 1	Other Federal Program 2	Emergency Shelter Grant	Revitalization of Severely Distressed Public Housing	State/Local
97000	Excess of Operating Revenue over Operating Expenses	149,249	301,081	17,203	--	--	724,073	2,442,951
97100	Extraordinary Maintenance	--	--	--	--	--	--	--
97200	Casualty Losses - Non-capitalized	--	--	--	--	--	--	--
97300	Housing Assistance Payments	154,118	340,037	--	--	--	--	259,622
97400	Depreciation Expense	--	--	--	--	--	--	2,443
90000	Total Expenses	174,602	420,565	330,610	--	55,991	81,853	1,401,009
10010	Operating Transfer In	--	--	--	15,879	--	80,000	1,027,257
10020	Operating transfer Out	--	--	--	--	--	(975,000)	(354,532)
10030	Operating Transfers from/to Primary Government	--	--	--	--	--	--	--
10040	Operating Transfers from/to Component Unit	--	--	--	--	--	--	--
10091	Inter Project Excess Cash Transfer In	--	--	--	--	--	--	--
10092	Inter Project Excess Cash Transfer Out	--	--	--	--	--	--	--
10093	Transfers between Program and Project - In	--	--	--	--	--	--	--
10094	Transfers between Project and Program - Out	--	--	--	--	--	--	--
10100	Total Other financing Sources (Uses)	--	--	--	15,879	--	(895,000)	672,725
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(4,869)	(38,956)	17,203	15,879	--	(170,927)	2,853,611
11020	Required Annual Debt Principal Payments	--	--	--	--	--	--	127,576
11030	Beginning Equity	17,988	59,709	81,916	(15,879)	--	25,049,558	16,572,892
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	2	1	1	--	--	3,368	(3,427)
11170	Administrative Fee Equity	--	--	--	--	--	--	--
11190	Unit Months Available	396	588	--	--	--	--	--
11210	Number of Unit Months Leased	231	418	--	--	--	--	--
11620	Building Purchases	--	--	--	--	--	--	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Business Activities	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	849,977	2,383,754	533,815	--	8,201,260
113	Cash - Other Restricted	158,142	5,361,142	--	--	6,356,203
114	Cash - Tenant Security Deposits	--	192,770	--	--	192,770
100	Total Cash	1,008,119	7,937,666	533,815	--	14,750,233
122	Accounts Receivable - HUD Other Projects	--	--	--	--	3,691
124	Accounts Receivable - Other Government	--	--	--	--	1,638,860
125	Accounts Receivable - Miscellaneous	--	91,692	109,233	--	1,405,055
126	Accounts Receivable - Tenants	--	155,488	--	--	200,768
126.1	Allowance for Doubtful Accounts - Tenants	--	(62,252)	--	--	(66,803)
126.2	Allowance for Doubtful Accounts - Other	--	--	--	--	(190,076)
127	Notes, Loans, & Mortgages Receivable - Current	--	--	--	--	239,731
129	Accrued Interest Receivable	--	68,523	22,560	--	527,094
120	Total Receivables, Net of Allowances for Doubtful Accounts	--	253,451	131,793	--	3,758,320
131	Investments - Unrestricted	--	2,115,000	1,350,000	--	12,573,849
132	Investments - Restricted	--	--	--	--	987,476
142	Prepaid Expenses and Other Assets	--	127,849	197,126	--	422,987
144	Inter Program Due From	--	2,077,698	237,681	(2,730,527)	--
145	Assets Held for Sale	--	--	--	--	1,082,169
150	Total Current Assets	1,008,119	12,511,664	2,450,415	(2,730,527)	33,575,034
161	Land	--	1,513,275	--	--	3,009,450
162	Buildings	--	58,114,667	578,898	--	89,582,257
163	Furniture, Equipment & Machinery - Dwellings	--	3,777,022	140,776	--	10,942,810
164	Furniture, Equipment & Machinery - Administration	--	574,764	579,052	--	2,312,777
166	Accumulated Depreciation	--	(45,350,289)	(735,391)	--	(74,386,987)
167	Construction in Progress	--	--	--	--	6,319,512
160	Total Capital Assets, Net of Accumulated Depreciation	--	18,629,439	563,335	--	37,779,819
171	Notes, Loans and Mortgages Receivable - Non-Current	441,054	--	--	(6,173,784)	24,466,613
174	Other Assets	--	790,537	--	--	3,195,351
180	Total Non-Current Assets	441,054	19,419,976	563,335	(6,173,784)	65,441,783
200	Deferred Outflow of Resources	--	--	--	--	--
290	Total Assets and Deferred Outflow of Resources	1,449,173	31,931,640	3,013,750	(8,904,311)	99,016,817

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Business Activities	Component Unit - Blended	COCC	Eliminations	Total
312	Accounts Payable <= 90 Days	74,934	270,836	7,517	--	1,068,223
321	Accrued Wage/Payroll Taxes Payable	--	22,759	18,006	--	66,032
322	Accrued Compensated Absences - Current Portion	--	--	145,357	--	206,639
324	Accrued Contingency Liability	--	--	--	--	14,105
331	Accounts Payable - HUD PHA Programs	--	--	--	--	18,878
333	Accounts Payable - Other Government	--	223,603	339	--	344,748
341	Tenant Security Deposits	--	192,770	--	--	276,915
342	Unearned Revenue	771,987	15,045	78,726	--	940,443
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	--	201,382	--	(67,685)	193,697
345	Other Current Liabilities	--	133,356	--	--	155,325
346	Accrued Liabilities - Other	2,014	--	--	--	25,142
347	Inter Program - Due To	--	2,325,515	--	(2,730,527)	--
310	Total Current Liabilities	848,935	3,385,266	249,945	(2,798,212)	3,310,147
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	--	12,436,241	--	(6,106,099)	11,045,144
353	Non-current Liabilities - Other	--	--	--	--	58,480
354	Accrued Compensated Absences - Non Current	--	--	415,964	--	415,964
350	Total Non-Current Liabilities	--	12,436,241	415,964	(6,106,099)	11,519,588
300	Total Liabilities	848,935	15,821,507	665,909	(8,904,311)	14,829,735
400	Deferred Inflow of Resources	--	781,032	--	--	4,038,209
508.4	Net Investment in Capital Assets	--	5,431,298	563,335	6,173,784	25,980,460
511.4	Restricted Net Position	158,142	--	--	--	1,917,537
512.4	Unrestricted Net Position	442,096	9,897,803	1,784,506	(6,173,784)	52,250,876
513	Total Equity - Net Assets / Position	600,238	15,329,101	2,347,841	--	80,148,873
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,449,173	31,931,640	3,013,750	(8,904,311)	99,016,817
70300	Net Tenant Rental Revenue	--	4,625,512	--	(1,899,987)	4,050,841
70400	Tenant Revenue - Other	--	182,990	--	--	358,558
70500	Total Tenant Revenue	--	4,808,502	--	(1,899,987)	4,409,399
70600	HUD PHA Operating Grants	--	2,055,341	--	--	17,335,808
70610	Capital Grants	--	--	--	--	3,052,643
70710	Management Fee	--	--	1,419,675	(1,419,675)	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Business Activities	Component Unit - Blended	COCC	Eliminations	Total
70720	Asset Management Fee	--	--	61,800	(61,800)	--
70730	Book Keeping Fee	--	--	157,112	(157,112)	--
70700	Total Fee Revenue	--	--	1,638,587	(1,638,587)	--
70800	Other Government Grants	94,084	--	--	--	1,886,852
71100	Investment Income - Unrestricted	--	172,840	66,643	--	796,469
71200	Mortgage Interest Income	--	--	--	--	732,138
71400	Fraud Recovery	--	--	--	--	5,583
71500	Other Revenue	298	299,757	329,869	--	3,590,230
71600	Gain or Loss on Sale of Capital Assets	(89,042)	--	--	--	1,682
72000	Investment Income - Restricted	126	--	--	--	132,405
70000	Total Revenue	5,466	7,336,440	2,035,099	(3,538,574)	31,943,209
91100	Administrative Salaries	--	417,958	830,653	--	2,402,193
91200	Auditing Fees	--	31,550	--	--	75,626
91300	Management Fee	--	566,148	--	(1,398,071)	--
91310	Book-keeping Fee	--	53,363	--	(178,716)	31,759
91400	Advertising and Marketing	--	4,045	390	--	5,892
91500	Employee Benefit contributions - Administrative	--	138,995	369,602	--	1,051,777
91600	Office Expenses	192	74,000	290,431	--	909,660
91700	Legal Expense	--	208,551	18,732	--	364,087
91800	Travel	--	446	4,181	--	10,304
91900	Other	94,084	126,810	53	--	1,774,904
91000	Total Operating - Administrative	94,276	1,621,866	1,514,042	(1,576,787)	6,626,202
92000	Asset Management Fee	--	--	--	(61,800)	--
92100	Tenant Services - Salaries	--	--	--	--	22,255
92300	Employee Benefit Contributions - Tenant Services	--	13,663	--	--	22,090
92400	Tenant Services - Other	--	6,437	--	--	56,869
92500	Total Tenant Services	--	20,100	--	--	101,214
93100	Water	330	214,548	--	--	350,058
93200	Electricity	124	276,835	1,284	--	565,992
93300	Gas	301	109,955	--	--	228,860
93400	Fuel	--	1,508	--	--	1,508
93000	Total Utilities	755	602,846	1,284	--	1,146,418
94100	Ordinary Maintenance and Operations - Labor	--	818,691	--	--	1,249,482

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Business Activities	Component Unit - Blended	COCC	Eliminations	Total
94200	Ordinary Maintenance and Operations - Materials and Other	--	363,201	239	--	509,087
94300	Ordinary Maintenance and Operations Contracts	1,038	766,976	2,489	--	1,495,212
94500	Employee Benefit Contributions - Ordinary Maintenance	--	362,896	--	--	621,355
94000	Total Maintenance	1,038	2,311,764	2,728	--	3,875,136
95200	Protective Services - Other Contract Costs	--	21,641	--	--	294,480
95000	Total Protective Services	--	21,641	--	--	294,480
96110	Property Insurance	--	177,274	--	--	270,668
96120	Liability Insurance	--	28,531	4,327	--	57,316
96130	Workmen's Compensation	--	18,969	9,087	--	55,467
96140	All Other Insurance	--	36,666	--	--	41,568
96100	Total insurance Premiums	--	261,440	13,414	--	425,019
96210	Compensated Absences	--	13,013	22,328	--	39,624
96300	Payments in Lieu of Taxes	--	225,509	--	--	300,070
96400	Bad debt - Tenant Rents	--	264,047	--	--	302,627
96800	Severance Expense	--	--	--	--	5,390
96000	Total Other General Expenses	--	502,569	22,328	--	647,711
96710	Interest of Mortgage (or Bonds) Payable	--	217,555	--	--	340,750
96720	Interest on Notes Payable (Short and Long Term)	--	--	--	--	2,443
96700	Total Interest Expense and Amortization Cost	--	217,555	--	--	343,193
96900	Total Operating Expenses	96,069	5,559,781	1,553,796	(1,638,587)	13,459,373
97000	Excess of Operating Revenue over Operating Expenses	(90,603)	1,776,659	481,303	--	18,483,836
97100	Extraordinary Maintenance	--	--	--	--	41,236
97200	Casualty Losses - Non-capitalized	--	--	--	--	2,500
97300	Housing Assistance Payments	--	--	--	(1,899,987)	9,742,079
97400	Depreciation Expense	--	1,222,593	41,517	--	2,312,582
90000	Total Expenses	96,069	6,782,374	1,595,313	(3,538,574)	25,557,770
10010	Operating Transfer In	1,060	--	--	(1,363,531)	--
10020	Operating transfer Out	--	1	--	1,363,531	--
10030	Operating Transfers from/to Primary Government	--	7,973,281	--	(7,973,281)	--
10040	Operating Transfers from/to Component Unit	--	(301,874)	--	7,973,281	--

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

SEPTEMBER 30, 2023

FDS Line Item	Description	Business Activities	Component Unit - Blended	COCC	Eliminations	Total
10091	Inter Project Excess Cash Transfer In	--	--	--	(6,889)	--
10092	Inter Project Excess Cash Transfer Out	--	--	--	6,889	--
10093	Transfers between Program and Project - In	--	--	--	(4,461,097)	--
10094	Transfers between Project and Program - Out	--	--	--	4,461,097	--
10100	Total Other financing Sources (Uses)	1,060	7,671,408	--	--	--
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(89,543)	8,225,474	439,786	--	6,385,439
11020	Required Annual Debt Principal Payments	--	--	--	--	127,576
11030	Beginning Equity	689,780	7,103,627	1,908,012	--	73,763,434
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	1	--	43	--	--
11170	Administrative Fee Equity	--	--	--	--	(63)
11190	Unit Months Available	--	8,180	--	--	31,590
11210	Number of Unit Months Leased	--	7,539	--	--	26,248
11620	Building Purchases	--	--	--	--	3,052,643

See Independent Auditors' Report

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Project:	MN46P003501-20	MN46P003501-21	MN46P003501-22	MN46P003501-23
Modernization Funds Approved	\$ 2,612,810	\$ 2,772,498	\$ 3,655,579	\$ 2,507,423
Modernization Funds Expended	<u>2,433,157</u>	<u>2,540,992</u>	<u>1,192,018</u>	<u>9,263</u>
Excess of Modernization Funds Approved	<u>\$ 179,653</u>	<u>\$ 231,506</u>	<u>\$ 2,463,561</u>	<u>\$ 2,498,160</u>
Modernization Funds Advanced	\$ 2,433,157	\$ 2,540,992	\$ 1,192,018	\$ 9,263
Modernization Funds Expended	<u>2,433,157</u>	<u>2,540,992</u>	<u>1,192,018</u>	<u>9,263</u>
Excess of Modernization Funds Advanced	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditors' Report

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

**STATEMENT OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Grant:	FSS22MN4317
Grant Funds Approved	\$ 40,000
Grant Funds Expended	<u>40,000</u>
Excess of Grant Funds Approved	<u>\$ --</u>
Grant Funds Advanced	\$ 40,000
Grant Funds Expended	<u>40,000</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

Based on our review of the completed grant:

- 1) All work in connection with the grant is complete.
- 2) All liabilities have been incurred and discharged through payment.

See Independent Auditors' Report

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Grant:	FSS23MN4919
Grant Funds Approved	\$ 44,000
Grant Funds Expended	<u>28,613</u>
Excess of Grant Funds Approved	<u>\$ 15,387</u>
Grant Funds Advanced	\$ 28,613
Grant Funds Expended	<u>28,613</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

See Independent Auditors' Report

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity		Total Federal Expenditures
		Identifying Number	Provided to Sub-recipients	
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Housing Choice Vouchers	14.871	--	\$ --	\$ 11,940,411
Mainstream Vouchers	14.879	--	--	169,733
Emergency Housing Voucher	14.EHV	--	--	381,609
Total Housing Voucher Cluster			--	12,491,753
CDBG - Entitlement Grants Cluster				
Passed through the City of Duluth:				
Community Development Block Grants/Entitlement Grants	14.218	--	--	757,044
Total CDBG - Entitlement Grants Cluster			--	757,044
Section 8 Project-Based Cluster				
Lower Income Housing Assistance Program_Section 8			--	114,867
Moderate Rehabilitation	14.856	--	--	
Total Section 8 Project-Based Cluster			--	114,867
Public and Indian Housing	14.850	--	--	2,411,037
Public Housing Capital Fund (CFP)	14.872	--	--	3,273,243
Passed through the City of Duluth:				
Emergency Shelter Grants Program	14.231	--	--	55,991
Passed through the City of Duluth:				
HOME Investment Partnerships Program	14.239	--	--	93,553
Continuum of Care Program	14.267	--	--	86,784
Community Development Block Grants/State Program	14.228	--	--	22,000
PIH Family Self-Sufficiency Program	14.896	--	--	42,210
Total Department of Housing & Urban Development			--	19,348,482

See Notes to the Schedule of Expenditures of Federal Awards

HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH, MINNESOTA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Housing and Redevelopment Authority of Duluth, Minnesota, under programs of the federal government for the year ended September 30, 2023. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Housing and Redevelopment Authority of Duluth, Minnesota, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing and Redevelopment Authority of Duluth, Minnesota.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, 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. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The Housing and Redevelopment Authority of Duluth, Minnesota has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

To The Board of Commissioners
Housing and Redevelopment Authority of Duluth, Minnesota
Duluth, Minnesota

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 Housing and Redevelopment Authority of Duluth, Minnesota as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing and Redevelopment Authority of Duluth, Minnesota's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing and Redevelopment Authority of Duluth, Minnesota's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing and Redevelopment Authority of Duluth, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marum LLP

Boston, MA
June 28, 2024

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

To The Board of Commissioners
Housing and Redevelopment Authority of Duluth, Minnesota
Duluth, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Housing and Redevelopment Authority of Duluth, Minnesota 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 September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing and Redevelopment Authority of Duluth, Minnesota's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing and Redevelopment Authority of Duluth, Minnesota'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 the Housing and Redevelopment Authority of Duluth, Minnesota'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 Housing and Redevelopment Authority of Duluth, Minnesota'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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Marcum LLP

Boston, MA
June 28, 2024

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements
audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditors' report issued on compliance
for major federal programs: *Unmodified Opinion*

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
---	--

14.850	Public and Indian Housing
14.872	Public Housing Capital Fund

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH,
MINNESOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

CONDITION

The Company has not established procedures to reconcile or review certain accounts on a regular basis.

STATUS

These deficiencies were not identified in the current audit period.

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To The Board of Commissioners
Housing and Redevelopment Authority of Duluth, Minnesota
Duluth, Minnesota

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing and Redevelopment Authority of Duluth, Minnesota (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended September 30, 2023 and have issued our reports thereon dated June 28, 2024. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated June 28, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Boston, MA
June 28, 2024