

**The Housing and Redevelopment
Authority of South St. Paul
South St. Paul, Minnesota**

Financial Statements

December 31, 2024

**The Housing and Redevelopment Authority of South St. Paul
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The Housing and Redevelopment Authority of South St. Paul
Elected Officials and Administration
December 31, 2024

<u>Elected Official</u>	<u>Position</u>	<u>Term Expires</u>
Matthew Thompson	Chairperson	January 1, 2027
Joseph Kaliszewski	Vice Chairperson	January 1, 2027
Thomas Seaberg	Secretary	January 1, 2027
Lori Hansen	Commissioner	January 1, 2025
Pamela Bakken	Commissioner	January 1, 2025
Todd Podgorski	Commissioner	January 1, 2025
James Francis	Commissioner	January 1, 2025

Administration

Ryan Garcia	Executive Director
Clara Hilger	Treasurer



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners and Management
Housing and Redevelopment Authority of South St. Paul
South St. Paul, Minnesota

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing and Redevelopment Authority of South St. Paul (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

EMPHASIS OF MATTER

Change in Accounting Principle

As described in Note 7 of the notes to the financial statements, in fiscal 2024, the Authority adopted new accounting guidance in capitalizing purchases of groups of similar assets in the current year. Our opinion is not modified with respect to this matter.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Authority's ability to continue as a going concern for 12 months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority'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 Authority'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.

(continued)

REQUIRED SUPPLEMENTARY INFORMATION

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER INFORMATION

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

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

Respectfully submitted,

Handwritten signature in cursive script that reads "LB Carlson, LLP".

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

The Housing and Redevelopment Authority of South St. Paul Management's Discussion and Analysis

This management overview and analysis is offered to readers of the annual financial report for the Housing and Redevelopment Authority of the City of South St. Paul (the Authority) regarding the financial activities of the Authority for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded liabilities at the close of the most recent fiscal year by \$8,785,180 (net position). Of this amount, \$3,049,645 (unrestricted net position) may be used to meet the Authority's ongoing obligations.
- The Authority's total net position increased by \$1,862,916, excluding the change in accounting principle reported in the current year.
- The Authority adopted new accounting guidance for capital assets in the current year, which increased the beginning net position by \$170,200 in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position financial statements. This change is further described in Note 1 of the notes to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis (MD&A) is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances. The Authority is supported primarily by intergovernmental revenues (US Department of Housing and Urban Development (HUD)) and rental income. All of the Authority's activities are reported as proprietary funds.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for which the cash flow will occur in future periods.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary Funds

The Authority maintains one type of proprietary fund, enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses enterprise funds to account for its Low Rent Public Housing and Capital Fund. The basic proprietary fund statements can be found on pages 14-16 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 17-21 of this report.

Supplementary information

The Financial Data Schedules contain detail by program, presented in the HUD-required format. The financial data schedules and notes can be found on pages 26-30 of this report.

**The Housing and Redevelopment Authority of South St. Paul
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$8,785,180 at the close of the most recent fiscal year. The portion of the Authority's net position of \$5,735,535, or 65.3%, reflects its net investment in capital assets (e.g., land, buildings, and equipment). These capital assets are not available for future spending. The remaining \$3,049,645 is unrestricted net position which can be used for ongoing obligations to citizens and creditors.

At the end of the fiscal year, the Authority was able to report positive balances in all categories of net position.

Net Position

	Business-Type	
	Activities	
	2024	2023
Current and Other Assets	\$ 3,861,534	\$ 3,941,590
Capital and Noncurrent Assets	12,135,461	5,229,639
Total Assets	15,996,995	9,171,229
Current Liabilities	1,294,272	685,356
Long-Term Liabilities	5,917,543	1,733,809
Total Liabilities	7,211,815	2,419,165
Net Position		
Net Investment in Capital Assets	5,735,535	3,495,830
Unrestricted	3,049,645	3,256,234
Total Net Position	\$ 8,785,180	\$ 6,752,064

Capital assets increased due to a major improvement project in the Low Rent Public Housing fund. Current liabilities increased due to additional payables at the end of 2024, including the final payment on the major improvement project and a short-term cash loan from the City of South St. Paul. Long-term liabilities increased as a result of a new forgivable loan acquired to finance the major improvement project.

**The Housing and Redevelopment Authority of South St. Paul
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Change in Net Position

	Business-Type Activities	
	2024	2023
REVENUES:		
Program Revenues:		
Charges for Services	\$ 1,356,542	\$ 1,339,465
Operating Grants and Contributions	1,157,693	1,092,798
Capital Grants and Contributions	2,963,130	506,659
General Revenues:		
Investment Earnings	104,966	25,879
Total Revenues	5,582,331	2,964,801
 EXPENSES:		
Low Rent Public Housing	3,719,415	3,049,133
Congregate Housing Services	-	118,200
Total Expenses	3,719,415	3,167,333
Change in Net Position	1,862,916	(202,532)
Beginning Net Position, as previously reported	6,752,064	6,954,596
Change in Accounting Principle	170,200	-
Beginning Net Position, as restated	6,922,264	6,954,596
Ending Net Position	\$ 8,785,180	\$ 6,752,064

Business-Type Activities

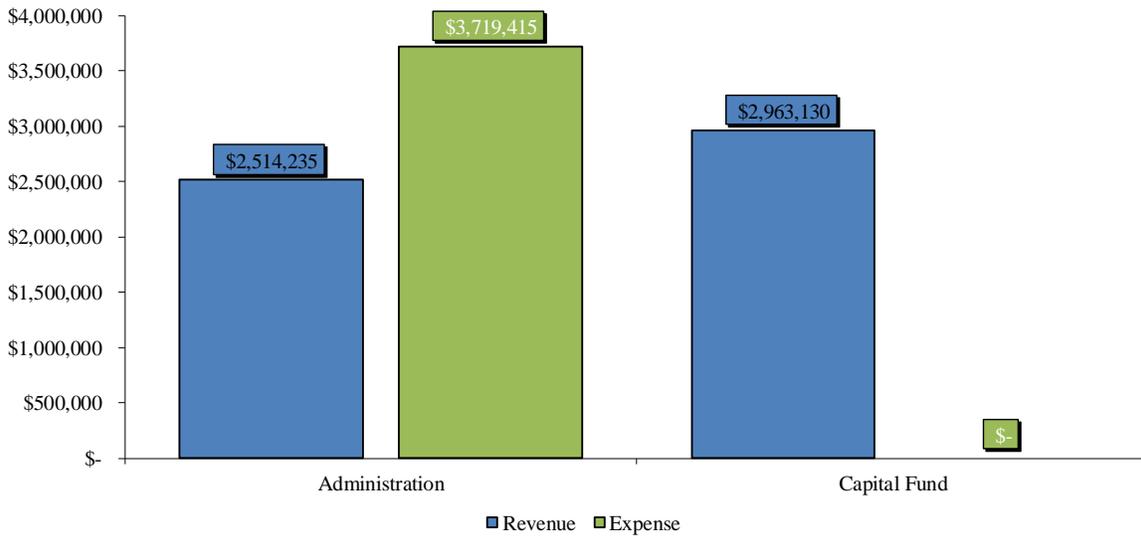
Business-type activities increased net position by \$1,862,916. Capital grants increased due to the HUD funded capital projects in 2024. Low Rent Public Housing expenses were higher due to increases in relocation costs for the major improvement project completed at the building.

**The Housing and Redevelopment Authority of South St. Paul
Management's Discussion and Analysis**

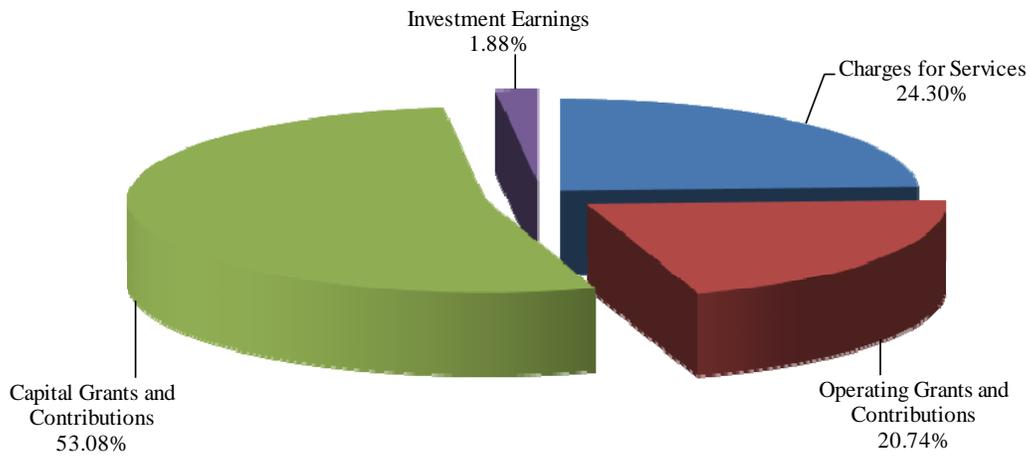
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Below are specific graphs that provide comparisons of the business-type activities program revenues and expenses:

Operating Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities – 2024

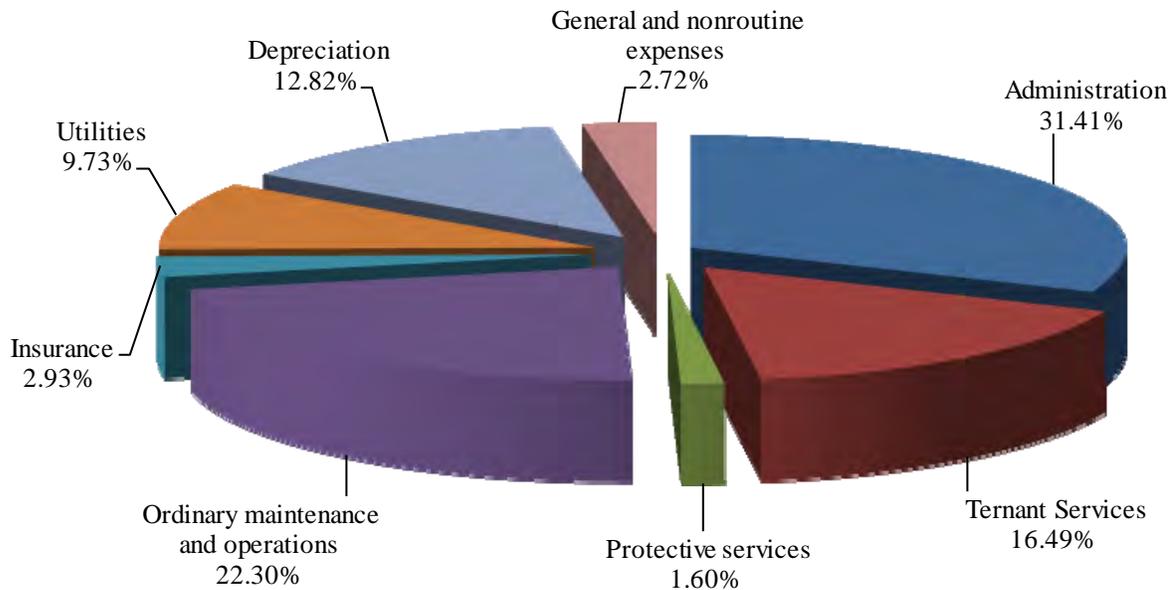


**The Housing and Redevelopment Authority of South St. Paul
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Proprietary Funds – The Authority's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Expenses by Category – Proprietary Finds – 2024



At the end of the current fiscal year, the Authority's proprietary funds reported combined net position of \$8,785,180. Of this total, 65.3%, or \$5,735,535, was net investment in capital assets and 34.7%, or \$3,049,645, was unrestricted.

The Low Rent Public Housing fund experienced a positive change in net position of \$1,862,916. This can be attributed to \$2,963,130 in capital contributions for the replacement of the plumbing in one of the Low Rent Public Housing buildings.

The Capital Fund ended 2024 with \$0 net position; this fund transfers any remaining net position to the Low Rent Public Housing Program each year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Authority's capital assets for its business-type activities as of December 31, 2024 totaled to \$12,135,461 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and equipment.

Capital Assets (Net of Depreciation)		
	2024	2023
Land	\$ 265,675	\$ 265,675
Construction in progress	56,299	293,246
Buildings and improvements	11,812,857	4,668,829
Equipment	630	1,889
Total	\$ 12,135,461	\$ 5,229,639

**The Housing and Redevelopment Authority of South St. Paul
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital purchases for the year were for construction in progress, building improvements and equipment totaling \$7,213,759. Depreciation on capital assets totaled \$476,577 during the fiscal year. More detailed information regarding capital assets can be found in the notes to the financial statements (Note 1H and Note 3).

Debt Outstanding – As of December 31, 2024 and 2023, the Authority had \$5,917,543 and \$1,733,809, respectively, in notes outstanding. Refer to Note 5 in the notes to the financial statements for additional information.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS

The Authority remains heavily dependent on federal, state and local funding to support its operations. It is anticipated that funding will remain at current levels for 2025 and that next year's budget operations will be comparable to the 2024 budget. The Authority's goal is to maintain its current financial reserves.

FINANCIAL CONTACT

The Authority's financial statements are designed to present the users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have questions about the report or need additional financial information, contact the Authority's Executive Director or the City of South St. Paul Finance Director at 125 Third Avenue North, South St. Paul, Minnesota 55075.

BASIC FINANCIAL STATEMENTS

The Housing and Redevelopment Authority of South St. Paul
Statement of Net Position
December 31, 2024

Statement 1

	<u>Business-Type Activities</u>
Assets	
Accounts receivable - net	\$ 50,324
Due from other governments	3,711,688
Prepaid items	99,522
Capital assets (net of accumulated depreciation)	
Nondepreciable	321,974
Depreciable	<u>11,813,487</u>
Total assets	<u><u>15,996,995</u></u>
Liabilities	
Accounts and contracts payable	606,528
Due to other governments	604,174
Tenant security deposits	83,570
Notes payable	
Due in more than one year	<u>5,917,543</u>
Total liabilities	<u><u>7,211,815</u></u>
Net Position	
Net investment in capital assets	5,735,535
Unrestricted	<u>3,049,645</u>
Total net position	<u><u>\$ 8,785,180</u></u>

The Housing and Redevelopment Authority of South St. Paul
Statement of Activities
Year Ended December 31, 2024

Statement 2

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Business-type activities					Business-Type Activities
Low rent public housing	\$ 3,719,415	\$ 1,356,542	\$ 1,157,693	\$ -	\$ (1,205,180)
Capital fund	-	-	-	2,963,130	2,963,130
Total business-type activities	<u>\$ 3,719,415</u>	<u>\$ 1,356,542</u>	<u>\$ 1,157,693</u>	<u>\$ 2,963,130</u>	<u>1,757,950</u>
		General revenues			
		Unrestricted investment earnings			<u>104,966</u>
		Change in net position			1,862,916
		Net position - beginning, as previously reported			6,752,064
		Change in accounting principle			<u>170,200</u>
		Net position - beginning, as restated			<u>6,922,264</u>
		Net position - ending			<u>\$ 8,785,180</u>

The Housing and Redevelopment Authority of South St. Paul
Statement of Net Position - Proprietary Funds
December 31, 2024

Statement 3

	Business-Type Activities		
	Low Rent Public Housing (677, 678)	Capital Fund (673)	Total
Assets			
Current assets			
Accounts receivable - net	\$ 50,324	\$ -	\$ 50,324
Due from other governments	2,789,726	921,962	3,711,688
Advance to other funds	416,302	-	416,302
Prepaid items	99,522	-	99,522
Total current assets	<u>3,355,874</u>	<u>921,962</u>	<u>4,277,836</u>
Noncurrent assets			
Capital assets			
Land	265,675	-	265,675
Buildings and improvements	28,918,290	-	28,918,290
Equipment	76,133	-	76,133
Construction in progress	56,299	-	56,299
Total capital assets	<u>29,316,397</u>	<u>-</u>	<u>29,316,397</u>
Less accumulated depreciation	(17,180,936)	-	(17,180,936)
Net capital assets	<u>12,135,461</u>	<u>-</u>	<u>12,135,461</u>
Total assets	<u>15,491,335</u>	<u>921,962</u>	<u>16,413,297</u>
Liabilities			
Current liabilities			
Accounts and contracts payable	606,528	-	606,528
Due to other governments	98,514	505,660	604,174
Advance from other funds	-	416,302	416,302
Tenant security deposits	83,570	-	83,570
Total current liabilities	<u>788,612</u>	<u>921,962</u>	<u>1,710,574</u>
Noncurrent liabilities			
Notes payable, net of current portion	5,917,543	-	5,917,543
Total liabilities	<u>6,706,155</u>	<u>921,962</u>	<u>7,628,117</u>
Net position			
Net investment in capital assets	5,735,535	-	5,735,535
Unrestricted	3,049,645	-	3,049,645
Total net position	<u>\$ 8,785,180</u>	<u>\$ -</u>	<u>\$ 8,785,180</u>

See notes to the financial statements

The Housing and Redevelopment Authority of South St. Paul
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended December 31, 2024

Statement 4

	Business-Type Activities		
	Low Rent Public Housing (677, 678)	Capital Fund (673)	Total
Operating revenues			
Charges for services	\$ 1,297,416	\$ -	\$ 1,297,416
Other program revenue	43,804	-	43,804
Total operating revenues	<u>1,341,220</u>	<u>-</u>	<u>1,341,220</u>
Operating expenses			
Administration	1,167,656	-	1,167,656
Tenant services	612,994	-	612,994
Protective services	59,564	-	59,564
Ordinary maintenance and operations	829,176	-	829,176
Insurance	108,774	-	108,774
Utilities	361,674	-	361,674
Depreciation	476,577	-	476,577
General and nonroutine expenses	100,975	-	100,975
Total operating expenses	<u>3,717,390</u>	<u>-</u>	<u>3,717,390</u>
Operating income (loss)	<u>(2,376,170)</u>	<u>-</u>	<u>(2,376,170)</u>
Nonoperating revenues (expenses)			
Investment income	104,966	-	104,966
Intergovernmental	1,157,693	-	1,157,693
Other revenue	15,322	-	15,322
Interest expense	(2,025)	-	(2,025)
Total nonoperating revenues (expenses)	<u>1,275,956</u>	<u>-</u>	<u>1,275,956</u>
Income (loss) before contributions and transfers	<u>(1,100,214)</u>	<u>-</u>	<u>(1,100,214)</u>
Capital contributions/grants	-	2,963,130	2,963,130
Transfers in	2,963,130	-	2,963,130
Transfers out	-	(2,963,130)	(2,963,130)
Change in net position	<u>1,862,916</u>	<u>-</u>	<u>1,862,916</u>
Net position - beginning, as previously reported	6,752,064	-	6,752,064
Change in accounting principle	170,200	-	170,200
Net position - beginning, as restated	<u>6,922,264</u>	<u>-</u>	<u>6,922,264</u>
Net position - ending	<u>\$ 8,785,180</u>	<u>\$ -</u>	<u>\$ 8,785,180</u>

See notes to the financial statements

The Housing and Redevelopment Authority of South St. Paul
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

Statement 5

	Business-Type Activities		
	Low Rent Public Housing (677, 678)	Capital Fund (673)	Total
Cash Flows-Operating Activities			
Cash received from customers & tenants	\$ 1,383,004	\$ -	\$ 1,383,004
Other program revenue	15,322	-	15,322
Cash paid for operating expenses	(3,137,696)	-	(3,137,696)
Net cash flows-operating activities	<u>(1,739,370)</u>	<u>-</u>	<u>(1,739,370)</u>
Cash Flows-Noncapital Financing Activities			
Advance from other funds	-	416,302	416,302
Advance to other funds	(416,302)	-	(416,302)
Cash received from HUD	1,157,693	-	1,157,693
Due to other governmental units	-	505,660	505,660
Net cash flows-noncapital financing activities	<u>741,391</u>	<u>921,962</u>	<u>1,663,353</u>
Cash Flows-Capital And Related Financing Activities			
Proceeds from forgivable loan	1,502,464	-	1,502,464
Principal paid on debt	(108,456)	-	(108,456)
Interest paid on debt	(3,479)	-	(3,479)
Acquisition of capital assets	(7,212,199)	-	(7,212,199)
Capital contributions/grants	-	2,041,168	2,041,168
Transfer from other funds	2,963,130	-	2,963,130
Transfer to other funds	-	(2,963,130)	(2,963,130)
Net cash flows-capital and related financing activities	<u>(2,858,540)</u>	<u>(921,962)</u>	<u>(3,780,502)</u>
Cash Flows-Investing Activities			
Interest and dividends received	104,966	-	104,966
Net change in cash and cash equivalents	<u>(3,751,553)</u>	<u>-</u>	<u>(3,751,553)</u>
Cash and Cash Equivalents			
Beginning of year	3,751,553	-	3,751,553
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows-Operating Activities			
Operating income (loss)	\$ (2,376,170)	\$ -	\$ (2,376,170)
Adjustments to reconcile operating income (loss) to net cash flows-operating activities			
Depreciation expense	476,577	-	476,577
Changes in assets and liabilities			
Accounts receivable	41,784	-	41,784
Prepaid items	(1,593)	-	(1,593)
Accounts payable	182,938	-	182,938
Due to other governmental units	(71,905)	-	(71,905)
Tenant security deposits	(6,323)	-	(6,323)
Other program revenue	15,322	-	15,322
Total adjustments	<u>636,800</u>	<u>-</u>	<u>636,800</u>
Net cash flows-operating activities	<u>\$ (1,739,370)</u>	<u>\$ -</u>	<u>\$ (1,739,370)</u>
Schedule of non-cash capital and related financing activities:			
Net book value of capital asset disposals	\$ 1,560	\$ -	\$ 1,560

See notes to the financial statements

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Housing and Redevelopment Authority of the City of South Saint Paul, Minnesota (the Authority) is a public agency that was established in 1964 under enabling state legislation. South St. Paul was the first Minnesota city outside the Twin Cities to form its own Authority. The Authority programs provided and encouraged development of safe and affordable housing, revitalization of commercial and industrial areas to provide stimulus for new development and employment opportunities in the City of South St. Paul (City). The Authority is governed by a seven-member Board of Commissioners consisting of the South St. Paul City Council.

The Authority, for financial reporting purposes, includes all funds for which the Authority is financially accountable. Financial accountability was determined on the basis of selection of the governing body, ability to impose will, a financial benefit/burden relationship, and fiscal dependency including approval of budgets, tax levies, and bonded debt issuance. In applying this criterion, the Authority has no component units.

Also, in applying the financial accountability criteria, it has been determined that the Authority is a blended component unit of the City of South St. Paul and is, therefore, included in the City's Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. In 2024 the Board of Commissioners was the full City Council and the City has the ability to impose its will on the Authority since City staff are responsible for the day-to-day management of the Authority. The City gives final substantive approval to the Authority's budget.

B. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated revenues are reported as general revenues rather than program revenues.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Major individual proprietary funds are reported as separate columns in the fund financial statements. The Authority reports the following major proprietary funds:

Low Rent Public Housing Fund – Low Rent Public Housing fund records transactions relating to the two high rises with 300 dwelling units owned by the Authority. The U.S. Department of Housing and Urban Development (HUD) provides operating subsidies for these units through a Consolidated Annual Contributions Contract (CACC).

Capital Fund – This Fund accounts for modernization funds received from HUD for capital improvements, major repairs, and related costs to improve the physical quality of low-income housing units.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services charged to tenants. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets

Budgets for Low Rent Public Housing fund are adopted and amended on a HUD-prescribed basis. Operating budgets are adopted on an annual basis, while the budgets for grants supported by Capital Fund Program Grant funds cover up to four years. Expenses may not exceed total allocations by grant, although there is some flexibility on a line-item basis with the grant.

E. Cash Equivalents

The Authority’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Authority follows the deposit and investment policy for HUD. Therefore, the Authority has formal policies in place as of December 31, 2024, to address custodial credit risk for deposits.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Minnesota Statutes Section 118A requires that all deposits be protected by federal deposit insurance, corporate surety bonds or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. The investment policy requires collateralization as referenced in the above statute.

F. Receivables and Payables

Accounts receivable consist of amounts owed for tenant rent. Accounts payable consist of amounts owed to vendors at year-end. Interfund loans (“advances”) are needed to alleviate cash deficits in individual funds during the course of the year and for purposes of the financial statements at year end.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenses at the time of consumption.

H. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and construction in progress, are stated at historical cost, estimated historical cost or in the case of contributions, at their estimated acquisition value at the time received. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Groups of similar assets acquired at or near the same time for a single objective, with individual acquisition costs below this threshold, are also capitalized if costs of the assets is considered significant in the aggregate.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land and construction in progress are not depreciated. Capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Equipment	3-15

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Tenant Deposits

Tenants for the Low Rent Public Housing Program are required to make a security deposit prior to moving into their respective apartment. In addition, any resident who has a pet or who wishes to obtain a pet must make a deposit. These deposits are used to offset any damages incurred.

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities or proprietary fund type statement of net position.

K. Net Position

Net position represents the difference between assets and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

In accordance with Minnesota Statutes, the Authority maintains deposits at those depository banks authorized by the Board, all of which are members of the Federal Reserve System. Minnesota Statutes require that all Authority deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. As of December 31, 2024 the Authority owed the City \$505,660 due to the timing of the collection of grants from HUD and the Minnesota Housing Finance Agency.

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Statements

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance, as previously reported	Change in Accounting Principle	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 265,675	\$ -	\$ 265,675	\$ -	\$ -	\$ 265,675
Construction in progress	293,246	-	293,246	6,953,579	(7,190,526)	56,299
Total capital assets not being depreciated	<u>558,921</u>	<u>-</u>	<u>558,921</u>	<u>6,953,579</u>	<u>(7,190,526)</u>	<u>321,974</u>
Capital assets being depreciated:						
Buildings & improvements	21,287,772	181,547	21,469,319	7,450,706	(1,735)	28,918,290
Equipment	76,133	-	76,133	-	-	76,133
Total capital assets being depreciated	<u>21,363,905</u>	<u>181,547</u>	<u>21,545,452</u>	<u>7,450,706</u>	<u>(1,735)</u>	<u>28,994,423</u>
Less accumulated depreciation for:						
Buildings & improvements	16,618,943	11,347	16,630,290	475,318	(175)	17,105,433
Equipment	74,244	-	74,244	1,259	-	75,503
Total accumulated depreciation	<u>16,693,187</u>	<u>11,347</u>	<u>16,704,534</u>	<u>476,577</u>	<u>(175)</u>	<u>17,180,936</u>
Total capital assets being depreciated - net	4,670,718	170,200	4,840,918	6,974,129	(1,560)	11,813,487
Business-type activities capital assets - net	<u>\$ 5,229,639</u>	<u>\$ 170,200</u>	<u>\$ 5,399,839</u>	<u>\$ 13,927,708</u>	<u>\$ (7,192,086)</u>	<u>\$ 12,135,461</u>

The change in accounting principle was required by new guidance in financial reporting on group purchases of assets implemented in the current year.

NOTE 4 – INTERFUND TRANSACTIONS

Interfund transactions of \$2,963,130 were made to fund various project costs from the Capital fund to the Low Rent Housing fund during the year. The Low Rent Housing fund advanced \$416,302 to the Capital fund to partially alleviate the cash deficit at year-end.

NOTE 5 – LONG-TERM DEBT

Business-Type Activities – Notes Payable

During 1999, the Authority obtained financing of two loans through the Minnesota Housing Finance Agency (MHFA) in the aggregate amount of \$211,980 to assist with the rehabilitation of the John Carroll Apartment windows. One loan in the amount of \$105,980 is due and payable as a lump sum on September 20, 2029. This is a noninterest bearing loan. The other loan in the amount of \$106,000 shall be deemed to be paid in full and no payment thereof shall be required after 30 years if no event of default occurs as described in the agreement.

During 2002, the Authority obtained financing from the Dakota County Community Development Agency in the amount of \$250,000 to assist with the rehabilitation of the Nan McKay Apartment windows. This is a noninterest bearing loan. This loan is only payable if/when the building ceases to be public housing.

During 2013, the Authority obtained financing from the MHFA in the amount of \$368,734 to assist with the rehabilitation of the Nan McKay Apartment elevators. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

During 2016, the Authority obtained financing from the MHFA in the amount of \$442,486 to assist with the replacement of the fire alarm systems of the Nan McKay and John Carroll Apartment buildings. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement.

During 2020, the HRA obtained financing from the MHFA in the amount of \$352,153 to assist with the modernization of the elevators of the John Carroll Apartment building. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 35 years if no event of default occurs as described in the agreement.

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Statements

NOTE 5 – LONG-TERM DEBT

Business-Type Activities – Notes Payable (Continued)

During 2024, the Authority obtained financing from the MHFA in the amount of \$4,292,190 to assist with the replacement of the plumbing in the John Carroll Apartment building. This is a noninterest bearing loan and shall be deemed to be paid in full and no payment thereof shall be required after 20 years if no event of default occurs as described in the agreement; however, the applicant is required to continue to own and operate the project for a public purpose for a total of 35 years or until it is sold.

Annual debt service requirements for business-type activities long-term debt are as follows:

	Business-Type		
	Principal	Interest	Total
2029	\$ 105,980	\$ -	\$ 105,980
Foregivable Debt	5,811,563	-	5,811,563
Total	\$ 5,917,543	\$ -	\$ 5,917,543

Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2024 was as follows:

	Balance 01/01/24	Additions	Deletions	Balance 12/31/24	Due Within One Year
Business-type activities:					
Notes payable:					
1999 MHFA-ARIF	\$ 105,980	\$ -	\$ -	\$ 105,980	\$ -
1999 MHFA-HTF	106,000	-	-	106,000	-
2013 MHFA	368,734	-	-	368,734	-
2016 MHFA	442,486	-	-	442,486	-
2019 MHFA	352,153	-	-	352,153	-
2002 CDA	250,000	-	-	250,000	-
2024 MHFA	-	4,292,190	-	4,292,190	-
Energy Performance Lease - PNC	108,456	-	108,456	-	-
Total business-type activities long-term debt	\$ 1,733,809	\$ 4,292,190	\$ 108,456	\$ 5,917,543	\$ -

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks and loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the Authority purchases commercial insurance through the Housing Authority Risk Retention Group, Inc. and the Housing Authority Property Insurance, Inc. The Authority is covered through these insurance companies for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

During the year ended December 31, 2024, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the Authority's commercial coverage in any of the past three years.

NOTE 7 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2024, the Authority implemented new accounting guidance for capitalizing purchases of groups of similar assets. This recent change in authoritative literature, which provides new guidance on accounting and financial reporting for capital assets, requires a government to capitalize groups of similar assets purchased at or near the same time, that are individually below the Authority's capitalization threshold, if the aggregate cost is significant. In prior periods, the Authority only capitalized assets whose individual cost exceeded the capitalization policy threshold. The implementation of this new guidance resulted in the Authority reporting certain groups of similar capital assets acquired in previous years and accumulated depreciation thereon, increasing beginning net position by \$170,200 in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position financial statements in the current year. See Note 3 for additional details for the current year.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT

ON SUPPLEMENTARY INFORMATION

To the Board of Commissioners and Management
Housing and Redevelopment Authority of South St. Paul
South St. Paul, Minnesota

OPINIONS

We have audited the financial statements of the Housing and Redevelopment Authority of South St. Paul as of and for the year ended December 31, 2024, and our report thereon dated June 25, 2025, which expressed unmodified opinions on those financial statements, which appears on page 2 of this report. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to June 25, 2025. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Commissioners and management and is not intended to be, and should not be, used by anyone other than those specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads 'LB Carlson, LLP'.

LB CARLSON, LLP
Minneapolis, Minnesota

June 27, 2025

The Housing and Redevelopment Authority of South St. Paul
 Financial Data Schedules
 Combining Balance Sheet - All Programs
 As of December 31, 2024

Line Item No.	Account Descriptions	Project Total	Subtotal	Eliminations	Total
ASSETS					
Current assets					
114	Cash - Tenant Security Deposits	\$ 83,570	\$ 83,570	\$ -	\$ 83,570
100	Total Cash	<u>83,570</u>	<u>83,570</u>	<u>-</u>	<u>83,570</u>
Accounts and Notes Receivable					
122	Accounts Receivable - HUD Other Projects	921,962	921,962	-	921,962
124	Accounts Receivable - Other Government	2,789,726	2,789,726	-	2,789,726
125	Accounts Receivable - Miscellaneous	15,681	15,681	-	15,681
126	Accounts Receivable - Tenants	56,058	56,058	-	56,058
126.1	Allowance for Doubtful Accounts - Tenants	(19,739)	(19,739)	-	(19,739)
126.2	Allowance for Doubtful Accounts - Other	<u>(1,676)</u>	<u>(1,676)</u>	<u>-</u>	<u>(1,676)</u>
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>3,762,012</u>	<u>3,762,012</u>	<u>-</u>	<u>3,762,012</u>
Investments and Other Assets					
142	Prepaid Expenses and Other Assets	<u>99,522</u>	<u>99,522</u>	<u>-</u>	<u>99,522</u>
150	Total Current Assets	<u>3,945,104</u>	<u>3,945,104</u>	<u>-</u>	<u>3,945,104</u>
Noncurrent assets					
161	Land	265,675	265,675	-	265,675
162	Buildings	28,918,290	28,918,290	-	28,918,290
163	Furniture, Equipment & Machinery-Dwellings	76,133	76,133	-	76,133
166	Accumulated Depreciation	(17,180,936)	(17,180,936)	-	(17,180,936)
167	Construction in Progress	<u>56,299</u>	<u>56,299</u>	<u>-</u>	<u>56,299</u>
160	Total Capital Assets, Net of Accumulated Depreciation	<u>12,135,461</u>	<u>12,135,461</u>	<u>-</u>	<u>12,135,461</u>
180	Total Noncurrent Assets	<u>12,135,461</u>	<u>12,135,461</u>	<u>-</u>	<u>12,135,461</u>
290	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 16,080,565</u>	<u>\$ 16,080,565</u>	<u>\$ -</u>	<u>\$ 16,080,565</u>

Line Item No.	Account Descriptions	Project Total	Subtotal	Eliminations	Total
LIABILITIES AND NET POSITION					
Liabilities					
Current Liabilities					
312	Accounts Payable <= 90 Days	\$ 606,528	\$ 606,528	\$ -	\$ 606,528
333	Accounts payable - other government	589,230	589,230	-	589,230
341	Tenant Security Deposits	83,570	83,570	-	83,570
345	Other Current Liabilities	98,514	98,514	-	98,514
310	Total Current Liabilities	<u>1,377,842</u>	<u>1,377,842</u>	<u>-</u>	<u>1,377,842</u>
Noncurrent Liabilities					
Long-term Debt, Net of Current - Capital					
351	Projects/Mortgage Revenue	<u>5,917,543</u>	<u>5,917,543</u>	<u>-</u>	<u>5,917,543</u>
350	Total Noncurrent Liabilities	<u>5,917,543</u>	<u>5,917,543</u>	<u>-</u>	<u>5,917,543</u>
300	Total Liabilities	<u>7,295,385</u>	<u>7,295,385</u>	<u>-</u>	<u>7,295,385</u>
Net Position					
508.4	Net Investment in Capital Assets	6,217,918	6,217,918	-	6,217,918
512.4	Unrestricted Net Position	<u>2,567,262</u>	<u>2,567,262</u>	<u>-</u>	<u>2,567,262</u>
513	Total Equity - Net Assets/Position	<u>8,785,180</u>	<u>8,785,180</u>	<u>-</u>	<u>8,785,180</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND EQUITY - NET ASSETS/POSITION	<u>\$ 16,080,565</u>	<u>\$ 16,080,565</u>	<u>\$ -</u>	<u>\$ 16,080,565</u>

The Housing and Redevelopment Authority of South St. Paul
Financial Data Schedules
Combining Schedule of Revenues, Expenses, and Changes in Net Position - All Programs
For the Year Ended December 31, 2024

Line Item No.	Account Descriptions	Project Total	Subtotal	Eliminations	Total
REVENUES					
70300	Net Tenant Rental Revenue	\$ 1,297,416	\$ 1,297,416	\$ -	\$ 1,297,416
70500	Total Tenant Revenue	<u>1,297,416</u>	<u>1,297,416</u>	<u>-</u>	<u>1,297,416</u>
70600	HUD PHA Operating Grants	1,157,693	1,157,693	-	1,157,693
70610	Capital Grants	2,963,130	2,963,130	-	2,963,130
71100	Investment Income - Unrestricted	104,966	104,966	-	104,966
71500	Other Revenue	59,126	59,126	-	59,126
70000	Total Revenue	<u>5,582,331</u>	<u>5,582,331</u>	<u>-</u>	<u>5,582,331</u>
EXPENSES					
Administrative					
91200	Auditing Fees	18,624	18,624	-	18,624
91400	Advertising and Marketing	1,374	1,374	-	1,374
91600	Office Expenses	372,878	372,878	-	372,878
91700	Legal Expense	1,120	1,120	-	1,120
91800	Travel	8,237	8,237	-	8,237
91900	Other	765,423	765,423	-	765,423
91000	Total Operating - Administrative	<u>1,167,656</u>	<u>1,167,656</u>	<u>-</u>	<u>1,167,656</u>
Tenant Services					
92200	Relocation Costs	442,616	442,616	-	442,616
92400	Tenant Services - Other	170,378	170,378	-	170,378
92500	Total Tenant Services	<u>612,994</u>	<u>612,994</u>	<u>-</u>	<u>612,994</u>
Utilities					
93100	Water	49,541	49,541	-	49,541
93200	Electricity	189,033	189,033	-	189,033
93300	Gas	43,765	43,765	-	43,765
93600	Sewer	79,335	79,335	-	79,335
93000	Total Utilities	<u>361,674</u>	<u>361,674</u>	<u>-</u>	<u>361,674</u>
Ordinary Maintenance and Operations					
Ordinary Maintenance and Operations -					
94200	Materials and Other	158,218	158,218	-	158,218
94300	Ordinary Maintenance and Operations Contracts	670,958	670,958	-	670,958
94000	Total Ordinary Maintenance and Operations	<u>829,176</u>	<u>829,176</u>	<u>-</u>	<u>829,176</u>

See notes to the financial data schedule

The Housing and Redevelopment Authority of South St. Paul
Financial Data Schedules
Combining Schedule of Revenues, Expenses, and Changes in Net Position - All Programs
For the Year Ended December 31, 2024

Line Item No.	Account Descriptions	Project Total	Subtotal	Eliminations	Total
	Protective Services				
95300	Protective Services - Other	\$ 59,564	\$ 59,564	\$ -	\$ 59,564
95000	Total Protective Services	<u>59,564</u>	<u>59,564</u>	<u>-</u>	<u>59,564</u>
	Insurance Premiums				
96110	Property Insurance	90,205	90,205	-	90,205
96120	Liability Insurance	18,569	18,569	-	18,569
96100	Total Insurance Premiums	<u>108,774</u>	<u>108,774</u>	<u>-</u>	<u>108,774</u>
	General Expenses				
96200	Other General Expenses	743	743	-	743
96300	Payments in Lieu of Taxes	100,232	100,232	-	100,232
96000	Total Other General Expenses	<u>100,975</u>	<u>100,975</u>	<u>-</u>	<u>100,975</u>
	Interest Expense and Amortization Cost				
96710	Interest of Mortgage (or Bonds) Payable	2,025	2,025	-	2,025
96700	Total Interest Expense and Amortization Cost	<u>2,025</u>	<u>2,025</u>	<u>-</u>	<u>2,025</u>
96900	Total Operating Expenses	<u>3,242,838</u>	<u>3,242,838</u>	<u>-</u>	<u>3,242,838</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>2,339,493</u>	<u>2,339,493</u>	<u>-</u>	<u>2,339,493</u>
97400	Depreciation Expense	476,577	476,577	-	476,577
90000	Total Expenses	<u>3,719,415</u>	<u>3,719,415</u>	<u>-</u>	<u>3,719,415</u>
10000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	<u>\$ 1,862,916</u>	<u>\$ 1,862,916</u>	<u>\$ -</u>	<u>\$ 1,862,916</u>
11020	Required Annual Debt Principal Payments	\$ 108,456	\$ 108,456	\$ -	\$ 108,456
11030	Beginning Equity	6,752,064	6,752,064	-	6,752,064
11040	Prior Period Adjustments, Equity Transfers and Correction	170,200	170,200	-	170,200
11190	Unit Months Available	3,576	3,576	-	3,576
11210	Number of Unit Months Leased	3,419	3,419	-	3,419
11270	Excess Cash	2,197,504	2,197,504	-	2,197,504
11620	Building Purchases	2,963,130	2,963,130	-	2,963,130

The Housing and Redevelopment Authority of South St. Paul
Notes to the Financial Data Schedules

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial data schedules are presented on a full accrual basis of accounting. The information in the schedules is presented in accordance with the U.S. Department of Housing and Urban Development (HUD), Office of Public and Indian Housing, Real Estate Assessment Center and the Financial Assistance Subsystem-Public Housing (FASS-PH). Therefore, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the Authority's financial statements.