

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Otter Tail County Housing and
Redevelopment Authority
Fergus Falls, Minnesota**

Year Ended December 31, 2020

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**Offer Tail County Housing and
Redevelopment Authority
Fergus Falls, Minnesota**

Year Ended December 31, 2020



Office of the State Auditor

**Audit Practice Division
Office of the State Auditor
State of Minnesota**

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

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**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

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**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

ORGANIZATION
2020

Office	Name	Term	
		From	To
Commissioners			
Member	Wayne Johnson	January 2020	December 2020*
Member	Lee Rogness	August 2019	August 2024
Member	John Lindquist	January 2018	August 2021
Member	Carl Linderkamp	October 2017	August 2020
Member	Betty Murphy	August 2020	August 2025
Member	Scott Rocholl**	August 2018	August 2023
Member	Robert Maki	August 2017	August 2022
Officer			
Executive Director	Barbara Dacy	February 2020	December 2020

*Annual appointment

**Chair



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Otter Tail County Housing and Redevelopment Authority
Fergus Falls, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Otter Tail County Housing and Redevelopment Authority, Fergus Falls, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Otter Tail County Housing and Redevelopment Authority, Fergus Falls, Minnesota, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otter Tail County Housing and Redevelopment Authority's basic financial statements. The Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary 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. Such 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of the Otter Tail County Housing and Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Otter Tail County Housing and Redevelopment Authority'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 the Otter Tail County Housing and Redevelopment Authority's internal control over financial reporting and compliance.

/s/Julie Blaha

/s/Dianne Syverson

JULIE BLAHA
STATE AUDITOR

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

February 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020
(Unaudited)**

INTRODUCTION

The Otter Tail County Housing and Redevelopment Authority's (Authority) Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial information, (b) provide an overview of the financial activity, (c) identify changes in the financial position (its ability to address the next and subsequent year challenges), and (d) identify individual issues or concerns. Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020 fiscal year include the following:

- The Authority's assets exceeded its liabilities at December 31, 2020, by \$2,030,846. This amount is identified as net position. Of this amount, \$1,257,060 is unrestricted and may be used to meet the Authority's ongoing obligations.
- The Authority's total net position increased by \$219,371 in fiscal year 2020.
- As of December 31, 2020, the proprietary funds' unrestricted net position was \$1,257,060, or 61.9 percent of total proprietary fund net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components:

- 1) Government-wide financial statements providing information for the Authority as a whole.
- 2) Fund financial statements providing detailed information for the Authority's significant funds.
- 3) Notes to the financial statements providing additional information that is essential to understanding the government-wide and fund financial statements.

The major features of the Authority's financial statements, including the portion of the Authority's activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

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, increases or decreases 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The Authority does not have any governmental activities.

The government-wide financial statements can be found on pages 10 through 11 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. Funds can be divided into two categories: governmental funds and proprietary funds.

The Authority does not have any governmental funds.

Proprietary funds – The Authority maintains six proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the authority-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for the Tax Levy Fund, the Low-Rent Public Housing Program Fund, and the Section 8 Housing Choice Voucher Program Fund, which are considered to be major funds. The MHFA Owner-Occupied Rehabilitation Project Fund, the MHFA Home Investment Partnerships

Program Fund, and the Public Housing Capital Fund Program Fund are nonmajor funds and are presented in the aggregate in the proprietary fund financial statements. They are presented separately elsewhere in this report.

Notes to the financial statements 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 16 through 27 of this report.

Other information – The combining schedules referred to earlier in connection with nonmajor proprietary funds can be found on pages 28 through 30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of the Authority’s financial position. At the close of the most recent fiscal year, the Authority’s assets exceeded liabilities by \$2,030,846.

The investment in capital assets (land, buildings, and equipment, less any accumulated depreciation) represents 35.6 percent of the Authority’s net position. The Authority uses these assets to provide services; consequently, these assets are not available for future spending.

The Authority’s combined net position was \$2,030,846 at December 31, 2020. (See details in the table below.) This has increased \$219,371 from \$1,811,475 as restated at December 31, 2019.

Business-Type Activities Statement of Net Position

	<u>2020</u>	<u>2019*</u>
Assets		
Current assets	\$ 983,108	\$ 755,796
Noncurrent assets	336,587	374,600
Capital assets, net	<u>723,332</u>	<u>758,146</u>
Total Assets	<u>\$ 2,043,027</u>	<u>\$ 1,888,542</u>
Liabilities		
Current liabilities	<u>\$ 12,181</u>	<u>\$ 118,240</u>
Net Position		
Investment in capital assets	\$ 723,332	\$ 758,146
Restricted	50,454	-
Unrestricted	<u>1,257,060</u>	<u>1,012,156</u>
Total Net Position	<u>\$ 2,030,846</u>	<u>\$ 1,770,302</u>

*As previously stated.

The unrestricted balance of net position (61.9 percent) may be used to meet the Authority's ongoing obligations to its clients and creditors. As of December 31, 2020, all categories of net position for the Authority as a whole had positive balances.

Business-Type Activities Changes in Net Position

	2020	2019*
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 22,904	\$ 22,191
Operating grants and contributions	725,690	602,340
Capital grants and contributions	11,550	58,071
General revenues		
Property taxes	601,621	542,050
Investment earnings	1,320	1,637
Miscellaneous	35,727	119,972
	<u>\$ 1,398,812</u>	<u>\$ 1,346,261</u>
Total Revenues		
Expenses		
Tax Levy Fund	\$ 346,834	\$ 625,789
Low-Rent Public Housing Program	121,574	149,571
Section 8 Voucher Program	697,251	644,311
MHFA Owner-Occupied Rehabilitation Program	13,782	26,915
	<u>\$ 1,179,441</u>	<u>\$ 1,446,586</u>
Total Expenses		
Change in Net Position	\$ 219,371	\$ (100,325)
Net Position – January 1, as restated	<u>1,811,475</u>	<u>1,870,627</u>
Net Position – December 31	<u>\$ 2,030,846</u>	<u>\$ 1,770,302</u>

*As previously stated.

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of December 31, 2020, the Authority's proprietary funds reported a combined net position of \$2,030,846, an increase of \$219,371 from the restated December 31, 2019, net position. Of the total net position amount, \$1,257,060 is reported as unrestricted, which is available for spending at the Authority's discretion. Most of the amount reported as unrestricted is in the Tax Levy Fund in the amount of \$1,171,227. The Section 8 Housing Choice Voucher Program Fund and the Low-Rent Public Housing Program Fund have unrestricted net position balances of \$49,307 and \$36,526, respectively.

CAPITAL ASSETS

At year-end, the Authority had \$723,332 invested in capital assets, as reflected in the following schedule, a net decrease of \$34,814.

	Capital Assets (Net of Depreciation)			Percentage Change
	2020	2019	Increase (Decrease)	(%)
Land	\$ 32,990	\$ 32,990	\$ -	-
Buildings	684,375	687,358	(2,983)	(0.4)
Equipment	5,967	37,798	(31,831)	(84.2)
Total Capital Assets	<u>\$ 723,332</u>	<u>\$ 758,146</u>	<u>\$ (34,814)</u>	(4.6)

ECONOMIC FACTORS

The Otter Tail County Housing and Redevelopment Authority administers several programs aimed at providing affordable housing choices for individuals, families, and seniors seeking both rental and owner-occupied housing. The Authority also operates rehabilitation programs in partnership with homeowners and rental property owners. From time to time, the Authority also responds to specific community requests for services to redevelop properties that, due to their condition, are obsolete or unsafe, and have a detrimental impact in the community. While the Authority receives federal funding from the Department of Housing and Urban Development (HUD) for its Housing Choice Voucher and Public Housing program, the Authority's budget is also bolstered by the Special Benefit Levy permitted in state law for housing authorities and other public or private funding sources. Combined, the Authority uses these funding sources to accomplish its mission in partnership with cities and townships.

In response to the onset of the coronavirus pandemic, COVID-19, in early 2020, HUD has allocated additional funds to assist Authority staff and program participants to make adjustments to office operations and procedures while it administers the Housing Choice Voucher and Public Housing programs. In addition, HUD has issued waivers for various regulatory issues to ease administration costs. Finally, the Authority is monitoring the allocation of federal and state funds as a result of COVID-19 in order to further assist residents with housing issues.

CONTACTING THE AUTHORITY

This MD&A is designed to provide a general overview. If you have any questions about this report, or need additional financial information, contact the Otter Tail County Housing and Redevelopment Authority, 500 West Fir Ave, Fergus Falls, Minnesota 56537.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Business-Type Activities
<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 868,002
Accounts receivable – net	2,497
Taxes receivable	
Delinquent	16,095
Loans receivable	37,401
Restricted assets	
Cash for housing	50,454
Cash for security deposits	8,659
Total current assets	\$ 983,108
Noncurrent assets	
Loans receivable – net	\$ 336,587
Capital assets	
Nondepreciable	32,990
Depreciable – net	690,342
Total noncurrent assets	\$ 1,059,919
Total Assets	\$ 2,043,027
<u>Liabilities</u>	
Current liabilities	
Accrued expenses	\$ 2,947
Customer deposits	8,659
Due to other governments	575
Total Liabilities	\$ 12,181
<u>Net Position</u>	
Investment in capital assets	\$ 723,332
Restricted for housing	50,454
Unrestricted	1,257,060
Total Net Position	\$ 2,030,846

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Business-type activities					
Tax Levy	\$ 346,834	\$ 7,101	\$ -	\$ -	\$ (339,733)
Low-Rent Public Housing Program	121,574	15,803	51,861	-	(53,910)
Section 8 Housing Choice Voucher Program	697,251	-	673,829	-	(23,422)
MHFA Owner-Occupied Rehabilitation Project	13,782	-	-	-	(13,782)
Public Housing Capital Funding Program	-	-	-	11,550	11,550
Total Business-Type Activities	\$ 1,179,441	\$ 22,904	\$ 725,690	\$ 11,550	\$ (419,297)
General Revenues					
Property taxes					\$ 601,621
Investment earnings					1,320
Miscellaneous					35,727
Total general revenues					\$ 638,668
Change in Net Position					\$ 219,371
Net Position – January 1, as restated (Note 1.E)					1,811,475
Net Position – December 31					\$ 2,030,846

FUND FINANCIAL STATEMENTS

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT 3

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020**

	Tax Levy	Low-Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Totals
<u>Assets</u>				
Current assets				
Cash and cash equivalents	\$ 781,144	\$ 37,191	\$ 49,667	\$ 868,002
Accounts receivable – net	-	2,497	-	2,497
Taxes receivable				
Delinquent	16,095	-	-	16,095
Loans receivable	37,401	-	-	37,401
Restricted assets				
Cash for housing	-	-	50,454	50,454
Cash for security deposits	-	8,659	-	8,659
Total current assets	\$ 834,640	\$ 48,347	\$ 100,121	\$ 983,108
Noncurrent assets				
Loans receivable – net	\$ 336,587	\$ -	\$ -	\$ 336,587
Capital assets				
Nondepreciable	-	32,990	-	32,990
Depreciable – net	-	690,342	-	690,342
Total noncurrent assets	\$ 336,587	\$ 723,332	\$ -	\$ 1,059,919
Total Assets	\$ 1,171,227	\$ 771,679	\$ 100,121	\$ 2,043,027
<u>Liabilities</u>				
Current liabilities				
Accrued expenses	\$ -	\$ 2,947	\$ -	\$ 2,947
Customer deposits	-	8,659	-	8,659
Due to other governments	-	215	360	575
Total Liabilities	\$ -	\$ 11,821	\$ 360	\$ 12,181
<u>Net Position</u>				
Investment in capital assets	\$ -	\$ 723,332	\$ -	\$ 723,332
Restricted for housing	-	-	50,454	50,454
Unrestricted	1,171,227	36,526	49,307	1,257,060
Total Net Position	\$ 1,171,227	\$ 759,858	\$ 99,761	\$ 2,030,846

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT 4

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Tax Levy</u>	<u>Low-Rent Public Housing Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Operating Revenues					
Property taxes	\$ 601,621	\$ -	\$ -	\$ -	\$ 601,621
Intergovernmental revenue	-	51,861	673,829	11,550	737,240
Charges for services	7,101	-	-	-	7,101
Rental income	-	15,803	-	-	15,803
Miscellaneous	27,084	1,359	7,116	168	35,727
Total Operating Revenues	\$ 635,806	\$ 69,023	\$ 680,945	\$ 11,718	\$ 1,397,492
Operating Expenses					
Service agreement fees	\$ 58,576	\$ 34,799	\$ 151,627	\$ -	\$ 245,002
Professional services	-	2,890	7,850	13,782	24,522
Office rent	-	970	1,500	-	2,470
Office expense	-	458	17,917	-	18,375
Travel	-	23	1,017	-	1,040
Housing assistance payments	-	-	517,340	-	517,340
Repairs and maintenance	-	18,440	-	-	18,440
Utilities	-	1,851	-	-	1,851
Contract services	256,947	-	-	-	256,947
Insurance	-	13,568	-	-	13,568
Payments in lieu of tax	-	1,545	-	-	1,545
Bad debt expense	-	1,100	-	-	1,100
Miscellaneous	282	57	-	-	339
Depreciation	-	45,873	-	-	45,873
Total Operating Expenses	\$ 315,805	\$ 121,574	\$ 697,251	\$ 13,782	\$ 1,148,412
Operating Income (Loss)	\$ 320,001	\$ (52,551)	\$ (16,306)	\$ (2,064)	\$ 249,080
Nonoperating Revenues (Expenses)					
Investment earnings	\$ 1,172	\$ 26	\$ 102	\$ 20	\$ 1,320
Loss on sale of land held for resale	(31,029)	-	-	-	(31,029)
Total Nonoperating Revenues (Expenses)	\$ (29,857)	\$ 26	\$ 102	\$ 20	\$ (29,709)
Net income (loss) before transfers	\$ 290,144	\$ (52,525)	\$ (16,204)	\$ (2,044)	\$ 219,371
Transfers					
Transfers in	\$ -	\$ 11,550	\$ 77,522	\$ 656	\$ 89,728
Transfers out	(78,178)	-	-	(11,550)	(89,728)
Total Transfers	\$ (78,178)	\$ 11,550	\$ 77,522	\$ (10,894)	\$ -
Change in net position	\$ 211,966	\$ (40,975)	\$ 61,318	\$ (12,938)	\$ 219,371
Net Position – January 1, as restated (Note 1.E)	959,261	800,833	38,443	12,938	1,811,475
Net Position – December 31	\$ 1,171,227	\$ 759,858	\$ 99,761	\$ -	\$ 2,030,846

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

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**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT 5

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	Tax Levy	Low-Rent Public Housing Program	Section 8 Housing Choice Voucher Program	Nonmajor Funds	Totals
Cash Flows from Operating Activities					
Receipts from tenants	\$ -	\$ 16,941	\$ -	\$ -	\$ 16,941
Receipts from other governmental units	7,101	51,861	673,829	11,550	744,341
Receipts from property taxes	606,343	-	-	-	606,343
Payments to suppliers and contractors	(268,285)	(54,596)	(65,402)	(14,993)	(403,276)
Payments for service agreement fees	(101,249)	(34,799)	(151,627)	-	(287,675)
Payments for housing assistance	-	-	(517,340)	-	(517,340)
Proceeds from sale of assets held for resale	148,414	-	-	-	148,414
Receipts on loans	118,203	-	-	-	118,203
Cash paid out for new loans	(27,463)	-	-	-	(27,463)
Other receipts	3,960	(1,138)	17,491	-	20,313
Other payments	(282)	(57)	-	-	(339)
	<u>(282)</u>	<u>(57)</u>	<u>-</u>	<u>-</u>	<u>(339)</u>
Net cash provided by (used in) operating activities	<u>\$ 486,742</u>	<u>\$ (21,788)</u>	<u>\$ (43,049)</u>	<u>\$ (3,443)</u>	<u>\$ 418,462</u>
Cash Flows from Noncapital Financing Activities					
Transfers to other funds	\$ (88,553)	\$ -	\$ -	\$ (11,550)	\$ (100,103)
Transfers from other funds	-	11,550	77,522	656	89,728
	<u>-</u>	<u>11,550</u>	<u>77,522</u>	<u>656</u>	<u>89,728</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ (88,553)</u>	<u>\$ 11,550</u>	<u>\$ 77,522</u>	<u>\$ (10,894)</u>	<u>\$ (10,375)</u>
Cash Flows from Capital and Related Financing Activities					
Purchases of capital assets	\$ -	\$ (11,059)	\$ -	\$ -	\$ (11,059)
	<u>-</u>	<u>(11,059)</u>	<u>-</u>	<u>-</u>	<u>(11,059)</u>
Cash Flows from Investing Activities					
Interest and dividends	\$ 1,172	\$ 26	\$ 102	\$ 20	\$ 1,320
	<u>1,172</u>	<u>26</u>	<u>102</u>	<u>20</u>	<u>1,320</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 399,361</u>	<u>\$ (21,271)</u>	<u>\$ 34,575</u>	<u>\$ (14,317)</u>	<u>\$ 398,348</u>
Cash and Cash Equivalents at January 1, as restated (Note 1.E)	<u>381,783</u>	<u>67,121</u>	<u>65,546</u>	<u>14,317</u>	<u>528,767</u>
Cash and Cash Equivalents at December 31	<u><u>\$ 781,144</u></u>	<u><u>\$ 45,850</u></u>	<u><u>\$ 100,121</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 927,115</u></u>

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**EXHIBIT 5
(Continued)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	<u>Tax Levy</u>	<u>Low-Rent Public Housing Program</u>	<u>Section 8 Housing Choice Voucher Program</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ 320,001	\$ (52,551)	\$ (16,306)	\$ (2,064)	\$ 249,080
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation expense	\$ -	\$ 45,873	\$ -	\$ -	\$ 45,873
(Increase) decrease in taxes receivable	(4,675)	-	-	-	(4,675)
(Increase) decrease in accounts receivable	-	(2,497)	-	-	(2,497)
(Increase) decrease in due from other governments	9,397	-	-	-	9,397
(Increase) decrease in due from other funds	1,000	-	10,375	-	11,375
(Increase) decrease in loans receivable	66,616	-	-	-	66,616
(Increase) decrease in prepaid expenses	-	1,939	-	-	1,939
(Increase) decrease in customer deposits	-	1,138	-	-	1,138
(Increase) decrease in assets held for resale	148,414	-	-	-	148,414
Increase (decrease) in accounts payable	(11,338)	-	-	-	(11,338)
Increase (decrease) in accrued expenses	-	1,395	-	-	1,395
Increase (decrease) in due to other funds	-	-	-	(1,001)	(1,001)
Increase (decrease) in due to other governments	(42,673)	(17,085)	(37,118)	(378)	(97,254)
Total adjustments	\$ 166,741	\$ 30,763	\$ (26,743)	\$ (1,379)	\$ 169,382
Net Cash Provided by (Used in) Operating Activities	\$ 486,742	\$ (21,788)	\$ (43,049)	\$ (3,443)	\$ 418,462

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

The Otter Tail County Housing and Redevelopment Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for the year ended December 31, 2020. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established by GAAP and used by the Authority are discussed below.

A. Financial Reporting Entity

The Otter Tail County Housing and Redevelopment Authority was established November 10, 1972, having all the powers and duties of a county housing and redevelopment authority under the provisions of Minn. Stat. §§ 469.001 to 469.047. The Authority is governed by a six-member Board of Commissioners who are appointed by the Otter Tail County Board of Commissioners.

Related Organization

The Authority is a legally separate organization from the Housing and Redevelopment Authority of Fergus Falls (Fergus Falls HRA) with its own rights and powers. The Authority has entered into an agreement with the Fergus Falls HRA in which the Fergus Falls HRA will provide all services required to perform the duties of the Authority's programs. While the Fergus Falls HRA performed these duties during 2020, and the Fergus Falls HRA Executive Director acted in that capacity for both entities through February 2020, the Authority is not fiscally dependent on the Fergus Falls HRA and, therefore, does not meet the criteria for being a component unit. Related-party transactions are limited to the payments by the Authority on a service agreement entered into with the Fergus Falls HRA.

OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA

1. Summary of Significant Accounting Policies (Continued)

B. Basic of Presentation

1. Government-Wide Statements

The government-wide financial statements (the statement of net position and the statement of activities) display information about the Otter Tail County Housing and Redevelopment Authority. These statements include the financial activities of the overall Authority.

Eliminations have been made to minimize the double counting of internal activities.

The Authority's net position is reported in three parts: (1) investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of each function of the Authority's different business-type activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function, segment, or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The funds of the Otter Tail County Housing and Redevelopment Authority are presented as proprietary funds. Proprietary funds are used to account for operations financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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. Operating revenues include intergovernmental

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basis of Presentation

2. Fund Financial Statements (Continued)

revenue and property taxes. Operating expenses for proprietary funds include the cost of service agreement fees, contract services, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority reports the following major enterprise funds:

The Tax Levy Fund accounts for money levied under state statute through Otter Tail County. These funds are used for both owner-occupied and rental rehabilitation throughout Otter Tail County, excluding the City of Fergus Falls. Owner-occupied loans are deferred over ten years and forgiven if the property remains owner occupied. These funds are also used to cover unreimbursed administration expenses in the Section 8 Housing Choice Voucher Program.

The Low-Rent Public Housing Program Fund is used to account for the operations of the 13 units (nine buildings) of family public housing that are rented to families who meet the low-income guidelines as established by the U.S. Department of Housing and Urban Development (HUD). Revenues for continuing operations consist primarily of dwelling rentals and operating subsidies from HUD.

The Section 8 Housing Choice Voucher Program is used to account for the operation of the income-based program, which is funded by HUD. HUD contracts with the Authority, which, in turn, contracts with owners of rental housing to make assistance payments on the tenant's behalf. Payments made to the owners are generally the difference between the local payment standard and 30 percent of the family's adjusted gross income.

Separate financial statements are provided for individual nonmajor funds. Major individual funds are reported in separate columns, and nonmajor funds are presented in the aggregate in the fund financial statements.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

1. Summary of Significant Accounting Policies

B. Basis of Presentation

2. Fund Financial Statements (Continued)

Nonmajor enterprise funds:

The MHFA Owner-Occupied Rehabilitation project is used to account for both the deferred rehabilitation loan program and the community fix-up fund loan program. These funds are used for rehabilitating owner-occupied units only.

The MHFA Home Investment Partnerships Program is both a deferred loan program and a grant program. These funds are for rental rehabilitation only.

The Public Housing Capital Fund Program is used to account for grant funds provided to the Authority by HUD annually for capital and management activities, including the ongoing modernization of its public housing stock. The funds received for this program are transferred to the Low-Rent Public Housing Program.

C. Measurement Focus and Basis of Accounting

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

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

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of savings and checking accounts, cash on hand, and certificates of deposit. Restricted cash is shown separately from cash and cash equivalents.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Position (Continued)

2. Receivables

Property tax levies are set by the Authority and are certified to Otter Tail County each year for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. Real property taxes are generally due from taxpayers in equal installments on May 15 and October 15. The County remits tax settlements to the Authority at various times during the year. Taxes collectible in a given calendar year are generally recognized as revenue during that fiscal year.

Amounts due from individuals and organizations are recorded as receivables at year-end. Receivables in the Low-Rent Public Housing Program Fund have been shown net of an allowance for uncollectible accounts of \$200.

Loans receivable include both current and long-term portions of loans issued by the Authority. Loans receivable are shown net of an allowance of \$1,013,565.

3. Restricted Assets

Certain funds of the Authority are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

4. Capital Assets

Capital assets, which include land and buildings, are reported both in the government-wide and fund financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

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.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

1. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Position

4. Capital Assets (Continued)

Capital assets are depreciated using the straight-line method over their estimated useful lives ranging from five to 50 years.

5. Classification of Net Position

Net position is classified in the following categories:

Investment in capital assets – net position representing capital assets, net of accumulated depreciation.

Restricted net position – net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – net position that does not meet the definition of restricted or investment in capital assets.

6. Use of Estimates

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

E. Prior Period Adjustment

The January 1, 2020, net position and assets of the Tax Levy Fund and business-type activities increased by \$41,173 to record \$35,222 in loans receivable and \$5,951 in cash that was not recorded.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

1. Summary of Significant Accounting Policies

E. Prior Period Adjustment (Continued)

	Tax Levy Fund	Business-Type Activities
Net position, January 1, 2020, as previously reported	\$ 918,088	\$ 1,770,302
Restatement	41,173	41,173
Net Position, January 1, 2020, as restated	\$ 959,261	\$ 1,811,475

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

The Authority's total deposits are reported as follows:

Cash and cash equivalents	\$ 868,002
Restricted assets	
Cash for housing	50,454
Cash for security deposits	8,659
Total Deposits	\$ 927,115

a. Deposits

The Authority is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and to invest in certificates of deposit. The Authority is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits (Continued)

require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2020, the Authority's deposits were not exposed to custodial credit risk.

b. Investments

The Authority may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which 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 Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) 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;

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

1. Deposits and Investments

b. Investments (Continued)

- (4) bankers' acceptances of United States banks;
- (5) 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
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The Authority had no investments as of December 31, 2020.

2. Loans Receivable

Loans receivable as of December 31, 2020, are as follows:

	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans receivable					
Homeowner rehab	\$ 832,303	\$ -	\$ 203,022	\$ 629,281	\$ -
Rental rehab	362,104	27,463	79,079	310,488	37,401
Down payment assistance	78,500	-	15,000	63,500	-
Tax levy rehab provision	444,205	-	59,921	384,284	-
Total	\$ 1,717,112	\$ 27,463	\$ 357,022	\$ 1,387,553	\$ 37,401
Allowance for homeowner rehab loan	\$ (832,303)	\$ -	\$ (203,022)	\$ (629,281)	\$ -
Allowance for tax levy rehab loan	(444,205)	-	(59,921)	(384,284)	-
Total allowances	\$ (1,276,508)	\$ -	\$ (262,943)	\$ (1,013,565)	\$ -
Business-Type Activities					
Loans Receivable, Net	<u>\$ 440,604</u>	<u>\$ 27,463</u>	<u>\$ 94,079</u>	<u>\$ 373,988</u>	<u>\$ 37,401</u>

*Rental rehab, homeowner rehab, allowance for homeowner rehab, tax levy rehab provision, and allowance for tax levy rehab balances restated to correct January 1, 2020, outstanding balance.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

2. Loans Receivable (Continued)

The loans due are from homeowners and landlords for assistance purchasing or rehabilitating properties.

Homeowner rehab loans are "deferred loans" that are completely forgiven after ten years, if all conditions are met. If the rehabilitated property is not sold, transferred, or otherwise conveyed within ten years, the conditions are met, and no repayment shall be due, the loan will be forgiven. If the conditions are not met, the recipient shall repay the principal amount of the loan, and the Authority shall have a lien for repayment of all funds. It is estimated that conditions are likely to be met by the borrower, and an allowance for the full amount of outstanding homeowner rehab loans has been recognized to offset the loan balance.

Rental rehab loans are required to be paid back by the landlords in monthly payments, typically over ten years with a zero percent interest rate. Loans may have a forgivable portion, typically 25 percent, which will be forgiven after the first five years of loan compliance. The initial loan is reduced by the 25 percent forgivable portion when recorded on the books at inception.

Down payment assistance loans are written for the term of the original mortgage on the home. The loans have a zero percent interest rate. The loans are to be repaid at final payment of original mortgage, upon loan refinancing, or upon sale or transfer of the property. The Authority records the loan at face value at inception, and it remains at that value until paid or written-off.

Tax levy rehab loans are "deferred loans" that are forgivable at ten percent each year and completely forgiven after ten years, if all conditions are met. If the rehabilitated property is not sold, transferred, or otherwise conveyed within ten years, the conditions are met, and no repayment shall be due, the loan will be forgiven. If the conditions are not met, the recipient shall repay the principal amount of the loan, and the Authority shall have a lien for repayment of all funds. It is estimated that conditions are likely to be met by the borrower, and an allowance for the full amount of outstanding tax levy rehab loans has been recognized to offset the loan balance.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets (Continued)

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2020, consisted of the following:

Transfer to Low-Rent Public Housing Program Fund from Public Housing Capital Fund Program	\$ 11,550	To cover unreimbursed expenses in support of the program.
Transfer to MHFA Owner-Occupied Rehabilitation Project Fund from Tax Levy Fund	656	To close out fund.
Transfer to Section 8 Housing Choice Voucher Program Fund from Tax Levy Fund	77,522	To cover unreimbursed expenses from the property tax levied support for the program.
Total Transfers Between Funds	\$ 89,728	

4. Capital Assets

The Authority's capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increase	Decrease/ Adjustments	Ending Balance
Capital assets not depreciated				
Land	\$ 32,990	\$ -	\$ -	\$ 32,990
Capital assets depreciated				
Buildings	\$ 1,647,454	\$ 11,792	\$ 28,764	\$ 1,688,010
Furniture and equipment – dwellings	49,897	-	(28,764)	21,133
Equipment – office	3,886	-	(3,886)	-
Total capital assets depreciated	\$ 1,701,237	\$ 11,792	\$ (3,886)	\$ 1,709,143

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

2. Detailed Notes on All Funds

A. Assets

4. Capital Assets (Continued)

	Beginning Balance	Increase	Decrease/ Adjustments	Ending Balance
Less: accumulated depreciation for				
Buildings	\$ (960,096)	\$ (42,389)	\$ (1,150)	\$ (1,003,635)
Furniture and equipment – dwellings	(13,121)	(3,195)	1,150	(15,166)
Equipment – office	(2,864)	(289)	3,153	-
Total accumulated depreciation	<u>\$ (976,081)</u>	<u>\$ (45,873)</u>	<u>\$ 3,153</u>	<u>\$ (1,018,801)</u>
Total capital assets depreciated, net	<u>\$ 725,156</u>	<u>\$ (34,081)</u>	<u>\$ (733)</u>	<u>\$ 690,342</u>
Capital Assets, Net	<u><u>\$ 758,146</u></u>	<u><u>\$ (34,081)</u></u>	<u><u>\$ (733)</u></u>	<u><u>\$ 723,332</u></u>

3. Summary of Significant Contingencies and Other Items

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters. To manage these risks, the Authority purchases commercial insurance. The Authority retains risk for the deductible portions of the insurance policies. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

SUPPLEMENTARY INFORMATION

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

NONMAJOR PROPRIETARY FUNDS

MHFA Owner-Occupied Rehabilitation Project – to account for the deferred rehabilitation loan program and the community fix-up fund loan program. These funds are used for rehabilitating owner-occupied units only.

MHFA Home Investment Partnerships Program – to account for the deferred loan program and grant program. These funds are for rental rehabilitation only.

Public Housing Capital Fund Program – to account for grant funds provided to the Authority by the U.S. Department of Housing and Urban Development annually for capital and management activities, including the ongoing modernization of its public housing stock. The funds received for this program are transferred to the Low-Rent Public Housing Program.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT A-1

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	MHFA Owner-Occupied Rehabilitation Project	MHFA Home Investment Partnerships Program	Public Housing Capital Fund Program	Totals
Operating Revenues				
Intergovernmental	\$ -	\$ -	\$ 11,550	\$ 11,550
Miscellaneous	-	168	-	168
Total Operating Revenues	\$ -	\$ 168	\$ 11,550	\$ 11,718
Operating Expenses				
Professional services	13,782	-	-	13,782
Nonoperating Revenues (Expenses)				
Investment earnings	20	-	-	20
Income (loss) before transfers	\$ (13,762)	\$ 168	\$ 11,550	\$ (2,044)
Transfers				
Transfers in	\$ 656	\$ -	\$ -	\$ 656
Transfers out	-	-	(11,550)	(11,550)
Total Transfers	\$ 656	\$ -	\$ (11,550)	\$ (10,894)
Change in net position	\$ (13,106)	\$ 168	\$ -	\$ (12,938)
Net Position – January 1	13,106	(168)	-	12,938
Net Position – December 31	\$ -	\$ -	\$ -	\$ -

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT A-2

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	MHFA Owner-Occupied Rehabilitation Project	MHFA Home Investment Partnerships Program	Public Housing Capital Fund Program	Totals
Cash Flows from Operating Activities				
Receipts from other governmental units	\$ -	\$ -	\$ 11,550	\$ 11,550
Payments to suppliers and contractors	<u>(14,160)</u>	<u>(833)</u>	<u>-</u>	<u>(14,993)</u>
Net cash provided by (used in) operating activities	<u>\$ (14,160)</u>	<u>\$ (833)</u>	<u>\$ 11,550</u>	<u>\$ (3,443)</u>
Cash Flows from Noncapital Financing Activities				
Transfers to other funds	\$ -	\$ -	\$ (11,550)	\$ (11,550)
Transfers from other funds	<u>656</u>	<u>-</u>	<u>-</u>	<u>656</u>
Net cash provided by (used in) noncapital financing activities	<u>\$ 656</u>	<u>\$ -</u>	<u>\$ (11,550)</u>	<u>\$ (10,894)</u>
Cash Flows from Investing Activities				
Interest and dividends	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (13,484)	\$ (833)	\$ -	\$ (14,317)
Cash and Cash Equivalents at January 1	<u>13,484</u>	<u>833</u>	<u>-</u>	<u>14,317</u>
Cash and Cash Equivalents at December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

*EXHIBIT A-2
(Continued)*

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
Increase (Decrease) in Cash and Cash Equivalents**

	<u>MHFA Owner-Occupied Rehabilitation Project</u>	<u>MHFA Home Investment Partnerships Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	<u>\$ (13,782)</u>	<u>\$ 168</u>	<u>\$ 11,550</u>	<u>\$ (2,064)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
(Increase) decrease in due to other governmental units	\$ (378)	\$ -	\$ -	\$ (378)
(Increase) decrease in due to other funds	<u>-</u>	<u>(1,001)</u>	<u>-</u>	<u>(1,001)</u>
Total adjustments	<u>\$ (378)</u>	<u>\$ (1,001)</u>	<u>\$ -</u>	<u>\$ (1,379)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (14,160)</u></u>	<u><u>\$ (833)</u></u>	<u><u>\$ 11,550</u></u>	<u><u>\$ (3,443)</u></u>

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

EXHIBIT A-3

**SCHEDULE OF CAPITAL FUND COSTS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Program Number</u>	<u>Total Grant Amount</u>	<u>Expenses for Year Ending 12/31/20</u>	<u>Total Amount Expended</u>
MN46P17750120	\$ 33,107	\$ 11,550	\$ 11,550

FINANCIAL DATA SCHEDULE

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
111 Cash - Unrestricted	\$37,191		\$781,144	\$49,667	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted				\$50,454	
114 Cash - Tenant Security Deposits	\$8,659				
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$45,850	\$0	\$781,144	\$100,121	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government			\$16,095		
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$2,697				
126.1 Allowance for Doubtful Accounts -Tenants	-\$200				
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current			\$37,401		
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,497	\$0	\$53,496	\$0	\$0
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					
143 Inventories					

OTTER TAIL COUNTY HRA (MN177)
 FERGUS FALLS, MN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From			\$0		
145 Assets Held for Sale					
150 Total Current Assets	\$48,347	\$0	\$834,640	\$100,121	\$0
161 Land	\$32,990				
162 Buildings	\$1,688,010				
163 Furniture, Equipment & Machinery - Dwellings	\$21,133				
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation	-\$1,018,801				
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$723,332	\$0	\$0	\$0	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			\$336,587		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$723,332	\$0	\$336,587	\$0	\$0
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$771,679	\$0	\$1,171,227	\$100,121	\$0

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
311 Bank Overdraft					
312 Accounts Payable <= 90 Days					
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$215			\$360	
341 Tenant Security Deposits	\$8,659				
342 Unearned Revenue					
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$2,947				
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$11,821	\$0	\$0	\$360	\$0
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$11,821	\$0	\$0	\$360	\$0
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$723,332			\$0	
511.4 Restricted Net Position	\$0			\$50,454	
512.4 Unrestricted Net Position	\$36,526	\$0	\$1,171,227	\$49,307	\$0
513 Total Equity - Net Assets / Position	\$759,858	\$0	\$1,171,227	\$99,761	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$771,679	\$0	\$1,171,227	\$100,121	\$0

OTTER TAIL COUNTY HRA (MN177)
 FERGUS FALLS, MN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
111 Cash - Unrestricted	\$868,002	\$868,002
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$50,454	\$50,454
114 Cash - Tenant Security Deposits	\$8,659	\$8,659
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$927,115	\$927,115
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government	\$16,095	\$16,095
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants	\$2,697	\$2,697
126.1 Allowance for Doubtful Accounts -Tenants	-\$200	-\$200
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$37,401	\$37,401
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$55,993	\$55,993
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets		
143 Inventories		
143.1 Allowance for Obsolete Inventories		

OTTER TAIL COUNTY HRA (MN177)
 FERGUS FALLS, MN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
144 Inter Program Due From	\$0	\$0
145 Assets Held for Sale		
150 Total Current Assets	\$983,108	\$983,108
161 Land	\$32,990	\$32,990
162 Buildings	\$1,688,010	\$1,688,010
163 Furniture, Equipment & Machinery - Dwellings	\$21,133	\$21,133
164 Furniture, Equipment & Machinery - Administration		
165 Leasehold Improvements		
166 Accumulated Depreciation	-\$1,018,801	-\$1,018,801
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$723,332	\$723,332
171 Notes, Loans and Mortgages Receivable - Non-Current	\$336,587	\$336,587
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets		
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$1,059,919	\$1,059,919
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$2,043,027	\$2,043,027
311 Bank Overdraft		

OTTER TAIL COUNTY HRA (MN177)
 FERGUS FALLS, MN
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
312 Accounts Payable <= 90 Days		
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable		
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government	\$575	\$575
341 Tenant Security Deposits	\$8,659	\$8,659
342 Unearned Revenue		
343 Current Portion of Long-term Debt - Capital		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other	\$2,947	\$2,947
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$12,181	\$12,181
351 Long-term Debt, Net of Current - Capital Projects/Mortgage		
352 Long-term Debt, Net of Current - Operating Borrowings		
353 Non-current Liabilities - Other		
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current		
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities		

OTTER TAIL COUNTY HRA (MN177)
 FERGUS FALLS, MN
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
350 Total Non-Current Liabilities	\$0	\$0
300 Total Liabilities	\$12,181	\$12,181
400 Deferred Inflow of Resources		
508.4 Net Investment in Capital Assets	\$723,332	\$723,332
511.4 Restricted Net Position	\$50,454	\$50,454
512.4 Unrestricted Net Position	\$1,257,060	\$1,257,060
513 Total Equity - Net Assets / Position	\$2,030,846	\$2,030,846
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$2,043,027	\$2,043,027

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
70300 Net Tenant Rental Revenue	\$15,803				
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$15,803	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$56,492	\$6,919		\$612,006	\$61,823
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$26		\$1,192	\$102	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale			\$151,884		
71310 Cost of Sale of Assets			-\$182,913		
71400 Fraud Recovery				\$409	
71500 Other Revenue	\$1,359		\$635,974	\$6,707	
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$73,680	\$6,919	\$606,137	\$619,224	\$61,823
91100 Administrative Salaries	\$27,880		\$58,576	\$119,744	\$31,883

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
91200 Auditing Fees	\$1,900			\$4,500	
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative					
91600 Office Expenses	\$458			\$17,917	
91700 Legal Expense					
91800 Travel	\$23			\$1,017	
91810 Allocated Overhead					
91900 Other	\$1,960		\$282	\$4,850	
91000 Total Operating - Administrative	\$32,221	\$0	\$58,858	\$148,028	\$31,883
92000 Asset Management Fee					
92100 Tenant Services - Salaries		\$6,919			
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$6,919	\$0	\$0	\$0
93100 Water					
93200 Electricity	\$0				
93300 Gas					
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
93800 Other Utilities Expense	\$1,851				
93000 Total Utilities	\$1,851	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor	\$1,971				
94200 Ordinary Maintenance and Operations - Materials and	\$5,129				
94300 Ordinary Maintenance and Operations Contracts	\$8,516				
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$15,616	\$0	\$0	\$0	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$13,568				
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					
96100 Total insurance Premiums	\$13,568	\$0	\$0	\$0	\$0
96200 Other General Expenses	\$57		\$270,729		
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	\$1,545				
96400 Bad debt - Tenant Rents	\$1,100				
96500 Bad debt - Mortgages					

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$2,702	\$0	\$270,729	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)	\$0				
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$65,958	\$6,919	\$329,587	\$148,028	\$31,883
97000 Excess of Operating Revenue over Operating Expenses	\$7,722	\$0	\$276,550	\$471,196	\$29,940
97100 Extraordinary Maintenance	\$2,824				
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments				\$487,400	\$29,940
97350 HAP Portability-In					
97400 Depreciation Expense	\$45,873				
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$114,655	\$6,919	\$329,587	\$635,428	\$61,823
10010 Operating Transfer In	\$11,550			\$77,522	
10020 Operating transfer Out	-\$11,550		-\$77,522		

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
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)	\$0	\$0	-\$77,522	\$77,522	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$40,975	\$0	\$199,028	\$61,318	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$810,230	\$0	\$921,629	\$38,443	\$0
11040 Prior Period Adjustments, Equity Transfers and	-\$9,397		\$50,570		
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity				\$49,307	
11180 Housing Assistance Payments Equity				\$50,454	

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	2 State/Local	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding
11190 Unit Months Available	156			1680	
11210 Number of Unit Months Leased	154			1352	
11270 Excess Cash	\$31,030				
11610 Land Purchases	\$0				
11620 Building Purchases	\$0				
11630 Furniture & Equipment - Dwelling Purchases	\$0				
11640 Furniture & Equipment - Administrative Purchases	\$0				
11650 Leasehold Improvements Purchases	\$11,792				
11660 Infrastructure Purchases	\$0				
13510 CFFP Debt Service Payments	\$0				
13901 Replacement Housing Factor Funds	\$0				

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
70300 Net Tenant Rental Revenue	\$15,803	\$15,803
70400 Tenant Revenue - Other		
70500 Total Tenant Revenue	\$15,803	\$15,803
70600 HUD PHA Operating Grants	\$737,240	\$737,240
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees		
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$1,320	\$1,320
71200 Mortgage Interest Income		
71300 Proceeds from Disposition of Assets Held for Sale	\$151,884	\$151,884
71310 Cost of Sale of Assets	-\$182,913	-\$182,913
71400 Fraud Recovery	\$409	\$409
71500 Other Revenue	\$644,040	\$644,040
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	\$1,367,783	\$1,367,783
91100 Administrative Salaries	\$238,083	\$238,083
91200 Auditing Fees	\$6,400	\$6,400

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
91300 Management Fee		
91310 Book-keeping Fee		
91400 Advertising and Marketing		
91500 Employee Benefit contributions - Administrative		
91600 Office Expenses	\$18,375	\$18,375
91700 Legal Expense		
91800 Travel	\$1,040	\$1,040
91810 Allocated Overhead		
91900 Other	\$7,092	\$7,092
91000 Total Operating - Administrative	\$270,990	\$270,990
92000 Asset Management Fee		
92100 Tenant Services - Salaries	\$6,919	\$6,919
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other		
92500 Total Tenant Services	\$6,919	\$6,919
93100 Water		
93200 Electricity	\$0	\$0
93300 Gas		
93400 Fuel		
93500 Labor		
93600 Sewer		
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense	\$1,851	\$1,851

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
93000 Total Utilities	\$1,851	\$1,851
94100 Ordinary Maintenance and Operations - Labor	\$1,971	\$1,971
94200 Ordinary Maintenance and Operations - Materials and	\$5,129	\$5,129
94300 Ordinary Maintenance and Operations Contracts	\$8,516	\$8,516
94500 Employee Benefit Contributions - Ordinary Maintenance		
94000 Total Maintenance	\$15,616	\$15,616
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs		
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$0	\$0
96110 Property Insurance	\$13,568	\$13,568
96120 Liability Insurance		
96130 Workmen's Compensation		
96140 All Other Insurance		
96100 Total insurance Premiums	\$13,568	\$13,568
96200 Other General Expenses	\$270,786	\$270,786
96210 Compensated Absences		
96300 Payments in Lieu of Taxes	\$1,545	\$1,545
96400 Bad debt - Tenant Rents	\$1,100	\$1,100
96500 Bad debt - Mortgages		
96600 Bad debt - Other		

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
96800 Severance Expense		
96000 Total Other General Expenses	\$273,431	\$273,431
96710 Interest of Mortgage (or Bonds) Payable		
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0
96730 Amortization of Bond Issue Costs		
96700 Total Interest Expense and Amortization Cost	\$0	\$0
96900 Total Operating Expenses	\$582,375	\$582,375
97000 Excess of Operating Revenue over Operating Expenses	\$785,408	\$785,408
97100 Extraordinary Maintenance	\$2,824	\$2,824
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$517,340	\$517,340
97350 HAP Portability-In		
97400 Depreciation Expense	\$45,873	\$45,873
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$1,148,412	\$1,148,412
10010 Operating Transfer In	\$89,072	\$89,072
10020 Operating transfer Out	-\$89,072	-\$89,072
10030 Operating Transfers from/to Primary Government		

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
10040 Operating Transfers from/to Component Unit		
10050 Proceeds from Notes, Loans and Bonds		
10060 Proceeds from Property Sales		
10070 Extraordinary Items, Net Gain/Loss		
10080 Special Items (Net Gain/Loss)		
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)	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$219,371	\$219,371
11020 Required Annual Debt Principal Payments	\$0	\$0
11030 Beginning Equity	\$1,770,302	\$1,770,302
11040 Prior Period Adjustments, Equity Transfers and	\$41,173	\$41,173
11050 Changes in Compensated Absence Balance		
11060 Changes in Contingent Liability Balance		
11070 Changes in Unrecognized Pension Transition Liability		
11080 Changes in Special Term/Severance Benefits Liability		
11090 Changes in Allowance for Doubtful Accounts - Dwelling		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity	\$49,307	\$49,307
11180 Housing Assistance Payments Equity	\$50,454	\$50,454
11190 Unit Months Available	1836	1836

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	Subtotal	Total
11210 Number of Unit Months Leased	1506	1506
11270 Excess Cash	\$31,030	\$31,030
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0
11650 Leasehold Improvements Purchases	\$11,792	\$11,792
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
111 Cash - Unrestricted	\$37,191		\$37,191
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$8,659		\$8,659
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$45,850	\$0	\$45,850
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$2,697		\$2,697
126.1 Allowance for Doubtful Accounts -Tenants	-\$200		-\$200
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,497	\$0	\$2,497
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
145 Assets Held for Sale			
150 Total Current Assets	\$48,347	\$0	\$48,347
161 Land	\$32,990		\$32,990
162 Buildings	\$1,688,010		\$1,688,010
163 Furniture, Equipment & Machinery - Dwellings	\$21,133		\$21,133
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$1,018,801		-\$1,018,801
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$723,332	\$0	\$723,332
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$723,332	\$0	\$723,332
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$771,679	\$0	\$771,679
311 Bank Overdraft			
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$215		\$215
341 Tenant Security Deposits	\$8,659		\$8,659
342 Unearned Revenue			
343 Current Portion of Long-term Debt - Capital			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$2,947		\$2,947
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$11,821	\$0	\$11,821
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$0	\$0	\$0
300 Total Liabilities	\$11,821	\$0	\$11,821
400 Deferred Inflow of Resources			

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
508.4 Net Investment in Capital Assets	\$723,332		\$723,332
511.4 Restricted Net Position	\$0		\$0
512.4 Unrestricted Net Position	\$36,526	\$0	\$36,526
513 Total Equity - Net Assets / Position	\$759,858	\$0	\$759,858
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$771,679	\$0	\$771,679

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$15,803		\$15,803
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$15,803	\$0	\$15,803
70600 HUD PHA Operating Grants	\$56,492		\$56,492
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$26		\$26
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$1,359		\$1,359
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$73,680	\$0	\$73,680
91100 Administrative Salaries	\$27,880		\$27,880
91200 Auditing Fees	\$1,900		\$1,900
91300 Management Fee			

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative			
91600 Office Expenses	\$458		\$458
91700 Legal Expense			
91800 Travel	\$23		\$23
91810 Allocated Overhead			
91900 Other	\$1,960		\$1,960
91000 Total Operating - Administrative	\$32,221	\$0	\$32,221
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity	\$0		\$0
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$1,851		\$1,851
93000 Total Utilities	\$1,851	\$0	\$1,851
94100 Ordinary Maintenance and Operations - Labor	\$1,971		\$1,971

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
94200 Ordinary Maintenance and Operations - Materials and	\$5,129		\$5,129
94300 Ordinary Maintenance and Operations Contracts	\$8,516		\$8,516
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$15,616	\$0	\$15,616
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$13,568		\$13,568
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$13,568	\$0	\$13,568
96200 Other General Expenses	\$57		\$57
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$1,545		\$1,545
96400 Bad debt - Tenant Rents	\$1,100		\$1,100
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$2,702	\$0	\$2,702
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)	\$0		\$0

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$65,958	\$0	\$65,958
97000 Excess of Operating Revenue over Operating Expenses	\$7,722	\$0	\$7,722
97100 Extraordinary Maintenance	\$2,824		\$2,824
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$45,873		\$45,873
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$114,655	\$0	\$114,655
10010 Operating Transfer In	\$11,550		\$11,550
10020 Operating transfer Out	-\$11,550		-\$11,550
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$40,975	\$0	-\$40,975
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$810,230	\$0	\$810,230
11040 Prior Period Adjustments, Equity Transfers and	-\$9,397		-\$9,397
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	156	0	156
11210 Number of Unit Months Leased	154	0	154
11270 Excess Cash	\$31,030	\$0	\$31,030
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$11,792	\$0	\$11,792
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0

OTTER TAIL COUNTY HRA (MN177)

FERGUS FALLS, MN

Project Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	MN177000001	OTHER PROJ	Total
13901 Replacement Housing Factor Funds	\$0	\$0	\$0



**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***

Independent Auditor's Report

Board of Commissioners
Otter Tail County Housing and Redevelopment Authority
Fergus Falls, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Otter Tail County Housing and Redevelopment Authority, Fergus Falls, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Otter Tail County Housing and Redevelopment Authority's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Recommendations, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness and deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Recommendations as item 2020-002 to be a material weakness and items 2020-001 and 2020-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Otter Tail County Housing and Redevelopment Authority's financial statements are free from 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*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the Otter Tail County Housing and Redevelopment Authority failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

Otter Tail County Housing and Redevelopment Authority's Response to Findings

The Otter Tail County Housing and Redevelopment Authority's responses to the internal control findings identified in our audit are described in the Corrective Action Plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

February 28, 2022

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Internal Control/Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system.

Condition: The limited number of personnel within the Otter Tail County Housing and Redevelopment Authority results in a lack of segregation of accounting duties necessary to ensure adequate internal control.

Context: It is not unusual for an organization the size of the Authority to be limited in the internal control that management can design and implement in the organization.

Effect: Inadequate segregation of duties could adversely affect the Authority's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by personnel in the normal course of performing their assigned functions.

Cause: The size of the Authority and its staffing limits the internal control that management can design and implement into the organization.

Recommendation: The Board of Commissioners should be aware that segregation of duties is not adequate from an internal control point of view. We recommend the Board of Commissioners be mindful that limited staffing causes inherent risks in safeguarding the Authority's assets and

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

the proper reporting of its financial activity. We recommend the Board of Commissioners continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

View of Responsible Official: Concur

Finding Number: 2020-002

Prior Year Finding Numbers: 2019-001, 2019-002

Repeat Finding Since: 2014

Audit Adjustment/Preparation of Financial Statements

Criteria: Management is responsible for preparing the Authority's financial statements in accordance with generally accepted accounting principles (GAAP). The financial statement preparation in accordance with GAAP requires internal control over both: (1) recording, processing, and summarizing accounting data (that is, maintaining internal books and records); and (2) preparing and reporting appropriate government-wide and fund financial statements, including the related notes to the financial statements. A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Condition: Auditors were requested to draft the financial statements and related notes based on the general ledger and supporting documentation provided by the Authority. A material audit adjustment was identified that resulted in significant changes to the Authority's financial statements.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the Authority's internal control.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Effect: The Tax Levy Fund required an adjustment to reduce assets held for resale and revenues by \$182,913 and \$151,884, respectively, and increase expenses by \$31,029, to properly record the sale of assets held for resale. The adjustment was reviewed and approved by management and is reflected in the financial statements. This adjustment also affected the government-wide financial statements.

Cause: This activity was overlooked when financial statement information was prepared by the Authority.

Recommendation: We recommend the Authority implement additional procedures over financial reporting that include a comprehensive review of balances, disclosures, and supporting documentation by a qualified individual to ensure the information is complete and accurate so the Authority's financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

View of Responsible Official: Concur

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Prior Period Adjustment

Criteria: A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis.

Condition: A prior period adjustment was identified that resulted in significant changes to the Authority's financial statements.

Context: The need for prior period adjustments can raise doubts as to the reliability of the Authority's financial information being presented.

**OTTER TAIL COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Effect: The January 1, 2020, net position and assets of the business-type activities and the Tax Levy Fund increased by \$41,173 to correct an understatement of \$35,222 in loans receivable and \$5,951 in cash. Additionally, the January 1, 2020, loans receivable and related allowance balances increased by \$1,141,420.

Cause: Two loans issued in 2019 and one bank account of the Authority were not reflected in the Authority's financial statements due to oversight. Loans with allowances were not all previously recorded.

Recommendation: We recommend the Authority review the financial statement closing procedures to ensure they have accurate and complete information necessary to fairly present the Authority's financial statements in accordance with accounting principles generally accepted in the United States of America.

View of Responsible Official: Concur



**REPRESENTATION OF OTTER TAIL COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**



**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2020-001

Finding Title: Internal Control/Segregation of Duties

Name of Contact Person Responsible for Corrective Action:

Barbara Dacy, Executive Director

Corrective Action Planned:

Due to the size of the Authority and limited personnel, segregation of accounting duties necessary is not possible. As of August 18, 2021, the Authority accounting is performed by the Otter Tail County accounting staff via a Service Agreement between the Authority and the County. Management is aware of the circumstances and is developing a plan to further address. In the meantime, the Authority Executive Director will review monthly accounting reports, including the trial balance and journal entries.

Anticipated Completion Date:

July 1, 2022

Finding Number: 2020-002

Finding Title: Audit Adjustment/Preparation of Financial Statements

Name of Contact Person Responsible for Corrective Action:

Barbara Dacy, Executive Director

Corrective Action Planned:

As of August 18, 2021, the Authority accounting is performed by the Otter Tail County accounting staff via a Service Agreement between the Authority and the County. Management is aware of the circumstances and is developing a plan to further address. In the meantime, detailed monthly reconciliations will take place. The Executive Director will review the trial balance and journal entries on a quarterly basis.

Anticipated Completion Date:

September 1, 2022

Finding Number: 2020-003

Finding Title: Prior Period Adjustment

Name of Contact Person Responsible for Corrective Action:

Barbara Dacy, Executive Director

Corrective Action Planned:

As of August 18, 2021, the Authority accounting is performed by the Otter Tail County accounting staff via a Service Agreement between the Authority and the County. Management is aware of the circumstances and is developing a plan to further address. In the meantime, detailed monthly reconciliations will take place.

Anticipated Completion Date:

September 1, 2022



**REPRESENTATION OF OTTER TAIL COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY
FERGUS FALLS, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2019-001

Finding Title: Proposed Material Audit Adjustments

Summary of Condition: During the course of the audit, there were proposed material audit adjustments that were not identified as a result of the Authority's existing internal controls, and therefore could have resulted in a material misstatement of the Authority's financial statements.

Summary of Corrective Action Previously Reported: The Authority's management and Board of Commissioners, with the guidance of the Fee Accountant, will review prior audit entries and implement a process to prepare those entries prior to the succeeding audit's field work for any entries the Authority is able to prepare.

The Executive Director, Board of Commissioners, and Fee Accountant will review the proposed adjustments and approve them. Any common adjustments, such as those identified in the current year, not likely to be recurring will be reviewed and approved by appropriate Authority personnel.

Status: Not Corrected.

Was corrective action taken significantly different than the action previously reported?

Yes No

Financial accounting duties transferred to Otter Tail County. Internal controls focusing on the posting of journal entries will be reviewed and updated as necessary. The Otter Tail County Assistant Finance Director will take the lead role in a monthly review of the receipt, disbursement and journal entries posted to the Authority's general ledger to determine that all transactions have been properly coded and posted. Transactions that are identified as having been incorrectly posted will be reviewed, policies and procedures will be reviewed, the issue will be discussed with the Authority Executive Director who will authorize the general ledger corrections.

Finding Number: 2019-002

Finding Title: Preparation of Financial Statements and Related Footnotes

Summary of Condition: The Authority does not have an internal control system designed to provide for the preparation of the financial statements being audited. Authority personnel do prepare periodic financial statements and other financial information for internal use that meets the needs of management and the Board of Commissioners. However, the Authority does not have the internal resources to prepare full-disclosure financial statements required by GAAP for external reporting. As auditors, we were requested to draft the financial statements and accompanying footnotes.

Summary of Corrective Action Previously Reported: The Authority does not plan to take any action but is aware of the condition. Based on the cost of correcting this deficiency, the Authority has decided to accept the risk associated with this deficiency.

Status: Not Corrected. Because of the transfer of operations under a new Service Agreement with Otter Tail County 2021, the Authority will take the corrective actions needed in 2022.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X