

# **PENNINGTON COUNTY HOUSING AND REDEVELOPMENT COMMISSION**

**(A COMPONENT UNIT  
OF PENNINGTON COUNTY)**

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Financial Statements

**March 31, 2023 and 2022**





**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
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**March 31, 2023 and 2022**

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## Independent Auditor's Report

Board of Commissioners  
Pennington County Housing and Redevelopment Commission  
Rapid City, South Dakota

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of Pennington County Housing and Redevelopment Commission, a component unit of Pennington County, which comprise the statements of net position and the related statements of revenues, expenses, and changes in net position and cash flows as of and for the years ended March 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission, as of March 31, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Commission's Proportionate Share of Net Pension Liability (Asset), Schedule of the Pension Contributions, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Supplementary Schedule of Net Position; Supplementary Schedule of Revenues, Expenses, and Changes in Net Position; Financial Data Schedules, as required by HUD; and Forms RD 3650-10 and 3650-7 and supporting documentation, as required by USDA Rural Development, and the Schedule of Modernization Projects Completed are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 October 18, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Commission's internal control over financial reporting and compliance.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 18, 2023





**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

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This section of Pennington County Housing and Redevelopment Commission's (the Commission) annual financial report presents our Management's Discussion and Analysis (MD&A) of the Commission's financial performance during the fiscal year ended March 31, 2023. The MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Commission's financial activity and position, and to identify financial trends and concerns. Since this section is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Commission's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Commission implemented GASB 68 in 2016. GASB 68 relates to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited external financial reports. While there has been a close relationship between how governments fund pensions and how they account for and report information until now, the new guidance establishes a decided shift from a funding-based approach to an accounting-based approach. This shift was designed to improve pension information and increase the transparency, consistency, and comparability of pension information across governments. For 2023, the Commission's financial statements show a prorated share of the South Dakota Retirement System's Net Pension Asset in the amount of \$5,517.
- In Fiscal Year 2023, the Commission utilized \$1,427,136 in Capital Fund grants.
- The Commission received an award of \$901,324 from the Operating Reserve Offset Lawsuit brought against HUD in 2017.
- During the Fiscal Year 2023, the Commission implemented GASB 87 which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Therefore, for 2023 the Commission's financial statements show a Lease Receivable of \$311,613 representing the future cellphone antenna lease payments we will receive over the life of these leases. Furthermore, a Lease Asset of \$8,834 and Lease Liabilities of \$5,333 have been recorded to represent the activity related to the leasing of a postage meter by the Commission.

**AGENCY OVERVIEW**

The Commission is supported largely by HUD. The Commission's mission is to provide decent, safe, and affordable housing to low and very low-income families. The Commission uses the enterprise fund method for financial reporting. This presentation is designed to be corporate-like in that all business-type activities are consolidated into one agency-wide total. While detailed sub-fund information is not presented, separate accounts are maintained for each program or grant to control and manage money for particular purposes or to demonstrate that the Commission is properly using specific appropriations and grants. The Financial Data Schedule, presented in the Supplementary Information section of the financial statements, provides a balance sheet and income statement by program, as required by HUD. Although the Financial Data Schedule presents several programs, the major operations include administering a Housing Choice Voucher Program and owning and managing Public Housing properties.

**Pennington County Housing and Redevelopment Commission**  
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***Housing Choice Voucher Program***

The Commission administers a Housing Choice Voucher Program with federal funds received from HUD. The Housing Choice Voucher Program is a federal government program for assisting very low-income families to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

A family issued a housing voucher chooses a suitable housing unit where the owner agrees to rent under the program. The family pays a portion of the rent based on their income, and the remainder of the rent is paid to the landlord directly by the Commission.

Eligibility for a housing voucher is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, the Commission must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area median income.

***Public Housing Program***

Public Housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The Commission's Public Housing stock was predominantly built in the late 1970s and comes in all sizes and types, from scattered single-family houses to high-rise apartments. 500 public housing units are owned and managed by the Commission, which includes 110 single-family homes, 95 townhouses and apartment units, 258 high-rise apartment units, and 37 units in a residential group home setting for developmentally disabled individuals. Occupancy rates remained high in FY 2023 at approximately 95.0%. HUD provides federal aid to the Commission so that the Commission can manage the housing for low-income residents at rents they can afford. Rents charged are based on the family's income. To be eligible for Public Housing, a family's total annual gross income must not exceed 80% of the area median income. Participation is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. By law, the Commission must provide 40 percent of its Public Housing units to applicants whose incomes do not exceed 30 percent of the area median income.

In addition to federal aid for the operation of Public Housing, HUD also provides the Commission with Capital Fund program grants for Public Housing modernization. Capital Fund grant revenue has averaged \$885,618 over the past three years which is a 9.46% decrease over the previous three-year average. Expenditure of these funds depends largely on the timing of the construction contracts. Expenditures of Capital Fund grants amounted to \$1,427,136 in 2023 and \$757,332 in 2022. The increase in spending in 2023 is the result of recognizing and receiving revenue as the modernization work is completed. In 2022 the effects of the COVID-19 pandemic were still being felt causing a slower construction environment. The construction environment was closer to normal during 2023 allowing us to continue and complete construction projects that were previously slowed.

***Other Affordable Housing Programs***

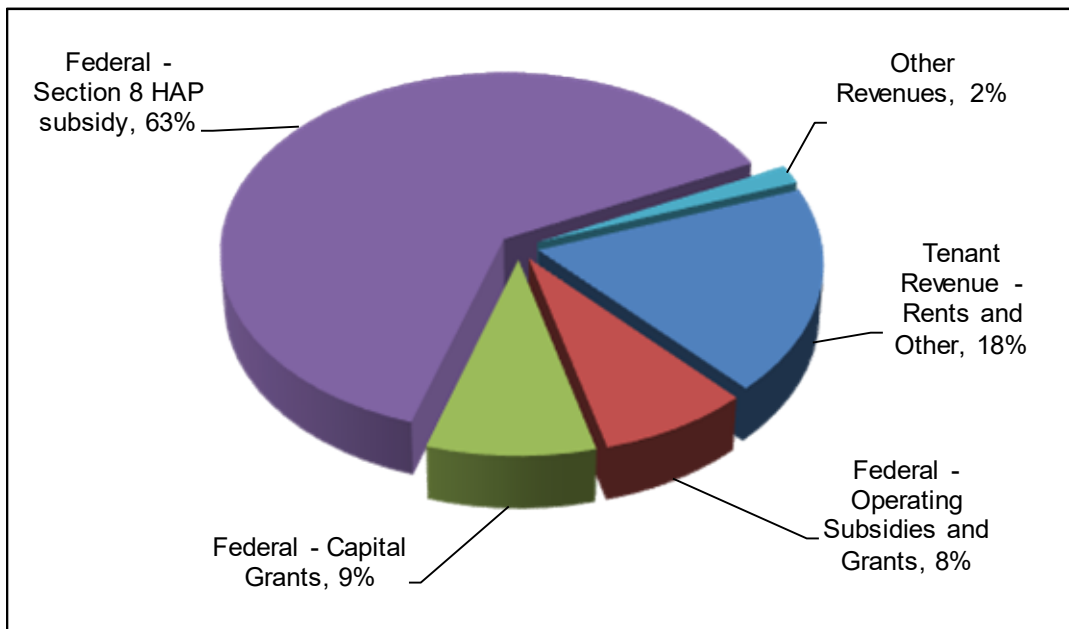
In addition to Public Housing, the Commission owns and operates several other affordable housing developments. These include one USDA Rural Development property, one HOME development, a former Low-Income Tax Credit property, a former USDA Rural Development property, and a former HOME development. The Rural Development property receives subsidies and mortgage interest credits provided by the USDA Rural Development to provide income-based rents. HOME projects received favorable financing rates which allow rents to be set below market levels.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

**Sources and Uses of Funds**

The following charts present a breakdown of the Commission's 2023 sources and uses of funds and make comparisons based on a percentage of the totals. The sources and uses presentation is another method of looking at how the Commission is utilizing the resources provided to manage its housing programs. It differs slightly from the financial statements. The difference is that depreciation expense, which does not result in a cash disbursement, is not included here, but capital expenditures, which do require a cash outlay, are included here but not found in the Statements of Revenues, Expenses, and Changes in Net Position. As in previous years, the Commission was heavily financed by the federal government. In 2023, federal grants and subsidies made up 79.8% of the Commission's total sources of funds. These funds were provided for general program operation, capital improvements to existing structures, and Section 8 housing assistance subsidies. Overall, Tenant revenue and Federal Operating Subsidies and Federal Capital Grants saw an increase in 2023. However, there was a decrease in Federal Operating Subsidies. This is the result of an increase in the Tenant Income factor used in the HUD calculation of funding for calendar year 2022. This decrease was offset by a large increase in Capital Fund grant revenue due to the timing of the expenditures for this program as Capital Fund grant revenue is recognized when these funds are expended and not when the grant is awarded. Federal Section 8 HAP subsidies increased when compared to 2022 due to an aggressive lease-up strategy and the increase in per-unit costs of the program due to raising rental rates.

**2023 Sources of Funds**



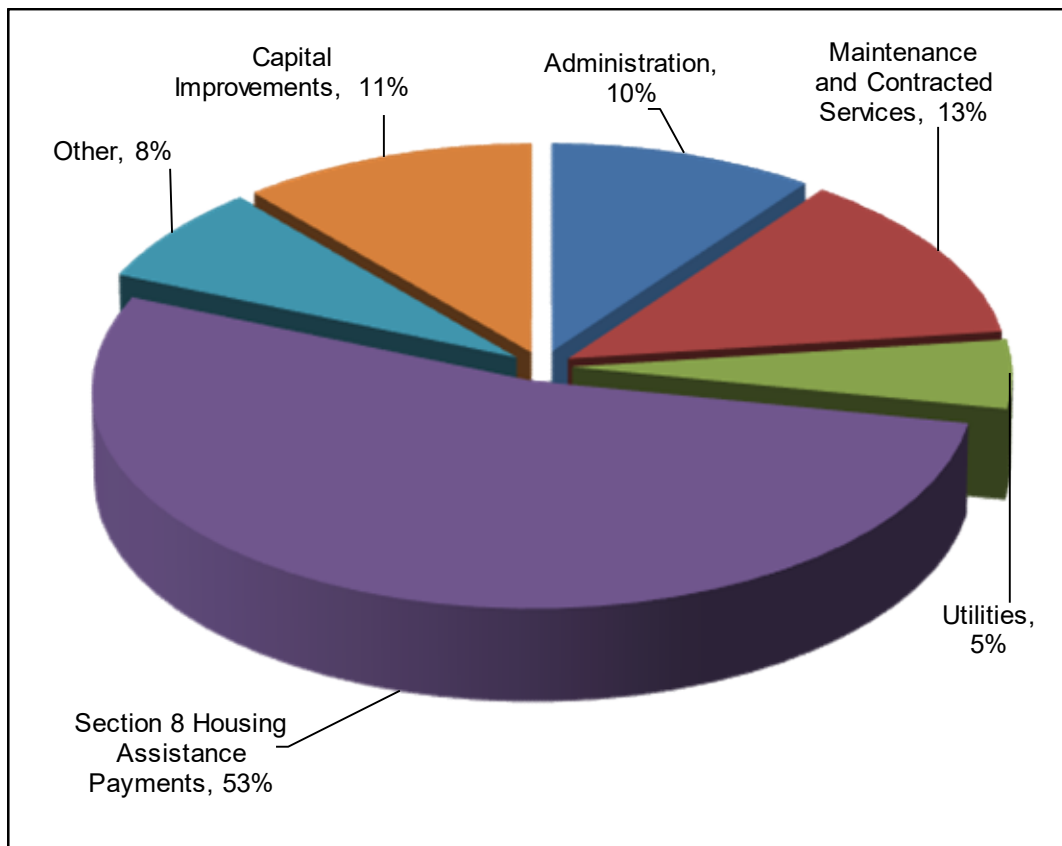
Tenant Revenue - Rents and Other	\$ 2,954,660
Federal - Operating Subsidies and Grants	1,272,114
Federal - Capital Grants	1,427,136
Federal - Section 8 HAP subsidy	10,048,132
Other Revenues	<u>263,514</u>
<b>Total Sources</b>	<b><u>\$ 15,965,556</u></b>

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The majority of uses of funds were for housing assistance payments to Section 8 landlords which increased from 2022 by 6.39%. In 2023, capital uses increased by 3.79% over 2022 while Administration, Maintenance, and Contracted Services, Utilities, and Other uses increased by 8.63% over 2022 when compared to the total uses of funds. The largest increase was in the expense for Maintenance and Contract Services due to the cost to rehab units upon turnover.

**2022 Uses of Funds**



Administration	\$ 1,726,200
Maintenance and Contracted Services	2,166,475
Utilities	862,564
Section 8 Housing Assistance Payments	9,022,347
Other	1,246,082
Capital Improvements	1,912,670
	<u>\$ 16,936,338</u>

**Pennington County Housing and Redevelopment Commission**  
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**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

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**OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business. These statements include:

Statements of Net Position which present information on all the Commission's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position usually serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Statements of Revenues, Expenses, and Changes in Net Position which present information showing how the Commission's net position changed during the most recent period. These statements show the total revenues and total expenses of the Commission, and the difference between them is the Commission's net income.

Statements of Cash Flows which present changes in cash and cash equivalents resulting from operations, capital and noncapital financing activities, and investing activities.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in the Commission's other basic financial statements.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

**COMPARATIVE FINANCIAL ANALYSIS**

The following table provides a comparative analysis of the Commission's financial position for the fiscal years ended March 31, 2023, and March 31, 2022. March 31, 2021 has been listed for informational purposes only. This table provides a snapshot of the Commission's economic resources (assets), the claims on these resources (liabilities) by outside creditors, and the net resources (equity) available to the Commission.

**Table 1**  
**Statement of Net Position**

	2023	2022	2023-2022 Variance (%)	2021
Current and Other Assets	\$ 14,953,192	\$ 15,156,499	(1.3)	\$ 12,617,132
Capital Assets	<u>11,696,747</u>	<u>10,893,636</u>	7.4	<u>10,596,518</u>
Total Assets	<u>26,649,939</u>	<u>26,050,135</u>	2.3	<u>23,213,650</u>
Deferred Outflows	<u>537,356</u>	<u>632,575</u>		<u>426,654</u>
Current Liabilities	2,798,714	2,811,628	(0.5)	702,888
Long-term Liabilities	<u>2,384,345</u>	<u>2,430,611</u>	(1.9)	<u>2,498,506</u>
Total Liabilities	<u>5,183,059</u>	<u>5,242,239</u>	(1.1)	<u>3,201,394</u>
Deferred Inflows	<u>631,414</u>	<u>927,393</u>		<u>363,557</u>
Net Position:				
Invested in Capital Assets,				
Net of Related Debt	9,475,731	8,617,315	10.0	8,246,712
Restricted	2,402,610	2,576,792	(6.8)	723,004
Unrestricted	<u>9,494,481</u>	<u>9,318,971</u>	1.9	<u>11,105,637</u>
Total Net Position	<u>\$ 21,372,822</u>	<u>\$ 20,513,078</u>	4.2	<u>\$ 20,075,353</u>

Current and other assets decreased over 2022 levels by \$203,307. The notable changes that occurred in current and other assets were a large decrease over 2022 in the Net Pension Asset of \$472,926, an increase in tenant accounts receivables, less allowances of \$4,832, and an increase of \$311,613 to account for the addition of the cellphone antenna leases, as mentioned earlier, a decrease in prepaid expenses for property insurance accounts of \$47,847 and an increase in accrued interest receivable of \$48,884.

**Pennington County Housing and Redevelopment Commission**  
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The increase in the book value of capital assets is due in large part to the Capital Fund grant projects performed during the year. By the end of 2023, the Commission had invested \$11,696,747, net of depreciation, in a broad range of capital assets, including land, buildings, various furniture, equipment, and machinery and site improvements. (See Table 2.) This amount represents a net increase (including additions and deductions) of \$803,111, or 7.37%, over the last year.

**Table 2**  
**Change in Capital Assets**  
**(Net of Depreciation and Amortization)**

	2023	2022	Total Dollar Change	Total Percentage Change
Land	\$ 1,848,331	\$ 1,979,446	(131,115)	-6.62%
Buildings	9,056,237	8,073,906	982,331	12.17%
Furniture, Equipment and Machinery	317,474	311,556	5,918	1.90%
Site Improvements	469,032	528,728	(59,696)	-11.29%
Right-of-use Lease Asset	5,673	-	5,673	100.00%
	<u>\$ 11,696,747</u>	<u>\$ 10,893,636</u>	<u>\$ 803,111</u>	7.37%

This year's major capital asset additions included:

- Family unit roof, window, and siding replacements \$758,790
- Storm Damage Repairs and Upgrades \$69,486
- Prairie Village Roof, Gutters, Siding \$32,867
- High Rise Roof Replacements \$360,000
- Electrical Panel Replacement River Ridge \$16,996
- Architectural and Engineering fees \$41,075

In the Commission's fiscal year 2024, \$2,384,797 in Capital Fund program funds are scheduled to be used to complete the high-rise roof replacements. As well as for mechanical, electronic infrastructure, exterior upgrades, and flooring upgrades at Jackson Heights. The Commission has no plans to incur additional debt to fund these additions, rather we will use the above-mentioned resources and general account funds if necessary.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

Current liabilities decreased by a modest \$12,914 while long-term liabilities decreased by \$46,266 resulting in an overall decrease of \$59,180 in total liabilities. Most of the decrease in current liabilities is the result of decreases in accounts payable and current liability accrued absences. Small increases were seen in all the current portions of long-term debt, wages and payroll tax liability, and prepaid tenant rents. All of these changes are normal in the course of business.

At year-end, the Commission had \$2,494,843 in compensated absences, lease liability, and long-term mortgage debt obligations. This is a decrease of 1.79% as shown in Table 3 below.

**Table 3**  
**Outstanding Debt and Obligations**

	2023	2022	Total Dollar Change	Total Percentage Change
Compensated Absences	\$ 273,827	\$ 264,120	\$ 9,707	3.68%
Lease Liability	5,333	-	5,333	100.00%
Long-term Debt, Mortgages	2,215,683	2,276,321	(60,638)	-2.66%
	<u>\$ 2,494,843</u>	<u>\$ 2,540,441</u>	<u>\$ (45,598)</u>	-1.79%

The Commission is liable for accrued vacation and sick leave payable to full-time employees. The increase is due to the amount of leave accumulated and outstanding at the end of the year.

Total net position increased by 4.2% from 2022. A large portion of the Commission's net position is in capital assets, net of related debt. Capital assets, net of related debt, comprise 44.35% of the total net position. Net position mainly represents the buildings and equipment that the Commission utilizes in housing low to moderate-income individuals and families.

Restricted net position represents funds constrained in use by grantors, contributors, laws, or regulations of the government. In our case, these funds are reserves restricted in use by the USDA Rural Development, the South Dakota Housing Development Authority, the US Department of Housing and Urban Development (HUD) as well as the net effect of the implementation of GASB 68 as it relates to the SDRS. The decrease of 6.8% when compared to 2022 is the result of the decrease in the Net Pension Asset which is considered to be a Restricted Asset.



**Pennington County Housing and Redevelopment Commission**  
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**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2023**

**OPERATING ACTIVITIES**

The Commission receives its operating revenues from rental charges and government subsidies and grants provided through HUD and USDA Rural Development. The Commission also receives funding from HUD for capital improvement expenditures. The following table summarizes and compares the Commission's operating and capital transactions between fiscal years 2023 and 2022. 2021 is listed for informational purposes only.

**Table 4**  
**Statement of Revenues and Expenses**

	2023	2022	2023-2022 Variance (%)	2021
Revenues:				
Dwelling Rental Income	\$ 2,954,660	\$ 2,670,824	10.6	\$ 2,575,073
Federal - Section 8 Rent Subsidy	9,943,959	8,740,173	13.8	9,435,591
Federal - Public Housing Operating Subsidy	1,315,658	1,530,823	(14.1)	1,021,308
Other Government Grants	182,682	193,561	(5.6)	188,272
Investment Return (Loss)	(491,019)	(316,623)	(255.1)	(220,101)
Other Revenue	174,540	208,485	(16.3)	166,478
Total Revenues	<u>14,080,480</u>	<u>13,027,243</u>	8.1	<u>13,166,621</u>
Expenses:				
Rental Assistance Payments	9,022,347	7,940,228	13.6	7,982,619
Depreciation and Amortization	987,276	973,253	1.4	1,042,372
Administrative	1,726,200	1,412,315	22.2	1,580,447
Ordinary Maintenance	1,789,194	1,328,933	34.6	1,220,433
Utilities	862,564	902,709	(4.4)	804,615
General Expenses	681,096	530,801	28.3	558,696
Extraordinary Maintenance	377,281	291,003	29.6	541,537
Protective Services	65,000	45,000	44.4	25,000
Tenant Services	8,967	7,309	22.7	6,382
Total Expenses	<u>15,519,925</u>	<u>13,431,551</u>	15.5	<u>13,762,101</u>
Net Income Before Contributed Capital	(1,439,445)	(404,308)	256.0	(595,480)
Federal - Capital Fund Grant	1,305,083	650,898	100.5	358,420
Gain (Loss) on Insurance Claim	51,974	191,135	(72.8)	206,054
Gain (Loss) on Disposition of Equipment	40,808	-	100.0	1,000
Special Items - HUD Recapture	901,324	-	100.0	-
Change in Net Position	<u>\$ 859,744</u>	<u>\$ 437,725</u>	96.4	<u>\$ (30,006)</u>

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
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**For the Year Ended March 31, 2023**

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Dwelling rental revenue in 2023 increased over 2022 by 10.6% and 3.7% over 2021. The largest revenue percentage change was from investment income which decreased by 255.1% when compared to 2022, because of the required adjustment to market value at year-end resulting in a large unrealized loss on investments in 2023 which is like the results from 2022. Section 8 Rent Subsidies increased by 13.8% over 2022 due to an increase in voucher utilization and increased per unit cost due to raising rental rates in Rapid City. Public Housing Subsidies saw a decrease of 14.1% due to a decrease in the tenant rent factor used in the CY 2022 subsidy calculation used by HUD.

Section 8 housing assistance payment expenses showed a 13.8% increase from the 2022 levels. This is due to an aggressive lease-up and an increase in the proration factor by HUD when determining the amount of funding available to the Commission.

In 2023, the Commission increased the contract for Protective Services to a more equitable amount while benefiting the Commission and reflecting the Commission's commitment to providing safe and secure housing developments. Extraordinary maintenance expense showed a noteworthy change of a 29.6% increase. However, this expense category does not relate well to the past activities of this category when comparing year-to-year changes due to the atypical nature causing this large change. As in the past, the expense for ordinary maintenance increased by 34.6% over 2022. This increase represents the ever-increasing cost of maintaining the aging housing stock, especially during a period where inflation is on the increase.

Overall total expenses increased by 15.5% when compared to the 2022 levels. While other expenses may show a large percentage change, none are significant enough in dollar terms to mention here.

Capital Fund grant revenue increased by 100.5% from the 2022 amount. This increase is the result of the timing of the construction projects of the Capital Fund Program as grant revenue is recognized when these funds are expended and not when the grant is awarded. In contrast, in 2022 Capital Fund grant revenue increased by 81.6% from the 2021 amount due to a slow recovery from the slowdown during the COVID-19 Pandemic. The Commission's capital expenditures in 2023 were solely for the modernization of existing units.

Several significant economic factors are present that may impact the Commission in the future.

- In recent years, the Department of Housing and Urban Development has underfunded public housing authorities with their methodology for calculating operating subsidies and by prorating the funding allowable under the HUD formula. We do not expect this trend to change which makes funding levels uncertain and volatile from year to year.
- The Commission is currently exploring Public Housing Asset Repositioning as a potential way to bring funding certainty to the ongoing operation of its public housing portfolio. Historically, the Section 8 program has not experienced the deep prorations in assistance provided by the federal government to assist low-income families like the prorations realized in the public housing program. By moving the Commission's public housing portfolio to the Section 8 platform, the Commission would achieve the regulatory relief needed to redevelop parts of the portfolio while realizing revenue that is both greater and more certain than what is currently received.
- Inflation, employment trends, and utility costs, which affect resident rent calculations, can significantly affect the amount of rental income collected and Section 8 Housing Assistance Payments made by the Commission.

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended March 31, 2023**

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- The Commission is heavily reliant on federal government funding. Many believe that current federal spending levels are unsustainable. HUD funding falls under the category of discretionary federal spending and is likely to be more vulnerable to budget cuts than entitlement programs.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the appropriations and grants that it receives. If you have any questions about this report or need additional financial information, contact the Pennington County Housing and Redevelopment Commission, ATTN: Executive Director, 1805 West Fulton Street, Suite 101, Rapid City, SD 57702.

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## FINANCIAL STATEMENTS

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Statements of Net Position**  
**March 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 2,134,846	\$ 3,368,987
Cash and Cash Equivalents - Restricted	199,403	2,393,167
Funded Security Deposits	248,813	242,469
Tenant Accounts Receivable, Less Allowance for Uncollectible Accounts of \$271,454 in 2023 and \$103,245 in 2022	37,255	32,423
Lease Receivable	311,613	-
Accounts Receivable - Other	11,045	4,358
Accounts Receivable - Other Government	-	85
Inventories	72,768	50,633
Accrued Interest Receivable	81,446	32,562
Prepaid Expenses and Other Assets	<u>12,466</u>	<u>60,313</u>
Total Current Assets	<u>3,109,655</u>	<u>6,184,997</u>
Non-current Assets:		
Non-current Investments	11,838,020	8,493,059
Net Pension Asset	5,517	478,443
Property and Equipment:		
Land	1,848,331	1,979,446
Buildings	41,535,081	39,730,294
Furniture, Equipment and Machinery	3,543,178	3,459,336
Site Improvements	4,301,509	4,301,509
Right-of-use Lease Asset	<u>8,834</u>	<u>-</u>
	51,236,933	49,470,585
Less: Accumulated Depreciation and Amortization	<u>(39,540,186)</u>	<u>(38,576,949)</u>
Total Non-current Assets	<u>23,540,284</u>	<u>19,865,138</u>
<b>TOTAL ASSETS</b>	<u>26,649,939</u>	<u>26,050,135</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related Deferred Outflows	<u>537,356</u>	<u>632,575</u>

The accompanying notes are an integral part of this statement.

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	115,670	163,170
Accounts Payable - Other Government	1,160	962
Accrued Wages and Payroll Taxes	97,064	84,783
Tenant Security Deposits	244,886	239,608
Prepaid Tenant Rents	69,433	61,255
Accrued Interest	21	25
Accrued Payments in Lieu of Taxes	159,982	151,995
Unearned Revenue	2,000,000	2,000,000
Current Portion of Accrued Absences	38,929	53,679
Current Portion of Lease Liability	1,763	-
Current Portion of Long-term Debt	<u>69,806</u>	<u>56,151</u>
Total Current Liabilities	<u>2,798,714</u>	<u>2,811,628</u>
Non-current Liabilities:		
Accrued Absences, Less Current Portion	234,898	210,441
Lease Liability, Less Current Portion	3,570	-
Long-term Debt, Less Current Maturities	<u>2,145,877</u>	<u>2,220,170</u>
Total Non-current Liabilities	<u>2,384,345</u>	<u>2,430,611</u>
<b>TOTAL LIABILITIES</b>	<u>5,183,059</u>	<u>5,242,239</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease-related Deferred Inflows	309,624	-
Pension-related Deferred Inflows	<u>321,790</u>	<u>927,393</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>631,414</u>	<u>927,393</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	9,475,731	8,617,315
Restricted for:		
Replacement Reserves	191,911	153,796
Modernization and Development	2,005,746	2,056,024
Section 8 Housing	(16,130)	182,385
Pension Purposes	221,083	183,625
Unrestricted Net Position	<u>9,494,481</u>	<u>9,319,933</u>
<b>TOTAL NET POSITION</b>	<u>\$ 21,372,822</u>	<u>\$ 20,513,078</u>

The accompanying notes are an integral part of this statement.

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**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended March 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Dwelling Rental Income	\$ 2,597,492	\$ 2,330,610
Dwelling Rental Income - Pledged to Service Long-term Debt	357,168	340,214
Rent Subsidies from HUD and Department of Agriculture	10,126,641	8,933,734
Other Income	<u>170,732</u>	<u>208,485</u>
Total Operating Revenues	<u>13,252,033</u>	<u>11,813,043</u>
<b>OPERATING EXPENSES</b>		
Rental Assistance Payments	9,022,347	7,940,228
Ordinary Maintenance and Operation	1,789,194	1,328,933
Administrative	1,726,200	1,412,315
Depreciation and Amortization	987,276	973,253
Utilities	862,564	902,709
General Expenses	680,090	529,694
Extraordinary Maintenance	377,281	291,003
Protective Services	65,000	45,000
Tenant Services	<u>8,967</u>	<u>7,309</u>
Total Operating Expenses	<u>15,518,919</u>	<u>13,430,444</u>
<b>OPERATING LOSS</b>	<u>(2,266,886)</u>	<u>(1,617,401)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Operating Subsidies from HUD	1,315,658	1,530,823
Investment Loss	(491,019)	(316,623)
Interest Expense	(1,006)	(1,107)
Lease Interest Revenue	3,808	-
Insurance Proceeds	51,974	191,135
Gain on Disposition of Equipment	<u>40,808</u>	<u>-</u>
Total Nonoperating Revenue	<u>920,223</u>	<u>1,404,228</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND SPECIAL ITEMS</b>	<u>(1,346,663)</u>	<u>(213,173)</u>
<b>SPECIAL ITEMS - OPERATING SUBSIDY RECOVERY</b>	901,324	-
<b>CONTRIBUTED CAPITAL - HUD SUBSIDY</b>	<u>1,305,083</u>	<u>650,898</u>
<b>CHANGE IN NET POSITION</b>	859,744	437,725
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>20,513,078</u>	<u>20,075,353</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 21,372,822</u>	<u>\$ 20,513,078</u>

The accompanying notes are an integral part of this statement.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Receipts from Tenant Payments	\$ 2,955,106	\$ 2,712,657
Rent Subsidies Received	10,126,641	8,933,734
Receipts from Others	1,061,712	209,943
Payments for Operating Expenses	(12,413,879)	(8,678,002)
Payments to Employees	<u>(2,138,657)</u>	<u>(1,771,706)</u>
Net Cash Provided (Used) by Operating Activities	<u>(409,077)</u>	<u>1,406,626</u>
<b>INVESTING ACTIVITIES</b>		
Interest Earned	228,015	170,087
Cash Paid to Acquire Investments	(7,100,000)	(2,765,063)
Proceeds from Sale of Investments	<u>2,990,929</u>	<u>2,640,631</u>
Net Cash Provided (Used) by Investing Activities	<u>(3,881,056)</u>	<u>45,655</u>
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from HUD and Department of Agriculture	<u>1,315,658</u>	<u>1,530,823</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributed Capital - HUD Subsidy	1,305,083	650,898
Purchases of Property and Equipment	(1,912,670)	(1,270,364)
Proceeds from Sale of Capital Assets	171,923	-
Insurance Proceeds from Damage of Capital Assets	51,974	191,135
Interest Paid	(1,010)	(1,111)
Principal Payments on Lease Liability	(1,748)	-
Principal Payments on Long-term Debt	<u>(60,638)</u>	<u>(73,485)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(447,086)</u>	<u>(502,927)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(3,421,561)	2,480,177
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,004,623</u>	<u>3,524,446</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 2,583,062</u>	<u>\$ 6,004,623</u>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF</b>		
Cash and Cash Equivalents - Unrestricted	\$ 2,134,846	\$ 3,368,987
Cash and Cash Equivalents - Restricted	199,403	2,393,167
Funded Security Deposits	<u>248,813</u>	<u>242,469</u>
	<u>\$ 2,583,062</u>	<u>\$ 6,004,623</u>

The accompanying notes are an integral part of this statement.

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Operating Loss	\$ (2,266,886)	\$ (1,617,401)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	987,276	973,253
Operating Subsidy Recovery	901,324	-
Provision for Losses on Accounts Receivable	168,209	(17,672)
Net Pension (Revenue) Expense	(37,458)	(117,790)
Change in Assets and Liabilities:		
Tenant Accounts Receivable	(173,041)	52,224
Lease Receivable	(311,613)	-
Accounts Receivable - Other	(6,687)	996
Accounts Receivable - Other Government	85	462
Prepaid Expenses	47,849	37,595
Inventories	(22,135)	(19,375)
Accounts Payable	(47,302)	60,447
Tenant Security Deposits	5,278	7,281
Unearned Revenue	-	2,000,000
Deferred Lease Inflows	309,624	-
Change in Lease Related Balances	(1,753)	-
Accrued Liabilities	<u>38,153</u>	<u>46,606</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (409,077)</u>	<u>\$ 1,406,626</u>

The accompanying notes are an integral part of this statement.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The financial statements presented in this report represent all the funds and fiscal activities under the control of the Board of Commissioners, a five-member governing board, of Pennington County Housing and Redevelopment Commission (the Commission), a component unit of Pennington County. The Pennington County Commissioners have the authority to approve or deny any new housing projects and to approve or disapprove the Commission's intent to issue long-term debt, by disapproving a proposed project to be so financed.

The Commission is a public housing authority (PHA) engaged in providing housing and housing assistance to the low and very low-income elderly, families, and disabled, through low-rent housing programs designed to provide decent, safe, affordable, and sanitary housing.

The low rent programs are regulated by HUD as to rental charges and operating methods. The Commission receives subsidies from HUD to assist in covering the costs of the Commission's low-rent housing programs. Contributions are received from HUD based on budgeted amounts. The Commission is required to prepare and adopt annual operating budgets for each of its HUD programs.

Low-income families who participate in subsidized or housing assistance programs typically pay a portion of their housing costs, which generally amounts to the higher of either 30% of their adjusted gross income, based on HUD guidelines, or 10% of their gross income; the remaining portion of the rent for the units is paid by HUD either through public housing program annual contributions, subsidies or housing assistance payments or through South Dakota Housing Development Authority (SDHDA) or Rural Development in the form of housing assistance payments.

The Commission owns and operates the following low-income housing programs:

- a. HUD Projects SD045000011 and SD045000016, the public housing program, consists of two Public Housing developments with a total of 500 units of conventional housing in Rapid City and Wall, South Dakota under annual contributions contract DEN 371.
- b. The Section 8 Housing Choice Voucher program is a federally subsidized housing program designed to assist very low-income families in renting, in the local market, decent, safe, affordable, and sanitary rental housing suitable for their needs and desires. If the unit and rental rate are acceptable, the PHA enters into a housing assistance payments (HAP) contract with the owner of the unit to make up the difference between what the families can afford to pay, based on HUD guidelines, and the total contracted rent. Housing units leased under the Section 8 programs must meet housing quality standards as determined by HUD and the Commission; this is accomplished through unit inspections that must be conducted initially and on a biennial basis thereafter. The Section 8 Housing Choice Voucher Program Administration derives its income from administration of the Section 8 Housing Choice Voucher program; this program provides for an administrative fee based on a HUD-determined administrative rate and the number of rental units administered for each program.
- c. The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). The VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics. The Commission has 125 HUD-VASH vouchers in its inventory. The financial information for this program is included with the Section 8 Housing Voucher Program within this report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- d. The Commission owns and operates two HOME Developments financed by the South Dakota Housing Development Authority, consisting of 39 units for families. The projects are Harney View Apartments and Black Fox Manor, both located in Rapid City, South Dakota.
- e. As of March 31, 2023, the Commission owned and operated one USDA Rural Development project with 25 units for the elderly, disabled, and handicapped. The project is known as Sunny Haven Apartments and is located in New Underwood, South Dakota.
- f. During the year ended March 31, 2018, the Commission paid off the USDA Rural Development loan for Hillyo Manor, located in Hill City, South Dakota. Accordingly, this project is now presented under Section 8 New Construction.
- g. The Central Office account derives its income from management of the Public Housing, HOME, USDA Rural Development project, the Section 8 program of The Commission, and from other property managed by the Central Office.
- h. During the year ended March 31, 2014, the Commission purchased Memorial Park Apartments, a former Low-Income Tax Credit property that had reached the end of the "Tax Credit Compliance Period", located in Rapid City, South Dakota. Memorial Park Apartments consists of 60 units of housing designated for the elderly. The property has extended use commitments that require the Commission to lease to residents with income not to exceed 60% of Area Median Income at rents not to exceed established/published Tax Credit rents.

**Basis of Presentation**

The Commission is considered a single enterprise fund for financial reporting purposes. The Commission's financial statements have been prepared on the accrual basis of accounting, consistent with the governmental proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through tenant rentals and federal housing assistance programs. The Commission applies all applicable Government Accounting Standards Board (GASB) pronouncements.

Operating income (loss) includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are rents charged to tenants, rent subsidies from HUD and the Department of Agriculture, and management and administrative fees earned. Principal operating expenses are the costs of providing housing and include administrative expenses, housing assistance payments, and depreciation and amortization. Other revenues and expenses are classified as non-operating in the financial statements. In the accompanying financial statements, interprogram transactions and interprogram receivables and payables have been eliminated.

**Cash and Cash Equivalents**

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

**Capital Assets**

Capital assets, which include land, buildings, and equipment, are reported in the basic financial statements. The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Expenditures for renewals and improvements that will significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. When depreciable properties are retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	3 - 40 years
Furniture, equipment, and machinery	3 - 10 years
Leasehold improvements	15 - 40 years

Investments

The Commission follows an investment policy to invest in authorized investment pools and funds, U.S. Government securities, and repurchase agreements. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the Statements of Net Position. Management's intent is to hold all investments to maturity. Realized and unrealized gains and losses are included in investment return on the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a charge to bad debt expense and as an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventories

Inventory is recorded as an asset when acquired. The consumption of inventories is charged to expense as it is consumed. Inventories are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption. Inventory consists mainly of maintenance supplies.

Leases

*Lessee:*

The Commission is a lessee for a noncancellable lease of a postage meter. The Commission recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Commission recognizes all leases for which they are the lessee.

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

*Lessor:*

The Commission is a lessor for a noncancellable lease of cell towers. The Commission recognizes a lease receivable and a deferred inflow of resources in the financial statements.

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

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

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

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period. The only deferred outflow of resources reported is a deferred amount arising from the Commission's pension plan for qualified retirees as discussed in Note 6.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to a future period or periods. These items will not be recognized as an inflow of resources until that applicable future period. The deferred inflows of resources reported are a deferred amount arising from the Commission's pension plan for qualified retirees as discussed in Note 6 and deferred amounts arising from the Commission's leases as discussed in Note 10.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS' fiduciary net position have been determined on the same basis as they are reported by SDRS, Commission contributions and net pension asset are recognized on the accrual basis of accounting.

Accumulated Unpaid Vacation and Sick Pay

Employees may accumulate vacation pay up to a maximum of 35 days. Employees may also accumulate sick pay up to a maximum of 100 days. Up to 280 hours of vacation pay and up to 50 days of sick pay are paid to employees upon termination.

Prepaid Tenant Rents

Income from tenant prepayments of rent is recognized over the periods to which the revenues are earned or rent payments relate.

Unearned Revenue

Grants received in advance of the revenue recognition criteria are reported as unearned revenue.

Equity Classifications

Equity is classified as net position and displayed in three components:

*Net Investment in Capital Assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings (net of unspent related debt proceeds, if any) attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.

*Unrestricted Net Position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

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

Income Taxes

The Commission is a governmental entity exempt from federal income taxes; therefore, no provision for income taxes has been presented in the accompanying financial statements.



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2023 and 2022**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Implementation of GASB Statement No. 87

As of April 1, 2022, the Commission adopted GASB Statement No. 87, Leases. GASB 87 affects any government entity that enters into a lease. The main difference between previous GAAP and GASB 87 is the recognition of lease assets and lease liabilities for the lessee and the recognition of a lease receivable and deferred inflow of resources for the lessor. The Commission elected to not restate prior year balances as the presentation of comparative financial statements is not standard for government entities and restatement would not impact the users of the financial statements as the Commission is a component unit of Pennington County, for which comparatives are not presented. The effect of the implementation of this standard on the beginning net position was not material.

**NOTE 2 - MANAGEMENT AGREEMENTS**

Hillyo Manor, Black Fox Manor, Harney View Apartments, and Memorial Park Apartments pay a monthly management fee of \$69 per unit per month. The management agreement for Sunny Haven Apartments, approved by Rural Development, provides for the payment of management fees equal to \$69 per month per occupied unit.

**NOTE 3 - RURAL RENTAL HOUSING PROGRAMS**

During the year ended March 31, 2023, the Commission owned and operated one Rural Development project known as Sunny Haven Apartments, located in New Underwood, South Dakota.

As a condition for obtaining financing, the Commission entered into loan agreements with Rural Development. Significant provisions in the loan agreements are as follows:

- a. The Commission must establish and maintain reserve accounts for each project with outstanding debt. Deposits for Sunny Haven Apartments must be made at a rate not less than \$5,373 annually until the amount in the reserves reaches \$53,720. With prior consent of Rural Development, funds in the reserve accounts may be used for payments due on outstanding debt balances, repairs or replacements, improvements, or other purposes as required.

	<u>2023</u>	<u>2022</u>
<u>Sunny Haven Apartments</u>		
Reserve Account Balance	89,333	\$ 73,403
Required Reserve Balance	<u>53,720</u>	<u>53,720</u>
Surplus	<u>\$ 35,613</u>	<u>\$ 19,683</u>

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**NOTE 3 - RURAL RENTAL HOUSING PROGRAMS (CONTINUED)**

- b. The Commission must also maintain a separate account for tenant security deposits for each project in an amount equal to the security deposit liability.

	<u>2023</u>	<u>2022</u>
<u>Sunny Haven Apartments</u>		
Tenant Security Deposit Balance	\$ 13,836	\$ 13,712
Security Deposit Liability	<u>12,635</u>	<u>13,700</u>
Surplus	<u>\$ 1,201</u>	<u>\$ 12</u>

- c. Rents cannot exceed the rates approved by Rural Development.

Segment Information

The Rural Development project has outstanding long-term debt, with rental revenue pledged to secure that debt at March 31, 2023. Summary financial information for the Rural Development Sunny Haven Apartments project is as follows:

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets:		
Current Assets	\$ 159,577	\$ 153,346
Capital Assets	<u>79,279</u>	<u>66,983</u>
Total Assets	<u>\$ 238,856</u>	<u>\$ 220,329</u>
Liabilities:		
Current Liabilities	\$ 40,875	\$ 44,431
Long-term Debt	<u>71,184</u>	<u>86,977</u>
Total Liabilities	<u>112,059</u>	<u>131,408</u>
Net Assets:		
Net Investment in Capital Assets	(7,711)	(35,645)
Restricted Net Position	102,212	73,403
Unrestricted Net Position	<u>32,296</u>	<u>51,163</u>
Total Net Position	<u>126,797</u>	<u>88,921</u>
Total Liabilities and Net Position	<u>\$ 238,856</u>	<u>\$ 220,329</u>

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**NOTE 3 - RURAL RENTAL HOUSING PROGRAMS (CONTINUED)**

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 92,652	\$ 85,319
Rent Subsidies from Department of Agriculture	78,509	95,452
Other Revenues	1,566	764
Depreciation Expense	(9,477)	(6,278)
Other Operating Expenses	<u>(125,679)</u>	<u>(124,185)</u>
Operating Income	37,571	51,072
Non-operating Revenues (Expenses):		
Investment Return	1,257	373
Interest Expense	<u>(952)</u>	<u>(1,107)</u>
Change in Net Position	37,876	50,338
Net Position, Beginning of Year	<u>88,921</u>	<u>38,583</u>
Net Position, End of Year	<u>\$ 126,797</u>	<u>\$ 88,921</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for):		
Operating Activities	\$ 47,212	\$ 65,814
Investing Activities	1,257	373
Capital and Related Financing Activities	<u>(38,363)</u>	<u>(16,593)</u>
Net Change in Cash and Cash Equivalents	10,106	49,594
Cash and Cash Equivalents, Beginning of Year	<u>134,432</u>	<u>84,838</u>
Cash and Cash Equivalents, End of Year	<u>\$ 144,538</u>	<u>\$ 134,432</u>

**NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS**

The Commission owns and operates one HOME Development regulated by the South Dakota Housing Development Authority (SDHDA) known as Black Fox Manor located in Rapid City, South Dakota. The Commission also owns and operates one former HOME Development known as Harney View Apartments located in Rapid City, South Dakota.

As a condition for obtaining a reduced rate of financing, the Commission entered into Regulatory Agreements with SDHDA. Significant provisions in the regulatory agreement are as follows:

- a. The Commission must establish and maintain reserve funds for replacements in separate accounts with SDHDA or in a safe and responsible depository. Under the agreements, the owners are required to make monthly deposits to the funds. Disbursements from these funds may be used for repairs and replacements.
- b. Rents cannot exceed the rate schedule established by SDHDA.

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**NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)**

Segment Information

The Black Fox Manor SDHDA project has outstanding long-term debt, with rental revenue pledged to secure that debt. Summary financial information for the Harney View Apartments SDHDA project is no longer required as the Commission had paid off the debt associated with this property, but the Commission has decided to continue presenting the summary financial information for consistency. Summary financial information for the Harney View Apartments SDHDA project is as follows:

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets:		
Current Assets	\$ 51,997	\$ 106,596
Capital Assets	<u>351,050</u>	<u>361,501</u>
Total Assets	<u>\$ 403,047</u>	<u>\$ 468,097</u>
Liabilities:		
Current Liabilities	<u>\$ 118,914</u>	<u>\$ 188,750</u>
Net Position:		
Net Investment in Capital Assets	351,050	361,501
Restricted Net Position	-	-
Unrestricted Net Position	<u>(66,917)</u>	<u>(82,154)</u>
Total Net Position	<u>284,133</u>	<u>279,347</u>
Total Liabilities and Net Position	<u>\$ 403,047</u>	<u>\$ 468,097</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating Revenues	\$ 90,534	\$ 87,406
Depreciation Expense	(24,774)	(22,527)
Other Operating Expenses	<u>(61,322)</u>	<u>(134,895)</u>
Operating Loss	4,438	(70,016)
Non-operating Revenues (Expenses):		
Investment Return	348	318
Gain on Insurance Claim	<u>-</u>	<u>19,091</u>
Change in Net Position	4,786	(50,607)
Net Position, Beginning of Year	<u>279,347</u>	<u>329,954</u>
Net Position, End of Year	<u>\$ 284,133</u>	<u>\$ 279,347</u>

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**NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)**

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for):		
Operating Activities	\$ (40,490)	\$ 42,671
Investing Activities	348	318
Capital and Related Financing Activities	<u>(14,323)</u>	<u>(56,372)</u>
Net Change in Cash and Cash Equivalents	(54,465)	(13,383)
Cash and Cash Equivalents at Beginning of Year	<u>99,138</u>	<u>112,521</u>
Cash and Cash Equivalents at End of Year	<u>\$ 44,673</u>	<u>\$ 99,138</u>

Summary financial information for the Black Fox Manor SDHDA project is as follows:

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets:		
Current Assets	\$ 108,033	\$ 96,086
Capital Assets	<u>566,726</u>	<u>610,010</u>
Total Assets	<u>\$ 674,759</u>	<u>\$ 706,096</u>
Liabilities:		
Current Liabilities	\$ 303,113	\$ 285,753
Long-term Debt	<u>708,783</u>	<u>767,283</u>
Total Liabilities	<u>1,011,896</u>	<u>1,053,036</u>
Net Assets:		
Net Investment in Capital Assets	(196,057)	(197,773)
Restricted Net Position	89,699	80,393
Unrestricted Net Position	<u>(230,779)</u>	<u>(229,560)</u>
Total Net Position	<u>(337,137)</u>	<u>(346,940)</u>
Total Liabilities and Net Position	<u>\$ 674,759</u>	<u>\$ 706,096</u>

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**NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)**

	<u>2023</u>	<u>2022</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 174,764	\$ 168,024
Depreciation Expense	(43,284)	(42,042)
Other Operating Expenses	<u>(122,632)</u>	<u>(136,921)</u>
Operating Loss	8,848	(10,939)
Nonoperating Revenues (Expenses):		
Investment Return	<u>955</u>	<u>354</u>
Change in Net Position	9,803	(10,585)
Net Position, Beginning of Year	<u>(346,940)</u>	<u>(336,355)</u>
Net Position, End of Year	<u>\$ (337,137)</u>	<u>\$ (346,940)</u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for):		
Operating Activities	\$ 55,754	\$ 71,797
Investing Activities	955	354
Capital and Related Financing Activities	<u>(45,000)</u>	<u>(142,164)</u>
Net Change in Cash and Cash Equivalents	11,709	(70,013)
Cash and Cash Equivalents at Beginning of Year	<u>82,680</u>	<u>152,693</u>
Cash and Cash Equivalents at End of Year	<u>\$ 94,389</u>	<u>\$ 82,680</u>

**NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS**

Cash and cash equivalent deposits are classified into three categories. Category 1 deposits are fully insured or collateralized with securities held by the Commission or the Commission's agent in the Commission's name. Category 2 deposits are collateralized with securities held by the pledging institution's trust department or agent in the Commission's name. Category 3 deposits are uninsured and uncollateralized.

The Commission's deposits are made and held in qualified public depositories. In South Dakota, qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100% of the public deposit accounts that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA," or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. The Commission has entered into a general depository agreement in which deposits in excess of the amounts insured by the FDIC shall be fully and continually secured by the bank by the deposit or setting aside of collateral of the types, and in the manner, as is prescribed by State law for the security of public funds.

All cash balances, including interest earned, where applicable, have market values at March 31, 2023 and 2022 that are substantially the same as the carrying value in the accompanying financial statements.

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**NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)**

At March 31, the Commission's cash and cash equivalents consisted of the following:

	<u>2023</u>	<u>2022</u>
Demand Deposits - Unrestricted	\$ 1,558,209	\$ 1,627,316
Public Housing Program:		
Money Market Accounts	5,892	299,033
HOME Investments Partnerships Program:		
Bank Reserve Funds - Savings Accounts	89,699	80,393
Bank Savings Accounts	48,212	98,771
Rural Rental Assistance Payments Program:		
Bank Reserve Funds - Savings Accounts	89,333	61,900
Bank Escrow Funds - Savings Accounts	12,879	11,503
Bank Savings Accounts	41,826	60,529
Section 8 New Construction:		
Money Market Accounts	1,798	-
Bank Savings Accounts	149,760	357,190
Other Management:		
Money Market Accounts	21,069	94,707
Bank Savings Accounts	186,889	404,547
Other Housing Needs:		
Money Market Accounts	10,907	191,923
Construction Account:		
Money Market Accounts	10,218	-
Bank Restricted Funds - Savings Accounts	6,530	2,002,169
Memorial Park Apartments:		
Money Market Accounts	6,057	2,000
Bank Savings Accounts	<u>94,971</u>	<u>470,173</u>
Total Cash and Cash Equivalents	<u>\$ 2,334,249</u>	<u>\$ 5,762,154</u>
Security Deposits:		
Public Housing Program	\$ 191,184	\$ 185,359
HOME Investments Partnership Program	20,414	20,230
Section 8 New Construction	6,755	6,694
Rural Rental Assistance Payments Program	13,836	13,712
Memorial Park Apartments	<u>16,624</u>	<u>16,474</u>
Total Funded Security Deposits	<u>\$ 248,813</u>	<u>\$ 242,469</u>

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**NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)**

In general, SDCL 11-7-31 permits funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control. Supplemental to this authority, SDCL 4-5-6 permits public funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. The Commission's investment policy limits short-term investments to U.S. Treasury bills and limits long-term investments to U.S. Treasury notes and bond obligations and accounts with financial institutions insured under Federal plans.

**Fair Value Measurement** - The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

**Level I** - Investments are valued using inputs that are quoted prices in active markets accessible at the measurement date of identical assets. These inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as the U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers and brokers in active over-the-counter markets.

**Level II** - Investments are valued using inputs that are significant other observable inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Investments that are included in this level include corporate bonds and loans, and less liquid and restricted equities.

**Level III** - Investments are valued using inputs that are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or decision.

At March 31, 2023, the Commission's investments were all valued using other observable inputs (Level II inputs).

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2023 and 2022, all investments of the Commission were classified as insured or registered, or the securities were held by the Commission or its agent in the Commission's name.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of a depository failure, the Commission will not be able to recover deposits. Commission deposits in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. As of March 31, 2023 and 2022, all of the Commission's demand deposits and certificates of deposit were adequately insured or collateralized as required by statute.

**Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Commission does not have a policy regarding concentration of credit risk.



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**NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)**

*Foreign Currency Risk* - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Commission prohibits the use of investments that do not pay in U.S. dollars.

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following chart summarizes the Commission's investments using segmented time distribution.

Investments as of March 31 consisted of the following:

	Credit Rating	Fair Value		Maturity Date			Call Date	
		March 31, 2022	March 31, 2023	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Public Housing:								
Government Bonds	AAA	\$ 5,138,849 *	\$ 4,344,192 *	\$ -	\$ 931,030	\$ 3,413,162	\$ 3,919,325	\$ -
Government Bonds	Not Rated	698,575 *	507,485 *	-	-	507,485	-	-
Marketable Certificates of Deposit	FDIC Insured	593,521 *	1,115,692 *	1,115,692	-	-	125,000	-
		<u>6,430,945</u>	<u>5,967,369</u>	<u>1,115,692</u>	<u>931,030</u>	<u>3,920,647</u>	<u>4,044,325</u>	<u>-</u>
Other Management:								
Government Bonds	AAA	886,571 *	835,189 *	-	399,233	435,956	835,189	-
Government Bonds	Not Rated	28,038	22,375	-	-	22,375	-	-
Marketable Certificates of Deposit	FDIC Insured	-	1,246,975 *	749,300	497,675	-	248,793	-
		<u>914,609</u>	<u>2,104,539</u>	<u>749,300</u>	<u>896,908</u>	<u>458,331</u>	<u>1,083,982</u>	<u>-</u>
Other Housing Needs:								
Government Bonds	AAA	686,327 *	629,675 *	-	216,385	413,290	629,675	-
Government Bonds	Not Rated	35,125	27,291	-	-	27,291	-	-
Marketable Certificates of Deposit	FDIC Insured	241,523	236,822	236,822	-	-	-	-
		<u>962,975</u>	<u>893,788</u>	<u>236,822</u>	<u>216,385</u>	<u>440,581</u>	<u>629,675</u>	<u>-</u>
Construction Account:								
Marketable Certificates of Deposit	FDIC Insured	-	1,999,216 *	1,999,216	-	-	-	-
		<u>-</u>	<u>1,999,216</u>	<u>1,999,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)**

	Credit Rating	Fair Value		Maturity Date			Call Date	
		March 31, 2022	March 31, 2023	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Memorial Park Apts.: Government Bonds	AAA	184,530	173,108	-	173,108		173,108	-
Marketable Certificates of Deposit	FDIC Insured	-	450,000	450,000	-	-	-	-
		184,530	623,108	450,000	173,108	-	173,108	-
Hillyo Manor Apts: Marketable Certificates of Deposit	FDIC Insured	-	250,000	250,000	-	-	-	-
		-	250,000	250,000	-	-	-	-
Total Investments		\$ 8,493,059	\$ 11,838,020	\$ 4,801,030	\$ 2,217,431	\$ 4,819,559	\$ 5,931,090	\$ -

\*Represents 5% or more of total investments

Investment return is summarized as follows:

	2023	2022
Interest Income	\$ 273,091	\$ 167,390
Net Realized and Unrealized Loss	(764,110)	(484,013)
Total Investment Loss	\$ (491,019)	\$ (316,623)

**NOTE 6 - PENSION PLAN**

Plan Information

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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**NOTE 6 - PENSION PLAN (CONTINUED)**

Members who were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members who were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum, such that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the member's accumulated contributions are annually increased by the cost-of-living adjustment.

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**NOTE 6 - PENSION PLAN (CONTINUED)**

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Commission's share of contributions to the SDRS for the fiscal years ended March 31, 2023, 2022, and 2021 were \$96,182, \$80,336, and \$86,869, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the Commission as of this measurement period and reported by the Commission as of March 31, 2023 is as follows:

Proportionate Share of Pension Liability	\$ 8,241,706
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>8,247,223</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (5,517)</u>

At March 31, 2023, the Commission reported an asset of \$5,517 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the Commission's proportion was .05838300% which is a decrease of .0040910% from its proportion measured as of June 30, 2021.

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**NOTE 6 - PENSION PLAN (CONTINUED)**

For the year ended March 31, 2023, the Commission recognized pension expense (reduction of pension expense) of \$(37,557). At March 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience.	\$ 105,031	\$ 358
Changes in Assumption	350,566	307,309
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	13,223
Changes in Proportion and Difference Between Commission Contributions and Proportionate Share of Contributions	8,993	900
Commission Contributions Subsequent to the Measurement Date	<u>72,766</u>	<u>-</u>
Totals	<u>\$ 537,356</u>	<u>\$ 321,790</u>

\$72,766 reported as deferred outflow of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended March 31	
2024	\$ 39,307
2025	79,156
2026	(85,577)
2027	109,914
2028	-
Thereafter	-
	<u>\$ 142,800</u>

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**NOTE 6 - PENSION PLAN (CONTINUED)**

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

Mortality Rates

All mortality rates are based on Pub-2010 amount-weighted mortality tables projected generationally with improvement scale MP-2020.

*Active and Terminated Vested Members:*

- Teachers, Certified Regents, and Judicial: PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

*Retired Members:* Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

*Other Class A Retirees:* PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

*Public Safety Retirees:* PubS-2010, 102% of rates at all ages

*Beneficiaries:* PubG-2010 contingent survivor mortality table

*Disabled Members:*

- Public Safety: PubS-2010 disabled member mortality table
- Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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**NOTE 6 - PENSION PLAN (CONTINUED)**

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed-income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of Liability (Asset) to Changes in the Discount Rate:

The following presents the Commission's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Commission's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,145,671	\$ (5,517)	\$ (946,342)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 7 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the years ended March 31 is as follows:

	2023			
	Balance 3/31/2022	Increase	Decrease	Balance 3/31/2023
Non-depreciable:				
Land	\$ 1,979,446	\$ -	\$ (131,115)	\$ 1,848,331
Depreciable:				
Buildings	39,730,294	1,804,787	-	41,535,081
Furniture, Equipment and Machinery	3,459,336	107,882	(24,040)	3,543,178
Site Improvements	4,301,509	-	-	4,301,509
Right-of-use Lease Asset	-	8,834	-	8,834
Subtotal	49,470,585	1,921,503	(155,155)	51,236,933
Less Accumulated Depreciation and Amortization for:				
Buildings	31,656,388	822,456	-	32,478,844
Furniture, Equipment and Machinery	3,147,780	101,964	(24,040)	3,225,704
Site Improvements	3,772,781	59,696	-	3,832,477
Right-of-use Lease Asset	-	3,161	-	3,161
Subtotal	38,576,949	987,277	(24,040)	39,540,186
Net Capital Assets	<u>\$ 10,893,636</u>	<u>\$ 934,226</u>	<u>\$ (131,115)</u>	<u>\$ 11,696,747</u>
	2022			
	Balance 3/31/2021	Increase	Decrease	Balance 3/31/2022
Non-depreciable:				
Land	\$ 1,979,446	\$ -	\$ -	\$ 1,979,446
Depreciable:				
Buildings	38,521,244	1,209,050	-	39,730,294
Furniture, Equipment and Machinery	3,432,936	42,735	(16,335)	3,459,336
Site Improvements	4,282,927	18,582	-	4,301,509
Subtotal	48,216,553	1,270,367	(16,335)	49,470,585
Less Accumulated Depreciation for:				
Buildings	30,870,134	786,254	-	31,656,388
Furniture, Equipment and Machinery	3,041,652	122,463	(16,335)	3,147,780
Site Improvements	3,708,249	64,532	-	3,772,781
Subtotal	37,620,035	973,249	(16,335)	38,576,949
Net Capital Assets	<u>\$ 10,596,518</u>	<u>\$ 297,118</u>	<u>\$ -</u>	<u>\$ 10,893,636</u>



**Pennington County Housing and Redevelopment Commission**  
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**March 31, 2023 and 2022**

**NOTE 8 - PAYMENTS IN LIEU OF TAXES**

Public housing authorities are not required to pay property taxes based on the normal property value assessment and tax levy procedures for real property owned, but rather they make payments in lieu of (property) taxes (PILOT) based on calculations determined by the State of South Dakota. This calculation is based on the amount of dwelling rent collected during the calendar year which differs from the Commission's fiscal year. Therefore, the liability reflects an additional three months over the one year reflected in the expense.

Payments in lieu of taxes expense of \$128,496 and \$122,729 for the years ended March 31, 2023 and 2022, respectively, were determined by program as follows:

	2023					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Memorial Park Apartments	Section 8 New Construction
Dwelling Rent Collected	<u>\$ 1,690,899</u>	<u>\$ 171,910</u>	<u>\$ 88,870</u>	<u>\$ 89,017</u>	<u>\$ 449,068</u>	<u>\$ 80,168</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 84,545</u>	<u>\$ 8,596</u>	<u>\$ 4,443</u>	<u>\$ 4,451</u>	<u>\$ 22,453</u>	<u>\$ 4,008</u>
	2022					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Memorial Park Apartments	Section 8 New Construction
Dwelling Rent Collected	<u>\$ 1,608,170</u>	<u>\$ 160,688</u>	<u>\$ 82,336</u>	<u>\$ 79,762</u>	<u>\$ 439,051</u>	<u>\$ 84,566</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 80,409</u>	<u>\$ 8,034</u>	<u>\$ 4,117</u>	<u>\$ 3,988</u>	<u>\$ 21,953</u>	<u>\$ 4,228</u>

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 9 - LONG-TERM DEBT AND OTHER LIABILITIES**

The following is a summary of changes in long-term debt, including the current portion for the year ended March 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
8.5% reducing to an effective rate of 1% note payable to Rural Development, due in monthly installments of \$1,234, plus overage, including interest, to October 31, 2028, secured by land, building, equipment and rents of Sunny Haven Apartments.	\$ 90,850	\$ -	\$ (13,961)	\$ 76,890	\$ 14,111
8.75% reducing to an effective rate of 1% note payable to Rural Development, due in monthly installments of \$149, including interest, to June 15, 2029, secured by land, building, equipment and rents of Sunny Haven Apartments.	11,778	-	(1,678)	10,100	1,695
0% HOME loan payable to SDHDA, due in monthly installments of \$299 increasing to \$5,690, from June 1, 2005 through June 1, 2034, secured by all real and personal property and rents of Black Fox Manor.	807,783	-	(45,000)	762,783	54,000
0% forgivable loan payable to SDHDA, secured by real and personal property and rents of LaCrosse Apartments. Payment is deferred until expiration of the 20 year period of affordability which begins at the project completion date of September 29, 2011, at which time any amount then due and payable will be forgiven. If the property is sold or no longer used for affordable housing during the period of affordability, the loan becomes immediately due and payable in full.	1,365,910	-	-	1,365,910	-
	<u>\$ 2,276,321</u>	<u>\$ -</u>	<u>\$ (60,639)</u>	<u>\$ 2,215,683</u>	<u>\$ 69,806</u>

**Pennington County Housing and Redevelopment Commission**  
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**March 31, 2023 and 2022**

**NOTE 9 - LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)**

A summary of required principal and interest payments on the long-term debt is as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 69,806	\$ 790	70,596
2025	69,964	632	70,596
2026	70,123	473	70,596
2027	70,284	312	70,596
2028	70,446	150	70,596
2029-2033	293,467	16	293,483
2034-2038	205,683	-	205,683
SDHDA Forgivable Mortgage	<u>1,365,910</u>	<u>-</u>	<u>1,365,910</u>
	<u>\$ 2,215,683</u>	<u>\$ 2,373</u>	<u>\$ 2,218,056</u>

The following is a summary of changes in long-term debt, including the current portion, presented in a condensed format for comparative purposes for the year ended March 31, 2022:

Balance, Beginning of Year	\$ 2,349,806
Reductions	<u>(73,485)</u>
	2,276,321
Less: Current Balance	<u>(56,151)</u>
Balance, End of Year	<u>\$ 2,220,170</u>

The following is a summary of the changes in accrued absences for the years ended March 31:

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 264,120	\$ 260,180
Increase in Accrued Absences	154,573	145,473
Decrease in Accrued Absences	<u>(144,866)</u>	<u>(141,533)</u>
	273,827	264,120
Less: Current Balance	<u>(38,929)</u>	<u>(53,679)</u>
Balance, End of Year	<u>\$ 234,898</u>	<u>\$ 210,441</u>

The Low Rent Program, Section 8 Housing Choice Voucher Program, and Central Office funds typically have been used to liquidate accrued compensated absences in prior years.

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 10 - LEASES**

Lessee

The Commission entered into a 60-month lease as the lessee for the use of a Postage Machine. An initial lease liability was recorded in the amount of \$7,081. As of March 31, 2023, the value of the lease liability is \$5,333. The Commission is required to make quarterly fixed payments of \$450. The lease has an interest rate of 0.8170%. The equipment's estimated useful life was 60 months as of the contract commencement. The value of the right-to-use asset as of March 31, 2023 was \$8,834 with accumulated amortization of \$3,161. Maturities for lease liabilities outstanding as of March 31, 2023 are as follows:

Year Ending March 31,	Principal	Interest	Total
2024	\$ 1,763	\$ 38	1,801
2025	1,778	23	1,801
2026	1,792	9	1,801
	\$ 5,333	\$ 70	\$ 5,403

Lessor

The Commission entered into a 90-month lease as Lessor for the use of 636 Cathedral Drive - Rooftop Space. An initial lease receivable was recorded in the amount of \$311,790. As of March 31, 2023, the value of the lease receivable is \$226,873. The lessee is required to make monthly fixed payments of \$3,638. The lease has an interest rate of 1.0860%. The building on which the lease is utilizing is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2023 was \$228,646, and the Commission recognized lease revenue of \$41,572 during the fiscal year. The lessee has 6 extension options, each for 60 months.

The Commission entered into a 56-month lease as Lessor for the use of RCYC South Rapid City Site - Rooftop Space. An initial lease receivable was recorded in the amount of \$141,711. As of March 31, 2023, the value of the lease receivable is \$84,740. The lessee is required to make monthly fixed payments of \$2,368. The lease has an interest rate of 0.8170%. The building on which the lease is utilizing is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2023 was \$80,978, and the Commission recognized lease revenue of \$30,366 during the fiscal year. Following the current lease term, the lease will renew in one-year terms until terminated by either party by giving written notice of its intention of at least 3 months.

Maturities for lease receivables outstanding as of March 31, 2023 are as follows:

Year Ending March 31,	Principal	Interest	Total
2024	\$ 71,930	\$ 2,828	74,758
2025	70,748	2,148	72,896
2026	62,213	1,465	63,678
2027	41,596	954	42,550
2028	43,120	495	43,615
2029	22,006	70	22,076
	\$ 311,613	\$ 7,960	\$ 319,573

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 11 - PLEDGE OF FUTURE REVENUES**

As discussed in Note 9, the Commission has pledged future rent revenues related to Sunny Haven Apartments and Black Fox Manor. The pledged rent revenues provide security under various loan agreements with Rural Development and SDHDA. Proceeds from the loans provided financing for the construction of, and improvements related to, the aforementioned projects. 100% of the rent revenues related to these projects have been pledged through the maturity dates of each applicable loan as listed in Note 9. The total principal and interest remaining to be paid on the notes as of March 31, 2023, which represents the approximate amount of each pledge, along with a comparison of the pledged revenues recognized during the year then ended to the principal and interest requirements, by project, is as follows:

	Sunny Haven Apartments	Black Fox Manor
Principal and Interest Remaining	\$ 89,376	\$ 762,783
Pledged Revenues Recognized	92,652	174,764
Annual Principal and Interest Requirements	16,596	54,000

**NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Commission's operations are concentrated on serving families in the multi-family real estate market. The Commission operates in a heavily regulated environment. The operations of the Commission are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD, SDHDA, and Rural Development. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

**NOTE 13 - RISK MANAGEMENT**

The Commission purchases insurance for risks related to torts, theft, or damage to property; errors and omissions of public officials; general workmen's compensation; and property insurance from commercial insurance carriers including State Farm Fire and Casualty Company, Travelers Casualty Insurance Company of America, and Dakota Truck Underwriters.

The policies provide that the above coverage will be provided with a \$5,000,000 limit on liability coverage and a \$72,929,700 limit on property. As of March 31, 2023, the Commission carried the following deductibles related to insurance coverage:

- General Liability - None
- Property - \$5,000 or \$10,000
- Automobile - \$500
- Crime - \$250

In prior years, settled claims resulting from these risks have not exceeded the Commission's liability coverage.

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 14 - SPECIAL ITEMS**

The Commission was a plaintiff, along with various other housing authorities, in litigation with HUD regarding the recovery of offset 2012 Operating Subsidy Payments. The Court ruled in favor of the housing authorities. HUD appealed the Court's ruling and was denied. Subsequent to year-end, HUD did not file any further appeals and the case is deemed complete. During the year ended March 31, 2023, the Commission received \$901,324 in compensation for damages.

**NOTE 15 - EMERGING ACCOUNTING PRONOUNCEMENTS**

In May 2020, the Government Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). GASB 96 affects any government entity that enters into a contract that conveys control of the right to use another party's (an SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 is effective for years beginning after June 15, 2022. The Commission has not yet implemented this update and is in the process of assessing the effect on the Commission's financial statements.

**NOTE 16 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of the Commission's Proportionate Share**  
**of the Net Pension Liability (Asset)**  
**South Dakota Retirement System**

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Year*	Commission's Proportion of Net Pension Liability (Asset)	Commission's Proportionate Share of Net Pension Liability (Asset) (a)	Commission's Covered- employee Payroll (b)	Commission's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Pension as a Percentage of its Total Pension Liability (Asset)
6/30/2022	.0583830%	\$ (5,517)	\$ 1,394,191	-0.40%	100.10%
6/30/2021	.0624740%	\$ (478,443)	\$ 1,417,731	-33.75%	105.52%
6/30/2020	.0630513%	\$ (2,738)	\$ 1,383,788	-0.20%	100.04%
6/30/2019	.0676120%	\$ (7,166)	\$ 1,437,572	-0.50%	100.09%
6/30/2018	.0658544%	\$ (1,536)	\$ 1,369,049	-0.11%	100.02%
6/30/2017	.0654733%	\$ (5,942)	\$ 1,330,291	-0.45%	100.10%
6/30/2016	.0692783%	\$ 234,015	\$ 1,317,334	17.76%	96.89%
6/30/2015	.0694403%	\$ (294,516)	\$ 1,267,782	-23.23%	104.10%

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, Pennington County Housing and Redevelopment Commission will present information for those years for which information is available.

See independent auditor's report.



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Pension Contributions**  
**South Dakota Retirement System**

Year*	Contractually- required Contribution (a)	Contributions in Relation to the Contractually- required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Commission's Covered- employee Payroll (c)	Contributions as a Percentage of Covered- employee Payroll (b/c)
3/31/2023	\$ 96,182	\$ 96,182	\$ -	\$ 1,603,035	6.00%
3/31/2022	\$ 80,336	\$ 80,336	\$ -	\$ 1,339,022	6.00%
3/31/2021	\$ 86,869	\$ 86,869	\$ -	\$ 1,447,799	6.00%
3/31/2020	\$ 82,506	\$ 82,506	\$ -	\$ 1,375,096	6.00%
3/31/2019	\$ 85,775	\$ 85,775	\$ -	\$ 1,429,585	6.00%
3/31/2018	\$ 81,493	\$ 81,493	\$ -	\$ 1,358,215	6.00%
3/31/2017	\$ 79,796	\$ 79,796	\$ -	\$ 1,329,929	6.00%
3/31/2016	\$ 78,163	\$ 78,163	\$ -	\$ 1,302,730	6.00%

\*The amounts presented for each year were determined as of the Commission's fiscal year end. Until a full 10-year trend is compiled, Pennington County Housing and Redevelopment Commission will present information for those years for which information is available.

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
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**Notes to Required Supplementary Information**  
**March 31, 2023 and 2022**

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**NOTE 1 - PENSION PLAN**

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

During the 2022 legislative session, no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Notes to Required Supplementary Information  
March 31, 2023 and 2022**

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**NOTE 1 - PENSION PLAN (CONTINUED)**

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%. Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after a recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry-age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

See independent auditor's report.

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## SUPPLEMENTARY INFORMATION

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Net Position**  
**March 31, 2023**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 211,859	\$ 1,275,677	\$ 42,326
Cash and Cash Equivalents - Restricted	-	962	102,212
Funded Security Deposits	191,184	-	13,836
Tenant Accounts Receivable, Less Allowance	33,903	-	1,203
Lease Receivable	311,613	-	-
Accounts Receivable - Other	-	11,045	-
Inventories	6,885	-	-
Accrued Interest Receivable	28,498	-	-
Prepaid Expenses and Other Assets	7,460	1,183	-
Interprogram Receivables	-	-	-
Total Current Assets	791,402	1,288,867	159,577
Non-current Assets:			
Non-current Investments	5,967,369	-	-
Net Pension Asset	1,789	999	-
Property and Equipment:			
Land	843,321	-	25,555
Buildings	33,855,879	-	733,614
Furniture, Equipment and Machinery	3,054,592	32,809	28,165
Leasehold Improvements	3,691,806	-	72,733
Right-of-use Lease Asset	-	-	-
	41,445,598	32,809	860,067
Less: Accumulated Depreciation and Amortization	(35,503,642)	(27,757)	(780,788)
Total Non-current Assets	11,911,114	6,051	79,279
<b>TOTAL ASSETS</b>	12,702,516	1,294,918	238,856
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related Deferred Outflows	172,544	107,070	-

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
\$ 49,363	\$ 101,578	\$ -	\$ 301,985	\$ 152,058	\$ -	\$ 2,134,846
89,699	-	-	6,530	-	-	199,403
20,414	16,624	-	-	6,755	-	248,813
554	1,173	-	-	422	-	37,255
-	-	-	-	-	-	311,613
-	-	-	-	-	-	11,045
-	-	-	65,883	-	-	72,768
-	6,595	-	45,697	656	-	81,446
-	-	-	3,823	-	-	12,466
-	-	-	376,127	-	(376,127)	-
<u>160,030</u>	<u>125,970</u>	<u>-</u>	<u>800,045</u>	<u>159,891</u>	<u>(376,127)</u>	<u>3,109,655</u>
-	623,108	-	4,997,543	250,000	-	11,838,020
-	-	-	2,729	-	-	5,517
-	-	-	958,652	20,803	-	1,848,331
2,217,103	888,380	2,647,292	428,685	764,128	-	41,535,081
17,680	80,438	23,145	303,559	2,790	-	3,543,178
313,548	19,700	83,493	-	120,229	-	4,301,509
-	-	-	8,834	-	-	8,834
<u>2,548,331</u>	<u>988,518</u>	<u>2,753,930</u>	<u>1,699,730</u>	<u>907,950</u>	<u>-</u>	<u>51,236,933</u>
<u>(1,630,555)</u>	<u>(281,772)</u>	<u>(221,350)</u>	<u>(304,693)</u>	<u>(789,629)</u>	<u>-</u>	<u>(39,540,186)</u>
<u>917,776</u>	<u>1,329,854</u>	<u>2,532,580</u>	<u>6,395,309</u>	<u>368,321</u>	<u>-</u>	<u>23,540,284</u>
<u>1,077,806</u>	<u>1,455,824</u>	<u>2,532,580</u>	<u>7,195,354</u>	<u>528,212</u>	<u>(376,127)</u>	<u>26,649,939</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>257,742</u>	<u>-</u>	<u>-</u>	<u>537,356</u>

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Net Position (Continued)**  
**March 31, 2023**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	60,956	6,063	3,706
Accounts Payable - Other Governments	-	962	-
Accrued Wages and Payroll Taxes	34,106	19,588	-
Tenant Security Deposits	191,184	-	12,635
Prepaid Tenant Rents	35,925	6,850	3,133
Accrued Interest	-	-	19
Accrued Payments in Lieu of Taxes	105,130	-	5,576
Unearned Revenue	-	-	-
Current Portion of Accrued Absences	1,118	10,081	-
Current Portion of Lease Liability	-	-	-
Current Portion of Long-term Debt	-	-	15,806
Interprogram Payables	34,655	28,020	-
Total Current Liabilities	463,074	71,564	40,875
Non-current Liabilities:			
Accrued Absences, Less Current Portion	87,433	24,904	-
Lease Liability, Less Current Portion	-	-	-
Long-term Debt, Less Current Maturities	1,365,910	-	71,184
Total Non-current Liabilities	1,453,343	24,904	71,184
<b>TOTAL LIABILITIES</b>	1,916,417	96,468	112,059
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease-related Deferred Inflows	309,624	-	-
Pension-related Deferred Inflows	108,713	63,812	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	418,337	63,812	-

See independent auditor's report.



HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
13,673	18,783	1,399	10,956	134	-	115,670
-	-	-	-	198	-	1,160
-	-	-	43,370	-	-	97,064
19,877	15,250	-	-	5,940	-	244,886
13,399	8,462	-	-	1,664	-	69,433
-	-	-	2	-	-	21
16,196	27,967	-	-	5,113	-	159,982
-	-	-	2,000,000	-	-	2,000,000
-	-	-	27,730	-	-	38,929
-	-	-	1,763	-	-	1,763
54,000	-	-	-	-	-	69,806
304,882	4,820	-	-	3,750	(376,127)	-
422,027	75,282	1,399	2,083,821	16,799	(376,127)	2,798,714
-	-	-	122,561	-	-	234,898
-	-	-	3,570	-	-	3,570
708,783	-	-	-	-	-	2,145,877
708,783	-	-	126,131	-	-	2,384,345
1,130,810	75,282	1,399	2,209,952	16,799	(376,127)	5,183,059
-	-	-	-	-	-	309,624
-	-	-	149,265	-	-	321,790
-	-	-	149,265	-	-	631,414

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Net Position (Continued)**  
**March 31, 2023**

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	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,576,046	5,052	(7,711)
Restricted for:			
Replacement Reserves	-	-	102,212
Security Deposits	-	-	-
Modernization and Development	-	-	-
Section 8 Housing	-	(16,130)	-
Pension Purposes	65,620	44,257	-
Unrestricted Net Position	<u>5,898,640</u>	<u>1,208,529</u>	<u>32,296</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 10,540,306</u></u>	<u><u>\$ 1,241,708</u></u>	<u><u>\$ 126,797</u></u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
154,993	706,746	2,532,580	1,389,704	118,321	-	9,475,731
89,699	-	-	-	-	-	191,911
-	-	-	-	-	-	-
-	-	-	2,005,746	-	-	2,005,746
-	-	-	-	-	-	(16,130)
-	-	-	111,206	-	-	221,083
<u>(297,696)</u>	<u>673,796</u>	<u>(1,399)</u>	<u>1,587,223</u>	<u>393,092</u>	<u>-</u>	<u>9,494,481</u>
<u>\$ (53,004)</u>	<u>\$ 1,380,542</u>	<u>\$ 2,531,181</u>	<u>\$ 5,093,879</u>	<u>\$ 511,413</u>	<u>\$ -</u>	<u>\$ 21,372,822</u>

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Revenues, Expenses and**  
**Changes in Net Position**  
**For the Year Ended March 31, 2023**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
<b>OPERATING REVENUES</b>			
Dwelling Rental Income	\$ 2,049,535	\$ -	\$ -
Dwelling Rental Income - Pledged to Service Long-term Debt	-	-	92,652
Rent Subsidies from HUD and Department of Agriculture	-	9,943,959	78,509
Other Income	176,620	37,269	1,566
Total Operating Revenues	<u>2,226,155</u>	<u>9,981,228</u>	<u>172,727</u>
<b>OPERATING EXPENSES</b>			
Rental Assistance Payments	-	9,022,347	-
Administrative	810,287	889,294	23,459
Ordinary Maintenance and Operation	1,444,339	24	41,179
Depreciation and Amortization	731,286	3,828	9,477
Utilities	636,795	-	40,066
Extraordinary Maintenance	292,253	-	8,481
General Expenses	544,826	15,687	12,494
Protective Services	65,000	-	-
Tenant Services	3,449	-	-
Total Operating Expenses	<u>4,528,235</u>	<u>9,931,180</u>	<u>135,156</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,302,080)</u>	<u>50,048</u>	<u>37,571</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Operating Subsidies from HUD	1,168,274	-	-
Investment Return (Loss)	(482,193)	11,347	1,257
Interest Expense	-	-	(952)
Lease Interest Revenue	3,808	-	-
Gain on Insurance Proceeds	51,974	-	-
Gain (Loss) on Disposition of Equipment	-	-	-
Total Nonoperating Revenue (Expense)	<u>741,863</u>	<u>11,347</u>	<u>305</u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
\$ -	\$ 461,543	\$ -	\$ -	\$ 86,414	\$ -	\$ 2,597,492
264,516	-	-	-	-	-	357,168
-	-	-	-	104,173	-	10,126,641
782	-	-	1,285,333	997	(1,331,835)	170,732
265,298	461,543	-	1,285,333	191,584	(1,331,835)	13,252,033
-	-	-	-	-	-	9,022,347
42,389	68,231	147,384	815,014	28,829	(1,098,687)	1,726,200
69,057	90,059	-	330,479	47,205	(233,148)	1,789,194
68,058	32,567	104,755	30,271	7,034	-	987,276
43,781	101,368	-	175	40,379	-	862,564
5,299	39,889	-	26,495	4,864	-	377,281
23,428	35,385	-	32,640	15,630	-	680,090
-	-	-	-	-	-	65,000
-	5,518	-	-	-	-	8,967
252,012	373,017	252,139	1,235,074	143,941	(1,331,835)	15,518,919
13,286	88,526	(252,139)	50,259	47,643	-	(2,266,886)
-	-	147,384	-	-	-	1,315,658
1,303	363	-	(28,141)	5,045	-	(491,019)
-	-	-	(54)	-	-	(1,006)
-	-	-	-	-	-	3,808
-	-	-	-	-	-	51,974
-	-	-	40,808	-	-	40,808
1,303	363	147,384	12,613	5,045	-	920,223

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Revenues, Expenses and**  
**Changes in Net Position (Continued)**  
**For the Year Ended March 31, 2023**

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	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND SPECIAL ITEMS</b>	(1,560,217)	61,395	37,876
<b>SPECIAL ITEMS - OPERATING SUBSIDY RECOVERY</b>	-	-	-
<b>CONTRIBUTED CAPITAL - HUD SUBSIDY</b>	<u>25,331</u>	<u>-</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	(1,534,886)	61,395	37,876
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>12,075,192</u>	<u>1,180,313</u>	<u>88,921</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 10,540,306</u>	<u>\$ 1,241,708</u>	<u>\$ 126,797</u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
14,589	88,889	(104,755)	62,872	52,688	-	(1,346,663)
-	-	-	901,324	-	-	901,324
-	-	<u>1,279,752</u>	-	-	-	<u>1,305,083</u>
14,589	88,889	1,174,997	964,196	52,688	-	859,744
<u>(67,593)</u>	<u>1,291,653</u>	<u>1,356,184</u>	<u>4,129,683</u>	<u>458,725</u>	-	<u>20,513,078</u>
<u>\$ (53,004)</u>	<u>\$ 1,380,542</u>	<u>\$ 2,531,181</u>	<u>\$ 5,093,879</u>	<u>\$ 511,413</u>	<u>\$ -</u>	<u>\$ 21,372,822</u>

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Balance Sheet**  
**March 31, 2023**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
111 Cash - Unrestricted	\$211,859		\$152,057	\$101,578
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$191,184		\$6,755	\$16,624
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$403,043	\$0	\$158,812	\$118,202
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$0			
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$311,613			
126 Accounts Receivable - Tenants	\$302,793		\$1,120	\$2,396
126.1 Allowance for Doubtful Accounts - Tenants	-\$268,889		-\$698	-\$1,223
126.2 Allowance for Doubtful Accounts - Other	\$0			
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$28,498		\$656	\$6,595
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$374,015	\$0	\$1,078	\$7,768
131 Investments - Unrestricted	\$5,967,369		\$250,000	\$623,108
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$7,460			
143 Inventories	\$6,885			
143.1 Allowance for Obsolete Inventories	\$0			
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$6,758,772	\$0	\$409,890	\$749,078
161 Land	\$843,321		\$20,803	
162 Buildings	\$35,137,261	\$1,365,910	\$764,128	\$888,380
163 Furniture, Equipment & Machinery - Dwellings	\$239,690		\$2,790	\$38,622
164 Furniture, Equipment & Machinery - Administration	\$2,838,047			\$41,816
165 Leasehold Improvements	\$3,775,298		\$120,229	\$19,700
166 Accumulated Depreciation	-\$35,299,759	-\$425,233	-\$789,629	-\$281,774
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,533,858	\$940,677	\$118,321	\$706,744
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets	\$1,789			
176 Investments in Joint Ventures				

See independent auditor's report.



14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$49,363	\$1,275,677	\$42,326	\$301,985	\$2,134,845		\$2,134,845
\$89,699		\$102,212	\$6,530	\$198,441		\$198,441
\$20,414		\$13,836		\$248,813		\$248,813
	\$962			\$962		\$962
\$159,476	\$1,276,639	\$158,374	\$308,515	\$2,583,061	\$0	\$2,583,061
				\$0		\$0
	\$59,449			\$371,062		\$371,062
\$984		\$1,417		\$308,710		\$308,710
-\$430		-\$214		-\$271,454		-\$271,454
	-\$48,404			-\$48,404		-\$48,404
			\$45,697	\$81,446		\$81,446
\$554	\$11,045	\$1,203	\$45,697	\$441,360	\$0	\$441,360
			\$2,998,327	\$9,838,804		\$9,838,804
			\$1,999,216	\$1,999,216		\$1,999,216
	\$1,183		\$3,823	\$12,466		\$12,466
			\$65,883	\$72,768		\$72,768
			\$0	\$0		\$0
			\$376,127	\$376,127	-\$376,127	\$0
\$160,030	\$1,288,867	\$159,577	\$5,797,588	\$15,323,802	-\$376,127	\$14,947,675
		\$25,555	\$958,652	\$1,848,331		\$1,848,331
\$2,217,103		\$733,614	\$428,684	\$41,535,080		\$41,535,080
\$12,848		\$246		\$294,196		\$294,196
\$4,831	\$32,809	\$27,919	\$303,560	\$3,248,982		\$3,248,982
\$313,548		\$72,732		\$4,301,507		\$4,301,507
-\$1,630,554	-\$27,757	-\$780,788	-\$301,533	-\$39,537,027		-\$39,537,027
\$917,776	\$5,052	\$79,278	\$1,389,363	\$11,691,069	\$0	\$11,691,069
	\$999		\$8,401	\$11,189		\$11,189

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Balance Sheet (Continued)**  
**March 31, 2023**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
180 Total Non-Current Assets	\$7,535,647	\$940,677	\$118,321	\$706,744
200 Deferred Outflow of Resources	\$172,544			
290 Total Assets and Deferred Outflow of Resources	\$14,466,963	\$940,677	\$528,211	\$1,455,822
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$62,355		\$134	\$18,783
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$34,106			
322 Accrued Compensated Absences - Current Portion	\$1,118			
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$105,129		\$5,310	\$27,967
341 Tenant Security Deposits	\$191,184		\$5,940	\$15,250
342 Unearned Revenue	\$35,925		\$1,664	\$8,462
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$34,656		\$3,750	\$4,819
348 Loan Liability - Current				
310 Total Current Liabilities	\$464,473	\$0	\$16,798	\$75,281
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$1,365,910		
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$87,433			
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$87,433	\$1,365,910	\$0	\$0
300 Total Liabilities	\$551,906	\$1,365,910	\$16,798	\$75,281
400 Deferred Inflow of Resources	\$418,337			
508.4 Net Investment in Capital Assets	\$7,533,858	-\$425,233	\$118,321	\$706,744
511.4 Restricted Net Position	\$65,620	\$0	\$0	
512.4 Unrestricted Net Position	\$5,897,242	\$0	\$393,092	\$673,797
513 Total Equity - Net Assets / Position	\$13,496,720	-\$425,233	\$511,413	\$1,380,541
600 Total Liabilities, Deferred Inflow s of Resources and Equity - Net	\$14,466,963	\$940,677	\$528,211	\$1,455,822

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$917,776	\$6,051	\$79,278	\$1,397,764	\$11,702,258	\$0	\$11,702,258
	\$107,070		\$257,742	\$537,356		\$537,356
\$1,077,806	\$1,401,988	\$238,855	\$7,453,094	\$27,563,416	-\$376,127	\$27,187,289
\$13,674	\$4,846	\$3,706	\$10,956	\$114,454		\$114,454
	\$19,586		\$43,370	\$97,062		\$97,062
	\$10,081		\$27,730	\$38,929		\$38,929
		\$19	\$2	\$21		\$21
	\$962			\$962		\$962
\$16,195		\$5,576		\$160,177		\$160,177
\$19,877		\$12,635		\$244,886		\$244,886
\$13,399	\$6,850	\$3,133	\$2,000,000	\$2,069,433		\$2,069,433
\$54,000		\$15,806		\$69,806		\$69,806
	\$1,217		\$1,763	\$2,980		\$2,980
\$304,882	\$28,020			\$376,127	-\$376,127	\$0
\$422,027	\$71,562	\$40,875	\$2,083,821	\$3,174,837	-\$376,127	\$2,798,710
\$708,783		\$71,184		\$2,145,877		\$2,145,877
			\$3,570	\$3,570		\$3,570
	\$24,904		\$122,561	\$234,898		\$234,898
\$708,783	\$24,904	\$71,184	\$126,131	\$2,384,345	\$0	\$2,384,345
\$1,130,810	\$96,466	\$112,059	\$2,209,952	\$5,559,182	-\$376,127	\$5,183,055
	\$63,812		\$149,265	\$631,414		\$631,414
\$154,993	\$5,052	-\$7,712	\$1,389,363	\$9,475,386		\$9,475,386
\$89,699	\$28,127	\$102,212	\$2,116,952	\$2,402,610		\$2,402,610
-\$297,696	\$1,208,531	\$32,296	\$1,587,562	\$9,494,824		\$9,494,824
-\$53,004	\$1,241,710	\$126,796	\$5,093,877	\$21,372,820	\$0	\$21,372,820
\$1,077,806	\$1,401,988	\$238,855	\$7,453,094	\$27,563,416	-\$376,127	\$27,187,289

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Income Statement**  
**For the Year Ended March 31, 2023**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
70300 Net Tenant Rental Revenue	\$1,733,461		\$80,712	\$449,702
70400 Tenant Revenue - Other	\$316,073		\$5,702	\$11,841
70500 Total Tenant Revenue	\$2,049,534	\$0	\$86,414	\$461,543
70600 HUD PHA Operating Grants	\$1,315,658			
70610 Capital Grants	\$1,305,083			
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			\$104,173	
71100 Investment Income - Unrestricted	-\$478,385		\$5,045	\$363
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	\$228,595		\$997	
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$4,420,485	\$0	\$196,629	\$461,906
91100 Administrative Salaries	\$193,111			
91200 Auditing Fees	\$8,540		\$500	\$1,200
91300 Management Fee	\$493,361		\$19,872	\$50,508
91310 Book-keeping Fee	\$42,787			
91400 Advertising and Marketing	\$411			
91500 Employee Benefit contributions - Administrative	\$60,133			
91600 Office Expenses	\$56,660		\$2,782	\$6,987
91700 Legal Expense	\$35,563		\$720	\$112
91800 Travel	\$5,241		\$1,206	\$197
91810 Allocated Overhead				
91900 Other	\$1,863			\$1,908
91000 Total Operating - Administrative	\$897,670	\$0	\$25,080	\$60,912
92000 Asset Management Fee	\$60,000		\$3,750	\$7,320
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$3,449			\$5,518
92500 Total Tenant Services	\$3,449	\$0	\$0	\$5,518

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$259,154		\$89,783		\$2,612,812		\$2,612,812
\$5,362		\$2,869		\$341,847		\$341,847
\$264,516	\$0	\$92,652	\$0	\$2,954,659	\$0	\$2,954,659
	\$9,943,959			\$11,259,617		\$11,259,617
				\$1,305,083		\$1,305,083
			\$843,235	\$843,235	-\$843,235	\$0
			\$75,750	\$75,750	-\$75,750	\$0
			\$163,619	\$163,619	-\$163,619	\$0
			\$1,082,604	\$1,082,604	-\$1,082,604	\$0
		\$78,509		\$182,682		\$182,682
\$497	\$11,347	\$509	-\$68,137	-\$528,761		-\$528,761
	\$33,740			\$33,740		\$33,740
\$782	\$3,529	\$1,565	\$202,726	\$438,194	-\$249,231	\$188,963
			\$40,808	\$40,808		\$40,808
\$805		\$748	\$39,996	\$41,549		\$41,549
\$266,600	\$9,992,575	\$173,983	\$1,297,997	\$16,810,175	-\$1,331,835	\$15,478,340
	\$321,945		\$553,584	\$1,068,640		\$1,068,640
\$700	\$32,045	\$800	\$4,203	\$47,988		\$47,988
\$32,292	\$227,399	\$19,803		\$843,235	-\$843,235	\$0
	\$120,832			\$163,619	-\$163,619	\$0
\$115			\$286	\$812		\$812
	\$90,357		\$160,720	\$311,210		\$311,210
\$2,196	\$76,817	\$1,795	\$69,838	\$217,075	-\$9,331	\$207,744
\$1,288	\$173	\$917	\$4,789	\$43,562		\$43,562
	\$14,765		\$19,268	\$40,677	-\$6,752	\$33,925
\$1,119	\$4,961	\$145	\$2,324	\$12,320		\$12,320
\$37,710	\$889,294	\$23,460	\$815,012	\$2,749,138	-\$1,022,937	\$1,726,201
\$4,680				\$75,750	-\$75,750	\$0
				\$8,967		\$8,967
\$0	\$0	\$0	\$0	\$8,967	\$0	\$8,967

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Income Statement (Continued)**  
**For the Year Ended March 31, 2023**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
93100 Water	\$120,952		\$10,761	\$19,745
93200 Electricity	\$305,265		\$29,618	\$50,834
93300 Gas	\$148,568			\$17,020
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$62,010			\$13,768
93000 Total Utilities	\$636,795	\$0	\$40,379	\$101,367
94100 Ordinary Maintenance and Operations - Labor	\$351,929			
94200 Ordinary Maintenance and Operations - Materials and Other	\$234,447		\$9,841	\$15,998
94300 Ordinary Maintenance and Operations Contracts	\$725,056		\$37,363	\$74,060
94500 Employee Benefit Contributions - Ordinary Maintenance	\$132,904			
94000 Total Maintenance	\$1,444,336	\$0	\$47,204	\$90,058
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$65,000			
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$65,000	\$0	\$0	\$0
96110 Property Insurance	\$207,849		\$7,465	\$12,646
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$207,849	\$0	\$7,465	\$12,646
96200 Other General Expenses	\$1,912			
96210 Compensated Absences	\$9,036			
96300 Payments in Lieu of Taxes	\$84,545		\$4,008	\$22,453
96400 Bad debt - Tenant Rents	\$241,484		\$4,157	\$286
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$336,977	\$0	\$8,165	\$22,739
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,652,076	\$0	\$132,043	\$300,560
97000 Excess of Operating Revenue over Operating Expenses	\$768,409	\$0	\$64,586	\$161,346

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$32,680		\$9,532		\$193,670		\$193,670
\$10,567		\$30,534		\$426,818		\$426,818
\$312				\$165,900		\$165,900
\$222			\$175	\$76,175		\$76,175
\$43,781	\$0	\$40,066	\$175	\$862,563	\$0	\$862,563
			\$191,958	\$543,887		\$543,887
\$15,322	\$3	\$3,537	\$53,964	\$333,112	-\$56,913	\$276,199
\$53,736	\$21	\$37,641	\$18,010	\$945,887	-\$176,235	\$769,652
			\$66,547	\$199,451		\$199,451
\$69,058	\$24	\$41,178	\$330,479	\$2,022,337	-\$233,148	\$1,789,189
				\$65,000		\$65,000
\$0	\$0	\$0	\$0	\$65,000	\$0	\$65,000
\$13,876		\$7,667		\$249,503		\$249,503
	\$3,382		\$13,782	\$17,164		\$17,164
\$13,876	\$3,382	\$7,667	\$13,782	\$266,667	\$0	\$266,667
			\$3,161	\$5,073		\$5,073
	\$10,958		\$18,858	\$38,852		\$38,852
\$13,039		\$4,451		\$128,496		\$128,496
-\$3,488	\$1,347	\$376		\$244,162		\$244,162
\$9,551	\$12,305	\$4,827	\$22,019	\$416,583	\$0	\$416,583
		\$952		\$952		\$952
			\$54	\$54		\$54
\$0	\$0	\$952	\$54	\$1,006	\$0	\$1,006
\$178,656	\$905,005	\$118,150	\$1,181,521	\$6,468,011	-\$1,331,835	\$5,136,176
\$87,944	\$9,087,570	\$55,833	\$116,476	\$10,342,164	\$0	\$10,342,164

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Income Statement (Continued)**  
**For the Year Ended March 31, 2023**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
97100 Extraordinary Maintenance	\$236,559		\$4,864	\$32,190
97200 Casualty Losses - Non-capitalized	\$55,694			\$7,700
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$799,486	\$36,557	\$7,034	\$32,567
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$4,743,815	\$36,557	\$143,941	\$373,017
10010 Operating Transfer In				
10020 Operating transfer Out				
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$323,330	-\$36,557	\$52,688	\$88,889
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$13,820,050	-\$388,676	\$458,725	\$1,291,652
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
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 Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	6000		288	732
11210 Number of Unit Months Leased	5702		280	725
11270 Excess Cash	\$5,987,897			
11610 Land Purchases	\$0			
11620 Building Purchases	\$1,305,083			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$0			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

See independent auditor's report.



14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COC	Subtotal	ELIM	Total
\$5,299		\$8,481	\$25,995	\$313,388		\$313,388
			\$500	\$63,894		\$63,894
	\$9,022,347			\$9,022,347		\$9,022,347
\$68,058	\$3,828	\$9,477	\$27,110	\$984,117		\$984,117
\$252,013	\$9,931,180	\$136,108	\$1,235,126	\$16,851,757	-\$1,331,835	\$15,519,922
			\$901,324	\$901,324		\$901,324
\$0	\$0	\$0	\$901,324	\$901,324	\$0	\$901,324
\$14,587	\$61,395	\$37,875	\$964,195	\$859,742	\$0	\$859,742
\$45,000	\$0	\$15,638	\$0	\$60,638		\$60,638
-\$67,591	\$1,180,315	\$88,921	\$4,129,682	\$20,513,078		\$20,513,078
	\$1,257,840			\$1,257,840		\$1,257,840
	-\$16,130			-\$16,130		-\$16,130
180	17052	300	0	24552		24552
176	16111	285	0	23279		23279
				\$5,987,897		\$5,987,897
			\$0	\$0		\$0
			\$0	\$1,305,083		\$1,305,083
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Projects Balance Sheet**  
**March 31, 2023**

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
111 Cash - Unrestricted	\$58,988	\$152,871	\$211,859
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$112,369	\$78,815	\$191,184
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$171,357	\$231,686	\$403,043
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$0		\$0
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$311,613		\$311,613
126 Accounts Receivable - Tenants	\$74,456	\$228,337	\$302,793
126.1 Allow ance for Doubtful Accounts - Tenants	-\$59,638	-\$209,251	-\$268,889
126.2 Allow ance for Doubtful Accounts - Other	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allow ance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$25,549	\$2,949	\$28,498
120 Total Receivables, Net of Allow ances for Doubtful Accounts	\$351,980	\$22,035	\$374,015
131 Investments - Unrestricted	\$4,974,109	\$993,260	\$5,967,369
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$3,569	\$3,891	\$7,460
143 Inventories	\$4,429	\$2,456	\$6,885
143.1 Allow ance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$5,505,444	\$1,253,328	\$6,758,772
161 Land	\$263,496	\$579,825	\$843,321
162 Buildings	\$18,599,259	\$16,538,002	\$35,137,261
163 Furniture, Equipment & Machinery - Dw ellings	\$212,986	\$26,704	\$239,690
164 Furniture, Equipment & Machinery - Administration	\$2,577,954	\$260,093	\$2,838,047
165 Leasehold Improvements	\$1,713,721	\$2,061,577	\$3,775,298
166 Accumulated Depreciation	-\$19,659,274	-\$15,640,485	-\$35,299,759
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,708,142	\$3,825,716	\$7,533,858
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets	\$844	\$945	\$1,789
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$3,708,986	\$3,826,661	\$7,535,647

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	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
200 Deferred Outflow of Resources	\$82,074	\$90,470	\$172,544
290 Total Assets and Deferred Outflow of Resources	\$9,296,504	\$5,170,459	\$14,466,963
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$50,480	\$11,875	\$62,355
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$17,062	\$17,044	\$34,106
322 Accrued Compensated Absences - Current Portion	\$1,032	\$86	\$1,118
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$76,620	\$28,509	\$105,129
341 Tenant Security Deposits	\$112,369	\$78,815	\$191,184
342 Unearned Revenue	\$21,883	\$14,042	\$35,925
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			
347 Inter Program - Due To	\$24,725	\$9,931	\$34,656
348 Loan Liability - Current			
310 Total Current Liabilities	\$304,171	\$160,302	\$464,473
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	\$30,784	\$56,649	\$87,433
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$30,784	\$56,649	\$87,433
300 Total Liabilities	\$334,955	\$216,951	\$551,906
400 Deferred Inflow of Resources	\$360,985	\$57,352	\$418,337
508.4 Net Investment in Capital Assets	\$3,708,142	\$3,825,716	\$7,533,858
511.4 Restricted Net Position	\$31,557	\$34,063	\$65,620
512.4 Unrestricted Net Position	\$4,860,865	\$1,036,377	\$5,897,242
513 Total Equity - Net Assets / Position	\$8,600,564	\$4,896,156	\$13,496,720
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$9,296,504	\$5,170,459	\$14,466,963

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Projects Income Statement**  
**March 31, 2023**

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
70300 Net Tenant Rental Revenue	\$1,246,647	\$486,814	\$1,733,461
70400 Tenant Revenue - Other	\$108,892	\$207,181	\$316,073
70500 Total Tenant Revenue	\$1,355,539	\$693,995	\$2,049,534
70600 HUD PHA Operating Grants	\$720,424	\$595,234	\$1,315,658
70610 Capital Grants	\$457,831	\$847,252	\$1,305,083
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	-\$422,464	-\$55,921	-\$478,385
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	\$188,884	\$39,711	\$228,595
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$2,300,214	\$2,120,271	\$4,420,485
91100 Administrative Salaries	\$120,542	\$72,569	\$193,111
91200 Auditing Fees	\$5,240	\$3,300	\$8,540
91300 Management Fee	\$350,810	\$142,551	\$493,361
91310 Book-keeping Fee	\$27,892	\$14,895	\$42,787
91400 Advertising and Marketing	\$371	\$40	\$411
91500 Employee Benefit contributions - Administrative	\$36,227	\$23,906	\$60,133
91600 Office Expenses	\$39,333	\$17,327	\$56,660
91700 Legal Expense	\$20,995	\$14,568	\$35,563
91800 Travel	\$3,950	\$1,291	\$5,241
91810 Allocated Overhead			
91900 Other	\$1,101	\$762	\$1,863
91000 Total Operating - Administrative	\$606,461	\$291,209	\$897,670
92000 Asset Management Fee	\$38,760	\$21,240	\$60,000
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$2,750	\$699	\$3,449
92500 Total Tenant Services	\$2,750	\$699	\$3,449

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	SD045000011	SD045000016	Total
93100 Water	\$81,598	\$39,354	\$120,952
93200 Electricity	\$282,647	\$22,618	\$305,265
93300 Gas	\$140,962	\$7,606	\$148,568
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$57,763	\$4,247	\$62,010
93000 Total Utilities	\$562,970	\$73,825	\$636,795
94100 Ordinary Maintenance and Operations - Labor	\$172,846	\$179,083	\$351,929
94200 Ordinary Maintenance and Operations - Materials and	\$89,393	\$145,054	\$234,447
94300 Ordinary Maintenance and Operations Contracts	\$400,824	\$324,232	\$725,056
94500 Employee Benefit Contributions - Ordinary Maintenance	\$61,210	\$71,694	\$132,904
94000 Total Maintenance	\$724,273	\$720,063	\$1,444,336
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$42,250	\$22,750	\$65,000
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$42,250	\$22,750	\$65,000
96110 Property Insurance	\$49,295	\$158,554	\$207,849
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$49,295	\$158,554	\$207,849
96200 Other General Expenses	\$787	\$1,125	\$1,912
96210 Compensated Absences	\$7,897	\$1,139	\$9,036
96300 Payments in Lieu of Taxes	\$61,205	\$23,340	\$84,545
96400 Bad debt - Tenant Rents	\$56,500	\$184,984	\$241,484
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$126,389	\$210,588	\$336,977
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,153,148	\$1,498,928	\$3,652,076
97000 Excess of Operating Revenue over Operating Expenses	\$147,066	\$621,343	\$768,409

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Projects Income Statement (Continued)**  
**March 31, 2023**

	SD045000011	SD045000016	Total
97100 Extraordinary Maintenance	\$219,929	\$16,630	\$236,559
97200 Casualty Losses - Non-capitalized	\$55,694		\$55,694
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$376,743	\$422,743	\$799,486
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$2,805,514	\$1,938,301	\$4,743,815
10010 Operating Transfer In			
10020 Operating transfer Out			
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$505,300	\$181,970	-\$323,330
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$9,105,864	\$4,714,186	\$13,820,050
11040 Prior Period Adjustments, Equity Transfers and			
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	3876	2124	6000
11210 Number of Unit Months Leased	3717	1985	5702
11270 Excess Cash	\$5,024,286	\$963,611	\$5,987,897
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$457,831	\$847,252	\$1,305,083
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

See independent auditor's report.

Position 3  
**MULTI-FAMILY HOUSING  
BORROWER BALANCE SHEET**  
**PART I - BALANCE SHEET**

<b>PROJECT NAME</b>	<b>BORROWER NAME</b>	<b>BORROWER ID AND PROJECT NO.</b>
Sunny Haven Apartments	Pennington County Housing and Redevel	3540543919

		<b>CURRENT YEAR</b>	<b>PRIOR YEAR</b>	<b>COMMENTS</b>
		( 04-01-2022 )	( )	
		( 03-31-2023 )	( )	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
1. GENERAL OPERATING ACCOUNT .....		42,325.67		
2. R.E. TAX & INSURANCE ACCOUNT .....				
3. RESERVE ACCOUNT .....		89,333.08		
4. SECURITY DEPOSIT ACCOUNT .....		13,836.29		
5. OTHER CASH (identify) .....		12,878.83		Tax & Ins Escrow
6. OTHER (identify) .....				
7. TOTAL ACCOUNTS RECEIVABLE (Attach list) .....		1,417.42		
..... ACCTS RCVBL 0-30 DAYS \$	1,357.42			
ACCTS RCVBL 30-60 DAYS \$	0.00			
ACCTS RCVBL 60-90 DAYS \$	60.00			
ACCTS RCVBL OVER 90 DAYS \$	0.00			
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS. ....		(213.79)		
9. INVENTORIES (supplies) .....		( )	( )	
10. PREPAYMENTS .....				
11. ....				
12. <b>TOTAL CURRENT ASSETS (Add 1 thru 11)</b> .....		159,577.50	0.00	

**FIXED ASSETS**

13. LAND .....		25,554.62		
14. BUILDINGS .....		834,265.52		
15. LESS: ACCUMULATED DEPRECIATION .....		( 780,541.68 )	( )	
16. FURNITURE & EQUIPMENT .....		245.99		
17. LESS: ACCUMULATED DEPRECIATION .....		( 245.99 )	( )	
18. ....				
19. <b>TOTAL FIXED ASSETS ( Add 13 thru 18)</b> .....		\$79,278.46	\$0.00	

**OTHER ASSETS**

20. ....				
21. <b>TOTAL ASSETS ( Add 12, 19, and 20)</b> .....		\$238,855.96	\$0.00	

**LIABILITIES AND OWNERS EQUITY**

**CURRENT LIABILITIES**

22. TOTAL ACCOUNTS PAYABLE (Attach list) .....		\$3,706.23		
..... ACCTS PAYABLE 0-30 DAYS \$	3,706.23			
ACCTS PAYABLE 30-60 DAYS \$				
ACCTS PAYABLE 60-90 DAYS \$				
ACCTS PAYABLE OVER 90 DAYS \$				
23. NOTES PAYABLE (Attach list) .....		8,728.88		PILOT, PP Rent,
24. SECURITY DEPOSITS .....		12,635.00		Accrued Int Pay
25. <b>TOTAL CURRENT LIABILITIES (Add 22 thru 24)</b> .....		\$25,070.11	\$0.00	

**LONG-TERM LIABILITIES**

26. NOTES PAYABLE RURAL DEVELOPMENT	\$88,990.24		
27. OTHER (Identify) _____			
28. <b>TOTAL LONG-TERM LIABILITIES</b> (Add 26 and 27)	88,990.24	0.00	
29. <b>TOTAL LIABILITIES</b> (Add 25 and 28) . . . . .	114,060.35	0.00	
30. OWNER'S EQUITY (Net Worth) (21 minus 29) . . . . .	( 124,795.61 )	( 0.00 )	
31. <b>TOTAL LIABILITIES AND OWNER'S EQUITY</b> (Add 29 and 30)	\$238,855.96	\$0.00	

**Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction any of department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."**

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature of Borrower or Borrower' Representative)

\_\_\_\_\_  
(Title)

**PART II - VERIFICATION OF REVIEW**

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 1930-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name and Title)

\_\_\_\_\_  
(Address)

☐ In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by I license or certification is attached.

See independent auditor's report.



Form RD 3560-7  
(02-05)**MULTIPLE FAMILY HOUSING PROJECT BUDGET/  
UTILITY ALLOWANCE**

PROJECT NAME Sunny Haven Apts		BORROWER NAME PCHRC		BORROWER ID AND PROJECT NO.	
Loan/Transfer Amount \$		Note Rate Payment \$		IC Payment \$	
Reporting Period <input type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
				<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units _____. Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

**PART I—CASH FLOW STATEMENT**

	CURRENT BUDGET ( - - ) ( - - )	ACTUAL 04 -01 -22 ) 03 -31 -23 )	PROPOSED BUDGET ( - - ) ( - - )	COMMENTS or (YTD) ( - - ) ( - - )
BEGINNING DATES>				
ENDING DATES>				
<b>OPERATIONAL CASH SOURCES</b>				
1. RENTAL INCOME .....		89407.05		
2. RHS RENTAL ASSISTANCE RECEIVED .....		82444.00		
3. APPLICATION FEES RECEIVED .....				
4. LAUNDRY AND VENDING .....		712.52		
5. INTEREST INCOME .....		1257.22		
6. TENANT CHARGES .....		2868.75		
7. OTHER - PROJECT SOURCES .....		852.89	Goldwest Cap	Credits, Refunds
8. LESS (Vacancy and Contingency Allowance) .....	( )		( )	
9. LESS (Agency Approved Incentive Allowance) .....	( )		( )	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)] .....		177542.43		
<b>NON-OPERATIONAL CASH SOURCES</b>				
11. CASH - NON PROJECT .....				
12. AUTHORIZED LOAN (Non-RHS) .....				
13. TRANSFER FROM RESERVE .....				
14. SUB-TOTAL (11 thru 13) .....				
15. TOTAL CASH SOURCES (10+14) .....		177542.43		
<b>OPERATIONAL CASH USES</b>				
16. TOTAL O&M EXPENSES (From Part II) .....		147075.69		
17. RHS DEBT PAYMENT .....		16596.00		
18. RHS PAYMENT (Overage) .....		3935.00		
19. RHS PAYMENT (Late Fee) .....				
20. REDUCTION IN PRIOR YEAR PAYABLES .....				
21. TENANT UTILITY PAYMENTS .....				
22. TRANSFER TO RESERVE .....		27432.76		
23. RETURN TO OWNER .....				
24. SUB-TOTAL (16 thru 23) .....		195039.45		
<b>NON-OPERATIONAL CASH USES</b>				
25. AUTHORIZED DEBT PAYMENT (Non-RHS) .....				
26. LONG-TERM IMPROVEMENTS .....				
27. MISCELLANEOUS .....		9476.73		Depreciation
28. SUB-TOTAL (25 thru 27) .....		9476.73		
29. TOTAL CASH USES (24+28) .....		204516.18		
30. NET CASH (DEFICIT) (15-29) .....		-26973.75		
<b>CASH BALANCE</b>				
31. BEGINNING CASH BALANCE .....		72531.60		
32. ACCRUAL TO CASH ADJUSTMENT .....		9646.65		
33. ENDING CASH BALANCE (30+31+32) .....		55204.50		

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 1/2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

**PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL .....				
2. MAINTENANCE AND REPAIRS SUPPLY .....		3536.66		
3. MAINTENANCE AND REPAIRS CONTRACT .....		35995.32		
4. PAINTING AND DECORATING .....				
5. SNOW REMOVAL .....		1551.30		
6. ELEVATOR MAINTENANCE/CONTRACT .....				
7. GROUNDS .....		1181.25		
8. SERVICES .....		1077.50		Fire Alarm Srv
9. FURNITURE & FURNISHING REPLACEMENT .....		21773.32		
10. OTHER OPERATING EXPENSES (Itemize) .....				
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10) .....		65115.35		
12. ELECTRICITY <span style="font-size: small;">If master metered</span> .....		30533.65		
13. WATER <span style="font-size: small;">check box on</span> .....		9531.50		
14. SEWER <span style="font-size: small;">front.</span> .....				
15. FUEL (Oil/Coal/Gas) .....				
16. GARBAGE & TRASH REMOVAL .....		6316.75		
17. OTHER UTILITIES .....				
18. SUB-TOTAL UTILITIES (12 thru 17) .....		46381.90		
19. SITE MANAGEMENT PAYROLL .....				
20. MANAGEMENT FEE .....		19803.00		
21. PROJECT AUDITING EXPENSE .....		800.00		
22. PROJECT BOOKKEEPING/ACCOUNTING .....				
23. LEGAL EXPENSES .....		917.00		
24. ADVERTISING .....				
25. TELEPHONE & ANSWERING SERVICE .....		1052.82		
26. OFFICE SUPPLIES .....				
27. OFFICE FURNITURE & EQUIPMENT .....				
28. TRAINING EXPENSE .....				
29. HEALTH INS. & OTHER EMP. BENEFITS .....				
30. PAYROLL TAXES .....				
31. WORKER'S COMPENSATION .....				
32. OTHER ADMINISTRATIVE EXPENSES (Itemize) .....		888.57	Internet and	Bank Serv Chrgs
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32) .....		23460.61		
34. REAL ESTATE TAXES .....		4450.83		
35. SPECIAL ASSESSMENTS .....				
36. OTHER TAXES, LICENSES & PERMITS .....				
37. PROPERTY & LIABILITY INSURANCE .....		7667.00		
38. FIDELITY COVERAGE INSURANCE .....				
39. OTHER INSURANCE .....				
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39) .....		12117.83		
41. TOTAL O&M EXPENSES (11+18+33+40) .....		147075.69		

**PART III—ACCOUNT BUDGETING/STATUS**

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE .....		61900.32		
2. TRANSFER TO RESERVE .....		27432.76		Int Inc, Deposit
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT .....				
4. BUILDING REPAIR & IMPROVEMENTS .....				
5. EQUIPMENT REPAIR & REPLACEMENT .....				
6. OTHER NON-OPERATING EXPENSES .....				
7. TOTAL (3 thru 6) .....	( )	( )	( )	
8. ENDING BALANCE [(1+2)-7] .....		89333.08		

**GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE .....	61028.97	
ENDING BALANCE .....	42325.67	

**REAL ESTATE TAX AND INSURANCE ESCROW  
ACCOUNT:\***

BEGINNING BALANCE .....	11502.63	
ENDING BALANCE .....	12878.83	

**TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE .....	13711.59	
ENDING BALANCE .....	13836.29	

(\*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST		RESERVE ACCT. REQ. BALANCE....	
NUMBER OF APPLICANTS NEEDING RA.....		AMOUNT AHEAD/BEHIND .....	

**PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE**

**A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
CURRENT RENT TOTALS:									
						BASIC	NOTE	HUD	

**B. PROPOSED RENTS - Effective Date: \_\_\_\_/\_\_\_\_/\_\_\_\_**

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
PROPOSED RENT TOTALS:								
						BASIC	NOTE	HUD

**C. PROPOSED UTILITY ALLOWANCE - Effective Date: \_\_\_\_/\_\_\_\_/\_\_\_\_**

**MONTHLY DOLLAR ALLOWANCES**

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL

# **PART V - ANNUAL CAPITAL BUDGET**

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
<b>Appliances:</b>							
Range .....							
Refrigerator .....							
Range Hood .....							
Washers & Dryers .....							
Other: .....							
<b>Carpet &amp; Vinyl:</b>							
1BR .....							
2BR .....							
3BR .....							
4BR .....							
Other: .....							
<b>Cabinets:</b>							
Kitchens .....							
Bathrooms .....							
Other: .....							
<b>Doors:</b>							
Exterior .....							
Interior .....							
Other: .....							
<b>Window Coverings:</b>							
List: .....							
Other: .....							
<b>Heating &amp; Air Conditioning:</b>							
Heating .....							
Air Conditioning .....							
Other: .....							
<b>Plumbing:</b>							
Water Heater .....							
Bath Sinks .....							
Kitchen Sinks .....							
Faucets .....							
Toilets .....							
Other: .....							
<b>Major Electrical:</b>							
List: .....							
Other: .....							
<b>Structures:</b>							
Windows .....							
Screens .....							
Walls .....							
Roofing .....							
Siding .....							
Exterior Painting .....							
Other: .....							
<b>Paving:</b>							
Asphalt .....							
Concrete .....							
Seal & Stripe .....							
Other: .....							
<b>Landscape &amp; Grounds:</b>							
Landscaping .....							
Lawn Equipment .....							
Fencing .....							
Recreation Area .....							
Signs .....							
Other: .....							
<b>Accessibility Features:</b>							
List: .....							
Other: .....							
<b>Automation Equipment:</b>							
Site Management .....							
Common Area .....							
Other: .....							
<b>Other:</b>							
List: .....					21773.32		
List: .....							
List: .....							
<b>TOTAL CAPITAL EXPENSES:</b>			0.00		21773.32		

**PART VI -- SIGNATURES, DATES AND COMMENTS**

**Warning:** Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Signature of Borrower or Borrower's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
**AGENCY APPROVAL** (*Rural Development Approval Official*):

\_\_\_\_\_  
DATE:

\_\_\_\_\_  
**COMMENTS:**

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supporting Documentation for Forms RD 3560-10 and RD3560-7**  
**March 31, 2023**

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**Rural Rental Assistance - Sunny Haven**

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**Accounts Receivable (3560-10, Line 7)**

Accounts Receivable - Tenants	\$ <u>1,417</u>
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**Accounts Payable (3560-10, Line 22)**

Accounts Payable	\$ <u>3,706</u>
------------------	-----------------

**Notes Payable (3560-10, Line 23)**

Accrued Payments in Lieu of Taxes	\$ 5,577
Accrued Interest Payable	19
Prepaid Tenant Rents	<u>3,133</u>
	<u>\$ 8,729</u>

**Tenant Charges (3560-7, Line 6)**

Tenant Damage Charges	\$ 1,943
Tenant Other Charges	696
Tenant Late Charges	<u>230</u>
	<u>\$ 2,869</u>

**Accrual To Cash Adjustment (3560-7, Line 32)**

Assets:

Accounts Receivable - Tenant	\$ 1,075
Allowance for Doubtful Accounts	(1,092)
Accounts Receivable - Other	4,016
Security Deposits	(124)

Liabilities:

Accounts Payable	(2,878)
Accrued Payments in Lieu of Taxes	617
Security Deposits	(1,065)
Prepaid Rents	(379)

Other Adjustments:

Depreciation	<u>9,477</u>
	<u>\$ 9,647</u>

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Modernization Projects Completed**  
**March 31, 2023**

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**PUBLIC HOUSING CAPITAL FUND PROGRAM**

<u>Classification</u>	Project # <u>SD01P045501-19</u>
Fees and Costs	\$ 18,303
Site Improvement	-
Dwelling Structures	805,752
Dwelling Equipment	-
Non-dwelling Structures	140,246
Administration Costs	<u>106,492</u>
Total Capital Fund Project Expenditures	<u>\$ 1,070,793</u>
Capital Fund Advances Received through March 31, 2023	<u>\$ 1,070,793</u>
Total Capital Fund Amount Approved	<u>\$ 1,070,793</u>

NOTE 1: All costs on the above project have been paid and all liabilities, actual and contingent, have been discharged through payments.

NOTE 2: The Actual Modernization Cost Certificate, Form HUD 53001, for this project was submitted to HUD and approved on October 25, 2022.

See independent auditor's report.



## SINGLE AUDIT INFORMATION



Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Board of Commissioners  
Pennington County Housing and Redevelopment Commission  
Rapid City, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of net position, revenues, expenses, and changes in net position, and cash flows of Pennington County Housing and Redevelopment Commission (the Commission), a component unit of Pennington County, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 18, 2023.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission'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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 18, 2023

Independent Auditor's Report on Compliance for  
Each Major Federal Program and Report on Internal Control  
over Compliance in Accordance with the Uniform Guidance

Board of Commissioners  
Pennington County Housing and Redevelopment Commission  
Rapid City, South Dakota

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Pennington County Housing and Redevelopment Commission's (the Commission) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended March 31, 2023. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

*Basis for Opinion on Each Major Federal Program*

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

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

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

October 18, 2023





**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Findings and Questioned Costs**  
**March 31, 2023**

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**SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS**

- a. The Independent Auditor's Report expressed an unmodified opinion on the financial statements of Pennington County Housing and Redevelopment Commission.
- b. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of Pennington County Housing and Redevelopment Commission which would be required to be reported in accordance with *Government Auditing Standards* were reported.
- d. The independent auditor's report on compliance for the major federal award programs of Pennington County Housing and Redevelopment Commission expresses an unmodified opinion on each major federal program.
- e. Material weaknesses and a significant deficiency in internal control over compliance related to major federal programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are reported in this schedule.
- g. The Commission's major programs for the year ended March 31, 2023 were:
  - Housing Voucher Cluster:*
    - Section 8 Housing Choice Vouchers AL #14.871
    - Public and Indian Housing AL #14.850
    - Public Housing Capital Fund AL #14.872
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The Commission did not qualify as a low-risk auditee under 2 CFR section 200.520.

**FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statement audit.

**FINDINGS - MAJOR FEDERAL AWARD PROGRAMS**

Section 8 Housing Choice Vouchers AL #14.871

Significant Deficiency

Internal Control Over Compliance

Incorrect Voucher Payment Standards

- 2023-001 *Condition:* The Commission enters approved voucher payment standards into their property management software, which automatically populates default values in tenant certifications. Caseworkers have had the ability to override default values for the number of bedrooms exceeding the defaults entered. During audit fieldwork, we identified five instances of overrides not being applied correctly to tenants, which caused errors in housing assistant payment (HAP) calculations.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Findings and Questioned Costs**  
**March 31, 2023**

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*Criteria:* Overrides should be verified prior to calculating HAP.

*Cause:* The Commission has experienced turnover in Section 8 caseworker positions. The Commission did not have an internal control system in place to limit caseworkers' ability to perform overrides or require approval of overrides.

*Effect:* Housing assistance payments were calculated incorrectly due to improper voucher payment standard values being used.

*Context:* In our testing of the entire population of 10 overrides made during the year, there were 3 instances of HAP underpayment, totaling \$2,711, or instances in which the tenant overpaid, and 2 instances of HAP underpayment, totaling \$368, or instances in which the tenant underpaid. The control deficiency and incorrect HAP calculations did not result in a material impact on the program and did not reach the threshold for reporting questioned costs.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend implementing an internal control for approval of any system override to ensure they are appropriately applied.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

Section 8 Housing Choice Vouchers AL #14.871  
Material Weakness  
Internal Control Over Compliance  
Rent Reasonableness

2023-002 *Condition:* During audit fieldwork, we identified three instances in which there was no rent reasonableness documentation maintained to verify that the rent reasonableness comparison was performed prior to issuing housing assistance payments.

*Criteria:* Rent reasonableness comparisons are required prior to issuing housing assistance payments.

*Cause:* The Commission has experienced turnover in Section 8 caseworker positions. The Commission did not document the determination of rent reasonableness prior to issuing housing assistance payments.

*Effect:* Housing assistance payments could have been paid on units when rent charged was not first determined to be reasonable.

*Context:* We identified 3 instances of rent reasonableness documentation not maintained in our testing of rent comparisons for 70 tenants during the year from a population of 1,576 tenants. Nonstatistical sampling and haphazard sample selection was used. After the fact documentation was provided to show that rent charged was reasonable. The control deficiency and incorrect HAP calculations did not result in a material impact on the program and did not reach the threshold for reporting questioned costs.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure rent reasonableness documentation is maintained appropriately.

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Schedule of Findings and Questioned Costs  
March 31, 2023**

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*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

Public and Indian Housing AL #14.850  
Material Weakness  
Internal Control Over Compliance  
Eligibility Checklists

2023-003 *Condition:* The Commission uses internal control checklists to demonstrate compliance with the various eligibility requirements. During audit fieldwork, we identified two instances in which the checklists were used, but steps related to background checks were not complete. In addition, there was no documentation maintained to prove these checks were performed.

*Criteria:* All eligibility requirements must be verified prior to determining tenant eligibility.

*Cause:* The Commission has experienced turnover in public housing positions.

*Effect:* Tenants may have been allowed to participate in the program without being eligible.

*Context:* We identified 2 instances of incomplete eligibility checklists in our testing of 40 tenants from a population of 575 tenants. The sample was a statistically valid sample.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure internal control processes are followed and eligibility documentation is maintained.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

# Pennington County Housing and Redevelopment Commission

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1805 West Fulton Street, Suite 101  
Rapid City, SD 57702-4380

Phone: (605) 394-5350  
Relay South Dakota 711  
FAX: (605) 394-5354

## PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

### FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings reported in the prior year financial statement audit.

### FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

Section 8 Housing Choice Vouchers AL #14.871

Material Weakness

Internal Control Over Compliance

Lack of Timely Reinspection and Abatement of Housing Assistance Payments for Failed Inspections

2022-001 *Condition:* During audit fieldwork and at the time the Commission was preparing the SEMAP Certification, we identified that the Commission did not reinspect units with failed inspections within 30 calendar days. In addition, the Commission did not abate Housing Assistance Payments (HAP) timely.

*Criteria:* Re-inspections should be performed by an inspector within 30 calendar days of the initial failed inspection. HAP should be abated in instances where the owner or family failed to correct the HQS deficiencies within the required timeframe.

*Auditor's Recommendation:* The Commission should provide training for the inspector on Housing Quality Standards, the timeframes for correcting cited deficiencies, and logging the information within the compliance software. We recommend the Commission implement a system to ensure re-inspections are scheduled within 30 calendar days following a failed inspection. In addition, we recommend establishing a process for monitoring when HQS deficiencies are not corrected and when the Commission should abate HAP or terminate the HAP contract.

Current Status: This finding has been resolved in the current year.



# Pennington County Housing and Redevelopment Commission

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## CORRECTIVE ACTION PLAN (UNAUDITED)

Pennington County Housing and Redevelopment Commission respectfully submits the following Corrective Action Plan for the year ended March 31, 2023.

Name and address of independent public accounting firm:

Casey Peterson, LTD  
909 Saint Joseph Street, Ste 101  
Rapid City, South Dakota 57701

## FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

Section 8 Housing Choice Vouchers AL #14.871

Significant Deficiency

Internal Control Over Compliance

Incorrect Voucher Payment Standards

2023-001 *Condition:* The Commission enters approved voucher payment standards into their property management software, which automatically populates default values in tenant certifications. Caseworkers have had the ability to override default values for the number of bedrooms exceeding the defaults entered. During audit fieldwork, we identified five instances of overrides not being applied correctly to tenants, which caused errors in housing assistant payment (HAP) calculations.

*Criteria:* Overrides should be verified prior to calculating HAP.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend implementing an internal control for approval of any system override to ensure they are appropriately applied.

*Management's Response:* Management has restricted caseworker's rights to be able to override the default values for Voucher Payment Standards.

*Anticipated Completion Date:* Rights were restricted in June 2023.

Section 8 Housing Choice Vouchers AL #14.871

Material Weakness

Internal Control Over Compliance

Rent Reasonableness

2023-002 *Condition:* During audit fieldwork, we identified three instances in which there was no rent reasonableness documentation maintained to verify that the rent reasonableness comparison was performed prior to issuing housing assistance payments.

*Criteria:* Rent reasonableness comparisons are required prior to issuing housing assistance payments.

*Repeat of Prior Year Finding:* No



# Pennington County Housing and Redevelopment Commission

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## CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

*Auditor's Recommendation:* We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure rent reasonableness documentation is maintained appropriately.

*Management's Response:* The Commission has provided training for program staff and performs periodic reviews of tenant files to ensure rent reasonableness documentation is maintained appropriately.

*Anticipated Completion Date:* Periodic reviews began January 2023. Staff training and periodic reviews are ongoing.

Public and Indian Housing AL #14.850

Material Weakness

Internal Control Over Compliance

Eligibility Checklists

2023-003 *Condition:* The Commission uses internal control checklists to demonstrate compliance with the various eligibility requirements. During audit fieldwork, we identified two instances in which the checklists were used, but steps related to background checks were not complete. In addition, there was no documentation maintained to prove these checks were performed.

*Criteria:* All eligibility requirements must be verified prior to determining tenant eligibility.

*Repeat of Prior Year Finding:* No

*Auditor's Recommendation:* We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure internal control processes are followed and eligibility documentation is maintained.

*Management's Response:* The Commission has provided training for program staff and performs periodic reviews of tenant files to ensure internal control processes are followed and eligibility documentation is maintained.

*Anticipated Completion Date:* Periodic reviews began January 2023. Staff training and periodic reviews are ongoing.

If there are any questions regarding this plan, please contact Bryan Achbach, Executive Director, at Pennington County Housing and Redevelopment Commission, 1805 West Fulton Street, Suite 101, Rapid City, South Dakota 57702-4380, or (605) 394-5350.

Sincerely,

Bryan Achbach, Executive Director  
Pennington County Housing and Redevelopment Commission



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Expenditures of Federal Awards**  
**March 31, 2023**

AL Number	Cluster/Program Name	Amount
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Direct Federal Funding:		
<b>Section 8 Project Based Cluster:</b>		
14.182	Section 8 New Construction and Substantial Rehabilitation	\$ 104,173
<b>Housing Voucher Cluster:</b>		
14.871	Section 8 Housing Choice Vouchers	9,943,959
14.850	Public and Indian Housing	1,193,605
14.872	Public Housing Capital Fund	<u>1,427,136</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<u>12,668,873</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Direct Federal Funding:		
10.427	Rural Rental Housing Loan	102,628
10.427	Rural Rental Housing Loan - Interest Reduction Subsidy	3,146
10.427	Rural Rental Assistance Payments	<u>78,509</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<u>184,283</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<u>\$ 12,853,156</u>

NOTE 1: The accompanying schedule of expenditures of federal awards presents the activity of all federal financial award programs of Pennington County Housing and Redevelopment Commission presented on the accrual basis of accounting. The Commission's reporting entity is defined in the notes to the component unit financial statements of the Commission. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: The Commission has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3: The balance of federal loans outstanding as of March 31, 2023 was \$86,987.

NOTE 4: The Commission has not passed any awards through to subrecipients.

See independent auditor's report.