

**PENNINGTON COUNTY HOUSING AND  
REDEVELOPMENT COMMISSION  
(A COMPONENT UNIT OF  
PENNINGTON COUNTY)**

INDEPENDENT AUDITORS' REPORT,  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

MARCH 31, 2017 AND 2016

**CASEY  PETERSON**  
*Leading the Way.*

RAPID CITY, SOUTH DAKOTA  
GILLETTE, WYOMING



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
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**March 31, 2017 and 2016**

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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*

To the 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, a component unit of Pennington County, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise Pennington County Housing and Redevelopment Commission's basic financial statements and have issued our report thereon dated August 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pennington County Housing and Redevelopment Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness Pennington County Housing and Redevelopment Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Pennington County Housing and Redevelopment 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 have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pennington County Housing and Redevelopment 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 determination of financial statement amounts. 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 Pennington County Housing and Redevelopment Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pennington County Housing and Redevelopment Commission'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.

Handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive style.

Casey Peterson, Ltd.

Rapid City, South Dakota

August 16, 2017

Independent Auditors' Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Pennington County Housing and Redevelopment Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on Pennington County Housing and Redevelopment Commission's major federal program for the year ended March 31, 2017. Pennington County Housing and Redevelopment Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Pennington County Housing and Redevelopment Commission's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pennington County Housing and Redevelopment Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Pennington County Housing and Redevelopment Commission's compliance.



### Opinion on Major Federal Program

In our opinion, Pennington County Housing and Redevelopment Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended March 31, 2017.

### Report on Internal Control Over Compliance

Management of Pennington County Housing and Redevelopment Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Pennington County Housing and Redevelopment Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Pennington County Housing and Redevelopment Commission's internal control over compliance.

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

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

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.

Rapid City, South Dakota

August 16, 2017



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Schedule of Findings and Questioned Costs**  
**March 31, 2017**

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

- a. The independent auditors' report expressed an unmodified opinion on the financial statements of Pennington County Housing and Redevelopment Commission.
- b. No material weaknesses 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. There was no 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*.
- 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 the major federal program.
- e. No noncompliance or material weaknesses in internal control over compliance related to the major federal program were reported in the Independent Auditors' Report on Compliance for Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- g. The Commission's major program for the year ended March 31, 2017 was:  
    Section 8 Housing Choice Vouchers CFDA #14.871
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The Commission qualified 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**

There were no findings related to the audit of major federal award programs.

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Schedule of Prior Audit Findings and Questioned Costs  
March 31, 2017**

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There were no findings applicable to federal programs in the prior year financial statements.

## Independent Auditors' Report

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

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 as of March 31, 2017 and 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Pennington County Housing and Redevelopment Commission, as of March 31, 2017 and 2016, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 - 20, schedule of net pension liability/asset on page 58, and schedule of pension contributions on page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Pennington County Housing and Redevelopment Commission's basic financial statements. The accompanying Supplementary Schedule of Net Position, Supplementary Schedule of Revenues, Expenses and Change in Net Position, Financial Data Schedules and Modernization Projects Completed on pages 62 through 85 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on page 86 is also presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2017 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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

August 16, 2017



**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended March 31, 2017**

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This section of Pennington County Housing and Redevelopment Commission's (PCHRC) annual financial report presents our Management's Discussion and Analysis (MD&A) of PCHRC's financial performance during the fiscal year ended March 31, 2017. The MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of PCHRC'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 PCHRC's financial statements.

**FINANCIAL HIGHLIGHTS**

- The PCHRC 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 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 2017, the PCHRC's financial statements show a prorated share of the South Dakota Retirement System's Net Pension Liability in the amount of \$234,015.
- In Fiscal Year 2017, PCHRC utilized \$743,332 in Capital Fund Grants.
- On September 21, 2016 the Harney View Apartments mortgage through the South Dakota Housing Development Authority was paid off utilizing non-federal funds in the amount of \$116,846.11. This decision was made to allow Harney View Apartments more monthly cash flow to maintain the property in a more desirable condition.

**AGENCY OVERVIEW**

PCHRC is supported largely by HUD. PCHRC's mission is to provide decent, safe, and affordable housing to low and very low-income populations. PCHRC 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 PCHRC 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.

***Housing Choice Voucher Program***

PCHRC 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 or individual, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2017**

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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 PCHRC.

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, PCHRC 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. PCHRC'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 PCHRC, 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 2017 at approximately 98%. HUD provides federal aid to PCHRC so that PCHRC 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 PCHRC 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 PCHRC with Capital Fund Program grants for Public Housing modernization. Capital Fund grant revenue has averaged \$673,252 over the past three years which is a 25% increase 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 \$743,332 in 2017 and \$546,745 in 2016. The large increase in spending in 2017 is the result of recognizing and receiving revenue as the modernization work is completed.

***Other Affordable Housing Programs***

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

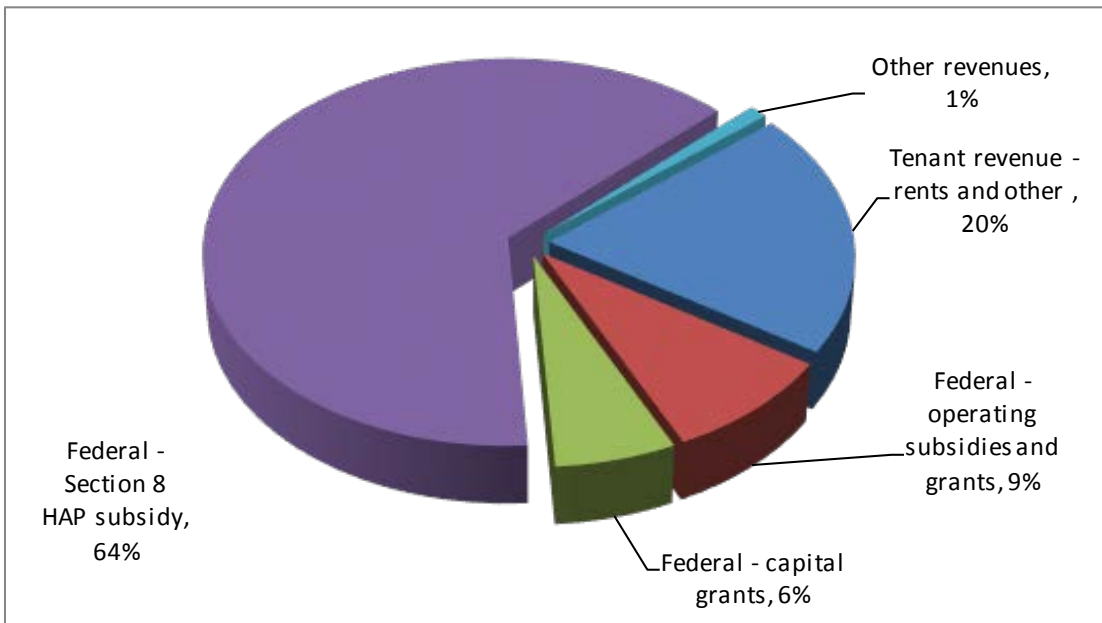


**Pennington County Housing and Redevelopment Commission  
 (A Component Unit of Pennington County)  
 Management’s Discussion and Analysis (Unaudited)  
 For the Year Ended March 31, 2017**

**Sources and Uses of Funds**

The following charts present a breakdown of PCHRC’s 2017 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 PCHRC is utilizing the resources provided to manage its housing programs. It differs slightly from the financial statements on page 25. 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 include here but not found in the Statements of Revenues, Expenses and Changes in Net Position. As in previous years, PCHRC was heavily financed by the federal government. In 2017, federal grants and subsidies made up 79 percent of PCHRC’s total sources of funds. These funds were provided for general program operation, capital improvements to existing structures and Section 8 housing assistance subsidies. Federal operating subsidies and grants, tenant revenues and other revenues saw an decrease in 2017 while capital grants increased in 2017. The Increase in Capital Fund grant revenue is 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. The decrease in other revenue is mostly due to a decrease in the unrealized gain attributed to investments.

**2017 Sources of Funds**

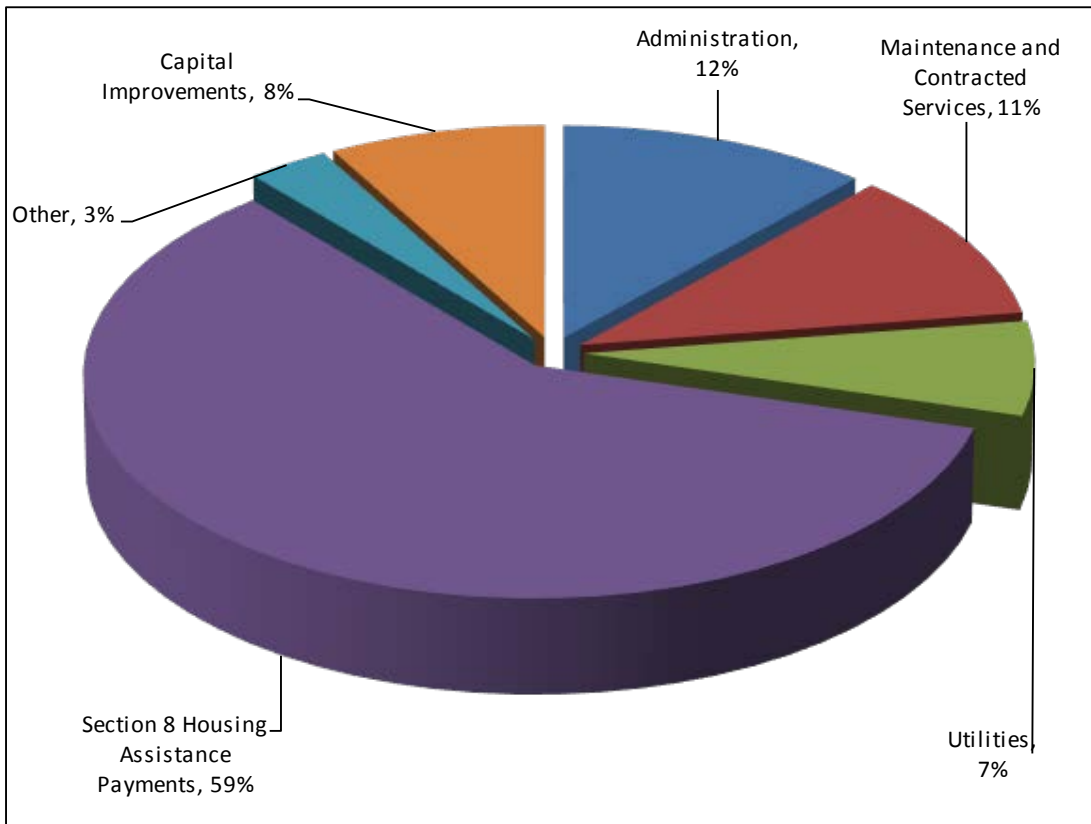


Tenant revenue - rents and other	\$ 2,520,191
Federal - operating subsidies and grants	1,088,171
Federal - capital grants	743,332
Federal - Section 8 HAP subsidy	7,919,090
Other revenues	<u>134,654</u>
<b>Total Sources</b>	<b><u>\$ 12,405,438</u></b>

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Management’s Discussion and Analysis (Unaudited)  
For the Year Ended March 31, 2017**

The majority of uses of funds were for housing assistance payments to Section 8 landlords. In 2017, capital uses increased over 2016 due to the timing of the expenditure of Capital Fund Grant funds. The projects started in 2017 were larger in scope and cost than in 2016. Therefore, expenditures were up in 2017. Utilities, Maintenance and Contracted Services, and Administration were relatively unchanged increasing by just less 1% in total over 2016 when comparing to the total uses of funds.

**2017 Uses of Funds**



Administration	\$ 1,399,030
Maintenance and Contracted Services	1,316,117
Utilities	819,266
Section 8 Housing Assistance Payments	7,113,360
Other	368,855
Capital Improvements	971,866
<b>Total Uses</b>	<b><u>\$ 11,988,494</u></b>

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2017**

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**OVERVIEW OF FINANCIAL STATEMENTS**

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

Statements of Net Position which present information on all of PCHRC's assets and liabilities, 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 PCHRC is improving or deteriorating. The Statements of Net Position are shown on pages 22 and 23.

Statements of Revenues, Expenses, and Changes in Net Position which present information showing how PCHRC's Net Position changed during the most recent period. These statements show the total revenues and total expenses of PCHRC, and the difference between them is PCHRC's net income. These statements are shown on page 25.

Statements of Cash Flows which present changes in cash and cash equivalents resulting from operations, capital and noncapital financing activities, and investing activities. The Statements of Cash Flows are shown on pages 26 and 27.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in PCHRC's other basic financial statements. The Notes to the Financial Statements can be found on pages 28 through 55 of this report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2017**

**COMPARATIVE FINANCIAL ANALYSIS**

The following table provides a comparative analysis of PCHRC's financial position for the fiscal years ended March 31, 2017 and March 31, 2016. March 31, 2015 has been listed for informational purposes only. This table provides a snapshot of PCHRC's economic resources (assets), the claims on these resources (liabilities) by outside creditors, and the net resources (equity) available to PCHRC.

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

	2017	2016	2016-2017 Variance (%)	2015
Current and Other Assets	\$ 11,273,652	\$ 11,446,241	(1.5)	\$ 10,211,098
Capital Assets	<u>11,587,975</u>	<u>11,783,114</u>	(1.7)	<u>12,435,695</u>
Total Assets	<u>22,861,627</u>	<u>23,229,355</u>	(1.6)	<u>22,646,793</u>
Deferred Outflows	<u>542,094</u>	<u>532,555</u>		-
Current Liabilities	686,320	710,995	(3.5)	670,915
Long-term Liabilities	<u>4,034,380</u>	<u>4,051,042</u>	(0.4)	<u>4,235,314</u>
Total Liabilities	<u>4,720,700</u>	<u>4,762,037</u>	(0.9)	<u>4,906,229</u>
Deferred Inflows	<u>-</u>	<u>434,564</u>		<u>-</u>
Net Position				
Invested in Capital Assets, Net of Related Debt	7,877,896	7,780,039	1.3	8,252,363
Restricted	937,337	869,980	7.7	393,234
Unrestricted	<u>9,867,788</u>	<u>9,915,290</u>	(0.5)	<u>9,094,967</u>
Total Net Position	<u>\$ 18,683,021</u>	<u>\$ 18,565,309</u>	0.6	<u>\$ 17,740,564</u>

Current and Other Assets decreased over 2016 levels by \$172,589. This decrease is primarily due to the GASB 68 requirement to show the prorated affect of the South Dakota Retirement System (SDRS) Pension on the Commission's financial statements. In 2016 the SDRS was "over-funded" creating a Net Pension Asset on the Commission's financial statements the amount of \$294,516. However, in 2017, due to the fact that that the SDRS was no longer "over-funded", the Commission was required to show a Net Pension Liability in the amount of \$234,015. This change creates the overall decrease to Current and Other Assets. Other notable changes that occurred in current and other assets was a increase by \$15,700 in Tenant accounts receivable, net of the allowance for doubtful accounts, due higher turnover charges compared to 2016 as well as an increase of \$78,600 in prepaid expenses due to the increased cost of insurance renewals for the following year.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2017**

The decrease in the book value of Capital Assets is due in large part to the expensing of depreciation in the normal course of business during the year. By the end of 2017, PCHRC had invested \$11,783,114, 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 decrease (including additions and deductions) of \$195,139, or 1.66%, over the last year.

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

	2017	2016	Total Dollar Change	Total Percentage Change
Land	\$ 1,979,446	\$ 1,979,446	\$ -	
Buildings	8,056,673	8,296,711	(240,038)	-2.89%
Furniture, Equipment and Machinery	804,473	910,517	(106,044)	-11.65%
Site Improvements	747,383	596,440	150,943	25.31%
	<u>\$ 11,587,975</u>	<u>\$ 11,783,114</u>	<u>\$ (195,139)</u>	-1.66%

This year's major capital asset additions included:

- Siding replacement at Bluebird Court townhouses \$80,250.
- Highrise Common Area window door replacements and vestibule upgrades \$170,800.
- River Ridge Highrise elevator Upgrades \$146,928
- Maintenance Vehicle Replacement \$33,500

In PCHRC's fiscal year 2018, \$649,391 in Capital Fund Program funds are scheduled to be used to continue the parking lot upgrades, Boiler and water heater replacement in the highrises. Kitchen upgrades, roof, decks, window and siding replacements are also planned for the single-family housing. PCHRC 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, 2017**

Current liabilities decreased by \$24,675 while long-term liabilities decreased by \$16,662 resulting in an overall decrease of \$41,337 in total liabilities. The majority of the modest decrease in current liabilities is the result of the decrease of the amount of long-term debt classified as current portion as a result of paying off the Harney View Mortgage, a small increase in tenant security deposit liability, accounts payable-vendors, accrued interest payable and deferred revenues from tenants offset by decreases in wages and payroll taxes payable, payment in Lieu of taxes payable and accrued absences. Most notable is the 53.84 % decrease in current year accrued absences due adjusting for the retirement of a long-term employee in 2016. All of these changes are normal in the course of business.

At year-end, PCHRC had \$3,979,311 in compensated absences and long-term mortgage debt obligations. This is a decrease of 6.70% as shown on Table 3 below.

**Table 3  
Outstanding Debt and Obligations**

	<u>2017</u>	<u>2016</u>	<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
Compensated Absences	\$ 269,233	\$ 262,015	\$ 7,218	2.75%
Long-term Debt, Mortgages	<u>3,710,078</u>	<u>4,003,075</u>	<u>(292,997)</u>	-7.32%
	<u>\$ 3,979,311</u>	<u>\$ 4,265,090</u>	<u>\$ (285,779)</u>	-6.70%

The Commission is liable for accrued vacation and sick leave payable to full-time employees. The decrease is due to a decrease in the amount of leave accumulated and outstanding at the end of the year as a result of a long-term employee retiring during 2017

Total Net Position increased .6 percent from 2016. The largest portion of PCHRC's Net Position is in capital assets, net of related debt. Capital assets, net of related debt, comprise 42 percent of the total Net Position. Net Position mainly represents the buildings and equipment that PCHRC 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. Restricted Net Position increased by 7.7% from 2016. The majority of this increase is as a result of an increase in the housing assistance reserve for the Housing Choice Voucher Program at the end of 2017.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended March 31, 2017**

**OPERATING ACTIVITIES**

PCHRC receives its operating revenues from rental charges and government subsidies and grants provided through HUD and USDA Rural Development. PCHRC also receives funding from HUD for capital improvement expenditures. The following table summarizes and compares the PCHRC's operating and capital transactions between fiscal years 2017 and 2016. 2015 is listed for informational purposes only.

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

	2017	2016	2016-2017 Variance (%)	2015
<b>Revenues</b>				
Dwelling Rental Income	\$ 2,520,191	\$ 2,565,739	(1.8)	\$ 2,471,198
Federal - Section 8 Rent Subsidy	7,919,090	8,045,317	(1.6)	7,722,228
Federal - Public Housing Operating Operating Subsidy	1,016,299	1,028,532	(1.2)	1,005,804
Other Government Grants	133,700	144,944	(7.8)	133,664
Investment Income	(50,967)	266,443	(80.9)	677,500
Other Revenue	188,981	150,568	25.5	173,447
<b>Total Revenues</b>	<u>11,727,294</u>	<u>12,201,543</u>	(3.9)	<u>12,183,841</u>
<b>Expenses</b>				
Rental Assistance Payments	7,113,360	7,304,387	(2.6)	7,132,296
Depreciation and Amortization	1,163,649	1,218,180	(4.5)	1,340,989
Administrative	1,399,030	1,384,551	1.0	1,230,225
Ordinary Maintenance	1,097,628	1,128,915	(2.8)	1,007,942
Utilities	819,266	742,363	10.4	758,382
General Expenses	442,277	435,141	1.6	460,075
Extraordinary Maintenance	218,489	159,244	37.2	170,934
Protective Services	25,000	25,000	0.0	25,000
Tenant Services	9,016	23,404	(61.5)	22,374
<b>Total Expenses</b>	<u>12,287,715</u>	<u>12,421,185</u>	(1.1)	<u>12,148,217</u>
Net Income Before Contributed Capital	(560,421)	(219,642)	155.2	35,624
Federal - Capital Fund Grant	681,505	487,296	39.9	729,680
Gain (Loss) on Disposition on Equipment	(3,372)	96	(3,612.5)	(3,398)
<b>Change in Net Position</b>	<u>\$ 117,712</u>	<u>\$ 267,750</u>	(56.0)	<u>\$ 761,906</u>

**Pennington County Housing and Redevelopment Commission  
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Management's Discussion and Analysis (Unaudited)  
For the Year Ended March 31, 2017**

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Revenues to support operations in 2017 were down slightly over 2016 and 2015. Most of the revenues were flat with the exception of investment income which decreased by 80.9%, compared to 2016, as a result of the required adjustment to market value at year-end resulting in larger unrealized losses on investments.

Section 8 housing assistance payment expenses showed a 2.6% decrease from the 2016 levels. This is due to the decrease in funding.

Utility expense increased 10.4% as a result of an increase in lawn irrigation and increased electricity rates.

Extraordinary Maintenance shows the most note-worthy increase of 37.2% over 2016 and a 29.9% increase over 2015. The nature of this category of expense makes it hard to compare year-to-year. Each year presents a different set of circumstances that drive this expense.

Overall total expenses decreased by 1.1% when compared to the 2016 levels. While other expenses may show a percentage change, none are significant enough in dollar terms to mention here.

Capital Fund grant revenue increased by 39.9% from the 2016 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 2016 Capital Fund grant revenue decreased by 33.2% from the 2015 amount. The PCHRC's capital expenditures in 2016 were solely for modernization of existing units.

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

- In recent years, the Department of Housing and Urban Development has underfunded public housing authorities by prorating the funding allowable under the HUD formula. We do not expect this trend to change making funding levels uncertain and volatile from year to year. As an example of this, in the calendar year 2012, because of the Public Housing Operating Subsidy Reserve Recapture offset, PCHRC saw a decrease in revenue for FYE 2013 of \$835,478. At this time there is no indication that HUD plans to repeat the offsets in calendar year 2018. However, with the current contentious political atmosphere an offset is certainly not out of the question.
- 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 PCHRC.
- PCHRC 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. PCHRC faces a very real threat of significant funding cuts in the coming years.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of PCHRC's finances and to demonstrate PCHRC'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.



## FINANCIAL STATEMENTS

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Statements of Net Position**  
**March 31, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 1,791,597	\$ 1,945,116
Cash and Cash Equivalents - Restricted	530,561	375,230
Funded Security Deposits	222,258	217,703
Certificates of Deposit - Restricted	98,697	98,697
Tenant Accounts Receivable, Less Allowance for Uncollectible Accounts of \$43,076 in 2017 and \$41,575 in 2016	61,944	46,258
Accounts Receivable - HUD	-	23
Accounts Receivable - Other	825	1,293
Accounts Receivable - Other Government	1,467	-
Inventories	25,341	30,117
Accrued Interest Receivable	26,278	31,973
Prepaid Expenses and Other Assets	155,106	76,513
Total Current Assets	2,914,074	2,822,923
Non-current Assets		
Non-current Investments	8,359,578	8,328,802
Net Pension Asset	-	294,516
Property and Equipment		
Land	1,979,446	1,979,446
Buildings	35,740,313	35,097,902
Furniture, Equipment and Machinery	3,488,654	3,582,567
Site Improvements	4,128,266	3,870,158
	45,336,679	44,530,073
Less Accumulated Depreciation	(33,748,704)	(32,746,959)
Total Non-current Assets	19,947,553	20,406,432
<b>TOTAL ASSETS</b>	<b>22,861,627</b>	<b>23,229,355</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related Deferred Outflows	542,094	532,555
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>542,094</b>	<b>532,555</b>

The accompanying notes are an integral part of this statement.

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	27,567	23,675
Accounts Payable - Other Government	-	103
Accrued Wages and Payroll Taxes	83,652	84,128
Tenant Security Deposits	220,152	214,157
Prepaid Tenant Rents	28,143	25,919
Accrued Interest	3,153	3,028
Accrued Payments in Lieu of Taxes	144,707	145,937
Current Portion of Accrued Absences	9,705	20,581
Current Portion of Long-term Debt	<u>169,241</u>	<u>193,467</u>
Total Current Liabilities	<u>686,320</u>	<u>710,995</u>
Non-current Liabilities		
Accrued Absences, Less Current Portion	259,528	241,434
Long-term Debt, Less Current Maturities	3,540,837	3,809,608
Net Pension Liability	<u>234,015</u>	<u>-</u>
Total Non-current Liabilities	<u>4,034,380</u>	<u>4,051,042</u>
<b>TOTAL LIABILITIES</b>	<u>4,720,700</u>	<u>4,762,037</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension-related Deferred Inflows	<u>-</u>	<u>434,564</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>434,564</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	7,877,896	7,780,039
Restricted for:		
Replacement Reserves	460,581	425,975
Security Deposits	-	3,546
Section 8 Housing	168,677	47,952
Net Pension Liability	308,079	392,507
Unrestricted Net Position	<u>9,867,788</u>	<u>9,915,290</u>
<b>TOTAL NET POSITION</b>	<u>\$ 18,683,021</u>	<u>\$ 18,565,309</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, 2017 and 2016**

	2017	2016
<b>OPERATING REVENUES</b>		
Dwelling Rental Income	\$ 2,132,663	\$ 2,190,045
Dwelling Rental Income - Pledged to Service		
Long-term Debt	387,528	375,694
Other Income	188,981	150,568
Total Operating Revenues	2,709,172	2,716,307
<b>OPERATING EXPENSES</b>		
Rental Assistance Payments	7,113,360	7,304,387
Depreciation and Amortization	1,163,649	1,218,180
Administrative	1,399,030	1,384,551
Ordinary Maintenance and Operation	1,097,628	1,128,915
Utilities	819,266	742,363
General Expenses	388,559	376,994
Extraordinary Maintenance	218,489	159,244
Protective Services	25,000	25,000
Tenant Services	9,016	23,404
Total Operating Expenses	12,233,997	12,363,038
<b>OPERATING LOSS</b>	<b>(9,524,825)</b>	<b>(9,646,731)</b>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Subsidies from HUD and Department of Agriculture	9,069,089	9,218,793
Investment Return (Loss)	(50,967)	266,443
Interest Expense	(53,718)	(58,147)
Loss on Disposition of Equipment	(3,372)	96
Total Nonoperating Revenue	8,961,032	9,427,185
<b>LOSS BEFORE CONTRIBUTED CAPITAL</b>	(563,793)	(219,546)
<b>CONTRIBUTED CAPITAL - HUD SUBSIDY</b>	681,505	487,296
<b>CHANGE IN NET POSITION</b>	117,712	267,750
<b>NET POSITION, BEGINNING OF YEAR</b> <b>(AS PREVIOUSLY REPORTED)</b>	18,565,309	17,740,564
<b>PRIOR PERIOD ADJUSTMENT</b>	-	556,995
<b>NET POSITION, END OF YEAR</b>	<b>\$ 18,683,021</b>	<b>\$ 18,565,309</b>

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, 2017 and 2016**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Receipts From Tenant Payments	\$ 2,510,498	\$ 2,546,416
Receipts from Others	187,982	150,568
Payments for Operating Expenses	(9,242,196)	(9,222,430)
Payments to Employees	(1,806,030)	(1,730,540)
Net Cash Used by Operating Activities	(8,349,746)	(8,255,986)
<b>INVESTING ACTIVITIES</b>		
Interest Earned	164,388	260,225
Cash Paid to Acquire Investments	(4,755,151)	(3,827,915)
Proceeds From Sale of Investments	4,514,715	2,966,194
Net Cash Used by Investing Activities	(76,048)	(601,496)
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from HUD and Department of Agriculture	9,069,113	9,231,555
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contributed Capital - HUD Subsidy	681,504	487,296
Purchases of Property and Equipment	(971,866)	(565,512)
Mortgage Interest Paid	(53,593)	(58,486)
Principal Payments on Long-term Debt	(292,997)	(180,257)
Net Cash Used by Capital and Related Financing Activities	(636,952)	(316,959)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	6,367	57,114
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,538,049	2,480,935
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 2,544,416	\$ 2,538,049
<b>CASH AND CASH EQUIVALENTS CONSISTS OF</b>		
Cash and Cash Equivalents - Unrestricted	\$ 1,791,597	\$ 1,945,116
Cash and Cash Equivalents - Restricted	530,561	375,230
Funded Security Deposits	222,258	217,703
	\$ 2,544,416	\$ 2,538,049

The accompanying notes are an integral part of this statement.

	<u>2017</u>	<u>2016</u>
<b>OPERATING ACTIVITIES</b>		
Operating Loss	\$ (9,524,825)	\$ (9,646,731)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	1,163,649	1,218,180
Provision for Losses on Accounts Receivable	1,501	(3,074)
Net Pension Expense	84,428	164,488
Change in Assets and Liabilities		
Tenant Accounts Receivable	(17,187)	(24,802)
Accounts Receivable - Other	468	2,670
Accounts Receivable - Other Government	(1,467)	-
Prepaid Expenses	(78,593)	(5,678)
Inventories	4,776	2,560
Accounts Payable	3,773	953
Tenant Security Deposits	5,995	6,039
Accrued Liabilities	<u>7,736</u>	<u>29,409</u>
Net Cash Used by Operating Activities	<u>\$ (8,349,746)</u>	<u>\$ (8,255,986)</u>
<b>SUPPLEMENTAL CASH FLOW DISCLOSURES</b>		
Value Received for Vehicle Trade-in	<u>\$ 2,500</u>	<u>\$ -</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, 2017 and 2016**

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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.

Pennington County Housing and Redevelopment Commission, a public housing authority (PHA), is engaged in providing housing and housing assistance to the low and very low income elderly, family 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 thirty percent of their adjusted gross income, based on HUD guidelines, or ten percent 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.

Pennington County Housing and Redevelopment 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.



**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

---

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

- 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.
- d. The Shelter Plus Care (S+C) Program provides rental assistance in conjunction with supportive services. The program provides a variety of permanent housing choices, accompanied by a range of supportive services funded through other sources. This program was funded through grants from the Shelter Plus Care Program and the Continuum of Care Program. In 2017 HUD did not renew the funding for the Shelter Plus Care Program resulting in the Commission's decision not to renew the Continuum of Care Program grant.
- e. The Commission owns and operates two HOME Developments through 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.
- f. The Commission owns and operates two USDA Rural Development projects with a total of 49 units for the elderly, disabled, and handicapped. The projects are located in Hill City and New Underwood, South Dakota.
- g. The Central Office account derives its income from management of the Public Housing, HOME, USDA Rural Development projects, the Section 8 program of Pennington County Housing and Redevelopment 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 and management and administrative fees earned. Principal operating expenses are the costs of providing housing and include administrative expenses and depreciation and amortization. Other revenues and expenses are classified as non-operating in the financial statements.

**Cash and Cash Equivalents**

For purposes of the statement 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.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

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

Certificates of Deposit

Certificates of deposit totaling \$98,697 at March 31, 2017 and 2016 are shown as Certificates of Deposits – Restricted in the accompanying financial statements. These certificates represent a portion of the USDA-RD required reserve for replacement accounts for the USDA-RD projects. The certificates bear interest of 1.0% and have maturities of twenty-eight months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

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 \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost.

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

Inventories are valued at cost and consist mainly of maintenance supplies.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position reports 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.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until that applicable future period. The only deferred inflow of resources reported is a deferred amount arising from the Commission's pension plan for qualified retirees as discussed in Note 6.

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.

Equity Classifications

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

- a. 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.
- b. 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.
- c. Unrestricted Net Position - All other net position that do 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.

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

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.

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.

Change in Accounting Principle

During the year ended March 31, 2017, the Commission adopted new accounting guidance by implementing the provisions of GASB Statement No. 72. GASB Statement No. 72 - *Fair Value Measurement and Application* provides guidance for determining a fair value measurement for financial reporting purposes, and guidance on applying fair value to certain investments and disclosures related to all fair value measurements.

Reclassifications

Certain items in the 2016 financial statements have been reclassified to conform with the 2017 presentation with no effect on previously reported net position or net income.

**NOTE 2 - MANAGEMENT AGREEMENTS**

Black Fox Manor, Harney View Apartments and Memorial Park Apartments pay a monthly management fee of \$57 per unit per month. The management agreements for Hillyo Manor and Sunny Haven Apartments, approved by Rural Development, provide for the payment of management fees equal to \$57 per month per occupied unit.

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**NOTE 3 - RURAL RENTAL HOUSING PROGRAMS**

The Commission owns and operates two Rural Development projects known as Sunny Haven Apartments located in New Underwood, South Dakota, and Hillyo Manor located in Hill City, South Dakota.

As a condition to 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. Deposits for Hillyo Manor must be made at a rate not less than \$5,259 annually until the amount in the reserves reach \$52,590. Deposits for Sunny Haven Apartments must be made at a rate not less than \$5,373 annually until the amount in the reserves reach \$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.

	2017	2016
<u>Hillyo Manor</u>		
Reserve Account Balance	\$ 166,122	\$ 130,830
Required Reserve Balance	52,590	52,590
Surplus	\$ 113,532	\$ 78,240
<u>Sunny Haven Apartments</u>		
Reserve Account Balance	\$ 126,839	\$ 126,819
Required Reserve Balance	53,720	53,720
Surplus	\$ 73,119	\$ 73,099

- 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

	2017	2016
<u>Hillyo Manor</u>		
Tenant Security Deposit Balance	\$ 5,536	\$ 5,134
Security Deposit Liability	5,467	4,279
Surplus	\$ 69	\$ 855
<u>Sunny Haven Apartments</u>		
Tenant Security Deposit Balance	\$ 10,560	\$ 10,556
Security Deposit Liability	10,164	10,558
Surplus (Deficit)	\$ 396	\$ (2)

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

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

Segment Information

The two Rural Development projects have outstanding long-term debt, with rental revenue pledged to secure that debt. Summary financial information for the Rural Development Hillyo Manor project is as follows:

	<u>2017</u>	<u>2016</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 187,830	\$ 194,934
Capital Assets	82,547	90,394
Total Assets	<u>\$ 270,377</u>	<u>\$ 285,328</u>
Liabilities		
Current Liabilities	\$ 45,669	\$ 41,603
Long-term Debt	158,282	192,050
Total Liabilities	<u>203,951</u>	<u>233,653</u>
Net Assets		
Net Investment in Capital Assets	(109,501)	(133,253)
Restricted Net Position	166,122	131,685
Unrestricted Net Position	9,804	53,243
Total Net Position	<u>66,425</u>	<u>51,675</u>
Total Liabilities and Net Position	<u>\$ 270,376</u>	<u>\$ 285,328</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 75,190	\$ 73,501
Other Revenues	630	2,754
Depreciation Expense	(16,772)	(16,798)
Other Operating Expenses	(119,338)	(104,164)
Operating Loss	(60,290)	(44,707)
Nonoperating Revenues (Expenses)		
Subsidy from Department of Agriculture	90,348	93,202
Investment Return	452	382
Interest Expense	(15,760)	(17,959)
Change in Net Position	14,750	30,918
Net Position, Beginning of Year	51,675	20,757
Net Position, End of Year	<u>\$ 66,425</u>	<u>\$ 51,675</u>

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

	2017	2016
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for)		
Operating Activities	\$ (45,148)	\$ (31,422)
Investing Activities	452	239
Noncapital Financing Activities	90,348	93,202
Capital and Related Financing Activities	(56,284)	(45,111)
Net Change in Cash and Cash Equivalents	(10,632)	16,908
Cash and Cash Equivalents, Beginning of Year	143,574	126,666
Cash and Cash Equivalents, End of Year	\$ 132,942	\$ 143,574

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

Summary financial information for the Rural Development Sunny Haven Apartments project is as follows:

	<u>2017</u>	<u>2016</u>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 148,201	\$ 160,871
Capital Assets	74,570	88,290
Total Assets	<u>\$ 222,771</u>	<u>\$ 249,161</u>
Liabilities		
Current Liabilities	\$ 33,631	\$ 42,919
Long-term Debt	163,637	178,525
Total Liabilities	<u>197,268</u>	<u>221,444</u>
Net Assets		
Net Investment in Capital Assets	(103,961)	(104,982)
Restricted Net Position	126,839	126,817
Unrestricted Net Position	2,626	5,882
Total Net Position	<u>25,504</u>	<u>27,717</u>
Total Liabilities and Net Position	<u>\$ 222,772</u>	<u>\$ 249,161</u>
	<u>2017</u>	<u>2016</u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 85,972	\$ 81,965
Other Revenues	695	743
Depreciation Expense	(17,006)	(17,836)
Other Operating Expenses	<u>(113,971)</u>	<u>(110,391)</u>
Operating Loss	(44,310)	(45,519)
Non-Operating Revenues (Expenses)		
Subsidy from Department of Agriculture	43,353	51,742
Investment Return	607	513
Interest Expense	<u>(1,863)</u>	<u>(2,016)</u>
Change in Net Position	(2,213)	4,720
Net Position, Beginning of Year	<u>27,717</u>	<u>22,997</u>
Net Position, End of Year	<u>\$ 25,504</u>	<u>\$ 27,717</u>



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

	2017	2016
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for)		
Operating Activities	\$ (39,394)	\$ (38,897)
Investing Activities	607	311
Noncapital Financing Activities	43,353	51,742
Capital and Related Financing Activities	(19,888)	(16,594)
Net Change in Cash and Cash Equivalents	(15,322)	(3,438)
Cash and Cash Equivalents, Beginning of Year	88,817	92,255
Cash and Cash Equivalents, End of Year	\$ 73,495	\$ 88,817

**NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS**

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

As a condition to 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 two SDHDA projects have outstanding long-term debt, with rental revenue pledged to secure that debt. Summary financial information for the Harney View Apartments SDHDA project is as follows:

	2017	2016
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 53,817	\$ 51,612
Capital Assets	373,115	389,042
Total Assets	\$ 426,932	\$ 440,654
Liabilities		
Current Liabilities	\$ 97,112	\$ 125,367
Long-term Debt	-	100,046
Total Liabilities	97,112	225,413
Net Position		
Net Investment in Capital Assets	373,115	260,196
Restricted Net Position	34,177	42,358
Unrestricted Net Position	(77,472)	(87,313)
Total Net Position	329,820	215,241
Total Liabilities and Net Position	\$ 426,932	\$ 440,654
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 78,935	\$ 73,379
Other Operating Revenue	458	556
Depreciation Expense	(20,099)	(20,099)
Other Operating Expenses	(61,160)	(60,684)
Operating Income	(1,866)	(6,848)
Non-operating Revenues (Expenses)		
Investment Return	13	13
Loss on Disposition of Equipment	(414)	(169)
Transfers In	116,846	-
Change in Net Position	114,579	(7,004)
Net Position, Beginning of Year	215,241	222,245
Net Position, End of Year	\$ 329,820	\$ 215,241

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

	2017	2016
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for):		
Operating Activities	\$ 13,835	\$ 26,856
Investing Activities	14	13
Capital and Related Financing Activities	(16,585)	(28,800)
Net Change in Cash and Cash Equivalents	(2,736)	(1,931)
Cash and Cash Equivalents at Beginning of Year	41,488	43,419
Cash and Cash Equivalents at End of Year	\$ 38,752	\$ 41,488

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

	2017	2016
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 158,937	\$ 158,072
Capital Assets	717,331	755,640
Total Assets	\$ 876,268	\$ 913,712
Liabilities		
Current Liabilities	\$ 165,179	\$ 160,571
Long-term Debt	1,052,983	1,115,383
Total Liabilities	1,218,162	1,275,954
Net Assets		
Net Investment in Capital Assets	(398,052)	(422,143)
Restricted Net Position	133,443	127,900
Unrestricted Net Position	(77,285)	(67,999)
Total Net Position	(341,894)	(362,242)
Total Liabilities and Net Position	\$ 876,268	\$ 913,712

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

	2017	2016
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
Operating Revenues (Pledged)	\$ 147,431	\$ 146,849
Other Operating Revenue	16,561	-
Depreciation Expense	(38,993)	(38,848)
Other Operating Expenses	(103,051)	(90,347)
Operating Income	21,948	17,654
Nonoperating Revenues (Expenses)		
Investment Return	47	47
Loss on Disposition of Equipment	(1,647)	-
Change in Net Position	20,348	17,701
Net Position, Beginning of Year	(362,242)	(379,943)
Net Position, End of Year	\$ (341,894)	\$ (362,242)
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash From (Used for):		
Operating Activities	\$ 60,733	\$ 55,452
Investing Activities	47	47
Capital and Related Financing Activities	(64,731)	(54,600)
Net Change in Cash and Cash Equivalents	(3,951)	899
Cash and Cash Equivalents at Beginning of Year	141,894	140,995
Cash and Cash Equivalents at End of Year	\$ 137,943	\$ 141,894

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

Cash and cash equivalent deposits are classified in 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 percent of the public deposit accounts which 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.

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

All cash balances, including interest earned, where applicable, have market values at March 31, 2017 and 2016 that are substantially the same as the carrying value in the accompanying financial statements.

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

	<u>2017</u>	<u>2016</u>
Demand Deposits - Unrestricted	\$ 970,014	\$ 898,919
Public Housing Program		
Money Market Accounts	105,215	390,576
HOME Investments Partnerships Program		
Bank Reserve Funds - Savings Accounts	167,620	168,326
Bank Savings Accounts	6,872	13,133
Rural Rental Assistance Payments Program		
Bank Reserve Funds - Savings Accounts	194,264	158,951
Bank Savings Accounts	11,643	72,939
Other Management		
Money Market Accounts	95,815	69,049
Bank Savings Accounts	451,590	467,979
Other Housing Needs		
Money Market Accounts	28,409	(142,901)
Memorial Park Apartments		
Money Market Accounts	3,260	1,198
Bank Savings Accounts	<u>287,456</u>	<u>222,177</u>
Total Cash and Cash Equivalents	<u>\$ 2,322,158</u>	<u>\$ 2,320,346</u>
Security Deposits:		
Public Housing Program	\$ 171,505	\$ 167,666
HOME Investments Partnership Program	18,641	18,335
Rural Rental Assistance Payments Program	16,096	15,691
Memorial Park Apartments	<u>16,016</u>	<u>16,011</u>
Total Funded Security Deposits	<u>\$ 222,258</u>	<u>\$ 217,703</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 of 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 New York Stock Exchange, as well as 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 which 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 judgement or decision.

At March 31, 2017, 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, 2017 and 2016, 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 percent 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, 2017 and 2016, 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 which 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, 2016	March 31, 2017	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Public Housing								
Government Bonds	AAA	\$ 2,578,023 *	\$ 2,519,115 *	\$ -	\$ -	\$ 2,519,115	\$ 1,702,900	\$ -
Government Bonds	Not Rated	1,827,205 *	1,963,721 *	-	-	1,963,721	683,928	-
Marketable Certificates of Deposit	FDIC Insured	1,344,481 *	1,509,895 *	1,094,199	226,618	189,078	189,078	226,618
		<u>5,749,709</u>	<u>5,992,731</u>	<u>1,094,199</u>	<u>226,618</u>	<u>4,671,914</u>	<u>2,575,906</u>	<u>226,618</u>
Other Management								
Government Bonds	AAA	400,025	244,243	-	244,243	-	244,243	-
Government Bonds	Not Rated	135,150	110,642	-	-	110,642	-	-
Marketable Certificates of Deposit	FDIC Insured	244,351	386,540	44,507	342,033	-	242,508	99,525
		<u>779,526</u>	<u>741,425</u>	<u>44,507</u>	<u>586,276</u>	<u>110,642</u>	<u>486,751</u>	<u>99,525</u>
Other Housing Needs								
Government Bonds	AAA	400,025	494,820 *	-	494,820	-	494,820	-
Government Bonds	Not Rated	152,997	141,334	-	-	141,334	-	-
Marketable Certificates of Deposit	FDIC Insured	971,473 *	714,696 *	714,696	-	-	-	-
		<u>1,524,495</u>	<u>1,350,850</u>	<u>714,696</u>	<u>494,820</u>	<u>141,334</u>	<u>494,820</u>	<u>-</u>
Memorial Park Apts. Marketable Certificates of Deposit	FDIC Insured	275,072	274,572	75,018	199,554	-	-	99,525
		<u>275,072</u>	<u>274,572</u>	<u>75,018</u>	<u>199,554</u>	<u>-</u>	<u>-</u>	<u>99,525</u>
<b>Total Investments</b>		<u>\$ 8,328,802</u>	<u>\$ 8,359,578</u>	<u>\$ 1,928,420</u>	<u>\$ 1,507,268</u>	<u>\$ 4,923,890</u>	<u>\$ 3,557,477</u>	<u>\$ 425,668</u>

\*Represents 5% or more of total investments

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

Investment return is summarized as follows:

	2017	2016
Interest Income	\$ 158,693	\$ 164,110
Net Realized and Unrealized Gains	(209,660)	102,333
Total Investment Return	\$ (50,967)	\$ 266,443

**NOTE 6 - PENSION PLAN**

Plan Information

All employees, working more than 30 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer 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 three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more - 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 90.0% funded - 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% - 2.1% COLA

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. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The Commission's share of contributions to the SDRS for the fiscal years ended March 31, 2017, 2016, and 2015 were \$79,796, \$78,163, and \$75,604, 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, 2016, SDRS is 96.89% funded and accordingly has a net pension liability. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Commission as of this measurement period and reported by the Commission as of March 31, 2017 are as follows:

	SDRS	PCHRC
Proportionate Share of Pension Liability	\$ 10,851,252,302	\$ 7,517,563
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	10,513,462,127	7,283,548
Proportionate Share of Net Pension Liability (Asset)	\$ 337,790,175	\$ 234,015

At March 31, 2017, the Commission reported a liability of \$234,015 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability 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, 2016, the Commission's proportion was .06927830% which is a decrease of .0001620% from its proportion measured as of June 30, 2015.

**Pennington County Housing and Redevelopment Commission**  
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**NOTE 6 - PENSION PLAN (CONTINUED)**

For the year ended March 31, 2017, the Commission recognized pension expense of \$164,223. At March 31, 2017 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.	\$ 81,466	\$ -
Changes in Assumption	140,164	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	549,338	289,034
Changes in Proportion and Difference between Commission Contributions and Proportionate Share of Contributions	601	-
Commission Contributions Subsequent to the Measurement Date	59,559	-
Totals	\$ 831,128	\$ 289,034

\$59,559 reported as deferred outflow of resources related to pensions resulting from 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, 2018. 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 June 30	
2018	\$ 130,219
2019	78,839
2020	165,003
2021	108,474
2022	-
Thereafter	-
	\$ 482,535

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

Actuarial Assumptions - The total pension liability (asset) in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2017 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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, 2016 (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%	4.5%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	2.0%	0.7%
	<u>100.0%</u>	

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

Discount Rate

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50 percent thereafter. 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 asset calculated using the discount rate of 7.25 percent through 2017 and 7.50 percent thereafter, as well as what the Commission's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,309,546	\$ 234,015	\$ (643,196)

Pension Plan Fiduciary Net Position

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

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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:

	2017			
	Balance 3/31/2016	Increase	Decrease	Balance 3/31/2017
Non-depreciable:				
Land	\$ 1,979,446	\$ -	\$ -	\$ 1,979,446
Depreciable:				
Buildings	35,097,902	646,898	(4,487)	35,740,313
Furniture, Equipment and Machinery	3,582,567	69,370	(163,283)	3,488,654
Site Improvements	<u>3,870,158</u>	<u>258,108</u>	<u>-</u>	<u>4,128,266</u>
Subtotal	<u>\$ 44,530,073</u>	<u>\$ 974,376</u>	<u>\$ (167,770)</u>	<u>\$ 45,336,679</u>
Less Accumulated Depreciation for:				
Buildings	26,801,190	884,878	(2,427)	27,683,641
Furniture, Equipment and Machinery	2,672,051	171,604	(159,473)	2,684,182
Site Improvements	<u>3,273,718</u>	<u>107,272</u>	<u>(109)</u>	<u>3,380,881</u>
Subtotal	<u>\$ 32,746,959</u>	<u>\$ 1,163,754</u>	<u>\$ (162,009)</u>	<u>\$ 33,748,704</u>
Net Capital Assets	<u>\$ 11,783,114</u>	<u>\$ (189,378)</u>	<u>\$ (5,761)</u>	<u>\$ 11,587,975</u>
	2016			
	Balance 3/31/2015	Increase	Decrease	Balance 3/31/2016
Non-depreciable:				
Land	\$ 1,979,446	\$ -	\$ -	\$ 1,979,446
Depreciable:				
Buildings	34,608,088	490,942	(1,128)	35,097,902
Furniture, Equipment and Machinery	3,563,669	61,971	(43,073)	3,582,567
Site Improvements	<u>3,852,266</u>	<u>17,892</u>	<u>-</u>	<u>3,870,158</u>
Subtotal	<u>\$ 44,003,469</u>	<u>\$ 570,805</u>	<u>\$ (44,201)</u>	<u>\$ 44,530,073</u>
Less Accumulated Depreciation for:				
Buildings	25,861,415	940,733	(958)	26,801,190
Furniture, Equipment and Machinery	2,536,419	173,669	(38,037)	2,672,051
Site Improvements	<u>3,169,940</u>	<u>103,778</u>	<u>-</u>	<u>3,273,718</u>
Subtotal	<u>\$ 31,567,774</u>	<u>\$ 1,218,180</u>	<u>\$ (38,995)</u>	<u>\$ 32,746,959</u>
Net Capital Assets	<u>\$ 12,435,695</u>	<u>\$ (647,375)</u>	<u>\$ (5,206)</u>	<u>\$ 11,783,114</u>

**Pennington County Housing and Redevelopment Commission**  
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**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 \$115,541 and \$117,105 for the years ended March 31, 2017 and 2016, respectively, were determined by program as follows:

	2017					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Hillyo Apartments	Memorial Park Apartments
Dwelling Rent Collected	<u>\$ 1,548,538</u>	<u>\$ 141,199</u>	<u>\$ 68,602</u>	<u>\$ 79,537</u>	<u>\$ 65,347</u>	<u>\$ 407,606</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 77,427</u>	<u>\$ 7,060</u>	<u>\$ 3,430</u>	<u>\$ 3,977</u>	<u>\$ 3,267</u>	<u>\$ 20,380</u>
	2016					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Hillyo Apartments	Memorial Park Apartments
Dwelling Rent Collected	<u>\$ 1,590,151</u>	<u>\$ 140,573</u>	<u>\$ 66,169</u>	<u>\$ 74,446</u>	<u>\$ 95,052</u>	<u>\$ 405,705</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 79,508</u>	<u>\$ 7,029</u>	<u>\$ 3,308</u>	<u>\$ 3,722</u>	<u>\$ 4,753</u>	<u>\$ 20,285</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, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
8.5% reducing to an effective rate of 7.5% note payable to Rural Development under Section 8 Housing Assistance Payment contract, due in monthly installments of \$3,543, including interest, to October 31, 2028, secured by land, building, equipment and rents of Hillyo Manor.	\$ 207,204	\$ -	\$ (27,967)	\$ 179,237	\$ 29,840
8.75% reducing to an effective rate of 7.75% note payable to Rural Development under Section 8 Housing Assistance Payment contract, due in monthly installments of \$398, including interest, to June 15, 2029, secured by land, building, equipment and rents of Hillyo Manor.	16,443	-	(3,633)	12,810	3,925
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.	171,770	-	(13,159)	158,611	13,297
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.	21,502	-	(1,581)	19,921	1,598

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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.	1,177,783	-	(62,400)	1,115,383	62,400
0% HOME loan payable to SDHDA, due in monthly installments of \$2,100 from January 1, 1997 through December 1, 2006, \$2,400 from January 2007 through December 1, 2019, \$2,374 from January 1, 2020 through December 1, 2020, secured by all real and personal property and rents of Harney View Apartments.	128,846	-	(128,846)	-	-
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	-
4% Mortgage payable to Wells Fargo Bank, due in monthly installments of \$7,621 including interest, to January 1, 2019 secured by land, building, and equipment of Memorial Park Apartments.	913,617	-	(55,411)	858,206	58,181
	<u>\$ 4,003,075</u>	<u>\$ -</u>	<u>\$ (292,997)</u>	<u>\$ 3,710,078</u>	<u>\$ 169,241</u>



**Pennington County Housing and Redevelopment Commission**  
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**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>
2018	\$ 169,241	\$ 48,208	\$ 217,449
2019	914,182	35,640	949,822
2020	117,168	9,104	126,272
2021	115,519	6,057	121,576
2022	118,535	2,977	121,512
2023-2027	404,042	3,256	407,298
2028-2032	360,230	206	360,436
2033-2037	145,251	-	145,251
SDHDA Forgivable Mortgage	<u>1,365,910</u>	<u>-</u>	<u>1,365,910</u>
	<u>\$ 3,710,078</u>	<u>\$ 105,448</u>	<u>\$ 3,815,526</u>

The following is a summary of changes in long-term debt, including the current portion, for the year ended March 31, 2016:

Balance, Beginning of Year	\$ 4,183,332
Additions	-
Reductions	<u>(180,257)</u>
	4,003,075
Less: Current Balance	<u>(193,467)</u>
Balance, End of Year	<u>\$ 3,809,608</u>

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

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ 262,015	\$ 241,478
Increase in Accrued Absences	139,456	138,226
Decrease in Accrued Absences	<u>(132,238)</u>	<u>(117,689)</u>
	269,233	262,015
Less: Current Balance	<u>(9,705)</u>	<u>(20,581)</u>
Balance, End of Year	<u>\$ 259,528</u>	<u>\$ 241,434</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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**Notes to Financial Statements**  
**March 31, 2017 and 2016**

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**NOTE 10 - PLEDGE OF FUTURE REVENUES**

As discussed in Note 9, the Commission has pledged future rent revenues related to Hillyo Manor, Sunny Haven Apartments, Black Fox Manor, and Harney View Apartments. 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, 2017, 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:

	Hillyo Manor	Sunny Haven Apartments	Black Fox Manor	Harney View Apartments
Principal and Interest Remaining	\$ 230,282	\$ 188,964	\$ 1,115,383	\$ -
Pledged Revenues Recognized	75,190	85,972	147,431	12,000
Principal and Interest Requirements	47,292	16,596	62,400	12,000

During the year ended March 31, 2017, the Commission paid off the Harney View SDHDA loan. Pledged revenue in the amount of \$12,000 was applied to the loan balance and the remaining balance was paid with funds from the Central Office.

**NOTE 11 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Commission's operations are concentrated in serving families of the multi-family real estate market. In addition, 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 12 - 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 \$52,691,399 limit on property. As of March 31, 2017, the Commission carried the following deductibles related to insurance coverage:

- General Liability - None
- Property - \$2,500 or \$5,000
- 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**  
**(A Component Unit of Pennington County)**  
**Notes to Financial Statements**  
**March 31, 2017 and 2016**

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**NOTE 13 - SUBSEQUENT EVENTS**

The Commission routinely enters into contracts for regular maintenance and renovation of the various housing projects. 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. During this evaluation, nothing was discovered that warranted disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Schedule of Net Pension Liability/Asset  
For the Year Ended March 31, 2017**

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Year Ending	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 Position as a Percentage of the Total Pension Liability/Asset
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 asset, which is June 30 of the previous year.

**Pennington County Housing and Redevelopment Commission**  
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**Schedule of Pension Contributions**  
**For the Year Ended March 31, 2017**

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Year Ending	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)
3/31/2017	\$ 79,796	\$ 79,796	\$ -	\$ 1,329,929	6.00%
3/31/2016	\$ 78,163	\$ 78,163	\$ -	\$ 1,302,730	6.00%

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SUPPLEMENTARY INFORMATION

**Pennington County Housing and Redevelopment Commission**  
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**Supplementary Schedule of Net Position**  
**March 31, 2017**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments	HOME Investment Partnerships Program
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents -				
Unrestricted	\$ 477,967	\$ 312,310	\$ 12,173	\$ 9,075
Cash and Cash Equivalents -				
Restricted	-	168,677	194,264	167,620
Funded Security Deposits	171,505	-	16,096	18,641
Certificates of Deposit - Restricted	-	-	98,697	-
Tenant Accounts Receivable,				
Less Allowance	47,727	-	3,283	10,796
Accounts Receivable - Other	-	825	-	-
Accounts Receivable - Other Government	-	-	1,467	-
Inventories	22,278	-	-	-
Accrued Interest Receivable	18,952	-	1,725	-
Prepaid Expenses and Other Assets	118,793	2,145	8,326	6,622
Interprogram Receivables	31	-	-	-
Total Current Assets	<u>857,253</u>	<u>483,957</u>	<u>336,031</u>	<u>212,754</u>
Non-current Assets				
Non-current Investments	5,992,731	-	-	-
Net Pension Asset	-	-	-	-
Property and Equipment				
Land	843,321	-	46,358	-
Buildings	30,875,729	-	1,373,629	2,021,716
Furniture, Equipment and				
Machinery	3,068,408	40,973	34,568	26,319
Leasehold Improvements	3,403,000	-	179,076	307,647
	38,190,458	40,973	1,633,631	2,355,682
Less: Accumulated Depreciation	<u>(30,606,847)</u>	<u>(38,973)</u>	<u>(1,476,514)</u>	<u>(1,265,236)</u>
Total Non-current Assets	<u>13,576,342</u>	<u>2,000</u>	<u>157,117</u>	<u>1,090,446</u>
<b>TOTAL ASSETS</b>	<u>14,433,595</u>	<u>485,957</u>	<u>493,148</u>	<u>1,303,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Deferred Outflows	<u>170,183</u>	<u>107,072</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>170,183</u>	<u>107,072</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

<u>Memorial Park Apartments</u>	<u>Capital Fund Program Cluster</u>	<u>Central Office Cost Center</u>	<u>Shelter Plus Care</u>	<u>Continuum Of Care</u>	<u>Eliminations</u>	<u>Total</u>
\$ 291,602	\$ -	\$ 688,470	\$ -	\$ -	\$ -	\$ 1,791,597
-	-	-	-	-	-	530,561
16,016	-	-	-	-	-	222,258
-	-	-	-	-	-	98,697
138	-	-	-	-	-	61,944
-	-	-	-	-	-	825
-	-	-	-	-	-	1,467
-	-	3,063	-	-	-	25,341
1,112	-	4,489	-	-	-	26,278
10,714	-	8,506	-	-	-	155,106
<u>-</u>	<u>-</u>	<u>189,910</u>	<u>-</u>	<u>-</u>	<u>(189,941)</u>	<u>-</u>
<u>319,582</u>	<u>-</u>	<u>894,438</u>	<u>-</u>	<u>-</u>	<u>(189,941)</u>	<u>2,914,074</u>
274,572	-	2,092,275	-	-	-	8,359,578
-	-	-	-	-	-	-
-	-	1,089,767	-	-	-	1,979,446
834,669	633,971	599	-	-	-	35,740,313
42,890	-	275,496	-	-	-	3,488,654
<u>-</u>	<u>238,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,128,266</u>
877,559	872,514	1,365,862	-	-	-	45,336,679
<u>(96,561)</u>	<u>(31,967)</u>	<u>(232,606)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,748,704)</u>
<u>1,055,570</u>	<u>840,547</u>	<u>3,225,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,947,553</u>
<u>1,375,152</u>	<u>840,547</u>	<u>4,119,969</u>	<u>-</u>	<u>-</u>	<u>(189,941)</u>	<u>22,861,627</u>
<u>-</u>	<u>-</u>	<u>264,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,094</u>
<u>-</u>	<u>-</u>	<u>264,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>542,094</u>

See independent auditors' report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Supplementary Schedule of Net Position (Continued)**  
**March 31, 2017**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments	HOME Investment Partnerships Program
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 5,761	\$ 5,025	\$ 4,321	\$ 3,838
Accrued Wages and Payroll Taxes	25,696	18,941	-	-
Tenant Security Deposits	171,505	-	15,631	17,766
Prepaid Tenant Rents	20,689	-	1,388	3,783
Accrued Interest	-	-	197	-
Accrued Payments in Lieu of Taxes	97,164	-	9,102	13,013
Current Portion of Accrued Absences	8,835	-	-	-
Current Portion of Long-term Debt	-	-	48,660	62,400
Interprogram Payables	-	24,999	-	161,491
Total Current Liabilities	<u>329,650</u>	<u>48,965</u>	<u>79,299</u>	<u>262,291</u>
Non-current Liabilities				
Accrued Absences, Less Current Portion	49,197	48,894	-	-
Long-term Debt, Less Current Maturities	1,365,910	-	321,919	1,052,983
Net Pension Liability	<u>73,465</u>	<u>46,222</u>	<u>-</u>	<u>-</u>
Total Non-current Liabilities	<u>1,488,572</u>	<u>95,116</u>	<u>321,919</u>	<u>1,052,983</u>
<b>TOTAL LIABILITIES</b>	<u>1,818,222</u>	<u>144,081</u>	<u>401,218</u>	<u>1,315,274</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	6,217,700	2,000	(213,462)	(24,937)
Restricted for:				
Replacement Reserves	-	-	292,961	167,620
Security Deposits	-	-	-	-
Section 8 Housing	-	168,677	-	-
Net Pension Liability	96,718	60,850	-	-
Unrestricted Net Position	<u>6,471,138</u>	<u>217,421</u>	<u>12,431</u>	<u>(154,757)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 12,785,556</u>	<u>\$ 448,948</u>	<u>\$ 91,930</u>	<u>\$ (12,074)</u>

See independent auditors' report.

Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Shelter Plus Care	Continuum Of Care	Eliminations	Total
\$ 2,006	\$ -	\$ 6,616	\$ -	\$ -	\$ -	\$ 27,567
-	-	39,015	-	-	-	83,652
15,250	-	-	-	-	-	220,152
2,283	-	-	-	-	-	28,143
2,956	-	-	-	-	-	3,153
25,428	-	-	-	-	-	144,707
-	-	870	-	-	-	9,705
58,181	-	-	-	-	-	169,241
3,420	-	31	-	-	(189,941)	-
<u>109,524</u>	<u>-</u>	<u>46,532</u>	<u>-</u>	<u>-</u>	<u>(189,941)</u>	<u>686,320</u>
-	-	161,437	-	-	-	259,528
800,025	-	-	-	-	-	3,540,837
-	-	114,328	-	-	-	234,015
<u>800,025</u>	<u>-</u>	<u>275,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,034,380</u>
<u>909,549</u>	<u>-</u>	<u>322,297</u>	<u>-</u>	<u>-</u>	<u>(189,941)</u>	<u>4,720,700</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(77,208)	840,547	1,133,256	-	-	-	7,877,896
-	-	-	-	-	-	460,581
-	-	-	-	-	-	-
-	-	-	-	-	-	168,677
-	-	150,511	-	-	-	308,079
<u>542,811</u>	<u>-</u>	<u>2,778,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,867,788</u>
<u>\$ 465,603</u>	<u>\$ 840,547</u>	<u>\$ 4,062,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,683,021</u>

See independent auditors' 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, 2017**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments	HOME Investment Partnerships Program
<b>OPERATING REVENUES</b>				
Dwelling Rental Income	\$ 1,710,596	\$ -	\$ -	\$ -
Dwelling Rental Income - Pledged to Service Long-term Debt	-	-	161,162	226,366
Other Income	114,354	51,096	1,326	17,019
Total Operating Revenues	<u>1,824,950</u>	<u>51,096</u>	<u>162,488</u>	<u>243,385</u>
<b>OPERATING EXPENSES</b>				
Rental Assistance Payments	-	7,028,867	-	-
Depreciation and Amortization	991,246	-	33,778	59,092
Administrative	625,361	762,835	45,389	31,342
Ordinary Maintenance and Operation	852,429	-	63,101	42,208
Utilities	603,176	-	97,088	35,261
General Expenses	275,105	7,252	23,388	20,958
Extraordinary Maintenance	153,652	-	4,343	34,443
Protective Services	25,000	-	-	-
Tenant Services	3,393	-	-	-
Total Operating Expenses	<u>3,529,362</u>	<u>7,798,954</u>	<u>267,087</u>	<u>223,304</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,704,412)</u>	<u>(7,747,858)</u>	<u>(104,599)</u>	<u>20,081</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Subsidies from HUD and Department of Agriculture	954,470	7,826,902	133,701	-
Investment Return	(40,990)	-	1,059	61
Interest Expense	-	-	(17,623)	-
Loss on Disposition of Equipment	(1,311)	-	-	(2,061)
Total Nonoperating Revenue (Expense)	<u>912,169</u>	<u>7,826,902</u>	<u>117,137</u>	<u>(2,000)</u>

See independent auditors' report.

<u>Memorial Park Apartments</u>	<u>Capital Fund Program Cluster</u>	<u>Central Office Cost Center</u>	<u>Shelter Plus Care</u>	<u>Continuum Of Care</u>	<u>Eliminations</u>	<u>Total</u>
\$ 422,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,132,663
-	-	-	-	-	-	387,528
<u>24,638</u>	<u>-</u>	<u>1,024,660</u>	<u>-</u>	<u>-</u>	<u>(1,044,112)</u>	<u>188,981</u>
<u>446,705</u>	<u>-</u>	<u>1,024,660</u>	<u>-</u>	<u>-</u>	<u>(1,044,112)</u>	<u>2,709,172</u>
-	-	-	50,352	34,141	-	7,113,360
32,114	29,337	18,082	-	-	-	1,163,649
48,641	61,828	731,411	4,819	2,876	(915,472)	1,399,030
52,633	-	215,897	-	-	(128,640)	1,097,628
83,559	-	182	-	-	-	819,266
32,728	-	29,128	-	-	-	388,559
26,051	-	-	-	-	-	218,489
-	-	-	-	-	-	25,000
<u>5,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,016</u>
<u>281,349</u>	<u>91,165</u>	<u>994,700</u>	<u>55,171</u>	<u>37,017</u>	<u>(1,044,112)</u>	<u>12,233,997</u>
<u>165,356</u>	<u>(91,165)</u>	<u>29,960</u>	<u>(55,171)</u>	<u>(37,017)</u>	<u>-</u>	<u>(9,524,825)</u>
-	61,828	-	55,171	37,017	-	9,069,089
2,256	-	(13,353)	-	-	-	(50,967)
(36,095)	-	-	-	-	-	(53,718)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,372)</u>
<u>(33,839)</u>	<u>61,828</u>	<u>(13,353)</u>	<u>55,171</u>	<u>37,017</u>	<u>-</u>	<u>8,961,032</u>

See independent auditors' 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, 2017**

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments	HOME Investment Partnerships Program
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS</b>	(792,243)	79,044	12,538	18,081
<b>CONTRIBUTED CAPITAL - HUD SUBSIDY</b>	-	-	-	-
<b>EQUITY TRANSFERS</b>	493,986	-	-	-
<b>TRANSFERS - PROGRAM AND PROJECT</b>	-	-	-	116,846
<b>CHANGES IN NET POSITION</b>	(298,257)	79,044	12,538	134,927
<b>NET POSITION, BEGINNING OF YEAR</b>	13,083,813	369,904	79,392	(147,001)
<b>NET POSITION, END OF YEAR</b>	<u>\$ 12,785,556</u>	<u>\$ 448,948</u>	<u>\$ 91,930</u>	<u>\$ (12,074)</u>

See independent auditors' report.



<u>Memorial Park Apartments</u>	<u>Capital Fund Program Cluster</u>	<u>Central Office Cost Center</u>	<u>Shelter Plus Care</u>	<u>Continuum Of Care</u>	<u>Eliminations</u>	<u>Total</u>
131,517	(29,337)	16,607	-	-	-	(563,793)
<u>-</u>	<u>681,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>681,505</u>
<u>-</u>	<u>(493,986)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(116,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
131,517	158,182	(100,239)	-	-	-	117,712
<u>334,086</u>	<u>682,365</u>	<u>4,162,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,565,309</u>
<u>\$ 465,603</u>	<u>\$ 840,547</u>	<u>\$ 4,062,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,683,021</u>

See independent auditors' report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Entity-wide Balance Sheet**  
**March 31, 2017**

	Project Total	14.267 Continuum of Care Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments
111 Cash - Unrestricted	\$477,967			\$12,173
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				\$194,264
114 Cash - Tenant Security Deposits	\$171,505			\$16,095
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$649,472	\$0	\$0	\$222,532
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				\$1,467
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$82,287			\$8,089
126.1 Allow ance for Doubtful Accounts - Tenants	-\$34,560			-\$4,806
126.2 Allow ance for Doubtful Accounts - Other				\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allow ance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$18,952			\$1,725
120 Total Receivables, Net of Allow ances for Doubtful Accounts	\$66,679	\$0	\$0	\$6,475
131 Investments - Unrestricted	\$5,992,731			
132 Investments - Restricted				\$98,697
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$118,793			\$8,326
143 Inventories	\$22,278			
143.1 Allow ance for Obsolete Inventories	\$0			
144 Inter Program Due From	\$31			
145 Assets Held for Sale				
150 Total Current Assets	\$6,849,984	\$0	\$0	\$336,030
161 Land	\$843,321			\$46,358
162 Buildings	\$30,143,791		\$1,365,910	\$1,373,628
163 Furniture, Equipment & Machinery - Dw ellings	\$360,616			\$33,460
164 Furniture, Equipment & Machinery - Administration	\$2,707,791			\$1,107
165 Leasehold Improvements	\$3,641,543			\$179,075
166 Accumulated Depreciation	-\$30,432,925		-\$205,890	-\$1,476,514
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,264,137	\$0	\$1,160,020	\$157,114
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				
176 Investments in Joint Ventures				
180 Total Non-current Assets	\$7,264,137	\$0	\$1,160,020	\$157,114

See independent auditor's report.

<b>14.871 Housing Choice Vouchers</b>	<b>14.238 Shelter Plus Care</b>	<b>14.239 HOME Investment Partnerships Program</b>	<b>1 Business Activities</b>	<b>COCC</b>	<b>Subtotal</b>	<b>ELIM</b>	<b>Total</b>
\$312,310		\$9,076	\$291,602	\$688,470	\$1,791,598		\$1,791,598
\$168,677		\$167,620			\$530,561		\$530,561
		\$18,641	\$16,016		\$222,257		\$222,257
\$480,987	\$0	\$195,337	\$307,618	\$688,470	\$2,544,416	\$0	\$2,544,416
					\$1,467		\$1,467
\$39,591					\$39,591		\$39,591
		\$14,259	\$384		\$105,019		\$105,019
		-\$3,464	-\$246		-\$43,076		-\$43,076
-\$38,766					-\$38,766		-\$38,766
			\$1,112	\$4,489	\$26,278		\$26,278
\$825	\$0	\$10,795	\$1,250	\$4,489	\$90,513	\$0	\$90,513
			\$274,572	\$2,092,275	\$8,359,578		\$8,359,578
					\$98,697		\$98,697
\$2,145		\$6,622	\$10,714	\$8,506	\$155,106		\$155,106
				\$3,063	\$25,341		\$25,341
				\$0	\$0		\$0
				\$189,910	\$189,941	-\$189,941	\$0
\$483,957	\$0	\$212,754	\$594,154	\$2,986,713	\$11,463,592	-\$189,941	\$11,273,651
				\$1,089,767	\$1,979,446		\$1,979,446
		\$2,021,716	\$834,669	\$599	\$35,740,313		\$35,740,313
		\$21,488	\$42,890		\$458,454		\$458,454
\$40,974		\$4,831		\$275,496	\$3,030,199		\$3,030,199
		\$307,647			\$4,128,265		\$4,128,265
-\$38,974		-\$1,265,236	-\$96,561	-\$232,606	-\$33,748,706		-\$33,748,706
\$2,000	\$0	\$1,090,446	\$780,998	\$1,133,256	\$11,587,971	\$0	\$11,587,971
\$2,000	\$0	\$1,090,446	\$780,998	\$1,133,256	\$11,587,971	\$0	\$11,587,971

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, 2017**

	Project Total	14.267 Continuum of Care Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments
200 Deferred Outflow of Resources	\$170,183			
290 Total Assets and Deferred Outflow of Resources	\$14,284,304	\$0	\$1,160,020	\$493,144
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$5,761			\$4,321
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$25,695			
322 Accrued Compensated Absences - Current Portion	\$8,835			
324 Accrued Contingency Liability				
325 Accrued Interest Payable				\$197
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$97,164			\$9,101
341 Tenant Security Deposits	\$171,505			\$15,631
342 Unearned Revenue	\$20,689			\$1,388
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$48,661
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$329,649	\$0	\$0	\$79,299
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$1,365,910	\$321,920
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non-current	\$49,197			
355 Loan Liability - Non-current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$73,465			
350 Total Non-current Liabilities	\$122,662	\$0	\$1,365,910	\$321,920
300 Total Liabilities	\$452,311	\$0	\$1,365,910	\$401,219
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets	\$7,264,137		-\$205,890	-\$213,467
511.4 Restricted Net Position	\$96,718		\$0	\$292,961
512.4 Unrestricted Net Position	\$6,471,138	\$0	\$0	\$12,431
513 Total Equity - Net Assets / Position	\$13,831,993	\$0	-\$205,890	\$91,925
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$14,284,304	\$0	\$1,160,020	\$493,144

See independent auditor's report.

<b>14.871 Housing Choice Vouchers</b>	<b>14.238 Shelter Plus Care</b>	<b>14.239 HOME Investment Partnerships Program</b>	<b>1 Business Activities</b>	<b>COCC</b>	<b>Subtotal</b>	<b>ELIM</b>	<b>Total</b>
\$107,072				\$264,839	\$542,094		\$542,094
\$593,029	\$0	\$1,303,200	\$1,375,152	\$4,384,808	\$23,593,657	-\$189,941	\$23,403,716
\$5,025		\$3,838	\$2,006	\$6,616	\$27,567		\$27,567
\$18,941				\$39,016	\$83,652		\$83,652
				\$870	\$9,705		\$9,705
			\$2,956		\$3,153		\$3,153
		\$13,013	\$25,428		\$144,706		\$144,706
		\$17,766	\$15,250		\$220,152		\$220,152
		\$3,783	\$2,283		\$28,143		\$28,143
		\$62,400	\$58,181		\$169,242		\$169,242
\$24,999		\$161,491	\$3,420	\$31	\$189,941	-\$189,941	\$0
\$48,965	\$0	\$262,291	\$109,524	\$46,533	\$876,261	-\$189,941	\$686,320
		\$1,052,983	\$800,025		\$3,540,838		\$3,540,838
\$48,894				\$161,437	\$259,528		\$259,528
\$46,222				\$114,328	\$234,015		\$234,015
\$95,116	\$0	\$1,052,983	\$800,025	\$275,765	\$4,034,381	\$0	\$4,034,381
\$144,081	\$0	\$1,315,274	\$909,549	\$322,298	\$4,910,642	-\$189,941	\$4,720,701
\$2,000		-\$24,937	-\$77,208	\$1,133,256	\$7,877,891		\$7,877,891
\$229,527		\$167,620	\$0	\$150,511	\$937,337		\$937,337
\$217,421	\$0	-\$154,757	\$542,811	\$2,778,743	\$9,867,787	\$0	\$9,867,787
\$448,948	\$0	-\$12,074	\$465,603	\$4,062,510	\$18,683,015	\$0	\$18,683,015
\$593,029	\$0	\$1,303,200	\$1,375,152	\$4,384,808	\$23,593,657	-\$189,941	\$23,403,716

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, 2017**

	Project Total	14.267 Continuum of Care Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments
70300 Net Tenant Rental Revenue	\$1,573,784			\$147,904
70400 Tenant Revenue - Other	\$136,812			\$13,258
70500 Total Tenant Revenue	\$1,710,596	\$0	\$0	\$161,162
70600 HUD PHA Operating Grants	\$1,016,299	\$37,017		
70610 Capital Grants	\$681,503			
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				\$133,701
71100 Investment Income - Unrestricted	-\$40,990			\$17
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	\$114,352			\$1,326
71600 Gain or Loss on Sale of Capital Assets	-\$1,311			
72000 Investment Income - Restricted				\$1,042
70000 Total Revenue	\$3,480,449	\$37,017	\$0	\$297,248
91100 Administrative Salaries	\$80,593			
91200 Auditing Fees	\$8,580			\$1,600
91300 Management Fee	\$394,951	\$2,846		\$30,837
91310 Bookkeeping Fee	\$44,325			
91400 Advertising and Marketing	\$2,734			\$326
91500 Employee Benefit Contributions - Administrative	\$36,113			
91600 Office Expenses	\$42,609			\$2,399
91700 Legal Expense	\$12,612	\$30		\$2,470
91800 Travel	\$3,148			
91810 Allocated Overhead				
91900 Other	\$1,523			\$260
91000 Total Operating - Administrative	\$627,188	\$2,876	\$0	\$37,892
92000 Asset Management Fee	\$60,000			\$7,500
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$3,393			
92500 Total Tenant Services	\$3,393	\$0	\$0	\$0

See independent auditor's report.

14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	COCC	Subtotal	ELIM	Total
		\$216,419	\$407,781		\$2,345,888		\$2,345,888
		\$9,948	\$14,286		\$174,304		\$174,304
\$0	\$0	\$226,367	\$422,067	\$0	\$2,520,192	\$0	\$2,520,192
\$7,826,902	\$55,171				\$8,935,389		\$8,935,389
					\$681,503		\$681,503
				\$685,352	\$685,352	-\$685,352	\$0
				\$67,500	\$67,500	-\$67,500	\$0
				\$156,120	\$156,120	-\$156,120	\$0
				\$908,972	\$908,972	-\$908,972	\$0
					\$133,701		\$133,701
		\$8	\$2,257	-\$13,352	-\$52,060		-\$52,060
\$51,008					\$51,008		\$51,008
\$88		\$17,019	\$24,638	\$115,688	\$273,111	-\$135,140	\$137,971
		-\$2,061			-\$3,372		-\$3,372
		\$52			\$1,094		\$1,094
\$7,877,998	\$55,171	\$241,385	\$448,962	\$1,011,308	\$13,449,538	-\$1,044,112	\$12,405,426
\$271,278				\$496,883	\$848,754		\$848,754
\$16,016		\$486	\$858	\$2,660	\$30,200		\$30,200
\$178,872	\$4,801	\$26,676	\$41,040		\$680,023	-\$680,023	\$0
\$111,795					\$156,120	-\$156,120	\$0
\$106				\$99	\$3,265		\$3,265
\$116,191				\$177,066	\$329,370		\$329,370
\$51,939	\$18	\$1,419	\$4,663	\$38,074	\$141,121	-\$11,829	\$129,292
		\$1,312	\$175	\$44	\$16,643		\$16,643
\$5,074			\$353	\$15,132	\$23,707		\$23,707
\$11,564		\$1,450	\$1,553	\$1,456	\$17,806		\$17,806
\$762,835	\$4,819	\$31,343	\$48,642	\$731,414	\$2,247,009	-\$847,972	\$1,399,037
					\$67,500	-\$67,500	\$0
			\$5,623		\$9,016		\$9,016
\$0	\$0	\$0	\$5,623	\$0	\$9,016	\$0	\$9,016

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, 2017**

	Project Total	14.267 Continuum of Care Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments
93100 Water	\$145,545			\$22,375
93200 Electricity	\$304,326			\$65,972
93300 Gas	\$101,701			
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$51,604			\$8,741
93000 Total Utilities	\$603,176	\$0	\$0	\$97,088
94100 Ordinary Maintenance and Operations - Labor	\$358,324			
94200 Ordinary Maintenance and Operations - Materials and Other	\$96,974			\$4,807
94300 Ordinary Maintenance and Operations Contracts	\$228,724			\$58,295
94500 Employee Benefit Contributions - Ordinary Maintenance	\$168,406			
94000 Total Maintenance	\$852,428	\$0	\$0	\$63,102
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$25,000			
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$25,000	\$0	\$0	\$0
96110 Property Insurance	\$127,442			\$9,377
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$127,442	\$0	\$0	\$9,377
96200 Other General Expenses	\$2,392			
96210 Compensated Absences	\$12,716			
96300 Payments in Lieu of Taxes	\$77,427			\$7,244
96400 Bad Debt - Tenant Rents	\$55,128			\$6,768
96500 Bad Debt - Mortgages				
96600 Bad Debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$147,663	\$0	\$0	\$14,012
96710 Interest of Mortgage (or Bonds) Payable				\$17,623
96720 Interest on Notes Payable (Short and Lon-term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$17,623
96900 Total Operating Expenses	\$2,446,290	\$2,876	\$0	\$246,594
97000 Excess of Operating Revenue over Operating Expenses	\$1,034,159	\$34,141	\$0	\$50,654

See independent auditor's report.



14.871 Housing Choice Vouchers	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	COCC	Subtotal	ELIM	Total
		\$23,023	\$17,930		\$208,873		\$208,873
		\$11,672	\$50,430		\$432,400		\$432,400
		\$462	\$9,582		\$111,745		\$111,745
		\$103	\$5,617	\$182	\$66,247		\$66,247
\$0	\$0	\$35,260	\$83,559	\$182	\$819,265	\$0	\$819,265
				\$136,596	\$494,920		\$494,920
		\$4,304	\$6,289	\$14,969	\$127,343	-\$27,289	\$100,054
		\$37,903	\$46,344	\$8,583	\$379,849	-\$101,351	\$278,498
				\$55,748	\$224,154		\$224,154
\$0	\$0	\$42,207	\$52,633	\$215,896	\$1,226,266	-\$128,640	\$1,097,626
					\$25,000		\$25,000
\$0	\$0	\$0	\$0	\$0	\$25,000	\$0	\$25,000
		\$7,387	\$12,102	\$21,486	\$177,794		\$177,794
\$6,010					\$6,010		\$6,010
\$6,010	\$0	\$7,387	\$12,102	\$21,486	\$183,804	\$0	\$183,804
					\$2,392		\$2,392
\$1,242				\$7,642	\$21,600		\$21,600
		\$10,490	\$20,380		\$115,541		\$115,541
		\$3,082	\$246		\$65,224		\$65,224
\$1,242	\$0	\$13,572	\$20,626	\$7,642	\$204,757	\$0	\$204,757
			\$36,095		\$53,718		\$53,718
\$0	\$0	\$0	\$36,095	\$0	\$53,718	\$0	\$53,718
\$770,087	\$4,819	\$129,769	\$259,280	\$976,620	\$4,836,335	-\$1,044,112	\$3,792,223
\$7,107,911	\$50,352	\$111,616	\$189,682	\$34,688	\$8,613,203	\$0	\$8,613,203

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, 2017**

	Project Total	14.267 Continuum of Care Program	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	10.427 Rural Rental Assistance Payments
97100 Extraordinary Maintenance	\$153,652			\$4,344
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$34,141		
97350 HAP Portability-In				
97400 Depreciation Expense	\$984,025		\$36,557	\$33,777
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$3,583,967	\$37,017	\$36,557	\$284,715
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	-\$103,518	\$0	-\$36,557	\$12,533
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$46,338
11030 Beginning Equity	\$13,935,511	\$0	-\$169,333	\$79,392
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			
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	76		588
11210 Number of Unit Months Leased	5910	76		541
11270 Excess Cash	\$6,180,560			
11610 Land Purchases	\$0			
11620 Building Purchases	\$442,960			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$0			
11650 Leasehold Improvements Purchases	\$238,543			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

See independent auditor's report.

<b>14.871 Housing Choice Vouchers</b>	<b>14.238 Shelter Plus Care</b>	<b>14.239 HOME Investment Partnerships Program</b>	<b>1 Business Activities</b>	<b>COCC</b>	<b>Subtotal</b>	<b>ELIM</b>	<b>Total</b>
		\$13,106	\$6,627		\$177,729		\$177,729
		\$21,337	\$19,424		\$40,761		\$40,761
\$7,028,867	\$50,352				\$7,113,360		\$7,113,360
		\$59,092	\$32,114	\$18,082	\$1,163,647		\$1,163,647
\$7,798,954	\$55,171	\$223,304	\$317,445	\$994,702	\$13,331,832	-\$1,044,112	\$12,287,720
		\$116,846			\$116,846	-\$116,846	\$0
				-\$116,846	-\$116,846	\$116,846	\$0
\$0	\$0	\$116,846	\$0	-\$116,846	\$0	\$0	\$0
\$79,044	\$0	\$134,927	\$131,517	-\$100,240	\$117,706	\$0	\$117,706
\$0	\$0	\$74,400	\$55,411	\$0	\$176,149		\$176,149
\$369,904	\$0	-\$147,001	\$334,086	\$4,162,750	\$18,565,309		\$18,565,309
					\$0		\$0
\$280,271					\$280,271		\$280,271
\$168,677					\$168,677		\$168,677
16164	125	468	720	0	24141		24141
14906	125	430	707	0	22695		22695
					\$6,180,560		\$6,180,560
				\$0	\$0		\$0
				\$0	\$442,960		\$442,960
				\$0	\$0		\$0
				\$0	\$0		\$0
				\$0	\$238,543		\$238,543
				\$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, 2017**

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
111 Cash - Unrestricted	\$421,968	\$55,999	\$477,967
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$93,598	\$77,907	\$171,505
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$515,566	\$133,906	\$649,472
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$15,672	\$66,615	\$82,287
126.1 Allowance for Doubtful Accounts -Tenants	-\$3,687	-\$30,873	-\$34,560
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$16,092	\$2,860	\$18,952
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,077	\$38,602	\$66,679
131 Investments - Unrestricted	\$4,403,975	\$1,588,756	\$5,992,731
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$34,087	\$84,706	\$118,793
143 Inventories	\$1,599	\$20,679	\$22,278
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0
144 Inter Program Due From		\$31	\$31
145 Assets Held for Sale			
150 Total Current Assets	\$4,983,304	\$1,866,680	\$6,849,984
161 Land	\$263,496	\$579,825	\$843,321
162 Buildings	\$15,665,355	\$14,478,436	\$30,143,791
163 Furniture, Equipment & Machinery - Dwellings	\$310,784	\$49,832	\$360,616
164 Furniture, Equipment & Machinery - Administration	\$2,443,547	\$264,244	\$2,707,791
165 Leasehold Improvements	\$1,579,966	\$2,061,577	\$3,641,543
166 Accumulated Depreciation	-\$17,423,218	-\$13,009,707	-\$30,432,925
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,839,930	\$4,424,207	\$7,264,137
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-current Assets	\$2,839,930	\$4,424,207	\$7,264,137

See independent auditor's report.

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
200 Deferred Outflow of Resources	\$85,207	\$84,976	\$170,183
290 Total Assets and Deferred Outflow of Resources	\$7,908,441	\$6,375,863	\$14,284,304
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$2,623	\$3,138	\$5,761
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$12,062	\$13,633	\$25,695
322 Accrued Compensated Absences - Current Portion	\$4,965	\$3,870	\$8,835
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$70,304	\$26,860	\$97,164
341 Tenant Security Deposits	\$93,598	\$77,907	\$171,505
342 Unearned Revenue	\$13,678	\$7,011	\$20,689
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			
348 Loan Liability - Current			
310 Total Current Liabilities	\$197,230	\$132,419	\$329,649
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	\$19,375	\$29,822	\$49,197
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$36,782	\$36,683	\$73,465
350 Total Non-current Liabilities	\$56,157	\$66,505	\$122,662
300 Total Liabilities	\$253,387	\$198,924	\$452,311
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$2,839,930	\$4,424,207	\$7,264,137
511.4 Restricted Net Position	\$48,425	\$48,293	\$96,718
512.4 Unrestricted Net Position	\$4,766,699	\$1,704,439	\$6,471,138
513 Total Equity - Net Assets / Position	\$7,655,054	\$6,176,939	\$13,831,993
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$7,908,441	\$6,375,863	\$14,284,304

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, 2017**

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
70300 Net Tenant Rental Revenue	\$1,130,015	\$443,769	\$1,573,784
70400 Tenant Revenue - Other	\$60,763	\$76,049	\$136,812
70500 Total Tenant Revenue	\$1,190,778	\$519,818	\$1,710,596
70600 HUD PHA Operating Grants	\$523,606	\$492,693	\$1,016,299
70610 Capital Grants	\$314,596	\$366,907	\$681,503
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	-\$12,133	-\$28,857	-\$40,990
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	\$85,338	\$29,014	\$114,352
71600 Gain or Loss on Sale of Capital Assets		-\$1,311	-\$1,311
72000 Investment Income - Restricted			
70000 Total Revenue	\$2,102,185	\$1,378,264	\$3,480,449
91100 Administrative Salaries	\$46,305	\$34,288	\$80,593
91200 Auditing Fees	\$4,576	\$4,004	\$8,580
91300 Management Fee	\$271,828	\$123,123	\$394,951
91310 Book-keeping Fee	\$28,733	\$15,592	\$44,325
91400 Advertising and Marketing	\$1,178	\$1,556	\$2,734
91500 Employee Benefit contributions - Administrative	\$21,249	\$14,864	\$36,113
91600 Office Expenses	\$22,250	\$20,359	\$42,609
91700 Legal Expense	\$2,777	\$9,835	\$12,612
91800 Travel	\$1,492	\$1,656	\$3,148
91810 Allocated Overhead			
91900 Other	\$841	\$682	\$1,523
91000 Total Operating - Administrative	\$401,229	\$225,959	\$627,188
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	\$3,353	\$40	\$3,393
92500 Total Tenant Services	\$3,353	\$40	\$3,393

See independent auditor's report.

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
93100 Water	\$76,528	\$69,017	\$145,545
93200 Electricity	\$287,076	\$17,250	\$304,326
93300 Gas	\$98,310	\$3,391	\$101,701
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$47,891	\$3,713	\$51,604
93000 Total Utilities	\$509,805	\$93,371	\$603,176
94100 Ordinary Maintenance and Operations - Labor	\$156,176	\$202,148	\$358,324
94200 Ordinary Maintenance and Operations - Materials and	\$31,689	\$65,285	\$96,974
94300 Ordinary Maintenance and Operations Contracts	\$148,642	\$80,082	\$228,724
94500 Employee Benefit Contributions - Ordinary Maintenance	\$86,768	\$81,638	\$168,406
94000 Total Maintenance	\$423,275	\$429,153	\$852,428
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs	\$16,480	\$8,520	\$25,000
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$16,480	\$8,520	\$25,000
96110 Property Insurance	\$34,052	\$93,390	\$127,442
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$34,052	\$93,390	\$127,442
96200 Other General Expenses	\$57	\$2,335	\$2,392
96210 Compensated Absences	\$13,564	-\$848	\$12,716
96300 Payments in Lieu of Taxes	\$56,229	\$21,198	\$77,427
96400 Bad debt - Tenant Rents	\$4,117	\$51,011	\$55,128
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$73,967	\$73,696	\$147,663
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	\$1,500,921	\$945,369	\$2,446,290
97000 Excess of Operating Revenue over Operating Expenses	\$601,264	\$432,895	\$1,034,159

See independent auditors' report.

**Pennington County Housing and Redevelopment Commission**  
**(A Component Unit of Pennington County)**  
**Financial Data Schedule - Projects Income Statement (Continued)**  
**March 31, 2017**

	<b>SD045000011</b>	<b>SD045000016</b>	<b>Total</b>
97100 Extraordinary Maintenance	\$106,713	\$46,939	\$153,652
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$456,646	\$527,379	\$984,025
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$2,064,280	\$1,519,687	\$3,583,967
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	\$37,905	-\$141,423	-\$103,518
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$7,617,149	\$6,318,362	\$13,935,511
11040 Prior Period Adjustments, Equity Transfers and Correction			\$0
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	3831	2079	5910
11270 Excess Cash	\$4,629,969	\$1,550,591	\$6,180,560
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$314,596	\$128,364	\$442,960
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$238,543	\$238,543
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

See independent auditors' report.



**Pennington County Housing and Redevelopment Commission  
 (A Component Unit of Pennington County)  
 Modernization Projects Completed  
 March 31, 2017**

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**PUBLIC HOUSING CAPITAL FUND PROGRAM**

<u>Classification</u>	<u>Project # SD06P045501-15</u>
Fees and Costs	\$ 47,751
Site Improvement	233,182
Dwelling Structures	254,110
Dwelling Equipment	-
Non-Dwelling Equipment	-
Administration Costs	<u>59,449</u>
Total Capital Fund Project Expenditures	<u>\$ 594,492</u>
Capital Fund Advances Received through March 31, 2017	<u>\$ 594,492</u>
Total Capital Fund Amount Approved	<u>\$ 594,492</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 March 13, 2017.

See independent auditors' report.

**Pennington County Housing and Redevelopment Commission  
(A Component Unit of Pennington County)  
Schedule of Expenditures of Federal Awards  
March 31, 2017**

	Amount	CFDA Number
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Direct Federal Funding:		
Public and Indian Housing	\$ 954,470	14.850
Section 8 Housing Choice Vouchers	7,826,902	14.871
Public Housing Capital Fund	743,332	14.872
Shelter Plus Care	55,171	14.238
Continuum of Care	37,017	14.267
<b>US DEPARTMENT OF AGRICULTURE</b>		
Direct Federal Funding:		
Rural Rental Assistance Payments	133,701	10.427
	<b>\$ 9,750,593</b>	

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. The Commission's reporting entity is defined in the notes to the component unit financial statements of the Commission.

NOTE 2: The accompanying schedule of expenditures of federal awards presents the federal grant activity of Pennington County Housing and Redevelopment Commission and is presented on the accrual basis of accounting. 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. The Commission has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditors' report.