



Financial Statements
December 31, 2023 and 2022

The Housing and Redevelopment
Commission of the City of Aberdeen,
South Dakota

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

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December 31, 2023 and 2022

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Independent Auditor's Report

The Board of Commissioners
The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
(A Component Unit of the City of Aberdeen, South Dakota)
Aberdeen, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota (the "Commission"), a component unit of the City of Aberdeen, South Dakota, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and each major fund of The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota (the "Commission"), a component unit of the City of Aberdeen, South Dakota, as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 10 and the Schedule of Net Pension Liability (Asset) and Schedule of Pension Contributions on pages 54 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Financial Data Schedule and Schedule of Modernization Projects Completed, as required by U.S. Department of Housing and Urban Development, along with the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Aberdeen, South Dakota
April 29, 2024

Note 1 - Introduction

This section of The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota's (the "Commission") annual financial report presents management's discussion and analysis of the Commission's financial performance during the years ended December 31, 2023 and 2022. This analysis is meant to provide additional insight into the Commission's significant financial issues and concerns and should be read in conjunction with the independent auditor's report, financial statements, notes to the financial statements, and supplementary information.

The Commission was established in 1969 for the purpose of providing housing and housing assistance to the low and very low income, elderly, family, and disabled, through low-rent housing programs designated to provide decent, safe, affordable, and sanitary housing. The Commission operates four separate programs for low-income housing. These programs are Public Housing, Section 8 Housing Choice Voucher Program, the Sherman Apartments, which is a Section 8 New Construction project, and Aberdeen Housing Management. The Commission also manages Lawson View Townhomes, Sunshine Park Townhomes, Meadow Wood Townhomes, Jackson Heights, Central Villas, and Housing Plus. Lawson View Townhomes is also a multifamily HUD property which also has Tax Credits and Home Funds. Sunshine Park Townhomes, Meadow Wood Townhomes, Jackson Heights, and Central Villas are Tax Credit and Home Fund properties. Management fees derived from these properties are reflected in the AHA Management account. For a detailed description of each program, please see Note 1 of the notes to the financial statements. A breakdown of the individual programs' financial information can be found in the supplementary information section of the following financial statements.

These financial statements present the Commission and its blended component units, Aberdeen Housing, LLC; Lawson Developers, LLC; AHA Housing, LLC; and Meadow Wood Housing, LLC. These entities were created to assist in the development and management of the Lawson View Townhomes Limited Partnership, of which Aberdeen Housing, LLC is a special limited partner, Sunshine Park Limited Partnership, of which AHA Housing, LLC is a general partner, and Meadow Wood Townhomes Limited Partnership, of which Meadow Wood Housing, LLC is a general partner.

The financial statements also present the financial information of the aforementioned Lawson View Townhomes, LP, Sunshine Park, LP, Meadow Wood Townhomes, LP, Jackson Heights Apartments, LP, Central Villas, LP, and Housing Plus, Inc, as discretely presented component units. For all six of these entities, the Commission or one of its blended component units is a partner and management agent for the limited partnership.

All of the Commission's core programs are accounted for as one enterprise fund for financial reporting purposes. The Commission's blended component units are also reported as enterprise funds. The Commission is a component unit of the City of Aberdeen, South Dakota, and its financial statements are included in the Annual Report of the City of Aberdeen.

Note 2 - Financial Highlights for 2023

- Total assets and deferred outflows of resources of the Commission decreased \$71,333 (or 1.1%) as of December 31, 2023.
- Total liabilities and deferred inflows of resources of the Commission increased \$26,526 (or 7.95%) as of December 31, 2023.
- Net position of the Commission decreased \$97,859 (or 1.6%) as of December 31, 2023.
- Unrestricted cash of the Commission increased \$21,977 (or 0.96%) as of December 31, 2023.
- Operating revenue of the Commission increased \$367,641 (or 8.87%) from 2022 to 2023.
- Operating expenses of the Commission increased \$472,617 (or 11.1%) from 2022 to 2023.
- Non-operating revenues and expenses increased \$13,223 (or 60.6%) from 2022 to 2023.
- Capital contributions decreased \$164,484 (or 65.3%) from 2022 to 2023.

Note 3 - Financial Highlights for 2022

- Total assets and deferred outflows of resources of the Commission decreased \$136,611 (or 2.1%) as of December 31, 2022.
- Total liabilities and deferred inflows of resources of the Commission decreased \$294,989 (or 46.92%) as of December 31, 2022.
- Net position of the Commission increased \$158,378 (or 2.7%) as of December 31, 2022.
- Unrestricted cash of the Commission increased \$170,305 (or 8.05%) as of December 31, 2022.
- Operating revenue of the Commission increased \$410,969 (or 11.0%) from 2021 to 2022.
- Operating expenses of the Commission increased \$526,038 (or 14.1%) from 2021 to 2022.
- Non-operating revenues and expenses decreased \$250 (or 1.1%) from 2021 to 2022.
- Capital contributions increased \$51,581 (or 25.75%) from 2021 to 2022.

Note 4 - Commission's Financial Statements

Enterprise Funds

The Commission is presenting its discussion and analysis based on the financial results of its enterprise funds in three basic financial statements: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows. The statements of net position report all financial and capital assets of the Commission and are presented in a format where assets equal liabilities plus net position and also serves as the basis for analysis of the soundness and liquidity of the Commission. Net position is broken down into the following three categories:

- Net Investment in Capital Assets – Consists of all capital assets net of accumulated depreciation, reduced by the outstanding balances of mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted Net Position – Consists of assets that are restricted by constraints placed on the asset by external parties, such as creditors, grantors, contributors, laws, or regulations, reduced by liabilities payable from such assets.

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

The statements of revenues, expenses, and changes in net position include operating revenues, such as rental income and grant revenue; operating expenses, such as administrative, utilities, maintenance, and depreciation; non-operating revenues and expenses, such as investment income and interest expense; and capital contributions. The statements' focus is in the change in net position which is similar to net income and loss and summarizes the Commission's operating performance for the year.

Finally, the statements of cash flows are included, which disclose net cash flows from operating activities, capital and related financing activities, investing activities, and non-capital investing and financing activities.

These basic financial statements utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

Capital Assets

As of December 31, 2023 and 2022, the Commission's capital assets for its business-type activities were \$2,614,913 and \$2,780,158 (net of accumulated depreciation), respectively. Capital assets include land, buildings, improvements, and equipment.

Major capital asset purchases during the year ended December 31, 2023, include the following:

- Capital expenditures of \$17,681 for building improvements in Public Housing.
- Capital expenditures of \$30,772 for furniture and fixtures in Public Housing.
- Capital expenditures of \$5,763 for furniture and fixtures at the Sherman Apartments.

Major capital assets purchases during the year ended December 31, 2022, include the following:

- Capital expenditures of \$64,474 for building improvements in Public Housing.
- Capital expenditures of \$29,180 for furniture and fixtures in Public Housing.
- Capital expenditures of \$41,866 for furniture and fixtures at the Sherman Apartments.
- Capital expenditures of \$33,260 for furniture and fixtures in Management.
- Capital expenditures of \$10,449 for furniture and fixtures in Section 8 Voucher.

Additional information on the Commission's capital assets can be found in Note 3 of this report.

Note 5 - Long-Term Liabilities

As of December 31, 2023 and 2022, long-term liabilities totaled \$0 and \$0, respectively. There was no new long-term debt issued during 2023 or 2022.

Note 6 - Program Revenues and Expenses by Major Source and Category

Aberdeen Housing Commission – Primary Government Enterprise Fund

Significant information relating to the revenues and expenses of the subfunds of the Aberdeen Housing Commission enterprise fund is presented below.

Aberdeen Housing Commission – Public Housing

Year Ended December 31, 2023:

Total operating revenue increased by \$79,590 from 2022 to 2023. Total operating expenses decreased by \$44,443. Capital contributions decreased by \$164,484.

Year Ended December 31, 2022:

Total operating revenue decreased by \$22,943 from 2022 to 2023. Total operating expenses increased by \$127,586. Capital contributions increased by \$51,581.

Aberdeen Housing Commission – Section 8 Vouchers

Year Ended December 31, 2023:

Total operating revenue increased by \$276,229 from 2022 to 2023. Total operating expenses increased by \$414,766.

Year Ended December 31, 2022:

Total operating revenue increased by \$394,727 from 2022 to 2023. Total operating expenses increased by \$294,915.

Aberdeen Housing Commission – Section 8 New Construction (Sherman Apartments)

Year Ended December 31, 2023:

Total operating revenue increased by \$10,419 from 2022 to 2023. Total operating expenses increased by \$5,650. Total non-operating revenue/expenses increased by \$169.

Year Ended December 31, 2022:

Total operating revenue increased by \$8,453 from 2022 to 2023. Total operating expenses increased by \$35,971. Total non-operating revenue/expenses increased by \$622.

Aberdeen Housing Commission – Management Account

Year Ended December 31, 2023:

Total operating revenue increased by \$1,403 from 2022 to 2023. Total operating expenses increased by \$96,634. Total non-operating revenues increased by \$12,995.

Year Ended December 31, 2022:

Total operating revenue decreased by \$899 from 2022 to 2023. Total operating expenses increased by \$36,435. Total non-operating revenues decreased by \$398.

Significant information pertaining to the four blended component units of the Aberdeen Housing Commission is presented below.

Aberdeen Housing, LLC

Aberdeen Housing, LLC had limited activity during 2022 and 2023. Total operating revenues were \$0. Total operating expenses were \$50 for the years ended December 31, 2023 and 2022.

Lawson Developers, LLC

Lawson Developers, LLC had limited activity during 2022 and 2023. Total operating revenues were \$0. Total operating expenses and transfers out were \$8,667 and \$8,667 for the years ended December 31, 2023 and 2022, respectively.

AHA Housing, LLC

Aberdeen Housing, LLC had limited activity during 2022 and 2023. Total operating revenues were \$0. Total operating expenses were \$50 for the years ended December 31, 2023 and 2022.

Meadow Wood Housing, LLC

Meadow Wood Housing, LLC had limited activity during 2022 and 2023. Total operating revenues were \$5,500 for the years ended December 31, 2023 and 2022. Total operating expenses and transfers were \$5,450 and \$5,450 for the years ended December 31, 2023 and 2022, respectively.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Management's Discussion and Analysis
December 31, 2023 and 2022

Note 7 - Condensed Financial Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets	\$ 2,494,021	\$ 2,374,762	\$ 2,227,236
Capital assets	2,614,913	2,780,158	2,813,951
Other assets	<u>850,027</u>	<u>852,312</u>	<u>1,066,719</u>
 Total assets	 <u>5,958,961</u>	 <u>6,007,232</u>	 <u>6,107,906</u>
 Deferred Outflows of Resources	 <u>241,011</u>	 <u>264,073</u>	 <u>300,010</u>
 Total assets and deferred outflows	 <u>\$ 6,199,972</u>	 <u>\$ 6,271,305</u>	 <u>\$ 6,407,916</u>
Liabilities			
Current liabilities	\$ 207,565	\$ 164,638	\$ 176,315
 Total liabilities	 <u>207,565</u>	 <u>164,638</u>	 <u>176,315</u>
 Deferred Inflows of Resources	 <u>152,736</u>	 <u>169,137</u>	 <u>452,449</u>
Net Position			
Net investment in capital assets	2,614,913	2,780,158	2,813,951
Restricted net position	18,632	60,907	14,137
Restricted for pension	91,313	97,839	81,590
Unrestricted net position	<u>3,114,813</u>	<u>2,998,626</u>	<u>2,869,474</u>
 Total net position	 <u>5,839,671</u>	 <u>5,937,530</u>	 <u>5,779,152</u>
 Total liabilities, deferred inflows and net position	 <u>\$ 6,199,972</u>	 <u>\$ 6,271,305</u>	 <u>\$ 6,407,916</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Management's Discussion and Analysis
December 31, 2023 and 2022

	2023	2022	2021
Operating Revenues			
Dwelling rental income	\$ 900,061	\$ 868,630	\$ 865,040
HUD subsidies	3,292,994	2,956,567	2,562,297
Management and administration fees	305,836	305,756	293,963
Other	14,674	14,971	13,655
Total operating revenues	<u>4,513,565</u>	<u>4,145,924</u>	<u>3,734,955</u>
Operating Expenses			
Rental assistance payments	2,620,880	2,325,795	2,142,153
General and administrative	2,112,994	1,935,462	1,593,066
Total operating expenses	<u>4,733,874</u>	<u>4,261,257</u>	<u>3,735,219</u>
Operating Income (Loss)	(220,309)	(115,333)	(264)
Nonoperating Revenue (Expense)	35,033	21,810	22,060
Capital Contributions	87,417	251,901	200,320
Change in Net Position	(97,859)	158,378	222,116
Net Position, Beginning	5,937,530	5,779,152	5,557,036
Net Position, End of Year	<u>\$ 5,839,671</u>	<u>\$ 5,937,530</u>	<u>\$ 5,779,152</u>

Economic Factors and Future Development

Significant economic factors that can affect the Aberdeen Housing Authority are as follows:

- Federal funding appropriations provided by Congress to HUD
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs

Note 8 - Contacting the Commission's Financial Management

This report is presented to provide additional information regarding the operations of the Commission and to meet the requirements of GASB Statement No. 34.

The information in this report is intended to provide the reader with an overview of the Commission's operations, along with the Commission's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The Aberdeen Housing Commission, 310 South Roosevelt Street, Aberdeen, South Dakota, 57401.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Net Position
December 31, 2023

	2023						Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units				Total	
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC		
Assets							
Current Assets							
Cash and cash equivalents	\$ 2,255,290	\$ -	\$ -	\$ -	\$ -	\$ 2,255,290	\$ 535,698
Tenant accounts receivable	3,539	-	-	-	-	3,539	23,286
Funded security deposits	51,597	-	-	-	-	51,597	87,333
Other accounts receivable	135,948	-	-	-	-	135,948	4,837
Accrued interest receivable	22,347	-	-	-	-	22,347	-
Prepaid expenses	25,300	-	-	-	-	25,300	30,577
Total current assets	2,494,021	-	-	-	-	2,494,021	681,731
Property and Equipment							
Land and land improvements	540,961	-	-	-	-	540,961	715,043
Buildings and improvements	10,212,724	-	-	-	-	10,212,724	20,826,149
Furniture, equipment and machinery - dwellings	396,784	-	-	-	-	396,784	1,371,029
Furniture, equipment and machinery - nondwelling	420,823	-	-	-	-	420,823	-
	11,571,292	-	-	-	-	11,571,292	22,912,221
Less accumulated depreciation	(8,956,379)	-	-	-	-	(8,956,379)	(9,906,355)
Total property and equipment	2,614,913	-	-	-	-	2,614,913	13,005,866
Other Assets							
Restricted deposits and reserves	319,180	-	-	-	-	319,180	1,208,036
Note receivable - related party	380,186	-	-	-	-	380,186	-
Other non-current receivables - related party	-	-	8,662	-	-	8,662	-
Investment in limited partnerships	138,653	100	-	10	198	138,961	-
Net pension asset	3,038	-	-	-	-	3,038	-
Tax credit fees, at cost, net of accumulated amortization	-	-	-	-	-	-	63,250
Total other assets	841,057	100	8,662	10	198	850,027	1,271,286
Deferred Outflows of Resources							
Pension related deferred outflows	241,011	-	-	-	-	241,011	-
	\$ 6,191,002	\$ 100	\$ 8,662	\$ 10	\$ 198	\$ 6,199,972	\$ 14,958,883

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Net Position
December 31, 2023 and 2022

	2023					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,073
Accounts payable	12,513	-	-	-	-	12,513	72,523
Due to other governments	36,641	-	-	-	-	36,641	-
Tenant security deposits	51,597	-	-	-	-	51,597	87,333
Accrued liabilities:							
Wages and payroll taxes payable	52,785	-	-	-	-	52,785	-
Interest	-	-	-	-	-	-	30,627
Vacation pay	52,476	-	-	-	-	52,476	-
Unearned revenues	1,553	-	-	-	-	1,553	-
Other	-	-	-	-	-	-	75,000
Prepaid revenue	-	-	-	-	-	-	3,328
Total current liabilities	207,565	-	-	-	-	207,565	393,884
Non-Current Liabilities							
Long-term debt, net of current portion and unamortized debt issuance costs	-	-	-	-	-	-	4,043,470
Other non-current payable	-	-	-	-	-	-	56,649
Total non-current liabilities	-	-	-	-	-	-	4,100,119
Total liabilities	207,565	-	-	-	-	207,565	4,494,003
Deferred Inflows of Resources							
Pension related deferred inflows	152,736	-	-	-	-	152,736	-
Net Position							
Net investment in capital assets	2,614,913	-	-	-	-	2,614,913	8,812,943
Restricted for HUD Voucher Program	18,632	-	-	-	-	18,632	-
Restricted for mortgage escrows	-	-	-	-	-	-	1,208,036
Restricted for pension (see Note 8)	91,313	-	-	-	-	91,313	-
Unrestricted net position	3,105,843	100	8,662	10	198	3,114,813	443,901
Total net position	5,830,701	100	8,662	10	198	5,839,671	10,464,880
	\$ 6,191,002	\$ 100	\$ 8,662	\$ 10	\$ 198	\$ 6,199,972	\$ 14,958,883

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Net Position
December 31, 2022

	2022					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Assets							
Current Assets							
Cash and cash equivalents	\$ 2,235,941	\$ -	\$ -	\$ -	\$ -	\$ 2,235,941	\$ 690,157
Tenant accounts receivable	6,054	-	-	-	-	6,054	20,688
Funded security deposits	48,969	-	-	-	-	48,969	92,972
Other accounts receivable	37,683	-	-	-	-	37,683	-
Accrued interest receivable	21,930	-	-	-	-	21,930	-
Prepaid expenses	24,185	-	-	-	-	24,185	29,260
Total current assets	2,374,762	-	-	-	-	2,374,762	833,077
Property and Equipment							
Land and land improvements	540,961	-	-	-	-	540,961	715,043
Buildings and improvements	10,195,043	-	-	-	-	10,195,043	20,811,646
Furniture, equipment and machinery - dwellings	365,131	-	-	-	-	365,131	1,277,432
Furniture, equipment and machinery - nondwelling	419,871	-	-	-	-	419,871	-
	11,521,006	-	-	-	-	11,521,006	22,804,121
Less accumulated depreciation	(8,740,848)	-	-	-	-	(8,740,848)	(9,044,718)
Total property and equipment	2,780,158	-	-	-	-	2,780,158	13,759,403
Other Assets							
Restricted deposits and funded reserves	303,960	-	-	-	-	303,960	1,129,612
Note receivable - related party	389,159	-	-	-	-	389,159	-
Other non-current receivables - related party	-	-	17,329	-	-	17,329	-
Investment in limited partnerships	138,653	100	-	10	198	138,961	-
Net pension asset	2,903	-	-	-	-	2,903	-
Tax credit fees, at cost, net of accumulated amortization	-	-	-	-	-	-	76,890
Total other assets	834,675	100	17,329	10	198	852,312	1,206,502
Deferred Outflows of Resources							
Pension related deferred outflows	264,073	-	-	-	-	264,073	-
	\$ 6,253,668	\$ 100	\$ 17,329	\$ 10	\$ 198	\$ 6,271,305	\$ 15,798,982

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statements of Net Position
December 31, 2022

	2022					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,786
Accounts payable	8,118	-	-	-	-	8,118	36,974
Due to other governments	34,943	-	-	-	-	34,943	-
Tenant security deposits	48,969	-	-	-	-	48,969	92,700
Accrued liabilities:							
Wages and payroll taxes payable	33,123	-	-	-	-	33,123	-
Interest	-	-	-	-	-	-	30,889
Vacation pay	38,688	-	-	-	-	38,688	-
Unearned revenues	797	-	-	-	-	797	-
Other	-	-	-	-	-	-	71,121
Total current liabilities	164,638	-	-	-	-	164,638	430,470
Non-Current Liabilities							
Long-term debt, net of current portion and unamortized debt issuance costs	-	-	-	-	-	-	4,164,364
Other non-current payable - related party	-	-	-	-	-	-	93,103
Total non-current liabilities	-	-	-	-	-	-	4,257,467
Total liabilities	164,638	-	-	-	-	164,638	4,687,937
Deferred Inflows of Resources							
Pension related deferred inflows	169,137	-	-	-	-	169,137	-
Net Position							
Net investment in capital assets	2,780,158	-	-	-	-	2,780,158	9,368,418
Restricted for HUD Voucher Program	60,907	-	-	-	-	60,907	-
Restricted for mortgage escrows	-	-	-	-	-	-	1,129,612
Restricted for pension (see Note 8)	97,839	-	-	-	-	97,839	-
Unrestricted net position	2,980,989	100	17,329	10	198	2,998,626	613,015
Total net position	5,919,893	100	17,329	10	198	5,937,530	11,111,045
	\$ 6,253,668	\$ 100	\$ 17,329	\$ 10	\$ 198	\$ 6,271,305	\$ 15,798,982

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023

	2023					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Operating Revenues							
Dwelling rental income	\$ 900,061	\$ -	\$ -	\$ -	\$ -	\$ 900,061	\$ 1,426,433
HUD subsidies	3,292,994	-	-	-	-	3,292,994	-
Management and administration fees	300,336	-	-	-	5,500	305,836	47,046
Other revenue	14,674	-	-	-	-	14,674	17,753
Total operating revenues	<u>4,508,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>4,513,565</u>	<u>1,491,232</u>
Operating Expenses							
Administrative	1,208,421	50	60	50	50	1,208,631	353,290
Tenant services	111,749	-	-	-	-	111,749	-
Utilities	138,248	-	-	-	-	138,248	196,827
Ordinary maintenance and operation	289,893	-	-	-	-	289,893	444,870
General expenses	101,572	-	-	-	-	101,572	76,378
Rental assistance payments	2,620,880	-	-	-	-	2,620,880	-
Depreciation and amortization	219,295	-	-	-	-	219,295	875,277
Extraordinary maintenance	43,606	-	-	-	-	43,606	-
Total operating expenses	<u>4,733,664</u>	<u>50</u>	<u>60</u>	<u>50</u>	<u>50</u>	<u>4,733,874</u>	<u>1,946,642</u>
Operating Income (Loss)	<u>(225,599)</u>	<u>(50)</u>	<u>(60)</u>	<u>(50)</u>	<u>5,450</u>	<u>(220,309)</u>	<u>(455,410)</u>
Nonoperating Revenue (Expense)							
Interest income	35,266	-	-	-	-	35,266	11,006
Interest expense	-	-	-	-	-	-	(129,711)
Loss on disposal of property and equipment	(233)	-	-	-	-	(233)	-
Total nonoperating revenue (expense)	<u>35,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,033</u>	<u>(118,705)</u>
Income (Loss) Before Other Revenues, Expenses, and Transfers	<u>(190,566)</u>	<u>(50)</u>	<u>(60)</u>	<u>(50)</u>	<u>5,450</u>	<u>(185,276)</u>	<u>(574,115)</u>
Capital contributions	87,417	-	-	-	-	87,417	-
Capital distributions	-	-	-	-	-	-	(72,050)
Transfer to (from) blended component units	13,957	50	(8,607)	50	(5,450)	-	-
Change in Net Position	<u>(89,192)</u>	<u>-</u>	<u>(8,667)</u>	<u>-</u>	<u>-</u>	<u>(97,859)</u>	<u>(646,165)</u>
Net Position, Beginning of Year	<u>5,919,893</u>	<u>100</u>	<u>17,329</u>	<u>10</u>	<u>198</u>	<u>5,937,530</u>	<u>11,111,045</u>
Net Position, End of Year	<u>\$ 5,830,701</u>	<u>\$ 100</u>	<u>\$ 8,662</u>	<u>\$ 10</u>	<u>\$ 198</u>	<u>\$ 5,839,671</u>	<u>\$ 10,464,880</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2022

	2022					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Operating Revenues							
Dwelling rental income	\$ 868,630	\$ -	\$ -	\$ -	\$ -	\$ 868,630	\$ 1,449,220
HUD subsidies	2,956,567	-	-	-	-	2,956,567	-
Management and administration fees	300,256	-	-	-	5,500	305,756	25,731
Other revenue	14,971	-	-	-	-	14,971	6,748
Total operating revenues	<u>4,140,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>4,145,924</u>	<u>1,481,699</u>
Operating Expenses							
Administrative	899,743	50	50	50	50	899,943	356,082
Tenant services	110,291	-	-	-	-	110,291	-
Utilities	133,587	-	-	-	-	133,587	197,327
Ordinary maintenance and operation	285,587	-	-	-	-	285,587	270,675
General expenses	92,051	-	-	-	-	92,051	71,178
Rental assistance payments	2,325,795	-	-	-	-	2,325,795	-
Depreciation and amortization	212,746	-	-	-	-	212,746	906,714
Extraordinary maintenance	201,257	-	-	-	-	201,257	-
Total operating expenses	<u>4,261,057</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>	<u>4,261,257</u>	<u>1,801,976</u>
Operating Income (Loss)	<u>(120,633)</u>	<u>(50)</u>	<u>(50)</u>	<u>(50)</u>	<u>5,450</u>	<u>(115,333)</u>	<u>(320,277)</u>
Nonoperating Revenue (Expense)							
Interest income	22,086	-	-	-	-	22,086	2,246
Interest expense	-	-	-	-	-	-	(131,860)
Loss on disposal of property and equipment	(276)	-	-	-	-	(276)	-
Total nonoperating revenue (expense)	<u>21,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,810</u>	<u>(129,614)</u>
Income (Loss) Before Other Revenues, Expenses, and Transfers	(98,823)	(50)	(50)	(50)	5,450	(93,523)	(449,891)
Capital contributions	251,901	-	-	-	-	251,901	-
Capital distributions	-	-	-	-	-	-	(26,580)
Transfer to (from) blended component units	13,967	50	(8,617)	50	(5,450)	-	-
Change in Net Position	167,045	-	(8,667)	-	-	158,378	(476,471)
Net Position, Beginning of Year	5,752,848	100	25,996	10	198	5,779,152	11,587,516
Net Position, End of Year	<u>\$ 5,919,893</u>	<u>\$ 100</u>	<u>\$ 17,329</u>	<u>\$ 10</u>	<u>\$ 198</u>	<u>\$ 5,937,530</u>	<u>\$ 11,111,045</u>

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Statement of Cash Flows

Year Ended December 31, 2023

	2023					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Operating Activities							
Receipts from tenant payments	\$ 905,960	\$ -	\$ -	\$ -	\$ -	\$ 905,960	\$ 1,474,208
Receipts for management fees and other	216,745	-	8,667	-	5,500	230,912	17,753
Receipts from HUD subsidies	3,292,994	-	-	-	-	3,292,994	-
Payments to employees	(967,879)	-	-	-	-	(967,879)	-
Housing assistance payments	(2,620,880)	-	-	-	-	(2,620,880)	-
Payments to suppliers and others	(880,656)	(50)	(60)	(50)	(50)	(880,866)	(1,038,881)
Net Cash from (used for) Operating Activities	(53,716)	(50)	8,607	(50)	5,450	(39,759)	453,080
Noncapital Financing Activities							
Transfers from blended component unit	14,167	-	(8,667)	-	(5,500)	-	-
Transfers (to) blended component unit	(210)	50	60	50	50	-	-
HUD capital contributions	87,417	-	-	-	-	87,417	-
Net Cash from (used for) Noncapital Financing Activities	101,374	50	(8,607)	50	(5,450)	87,417	-
Capital and Related Financing Activities							
Purchase of property and equipment	(54,283)	-	-	-	-	(54,283)	(108,098)
Purchase of other assets	-	-	-	-	-	-	(27,787)
Payment on other liabilities	-	-	-	-	-	-	(8,667)
Payments for interest	-	-	-	-	-	-	(126,259)
Principal payments on long-term debt	-	-	-	-	-	-	(198,062)
Equity distributions	-	-	-	-	-	-	(72,050)
Net Cash used for Capital and Related Financing Activities	(54,283)	-	-	-	-	(54,283)	(540,923)
Investing Activities							
Payments received on notes receivable	8,973	-	-	-	-	8,973	-
Interest received	34,849	-	-	-	-	34,849	11,006
Net Cash from Investing Activities	43,822	-	-	-	-	43,822	11,006
Net Change in Cash and Cash Equivalents	37,197	-	-	-	-	37,197	(76,837)
Cash and Cash Equivalents, Beginning of Year	2,588,870	-	-	-	-	2,588,870	1,912,741
Cash and Cash Equivalents, End of Year	\$ 2,626,067	\$ -	\$ -	\$ -	\$ -	\$ 2,626,067	\$ 1,835,904

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Cash Flows
Year Ended December 31, 2023

	2023					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC			
Cash consists of:							
Cash	\$ 2,255,290	\$ -	\$ -	\$ -	\$ -	\$ 2,255,290	\$ 535,698
Funded security deposits	51,597	-	-	-	-	51,597	87,333
Restricted deposits	319,180	-	-	-	-	319,180	1,208,036
	<u>\$ 2,626,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,626,067</u>	<u>\$ 1,831,067</u>
Operating Activities							
Operating income (loss)	\$ (225,599)	\$ (50)	\$ (60)	\$ (50)	\$ 5,450	\$ (220,309)	\$ (455,410)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:							
Depreciation and amortization	219,295	-	-	-	-	219,295	875,277
Change in assets and liabilities:							
Rental accounts receivable	2,515	-	-	-	-	2,515	729
Other receivables	(98,265)	-	8,667	-	-	(89,598)	-
Prepaid expenses	(1,115)	-	-	-	-	(1,115)	(1,317)
Accounts payable and other accrued liabilities	39,543	-	-	-	-	39,543	39,168
Tenant security deposits	2,628	-	-	-	-	2,628	(5,367)
Pension asset/liability, deferred inflows and outflows	6,526	-	-	-	-	6,526	-
Unearned revenues	756	-	-	-	-	756	-
Net Cash from (used for) Operating Activities	<u>\$ (53,716)</u>	<u>\$ (50)</u>	<u>\$ 8,607</u>	<u>\$ (50)</u>	<u>\$ 5,450</u>	<u>\$ (39,759)</u>	<u>\$ 453,080</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Cash Flows
Year Ended December 31, 2022

	2022					Total	Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Meadow Wood Housing, LLC		
	Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC			
Operating Activities							
Receipts from tenant payments	\$ 868,561	\$ -	\$ -	\$ -	\$ -	\$ 868,561	\$ 1,471,969
Receipts for management fees and other	327,581	-	8,667	-	5,500	341,748	6,748
Receipts from HUD subsidies	2,956,567	-	-	-	-	2,956,567	-
Payments to employees	(768,304)	-	-	-	-	(768,304)	-
Housing assistance payments	(2,325,795)	-	-	-	-	(2,325,795)	-
Payments to suppliers and others	(977,613)	(50)	(50)	(50)	(50)	(977,813)	(888,011)
Net Cash from (used for) Operating Activities	80,997	(50)	8,617	(50)	5,450	94,964	590,706
Noncapital Financing Activities							
Transfers from blended component unit	14,167	-	(8,667)	-	(5,500)	-	-
Transfers (to) blended component unit	(200)	50	50	50	50	-	-
HUD capital contributions	251,901	-	-	-	-	251,901	-
Net Cash from (used for) Noncapital Financing Activities	265,868	50	(8,617)	50	(5,450)	251,901	-
Capital and Related Financing Activities							
Purchase of property and equipment	(179,229)	-	-	-	-	(179,229)	(49,933)
Purchase of other assets	-	-	-	-	-	-	(30,908)
Payments on other liabilities	-	-	-	-	-	-	(8,667)
Payments for interest	-	-	-	-	-	-	(128,407)
Principal payments on long-term debt	-	-	-	-	-	-	(289,331)
Equity distributions	-	-	-	-	-	-	(26,580)
Net Cash used for Capital and Related Financing Activities	(179,229)	-	-	-	-	(179,229)	(533,826)
Investing Activities							
Payments received on notes receivable	1,328	-	-	-	-	1,328	-
Interest received	28,055	-	-	-	-	28,055	2,246
Net Cash from Investing Activities	29,383	-	-	-	-	29,383	2,246
Net Change in Cash and Cash Equivalents	197,019	-	-	-	-	197,019	59,126
Cash and Cash Equivalents, Beginning of Year	2,391,851	-	-	-	-	2,391,851	1,853,615
Cash and Cash Equivalents, End of Year	\$ 2,588,870	\$ -	\$ -	\$ -	\$ -	\$ 2,588,870	\$ 1,912,741

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Cash Flows
Year Ended December 31, 2022

	2022					Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Total	
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC		
Cash consists of						
Cash	\$ 2,235,941	\$ -	\$ -	\$ -	\$ -	\$ 2,235,941
Funded security deposits	48,969	-	-	-	-	48,969
Restricted deposits	303,960	-	-	-	-	303,960
	<u>\$ 2,588,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,588,870</u>
Operating Activities						
Operating income (loss)	\$ (120,633)	\$ (50)	\$ (50)	\$ (50)	\$ 5,450	\$ (115,333)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:						
Depreciation and amortization	212,746	-	-	-	-	212,746
Change in assets and liabilities:						
Rental accounts receivable	(256)	-	-	-	-	(256)
Other receivables	12,354	-	8,667	-	-	21,021
Prepaid expenses	4,712	-	-	-	-	4,712
Accounts payable and other accrued liabilities	(11,864)	-	-	-	-	(11,864)
Tenant security deposits	2,068	-	-	-	-	2,068
Pension asset/liability, deferred inflows and outflows	(16,249)	-	-	-	-	(16,249)
Unearned revenues	(1,881)	-	-	-	-	(1,881)
Net Cash from (used for) Operating Activities	<u>\$ 80,997</u>	<u>\$ (50)</u>	<u>\$ 8,617</u>	<u>\$ (50)</u>	<u>\$ 5,450</u>	<u>\$ 94,964</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2023

	2023						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Assets							
Current Assets							
Cash	\$ 136,223	\$ 154,248	\$ 182,799	\$ 2,454	\$ 49,974	\$ 10,000	\$ 535,698
Tenant accounts receivable	7,601	3,784	5,738	6,163	-	-	23,286
Funded security deposits	14,757	8,476	16,708	23,740	23,652	-	87,333
Other accounts receivable	-	-	-	-	-	4,837	4,837
Prepaid expenses	6,407	10,489	2,378	7,904	3,399	-	30,577
Total current assets	<u>164,988</u>	<u>176,997</u>	<u>207,623</u>	<u>40,261</u>	<u>77,025</u>	<u>14,837</u>	<u>681,731</u>
Property and Equipment							
Land	100,774	40,369	142,900	292,500	138,500	-	715,043
Buildings and improvements	3,528,353	3,314,051	4,174,624	4,616,663	5,192,458	-	20,826,149
Furniture, equipment and machinery - dwellings	208,057	391,612	254,368	232,204	284,788	-	1,371,029
	<u>3,837,184</u>	<u>3,746,032</u>	<u>4,571,892</u>	<u>5,141,367</u>	<u>5,615,746</u>	<u>-</u>	<u>22,912,221</u>
Less accumulated depreciation	<u>(2,080,903)</u>	<u>(2,254,346)</u>	<u>(2,124,261)</u>	<u>(1,888,628)</u>	<u>(1,558,217)</u>	<u>-</u>	<u>(9,906,355)</u>
Total property and equipment	<u>1,756,281</u>	<u>1,491,686</u>	<u>2,447,631</u>	<u>3,252,739</u>	<u>4,057,529</u>	<u>-</u>	<u>13,005,866</u>
Other Assets							
Restricted deposits and funded reserves	326,134	221,345	217,184	270,037	173,336	-	1,208,036
Tax credit fees, at cost, net of accumulated amortization	5,096	-	13,030	16,440	28,684	-	63,250
Total other assets	<u>331,230</u>	<u>221,345</u>	<u>230,214</u>	<u>286,477</u>	<u>202,020</u>	<u>-</u>	<u>1,271,286</u>
	<u>\$ 2,252,499</u>	<u>\$ 1,890,028</u>	<u>\$ 2,885,468</u>	<u>\$ 3,579,477</u>	<u>\$ 4,336,574</u>	<u>\$ 14,837</u>	<u>\$ 14,958,883</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2023

	2023						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	\$ 16,800	\$ 19,568	\$ -	\$ 55,937	\$ 32,768	\$ -	\$ 125,073
Accounts payable	4,836	23,637	15,643	7,926	5,624	14,857	72,523
Tenant security deposits	14,757	8,476	16,708	23,740	23,652	-	87,333
Accrued liabilities:							
Interest	12,047	13,264	-	2,289	3,027	-	30,627
Other	16,660	13,136	15,207	15,083	14,914	-	75,000
Unearned revenue	-	3,328	-	-	-	-	3,328
Total current liabilities	65,100	81,409	47,558	104,975	79,985	14,857	393,884
Non-Current Liabilities							
Long-term debt, net of current portion and unamortized debt issuance costs	991,526	701,553	-	1,159,328	1,191,063	-	4,043,470
Other non-current payable	-	8,662	-	47,987	-	-	56,649
Total non-current liabilities	991,526	710,215	-	1,207,315	1,191,063	-	4,100,119
Total liabilities	1,056,626	791,624	47,558	1,312,290	1,271,048	14,857	4,494,003
Net Position							
Net investment in capital assets	738,662	765,516	2,447,631	2,032,416	2,828,718	-	8,812,943
Restricted for mortgage escrows	326,134	221,345	217,184	270,037	173,336	-	1,208,036
Unrestricted net position (deficit)	131,077	111,543	173,095	(35,266)	63,472	(20)	443,901
Total net position	1,195,873	1,098,404	2,837,910	2,267,187	3,065,526	(20)	10,464,880
	\$ 2,252,499	\$ 1,890,028	\$ 2,885,468	\$ 3,579,477	\$ 4,336,574	\$ 14,837	\$ 14,958,883

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2022

	2022						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Assets							
Current Assets							
Cash	\$ 179,715	\$ 193,130	\$ 201,211	\$ 52,758	\$ 63,343	\$ -	\$ 690,157
Tenant accounts receivable	2,739	14,446	1,008	2,063	432	-	20,688
Funded security deposits	16,266	8,547	17,985	26,164	24,010	-	92,972
Prepaid expenses	6,366	10,219	2,158	7,496	3,021	-	29,260
Total current assets	205,086	226,342	222,362	88,481	90,806	-	833,077
Property and Equipment							
Land	100,774	40,369	142,900	292,500	138,500	-	715,043
Buildings and improvements	3,528,353	3,314,049	4,174,624	4,602,162	5,192,458	-	20,811,646
Furniture, equipment and machinery - dwellings	191,858	358,260	228,548	221,949	276,817	-	1,277,432
	3,820,985	3,712,678	4,546,072	5,116,611	5,607,775	-	22,804,121
Less accumulated depreciation	(1,933,248)	(2,107,738)	(1,946,388)	(1,702,213)	(1,355,131)	-	(9,044,718)
Total property and equipment	1,887,737	1,604,940	2,599,684	3,414,398	4,252,644	-	13,759,403
Other Assets							
Restricted deposits and funded reserves	304,308	202,797	216,232	254,996	151,279	-	1,129,612
Tax credit fees, at cost, net of accumulated amortization	7,875	1,317	16,302	19,384	32,012	-	76,890
Total other assets	312,183	204,114	232,534	274,380	183,291	-	1,206,502
	\$ 2,405,006	\$ 2,035,396	\$ 3,054,580	\$ 3,777,259	\$ 4,526,741	\$ -	\$ 15,798,982

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2022

	2022						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	\$ 25,771	\$ 86,797	\$ -	\$ 53,119	\$ 33,099	\$ -	\$ 198,786
Accounts payable	7,069	8,017	6,877	8,157	6,854	-	36,974
Tenant security deposits	16,263	8,545	18,322	25,488	24,082	-	92,700
Accrued liabilities:							
Interest	11,630	13,560	-	2,527	3,172	-	30,889
Other	9,825	16,739	15,037	14,962	14,558	-	71,121
Total current liabilities	70,558	133,658	40,236	104,253	81,765	-	430,470
Non-Current Liabilities							
Long-term debt, net of current portion and unamortized debt issuance costs	1,007,982	719,102	-	1,214,542	1,222,738	-	4,164,364
Other non-current payable	-	17,329	-	75,774	-	-	93,103
Total non-current liabilities	1,007,982	736,431	-	1,290,316	1,222,738	-	4,257,467
Total liabilities	1,078,540	870,089	40,236	1,394,569	1,304,503	-	4,687,937
Net Position							
Net investment in capital assets	844,345	791,972	2,599,684	2,140,956	2,991,461	-	9,368,418
Restricted for mortgage escrows	304,308	202,797	216,232	254,996	151,279	-	1,129,612
Unrestricted net position (deficit)	177,813	170,538	198,428	(13,262)	79,498	-	613,015
Total net position	1,326,466	1,165,307	3,014,344	2,382,690	3,222,238	-	11,111,045
	\$ 2,405,006	\$ 2,035,396	\$ 3,054,580	\$ 3,777,259	\$ 4,526,741	\$ -	\$ 15,798,982

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units
Year Ended December 31, 2023

	2023						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Operating Revenues							
Dwelling rental income	\$ 199,122	\$ 369,509	\$ 228,896	\$ 331,783	\$ 297,123	\$ -	\$ 1,426,433
Management and administration fees	11,101	13,458	10,510	9,694	2,283	-	47,046
Other revenue	2,383	2,052	628	2,757	5,096	4,837	17,753
Total operating revenues	212,606	385,019	240,034	344,234	304,502	4,837	1,491,232
Operating Expenses							
Administrative	49,842	65,117	77,756	66,344	89,374	4,857	353,290
Utilities	29,278	36,206	30,121	62,627	38,595	-	196,827
Ordinary maintenance and operation	81,161	107,961	86,146	104,712	64,890	-	444,870
General expenses	20,748	11,840	15,729	14,014	14,047	-	76,378
Depreciation and amortization	150,434	147,925	181,145	189,359	206,414	-	875,277
Total operating expenses	331,463	369,049	390,897	437,056	413,320	4,857	1,946,642
Operating Income (Loss)	(118,857)	15,970	(150,863)	(92,822)	(108,818)	(20)	(455,410)
Nonoperating Revenue (Expense)							
Interest income	658	599	195	6,284	3,270	-	11,006
Interest expense	(12,394)	(51,530)	-	(28,965)	(36,822)	-	(129,711)
Total nonoperating revenue (expense)	(11,736)	(50,931)	195	(22,681)	(33,552)	-	(118,705)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	(130,593)	(34,961)	(150,668)	(115,503)	(142,370)	(20)	(574,115)
Capital distributions	-	(31,942)	(25,766)	-	(14,342)	-	(72,050)
Change in Net Position	(130,593)	(66,903)	(176,434)	(115,503)	(156,712)	(20)	(646,165)
Net Position, Beginning of Year	1,326,466	1,165,307	3,014,344	2,382,690	3,222,238	-	11,111,045
Net Position, End of Year	\$ 1,195,873	\$ 1,098,404	\$ 2,837,910	\$ 2,267,187	\$ 3,065,526	\$ (20)	\$ 10,464,880

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units
Year Ended December 31, 2022

	2022						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Operating Revenues							
Dwelling rental income	\$ 204,527	\$ 367,508	\$ 237,606	\$ 343,382	\$ 296,197	\$ -	\$ 1,449,220
Management and administration fees	2,145	11,546	6,967	3,674	1,399	-	25,731
Other revenue	338	2,585	3,485	145	195	-	6,748
Total operating revenues	207,010	381,639	248,058	347,201	297,791	-	1,481,699
Operating Expenses							
Administrative	49,890	66,512	80,448	67,908	91,324	-	356,082
Utilities	27,719	36,143	29,704	67,067	36,694	-	197,327
Ordinary maintenance and operation	34,139	73,846	52,493	56,214	53,983	-	270,675
General expenses	20,122	10,514	14,305	13,739	12,498	-	71,178
Depreciation and amortization	151,568	148,794	180,241	188,906	237,205	-	906,714
Total operating expenses	283,438	335,809	357,191	393,834	431,704	-	1,801,976
Operating Income (Loss)	(76,428)	45,830	(109,133)	(46,633)	(133,913)	-	(320,277)
Nonoperating Revenue (Expense)							
Interest income	36	30	13	1,533	634	-	2,246
Interest expense	(11,976)	(49,855)	-	(31,522)	(38,507)	-	(131,860)
Total nonoperating revenue (expense)	(11,940)	(49,825)	13	(29,989)	(37,873)	-	(129,614)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	(88,368)	(3,995)	(109,120)	(76,622)	(171,786)	-	(449,891)
Capital distributions	-	(3,000)	(2,496)	-	(21,084)	-	(26,580)
Change in Net Position	(88,368)	(6,995)	(111,616)	(76,622)	(192,870)	-	(476,471)
Net Position, Beginning of Year	1,414,834	1,172,302	3,125,960	2,459,312	3,415,108	-	11,587,516
Net Position, End of Year	\$ 1,326,466	\$ 1,165,307	\$ 3,014,344	\$ 2,382,690	\$ 3,222,238	\$ -	\$ 11,111,045

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 2023

	2023						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Operating Activities							
Receipts from tenant payments	\$ 205,361	\$ 396,957	\$ 234,675	\$ 337,377	\$ 299,838	\$ -	\$ 1,474,208
Receipts for management fees and other	2,383	2,052	628	2,757	5,096	4,837	17,753
Payments to suppliers and others	<u>(177,557)</u>	<u>(209,742)</u>	<u>(202,648)</u>	<u>(250,201)</u>	<u>(208,733)</u>	<u>10,000</u>	<u>(1,038,881)</u>
Net Cash from Operating Activities	<u>30,187</u>	<u>189,267</u>	<u>32,655</u>	<u>89,933</u>	<u>96,201</u>	<u>14,837</u>	<u>453,080</u>
Capital and Related Financing Activities							
Purchase of property and equipment	(16,199)	(33,352)	(25,821)	(24,755)	(7,971)	-	(108,098)
Developer fee paid	-	-	-	(27,787)	-	-	(27,787)
Payment for other liabilities	-	(8,667)	-	-	-	-	(8,667)
Payments for interest	(12,048)	(49,512)	-	(28,243)	(36,456)	-	(126,259)
Principal payments on long-term debt	(25,773)	(86,798)	-	(53,119)	(32,372)	-	(198,062)
Equity distributions	<u>-</u>	<u>(31,942)</u>	<u>(25,766)</u>	<u>-</u>	<u>(14,342)</u>	<u>-</u>	<u>(72,050)</u>
Net Cash used for Capital and Related Financing Activities	<u>(54,020)</u>	<u>(210,271)</u>	<u>(51,587)</u>	<u>(133,904)</u>	<u>(91,141)</u>	<u>-</u>	<u>(540,923)</u>
Investing Activities							
Interest received	<u>658</u>	<u>599</u>	<u>195</u>	<u>6,284</u>	<u>3,270</u>	<u>-</u>	<u>11,006</u>
Net Cash from Investing Activities	<u>658</u>	<u>599</u>	<u>195</u>	<u>6,284</u>	<u>3,270</u>	<u>-</u>	<u>11,006</u>
Net Change in Cash	(23,175)	(20,405)	(18,737)	(37,687)	8,330	14,837	(76,837)
Cash, Beginning of Year	<u>500,289</u>	<u>404,474</u>	<u>435,428</u>	<u>333,918</u>	<u>238,632</u>	<u>-</u>	<u>1,912,741</u>
Cash, End of Year	<u>\$ 477,114</u>	<u>\$ 384,069</u>	<u>\$ 416,691</u>	<u>\$ 296,231</u>	<u>\$ 246,962</u>	<u>\$ 14,837</u>	<u>\$ 1,835,904</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 2023

	2023						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Cash consists of:							
Cash	\$ 136,223	\$ 154,248	\$ 182,799	\$ 2,454	\$ 49,974	\$ 10,000	\$ 535,698
Funded security deposits	14,757	8,476	16,708	23,740	23,652	-	87,333
Restricted deposits	326,134	221,345	217,184	270,037	173,336	-	1,208,036
	<u>\$ 477,114</u>	<u>\$ 384,069</u>	<u>\$ 416,691</u>	<u>\$ 296,231</u>	<u>\$ 246,962</u>	<u>\$ 10,000</u>	<u>\$ 1,831,067</u>
Operating Activities							
Operating income (loss)	\$ (118,857)	\$ 15,970	\$ (150,863)	\$ (92,822)	\$ (108,818)	\$ (20)	\$ (455,410)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	150,434	147,925	181,145	189,359	206,414	-	875,277
Change in assets and liabilities:							
Rental accounts receivable	(4,862)	13,990	(4,731)	(4,100)	432	-	729
Prepaid expenses	(41)	(270)	(220)	(408)	(378)	-	(1,317)
Accounts payable and other accrued liabilities	5,019	11,721	8,938	(348)	(1,019)	14,857	39,168
Tenant security deposits	(1,506)	(69)	(1,614)	(1,748)	(430)	-	(5,367)
Net Cash from Operating Activities	<u>\$ 30,187</u>	<u>\$ 189,267</u>	<u>\$ 32,655</u>	<u>\$ 89,933</u>	<u>\$ 96,201</u>	<u>\$ 14,837</u>	<u>\$ 453,080</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 2022

	2022						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Operating Activities							
Receipts from tenant payments	\$ 204,112	\$ 381,218	\$ 243,563	\$ 345,910	\$ 297,166	\$ -	\$ 1,471,969
Receipts for management fees and other	338	2,585	3,485	145	195	-	6,748
Payments to suppliers and others	<u>(132,715)</u>	<u>(188,492)</u>	<u>(174,018)</u>	<u>(199,394)</u>	<u>(193,392)</u>	<u>-</u>	<u>(888,011)</u>
Net Cash from Operating Activities	<u>71,735</u>	<u>195,311</u>	<u>73,030</u>	<u>146,661</u>	<u>103,969</u>	<u>-</u>	<u>590,706</u>
Capital and Related Financing Activities							
Purchase of property and equipment	(5,108)	(26,781)	(10,174)	(7,870)	-	-	(49,933)
Developer fee paid	-	-	-	(30,908)	-	-	(30,908)
Payment for other liabilities	-	(8,667)	-	-	-	-	(8,667)
Payments for interest	(11,629)	(47,834)	-	(30,804)	(38,140)	-	(128,407)
Principal payments on long-term debt	(18,128)	(123,695)	(63,724)	(51,892)	(31,892)	-	(289,331)
Equity distributions	-	(3,000)	(2,496)	-	(21,084)	-	(26,580)
Net Cash used for Capital and Related Financing Activities	<u>(34,865)</u>	<u>(209,977)</u>	<u>(76,394)</u>	<u>(121,474)</u>	<u>(91,116)</u>	<u>-</u>	<u>(533,826)</u>
Investing Activities							
Interest received	<u>36</u>	<u>30</u>	<u>13</u>	<u>1,533</u>	<u>634</u>	<u>-</u>	<u>2,246</u>
Net Cash from Investing Activities	<u>36</u>	<u>30</u>	<u>13</u>	<u>1,533</u>	<u>634</u>	<u>-</u>	<u>2,246</u>
Net Change in Cash	36,906	(14,636)	(3,351)	26,720	13,487	-	59,126
Cash, Beginning of Year	<u>463,383</u>	<u>419,110</u>	<u>438,779</u>	<u>307,198</u>	<u>225,145</u>	<u>-</u>	<u>1,853,615</u>
Cash, End of Year	<u>\$ 500,289</u>	<u>\$ 404,474</u>	<u>\$ 435,428</u>	<u>\$ 333,918</u>	<u>\$ 238,632</u>	<u>\$ -</u>	<u>\$ 1,912,741</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Cash Flows – Discretely Presented Component Units
Year Ended December 31, 2022

	2022						Total
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	
Cash consists of							
Cash	\$ 179,715	\$ 193,130	\$ 201,211	\$ 52,758	\$ 63,343	\$ -	\$ 690,157
Funded security deposits	16,266	8,547	17,985	26,164	24,010	-	92,972
Restricted deposits	304,308	202,797	216,232	254,996	151,279	-	1,129,612
	<u>\$ 500,289</u>	<u>\$ 404,474</u>	<u>\$ 435,428</u>	<u>\$ 333,918</u>	<u>\$ 238,632</u>	<u>\$ -</u>	<u>\$ 1,912,741</u>
Operating Activities							
Operating income (loss)	\$ (76,428)	\$ 45,830	\$ (109,133)	\$ (46,633)	\$ (133,913)	\$ -	\$ (320,277)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	151,568	148,794	180,241	188,906	237,205	-	906,714
Change in assets and liabilities:							
Rental accounts receivable	(2,560)	2,164	(1,010)	(1,146)	(430)	-	(2,982)
Prepaid expenses	(444)	(1,146)	(160)	576	(209)	-	(1,383)
Accounts payable and other accrued liabilities	(1,749)	1,016	3,506	4,430	1,040	-	8,243
Tenant security deposits	1,348	(1,347)	(414)	528	276	-	391
Net Cash from Operating Activities	<u>\$ 71,735</u>	<u>\$ 195,311</u>	<u>\$ 73,030</u>	<u>\$ 146,661</u>	<u>\$ 103,969</u>	<u>\$ -</u>	<u>\$ 590,706</u>

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota (the "Commission"), a public housing authority (PHA), was established on November 24, 1969. The Commission was organized for the purpose of 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 Commission has been determined to be a component unit of the City of Aberdeen, South Dakota. The City of Aberdeen, South Dakota, has legal authority to impose its will on the Commission.

The Commission is managed by a Board of Directors, which is composed of five members who are appointed to staggered five-year terms of office.

Blended Component Units

The Commission has four single-member LLCs: Aberdeen Housing, LLC; Lawson Developers, LLC; AHA Housing, LLC; and Meadow Wood Housing, LLC. As such, these financial statements present The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota (the primary government), and its blended component units, Aberdeen Housing, LLC; Lawson Developers, LLC; AHA Housing, LLC; and Meadow Wood Housing, LLC. As defined by GASB No. 61, component units are legally separate entities that are included in the Commission's reporting entity because of the significance of their operating or financial relationships with the Commission. These entities were created to assist in the development and management of the Lawson View Townhomes Limited Partnership, of which Aberdeen Housing, LLC is a special limited partner; Sunshine Park Limited Partnership, of which AHA Housing, LLC is a co-general partner; and Meadow Wood Townhomes Limited Partnership, of which Meadow Wood Housing, LLC is a co-general partner. The Commission's Board of Directors serves as the board of the component units. Although legally separate, these entities are reported as major enterprise funds of the Commission. Separate financial statements for the blended component units are not issued.

Discretely Presented Component Units

The aggregate discretely presented component units column of the combined financial statements includes the financial data of the Commission's discretely presented component units as of December 31, 2023 and 2022. These units are reported in a separate column to emphasize that they are legally separate from the Commission.

Lawson View Townhomes, LP (Lawson View) was formed for the purpose of owning and operating a low-income tax credit housing complex in Aberdeen, South Dakota. The Commission's blended component unit, Aberdeen Housing, LLC, is a special limited partner of Lawson View. Aberdeen Housing, LLC has an ownership percentage of 0.005% in the partnership.

Sunshine Park, LP (Sunshine Park) was formed for the purpose of owning and operating a low-income tax credit housing complex in Aberdeen, South Dakota. The Commission's blended component unit, AHA Housing, LLC, is a co-general partner of Sunshine Park. AHA Housing, LLC has an ownership percentage of 0.005% in the partnership.

Meadow Wood Townhomes, LP (Meadow Wood) was formed for the purpose of owning and operating a low-income tax credit housing complex in Aberdeen, South Dakota. The Commission's blended component unit, Meadow Wood Housing, LLC, is a co-general partner of Meadow Wood. Meadow Wood Housing, LLC has an ownership percentage of 0.005% in the partnership.

Jackson Heights Apartments, LP (Jackson Heights) was formed for the purpose of owning and operating a low-income tax credit housing complex in Aberdeen, South Dakota. The Commission is the general partner of Jackson Heights. The Commission has an ownership percentage of 0.01% in the partnership.

Central Villas, LP (Central Villas) was formed for the purpose of owning and operating a low-income tax credit housing complex in Aberdeen, South Dakota. The Commission is the general partner of Central Villas. The Commission has an ownership percentage of 0.01% in the partnership.

Housing Plus, Inc., (Housing Plus) was formed as a non-profit for the purpose of pursuing grants and other assistance to low-income housing. The Commission will have 3 members on the board of the five-member board.

Primary Government

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

- a) HUD Project SD 034, the public housing program, consists of a 75-unit, low-rent housing facility for the elderly and disabled and 25 separate single-family low-rent units.
- b) The Section 8 Housing Choice Voucher Program is a federally subsidized housing program designed to assist very low-income families in finding 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 family 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 the Commission; this is accomplished through unit inspections that must be conducted initially and on an annual basis thereafter.
- c) The Section 8 Housing Choice Voucher Program Administration derives its income from administration of the Section 8 Housing Choice Voucher low-rent housing program; this program provides for an administrative fee based on a unit's fair market rental rate and the number of rental units administered for each program.
- d) The Sherman Apartments, Project No. SD 99-H001-089, a Section 8 South Dakota Housing Development Authority (SDHDA) project, consists of a 51 unit hi-rise, low-rent housing facility for elderly and disabled occupants.
- e) The management account derives its income from management of the Sherman Apartments project, management of other Section 8 multi-family projects, grant programs passed through SDHDA, and other general revenues not program related of the Commission.

The management agreement for the Sherman Apartments Project, approved by the SDHDA, provides for a management fee of 7% of the annual gross rental collections.

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. The Commission is required to prepare, adopt and submit to the regulatory agency annual operating budgets for each of its HUD programs.

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

Basis of Presentation

Proprietary Fund

All of the Commission's programs are accounted for as a business-type activity for financial reporting purposes. The Commission's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Commission's ongoing operations. Principal operating revenues are dwelling rentals, HUD subsidies and management fees. Operating expenses include administration, maintenance, insurance, payments in lieu of taxes, depreciation, and utilities, as well as housing assistance payments. All other revenues and expenses are reported as non-operating.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Commission considers all highly liquid investments with a term to maturity of three months or less when purchased to be cash equivalents. Restricted cash, deposits and funded reserves that meet the definition are considered to be cash equivalents for purposes of the statements of cash flows.

Restricted Cash, Deposits and Funded Reserves

Restricted cash consists of the balance of HAP equity for the voucher program as well as any HAP payments that are received prior to year-end and reported as unearned revenue. Restricted deposits and funded reserves include amounts restricted by lenders or by agreement to be set aside for specific purposes such as mortgage payments, insurance, payments in lieu of taxes, and property and equipment replacement. Restricted deposits and funded reserves also include amounts required to be set aside by the Commission as part of its guarantee agreement related to Jackson Heights and Central Villas as disclosed in Note 11.

Notes Receivable

Notes receivable represent amounts from discretely presented component units due under extended payment terms exceeding one year. The notes carry interest rates varying from 5.15% to 6% with annual interest payments and principal payments due based upon cash flows. The Commission evaluates the collectability of the balances based upon specific circumstances of the individual notes, with an allowance for uncollectible amounts being provided, if necessary. The allowance as of December 31, 2023 and 2022, was \$0.

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 \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

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 estimated useful lives based on the major asset category as listed below:

<u>Major Asset Category</u>	<u>Estimated Useful Life</u>
Land	N/A
Land improvements	5 - 15 years
Buildings and improvements	5 - 50 years
Furniture, equipment and machinery - dwelling	3 - 20 years
Furniture, equipment and machinery - non-dwelling	3 - 20 years

The Commission reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2023 and 2022.

Investment in Limited Partnerships

The Commission, through its blended component unit Aberdeen Housing, LLC, has a 0.005% Class B limited partnership interest in Lawson View Townhomes Limited Partnership. The investment is recorded at cost and, pursuant to the partnership agreement, there is no participation in the earnings or losses of the partnership. This partnership is reflected in the financial statements as a discretely presented component unit.

The Commission, through its blended component unit AHA Housing, LLC, has a 0.005% co-general partnership (non-managing) interest in Sunshine Park Limited Partnership. The investment is recorded at cost and, pursuant to the partnership agreement, there is no participation in the earnings or losses of the partnership. This partnership is reflected in the financial statements as a discretely presented component unit.

The Commission, through its blended component unit Meadow Wood Housing, LLC, has a 0.005% co-general partnership (non-managing) interest in Meadow Wood Townhomes Limited Partnership. The investment is recorded at cost and, pursuant to the partnership agreement, there is no participation in the earnings or losses of the partnership. Meadow Wood Housing, LLC's assets and/or credit are not available to satisfy the debts of the Commission or any other entity or person. This partnership is reflected in the financial statements as a discretely presented component unit.

The Commission has a 0.01% general partnership interest in Jackson Heights Limited Partnership. The investment is recorded at cost and, pursuant to the partnership agreement, the Commission participates in the earnings and losses of the partnership in accordance with its ownership percentage. This partnership is reflected in the financial statements as a discretely presented component unit.

The Commission has a 0.01% general partnership interest in Central Villas Limited Partnership. The investment is recorded at cost and, pursuant to the partnership agreement, the Commission participates in the earnings and losses of the partnership in accordance with its ownership percentage. This partnership is reflected in the financial statements as a discretely presented component unit.

Income Taxes

The Commission is a governmental entity exempt from federal income taxes.

Compensated Absences

Paid time off is earned by employees at the rate of eight to twenty-five days per year. Upon termination, employees are entitled to receive compensation for their accrued paid time off balance based on the current rate of pay.

Application of Net Position

It is the Commission's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Equity Classifications

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets

2. Restricted Net Position – Consists of net position with constraints placed on their use either by, (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Presentation of Sales Tax

The State of South Dakota and cities within the state impose a sales tax on certain sales to non-exempt customers. The Commission collects that sales tax from customers and remits the entire amount to the State. The Commission’s accounting policy is to exclude the tax collected and remitted to the State from revenue and operating expenses.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission has two items that qualify for reporting in this category. The Commission reports contributions made to the pension plan after the measurement date and prior to the fiscal year-end and changes in the net pension liability (asset) not included in pension expense (revenue) reported in the statements of net position as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one item that qualifies for reporting in this category. The Commission reports changes in the net pension liability (asset) not included in pension expense (revenue) reported in the statements of net position as deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense/(revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS’s fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, plan contributions are recognized as of employer payroll paid dates, and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Deposits and Funded Reserves

Primary Government

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits

The Commission’s deposits are made and held in qualified public depositories. Qualified depositories are required by South Dakota Codified Law 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100% of the public deposit accounts 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.

The Commission’s policy is to credit all income from deposits to the fund which makes the deposits.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the Commission’s deposits may not be returned. The Commission does not have a formal investment policy in regard to custodial credit risk. All deposits are held in the Commission’s name by U.S. Bank.

At December 31, the actual bank balances of the Commission were as follows:

	<u>2023</u>	<u>2022</u>
Insured (FDIC)	\$ 500,000	\$ 500,000
Uninsured, collateral held by the Commission or the Commission's agent in the Commission's name	<u>2,173,706</u>	<u>2,140,654</u>
Total deposits	<u>\$ 2,673,706</u>	<u>\$ 2,640,654</u>
The Commission's carrying amount of deposits at December 31	<u>\$ 2,626,067</u>	<u>\$ 2,588,870</u>

Funded Reserves

The Commission does not have a formal policy that addresses custodial credit risk, interest rate risk or credit risk.

In general, 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 (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. In addition, SDCL 11-7-31 permits the Commission to invest its reserve and debt service funds in property or securities in which savings banks may legally invest funds subject to their control.

Discretely Presented Component Units

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the deposits of Lawson View, Sunshine Park, Meadow Wood, Jackson Heights, Central Villas, and Housing Plus may not be returned to the entities. The discretely presented component units do not have a formal policy in regard to custodial credit risk. As of December 31, 2023 and 2022, all deposits are held in the discretely presented component units' names by U.S. Bank, Horizon Bank, or Dacotah Bank.

At December 31, the actual bank balances of the discretely presented component units were as follows:

	<u>2023</u>	<u>2022</u>
Insured (FDIC)	\$ 1,295,998	\$ 1,322,920
Uninsured	<u>562,815</u>	<u>598,297</u>
Total deposits	<u>\$ 1,858,813</u>	<u>\$ 1,921,217</u>
The discretely presented component units carrying amount of deposits at December 31	<u>\$ 1,831,067</u>	<u>\$ 1,912,741</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

Note 3 - Capital Assets

Primary Government

Capital asset activity for the years ended December 31, 2023 and 2022, were as follows:

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
Capital assets, not being depreciated				
Land	\$ 355,122	\$ -	\$ -	\$ 355,122
Total capital assets, not being depreciated	<u>355,122</u>	<u>-</u>	<u>-</u>	<u>355,122</u>
Capital assets, being depreciated:				
Land improvements	185,839	-	-	185,839
Buildings and improvements	10,195,043	17,681	-	10,212,724
Furniture, equipment and machinery - dwelling	365,131	33,603	(1,950)	396,784
Furniture, equipment and machinery - non-dwelling	419,871	2,999	(2,047)	420,823
Total capital assets, being depreciated	<u>11,165,884</u>	<u>54,283</u>	<u>(3,997)</u>	<u>11,216,170</u>
Less accumulated depreciation for:				
Buildings, improvements and land improvements	(8,172,228)	(199,696)	-	(8,371,924)
Furniture, equipment and machinery - dwelling	(285,151)	(3,958)	1,950	(287,159)
Furniture, equipment and machinery - non-dwelling	(283,469)	(15,641)	1,814	(297,296)
Total accumulated depreciation	<u>(8,740,848)</u>	<u>(219,295)</u>	<u>3,764</u>	<u>(8,956,379)</u>
Total capital assets being depreciated, net	<u>2,425,036</u>	<u>(165,012)</u>	<u>(233)</u>	<u>2,259,791</u>
Capital assets, net	<u>\$ 2,780,158</u>	<u>\$ (165,012)</u>	<u>\$ (233)</u>	<u>\$ 2,614,913</u>
	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Capital assets, not being depreciated				
Land	\$ 355,122	\$ -	\$ -	\$ 355,122
Total capital assets, not being depreciated	<u>355,122</u>	<u>-</u>	<u>-</u>	<u>355,122</u>
Capital assets, being depreciated:				
Land improvements	185,839	-	-	185,839
Buildings and improvements	10,130,569	64,474	-	10,195,043
Furniture, equipment and machinery - dwelling	343,017	27,702	(5,588)	365,131
Furniture, equipment and machinery - non-dwelling	346,365	87,053	(13,547)	419,871
Total capital assets, being depreciated	<u>11,005,790</u>	<u>179,229</u>	<u>(19,135)</u>	<u>11,165,884</u>
Less accumulated depreciation for:				
Buildings, improvements and land improvements	(8,001,281)	(170,947)	-	(8,172,228)
Furniture, equipment and machinery - dwelling	(275,792)	(14,671)	5,312	(285,151)
Furniture, equipment and machinery - non-dwelling	(269,888)	(27,128)	13,547	(283,469)
Total accumulated depreciation	<u>(8,546,961)</u>	<u>(212,746)</u>	<u>18,859</u>	<u>(8,740,848)</u>
Total capital assets being depreciated, net	<u>2,458,829</u>	<u>(33,517)</u>	<u>(276)</u>	<u>2,425,036</u>
Capital assets, net	<u>\$ 2,813,951</u>	<u>\$ (33,517)</u>	<u>\$ (276)</u>	<u>\$ 2,780,158</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

Discretely Presented Component Units

Capital asset activity for the years ended December 31, 2023 and 2022, were as follows:

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
Capital assets, not being depreciated				
Land	\$ 715,043	\$ -	\$ -	\$ 715,043
Total capital assets, not being depreciated	<u>715,043</u>	<u>-</u>	<u>-</u>	<u>715,043</u>
Capital assets, being depreciated:				
Buildings and improvements	20,811,646	14,503	-	20,826,149
Furniture, equipment and machinery - dwelling	1,277,432	93,597	-	1,371,029
Total capital assets, being depreciated	<u>22,089,078</u>	<u>108,100</u>	<u>-</u>	<u>22,197,178</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,826,533)	(833,416)	-	(8,659,949)
Furniture, equipment and machinery - dwelling	(1,218,185)	(28,221)	-	(1,246,406)
Total accumulated depreciation	<u>(9,044,718)</u>	<u>(861,637)</u>	<u>-</u>	<u>(9,906,355)</u>
Total capital assets being depreciated, net	<u>13,044,360</u>	<u>(753,537)</u>	<u>-</u>	<u>12,290,823</u>
Capital assets, net	<u>\$ 13,759,403</u>	<u>\$ (753,537)</u>	<u>\$ -</u>	<u>\$ 13,005,866</u>
	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Capital assets, not being depreciated				
Land	\$ 715,043	\$ -	\$ -	\$ 715,043
Total capital assets, not being depreciated	<u>715,043</u>	<u>-</u>	<u>-</u>	<u>715,043</u>
Capital assets, being depreciated:				
Buildings and improvements	20,790,090	21,556	-	20,811,646
Furniture, equipment and machinery - dwelling	1,249,056	28,376	-	1,277,432
Total capital assets, being depreciated	<u>22,039,146</u>	<u>49,932</u>	<u>-</u>	<u>22,089,078</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,993,650)	(832,883)	-	(7,826,533)
Furniture, equipment and machinery - dwelling	(1,158,119)	(60,066)	-	(1,218,185)
Total accumulated depreciation	<u>(8,151,769)</u>	<u>(892,949)</u>	<u>-</u>	<u>(9,044,718)</u>
Total capital assets being depreciated, net	<u>13,887,377</u>	<u>(843,017)</u>	<u>-</u>	<u>13,044,360</u>
Capital assets, net	<u>\$ 14,602,420</u>	<u>\$ (843,017)</u>	<u>\$ -</u>	<u>\$ 13,759,403</u>

Note 4 - Related Party Notes Receivable

During 2007, the Commission entered into a note receivable with Lawson View Townhomes Limited Partnership to provide partial funding for the purchase of a HUD Housing Project with the purpose of rehabilitating the project. This note of \$200,000 bears interest at the rate of 5.15%. The note matures in December 2037, at which time the entire principal balance and all outstanding accrued interest will be due and payable. Interest is to be paid throughout the term of the loan as the project’s cash flows will allow. Interest income was \$10,300 for the years ended December 31, 2023 and 2022. The amount of interest receivable at December 31, 2023 and 2022, was \$10,300. The note is secured by a real estate mortgage; however, this mortgage is subordinated to the partnership’s primary lender.

In February 2009, the Commission sold land to Sunshine Park Limited Partnership at the price of \$100,600 in exchange for a note receivable with an interest rate of 3%. In December 2009, the receivable was combined with additional receivables from the partnership to provide partial funding to construct the project. This final note of \$242,000 bears interest at the rate of 6%. The note matures in December 2039, at which time the entire principal balance and all outstanding accrued interest will be due and payable. Interest and principal is to be paid throughout the term of the loan as the project’s cash flows will allow starting April 30, 2011. As of December 31, 2023 and 2022, the outstanding principal balance due to the Commission was \$180,186 and \$189,159, respectively. Interest income was \$12,047 and \$11,630 for the years ended December 31, 2023 and 2022, respectively. The amount of interest receivable at December 31, 2023 and 2022, was \$12,047 and \$11,630, respectively. The note is secured by a real estate mortgage; however, this mortgage is subordinated to the partnership’s primary lender.

Note 5 - Long-Term Debt

Discretely Presented Component Units

At December 31, 2023 and 2022, long-term debt of the discretely presented component units consisted of the following:

	2023	2022
Lawson View - 6.76% mortgage note payable to Richman Mortgage Assets Company, due in monthly installments of \$4,545, including interest, matures August 2026, secured by first position in substantially all Partnership assets, net of unamortized debt issuance costs of \$5,049 in 2023 and \$7,069 in 2022 (based upon effective interest rate of 7.30%).	\$ 521,121	\$ 537,394
Lawson View - 0% mortgage note payable to South Dakota Housing Development Authority, due in annual installments of varying amounts based upon cash flows, matures July 2039, secured by second position in substantially all Partnership assets.	-	68,505
Lawson View - 5.15% note payable to Aberdeen Housing Authority, interest and principal to be paid from net operating income, with the entire balance due December 2037, secured by third position in substantially all Partnership assets.	200,000	200,000

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

	2023	2022
Sunshine Park - 0% mortgage note payable to South Dakota Housing Development Authority, due in varying monthly installments beginning July 2011 through March 2035, secured by a mortgage on all property and equipment.	143,600	160,400
Sunshine Park - 6% mortgage note payable to The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota, annual payments beginning April 2011, to the extent of available cash flow, with entire balance due December 2039, secured by a mortgage and assignment of rents and leases.	180,186	189,159
Sunshine Park - 0% NSP loan from South Dakota Housing Development Authority, principal due July 2040, secured by a mortgage and assignment of rents and leases.	361,991	361,991
Sunshine Park - 0% TCAP mortgage note payable to South Dakota Housing Development Authority, principal due March 2050, secured by a mortgage and assignment of rents and leases, net of unamortized debt issuance costs of \$9,292 in 2023 and \$9,639 in 2022 (based upon an effective interest rate of 0.11%).	322,549	322,202
Jackson Heights - 5.8% mortgage note payable to First Dakota National Bank, due in varying monthly installments, including interest, beginning March 2015 through February 2031, secured by a mortgage on all property and equipment, net of unamortized debt issuance costs of \$5,058 in 2023 and \$5,781 in 2022 (based upon effective interest rate of 6.39%).	423,606	467,602
Jackson Heights - 0% note payable to South Dakota Housing Development Authority, due in varying annual installments beginning January 2015 through August 2038, secured by a mortgage on all property and equipment.	791,659	800,059
Central Villas - 6% note payable to Horizon Bank through February 2036, due in varying monthly installments, secured by a mortgage on all property and equipment, net of unamortized debt issuance costs of \$4,980 in 2023 and \$5,346 in 2022 (based upon effective interest rate of 6.40%).	581,049	609,455
Central Villas - 0% mortgage note payable to South Dakota Housing Development Authority, with varying monthly installments beginning January 2018 through December 2042, secured by a mortgage on all property and equipment and an assignment of rents and leases.	642,782	646,383
	4,168,543	4,363,150
Less current portion	(125,073)	(198,786)
Total long-term debt less current portion and net of unamortized debt issuance costs	\$ 4,043,470	\$ 4,164,364

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

The following is a schedule of changes in long-term debt for the years ended December 31, 2023 and 2022:

Balance, January 1, 2022	\$ 4,649,027
Decreases	<u>(285,877)</u>
Balance, December 31, 2022	4,363,150
Decreases	<u>(194,607)</u>
Balance, December 31, 2023	<u>\$ 4,168,543</u>

Interest costs charged to expense for operations for the years ended December 31, 2023 and 2022, were \$129,711 and \$131,860, respectively.

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

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 125,073	\$ 115,799	\$ 240,872
2025	131,271	109,351	240,622
2026	598,938	92,016	690,954
2027	116,538	64,746	181,284
2028	122,529	58,755	181,284
2029-2033	831,558	208,969	1,040,527
2034-2038	1,053,815	106,622	1,160,437
2039-2043	881,359	10,812	892,171
2044-2048	-	-	-
2049-2053	331,841	-	331,841
Less unamortized debt issuance costs	<u>(24,379)</u>	<u>-</u>	<u>(24,379)</u>
	<u>\$ 4,168,543</u>	<u>\$ 767,070</u>	<u>\$ 4,935,613</u>

Note 6 - 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 on real property owned; but, rather, make payments in lieu of (property) taxes (PILOT). State law requires that the amount due is the lower of 10% of gross rents less utilities or 5% of gross rents.

Payments in lieu of taxes, by program, for the years ended December 31, 2023 and 2022, were determined as follows:

	2023	
	Public Housing	Sherman Apartments
Rental income	\$ 425,869	\$ 212,940
Excess utilities	-	464
Non-dwelling rental charges to tenants	-	170
	<u>425,869</u>	<u>213,574</u>
Less allowable utilities	-	60,090
Net shelter rent	<u>\$ 425,869</u>	<u>\$ 153,484</u>
5% of gross shelter rent (PILOT)	<u>\$ 21,293</u>	<u>\$ -</u>
10% of net shelter rent (PILOT)	<u>\$ -</u>	<u>\$ 15,348</u>
	2022	
	Public Housing	Sherman Apartments
Rental income	\$ 399,797	\$ 202,305
Excess utilities	-	288
Non-dwelling rental charges to tenants	-	60
	<u>399,797</u>	<u>202,653</u>
Less allowable utilities	-	53,122
Net shelter rent	<u>\$ 399,797</u>	<u>\$ 149,531</u>
5% of gross shelter rent (PILOT)	<u>\$ 19,990</u>	<u>\$ -</u>
10% of net shelter rent (PILOT)	<u>\$ -</u>	<u>\$ 14,953</u>

Note 7 - Interfund Transactions

Interfund transfers for the years ended December 31, 2023 and 2022, were as follows:

2023 Transfers From	Transfers To						Total
	Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Primary Government		
Primary Government	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Primary Government	-	60	-	-	-	-	60
Primary Government	-	-	50	-	-	-	50
Primary Government	-	-	-	50	-	-	50
Lawson Developers, LLC	-	-	-	-	8,667	-	8,667
Meadow Wood Housing, LLC	-	-	-	-	5,500	-	5,500

2022 Transfers From	Transfers To						Total
	Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Primary Government		
Primary Government	\$ 50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50
Primary Government	-	50	-	-	-	-	50
Primary Government	-	-	50	-	-	-	50
Primary Government	-	-	-	50	-	-	50
Lawson Developers, LLC	-	-	-	-	8,667	-	8,667
Meadow Wood Housing, LLC	-	-	-	-	5,500	-	5,500

The transfers from the primary government to the blended component units were to supplement operations, and the transfers from the blended component unit to the primary government were to transfer funds to be spent out of the primary government.

Note 8 - Pension Plan

Plan Information

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined-benefit plan designed with several defined contribution plan-type provisions and is 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 <https://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, South Dakota, 57501-1098, or by calling (605) 773-3731.

Benefits Provided

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

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

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

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

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

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

All benefits except those depending on the member's accumulated contributions are annually increased by the Cost-of-Living Adjustment.

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 percent 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 December 31, 2023, 2022 and 2021, equal to the required contributions each year, were \$54,836, \$46,219 and \$42,624, respectively.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2023 and 2022, SDRS is 100.10% and 100.10%, respectively, funded and, accordingly, has a net pension asset in 2023 and 2022. The proportionate shares of the components of the net pension liability (asset) of SDRS for the Commission as of this measurement period and reported by the Commission as of December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Proportionate share of total pension liability	\$ 4,509,938	\$ 4,335,496
Less proportionate share of net position restricted for pension benefits	<u>4,512,976</u>	<u>4,338,399</u>
Proportionate share of net pension liability (asset)	<u>\$ (3,038)</u>	<u>\$ (2,903)</u>

At December 31, 2023 and 2022, the Commission reported an asset of \$(3,038) and \$(2,903), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Commission’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Commission’s proportion was 0.031123%, which was an increase of 0.0004110% from its proportion measured as of June 30, 2022. At June 30, 2022, the Commission’s proportion was 0.030712%, which was an increase of 0.0001530% from its proportion measured as of June 30, 2021, of 0.030559%.

For the years ended December 31, 2023 and 2022, the Commission recognized pension expense (reduction of pension expense) of \$6,525 and (\$16,245), respectively.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 86,107	\$ -
Changes in assumption	103,856	151,815
Net difference between projected and actual earnings on pension plan investments	20,224	-
Changes in proportion and difference between Commission contributions and proportionate share of contributions	71	921
Projected contributions subsequent to the measurement date	30,753	-
	\$ 241,011	\$ 152,736

At December 31, 2023, there is \$30,753 reported as deferred outflow of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2024.

At December 31, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,251	\$ 188
Changes in assumption	184,473	161,666
Net difference between projected and actual earnings on pension plan investments	-	6,956
Changes in proportion and difference between Commission contributions and proportionate share of contributions	267	327
Projected contributions subsequent to the measurement date	24,082	-
	\$ 264,073	\$ 169,137

At December 31, 2022, there was \$24,082 reported as deferred outflow of resources related to pensions resulting from Commission contributions subsequent to the measurement date that was recognized as a decrease of the net pension liability in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2023, will be recognized in pension expense/(reduction of pension expense) as follows:

<u>Year Ended December 31:</u>	<u>Amount</u>
2024	\$ 41,143
2025	(46,358)
2026	58,540
2027	4,197
	<u>\$ 57,522</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50%, net of plan investment expense, composed of average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2022.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Notes to Financial Statements

December 31, 2023 and 2022

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 weighting 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, 2023, (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>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.5%. 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 will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the Commission's proportionate share of net pension liability (asset) as of December 31, 2023, calculated using the discount rate of 6.5%, as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
The Commission's proportionate share of the net pension liability (asset)	\$ 622,631	\$ (3,038)	\$ (514,715)

Pension Plan Fiduciary Net Position

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

Note 9 - Current Vulnerability Due to Certain Concentrations

The Commission's operations are concentrated in 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 and SDHDA. 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 10 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended December 31, 2023 and 2022, the Commission managed its risks by purchasing liability insurance from a commercial carrier for risks related to torts, theft or damage of property, and errors and omissions; and liability insurance for workers' compensation. The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Note 11 - Related Party Transactions and Guarantees

The Commission provides management services to Lawson View Townhomes Limited Partnership. Management fees earned by the Commission for this project are 6% of the gross rents plus an annual salary of \$7,250. Management fees earned by the Commission from this partnership were \$34,168 and \$33,648 for the years ended December 31, 2023 and 2022, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$19,833 and \$26,652 for the years ended December 31, 2023 and 2022, respectively. The total amount due from Lawson View Townhomes Limited Partnership was \$3,574 and \$2,035 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Commission paid Lawson View \$7,186 and \$3,723, respectively, for voucher housing assistance payments on behalf of residents of the complex.

During 2009, the Commission advanced Lawson View Townhomes Limited Partnership an additional \$130,000 for a property tax abatement reserve, which was required to be set up pursuant to the partnership agreement. Beginning in 2010, the Commission began receiving annual payments of \$8,667 as long as the partnership operated without a deficit for that year. The funds are required to be maintained until the Commission is able to prove the project qualifies for the PILOT Program. The total amount outstanding as of December 31, 2023 and 2022, was \$8,662 and \$17,329, respectively.

The Commission provides management services to Sunshine Park Limited Partnership. Management fees earned by the Commission for this project are 9% of the gross rents. The management fee earned by the Commission from this partnership was \$24,840 and \$24,113 for the years ended December 31, 2023 and 2022, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$13,584 and \$12,447 for the years ended December 31, 2023 and 2022, respectively. The total amount due from Sunshine Park Limited Partnership was \$3,133 and \$3,203 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Commission paid Sunshine Park \$76,787 and \$83,662, respectively, for voucher housing assistance payments on behalf of residents of the complex.

The Commission provides management services to Meadow Wood Townhomes Limited Partnership. Management fees earned by the Commission for this project are 8% of gross rents. The management fee earned by the Commission from this partnership was \$26,039 and \$26,346 for the years ended December 31, 2023 and 2022, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$15,232 and \$15,788 for the years ended December 31, 2023 and 2022, respectively. The total amount due from Meadow Wood Townhomes Limited Partnership was \$4,701 and \$2,812 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Commission paid Meadow Wood \$81,754 and \$106,106, respectively, for voucher housing assistance payments on behalf of residents of the complex. During 2023 and 2022, Meadow Wood Housing LLC earned management fees pursuant to the partnership agreement of \$5,500 and \$5,500, respectively.

The Commission provides management services to Jackson Heights Apartments Limited Partnership. Management fees earned by the Commission for this project are 8% of gross rents. The management fee earned by the Commission from this partnership was \$38,199 and \$38,197 for the years ended December 31, 2023 and 2022, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$24,518 and \$20,011 for the years ended December 31, 2023 and 2022, respectively. The total amount due from Jackson Height Apartments Limited Partnership was \$4,866 and \$3,058 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Commission paid Jackson Heights \$112,672 and \$124,630, respectively, for voucher housing assistance payments on behalf of residents of the complex.

The Commission provides management services to Central Villas Limited Partnership. Management fees earned by the Commission for this project are 9% of gross rents. The management fee earned by the Commission from this partnership was \$36,342 and \$35,498 for the years ended December 31, 2023 and 2022, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$10,071 and \$12,706 for the years ended December 31, 2023 and 2022, respectively. The total amount due from Central Villas Limited Partnership was \$2,633 and \$1,862 as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Commission paid Central Villas \$88,125 and \$82,322, respectively, for voucher housing assistance payments on behalf of residents of the complex. During 2023 and 2022, Central Villas Limited Partnership paid the Commission an incentive management fee of \$20,001 and \$20,002, respectively.

During 2013, the Commission entered into a development agreement with the Jackson Height Limited Partnership. Services performed under this agreement include assisting with the completion of all the necessary applications for federal tax credits and state housing authority assistance and the management of the entire construction process. The total due to the Commission was \$7,679 and \$12,125 as of December 31, 2023 and 2022, respectively.

For Lawson View Townhomes Limited Partnership, Sunshine Park Limited Partnership, Meadow Woods Townhomes Limited Partnership, Jackson Heights Limited Partnership, and Central Villas Limited Partnership, to induce the tax credit partners to become partners in the projects, the Commission signed unconditional guarantees of the debts, obligations of the general partner, completion of construction of the projects, a repurchase obligation to the tax credit partners should projects fail certain qualifying tests, and the guarantee of ultimate performance of the projects. In essence, the Commission would be the responsible party should the projects not succeed or operate as intended.

The terms of the Jackson Heights and Central Villas partnership agreements require the Commission to always have on hand in the management account \$200,000 in liquid assets in total between Jackson Heights and Central Villas that are available in the event short-term operating deficit loans are needed by either project. This is reported under restricted cash.

The Commission provides management services to Housing Plus, Inc. The total amount due from Housing Plus was \$14,857 and \$0 as of December 31, 2023 and 2022, respectively.



Required Supplementary Information
December 31, 2023 and 2022

**The Housing and Redevelopment
Commission of the City of Aberdeen,
South Dakota**

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Schedule of Net Pension Liability (Asset) and Schedule of Pension Contributions
 Year Ended December 31, 2023

Schedule of Net Pension Liability (Asset)

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2023	0.0311%	\$ (3,038)	\$ 802,240	-0.4%	100.10%
SDRS	6/30/2022	0.0307%	(2,903)	733,358	-0.4%	100.10%
SDRS	6/30/2021	0.0306%	(234,029)	690,379	-33.9%	105.52%
SDRS	6/30/2020	0.0298%	(1,294)	654,163	-0.2%	100.04%
SDRS	6/30/2019	0.0302%	(3,202)	642,426	-0.5%	100.09%
SDRS	6/30/2018	0.0300%	(699)	622,890	-0.1%	100.02%
SDRS	6/30/2017	0.0303%	(2,746)	614,971	-0.4%	100.10%
SDRS	6/30/2016	0.0308%	104,171	586,405	17.8%	96.89%
SDRS	6/30/2015	0.0295%	(125,027)	538,207	-23.2%	104.10%
SDRS	6/30/2014	0.0309%	(222,501)	540,064	-41.2%	107.30%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

Schedule of Pension Contributions

Pension Plan	Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	12/31/2023	\$ 54,836	\$ 54,836	\$ -	\$ 913,665	6.0%
SDRS	12/31/2022	46,219	46,219	-	770,314	6.0%
SDRS	12/31/2021	42,624	42,624	-	707,292	6.0%
SDRS	12/31/2020	40,130	40,130	-	668,832	6.0%
SDRS	12/31/2019	39,471	39,471	-	657,843	6.0%
SDRS	12/31/2018	38,227	38,227	-	637,113	6.0%
SDRS	12/31/2017	36,891	36,891	-	614,854	6.0%
SDRS	12/31/2016	36,013	36,013	-	600,220	6.0%
SDRS	12/31/2015	33,866	33,866	-	564,424	6.0%
SDRS	12/31/2014	31,310	31,310	-	523,852	6.0%

Changes from Prior Valuation

The June 30, 2023, actuarial valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, actuarial valuation.

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

Benefit Provision Changes

During the 2023 legislative session, no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B public safety members.

Actuarial Assumption Changes

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

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, actuarial valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, actuarial valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.



Supplementary Information
December 31, 2023 and 2022

**The Housing and Redevelopment
Commission of the City of Aberdeen,
South Dakota**

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Assets								
Current Assets								
Cash								
111	Cash - unrestricted	\$ 122,751	\$ 26,899	\$ 370,773	\$ 14,887	\$ -	\$ 377,958	\$ 1,323,390
113	Cash - other restricted	-	-	-	18,632	-	119,180	200,000
114	Cash - tenant security deposits	35,461	-	-	-	-	16,136	-
100	Total cash	<u>158,212</u>	<u>26,899</u>	<u>370,773</u>	<u>33,519</u>	<u>-</u>	<u>513,274</u>	<u>1,523,390</u>
Receivables								
122	Accounts receivable - HUD other projects	88,675	-	-	-	-	-	41,442
124	Accounts receivable - other governments	-	(684)	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	6,515
126	Accounts receivable - tenants - dwelling rents	2,444	-	-	-	-	662	-
128	Fraud recovery	433	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	22,347
120	Total receivables, net of allowances for doubtful accounts	<u>91,552</u>	<u>(684)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>662</u>	<u>70,304</u>
142	Prepaid expenses and other assets	12,714	-	816	-	-	8,778	2,992
144	Interprogram receivables	12,093	-	-	-	-	3,425	10,009
150	Total current assets	<u>274,571</u>	<u>26,215</u>	<u>371,589</u>	<u>33,519</u>	<u>-</u>	<u>526,139</u>	<u>1,606,695</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Fixed Assets								
161	Land	122,600	-	-	-	-	418,361	-
162	Buildings	5,624,697	-	-	-	-	4,588,027	-
163	Furniture, equipment and machinery - dwellings	260,368	-	-	-	-	136,416	-
164	Furniture, equipment and machinery - administration	213,871	-	56,630	-	-	50,314	100,008
166	Accumulated depreciation	(5,370,982)	-	(48,897)	-	-	(3,470,459)	(66,041)
160	Total fixed assets, net of accumulated depreciation	<u>850,554</u>	<u>-</u>	<u>7,733</u>	<u>-</u>	<u>-</u>	<u>1,722,659</u>	<u>33,967</u>
171	Notes, loans, and mortgages receivable - noncurrent	-	-	-	-	-	-	380,186
174	Other assets	836	-	968	-	-	165	1,069
176	Investments	-	-	-	-	-	-	138,653
180	Total noncurrent assets	<u>851,390</u>	<u>-</u>	<u>8,701</u>	<u>-</u>	<u>-</u>	<u>1,722,824</u>	<u>553,875</u>
190	Total assets	1,125,961	26,215	380,290	33,519	-	2,248,963	2,160,570
200	Deferred outflows of resources	66,323	-	76,822	-	-	13,064	84,802
290	Total assets and deferred outflows of resources	<u>\$ 1,192,284</u>	<u>\$ 26,215</u>	<u>\$ 457,112</u>	<u>\$ 33,519</u>	<u>\$ -</u>	<u>\$ 2,262,027</u>	<u>\$ 2,245,372</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Assets							
Current Assets							
Cash							
111	Cash - unrestricted	\$ -	\$ -	\$ 535,698	\$ -	\$ -	\$ 2,772,356
113	Cash - other restricted	-	-	-	-	-	337,812
114	Cash - tenant security deposits	-	-	87,333	-	-	138,930
100	Total cash	-	-	623,031	-	-	3,249,098
Receivables							
122	Accounts receivable - HUD other projects	-	-	-	-	-	130,117
124	Accounts receivable - other governments	-	-	4,837	-	-	4,153
125	Accounts receivable - miscellaneous	-	-	-	-	-	6,515
126	Accounts receivable - tenants - dwelling rents	-	-	23,286	-	-	26,392
128	Fraud recovery	-	-	-	-	-	433
129	Accrued interest receivable	-	-	-	-	-	22,347
120	Total receivables, net of allowances for doubtful accounts	-	-	28,123	-	-	189,957
142	Prepaid expenses and other assets	-	-	30,577	-	-	55,877
144	Interprogram receivables	-	-	-	-	(25,527)	-
150	Total current assets	-	-	681,731	-	(25,527)	3,494,932

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Fixed Assets							
161	Land	-	-	715,043	-	-	1,256,004
162	Buildings	-	-	20,826,149	-	-	31,038,873
163	Furniture, equipment and machinery - dwellings	-	-	1,371,029	-	-	1,767,813
164	Furniture, equipment and machinery - administration	-	-	-	-	-	420,823
166	Accumulated depreciation	-	-	(9,906,355)	-	-	(18,862,734)
160	Total fixed assets, net of accumulated depreciation	-	-	13,005,866	-	-	15,620,779
171	Notes, loans, and mortgages receivable - noncurrent	-	8,662	-	-	-	388,848
174	Other assets	-	-	1,271,286 ⁽¹⁾	-	-	1,274,324
176	Investments	-	308	-	-	-	138,961
180	Total noncurrent assets	-	8,970	14,277,152	-	-	17,422,912
190	Total assets	-	8,970	14,958,883	-	(25,527)	20,917,844
200	Deferred outflows of resources	-	-	-	-	-	241,011
290	Total assets and deferred outflows of resources	\$ -	\$ 8,970	\$ 14,958,883	\$ -	\$ (25,527)	\$ 21,158,855

1. Included in this amount is the restricted cash amounts of \$1,208,036 which are considered cash and cash equivalents for statement of cash flows purposes.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Liabilities and Equity								
Liabilities								
Current Liabilities								
312	Accounts payable ≤ 90 days	\$ 1,781	\$ 86	\$ 5,849	\$ -	\$ -	\$ 895	\$ 3,902
321	Accrued wage/payroll taxes payable	16,349	-	14,029	-	-	4,181	18,226
322	Accrued compensated absences	20,379	-	16,558	-	-	5,652	9,887
325	Accrued interest payable	-	-	-	-	-	-	-
333	Accounts payable - other government	21,293	-	-	-	-	15,348	-
341	Tenant security deposits	35,461	-	-	-	-	16,136	-
342	Unearned revenues	1,296	-	-	-	-	257	-
343	Current portion of long-term debt - capital projects	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-
347	Interprogram payables	438	25,069	20	-	-	-	-
310	Total current liabilities	<u>96,997</u>	<u>25,155</u>	<u>36,456</u>	<u>-</u>	<u>-</u>	<u>42,469</u>	<u>32,015</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 Year Ended December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Noncurrent Liabilities								
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-
350	Total noncurrent liabilities	-	-	-	-	-	-	-
300	Total liabilities	96,997	25,155	36,456	-	-	42,469	32,015
400	Deferred inflows of resources	42,031	-	48,684	-	-	8,279	53,742
508.4	Net investment in capital assets	850,554	-	7,733	-	-	1,722,659	33,967
511.4	Restricted net position	25,128	-	29,106 ⁽²⁾	18,632	-	4,950	32,129
512.4	Unrestricted net position	177,574	1,060	335,133	14,887	-	483,670	2,093,519
513	Total equity/net position	1,053,256	1,060	371,972	33,519	-	2,211,279	2,159,615
600	Total liabilities, deferred inflows and equity/net position	<u>\$ 1,192,284</u>	<u>\$ 26,215</u>	<u>\$ 457,112</u>	<u>\$ 33,519</u>	<u>\$ -</u>	<u>\$ 2,262,027</u>	<u>\$ 2,245,372</u>

2. Included in this amount is the restricted net position for housing assistance payment equity of \$0 and restricted net position for SDRS pension of \$29,106.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Liabilities and Equity							
Liabilities							
Current Liabilities							
312	Accounts payable ≤ 90 days	\$ -	\$ -	\$ 147,523	\$ -	\$ -	\$ 160,036
321	Accrued wage/payroll taxes payable	-	-	-	-	-	52,785
322	Accrued compensated absences	-	-	-	-	-	52,476
325	Accrued interest payable	-	-	30,627	-	-	30,627
333	Accounts payable - other government	-	-	-	-	-	36,641
341	Tenant security deposits	-	-	87,333	-	-	138,930
342	Unearned revenues	-	-	-	-	-	1,553
343	Current portion of long-term debt - capital projects	-	-	125,073	-	-	125,073
345	Other current liabilities	-	-	3,328	-	-	3,328
347	Interprogram payables	-	-	-	-	(25,527)	-
310	Total current liabilities	-	-	393,884	-	(25,527)	601,449

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Noncurrent Liabilities							
351	Long-term debt, net of current - capital projects	-	-	4,043,470	-	-	4,043,470
353	Non-current liabilities - other	-	-	56,649	-	-	56,649
350	Total noncurrent liabilities	-	-	4,100,119	-	-	4,100,119
300	Total liabilities	-	-	4,494,003	-	(25,527)	4,701,568
400	Deferred inflows of resources	-	-	-	-	-	152,736
508.4	Net investment in capital assets	-	-	8,812,943	-	-	11,427,856
511.4	Restricted net position	-	-	1,208,036	-	-	1,317,981
512.4	Unrestricted net position	-	8,970	443,901	-	-	3,558,714
513	Total equity/net position	-	8,970	10,464,880	-	-	16,304,551
600	Total liabilities, deferred inflows and equity/net position	\$ -	\$ 8,970	\$ 14,958,883	\$ -	\$ (25,527)	\$ 21,158,855

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 Year Ended December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Revenues								
703	Net tenant rental revenue	\$ 425,869	\$ -	\$ -	\$ -	\$ -	\$ 450,319	\$ -
704	Tenant revenue - other	16,248	-	-	-	-	7,625	-
705	Total tenant revenue	442,117	-	-	-	-	457,944	-
706	HUD PHA operating grants	198,323	55,637	2,774,458	230,155	87,417	-	-
708	Other government grants	-	-	-	-	-	-	-
711	Investment income - unrestricted	7	-	48	-	-	159	35,053
714	Fraud recovery	-	-	8,885	-	-	-	-
715	Other revenue	4,547	-	-	-	-	1,242	300,336
716	Gain/loss on the sale of fixed assets	(233)	-	-	-	-	-	-
720	Investment income - restricted	-	-	-	-	-	-	-
700	Total revenues	644,761	55,637	2,783,391	230,155	87,417	459,345	335,389

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 Year Ended December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
Expenses								
Administrative								
911	Administrative salaries	209,870	-	305,959	23,045	-	-	246,925
912	Auditing fees	9,296	-	14,575	-	-	8,530	1,350
913	Management fees	-	-	-	-	-	34,566	-
914	Advertising and marketing	-	-	-	-	-	2,156	-
915	Employee benefit contributions - administrative	41,859	-	57,111	4,618	-	-	50,965
916	Office expense	40,886	-	67,529	4,299	-	14,971	-
917	Legal expense	-	-	-	-	-	-	-
918	Travel	-	122	-	807	-	844	-
919	Other operating - administrative	-	212	-	-	-	-	68,100
Tenant services								
921	Tenant services - salaries	12,150	-	-	-	-	18,971	8,620
923	Employee benefit contributions - tenant services	2,424	-	-	-	-	4,112	1,779
924	Tenant services - other	7,061	54,243	-	-	-	5,456	-
Utilities								
931	Water	17,934	-	-	-	-	7,853	-
932	Electricity	39,496	-	-	-	-	44,836	-
933	Gas	23,071	-	-	-	-	5,058	-
Ordinary maintenance and operation								
941	Ordinary maintenance and operations - labor	51,666	-	-	-	-	34,291	50,252
942	Ordinary maintenance and operations - materials and other	23,492	-	-	-	-	7,492	4,850
943	Ordinary maintenance and operations - contract costs	57,300	-	-	-	-	53,107	482
945	Employee benefit contributions-ordinary maintenance	10,306	-	-	-	-	7,433	10,374

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 Year Ended December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
	Protective services							
951	Protective services - labor	-	-	-	-	-	1,350	-
952	Protective services - other contract costs	2,649	-	-	-	-	2,438	-
	General expenses							
961.1	Property insurance	37,247	-	-	-	-	7,406	-
961.2	Liability insurance	-	-	529	-	-	-	67
961.3	Workmen's compensation	-	-	925	-	-	3,296	2,352
961.4	All other insurance	-	-	950	204	-	-	5,606
962	Other general expenses	-	-	-	-	-	1,369	-
963	Payments in lieu of taxes	21,293	-	-	-	-	15,348	-
964	Bad debt - tenant rents	5,494	-	-	-	-	-	-
967	Interest expense	-	-	-	-	-	-	-
969	Total operating expenses	<u>613,494</u>	<u>54,577</u>	<u>447,578</u>	<u>32,973</u>	<u>-</u>	<u>280,883</u>	<u>451,722</u>
970	Excess (deficiency) operating revenue over (under) operating expenses	<u>31,267</u>	<u>1,060</u>	<u>2,335,813</u>	<u>197,182</u>	<u>87,417</u>	<u>178,462</u>	<u>(116,333)</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Financial Data Schedule
 Year Ended December 31, 2023

Line Item #	Account Description	Low Rent 14.850	14.231 Emergency Shelter Grant Program	Section 8 Housing Choice Voucher Program 14.871	14.879 Mainstream Vouchers	Capital Fund 14.872	Sherman Apartments Section 8 New	Management Account
	Other expenses							
971	Extraordinary maintenance	42,980	-	-	-	-	567	-
972	Casualty losses - non-capitalized	-	-	-	-	-	-	-
973	Housing assistance payments	-	-	2,418,911	170,625	-	-	-
974	Depreciation expense	89,769	-	2,386	-	-	119,943	7,255
900	Total expenses	<u>746,243</u>	<u>54,577</u>	<u>2,868,875</u>	<u>203,598</u>	<u>-</u>	<u>401,393</u>	<u>458,977</u>
1001	Operating transfers in	87,417	-	-	-	-	-	34,421
1002	Operating transfers out	-	-	-	-	(87,417)	-	-
1004	Operating transfers from/to component unit	-	-	-	-	-	-	13,957
1010	Total other financing sources (uses)	<u>87,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,417)</u>	<u>-</u>	<u>48,378</u>
1000	Excess (deficiency) of operating revenue over (under) expenses	<u>\$ (14,065)</u>	<u>\$ 1,060</u>	<u>\$ (85,484)</u>	<u>\$ 26,557</u>	<u>\$ -</u>	<u>\$ 57,952</u>	<u>\$ (75,210)</u>
	Memo account information							
1103	Beginning equity	1,067,321	-	457,456	6,962	-	2,153,327	2,234,825
1117	Administrative fee equity	-	-	371,972	-	-	-	-
1118	Housing assistance payments equity	-	-	-	18,632	-	-	-
1119	Unit months available	1,200	-	6,540	480	-	612	-
1121	Number of unit months leased	1,155	-	5,299	458	-	602	-
1127	Excess cash	22,630	-	-	-	-	-	-

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Revenues							
703	Net tenant rental revenue	\$ -	\$ -	\$ 1,473,479	\$ -	\$ -	\$ 2,349,667
704	Tenant revenue - other	-	-	-	-	-	23,873
705	Total tenant revenue	-	-	1,473,479	-	-	2,373,540
706	HUD PHA operating grants	-	-	-	-	-	3,345,990
708	Other government grants	34,421	-	-	-	-	34,421
711	Investment income - unrestricted	-	-	-	-	-	35,267
714	Fraud recovery	-	-	-	-	-	8,885
715	Other revenue	-	5,500	17,753	-	(34,566)	294,812
716	Gain/loss on the sale of fixed assets	-	-	-	-	-	(233)
720	Investment income - restricted	-	-	11,006	-	-	11,006
700	Total revenues	34,421	5,500	1,502,238	-	(34,566)	6,103,688

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
Expenses							
Administrative							
911	Administrative salaries	-	-	46,705	-	-	832,504
912	Auditing fees	-	-	48,510	-	-	82,261
913	Management fees	-	-	168,559	-	(34,566)	168,559
914	Advertising and marketing	-	-	2,331	-	-	4,487
915	Employee benefit contributions - administrative	-	-	-	-	-	154,553
916	Office expense	-	-	42,125	-	-	169,810
917	Legal expense	-	-	2,164	-	-	2,164
918	Travel	-	-	3,641	-	-	5,414
919	Other operating - administrative	-	210	39,633	-	-	108,155
Tenant services							
921	Tenant services - salaries	-	-	-	-	-	39,741
923	Employee benefit contributions - tenant services	-	-	-	-	-	8,315
924	Tenant services - other	-	-	2,551	-	-	69,311
Utilities							
931	Water	-	-	66,318	-	-	92,105
932	Electricity	-	-	72,188	-	-	156,520
933	Gas	-	-	40,820	-	-	68,949
Ordinary maintenance and operation							
941	Ordinary maintenance and operations - labor	-	-	-	-	-	136,209
942	Ordinary maintenance and operations - materials and other	-	-	28,998	-	-	64,832
943	Ordinary maintenance and operations - contract costs	-	-	294,375	-	-	405,264
945	Employee benefit contributions-ordinary maintenance	-	-	-	-	-	28,113

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
	Protective services						
951	Protective services - labor	-	-	-	-	-	1,350
952	Protective services - other contract costs	-	-	-	-	-	5,087
	General expenses						
961.1	Property insurance	-	-	31,759	-	-	76,412
961.2	Liability insurance	-	-	31,334	-	-	31,930
961.3	Workmen's compensation	-	-	-	-	-	6,573
961.4	All other insurance	-	-	-	-	-	6,760
962	Other general expenses	-	-	75,655	-	-	77,024
963	Payments in lieu of taxes	-	-	-	-	-	36,641
964	Bad debt - tenant rents	-	-	6,752	-	-	12,246
967	Interest expense	-	-	129,711	-	-	129,711
969	Total operating expenses	-	210	1,134,129	-	(34,566)	2,981,000
970	Excess (deficiency) operating revenue over (under) operating expenses	34,421	5,290	368,109	-	-	3,122,688

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota

Financial Data Schedule

Year Ended December 31, 2023

Line Item #	Account Description	HOME Investment Partnerships Program 14.239	Component Units	Discretely Presented Component Units	Fiduciary Fund	Eliminations	Total
	Other expenses						
971	Extraordinary maintenance	-	-	138,997	-	-	182,544
972	Casualty losses - non-capitalized	-	-	-	-	-	-
973	Housing assistance payments	-	-	-	-	-	2,589,536
974	Depreciation expense	-	-	875,277	-	-	1,094,630
900	Total expenses	-	210	2,148,403	-	(34,566)	6,847,710
1001	Operating transfers in	-	-	-	-	(121,838)	-
1002	Operating transfers out	(34,421)	-	-	-	121,838	-
1004	Operating transfers from/to component unit	-	(13,957)	-	-	-	-
1010	Total other financing sources (uses)	(34,421)	(13,957)	-	-	-	-
1000	Excess (deficiency) of operating revenue over (under) expenses	\$ -	\$ (8,667)	\$ (646,165)	\$ -	\$ -	\$ (744,022)
	Memo account information						
1103	Beginning equity	-	17,637	11,111,045	-	-	17,048,573
1117	Administrative fee equity	-	-	-	-	-	371,972
1118	Housing assistance payments equity	-	-	-	-	-	18,632
1119	Unit months available	-	-	2,076	-	-	10,908
1121	Number of unit months leased	-	-	1,948	-	-	9,462
1127	Excess cash	-	-	-	-	-	22,630



**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***

The Board of Commissioners
The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Aberdeen, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and each major fund of The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota, a component unit of the City of Aberdeen, South Dakota (the “Commission”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated April 29, 2024. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Commission's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the 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.



Aberdeen, South Dakota
April 29, 2024



Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Commissioners
The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Aberdeen, South Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota, a component unit of the City of Aberdeen, South Dakota’s (the “Commission”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Commission’s major federal program for the year ended December 31, 2023. The Commission’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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



Aberdeen, South Dakota
April 29, 2024

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct Federal Funding			
Public and Indian Housing	14.850	N/A	\$ 198,323
Public Housing Capital Fund	14.872	N/A	87,417
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	2,866,531
COVID-19 Mainstream Voucher	14.879	N/A	203,599
Total Housing Voucher Cluster			<u>3,070,130</u>
Pass-Through South Dakota Housing Development Authority			
HOME Investment Partnerships Program	14.239	*	34,421
Emergency Solutions Grant Program	14.231	E-23-DC-46-001-05	4,837
COVID-19 Emergency Solutions Grant Program	14.231	*	<u>54,365</u>
Total U.S. Department of Housing and Urban Development			<u>3,449,493</u>
Total Federal Financial Assistance			<u>\$ 3,449,493</u>

* No Pass-Through Entity Identifying Number Given

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Commission under programs of the federal government for the year ended December 31, 2023. The information is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Commission. The Commission received federal awards both directly from federal agencies and indirectly through pass-through entities.

The accompanying schedule of expenditures of federal awards presents only the activity of federal award programs of the Commission and excludes any federal awards of discretely presented component units.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Commission's summary of significant accounting policies is presented in Note 1 in the Commission's basic financial statements. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Commission does not draw for indirect administrative expenses and has not elected to use the 10% *de minimus* cost rate.

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Housing Voucher Cluster:	
COVID-19 Mainstream Voucher	14.879
Section 8 Housing Choice Voucher	14.871
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2023-001 - Financial Statements, Footnotes, and the Schedule of Expenditures of Federal Awards Are Prepared by the Auditor, Which, at Times, Includes Material Proposed Adjustments

Material Weakness

Criteria: An organization's internal control structure should provide for the recording of all necessary material adjustments and the preparation of financial statements, footnotes, and schedule of expenditures of federal awards in accordance with generally accepted accounting principles and Uniform Guidance.

Condition: The Commission does not have an internal control system designed to provide for the preparation of the financial statements including required footnotes, disclosures, and schedule of expenditures of federal awards including, at times, all necessary material audit adjustments to the Commission's financial statements. During the course of our engagement, we were requested to draft the financial statements, accompanying notes to those financial statements, and schedule of expenditures of federal awards and, at times, we proposed material audit adjustments to the Commission's recorded account balances.

Cause: The Commission does not have adequate staff trained to prepare the financial statements, footnotes, and schedule of expenditures of federal awards.

Effect: The preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Commission personnel. The need for proposed audit adjustments indicates that the Commission's interim financial information is not materially correct, which may affect management decisions made during the course of the year.

Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with finding.

Section III – Federal Award Findings and Questioned Costs

**2023-002 Section 8 Housing Choice Voucher Cluster
Federal Financial Assistance Listing 14.879 COVID-19 Mainstream Voucher Program
Federal Financial Assistance Listing 14.871 Section 8 Housing Choice Voucher Program**

**Reporting
Significant Deficiency in Internal Control over Compliance**

Criteria: Controls over reporting should be in place to ensure that a person other than the person who prepares the reports for submission review the report for accuracy.

Condition: The Commission does not have a review process in place to review the VMS reporting on a monthly basis and the annual REAC unaudited submission.

Cause: The Commission experienced significant turnover in staff at the end of 2022 and in 2023 so the review process was not being completed on the reporting.

Effect: Errors in reporting could occur that would not be detected on a timely basis by the Commission.

Questioned Costs: None

Repeat Finding from Prior Year(s): No

Recommendation: With the turnover in staffing, we realize the new staff were not aware of the controls system that needed to be in place. We recommend a control process be in place so review of the submission can occur prior to submission for any noticeable errors.

Views of Responsible Officials: Management agrees with finding.



Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan

December 31, 2023

Prepared by Management of
The Housing and Redevelopment Commission of
Aberdeen, South Dakota



Summary Schedule of Prior Audit Findings

Financial Statement Finding

Finding 2022-001 – Financial statements, footnotes and the schedule of expenditures of federal awards are prepared by the auditor, which at times includes material proposed adjustments to the financial statements.

Initial Fiscal Year Finding Occurred: 2008

Finding Summary: Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements.

Status: Ongoing. Due to cost considerations, we will continue to have Eide Bailly LLP prepare our draft financial statements and accompanying notes to the financial statements.

Federal Award Finding

Finding 2022-002

Federal Agency Name – Department of Housing and Urban Development

Assistance Listing Number – 14.871 & 14.879

Program Name – Housing Voucher Cluster

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The Commission did not have a tracking and review control in place to ensure that reporting of GAAP-based unaudited information was electronically submitted to HUD within the two-month deadline of the PHA's year end resulting in a late submission.

Status: Partially Resolved, the submissions were completed timely for 2023 but review process was not implemented. See Finding 2023-002

Corrective Action Plan

Finding 2023-001

Finding Summary: Eide Bailly LLP prepared our draft financial statements, accompanying notes to the financial statements and the schedule of expenditures of federal awards. They also proposed audit adjustments that would not have been identified because of our existing controls and, therefore, could have resulted in a material misstatement of our financial statements.

Responsible Individuals: Brett Bill, Executive Director

Corrective Action Plan: It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements and accompanying notes. We requested that our auditors, Eide Bailly LLP, prepared the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed with and agree with the material adjustments proposed during the audit.

Anticipated Completion Date: Ongoing

Finding 2023-002

Finding Summary: The Commission does not have a review process in place to ensure that a person other than the person who prepares the reports for submission review the reports for accuracy for the monthly VMS submission and yearly unaudited REAC submission.

Responsible Individuals: Brett Bill, Executive Director

Corrective Action Plan: Based on continued turnover in the accounting and finance departments, the review process was not able to be put into action. We have developed the process to ensure a review will occur prior to reports being submitted to HUD on a monthly or annual basis.

Anticipated Completion Date: 6/1/2024