



Financial Statements
December 31, 2024 and 2023

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

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

Table of Contents

December 31, 2024 and 2023

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Financial Statements	
Statements of Net Position	11
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	17
Combining Statements of Net Position – Discretely Presented Component Units	21
Combining Statements of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units	25
Combining Statements of Cash Flows – Discretely Presented Component Units	27
Notes to Financial Statements	31
Required Supplementary Information	
Schedule of Net Pension Liability (Asset) and Schedule of Pension Contributions	54
Supplementary Information	
Financial Data Schedule	56
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 <i>Government Auditing Standards</i>	72
Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	74
Schedule of Expenditures of Federal Awards	77
Notes to Schedule of Expenditures of Federal Awards	78
Schedule of Findings and Questioned Costs	79



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, 2024 and 2023, 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, 2024 and 2023, 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, 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, 2025, 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, 2025

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, 2024 and 2023. 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 or has a majority interest in board members.

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.

Financial Highlights for 2024

- Total assets and deferred outflows of resources of the Commission increased \$140,603 (or 2.3%) as of December 31, 2024.
- Total liabilities and deferred inflows of resources of the Commission decreased \$10,429 (or 2.89%) as of December 31, 2024.
- Net position of the Commission increased \$130,174 (or 2.2%) as of December 31, 2024.
- Unrestricted cash of the Commission decreased \$185,413 (or 8.04%) as of December 31, 2024.
- Operating revenue of the Commission increased \$383,675 (or 8.5%) from 2023 to 2024.
- Operating expenses of the Commission increased \$347,688 (or 7.3%) from 2023 to 2024.
- Non-operating revenues and expenses increased \$996 (or 2.8%) from 2023 to 2024.
- Capital contributions increased \$191,050 (or 218.55%) from 2023 to 2024.

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.

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, 2024 and 2023, the Commission's capital assets for its business-type activities were \$2,469,020 and \$2,614,913 (net of accumulated depreciation), respectively. Capital assets include land, buildings, improvements, and equipment.

Major capital asset purchases during the year ended December 31, 2024, include the following:

- Capital expenditures of \$45,535 for furniture and fixtures in Public Housing.
- Capital expenditures of \$17,420 for building improvements at the Sherman Apartments.
- Capital expenditures of \$7,967 for furniture and fixtures at the Sherman Apartments.

Major capital assets 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 \$5,830 for furniture and fixtures at the Sherman Apartments.

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

Long-Term Liabilities

As of December 31, 2024 and 2023, long-term liabilities totaled \$0 and \$0, respectively. There was no new long-term debt issued during 2024 or 2023.

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, 2024:

Total operating revenue increased by \$21,328 from 2023 to 2024. Total operating expenses increased by \$127,491. Capital contributions increased by \$191,050.

Year Ended December 31, 2023:

Total operating revenue increased by \$79,590 from 2023 to 2024. Total operating expenses decreased by \$44,443. Capital contributions decreased by \$164,484.

Aberdeen Housing Commission – Section 8 Vouchers

Year Ended December 31, 2024:

Total operating revenue increased by \$383,273 from 2023 to 2024. Total operating expenses increased by \$307,507.

Year Ended December 31, 2023:

Total operating revenue increased by \$276,229 from 2023 to 2024. Total operating expenses increased by \$414,766.

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

Year Ended December 31, 2024:

Total operating revenue increased by \$21,067 from 2023 to 2024. Total operating expenses increased by \$15,723. Total non-operating revenue/expenses increased by \$131.

Year Ended December 31, 2023:

Total operating revenue increased by \$10,419 from 2023 to 2024. Total operating expenses increased by \$5,650. Total non-operating revenue/expenses increased by \$169.

Aberdeen Housing Commission – Management Account

Year Ended December 31, 2024:

Total operating revenue decreased by \$41,993 from 2023 to 2024. Total operating expenses decreased by \$102,943. Total non-operating revenues increased by \$971.

Year Ended December 31, 2023:

Total operating revenue increased by \$1,403 from 2023 to 2024. Total operating expenses increased by \$96,634. Total non-operating revenues increased by \$12,995.

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 2023 and 2024. Total operating revenues were \$0. Total operating expenses were \$60 and \$50 for the years ended December 31, 2024 and 2023, respectively.

Lawson Developers, LLC

Lawson Developers, LLC had limited activity during 2023 and 2024. Total operating revenues were \$0. Total operating expenses and transfers out were \$8,662 and \$8,667 for the years ended December 31, 2024 and 2023, respectively.

AHA Housing, LLC

Aberdeen Housing, LLC had limited activity during 2023 and 2024. Total operating revenues were \$0. Total operating expenses were \$0 and \$50 for the years ended December 31, 2024 and 2023, respectively.

Meadow Wood Housing, LLC

Meadow Wood Housing, LLC had limited activity during 2023 and 2024. Total operating revenues were \$5,500 for the years ended December 31, 2024 and 2023. Total operating expenses and transfers were \$5,440 and \$5,450 for the years ended December 31, 2024 and 2023, respectively.

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

Management's Discussion and Analysis

December 31, 2024 and 2023

Condensed Financial Information

	2024	2023	2022
Assets			
Current assets	\$ 2,768,157	\$ 2,494,021	\$ 2,374,762
Capital assets	2,469,022	2,614,913	2,780,158
Other assets	856,679	850,027	852,312
Total assets	6,093,858	5,958,961	6,007,232
Deferred Outflows of Resources	246,717	241,011	264,073
Total assets and deferred outflows	\$ 6,340,575	\$ 6,199,972	\$ 6,271,305
Liabilities			
Current liabilities	\$ 175,742	\$ 207,565	\$ 164,638
Total liabilities	175,742	207,565	164,638
Deferred Inflows of Resources	194,988	152,736	169,137
Net Position			
Net investment in capital assets	2,469,022	2,614,913	2,780,158
Restricted net position	42,691	18,632	60,907
Restricted for pension	1,480	91,313	97,839
Unrestricted net position	3,456,652	3,114,813	2,998,626
Total net position	5,969,845	5,839,671	5,937,530
Total liabilities, deferred inflows and net position	\$ 6,340,575	\$ 6,199,972	\$ 6,271,305

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

Management's Discussion and Analysis

December 31, 2024 and 2023

	2024	2023	2022
Operating Revenues			
Dwelling rental income	\$ 966,795	\$ 900,061	\$ 868,630
HUD subsidies	3,592,988	3,292,994	2,956,567
Management and administration fees	315,658	305,836	305,756
Other	21,799	14,674	14,971
Total operating revenues	4,897,240	4,513,565	4,145,924
Operating Expenses			
Rental assistance payments	2,904,505	2,620,880	2,325,795
General and administrative	2,177,057	2,112,994	1,935,462
Total operating expenses	5,081,562	4,733,874	4,261,257
Operating Income (Loss)	(184,322)	(220,309)	(115,333)
Nonoperating Revenue (Expense)	36,029	35,033	21,810
Capital Contributions	278,467	87,417	251,901
Change in Net Position	130,174	(97,859)	158,378
Net Position, Beginning	5,839,671	5,937,530	5,779,152
Net Position, End of Year	\$ 5,969,845	\$ 5,839,671	\$ 5,937,530

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

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, 2024

	2024						Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Total	
Assets							
Current Assets							
Cash and cash equivalents	\$ 2,070,675	\$ -	\$ -	\$ -	\$ -	\$ 2,070,675	\$ 626,151
Tenant accounts receivable	2,986	-	-	-	-	2,986	17,876
Funded security deposits	50,799	-	-	-	-	50,799	87,432
Other accounts receivable	63,670	-	-	-	-	63,670	-
Accrued interest receivable	33,913	-	-	-	-	33,913	-
Related party note receivable	521,101	-	-	-	-	521,101	-
Prepaid expenses	25,013	-	-	-	-	25,013	31,834
Total current assets	2,768,157	-	-	-	-	2,768,157	763,293
Property and Equipment							
Land and land improvements	540,961	-	-	-	-	540,961	715,043
Buildings and improvements	10,230,144	-	-	-	-	10,230,144	20,836,355
Furniture, equipment and machinery - dwellings	444,586	-	-	-	-	444,586	1,401,187
Furniture, equipment and machinery - nondwelling	420,823	-	-	-	-	420,823	-
Construction in progress	-	-	-	-	-	-	521,101
	11,636,514	-	-	-	-	11,636,514	23,473,686
Less accumulated depreciation	(9,167,492)	-	-	-	-	(9,167,492)	(10,760,671)
Total property and equipment	2,469,022	-	-	-	-	2,469,022	12,713,015
Other Assets							
Restricted deposits and reserves	336,052	-	-	-	-	336,052	1,265,068
Note receivable - related party	380,186	-	-	-	-	380,186	-
Investment in limited partnerships	138,653	100	-	10	198	138,961	-
Net pension asset	1,480	-	-	-	-	1,480	-
Tax credit fees, at cost, net of accumulated amortization	-	-	-	-	-	-	50,924
Total other assets	856,371	100	-	10	198	856,679	1,315,992
Deferred Outflows of Resources							
Pension related deferred outflows	246,717	-	-	-	-	246,717	-
	\$ 6,340,267	\$ 100	\$ -	\$ 10	\$ 198	\$ 6,340,575	\$ 14,792,300

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Statement of Net Position
December 31, 2024

	2024					Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	
Liabilities and Net Position						
Current Liabilities						
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,270
Accounts payable	11,650	-	-	-	-	30,366
Due to other governments	39,466	-	-	-	-	-
Tenant security deposits	50,799	-	-	-	-	87,432
Due to related party	-	-	-	-	-	536,101
Accrued liabilities						
Wages and payroll taxes payable	8,268	-	-	-	-	-
Interest	-	-	-	-	-	41,672
Compensated absences	61,363	-	-	-	-	-
Unearned revenues	4,196	-	-	-	-	-
Other	-	-	-	-	-	78,539
Prepaid revenue	-	-	-	-	-	2,439
Total current liabilities	175,742	-	-	-	-	907,819
Non-Current Liabilities						
Long-term debt, net of current portion and unamortized debt issuance costs	-	-	-	-	-	3,915,490
Other non-current payable	-	-	-	-	-	47,987
Total non-current liabilities	-	-	-	-	-	3,963,477
Total liabilities	175,742	-	-	-	-	4,871,296
Deferred Inflows of Resources						
Pension related deferred inflows	194,988	-	-	-	-	-
Net Position						
Net investment in capital assets	2,469,022	-	-	-	-	8,124,228
Restricted for HUD Voucher Program	42,691	-	-	-	-	-
Restricted for mortgage escrows	-	-	-	-	-	1,265,068
Restricted for pension (see Note 8)	1,480	-	-	-	-	-
Unrestricted net position	3,456,344	100	-	10	198	531,708
Total net position	5,969,537	100	-	10	198	9,921,004
	\$ 6,340,267	\$ 100	\$ -	\$ 10	\$ 198	\$ 14,792,300

See Notes to Financial Statements

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	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Total	
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 funded 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
Statements of Net Position
December 31, 2023

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

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, 2024

	2024						Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Total	
Operating Revenues							
Dwelling rental income	\$ 966,795	\$ -	\$ -	\$ -	\$ -	\$ 966,795	\$ 1,413,857
Grant income	3,592,988	-	-	-	-	3,592,988	-
Management and administration fees	310,158	-	-	-	5,500	315,658	47,871
Other revenue	21,799	-	-	-	-	21,799	43,020
Total operating revenues	4,891,740	-	-	-	5,500	4,897,240	1,504,748
Operating Expenses							
Administrative	1,246,231	60	-	-	60	1,246,351	432,275
Tenant services	64,084	-	-	-	-	64,084	-
Utilities	134,073	-	-	-	-	134,073	186,621
Ordinary maintenance and operation	342,062	-	-	-	-	342,062	364,219
General expenses	102,109	-	-	-	-	102,109	72,402
Rental assistance payments	2,904,505	-	-	-	-	2,904,505	-
Depreciation and amortization	216,039	-	-	-	-	216,039	872,954
Extraordinary maintenance	72,339	-	-	-	-	72,339	-
Total operating expenses	5,081,442	60	-	-	60	5,081,562	1,928,471
Operating Income (Loss)	(189,702)	(60)	-	-	5,440	(184,322)	(423,723)
Nonoperating Revenue (Expense)							
Interest income	36,803	-	-	-	-	36,803	12,868
Interest expense	-	-	-	-	-	-	(120,272)
Loss on disposal of property and equipment	(774)	-	-	-	-	(774)	(3,157)
Total nonoperating revenue (expense)	36,029	-	-	-	-	36,029	(110,561)
Income (Loss) Before Other Revenues, Expenses, and Transfers	(153,673)	(60)	-	-	5,440	(148,293)	(534,284)
Capital contributions	278,467	-	-	-	-	278,467	-
Capital distributions	-	-	-	-	-	-	(9,592)
Transfer to (from) blended component units	14,042	60	(8,662)	-	(5,440)	-	-
Change in Net Position	138,836	-	(8,662)	-	-	130,174	(543,876)
Net Position, Beginning of Year	5,830,701	100	8,662	10	198	5,839,671	10,464,880
Net Position, End of Year	\$ 5,969,537	\$ 100	\$ -	\$ 10	\$ 198	\$ 5,969,845	\$ 9,921,004

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					Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Total
Operating Revenues						
Dwelling rental income	\$ 900,061	\$ -	\$ -	\$ -	\$ -	\$ 900,061
Grant income	3,292,994	-	-	-	-	3,292,994
Management and administration fees	300,336	-	-	-	5,500	305,836
Other revenue	14,674	-	-	-	-	14,674
Total operating revenues	<u>4,508,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>4,513,565</u>
Operating Expenses						
Administrative	1,208,421	50	60	50	50	1,208,631
Tenant services	111,749	-	-	-	-	111,749
Utilities	138,248	-	-	-	-	138,248
Ordinary maintenance and operation	289,893	-	-	-	-	289,893
General expenses	101,572	-	-	-	-	101,572
Rental assistance payments	2,620,880	-	-	-	-	2,620,880
Depreciation and amortization	219,295	-	-	-	-	219,295
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>
Operating Income (Loss)	<u>(225,599)</u>	<u>(50)</u>	<u>(60)</u>	<u>(50)</u>	<u>5,450</u>	<u>(220,309)</u>
Nonoperating Revenue (Expense)						
Interest income	35,266	-	-	-	-	35,266
Interest expense	-	-	-	-	-	-
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>
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>
Capital contributions	87,417	-	-	-	-	87,417
Capital distributions	-	-	-	-	-	-
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>
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>
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>

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, 2024

	2024					
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Aggregate Discretely Presented Component Units
Operating Activities						
Receipts from tenant payments	\$ 969,193	\$ -	\$ -	\$ -	\$ -	\$ 969,193
Receipts for management fees and other	404,235	-	8,662	-	5,500	418,397
Receipts from HUD subsidies	3,592,988	-	-	-	-	3,592,988
Payments to employees	(1,089,844)	-	-	-	-	(1,089,844)
Housing assistance payments	(2,904,505)	-	-	-	-	(2,904,505)
Payments to suppliers and others	(866,331)	(60)	-	-	(60)	(866,451)
Net Cash from (used for) Operating Activities	105,736	(60)	8,662	-	5,440	119,778
Noncapital Financing Activities						
Transfers from blended component unit	14,162	-	(8,662)	-	(5,500)	-
Transfers to blended component unit	(120)	60	-	-	60	-
HUD capital contributions	278,467	-	-	-	-	278,467
Net Cash from (used for) Noncapital Financing Activities	292,509	60	(8,662)	-	(5,440)	278,467
Capital and Related Financing Activities						
Purchase of property and equipment	(70,922)	-	-	-	-	(70,922)
Payment on other liabilities	-	-	-	-	-	-
Payments for interest	-	-	-	-	-	-
Principal payments on long-term debt	-	-	-	-	-	-
Advances from construction note	-	-	-	-	-	-
Equity distributions	-	-	-	-	-	-
Net Cash used for Capital and Related Financing Activities	(70,922)	-	-	-	-	(70,922)
Investing Activities						
Advance to Housing Plus, Inc.	(521,101)	-	-	-	-	(521,101)
Interest received	25,237	-	-	-	-	25,237
Net Cash from Investing Activities	(495,864)	-	-	-	-	(495,864)
Net Change in Cash and Cash Equivalents	(168,541)	-	-	-	-	(168,541)
Cash and Cash Equivalents, Beginning of Year	2,626,067	-	-	-	-	2,626,067
Cash and Cash Equivalents, End of Year	\$ 2,457,526	\$ -	\$ -	\$ -	\$ -	\$ 2,457,526

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, 2024

	2024					Aggregate Discretely Presented Component Units
	Primary Government	Blended Component Units			Total	
		Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	
Cash consists of:						
Cash	\$ 2,070,675	\$ -	\$ -	\$ -	\$ -	\$ 2,070,675
Funded security deposits	50,799	-	-	-	-	50,799
Restricted deposits	336,052	-	-	-	-	336,052
	<u>\$ 2,457,526</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,457,526</u>
Operating Activities						
Operating income (loss)	\$ (189,702)	\$ (60)	\$ -	\$ -	\$ 5,440	\$ (184,322)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities						
Depreciation and amortization	216,039	-	-	-	-	216,039
Change in assets and liabilities						
Rental accounts receivable	553	-	-	-	-	553
Other receivables	72,278	-	8,662	-	-	80,940
Prepaid expenses	287	-	-	-	-	287
Accounts payable and other accrued liabilities	(33,668)	-	-	-	-	(33,668)
Tenant security deposits	(798)	-	-	-	-	(798)
Pension asset/liability, deferred inflows and outflows	38,104	-	-	-	-	38,104
Unearned revenues	2,643	-	-	-	-	2,643
Net Cash from (used for) Operating Activities	<u>\$ 105,736</u>	<u>\$ (60)</u>	<u>\$ 8,662</u>	<u>\$ -</u>	<u>\$ 5,440</u>	<u>\$ 119,778</u>

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

Statement of Cash Flows Year Ended December 31, 2023

	2023					Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	
Operating Activities						
Receipts from tenant payments	\$ 905,960	\$ -	\$ -	\$ -	\$ -	\$ 1,474,208
Receipts for management fees and other	216,745	-	8,667	-	5,500	12,916
Receipts from HUD subsidies	3,292,994	-	-	-	-	-
Payments to employees	(967,879)	-	-	-	-	-
Housing assistance payments	(2,620,880)	-	-	-	-	-
Payments to suppliers and others	(880,656)	(50)	(60)	(50)	(50)	(1,038,881)
Net Cash from (used for) Operating Activities	(53,716)	(50)	8,607	(50)	5,450	448,243
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	-	-	-	-	-
Net Cash from (used for) Noncapital Financing Activities	101,374	50	(8,607)	50	(5,450)	-
Capital and Related Financing Activities						
Purchase of property and equipment	(54,283)	-	-	-	-	(108,098)
Purchase of other assets	-	-	-	-	-	(27,787)
Payments 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)	-	-	-	-	(540,923)
Investing Activities						
Payments received on notes receivable	8,973	-	-	-	-	-
Interest received	34,849	-	-	-	-	11,006
Net Cash from Investing Activities	43,822	-	-	-	-	11,006
Net Change in Cash and Cash Equivalents	37,197	-	-	-	-	(81,674)
Cash and Cash Equivalents, Beginning of Year	2,588,870	-	-	-	-	1,912,741
Cash and Cash Equivalents, End of Year	\$ 2,626,067	\$ -	\$ -	\$ -	\$ -	\$ 1,831,067

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						Aggregate Discretely Presented Component Units
	Primary Government	Aberdeen Housing, LLC	Blended Component Units Lawson Devlopers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Total	
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	(4,108)
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>\$ 448,243</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2024

	2024						
	<u>Sunshine Park, LP</u>	<u>Lawson View Townhomes, LP</u>	<u>Meadow Wood Townhomes, LP</u>	<u>Jackson Heights Apartments, LP</u>	<u>Central Villas, LP</u>	<u>Housing Plus, Inc</u>	<u>Total</u>
Assets							
Current Assets							
Cash	\$ 154,084	\$ 155,494	\$ 231,357	\$ 28,267	\$ 47,205	\$ 9,744	\$ 626,151
Tenant accounts receivable	3,507	10,883	66	2,797	623	-	17,876
Funded security deposits	14,715	7,681	19,529	23,199	22,308	-	87,432
Prepaid expenses	6,549	11,147	2,334	8,240	3,564	-	31,834
Total current assets	<u>178,855</u>	<u>185,205</u>	<u>253,286</u>	<u>62,503</u>	<u>73,700</u>	<u>9,744</u>	<u>763,293</u>
Property and Equipment							
Land	100,774	40,369	142,900	292,500	138,500	-	715,043
Buildings and improvements	3,528,353	3,324,257	4,174,624	4,616,663	5,192,458	-	20,836,355
Furniture, equipment and machinery - dwellings	215,688	412,608	254,368	232,204	286,319	-	1,401,187
Construction in progress	-	-	-	-	-	521,101	521,101
	<u>3,844,815</u>	<u>3,777,234</u>	<u>4,571,892</u>	<u>5,141,367</u>	<u>5,617,277</u>	<u>521,101</u>	<u>23,473,686</u>
Less accumulated depreciation	<u>(2,229,081)</u>	<u>(2,395,834)</u>	<u>(2,302,840)</u>	<u>(2,076,476)</u>	<u>(1,756,440)</u>	<u>-</u>	<u>(10,760,671)</u>
Total property and equipment	<u>1,615,734</u>	<u>1,381,400</u>	<u>2,269,052</u>	<u>3,064,891</u>	<u>3,860,837</u>	<u>521,101</u>	<u>12,713,015</u>
Other Assets							
Restricted deposits and funded reserves	345,199	229,004	232,856	260,835	197,174	-	1,265,068
Tax credit fees, at cost, net of accumulated amortization	2,316	-	9,758	13,495	25,355	-	50,924
Total other assets	<u>347,515</u>	<u>229,004</u>	<u>242,614</u>	<u>274,330</u>	<u>222,529</u>	<u>-</u>	<u>1,315,992</u>
	<u>\$ 2,142,104</u>	<u>\$ 1,795,609</u>	<u>\$ 2,764,952</u>	<u>\$ 3,401,724</u>	<u>\$ 4,157,066</u>	<u>\$ 530,845</u>	<u>\$ 14,792,300</u>

The Housing and Redevelopment Commission of the City of Aberdeen, South Dakota
Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2024

	2024						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
Liabilities and Net Position							
Current Liabilities							
Current portion of long-term debt	\$ 16,800	\$ 20,932	\$ -	\$ 59,088	\$ 34,450	\$ -	\$ 131,270
Accounts payable	3,988	5,302	5,857	7,136	5,271	2,812	30,366
Tenant security deposits	14,715	7,681	19,529	23,199	22,308	-	87,432
Due to related party	-	-	-	-	-	536,101	536,101
Accrued liabilities							
Interest	23,613	13,154	-	2,035	2,870	-	41,672
Other	14,067	12,553	20,246	15,426	16,247	-	78,539
Unearned revenue	-	2,439	-	-	-	-	2,439
Total current liabilities	73,183	62,061	45,632	106,884	81,146	538,913	907,819
Non-Current Liabilities							
Long-term debt, net of current portion and unamortized debt issuance costs	975,072	682,641	-	1,100,962	1,156,815	-	3,915,490
Other non-current payable	-	-	-	47,987	-	-	47,987
Total non-current liabilities	975,072	682,641	-	1,148,949	1,156,815	-	3,963,477
Total liabilities	1,048,255	744,702	45,632	1,255,833	1,237,961	538,913	4,871,296
Net Position							
Net investment in capital assets	614,915	674,797	2,269,052	1,900,505	2,664,959	-	8,124,228
Restricted for mortgage escrows	345,199	229,004	232,856	260,835	197,174	-	1,265,068
Unrestricted net position (deficit)	133,735	147,106	217,412	(15,449)	56,972	(8,068)	531,708
Total net position	1,093,849	1,050,907	2,719,320	2,145,891	2,919,105	(8,068)	9,921,004
	\$ 2,142,104	\$ 1,795,609	\$ 2,764,952	\$ 3,401,724	\$ 4,157,066	\$ 530,845	\$ 14,792,300

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						
	<u>Sunshine Park, LP</u>	<u>Lawson View Townhomes, LP</u>	<u>Meadow Wood Townhomes, LP</u>	<u>Jackson Heights Apartments, LP</u>	<u>Central Villas, LP</u>	<u>Housing Plus, Inc</u>	<u>Total</u>
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
	3,837,184	3,746,032	4,571,892	5,141,367	5,615,746	-	22,912,221
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						
	<u>Sunshine Park, LP</u>	<u>Lawson View Townhomes, LP</u>	<u>Meadow Wood Townhomes, LP</u>	<u>Jackson Heights Apartments, LP</u>	<u>Central Villas, LP</u>	<u>Housing Plus, Inc</u>	<u>Total</u>
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	<u>65,100</u>	<u>81,409</u>	<u>47,558</u>	<u>104,975</u>	<u>79,985</u>	<u>14,857</u>	<u>393,884</u>
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	<u>991,526</u>	<u>710,215</u>	<u>-</u>	<u>1,207,315</u>	<u>1,191,063</u>	<u>-</u>	<u>4,100,119</u>
Total liabilities	<u>1,056,626</u>	<u>791,624</u>	<u>47,558</u>	<u>1,312,290</u>	<u>1,271,048</u>	<u>14,857</u>	<u>4,494,003</u>
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	<u>1,195,873</u>	<u>1,098,404</u>	<u>2,837,910</u>	<u>2,267,187</u>	<u>3,065,526</u>	<u>(20)</u>	<u>10,464,880</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 Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units
Year Ended December 31, 2024

	2024						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
Operating Revenues							
Dwelling rental income	\$ 204,965	\$ 354,768	\$ 236,250	\$ 321,791	\$ 296,083	\$ -	\$ 1,413,857
Management and administration fees	3,654	27,058	9,889	5,169	2,101	-	47,871
Other revenue	8,181	860	112	3,177	630	30,060	43,020
Total operating revenues	216,800	382,686	246,251	330,137	298,814	30,060	1,504,748
Operating Expenses							
Administrative	53,426	113,231	73,105	68,873	88,449	35,191	432,275
Utilities	29,291	29,499	30,862	61,067	33,081	2,821	186,621
Ordinary maintenance and operation	59,469	80,290	62,287	97,377	64,796	-	364,219
General expenses	14,578	12,337	15,890	14,369	15,132	96	72,402
Depreciation and amortization	150,958	141,488	181,851	190,793	207,864	-	872,954
Total operating expenses	307,722	376,845	363,995	432,479	409,322	38,108	1,928,471
Operating Income (Loss)	(90,922)	5,841	(117,744)	(102,342)	(110,508)	(8,048)	(423,723)
Nonoperating Revenue (Expense)							
Interest income	810	177	223	7,178	4,480	-	12,868
Interest expense	(11,912)	(47,179)	-	(26,132)	(35,049)	-	(120,272)
Loss on disposition of equipment	-	-	-	-	(3,157)	-	(3,157)
Total nonoperating revenue (expense)	(11,102)	(47,002)	223	(18,954)	(33,726)	-	(110,561)
Income (Loss) Before Other Revenues, Expenses, Gains, Losses, and Transfers	(102,024)	(41,161)	(117,521)	(121,296)	(144,234)	(8,048)	(534,284)
Capital distributions	-	(6,336)	(1,069)	-	(2,187)	-	(9,592)
Change in Net Position	(102,024)	(47,497)	(118,590)	(121,296)	(146,421)	(8,048)	(543,876)
Net Position, Beginning of Year	1,195,873	1,098,404	2,837,910	2,267,187	3,065,526	(20)	10,464,880
Net Position, End of Year	\$ 1,093,849	\$ 1,050,907	\$ 2,719,320	\$ 2,145,891	\$ 2,919,105	\$ (8,068)	\$ 9,921,004

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						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
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

See Notes to Financial Statements

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, 2024

	2024						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
Operating Activities							
Receipts from tenant payments	\$ 212,713	\$ 373,838	\$ 251,811	\$ 330,326	\$ 297,561	\$ -	\$ 1,466,249
Receipts for management fees and other	8,181	860	112	3,177	630	34,897	47,857
Payments to suppliers and others	(148,823)	(255,838)	(184,024)	(243,264)	(202,144)	(35,153)	(1,069,246)
Net Cash from (used for) Operating Activities	72,071	118,860	67,899	90,239	96,047	(256)	444,860
Capital and Related Financing Activities							
Purchase of property and equipment	(7,631)	(31,202)	-	-	(11,000)	(521,101)	(570,934)
Payment for other liabilities	-	(8,662)	-	-	-	-	(8,662)
Payments for interest	(11,566)	(45,160)	-	(25,410)	(34,682)	-	(116,818)
Principal payments on long-term debt	(16,800)	(19,567)	-	(55,937)	(32,933)	-	(125,237)
Proceeds from construction note payable	-	-	-	-	-	521,101	521,101
Equity distributions	-	(6,336)	(1,071)	-	(2,187)	-	(9,594)
Net Cash used for Capital and Related Financing Activities	(35,997)	(110,927)	(1,071)	(81,347)	(80,802)	-	(310,144)
Investing Activities							
Interest received	810	177	223	7,178	4,480	-	12,868
Net Cash from Investing Activities	810	177	223	7,178	4,480	-	12,868
Net Change in Cash	36,884	8,110	67,051	16,070	19,725	(256)	147,584
Cash, Beginning of Year	477,114	384,069	416,691	296,231	246,962	10,000	1,831,067
Cash, End of Year	\$ 513,998	\$ 392,179	\$ 483,742	\$ 312,301	\$ 266,687	\$ 9,744	\$ 1,978,651

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, 2024

	2024						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
Cash consists of:							
Cash	\$ 154,084	\$ 155,494	\$ 231,357	\$ 28,267	\$ 47,205	\$ 9,744	\$ 626,151
Funded security deposits	14,715	7,681	19,529	23,199	22,308	-	87,432
Restricted deposits	345,199	229,004	232,856	260,835	197,174	-	1,265,068
	<u>\$ 513,998</u>	<u>\$ 392,179</u>	<u>\$ 483,742</u>	<u>\$ 312,301</u>	<u>\$ 266,687</u>	<u>\$ 9,744</u>	<u>\$ 1,978,651</u>
Operating Activities							
Operating income (loss)	\$ (90,922)	\$ 5,841	\$ (117,744)	\$ (102,342)	\$ (110,508)	\$ (8,048)	\$ (423,723)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities							
Depreciation and amortization	150,958	141,488	181,851	190,793	207,864	-	872,954
Change in assets and liabilities							
Rental accounts receivable	4,094	(7,988)	5,672	3,366	(623)	-	4,521
Other accounts receivable	-	-	-	-	-	4,837	4,837
Prepaid expenses	(142)	(658)	44	(336)	(165)	-	(1,257)
Accounts payable and other accrued liabilities	8,125	(19,028)	(4,745)	(701)	823	2,955	(12,571)
Tenant security deposits	(42)	(795)	2,821	(541)	(1,344)	-	99
Net Cash from (used for) Operating Activities	<u>\$ 72,071</u>	<u>\$ 118,860</u>	<u>\$ 67,899</u>	<u>\$ 90,239</u>	<u>\$ 96,047</u>	<u>\$ (256)</u>	<u>\$ 444,860</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						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
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	-	12,916
Payments to suppliers and others	(177,557)	(209,742)	(202,648)	(250,201)	(208,733)	10,000	(1,038,881)
Net Cash from Operating Activities	30,187	189,267	32,655	89,933	96,201	10,000	448,243
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	-	(31,942)	(25,766)	-	(14,342)	-	(72,050)
Net Cash used for Capital and Related Financing Activities	(54,020)	(210,271)	(51,587)	(133,904)	(91,141)	-	(540,923)
Investing Activities							
Interest received	658	599	195	6,284	3,270	-	11,006
Net Cash from Investing Activities	658	599	195	6,284	3,270	-	11,006
Net Change in Cash	(23,175)	(20,405)	(18,737)	(37,687)	8,330	10,000	(81,674)
Cash, Beginning of Year	500,289	404,474	435,428	333,918	238,632	-	1,912,741
Cash, End of Year	\$ 477,114	\$ 384,069	\$ 416,691	\$ 296,231	\$ 246,962	\$ 10,000	\$ 1,831,067

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						
	Sunshine Park, LP	Lawson View Townhomes, LP	Meadow Wood Townhomes, LP	Jackson Heights Apartments, LP	Central Villas, LP	Housing Plus, Inc	Total
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	(4,837)	(4,108)
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>\$ 10,000</u>	<u>\$ 448,243</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, 2024 and 2023. 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 along with construction and rehabilitation of affordable housing. The Commission has four members on the seven-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 and Mainstream Voucher Program are federally subsidized housing programs 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 and Mainstream 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 and Mainstream Voucher program; these programs provide 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 or under agreements with final terms yet to be set. 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, 2024 and 2023, 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, 2024 and 2023.

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. The employees also earn hours into an extended illness bank which is not paid out upon termination. The estimated amount to be used over employment is included in compensated absences.

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:

	2024	2023
Insured (FDIC)	\$ 500,000	\$ 500,000
Uninsured, collateral held by the Commission or the Commission's agent in the Commission's name	<u>1,991,871</u>	<u>2,173,706</u>
Total deposits	<u>\$ 2,491,871</u>	<u>\$ 2,673,706</u>
The Commission's carrying amount of deposits at December 31	<u>\$ 2,457,526</u>	<u>\$ 2,626,067</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, 2024 and 2023, 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:

	2024	2023
Insured (FDIC)	\$ 1,333,853	\$ 1,295,998
Uninsured	651,129	562,815
Total deposits	<u>\$ 1,984,982</u>	<u>\$ 1,858,813</u>
The discretely presented component units carrying amount of deposits at December 31	<u>\$ 1,978,651</u>	<u>\$ 1,831,067</u>

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

Notes to Financial Statements

December 31, 2024 and 2023

Note 3 - Capital Assets

Primary Government

Capital asset activity for the years ended December 31, 2024 and 2023, were as follows:

	Balance 01/01/24	Additions	Deletions	Balance 12/31/24
Capital assets, not being depreciated				
Land	\$ 355,122	\$ -	\$ -	\$ 355,122
Total capital assets, not being depreciated	355,122	-	-	355,122
Capital assets, being depreciated				
Land improvements	185,839	-	-	185,839
Buildings and improvements	10,212,724	17,420	-	10,230,144
Furniture, equipment and machinery - dwelling	396,784	53,502	(5,700)	444,586
Furniture, equipment and machinery - non-dwelling	420,823	-	-	420,823
Total capital assets, being depreciated	11,216,170	70,922	(5,700)	11,281,392
Less accumulated depreciation for				
Buildings, improvements and land improvements	(8,371,924)	(196,559)	-	(8,568,483)
Furniture, equipment and machinery - dwelling	(287,159)	(3,839)	4,926	(286,072)
Furniture, equipment and machinery - non-dwelling	(297,296)	(15,641)	-	(312,937)
Total accumulated depreciation	(8,956,379)	(216,039)	4,926	(9,167,492)
Total capital assets being depreciated, net	2,259,791	(145,117)	(774)	2,113,900
Capital assets, net	\$ 2,614,913	\$ (145,117)	\$ (774)	\$ 2,469,022
	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	355,122	-	-	355,122
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	11,165,884	54,283	(3,997)	11,216,170
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	(8,740,848)	(219,295)	3,764	(8,956,379)
Total capital assets being depreciated, net	2,425,036	(165,012)	(233)	2,259,791
Capital assets, net	\$ 2,780,158	\$ (165,012)	\$ (233)	\$ 2,614,913

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

Notes to Financial Statements

December 31, 2024 and 2023

Discretely Presented Component Units

Capital asset activity for the years ended December 31, 2024 and 2023, were as follows:

	Balance 01/01/24	Additions	Deletions	Balance 12/31/24
Capital assets, not being depreciated				
Land	\$ 715,043	\$ -	\$ -	\$ 715,043
Construction in progress	-	521,101	-	521,101
Total capital assets, not being depreciated	715,043	521,101	-	1,236,144
Capital assets, being depreciated				
Buildings and improvements	20,826,149	10,206	-	20,836,355
Furniture, equipment and machinery - dwelling	1,371,029	39,627	(9,469)	1,401,187
Total capital assets, being depreciated	22,197,178	49,833	(9,469)	22,237,542
Less accumulated depreciation for				
Buildings and improvements	(8,659,949)	(824,571)	-	(9,484,520)
Furniture, equipment and machinery - dwelling	(1,246,406)	(36,057)	6,312	(1,276,151)
Total accumulated depreciation	(9,906,355)	(860,628)	6,312	(10,760,671)
Total capital assets being depreciated, net	12,290,823	(810,795)	(3,157)	11,476,871
Capital assets, net	<u>\$ 13,005,866</u>	<u>\$ (289,694)</u>	<u>\$ (3,157)</u>	<u>\$ 12,713,015</u>
	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	715,043	-	-	715,043
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	22,089,078	108,100	-	22,197,178
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	(9,044,718)	(861,637)	-	(9,906,355)
Total capital assets being depreciated, net	13,044,360	(753,537)	-	12,290,823
Capital assets, net	<u>\$ 13,759,403</u>	<u>\$ (753,537)</u>	<u>\$ -</u>	<u>\$ 13,005,866</u>

Construction in progress at December 31, 2024, relates to the Klein Village project. Housing Plus, Inc. purchased the property in 2024 and is refurbishing the property into affordable housing units. The project is expected to be completed in spring 2025. Estimated costs to complete the project total approximately \$430,000 which includes commitments verbally agreed to through April 2025.

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, 2024 and 2023. The amount of interest receivable at December 31, 2024 and 2023, 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, 2024 and 2023, the outstanding principal balance due to the Commission was \$180,186 and \$180,186, respectively. Interest income was \$11,566 and \$12,047 for the years ended December 31, 2024 and 2023, respectively. The amount of interest receivable at December 31, 2024 and 2023, was \$23,613 and \$12,047, respectively. The note is secured by a real estate mortgage; however, this mortgage is subordinated to the partnership's primary lender.

In 2024, the Commission agreed to lend funds to Housing Plus, Inc., which was used to purchase Klein Village. The outstanding balance was \$521,101 at December 31, 2024, with additional amounts advanced on the note subsequent to year-end. The terms of the note will be set after the project is refurbished. This is reported as a current note receivable at December 31, 2024.

Note 5 - Long-Term Debt

Discretely Presented Component Units

At December 31, 2024 and 2023, long-term debt of the discretely presented component units consisted of the following:

	2024	2023
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 \$3,030 in 2024 and \$5,049 in 2023 (based upon effective interest rate of 7.30%).	\$ 503,573	\$ 521,121
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, 2024 and 2023

	2024	2023
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.	126,800	143,600
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	180,186
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 \$8,946 in 2024 and \$9,292 in 2023 (based upon an effective interest rate of 0.11%).	322,895	322,549
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 \$4,336 in 2024 and \$5,058 in 2023 (based upon effective interest rate of 6.39%).	376,791	423,606
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.	783,259	791,659
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 \$4,613 in 2024 and \$4,980 in 2023 (based upon effective interest rate of 6.40%).	550,883	581,049
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.	640,382	642,782
	4,046,760	4,168,543
Less current portion	(131,270)	(125,073)
Total long-term debt less current portion and net of unamortized debt issuance costs	\$ 3,915,490	\$ 4,043,470

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

Notes to Financial Statements

December 31, 2024 and 2023

The following is a schedule of changes in long-term debt for the years ended December 31, 2024 and 2023:

Balance, January 1, 2023	\$ 4,363,150
Decreases	<u>(194,607)</u>
Balance, December 31, 2023	4,168,543
Decreases	<u>(121,783)</u>
Balance, December 31, 2024	<u><u>\$ 4,046,760</u></u>

Interest costs charged to expense for operations for the years ended December 31, 2024 and 2023, were \$120,272 and \$129,711, 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>
2025	\$ 131,270	\$ 109,352	\$ 240,622
2026	598,940	92,014	690,954
2027	116,538	64,746	181,284
2028	122,529	58,755	181,284
2029	128,273	53,011	181,284
2030-2034	910,411	185,422	1,095,833
2035-2039	1,114,310	88,307	1,202,617
2040-2044	613,573	-	613,573
2045-2049	-	-	-
2050-2054	331,841	-	331,841
Less unamortized debt issuance costs	<u>(20,925)</u>	<u>-</u>	<u>(20,925)</u>
	<u><u>\$ 4,046,760</u></u>	<u><u>\$ 651,607</u></u>	<u><u>\$ 4,698,367</u></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, 2024 and 2023, were determined as follows:

	2024	
	Public Housing	Sherman Apartments
Rental income	\$ 470,222	\$ 220,814
Excess utilities	-	425
Non-dwelling rental charges to tenants	-	120
	<u>470,222</u>	<u>221,359</u>
Less allowable utilities	-	61,812
Net shelter rent	<u>\$ 470,222</u>	<u>\$ 159,547</u>
5% of gross shelter rent (PILOT)	<u>\$ 23,511</u>	<u>\$ -</u>
10% of net shelter rent (PILOT)	<u>\$ -</u>	<u>\$ 15,955</u>
	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>

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

Notes to Financial Statements

December 31, 2024 and 2023

Note 7 - Interfund Transactions

Interfund transfers for the years ended December 31, 2024 and 2023, were as follows:

2024 Transfers From	Transfers To					Total
	Aberdeen Housing, LLC	Lawson Developers, LLC	AHA Housing, LLC	Meadow Wood Housing, LLC	Primary Government	
Primary Government	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ 60
Primary Government	-	-	-	60	-	60
Lawson Developers, LLC	-	-	-	-	8,662	8,662
Meadow Wood Housing, LLC	-	-	-	-	5,500	5,500

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

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. The Commission's share of contributions to the SDRS for the fiscal years ended December 31, 2024, 2023 and 2022, equal to the required contributions each year, were \$60,218, \$54,836 and \$46,219, respectively.

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

At June 30, 2024 and 2023, SDRS is 100.00% and 100.10%, respectively, funded and, accordingly, has a net pension asset in 2024 and 2023. 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, 2024 and 2023, are as follows:

	2024	2023
Proportionate share of total pension liability	\$ 5,457,548	\$ 4,509,938
Less proportionate share of net position restricted for pension benefits	<u>5,459,028</u>	<u>4,512,976</u>
Proportionate share of net pension liability (asset)	<u>\$ (1,480)</u>	<u>\$ (3,038)</u>

At December 31, 2024 and 2023, the Commission reported an asset of \$(1,480) and \$(3,038), respectively, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and 2023, 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, 2024, the Commission's proportion was 0.036583%, which was an increase of 0.00546% from its proportion measured as of June 30, 2023. At June 30, 2023, the Commission's proportion was 0.031123%, which was an increase of 0.000411% from its proportion measured as of June 30, 2022, of 0.0307120%.

For the years ended December 31, 2024 and 2023, the Commission recognized pension expense (reduction of pension expense) of \$38,103 and \$6,525, respectively.

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

Notes to Financial Statements

December 31, 2024 and 2023

At December 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 137,130	\$ -
Changes in assumption	24,415	186,106
Net difference between projected and actual earnings on pension plan investments	55,781	-
Changes in proportion and difference between Commission contributions and proportionate share of contributions	1	8,882
Projected contributions subsequent to the measurement date	29,390	-
	<u>\$ 246,717</u>	<u>\$ 194,988</u>

At December 31, 2024, there is \$29,390 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, 2025.

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	-
	<u>\$ 241,011</u>	<u>\$ 152,736</u>

At December 31, 2023, there was \$30,753 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, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2024, will be recognized in pension expense/(reduction of pension expense) as follows:

Year Ended December 31:	Amount
2025	\$ (54,698)
2026	68,597
2027	4,689
2028	3,751
	<u>\$ 22,339</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024, 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	1.71%

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, 2024, valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

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

Notes to Financial Statements

December 31, 2024 and 2023

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, 2024, (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%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	100.0%	

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, 2024, 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)	\$ 752,498	\$ (1,480)	\$ (618,471)

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, 2024 and 2023, 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 \$33,768 and \$34,168 for the years ended December 31, 2024 and 2023, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$22,894 and \$19,833 for the years ended December 31, 2024 and 2023, respectively. The total amount due from Lawson View Townhomes Limited Partnership was \$3,823 and \$3,574 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Commission paid Lawson View \$10,533 and \$7,186, 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, 2024 and 2023, was \$-0- and \$8,662, 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 \$23,864 and \$24,840 for the years ended December 31, 2024 and 2023, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$14,638 and \$13,584 for the years ended December 31, 2024 and 2023, respectively. The total amount due from Sunshine Park Limited Partnership was \$2,072 and \$3,133 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Commission paid Sunshine Park \$69,517 and \$76,787, 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 \$25,995 and \$26,039 for the years ended December 31, 2024 and 2023, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$14,282 and \$15,232 for the years ended December 31, 2024 and 2023, respectively. The total amount due from Meadow Wood Townhomes Limited Partnership was \$2,524 and \$4,701 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Commission paid Meadow Wood \$86,172 and \$81,754, respectively, for voucher housing assistance payments on behalf of residents of the complex. During 2024 and 2023, 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 \$37,163 and \$38,199 for the years ended December 31, 2024 and 2023, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$31,275 and \$24,518 for the years ended December 31, 2024 and 2023, respectively. The total amount due from Jackson Height Apartments Limited Partnership was \$4,696 and \$4,866 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Commission paid Jackson Heights \$93,009 and \$112,672, 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 \$36,279 and \$36,342 for the years ended December 31, 2024 and 2023, respectively. The Commission also charges maintenance fees for work performed by Commission employees. Maintenance fee income earned by the Commission was \$13,237 and \$10,071 for the years ended December 31, 2024 and 2023, respectively. The total amount due from Central Villas Limited Partnership was \$3,265 and \$2,633 as of December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Commission paid Central Villas \$87,907 and \$88,125, respectively, for voucher housing assistance payments on behalf of residents of the complex. During 2024 and 2023, Central Villas Limited Partnership paid the Commission an incentive management fee of \$19,684 and \$20,001, 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 \$7,679 as of December 31, 2024 and 2023, 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 \$15,000 and \$14,857 as of December 31, 2024 and 2023, respectively.

In addition, the Commission provided funding to Housing Plus, Inc., to purchase a property to be used for additional affordable housing units. The Commission advanced the funds to Housing Plus, Inc., in 2024 and repayment is expected once a formal note agreement has been signed. Total due to AHA for this project is \$521,101 and \$0 as of December 31, 2024 and 2023, respectively.



Required Supplementary Information
December 31, 2024 and 2023

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, 2024

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	6/30/2024	0.0366%	\$ (1,480)	\$ 1,026,595	-0.1%	100.00%
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%

*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	12/31/2024	\$ 60,218	\$ 60,218	\$ -	\$ 1,003,633	6.0%
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%

Changes from Prior Valuation

The June 30, 2024, actuarial valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, actuarial valuation.

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

Benefit Provision Changes

During the 2024 legislative session, no significant SDRS benefit changes were made.

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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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, 2024 and 2023

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, 2024

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
Assets							
Current Assets							
Cash							
111	Cash - unrestricted	\$ 343,895	\$ 4,000	\$ 331,128	\$ 33,165	\$ -	\$ 524,768
113	Cash - other restricted	-	-	40,505	2,186	-	136,052
114	Cash - tenant security deposits	34,861	-	-	-	-	15,938
100	Total cash	378,756	4,000	371,633	35,351	-	676,758
Receivables							
122	Accounts receivable - HUD other projects	-	-	-	-	-	-
124	Accounts receivable - other governments	-	-	15,540	-	-	-
125	Accounts receivable - miscellaneous	729	-	792	-	-	-
126	Accounts receivable - tenants - dwelling rents	2,782	-	-	-	-	179
127	Notes, loans, & mortgages receivable - current	-	-	-	-	-	-
128	Fraud recovery	25	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	3,536	-	16,332	-	-	179
142	Prepaid expenses and other assets	11,830	-	1,077	-	-	9,642
144	Interprogram receivables	-	-	-	-	-	-
150	Total current assets	394,122	4,000	389,042	35,351	-	686,579

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

Financial Data Schedule

December 31, 2024

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
Fixed Assets							
161	Land	122,600	-	-	-	-	418,361
162	Buildings	5,624,697	-	-	-	-	4,605,447
163	Furniture, equipment and machinery - dwellings	303,423	-	-	-	-	141,162
164	Furniture, equipment and machinery - administration	213,871	-	56,630	-	-	50,314
166	Accumulated depreciation	(5,460,511)	-	(51,283)	-	-	(3,582,401)
167	Construction in progress	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	804,080	-	5,347	-	-	1,632,883
171	Notes, loans, and mortgages receivable - noncurrent	-	-	-	-	-	-
174	Other assets	548	-	460	-	-	95
176	Investments	-	-	-	-	-	-
180	Total noncurrent assets	804,628	-	5,807	-	-	1,632,978
190	Total assets	1,198,750	4,000	394,849	35,351	-	2,319,557
200	Deferred outflows of resources	91,327	-	76,670	-	-	15,835
290	Total assets and deferred outflows of resources	\$ 1,290,077	\$ 4,000	\$ 471,519	\$ 35,351	\$ -	\$ 2,335,392

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

Financial Data Schedule

December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Assets							
Current Assets							
Cash							
111	Cash - unrestricted	\$ 791,028	\$ -	\$ -	\$ 626,151	\$ -	\$ 2,654,135
113	Cash - other restricted	200,000	-	-	-	-	378,743
114	Cash - tenant security deposits	-	-	-	87,432	-	138,231
100	Total cash	991,028	-	-	713,583	-	3,171,109
Receivables							
122	Accounts receivable - HUD other projects	40,094	-	-	-	-	40,094
124	Accounts receivable - other governments	-	-	-	-	-	15,540
125	Accounts receivable - miscellaneous	6,515	-	-	-	-	8,036
126	Accounts receivable - tenants - dwelling rents	-	-	-	17,876	-	20,837
127	Notes, loans, & mortgages receivable - current	521,101	-	-	-	-	521,101
128	Fraud recovery	-	-	-	-	-	25
129	Accrued interest receivable	33,913	-	-	-	-	33,913
120	Total receivables, net of allowances for doubtful accounts	601,623	-	-	17,876	-	639,546
142	Prepaid expenses and other assets	2,464	-	-	31,834	-	56,847
144	Interprogram receivables	2,758	-	-	-	(2,758)	-
150	Total current assets	1,597,873	-	-	763,293	(2,758)	3,867,502

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

Financial Data Schedule

December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Fixed Assets							
161	Land	-	-	-	715,043	-	1,256,004
162	Buildings	-	-	-	20,836,355	-	31,066,499
163	Furniture, equipment and machinery - dwellings	-	-	-	1,401,187	-	1,845,772
164	Furniture, equipment and machinery - administration	100,008	-	-	-	-	420,823
166	Accumulated depreciation	(73,296)	-	-	(10,760,671)	-	(19,928,162)
167	Construction in progress	-	-	-	521,101	-	521,101
160	Total fixed assets, net of accumulated depreciation	26,712	-	-	12,713,015	-	15,182,037
171	Notes, loans, and mortgages receivable - noncurrent	380,186	-	-	-	-	380,186
174	Other assets	377	-	-	1,315,992	-	1,317,472
176	Investments	138,653	-	308	-	-	138,961
180	Total noncurrent assets	545,928	-	308	14,029,007	-	17,018,656
190	Total assets	2,143,801	-	308	14,792,300	(2,758)	20,886,158
200	Deferred outflows of resources	62,885	-	-	-	-	246,717
290	Total assets and deferred outflows of resources	\$ 2,206,686	\$ -	\$ 308	\$ 14,792,300	\$ (2,758)	\$ 21,132,875

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

Financial Data Schedule

December 31, 2024

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
Liabilities and Equity							
Liabilities							
Current Liabilities							
312	Accounts payable ≤ 90 days	\$ 3,487	\$ -	\$ 2,059	\$ -	\$ -	\$ 4,276
321	Accrued wage/payroll taxes payable	3,147	-	2,927	-	-	820
322	Accrued compensated absences	26,521	-	18,958	-	-	6,630
325	Accrued interest payable	-	-	-	-	-	-
333	Accounts payable - other government	23,511	-	-	-	-	15,955
341	Tenant security deposits	34,861	-	-	-	-	15,938
342	Unearned revenues	2,443	-	-	-	-	1,753
343	Current portion of long-term debt - capital projects	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-
347	Interprogram payables	50	-	-	-	-	2,708
310	Total current liabilities	94,020	-	23,944	-	-	48,080

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

Financial Data Schedule

Year Ended December 31, 2024

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
Noncurrent Liabilities							
351	Long-term debt, net of current - capital projects	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-
350	Total noncurrent liabilities	-	-	-	-	-	-
300	Total liabilities	94,020	-	23,944	-	-	48,080
400	Deferred inflows of resources	72,179	-	60,594	-	-	12,515
508.4	Net investment in capital assets	804,080	-	5,347	-	-	1,632,883
511.4	Restricted net position	548	-	40,965	2,186	-	95
512.4	Unrestricted net position	319,250	4,000	340,669	33,165	-	641,819
513	Total equity/net position	1,123,878	4,000	386,981	35,351	-	2,274,797
600	Total liabilities, deferred inflows and equity/net position	\$ 1,290,077	\$ 4,000	\$ 471,519	\$ 35,351	\$ -	\$ 2,335,392

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Liabilities and Equity							
Liabilities							
Current Liabilities							
312	Accounts payable ≤ 90 days	\$ 1,828	\$ -	\$ -	\$ 108,905	\$ -	\$ 120,555
321	Accrued wage/payroll taxes payable	1,374	-	-	-	-	8,268
322	Accrued compensated absences	9,254	-	-	-	-	61,363
325	Accrued interest payable	-	-	-	41,672	-	41,672
333	Accounts payable - other government	-	-	-	-	-	39,466
341	Tenant security deposits	-	-	-	87,432	-	138,231
342	Unearned revenues	-	-	-	2,439	-	6,635
343	Current portion of long-term debt - capital projects	-	-	-	131,270	-	131,270
345	Other current liabilities	-	-	-	536,101	-	536,101
347	Interprogram payables	-	-	-	-	(2,758)	-
310	Total current liabilities	12,456	-	-	907,819	(2,758)	1,083,561

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Noncurrent Liabilities							
351	Long-term debt, net of current - capital projects	-	-	-	3,915,490	-	3,915,490
353	Non-current liabilities - other	-	-	-	47,987	-	47,987
350	Total noncurrent liabilities	-	-	-	3,963,477	-	3,963,477
300	Total liabilities	12,456	-	-	4,871,296	(2,758)	5,047,038
400	Deferred inflows of resources	49,700	-	-	-	-	194,988
508.4	Net investment in capital assets	26,712	-	-	8,124,228	-	10,593,250
511.4	Restricted net position	377	-	-	1,265,068	-	1,309,239
512.4	Unrestricted net position	2,117,441	-	308	531,708	-	3,988,360
513	Total equity/net position	2,144,530	-	308	9,921,004	-	15,890,849
600	Total liabilities, deferred inflows and equity/net position	\$ 2,206,686	\$ -	\$ 308	\$ 14,792,300	\$ (2,758)	\$ 21,132,875

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

Financial Data Schedule

Year Ended December 31, 2024

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
Revenues							
703	Net tenant rental revenue	\$ 470,222	\$ -	\$ -	\$ -	\$ -	\$ 471,030
704	Tenant revenue - other	19,389	-	-	-	-	6,154
705	Total tenant revenue	489,611	-	-	-	-	477,184
706	HUD PHA operating grants	173,268	2,940	3,194,306	187,171	232,932	-
706.1	Capital grants	-	-	-	-	45,535	-
708	Other government grants	-	-	-	-	-	-
711	Investment income - unrestricted	10	-	52	-	-	718
714	Fraud recovery	-	-	4,764	-	-	-
715	Other revenue	3,436	-	10,530	-	-	3,069
716	Gain/loss on the sale of fixed assets	(436)	-	-	-	-	(338)
720	Investment income - restricted	-	-	-	-	-	-
700	Total revenues	665,889	2,940	3,209,652	187,171	278,467	480,633

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

Financial Data Schedule

Year Ended December 31, 2024

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
Expenses							
Administrative							
911	Administrative salaries	314,395	-	301,920	20,910	-	-
912	Auditing fees	7,137	-	14,118	937	-	6,814
913	Management fees	-	-	-	-	-	33,338
914	Advertising and marketing	-	-	23	-	-	2,386
915	Employee benefit contributions - administrative	68,452	-	72,022	4,380	-	-
916	Office expense	18,100	-	38,478	2,730	-	12,851
917	Legal expense	46	-	-	-	-	-
918	Travel	4,921	-	6,602	480	-	2,645
919	Other operating - administrative	-	-	7,326	167	-	-
Tenant services							
921	Tenant services - salaries	-	-	-	-	-	20,707
923	Employee benefit contributions - tenant services	-	-	-	-	-	3,417
924	Tenant services - other	2,466	-	-	-	-	4,845
Utilities							
931	Water	20,843	-	-	-	-	11,219
932	Electricity	41,250	-	-	-	-	44,781
933	Gas	12,971	-	-	-	-	3,009
Ordinary maintenance and operation							
941	Ordinary maintenance and operations - labor	44,441	-	-	-	-	38,113
942	Ordinary maintenance and operations - materials and other	21,272	-	-	-	-	8,092
943	Ordinary maintenance and operations - contract costs	85,880	-	-	-	-	63,380
945	Employee benefit contributions-ordinary maintenance	9,672	-	-	-	-	6,487
Protective services							
951	Protective services - labor	-	-	-	-	-	1,200
952	Protective services - other contract costs	2,983	-	-	-	-	3,345

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

Financial Data Schedule

Year Ended December 31, 2024

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
	General expenses						
961.1	Property insurance	33,572	-	-	-	-	7,670
961.2	Liability insurance	110	-	585	-	-	-
961.3	Workmen's compensation	2,666	-	1,276	-	-	1,661
961.4	All other insurance	158	-	929	208	-	-
962	Other general expenses	-	-	-	-	-	896
963	Payments in lieu of taxes	23,511	-	-	-	-	15,955
964	Bad debt - tenant rents	4,392	-	-	-	-	63
967	Interest expense	-	-	-	-	-	-
969	Total operating expenses	719,238	-	443,279	29,812	-	292,874
970	Excess (deficiency) operating revenue over (under) operating expenses	(53,349)	2,940	2,766,373	157,359	278,467	187,759
	Other expenses						
971	Extraordinary maintenance	62,922	-	-	-	-	9,417
973	Housing assistance payments	-	-	2,739,073	155,527	-	-
973.5	HAP portability in	-	-	9,905	-	-	-
974	Depreciation expense	91,574	-	2,386	-	-	114,824
900	Total expenses	873,734	-	3,194,643	185,339	-	417,115

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

Financial Data Schedule

Year Ended December 31, 2024

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
1001	Operating transfers in	278,467	-	-	-	-	-
1002	Operating transfers out	-	-	-	-	(278,467)	-
1004	Operating transfers from/to component unit	-	-	-	-	-	-
1010	Total other financing sources (uses)	278,467	-	-	-	(278,467)	-
1000	Excess (deficiency) of operating revenue over (under) expenses	<u>\$ 70,622</u>	<u>\$ 2,940</u>	<u>\$ 15,009</u>	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ 63,518</u>
Memo account information							
1103	Beginning equity	\$ 1,053,256	\$ 848	\$ 371,972	\$ 33,519	\$ -	\$ 2,211,279
1104	Prior period adjustments and equity transfers	-	212	-	-	-	-
1117	Administrative fee equity	-	-	346,476	35,351	-	-
1118	Housing assistance payments equity	-	-	40,505	2,186	-	-
1119	Unit months available	1,200	-	6,540	480	-	612
1121	Number of unit months leased	1,157	-	5,432	402	-	603
1127	Excess cash	228,351	-	-	-	-	-
1163	Furniture and equipment - dwelling purchases	-	-	-	-	45,535	-

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Revenues							
703	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 1,461,728	\$ -	\$ 2,402,980
704	Tenant revenue - other	-	-	-	-	-	25,543
705	Total tenant revenue	-	-	-	1,461,728	-	2,428,523
706	HUD PHA operating grants	-	-	-	-	-	3,790,617
706.1	Capital grants	-	-	-	-	-	45,535
708	Other government grants	-	35,303	-	-	-	35,303
711	Investment income - unrestricted	36,023	-	-	-	-	36,803
714	Fraud recovery	-	-	-	-	-	4,764
715	Other revenue	310,158	-	5,500	43,020	(33,338)	342,375
716	Gain/loss on the sale of fixed assets	-	-	-	(3,157)	-	(3,931)
720	Investment income - restricted	-	-	-	12,868	-	12,868
700	Total revenues	346,181	35,303	5,500	1,514,459	(33,338)	6,692,857

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
Expenses							
Administrative							
911	Administrative salaries	194,394	-	-	48,103	-	879,722
912	Auditing fees	6,999	-	-	48,818	-	84,823
913	Management fees	-	-	-	145,030	(33,338)	145,030
914	Advertising and marketing	-	-	-	130	-	2,539
915	Employee benefit contributions - administrative	59,153	-	-	-	-	204,007
916	Office expense	4,604	-	-	43,052	-	119,815
917	Legal expense	-	-	-	3,169	-	3,215
918	Travel	7,864	-	-	17,381	-	39,893
919	Other operating - administrative	48,615	-	120	33,650	-	89,878
Tenant services							
921	Tenant services - salaries	-	-	-	-	-	20,707
923	Employee benefit contributions - tenant services	-	-	-	-	-	3,417
924	Tenant services - other	-	-	-	32,309	-	39,620
Utilities							
931	Water	-	-	-	63,669	-	95,731
932	Electricity	-	-	-	73,091	-	159,122
933	Gas	-	-	-	30,691	-	46,671
Ordinary maintenance and operation							
941	Ordinary maintenance and operations - labor	52,910	-	-	-	-	135,464
942	Ordinary maintenance and operations - materials and other	2,192	-	-	23,637	-	55,193
943	Ordinary maintenance and operations - contract costs	2,095	-	-	301,793	-	453,148
945	Employee benefit contributions-ordinary maintenance	16,073	-	-	-	-	32,232
Protective services							
951	Protective services - labor	-	-	-	-	-	1,200
952	Protective services - other contract costs	-	-	-	-	-	6,328

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
	General expenses						
961.1	Property insurance	-	-	-	32,310	-	73,552
961.2	Liability insurance	56	-	-	32,310	-	33,061
961.3	Workmen's compensation	2,318	-	-	-	-	7,921
961.4	All other insurance	6,083	-	-	-	-	7,378
962	Other general expenses	-	-	-	44,090	-	44,986
963	Payments in lieu of taxes	-	-	-	-	-	39,466
964	Bad debt - tenant rents	-	-	-	33,820	-	38,275
967	Interest expense	-	-	-	120,272	-	120,272
969	Total operating expenses	403,356	-	120	1,127,325	(33,338)	2,982,666
970	Excess (deficiency) operating revenue over (under) operating expenses	(57,175)	35,303	5,380	387,134	-	3,710,191
	Other expenses						
971	Extraordinary maintenance	-	-	-	58,056	-	130,395
973	Housing assistance payments	-	-	-	-	-	2,894,600
973.5	HAP portability in	-	-	-	-	-	9,905
974	Depreciation expense	7,255	-	-	872,954	-	1,088,993
900	Total expenses	410,611	-	120	2,058,335	(33,338)	7,106,559

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

Financial Data Schedule

Year Ended December 31, 2024

Line Item #	Account Description	Management Account	HOME Investment Partnerships Program 14.239	Blended Component Units	Discretely Presented Component Units	Eliminations	Total
1001	Operating transfers in	35,303	-	-	-	(313,770)	-
1002	Operating transfers out	-	(35,303)	-	-	313,770	-
1004	Operating transfers from/to component unit	14,042	-	(14,042)	-	-	-
1010	Total other financing sources (uses)	49,345	(35,303)	(14,042)	-	-	-
1000	Excess (deficiency) of operating revenue over (under) expenses	<u>\$ (15,085)</u>	<u>\$ -</u>	<u>\$ (8,662)</u>	<u>\$ (543,876)</u>	<u>\$ -</u>	<u>\$ (413,702)</u>
Memo account information							
1103	Beginning equity	\$ 2,159,827	\$ -	\$ 8,970	\$ 10,464,880	\$ -	\$ 16,304,551
1104	Prior period adjustments and equity transfers	(212)	-	-	-	-	-
1117	Administrative fee equity	-	-	-	-	-	381,827
1118	Housing assistance payments equity	-	-	-	-	-	42,691
1119	Unit months available	-	-	-	2,076	-	10,908
1121	Number of unit months leased	-	-	-	1,933	-	10,648
1127	Excess cash	-	-	-	-	-	228,351
1163	Furniture and equipment - dwelling purchases	-	-	-	-	-	45,535



**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 (*Government Auditing Standards*), 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, 2024, 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, 2025. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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, 2025



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, 2024. 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, 2024.

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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 to be significant deficiencies.

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, 2025

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

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
Direct Federal Funding			
Public and Indian Housing	14.850	N/A	\$ 173,268
Public Housing Capital Fund	14.872	N/A	278,467
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	3,182,028
Mainstream Vouchers	14.879	N/A	182,998
Total Housing Voucher Cluster			<u>3,365,026</u>
Pass-Through South Dakota Housing Development Authority			
HOME Investment Partnerships Program	14.239	*	35,303
Emergency Solutions Grant Program	14.231	E-23-DC-46-001-05	<u>30,000</u>
Total U.S. Department of Housing and Urban Development			<u>3,882,064</u>
Total Federal Financial Assistance			<u>\$ 3,882,064</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, 2024. 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 one discretely presented component unit, Housing Plus, Inc. It excludes any federal awards of the other 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, 2024

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	Yes
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:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Housing Voucher Cluster:	
Mainstream Vouchers	14.879
Section 8 Housing Choice Vouchers	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 2024-001 - 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.

Finding 2024-002 Lack of Documented Review of Reconciliations and Journal Entries

Significant Deficiency

Criteria: A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion and part of those controls should include documentation of review of specific reconciliations and journal entries.

Condition: The Commission does not have consistent documented review controls in place over reconciliations and journal entries throughout the year.

Cause: Formal documentation is not completed when review is being completed.

Effect: This condition increases the risk that fraud or errors might occur in the financial reporting process and not be detected.

Recommendation: We recommend that the Commission implement controls to document that review process with initials on the journal entries or reconciliations which can be on a physical copy or electronic copy of the documentation.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

**2024-003 Section 8 Housing Choice Voucher Cluster
Federal Financial Assistance Listing 14.879 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 in 2023 and 2024 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): Yes, finding 2023-002.

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.

2024-004 Section 8 Housing Choice Voucher Cluster
Federal Financial Assistance Listing 14.879 Mainstream Voucher Program
Federal Financial Assistance Listing 14.871 Section 8 Housing Choice Voucher Program

Eligibility
Significant Deficiency in Internal Control over Compliance

Criteria: As required by HUD guidelines, the Commission is required to calculate the tenant's rent payment using documentation from third-party verification used to calculate payment of assistance.

Condition: The Commission's control in place for review of the tenant's rent payment used for tenant files on annual reviews was not operating effectively. In two of the 60 tenant files tested, the tenant's payment amounts were calculated incorrectly.

Cause: The Housing Representative used the incorrect number of payments for payroll to annualize the income from the third party verification.

Effect: The reporting of an incorrect tenant rent payment could result in incorrect assistance being awarded.

Questioned Costs: None

Context/Sampling: A nonstatistical sample of 60 participants out of 612 participants were selected for eligibility testing.

Repeat Finding from Prior Year(s): No

Recommendation: With the turnover in staffing, we realize the potential for errors to occur. We recommend additional review being completed on files by a second person to ensure calculations are completed correctly.

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, 2024

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



Summary Schedule of Prior Audit Findings

Financial Statement Finding

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 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 2023-002

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

Status: Ongoing.

Corrective Action Plan

Finding 2024-001

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 2024-002

Finding Summary: The Commission does not have consistent documented review controls in place over reconciliations and journal entries throughout the year.

Responsible Individuals: Brett Bill, Executive Director

Corrective Action Plan: Review is occurring on the items throughout the year but is not consistently documented. We have developed the process to ensure a review will be documented going forward.

Anticipated Completion Date: 5/1/2025



Federal Award Findings

Finding 2024-003

Federal Agency Name – Department of Housing and Urban Development

Assistance Listing Number – 14.871 & 14.879

Program Name – Housing Voucher Cluster

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: Review is occurring on the items throughout the year but is not consistently documented. We have developed the process to ensure a review will be documented going forward.

Anticipated Completion Date: 5/1/2025

Finding 2024-004

Federal Agency Name – Department of Housing and Urban Development

Assistance Listing Number – 14.871 & 14.879

Program Name – Housing Voucher Cluster

Finding Summary: The Commission's control in place for review of the tenant's rent payment used for tenant files on annual reviews was not operating effectively. In two of the 60 tenant files tested, the tenant's payment amounts were calculated incorrectly.

Responsible Individuals: Brett Bill, Executive Director

Corrective Action Plan: The Commission has had recent turnover in the Section 8 Program. Additional training will be provided to new staff to ensure that they are aware of program requirements.

Anticipated Completion Date: 5/1/2025

