

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

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

Notes to Financial Statements

December 31, 2023 and 2022

Note 3 - Capital Assets

Primary Government

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

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

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

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Discretely Presented Component Units

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

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

Note 4 - Related Party Notes Receivable

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

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

Note 5 - Long-Term Debt

Discretely Presented Component Units

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

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

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

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

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

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

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

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

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.

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

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

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

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

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

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

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

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

Actuarial Assumptions

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

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

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

Note 9 - Current Vulnerability Due to Certain Concentrations

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

Note 10 - Risk Management

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

Note 11 - Related Party Transactions and Guarantees

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

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

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

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

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

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

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

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

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

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



Required Supplementary Information
December 31, 2023 and 2022

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

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

Schedule of Net Pension Liability (Asset)

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

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

Schedule of Pension Contributions

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

Actuarial Method Changes

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



Supplementary Information
December 31, 2023 and 2022

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

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

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

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

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

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

Financial Data Schedule

December 31, 2023

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

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

Financial Data Schedule

December 31, 2023

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

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

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

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

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

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

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

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

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

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

Financial Data Schedule

Year Ended December 31, 2023

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

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

Financial Data Schedule

Year Ended December 31, 2023

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



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

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

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

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Commission's Response to Finding

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

Purpose of this Report

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



Aberdeen, South Dakota
April 29, 2024



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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



Aberdeen, South Dakota
April 29, 2024

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

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

* No Pass-Through Entity Identifying Number Given

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Commission under programs of the federal government for the year ended December 31, 2023. The information is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Commission. The Commission received federal awards both directly from federal agencies and indirectly through pass-through entities.

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

Note 2 - Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

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

Section II – Financial Statement Findings

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

Material Weakness

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

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

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

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

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

Views of Responsible Officials: Management agrees with finding.

Section III – Federal Award Findings and Questioned Costs

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

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

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

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

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

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

Questioned Costs: None

Repeat Finding from Prior Year(s): No

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

Views of Responsible Officials: Management agrees with finding.