

DeSMET HOUSING & REDEVELOPMENT COMMISSION
DeSMET, SOUTH DAKOTA

PROJECT CODE: SD009
ANNUAL CONTRIBUTION CONTRACT NUMBER: C-783

FINANCIAL REPORT

FOR THE ONE YEAR ENDING DECEMBER 31, 2023

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA

P.O. Box 262

Madison, South Dakota 57042

DeSMET HOUSING & REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA

PROJECT CODE: SD009

ANNUAL CONTRIBUTION CONTRACT NUMBER: C-783

TABLE OF CONTENTS TO THE FINANCIAL REPORT
FOR THE ONE YEAR ENDING DECEMBER 31, 2023

FINANCIAL SECTION

1 Independent Auditor's Report

4 Management's Discussion and Analysis
(Required Supplementary Information)

Fund Financial Statements - Enterprise Funds:

8 Statement of Net Position

9 Statement of Revenues, Expenses, and Changes in Net Position

10 Statement of Cash Flows

11 Notes to the Financial Statements

GOVERNMENTAL SECTION

20 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

22 Schedule of Prior Audit Findings

22 Schedule of Current Audit Findings and Responses

SUPPLEMENTARY INFORMATION

23 Financial Data Schedule For the One Year Ending December 31, 2023
(Required by the Dept. of Housing and Urban Development - Low Rent)

NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042
605.270.3020

Board of Commissioners
DeSmet Housing & Redevelopment Commission
DeSmet, South Dakota

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion:

I have audited the accompanying financial statements of the DeSmet Housing & Redevelopment Commission (Commission), a component unit of the City of DeSmet, Kingsbury County, South Dakota, as of December 31, 2023 and for the one year then ending 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the DeSmet Housing & Redevelopment Commission as of December 31, 2023, and the changes in its financial position, and cash flows thereof, for the one year then ending in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the DeSmet Housing & Redevelopment Commission, a component unit of the City of DeSmet, Kingsbury County, South Dakota, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements:

My 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 my 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 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*, I:

- > 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information: (no opinion)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) (page 4 to 7) 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 Government 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information: (Opinion)

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements.

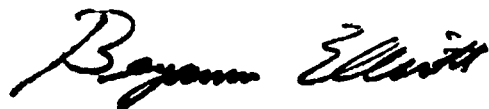
The financial data schedules (page 23 and 24) are presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements.

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 subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the financial data 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*, I have also issued my report dated September 25, 2024 (page 20) on my consideration of the DeSmet Housing & Redevelopment Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota



September 25, 2024

DESMET HOUSING & REDEVELOPMENT COMMISSION
Desmet, South Dakota

Management's Discussion and Analysis
December 31, 2023

Management's Discussion and Analysis (MD&A) is a reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999.

Our discussion and analysis of the Desmet Housing & Redevelopment Commission (herein referred to as "the Housing Authority"), Desmet, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2023. Please read the MD&A in conjunction with the Housing Authority's financial statements.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Financial Highlights

Total assets of the Housing Authority for the year ended December 31, 2023 were \$1,586,076. Total liabilities were \$595,374. Deferred inflows of resources were \$0, and total assets exceeded total liabilities by \$990,702 (net position).

Unrestricted net position totals \$156,963. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December 31, 2023, was \$596,324 and expenses totaled \$584,441, revenue exceeded expenses by \$11,883.

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as program level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information of the Housing Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Position includes all the Housing Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Housing Authority and assessing the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Position. This statement measures the success of the Housing Authority's operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

DESMET HOUSING & REDEVELOPMENT COMMISSION
Desmet, South Dakota

Management's Discussion and Analysis
December 31, 2023

Financial Analysis

The Housing Authority's basic financial statements are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2023. The Statement of Changes in Net Position summarizes the revenues and sources of those revenues, and expenses incurred in operating the Housing Authority for the year ended December 31, 2023.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Capital Fund Program- The Capital Fund Program is the primary funding source for physical and management improvements to the Authority's properties.

New Mutual Self Help Program – Provides home ownership for families. Charges are based upon 15% of adjusted monthly income, with a maximum payment of the debt amortization of the unit.

Statement of Net Position

FOR THE YEAR ENDED December 31	2023	2022
Current assets and prepaid expense	\$198,322	\$218,730
Inventory held for resale	\$0	\$0
Capital assets, net	\$1,360,191	\$1,405,443
Pension assets, net RESTRICTED CASH	27,563	
Total Assets	\$1,586,076	\$1,624,173
Deferred Outflows of Resources	\$0	\$0
Current liabilities	\$123,559	\$125,310
Non-current liabilities	\$471,815	\$520,044
Total liabilities	\$595,374	\$645,354
Deferred Inflow of Resources	\$0	\$0
Net Position		
Invested in capital assets, net of related debt	\$833,739	\$828,027
Restricted	\$0	\$0
Unrestricted	\$156,963	\$150,792
Total Net Position	<u>\$990,702</u>	<u>\$978,819</u>
Total Liabilities, Deferred inflow of Resources and Equity/Net Position	<u>\$1,586,076</u>	<u>\$1,624,173</u>

Comparative Statement of Revenues, Expenses and Changes in Net Position

FOR THE YEAR ENDED December 31	2023	2022	Change
Program Revenue			
Tenant revenue	\$287,280	\$284,694	\$2,586
Other income	\$171,271	\$11,575	\$159,696
Federal grants and subsidies	\$136,377	\$169,450	(\$33,073)
Interest income	\$1,395	\$472	\$923
Total revenue	<u>\$596,322</u>	<u>\$466,191</u>	\$130,132
Program Expenses			
Administration	\$45,273	\$45,433	(\$160)
Tenant Services	\$2,528	\$2,395	\$133
Utilities	\$46,759	\$43,069	\$3,690
Ordinary maintenance & operations	\$133,401	\$106,450	\$26,951
Protective services	\$0	\$0	\$0
General expenses	\$46,589	\$44,606	\$1,983
Non-routine maintenance	\$0	\$0	\$0
Depreciation	\$119,682	\$113,843	\$4,197
Interest Expense	\$23,957	\$26,615	(\$2,658)
Casualty loss	\$165,343	\$0	\$165,343
Pension net revenue			
Total expenses	<u>\$583,532</u>	<u>\$382,411</u>	\$201,121
Gain/loss - disposition of assets	(\$907)	\$0	\$907
Transfer of funds	\$0	\$0	\$0
Change in Net Position	<u>\$11,883</u>	<u>\$83,780</u>	(\$71,897)
Beginning Net Position	<u>\$978,819</u>	<u>\$895,039</u>	\$83,780
Pension assets, net			
Pension related deferred outflow			
Ending Net Position	<u>\$990,702</u>	<u>\$978,819</u>	\$11,883

Federal grants total \$136,377.

Capital Assets

**Capital Assets at Year-end
(Net of Accumulated Depreciation)**

FOR THE YEAR ENDED December 31	2023	2022	change

Land	\$19,679	\$19,679	\$0
Buildings	\$3,950,236	\$3,880,172	\$70,064
Furniture, Equipment & Machinery - Admin	\$55,106	\$52,455	\$2,651
Furniture, Equipment & Machinery - Dwelling	\$7,788	\$7,118	\$670
Construction in Progress	\$7,635	\$7,839	(\$204)
Subtotal	\$4,040,444	\$3,967,263	\$73181
Accumulated Depreciation	(\$2,680,253)	(\$2,561,820)	(\$118,433)
Total Capital assets	<u>\$1,360,191</u>	<u>\$1,405,443</u>	<u>\$45,252</u>

Long Term Debt

The Housing Authority has \$471,815 in long-term debt.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the federal budget for the current year (and future years).

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Doug Osthus, Executive Director, at Desmet Housing & Redevelopment Commission, 408 Calumet Ave Ne, Desmet, South Dakota 57231 -- (605) 854-3213

DeSMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA
DeSMET, SOUTH DAKOTA

Project Code: SD009

Annual Contribution Contract Number: C-783

STATEMENT OF NET POSITION -- ENTERPRISE FUNDS
AS OF DECEMBER 31, 2023

	Prairie Park Fund	Calumet Townhomes Fund	Totals
	-----	-----	-----
ASSETS			
Current assets:			
Petty cash	100.00		100.00
Checking	105,931.94	9,465.82	115,397.76
Savings	0.00	1,729.70	1,729.70
Certificates of deposit	61,065.92		61,065.92
Accounts receivable, tenant occupi	13,763.01		13,763.01
Accounts receivable, vacant	6,601.25		6,601.25
Allowance for doubtful accounts	(6,994.51)		(6,994.51)
Accrued interest receivable	589.56		589.56
Prepaid insurance	991.05	5,078.02	6,069.07
Prepaid expenses	0.00		0.00
	-----	-----	-----
Total current assets	182,048.22	16,273.54	198,321.76
	-----	-----	-----
Capital assets:			
Land	12,338.50	7,340.00	19,678.50
Buildings and improvements	2,404,186.68	1,528,701.84	3,932,888.52
Equipment - dwelling	7,788.58		7,788.58
Equipment - administration	55,106.63		55,106.63
Other capital assets	17,347.02		17,347.02
Accumulated depreciation	(2,074,109.68)	(606,143.20)	(2,680,252.88)
Construction-in-progress	7,634.63		7,634.63
	-----	-----	-----
Total capital assets	430,292.36	929,898.64	1,360,191.00
	-----	-----	-----
Restricted cash:			
Security deposits:			
Checking	8,801.00		8,801.00
Savings		14,912.50	14,912.50
Certificates of deposit	3,850.00		3,850.00
	-----	-----	-----
Total restricted cash	12,651.00	14,912.50	27,563.50
	-----	-----	-----
	-----	-----	-----
Total assets	624,991.58	961,084.68	1,586,076.26
	=====	=====	=====
LIABILITIES			
Current liabilities:			
Accounts payable	6,666.52	5,904.19	12,570.71
Payroll deductions payable	1,233.36		1,233.36
Accrued payment in lieu of taxes	10,912.97	6,571.26	17,484.23
Accrued other payable	3,312.30		3,312.30
Tenant security deposits	12,651.00	14,912.50	27,563.50
Prepaid tenant rents	4,923.00		4,923.00
Accrued leave payable - current p	1,835.21		1,835.21
Accrued interest payable		1,885.28	1,885.28
Current portion - long-term debt		52,751.23	52,751.23
	-----	-----	-----
Total current liabilities	41,534.36	82,024.46	123,558.82
	-----	-----	-----
Noncurrent liabilities:			
Accrued leave payable	0.00		0.00
Long-term debt		471,815.04	471,815.04
	-----	-----	-----
Total liabilities	41,534.36	553,839.50	595,373.86
	=====	=====	=====
NET POSITION			
Net invested in capital assets	430,292.36	403,447.11	833,739.47
Unrestricted	153,164.86	3,798.07	156,962.93
	-----	-----	-----
Total net position	583,457.22	407,245.18	990,702.40
	=====	=====	=====

See accompanying notes.

DeSMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA
DeSMET, SOUTH DAKOTA

Annual Contribution Contract Number: C-783

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION -- ENTERPRISE FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Prairie Park Fund	Calumet Townhomes Fund	Totals
Operating revenues:			
Dwelling rents	149,295.00	137,555.00	286,850.00
Excess utilities	430.00		430.00
Management fees	11,068.80		11,068.80
Other income	0.00	173.24	173.24
Total operating revenues	160,793.80	137,728.24	298,522.04
Operating expenses:			
Administration	30,630.25	3,574.00	34,204.25
Administration - management fees		11,068.80	11,068.80
Tenant services	2,527.93		2,527.93
Utilities	40,595.30	6,164.02	46,759.32
Maintenance and operations	112,371.61	21,029.63	133,401.24
General expenses	30,424.05	16,165.22	46,589.27
Depreciation	75,416.11	44,265.83	119,681.94
Total operating expenses	291,965.25	102,267.50	394,232.75
Operating income (loss):	(131,171.45)	35,460.74	(95,710.71)
Nonoperating revenues (expenses):			
HUD - operating subsidy	102,378.62		102,378.62
Casualty loss		(165,343.15)	(165,343.15)
Insurance settlement		160,029.00	160,029.00
Interest earned	1,324.58	71.18	1,395.76
Interest expense		(23,956.89)	(23,956.89)
Loss on disposition of capital assets	(907.20)		(907.20)
Total nonoperating revenues (expenses):	102,796.00	(29,199.86)	73,596.14
Net income (loss) before contributions	(28,375.45)	6,260.88	(22,114.57)
HUD capital contribution - CFP	33,997.96		33,997.96
Change in net position	5,622.51	6,260.88	11,883.39
Net position:			
January 1, 2023	577,834.71	400,984.30	978,819.01
December 31, 2023	583,457.22	407,245.18	990,702.40

See accompanying notes.

DeSMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA
DeSMET, SOUTH DAKOTA

Project Code: SD009

Annual Contribution Contract Number: C-783

STATEMENT OF CASH FLOWS -- ENTERPRISE FUNDS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Prairie Park Fund	Calumet Townhomes Fund	Totals
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operations	149,314.29	137,728.24	287,042.53
Cash receipts from other funds	11,068.80		11,068.80
Payments to employees for services	(58,924.58)		(58,924.58)
Payments to suppliers for goods and services	(158,271.45)	(49,181.43)	(207,452.88)
Payments to other funds		(11,068.80)	(11,068.80)
	-----	-----	-----
Net cash provided (used) by operating activities	(56,812.94)	77,478.01	20,665.07
	-----	-----	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
HUD operating subsidy	102,378.62		102,378.62
	-----	-----	-----
Net cash provided (used) by non-capital financing	102,378.62	0.00	102,378.62
	-----	-----	-----
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
HUD capital subsidy (CFP)	48,474.01		48,474.01
Cash paid for buildings and improvements	(68,112.17)	(1,950.00)	(70,062.17)
Cash paid for equipment	(5,478.57)		(5,478.57)
Cash paid for construction-in-progress	203.95		203.95
Casualty loss		(165,343.15)	(165,343.15)
Insurance settlement		160,029.00	160,029.00
Bond payments - principle		(50,965.05)	(50,965.05)
Bond payments - interest		(23,956.89)	(23,956.89)
	-----	-----	-----
Net cash provided (used) by capital financing acti	(24,912.78)	(82,186.09)	(107,098.87)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	834.32	71.18	905.50
Purchase certificates of deposit	(172.40)		(172.40)
	-----	-----	-----
Net cash provided (used) by investing activities	661.92	71.18	733.10
	-----	-----	-----
Net increase (decrease) in cash	21,314.82	(4,636.90)	16,677.92
	-----	-----	-----
Cash and cash equivalents:			
January 1, 2023	93,518.12	30,744.92	124,263.04
	-----	-----	-----
December 31, 2023	114,832.94	26,108.02	140,940.96
	=====	=====	=====
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	(131,171.45)	35,460.74	(95,710.71)
Adjustments required for reconciliation:			
Depreciation expense	75,416.11	44,265.83	119,681.94
Change in:			
Accounts receivable	(3,631.43)		(3,631.43)
Accounts receivable - HUD			0.00
Prepaid rents	1,012.72		1,012.72
Prepaid insurance	(297.60)	(562.04)	(859.64)
Accounts payable	1,218.81	(1,554.95)	(336.14)
Accrued salary and benefits	(85.48)		(85.48)
Accrued expenses - PILOT	149.27	(131.57)	17.70
Accrued expenses - utilities	(1,631.89)		(1,631.89)
Prepaid expenses	200.00		200.00
Tenant security deposits	2,008.00		2,008.00
Leave payable			0.00
	-----	-----	-----
Net cash provided (used) by operating activities	(56,812.94)	77,478.01	20,665.07
	=====	=====	=====
Noncash financing, capital, and investing activities:			
Loss on disposition of capital assets	907.20		

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity:

The funds included in this report are controlled by or dependent upon the DeSmet Housing & Redevelopment Commission's (Commission) Board of Commissioners. The Commission is a component unit of the City of DeSmet, South Dakota which owns the project and approves all members of the Commission's Board.

The Commission is a Public Housing Authority, established under the authority of SDCL 11-7, to operate 35 low-income public housing units, know as Prairie Park. These units are subsidized by the U.S. Dept. of Housing and Urban Development (HUD). The Commission also operates 12 unsubsidized rental housing units, known as Calumet Townhomes and in 2017 is built another Townhome 4-plex rental unit.

At December 31, 2023, the Commission's officials were:

Mayor, City of DeSmet
Gary Wolkow

Executive Director:
Doug Osthus

Board of Commissioners:
Lynn Beck, Chairman
Lynn Kruse
James Millman
Ron Penney
Mike Warne

Attorney:
Wilkinson & Schumacher Law Prof. LLC

The Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

b. Fund Accounting:

The accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The funds in this financial report are classified as an "enterprise" fund type.

Enterprise funds:

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Commission maintains Prairie Park fund with 35 subsidized rental units and Calumet Townhomes fund with 16 unsubsidized rental units to account for its rental operations and related capital projects. Both of these funds are considered major funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus refers to what financial resources make up a fund. Basis of accounting refers to when revenues and expenses are recognized by a fund and reported in the financial statements.

Enterprise Funds:

Measurement Focus - All enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with a fund are included in its statement of net position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total net position.

Basis of Accounting - All enterprise funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash is received or paid. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements are satisfied.

d. Capital Assets and Depreciation:

Capital assets must cost at least \$1,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date donated.

Approximately 0% of the December 31, 2023 enterprise fund capital assets are determined by estimates of historical cost.

The cost of normal maintenance and repairs that do not add value of the assets, or materially extend asset lives, are not capitalized. Improvements that add value, or materially extend asset lives, are capitalized.

Depreciation of all exhaustible capital assets used by the enterprise funds is charged as an expense against that fund's operation. Depreciation has been provided over estimated useful life using the straight-line method. Buildings and improvements are given a useful life of 15 or 40 years, except for carpet that has a life of 5 years. Equipment is given a useful life of 5 years. Accumulated depreciation is reported on the enterprise fund statement of net position.

Interest cost incurred during construction of capital assets is not capitalized along with other capital asset costs.

e. Long-term Liabilities:

Long-term liabilities consist of bonds and accrued leave payable. The portion due in the next year is reported as a current liability and balance is reported as a long-term liability.

f. Operating and Nonoperating Revenues:

Operating revenues are those associated with tenant activity such as rents, utilities, and laundry. Nonoperating revenues are those not associated with tenant activity such as the HUD subsidy, interest income and interest expense.

Prairie Park rental units generally are subsidizes based on the higher of 30% of adjusted gross income (based on HUD guidelines) or 10% of gross income. HUD pays the remainder of the rent.

g. Net Position Classifications:

Net position is displayed in up to three components:

1. Net Invested in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation 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 - Net position with constraints placed on its use by either (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 - Net position that does not meet the criteria of 1 or 2 above.

h. 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 which can be charged to either restricted or unrestricted net position.

i. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as a reduction of a disbursement in the fund that is reimbursed. All other interfund transactions are reported as transfers.

j. Accounting Estimates:

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates and assumptions. Following are some of the estimates made by management during the year:

- * Allowance for doubtful accounts -- estimated uncollectables
- * Depreciation -- estimated service lives

2. DEPOSITS, INVESTMENTS, RISK AND CASH FLOWS

Deposits - The Commission deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral with a value equal to at least 100 percent of the public deposit accounts that exceed deposit insurance such as 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 better, or a qualified public depository may furnish a corporate surety bond from a corporation authorized to do business in South Dakota.

Deposits are reported at costs, plus interest, if the account is an add-on type.

The actual bank balances at December 31, 2023 were: Insured \$208,278 and Collateralized** \$0.00 for a total of \$208,278.

** Uninsured, collateral jointly held by state's/Commission's agent in the name of the state and the pledging financial institution. The carrying amount of these deposits at December 31, 2023 (plus petty cash of \$100) was \$205,857

Investments - In general, SDCL 11-7-31 permits Housing & Redevelopment Commission funds ".to invest any funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control."

Additionally, SDCL 4-5-6 permits Housing & Redevelopment Commission funds to be invested only 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) above; or in shares

of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to 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.

Because certificates of deposit are insured, they are considered to be deposits. The Commission had no investments during the year ending December 31, 2023.

Investment Risk - State law limits eligible investments for the Commission as discussed above. The Commission has no investment policy that would further limit its investment choices.

Interest Rate Risk - The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All certificates of deposits are at fixed interest rates for a specified term.

Concentration of Credit Risk - The Commission places no limit on the amount that may be deposited or invested in any one institution. At December 31, 2023, all of the Commission's cash and certificates of deposit are deposited in American Bank & Trust.

Credit Risk - The Commission had no credit risks because the Commission had no investments during the year ending December 31, 2023.

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. As of December 31, 2023, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are FDIC insured.

Cash Flows - For the purposes of the statement of cash flows, the Commission considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

3. RECEIVABLES AND PREPAID EXPENSES

Receivables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year.

The Commission prepaid insurance expenses of \$6,069 and no prepaid other expenses.

4. PAYABLES, ACCRUED EXPENSES, SECURITY DEPOSITS, AND PREPAID REVENUES

Payables are not aggregated in these financial statements. Payables are for amounts due to vendors of \$12,571 and payroll deductions of \$1,233.

Accrued expenses are for payment-in-lieu of taxes of \$17,484, utilities of \$3,312, current accrued leave of \$1,835 and interest expense of \$1,885.

Tenant security deposits of \$27,563 is payable from restricted cash.

Prepaid revenues are prepaid tenant rents of \$4,923.

At December 31, 2023 Calumet Townhomes fund owed Prairie Park fund \$0.00 for management fees and \$0.00 for operations for a total of \$0.00.

5. CHANGES IN CAPITAL ASSETS (see schedule one, page 17)

A summary of the changes in capital assets for the one year ending December 31, 2023 is presented in schedule one at the end of these footnotes.

There is construction-in-progress at December 31, 2023.

6. LONG-TERM LIABILITIES (see schedule two, page 18)

A summary of changes in long-term liabilities is presented in schedule two at the end of these footnotes. Long-term liabilities was paid down by \$51,214 and there was no new debt.

All of the Commission's Essential Function Housing Development Revenue Bonds are 25% guaranteed by the City of DeSmet.

The current portion of long-term debt is \$52,751 and the long-term portion is \$471,815 for a total of \$524,566.

Debt related to the original acquisition and early modernization of the public housing development is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit by the Commission. Accordingly, this debt has not been recorded in the financial statements of the DeSmet Housing & Redevelopment Commission. HUD no longer provides the Commission with debt service information since the Commission has no obligation for that debt.

In 2023 the Commission has no: (a) unused lines-of-credit, (b) short-term debt, (c) debt extinguishments, defeasances, refundings or troubled debt restructuring, (d) special assessment debt, (e) conduit debt, (f) derivatives or hedging of variable rate debt, (g) debt related to claims and judgements, or (h) other than the collateral specified, no terms in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences or (3) subjective acceleration clauses.

7. INTERFUND ACTIVITY AND BALANCES

In 2023 Calumet Townhomes paid Prairie Park a management fee of \$11,069.

8. PAYMENT IN LIEU OF TAXES

The Commission does not pay property taxes based tax levies against the real property owned by the Commission. Instead, in 2023 they made payments in lieu of taxes (PILOT) based on a percentage of gross rents less utility costs.

PILOT for the 2023 year was determined as follows:

	Total	Prairie Park	Calumet Townhomes
Rental income	287,280.00	149,725.00	137,555.00
Less: utility costs	(46,725.18)	(40,595.30)	(6,129.88)
	-----	-----	-----
Net shelter rent	240,554.82	109,129.70	131,425.12
	=====	=====	=====
PILOT percentage		10%	5%
PILOT for 2023	17,484.23	10,912.97	6,571.26
	=====	=====	=====

9. ECONOMIC DEPENDENCY AND GRANTS

In 2023 the Commission received approximately 31% of its revenue from HUD. If the amount of revenue received from HUD falls, the Commissions operations would be adversely affected.

The following grants were received from HUD under the Annual Contributions Contract in 2023.

Operating subsidy	74,842.00
Operating subsidy - CFP	27,536.62
CFP	33,997.96

	136,376.58
	=====

10. COMMITMENTS AND CONTINGENCIES

Litigation:

The Commission was not involved in any litigation at December 31, 2023.

Examination:

The Commission is subject to possible examination made by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing grants given to the Commission in the current and prior years. There were no examinations during the year ending December 31, 2023.

Grant Disallowances:

Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Commission. The amount of expenditures, if any, which may be disallowed by HUD cannot be determined at this time. The Commission would expect such amounts, if any, to be immaterial.

11. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees' and natural disasters. During the one year ending December 31, 2023, the Commission managed its risks as follows:

Health insurance: The Commission reimburses the executive director for the cost of his health insurance.

Liability, fire, and worker's compensation: The Commission maintains liability, fire, and worker's compensation insurance through a commercial carrier. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

Unemployment benefits: The Commission maintains unemployment insurance through the State of South Dakota. No unemployment payments were made in 2023 and none are expected to be made in 2024.

12. OTHER DISCLOSURES AND SUBSEQUENT EVENT

In 2023 the Commission purchased of \$8,705 of equipment and service from a Board member, the only local dealer to offer such equipment.

DE SMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DE SMET, SOUTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN CAPITAL ASSETS
FOR THE YEAR ENDING DECEMBER 31, 2023

	Beginning 12-31-22	Book Adjustments	Additions	(Deletions)	Ending 12-31-23	Accumulated Depreciation 12-31-22	Book Adjustments	(Additions)	Deletions	Ending 12-31-23	Remaining Cost 12-31-23
Prairie Park Fund:											
Land	12,338.50				12,338.50					-	12,338.50
Buildings and improvement	2,336,074.51		68,112.17		2,404,186.68	(1,952,944.02)	2.09	(68,816.84)		(2,021,758.77)	382,427.91
Equipment - dwellings	7,118.01		1,678.57	(1,008.00)	7,788.58	(711.80)		(1,389.86)	100.80	(2,000.86)	5,787.72
Equipment - administratic	52,454.63		3,800.00	(1,148.00)	55,106.63	(43,395.38)		(4,053.14)	1,148.00	(46,300.52)	8,806.11
Other capital assets	17,347.02				17,347.02	(2,891.17)		(1,158.37)		(4,049.54)	13,297.48
Construction-in-progress	7,838.58			(203.95)	7,634.63					-	7,634.63
	<u>2,433,171.25</u>	<u>-</u>	<u>73,590.74</u>	<u>(2,359.95)</u>	<u>2,504,402.04</u>	<u>(1,999,942.37)</u>	<u>2.09</u>	<u>(75,418.21)</u>	<u>1,248.80</u>	<u>(2,074,109.69)</u>	<u>430,292.35</u>
Additions:											
Gutters			31,489.44								
Re-hab units			34,201.91								
Furnace			2,420.82								
Water softener			1,678.57								
Hustler mower			3,800.00								
			<u>73,590.74</u>								
Calumet Town Home Fund:											
Land	7,340.00				7,340.00					-	7,340.00
Buildings and improvement	1,526,751.84		1,950.00		1,528,701.84	(561,877.37)	1.07	(44,266.90)		(606,143.20)	922,558.64
Development costs	-				-	-				-	-
	<u>1,534,091.84</u>	<u>-</u>	<u>1,950.00</u>	<u>-</u>	<u>1,536,041.84</u>	<u>(561,877.37)</u>	<u>1.07</u>	<u>(44,266.90)</u>	<u>-</u>	<u>(606,143.20)</u>	<u>929,898.64</u>
Additions:											
New shower			1,950.00								

DE SMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DE SMET, SOUTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO
CHANGES IN LONG-TERM LIABILITIES
FOR THE YEAR ENDING DECEMBER 31, 2023

	Beginning 12-31-22 -----	Additions -----	(Deletions) -----	Ending 12-31-23 -----	Due in 2024 -----
DIRECT BORROWING					
1999 Essential Function Housing Development					
Revenue Bond, Series 1999-1:					
Original issue of \$277,500					
Maturing in 2026					
Interest at 4.00% at December 31, 2013					
Interest rate adjusted on July 26, 2004 and every					
5 years thereafter to 200 basis points under the					
national prime rate					
Callable as provided by SDCL 6-8B-23					
Collateral: Secured only by real and					
personal property of the 4-plex built					
with this bond					
Paid by Calumet Town Homes Fund	59,404		(16,738)	42,666	17,077
1999 Essential Function Housing Development					
Revenue Bond, Series 1999-2:					
Original issue of \$277,500					
Maturing in 2025					
Interest at 4.00% at December 31, 2013					
Interest rate adjusted on July 1, 2005 and every					
5 years thereafter adjusted to 200 basis points					
under the national prime rate					
Callable as provided by SDCL 6-8B-23					
Collateral: Secured only by real and					
personal property of the 4-plex built					
with this bond					
Paid by Calumet Town Homes Fund	40,750		(17,832)	22,918	18,200
2001 Essential Function Housing Development					
Revenue Bond, Series 2001:					
Original issue of \$277,500					
Maturing in 2032					
Interest at 4.00% at December 31, 2013					
Interest rate adjusted on July 1, 2007 and every					
5 years thereafter adjusted to 200 basis points					
under the national prime rate					
Callable as provided by SDCL 6-8B-23					
Collateral: Secured only by real and					
personal property of the 4-plex built					
with this bond					
Paid by Calumet Town Homes Fund	136,326		(12,192)	124,134	12,911
2016 Essential Function Housing Development					
Revenue Bond, Series 2016:					
Original issue of \$385,000					
Maturing in 2047					
Interest at 4.49%					
Callable as provided by SDCL 6-8B-23					
Collateral: Secured only by real and					
personal property of the 4-plex built					
with this bond					
Paid by Calumet Town Homes Fund	339,300		(4,452)	334,848	4,564
	<u>575,780</u>	<u>0</u>	<u>(51,214)</u>	<u>524,566</u>	<u>52,752</u>
OTHER DEBT					
Leave liability:					
Vacation and sick leave paid by Prairie P	<u>1,835</u>	<u>1,835</u>	<u>(1,835)</u>	<u>1,835</u>	<u>1,835</u>

DE SMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DE SMET, SOUTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO
CHANGES IN LONG-TERM LIABILITIES (continued)
FOR THE YEAR ENDING DECEMBER 31, 2023

Payment Schedules:		Total Payments	Principal	Interest	Balance
		-----	-----	-----	-----
1999 Essential Function Housing Development Revenue Bond, Series 1999-1:					
	2024	18,784	17,077	1,707	25,589
	2025	18,783	17,760	1,023	7,829
	2026	8,142	7,829	313	0
		-----	-----	-----	
		45,709	42,666	3,043	
		=====	=====	=====	
1999 Essential Function Housing Development Revenue Bond, Series 1999-2:					
	2024	19,117	18,200	917	4,718
	2025	4,907	4,718	189	0
		-----	-----	-----	
		24,024	22,918	1,106	
		=====	=====	=====	
2001 Essential Function Housing Development Revenue Bond, Series 2001:					
	2024	17,876	12,911	4,965	111,223
	2025	17,876	13,427	4,449	97,796
	2026	17,877	13,964	3,913	83,832
	2027	17,876	14,523	3,353	69,309
	2028	17,876	15,104	2,772	54,205
	2029-2032	59,006	54,205	4,801	0
		-----	-----	-----	
		148,387	124,134	24,253	
		=====	=====	=====	
2016 Essential Function Housing Development Revenue Bond, Series 2016:					
	2024	19,598	4,564	15,034	330,284
	2025	19,598	4,769	14,829	325,515
	2026	19,598	4,982	14,616	320,533
	2027	19,598	5,206	14,392	315,327
	2028	19,598	5,440	14,158	309,887
	2029-2033	97,991	31,091	66,900	278,796
	2034-2038	97,992	38,727	59,265	240,069
	2039-2043	97,992	48,238	49,754	191,831
	2044-2047	223,235	191,831	31,404	0
		-----	-----	-----	
		615,200	334,848	280,352	
		=====	=====	=====	

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
DeSmet Housing & Redevelopment Commission
DeSmet, South Dakota

Independent Auditor's Report

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of the DeSmet Housing & Redevelopment Commission (Commission), a component unit of the City of DeSmet, South Dakota, 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 my report thereon dated September 25, 2024, which was unmodified.

Report on Internal Control Over Financial Reporting:

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

A deficiency in internal control exist 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission'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 the attention of those charged with governance.

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

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Commission in a separate Letter of Comments dated September 25, 2024.

Report on Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

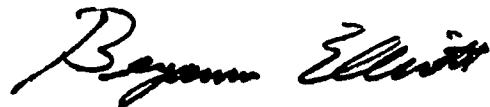
I did note minor matters involving compliance that I reported to the governing body and management of the Commission in a separate Letter of Comments dated September 25, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota



September 25, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS

There were no written prior audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

There are no written current audit findings to report.

DeSMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA
DECEMBER 31, 2023

Financial Data Schedule (FDS)
For the One Year Ending December 31, 2023
Required by the Dept. of Housing
and Urban Development (HUD)

Financial Data Schedule					
Line Item #	Audit	Reclass	Low Rent Public Housing CFDA #	Public Housing CARES Funding CFDA #	Business Activity (Calumet)
	12-31-23		14.850a 12-31-23	21.019 12-31-23	12-31-23
ASSETS					
Current assets:					
111.00	Cash - unrestricted	117,228	106,032		11,196
114.00	Cash - tenant security deposits	27,563	12,651		14,912
122.00	Accounts rec - HUD	0			
125.00	Accounts rec - miscellaneous	0			
126.00	Accounts rec - tenants	13,369	(6,995)	20,364	
126.10	Allowance for doubtful accts - tenants	0	6,995	(6,995)	
129.00	Accrued interest receivable	590		590	
131.00	Investments - unrestricted	61,066	61,066		
142.00	Prepaid expenses and other asset	6,069	991		5,078
144.00	Inter Program due from	0			
150.00	Total current assets:	225,885	194,699	0	31,186
Noncurrent assets:					
161.00	Land	19,678	12,338		7,340
162.00	Buildings	3,932,888	(17,347)	2,421,533	1,528,702
162.00	Improvements	17,347	17,347		
163.00	Furniture, equipment - dwellings	7,789		7,789	
164.00	Furniture, equipment - administr	55,107		55,107	
166.00	Accumulated depreciation	(2,680,253)	(2,074,110)		(606,143)
167.00	Construction-in-progress	7,635	7,635		
160.00	Total non-current assets:	1,360,191	430,292	0	929,899
190.00	Total assets	1,586,076	624,991	0	961,085
LIABILITIES					
Current liabilities:					
312.00	Accounts payable <= 90 days	12,571	6,667		5,904
321.00	Accrued payroll payable	1,233	1,233		
322.00	Accrued compensated absences - c	1,835	1,835		
325.00	Accrued interest payable	1,885			1,885
333.00	Accounts payable - other governm	17,485	10,913		6,572
341.00	Tenant security deposits	27,563	12,651		14,912
342.00	Prepaid tenant rents	4,923	4,923		
343.00	Current portion of long-tem debt	52,751	(989)		53,740
346.00	Accrued liabilities - other	3,312	3,312		
310.00	Total current liabilities	123,558	41,534	0	83,013
Noncurrent liabilities:					
351.00	Non-current portion of long-tem	471,816	989		470,827
300.00	Total liabilities	595,374	41,534	0	553,840
NET POSITION					
508.40	Net investment in capital assets	833,739	(1,885)	430,292	405,332
511.40	Restricted net position	0			
512.40	Unrestricted net position	156,963	1,885	153,165	1,913
513.00	Total net position	990,702	0	583,457	407,245
600.00	Total liabilities and net positior	1,586,076	0	624,991	961,085

DeSMET HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF DeSMET, SOUTH DAKOTA
DECEMBER 31, 2023

Financial Data Schedule

Financial Data Schedule (FDS)
For the One Year Ending December 31, 2023
Required by the Dept. of Housing
and Urban Development

		Financial Data Schedule				
		Audit	Reclass	Low Rent Public Housing	Public Housing CARES Funding	Business Activity (Calumet)
Line Item #		12-31-23		CFDA # 14.850a 12-31-23	CFDA # 21.019 12-31-23	12-31-23
REVENUE						
703.00	Net tenant rental revenue	286,850		149,295		137,555
704.00	Tenant revenue - other	430		430		
706.00	HUD operating grants	0	(102,379)	74,842	27,537	
706.10	HUD capital grants	0	(33,998)		33,998	
711.00	Investment income - unrestricted	0	(1,396)	1,325		71
715.00	Other revenue	11,069	(160,202)	11,069		160,202
715.00	Other revenue	173	173			
716.00	Gain or loss on disposition of capital asse	0	907	(907)		
700.00	Total revenue	298,522	(296,895)	236,054	61,535	297,828
EXPENSES						
Expenses - administrative:						
911.00	Administrative salaries	16,399		16,399		
912.00	Auditing fees	4,000		3,000		1,000
913.00	Management fee	11,069				11,069
915.00	Employee benefit contributions	1,255		1,255		
916.00	Office expenses	6,461		6,461		
919.00	Other	6,089		3,515		2,574
Expenses - tenant services:						
921.00	Salaries	0				
923.00	Employee benefit contributions	0				
924.00	Other	2,528		2,528		
Expenses - utilities:						
931.00	Water	15,435		9,501		5,934
932.00	Electricity	18,052		17,899		153
933.00	Gas	11,650		11,650		
936.00	Sewer	1,589		1,546		43
938.00	Other utility expense	34	34			
Expenses - ordinary maint. & operation:						
941.00	Labor	38,259		38,259		
942.00	Materials and other	18,644		18,505		139
943.00	Ordinary maint. & operations con	73,607		52,682		20,925
945.00	Employee benefit contributions	2,892	(35)	2,927		
Expenses - general:						
961.10	Property	27,347		17,753		9,594
961.30	Workmen's compensation	1,252		1,252		
961.40	All other insurance	149		149		
962.00	Other general expenses	244		244		
963.00	Payment in lieu of taxes	17,484		10,913		6,571
964.00	Bad debts - tenant rents	113		113		
967.20	Interest expense	0	(23,956)			23,956
Other expenses:						
972.00	Casualty loss	0	(165,343)			165,343
974.00	Depreciation	119,682		75,416		44,266
900.00	Total expenses	394,234	(189,300)	291,967	0	291,567
Other financing sources (uses):						
706.00	HUD operating grant	102,379	102,379			
972.00	Casualty loss	(165,343)	(165,343)			
715.00	Insurance settlement	160,029	160,029			
711.00	Investment income - unrestricted	1,396	1,396			
716.00	Gain or loss on disposition of capital asse	(907)	(907)			
967.20	Interest expense	(23,957)	(23,957)			
100.10	Transfer in	0	(27,537)	27,537		
100.20	Transfer out	0	27,537		(27,537)	
101.00	Total other financing sources (use)	73,597	73,597	27,537	(27,537)	0
	Net income (loss) before contribut	(22,115)	(33,998)	(28,376)	33,998	6,261
706.10	HUD capital grants	33,998	33,998			
100.00	Change in net position	11,883	0	(28,376)	33,998	6,261
NET POSITION						
110.30	Beginning	978,819		577,835	0	400,984
116.20	Building purchases	0		33,998	(33,998)	
	Ending	990,702	0	583,457	0	407,245