

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA,
A COMPONENT UNIT OF
LAWRENCE COUNTY, SOUTH DAKOTA**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing and Redevelopment Commission of
Lawrence County, South Dakota
Sturgis, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Housing and Redevelopment Commission of Lawrence County, South Dakota, a component unit of Lawrence County, 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 as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying financial data schedules and schedule of expenditures of federal awards, as required by Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
August 30, 2024

*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis
For the Year Ended December 31, 2023*

Introduction

This Management's Discussion and Analysis (MD&A) of the Lawrence County Housing & Redevelopment Commission in South Dakota (Commission) provides an introduction and overview to the financial statements of the Commission for the fiscal year ended December 31, 2023. The Commission presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2023, to assist the reader in focusing on significant financial issues.

The Commission has one individual program, the Housing Choice Voucher Program which is currently being managed by the Meade County Housing & Redevelopment Commission in South Dakota.

- The Housing Choice Voucher Program provides rental assistance to aid low income families afford decent, safe, and sanitary rental housing. The Commission provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Commission currently has 303 units available. Funds are provided by HUD to provide rental assistance payments. The Commission is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Commission's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to give users a broad overview of the Commission's finances, in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the Commission's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, excluding fiduciary funds, with the difference reported as net position. Increases and decreases over time may serve as a useful indicator of whether the Commission's financial position is improving or deteriorating.

The Statement of Activities shows how the Commission's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that caused the change occurs, regardless of the time of the related cash flows.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. The Commission, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2023*

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintained one individual governmental fund for 2023. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

The Commission's Net Position decreased from \$106,998 to \$101,430, a decrease of \$5,568 or 5%. Total assets decreased by \$5,493 or 5%.

Total revenue increased from \$1,306,483 to \$1,479,444, an increase of \$172,961 or 13%.

Total expenses increased by \$143,778, from \$1,341,234 to \$1,485,012 for the current year.

Commission Activities & Highlights

The Commission's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the years ended December 31, 2023, and December 31, 2022.

*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2023*

**Summary Statement of Net Position
As of December 31, 2023, and 2022**

<u>Category</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>Change \$</u>	<u>Change %</u>
Unrestricted Assets	\$ 102,757	\$ 103,572	\$ (815)	-1%
Restricted Assets	\$ -	\$ 4,678	\$ (4,678)	-100%
Total Assets	\$ 102,757	\$ 108,250	\$ (5,493)	-5%
Current Liabilities	\$ 1,327	\$ 1,252	\$ 75	6%
Total Liabilities	\$ 1,327	\$ 1,252	\$ 75	6%
Unrestricted	\$ 101,430	\$ 102,320	\$ (890)	-1%
Restricted	\$ -	\$ 4,678	\$ (4,678)	-100%
Total Net Position	\$ 101,430	\$ 106,998	\$ (5,568)	-5%

Total Assets

Total assets decreased by \$5,493 from the previous year. This was primarily due a decrease in restricted cash in the amount of \$4,678. This decrease was due to HAP expenditures in the amount of \$1,308,314 exceeding HAP revenues in the amount of \$1,303,636.

Current Liabilities

Current liabilities increased by \$75 due to an increase in accounts payable. Accounts payables increased due to additional housing assistance payments due for the month of December.

Net Position

The Commission's unrestricted component of net position changed from \$102,320 to \$101,430, a decrease of \$890, or 1% for the current year. This is due to administrative expenditures in the amount of \$176,698 exceeding administrative revenues in the amount of \$175,808. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

The restricted component of net position decreased from \$4,678 to \$0. This is due to HAP expenditures in the amount of \$1,308,314 exceeding HAP revenues in the amount of \$1,303,636.

*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2023*

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022**

Category	FYE 2023	FYE 2022	Change \$	Change %
Government Operating Grants	\$ 1,475,282	\$ 1,298,777	\$ 176,505	14%
Other Revenue	\$ 4,082	\$ 7,658	\$ (3,576)	-47%
Interest Income	\$ 80	\$ 48	\$ 32	67%
Total Revenue	\$ 1,479,444	\$ 1,306,483	\$ 172,961	13%
Administration	\$ 171,669	\$ 166,836	\$ 4,833	3%
Maintenance	\$ 1,446	\$ -	\$ 1,446	NA
General/Insurance Expense	\$ 3,583	\$ 3,469	\$ 114	3%
Housing Assistance Payments	\$ 1,308,314	\$ 1,170,929	\$ 137,385	12%
Total Expenses	\$ 1,485,012	\$ 1,341,234	\$ 143,778	11%
Increase (Decrease) in Net Position	\$ (5,568)	\$ (34,751)	\$ 29,183	-84%
Net Position, Beginning of Year	\$ 106,998	\$ 141,749	\$ (34,751)	-25%
Net Position, End of Year	\$ 101,430	\$ 106,998	\$ (5,568)	-5%

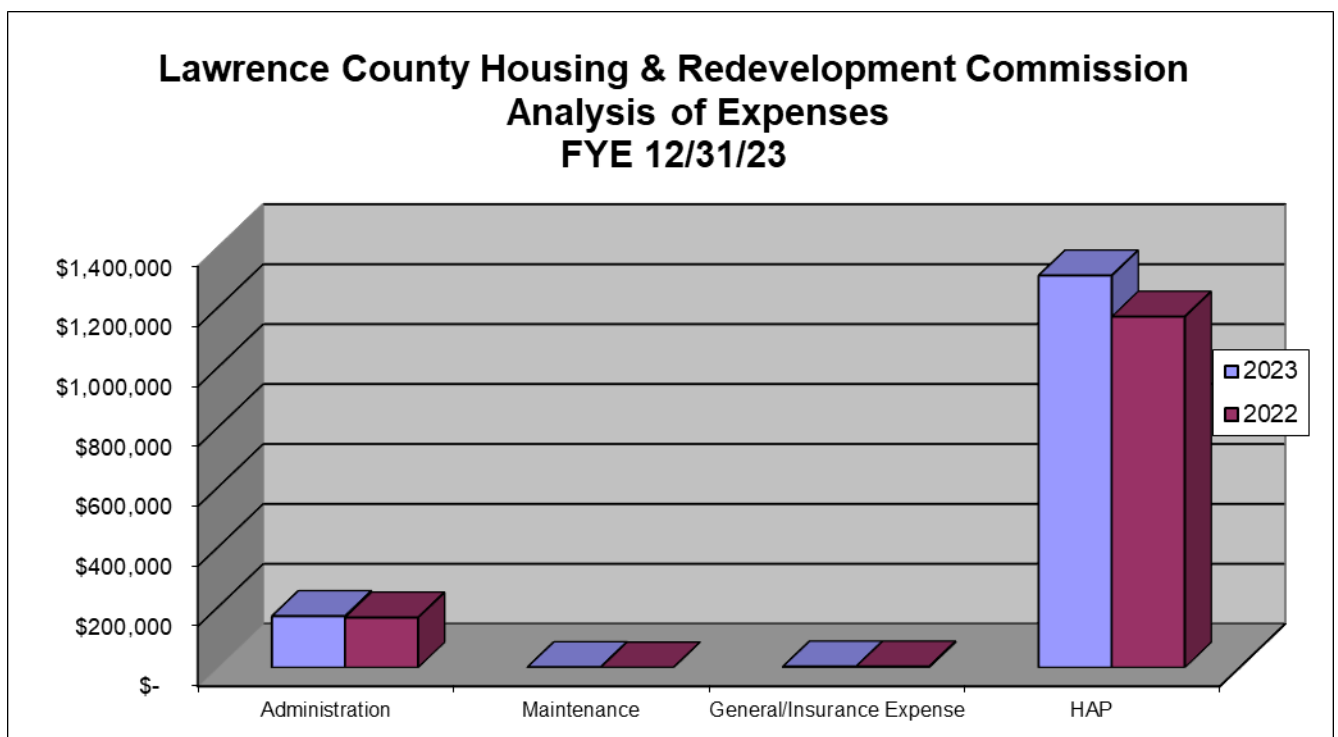
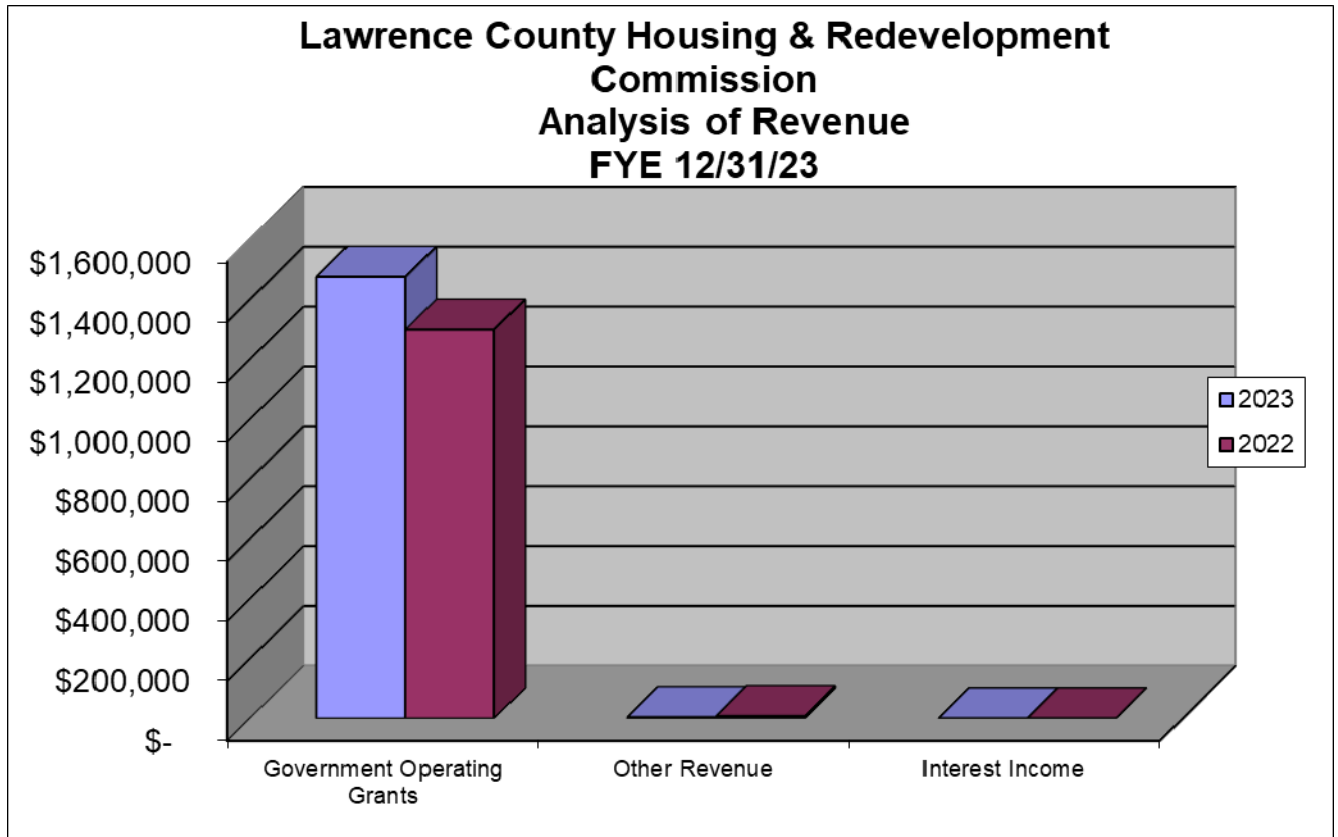
Results of Operations

Revenues of the Commission are generated principally from Federal funding grant income. The Commission's revenue increased by \$172,961 compared to the previous fiscal year. This was primarily due to an increase in HAP funding in the amount of \$170,738. Administrative fee revenue also increased by \$5,767. In contrast, fraud revenue decreased by \$3,592.

Total expenses increased by \$143,778. This was primarily due to an increase in HAP payments in the amount of \$137,385. HAP payments increased due to the average payment per voucher increased from \$507 in the prior year to \$590 in the current year. In addition, administrative expenses increased by \$4,833 due to an increase in third party management fees.

*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2023*

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



*Lawrence County Housing & Redevelopment Commission in South Dakota
Management's Discussion and Analysis-Cont.
For the Year Ended December 31, 2023*

Capital Assets

As of December 31, 2023, the Lawrence County Housing & Redevelopment Commission's net investment in capital assets was \$0. This investment includes equipment, less accumulated depreciation.

<u>Category</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>Change \$</u>	<u>Change %</u>
Equipment	\$ 19,911	\$ 19,911	\$ -	0%
Accumulated Depreciation	\$ (19,911)	\$ (19,911)	\$ -	0%
Total Net Fixed Assets	\$ -	\$ -	\$ -	0%

Subsequent Event

The funding related to the 2024 Congressional Appropriations has not currently been finalized. The amount of funding for the 2024 calendar year for the Housing Choice Voucher Program will include an estimated proration of administrative fees at 90% and estimated HAP funding at 100%.

Request for Information

This financial report is designed to provide a general overview of the Commission's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Lawrence County Housing & Redevelopment Commission
Lori Hoppe, Executive Director
1220 Cedar Street # 113
Sturgis, SD 57785

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

STATEMENT OF NET POSITION
AND BALANCE SHEET OF GOVERNMENTAL FUND
DECEMBER 31, 2023

	General Fund	Reconciliation	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 82,226	\$ -	\$ 82,226
Receivables - HUD	18,576	-	18,576
Prepaid expenses	1,955	-	1,955
 Total Assets	 102,757	 -	 102,757
LIABILITIES			
Accounts payable - trade	156	-	156
Accounts payable - other governments	1,171	-	1,171
 Total Liabilities	 1,327	 -	 1,327
FUND BALANCES/NET POSITION			
Fund Balances:			
Nonspendable - prepaid expenses	1,955	(1,955)	-
Unassigned	99,475	(99,475)	-
 Total Fund Balances	 101,430	 (101,430)	 -
 Net Position:			
Unrestricted	-	101,430	101,430
 Total Net Position	 -	 101,430	 101,430
 Total liabilities and fund balances	 \$ 102,757	 \$ -	 \$ 102,757

The accompanying notes are an
integral part of these financial statements

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2023

Total fund balances for governmental fund		\$ 101,430
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Equipment	\$ 19,911	
Accumulated depreciation	<u>(19,911)</u>	<u>-</u>
Total capital assets		
Total net position of governmental activities		<u>\$ 101,430</u>

The accompanying notes are an
integral part of these financial statements

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

STATEMENT OF ACTIVITIES
AND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2023

	General Fund	Reconciliation	Statement of Activities
EXPENDITURES/PROGRAM EXPENSES			
Housing:			
Administrative	\$ 171,669	\$ -	\$ 171,669
Maintenance	1,446	-	1,446
Insurance premiums	3,374	-	3,374
General	209	-	209
Housing assistance payments	1,308,314	-	1,308,314
Total expenditures/program expenses	1,485,012	-	1,485,012
PROGRAM REVENUES			
Operating grants and contributions:			
HUD PHA grants	1,475,282	-	1,475,282
Fraud recovery	4,066	-	4,066
Total program revenues	1,479,348	-	1,479,348
GENERAL REVENUES			
Interest income	80	-	80
Other revenue	16	-	16
Total general revenues	96	-	96
Change in fund balances/net position	(5,568)	-	(5,568)
Fund balances/net position			
Beginning	106,998	-	106,998
Ending	\$ 101,430	\$ -	\$ 101,430

The accompanying notes are an
integral part of these financial statements

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental fund \$ (5,568)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$-0-) exceeded capital outlay (\$-0-) in the current period.

-

Change in net position of governmental activities \$ (5,568)

The accompanying notes are an
integral part of these financial statements

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Housing and Redevelopment Commission of Lawrence County, South Dakota (the Commission) was organized in 1991 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low-income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C. 1401, et seq.). The county commission appoints the five members of the governing board for five-year staggered terms. The public housing authority (PHA) board elects its own chairperson and recruits and employs its management personnel and other workers. The local governing board of Lawrence County, South Dakota has the ability to veto or otherwise modify a housing commission's decision to construct a specific project and issue debt.

The primary government is Lawrence County, South Dakota.

Component Units

In evaluating the Commission as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Commission may be financially accountable and, as such, should be included within the Commission's financial statements. The Commission is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Commission. Organizations for which the Commission is not financially accountable are also included when doing so is necessary in order to prevent the Commission's financial statements from being misleading.

The Commission considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Commission's financial statements.

Nature of Business

The Commission administers low-income housing assistance payment programs in Lawrence County, South Dakota. PAS/LOCCS Project No. SD048VO is authorized to operate 303 units under the Section 8 Housing Choice Voucher Program.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

The Commission represents a public housing authority engaged in a single governmental program that provides financial assistance for low income public housing. As such, the Commission presents combined fund financial statements and government-wide statements.

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. For the year ended December 31, 2023, the program revenues consist primarily of HUD PHA grants. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements:

Fund financial statements are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Commission presently has no proprietary or fiduciary funds.

All the Commission's activities are accounted for within the General Fund, which is a governmental fund type. As all activities are accounted for within this fund, it is presented as a major governmental fund described as follows:

General Fund - the General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to a governmental fund type.

Basis of Accounting:

Government-wide Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting revenues generally are recorded when they occur; and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests). Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Fund Financial Statements

The governmental fund is accounted for using the modified accrual basis of accounting. Its revenues generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. A 60 day availability period is used for recognition of governmental fund revenues.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus and Basis of Accounting, continued

Fund Financial Statements, continued

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported grant revenue received in advance are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

Cash and Cash Equivalents

For purposes of financial statement reporting, the Commission considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are considered to be cash equivalents.

Capital Assets

Capital assets include furniture and equipment that are used in operations and that have initial useful lives extending beyond a single reporting year.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

Purchased capital assets are recorded at historical cost, or estimated historical cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets, continued

Government-wide Financial Statements, continued

Depreciation of exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net investment in capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Furniture and equipment	\$ 500	Straight-line	3-5 yrs.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. No depreciation expense is recognized.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources (expenses) until the applicable future period.

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisition of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources (revenue) until the applicable future period.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Equity Classifications

Equity is classified as net position or fund balance and is displayed as follows:

Government-wide Financial Statements

- a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Is a net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted net position – Any net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

Governmental fund equity is classified as fund balance and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components.

Application of Net Position

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

Fund Balance Classification Policies and Procedures

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Commission classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balance Classification Policies and Procedures, continued

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the Board of Commissioners and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Contracting Officer.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Commission uses *restricted* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar spending. Additionally, the Commission would first use *committed*, then *assigned*, and lastly *unassigned amounts* of unrestricted fund balance when expenditures are made.

The Commission does not have a formal minimum fund balance policy.

Program Revenues

The Commission has one individual program, the Housing Choice Voucher Program which is currently being managed by the Meade County Housing & Redevelopment Commission in South Dakota.

- The Housing Choice Voucher Program provides rental assistance to aid low income families to afford decent, safe, and sanitary rental housing. The Commission provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Commission currently has 303 units available. Funds are provided by HUD to provide rental assistance payments. The Commission is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fraud Recovery

HUD requires the Commission to account for monies recovered from tenants who committed fraud or misrepresentation on the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets

The Commission is not legally required to adopt a budget, however, the Commission is contractually required by HUD to approve an annual operating budget for HUD programs. Capital fund budgets are adopted on a "project length" basis. The budgets are prepared in accordance with HUD requirements and therefore, are not comparable to the GAAP financial presentation in this report. Therefore, budgetary data is not included in the basic financial statements.

2. DEPOSITS AND INVESTMENTS

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

Deposits - The Housing Commission's 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 having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. DEPOSITS AND INVESTMENTS, continued

Investments - As stated in SDCL 11-7-31, a commission shall have power to invest any funds held in reserves or debt service funds, or funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control. In general, SDCL 4-5-6 permits housing authority 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); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial risk. As of December 31, 2023, the Commission's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Investments - As of December 31, 2023, the Commission had no investments.

Authorized Investments by the Commission - The Commission does not have a formal investment policy that further limits investments beyond those imposed by statutes.

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.

Credit 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. As of December 31, 2023, the Commission had no investments.

Concentration of Credit Risk - The Commission places no limit on the amount that may be invested in any one issuer. As of December 31, 2023, the Commission had no investments.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Capital assets being depreciated:</i>				
Furniture and equipment	\$ 19,911	\$ -	\$ -	\$ 19,911
Total capital assets being depreciated	<u>19,911</u>	<u>-</u>	<u>-</u>	<u>19,911</u>
<i>Less accumulated depreciation for:</i>				
Furniture and equipment	19,911	-	-	19,911
Total accumulated depreciation	<u>19,911</u>	<u>-</u>	<u>-</u>	<u>19,911</u>
Total capital assets being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

4. ECONOMIC DEPENDENCY

The Commission receives grants from the United States Department of Housing and Urban Development (HUD). Approximately 99% of the Commission's revenues for the year ended December 31, 2023, came from the HUD PHA grants provided by the federal government. In the event these grants were discontinued or severely restricted, the activities of the Commission would be curtailed accordingly. During the year ended December 31, 2023, the total amount received was \$1,475,282

5. RELATED PARTY TRANSACTIONS

The Commission has entered into a Joint Powers Agreement (Agreement) with the Meade County Housing and Redevelopment Commission (Meade County). Under the Agreement, Meade County administers the Section 8 Housing Choice Voucher Program for the Commission and receives a management fee equal to 95% of the Commission's ongoing administrative fees earned through HUD. For the year ended December 31, 2023, the Commission recognized \$167,096 in management fee expense and \$1,171 in management fees payable.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

6. 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; and natural disasters. Housing and Redevelopment Commission of Lawrence County, South Dakota has no employees due to the Board of Commissioners decision to contract with Meade County Housing and Redevelopment Commission to manage their housing authority. During the year ended December 31, 2023, the Commission managed its risks as follows:

Liability Insurance

The Commission purchases liability insurance risks related to torts, theft, or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past four years.

SUPPLEMENTARY INFORMATION

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	Balance Sheet		14,871
111	Cash-unrestricted	\$ 82,226	\$ 82,226
112	Cash-restricted-modernization and development	\$ -	\$ -
113	Cash-other restricted	\$ -	-
114	Cash-tenant security deposits	\$ -	\$ -
115	Cash - Restricted for payment of current liability	\$ -	\$ -
100	Total Cash	\$ 82,226	\$ 82,226
121	Accounts receivable - PHA projects	\$ -	\$ -
122	Accounts receivable - HUD other projects	\$ -	\$ -
122-010	Accounts receivable - HUD other projects - Operating Subsidy	\$ -	\$ -
122-020	Accounts receivable - HUD other projects - Capital fund	\$ -	\$ -
122-030	Accounts receivable - HUD other projects - Other	\$ 18,576	18,576
	Total Accounts receivable - HUD other projects	\$ 18,576	\$ 18,576
124	Account receivable - other government	\$ -	\$ -
125	Accounts receivable - miscellaneous	\$ -	\$ -
125-010	Account receivable - miscellaneous - Not For Profit	\$ -	\$ -
125-020	Account receivable - miscellaneous - Partnership	\$ -	\$ -
125-030	Account receivable - miscellaneous - Joint Venture	\$ -	\$ -
125-040	Account receivable - miscellaneous - Tax Credit	\$ -	\$ -
125-050	Account receivable - miscellaneous - Other	\$ -	-
125-060	Other - Comment		
	Total Account receivable - miscellaneous	\$ -	\$ -
126	Accounts receivable - tenants	\$ -	\$ -
126.1	Allowance for doubtful accounts - tenants	\$ -	\$ -
126.2	Allowance for doubtful accounts - other	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -
128	Fraud recovery	\$ 14,017	\$ 14,017
128.1	Allowance for doubtful accounts - fraud	\$ (14,017)	\$ (14,017)
129	Accrued interest receivable	\$ -	\$ -
120	Total receivables, net of allowance for doubtful accounts	\$ 18,576	\$ 18,576
131	Investments - unrestricted	\$ -	\$ -
132	Investments - restricted	\$ -	\$ -

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	Balance Sheet		14,871
135	Investments - Restricted for payment of current liability	\$ -	\$ -
142	Prepaid expenses and other assets	\$ 1,955	\$ 1,955
143	Inventories	\$ -	\$ -
143.1	Allowance for obsolete inventories	\$ -	\$ -
144	Inter-program - due from	\$ -	\$ -
145	Assets held for sale	\$ -	\$ -
150	Total Current Assets	\$ 102,757	\$ 102,757
161	Land	\$ -	\$ -
162	Buildings	\$ -	\$ -
163	Furniture, equipment and machinery - dwellings	\$ -	\$ -
164	Furniture, equipment and machinery - administration	\$ 19,911	19,911
165	Leasehold improvements	\$ -	-
166	Accumulated depreciation	\$ (19,911)	(19,911)
167	Construction in progress	\$ -	\$ -
168	Infrastructure	\$ -	\$ -
160	Total capital assets, net of accumulated depreciation	\$ -	\$ -
171	Notes, Loans, & mortgages receivable - Non-current		
171-010	Notes, Loans, & mortgages receivable - Non-current - Not For Profit	\$ -	\$ -
171-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -
171-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -
171-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -
171-060	Other - Comment		
	Notes, Loans, & mortgages receivable – Non-current	\$ -	\$ -
172	Notes, Loans, & mortgages receivable - Noncurrent - past due		
172-010	Notes, Loans, & mortgages receivable - Non-current - past due - Not For Profit	\$ -	\$ -
172-020	Notes, Loans, & mortgages receivable - Non-current - Partnership	\$ -	\$ -
172-030	Notes, Loans, & mortgages receivable - Non-current - Joint Venture	\$ -	\$ -

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
	Balance Sheet		
172-040	Notes, Loans, & mortgages receivable - Non-current - Tax Credit	\$ -	\$ -
172-050	Notes, Loans, & mortgages receivable - Non-current - Other	\$ -	\$ -
172-060	Other - Comment		
	Notes, Loans, & mortgages receivable – Non-current - past due	\$ -	\$ -
173	Grants receivable – Non-current	\$ -	\$ -
174	Other assets		
174-010	Other assets - Not For Profit	\$ -	\$ -
174-020	Other assets - Partnership	\$ -	\$ -
174-030	Other assets - Joint Venture	\$ -	\$ -
174-040	Other assets - Tax Credit	\$ -	\$ -
174-050	Other assets - Other	\$ -	\$ -
174-060	Other - Comment		
	Other assets	\$ -	\$ -
176	Investment in joint venture		
176-010	Investment in Joint venture - Not For Profit	\$ -	\$ -
176-020	Investment in Joint venture - Partnership	\$ -	\$ -
176-030	Investment in Joint venture - Joint Venture	\$ -	\$ -
176-040	Investment in Joint venture - Tax Credit	\$ -	\$ -
176-050	Investment in Joint venture - Other	\$ -	\$ -
176-060	Other - Comment		
	Investment in joint venture	\$ -	\$ -
180	Total Non-current Assets	\$ -	\$ -
190	Total Assets	\$ 102,757	\$ 102,757
200	Deferred Outflow of Resources	\$ -	\$ -
290	Total Assets and Deferred Outflow of Resources	\$ 102,757	\$ 102,757
311	Bank overdraft	\$ -	\$ -
312	Accounts payable <= 90 days	\$ 156	\$ 156
313	Accounts payable > 90 days past due	\$ -	\$ -
321	Accrued wage/payroll taxes payable	\$ -	\$ -

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HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
	Balance Sheet		
322	Accrued compensated absences - current portion	\$ -	\$ -
324	Accrued contingency liability	\$ -	\$ -
325	Accrued interest payable	\$ -	\$ -
331	Accounts payable - HUD PHA Programs		
331-010	Accounts payable - HUD PHA Programs - Operating Subsidy	\$ -	\$ -
331-020	Accounts payable - HUD PHA Programs - Capital fund	\$ -	\$ -
331-030	Accounts payable - HUD PHA Programs - Other	\$ -	\$ -
	Accounts payable - HUD PHA Programs	\$ -	\$ -
332	Accounts payable - PHA Projects	\$ -	\$ -
333	Accounts payable - other government	\$ 1,171	\$ 1,171
341	Tenant security deposits	\$ -	\$ -
342	Unearned revenue		
342-010	Unearned revenue - Operating Subsidy	\$ -	\$ -
342-020	Unearned revenue - Capital fund	\$ -	\$ -
342-030	Unearned revenue - Other	\$ -	\$ -
	Unearned revenue	\$ -	\$ -
343	Current portion of long-term debt - capital projects/mortgage revenue bonds		
343-010	CFFP	\$ -	\$ -
343-020	Capital Projects/ Mortgage Revenue	\$ -	\$ -
	Current portion of long-term debt - capital projects/mortgage revenue bonds	\$ -	\$ -
344	Current portion of long-term debt - operating borrowings	\$ -	\$ -
345	Other current liabilities	\$ -	\$ -
346	Accrued liabilities - other	\$ -	\$ -
347	Inter-program - due to	\$ -	\$ -
348	Loan liability - current		
348-010	Loan liability - current - Not For Profit	\$ -	\$ -
348-020	Loan liability - current - Partnership	\$ -	\$ -
348-030	Loan liability - current - Joint Venture	\$ -	\$ -
348-040	Loan liability - current - Tax Credit	\$ -	\$ -
348-050	Loan liability - current - Other	\$ -	\$ -
348-060	Other - Comment		
	Loan liability - current	\$ -	\$ -

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

			14,871
Line Item No.	Description	Total Programs	Housing Choice Vouchers
Balance Sheet			
310	Total Current Liabilities	\$ 1,327	\$ 1,327
351	Capital Projects/Mortgage Revenue Bonds		
351-010	Long-term debt - CFFP	\$ -	\$ -
351-020	Long-term - Capital Projects/ Mortgage Revenue	\$ -	\$ -
	Capital Projects/ Mortgage Revenue Bonds	\$ -	\$ -
352	Long-term debt, net of current - operating borrowings	\$ -	\$ -
353	Non-current liabilities - other	\$ -	\$ -
354	Accrued compensated absences- Non-current	\$ -	\$ -
355	Loan liability - Non-current		
355-010	Loan liability - Non-current - Not For Profit	\$ -	\$ -
355-020	Loan liability - Non-current - Partnership	\$ -	\$ -
355-030	Loan liability - Non-current - Joint Venture	\$ -	\$ -
355-040	Loan liability - Non-current - Tax Credit	\$ -	\$ -
355-050	Loan liability - Non-current - Other	\$ -	\$ -
355-060	Other - Comment		
	Loan liability – Non-current	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -
357	Accrued Pension and OPEB Liability	\$ -	\$ -
350	Total Non-current liabilities	\$ -	\$ -
300	Total Liabilities	\$ 1,327	\$ 1,327
400	Deferred Inflow of Resources	\$ -	\$ -
508.4	Net Investment in Capital Assets	\$ -	\$ -
511.4	Restricted Net Position	\$ -	\$ -
512.4	Unrestricted Net Position	\$ 101,430	\$ 101,430
513	Total Equity - Net Assets / Position	\$ 101,430	\$ 101,430
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$ 102,757	\$ 102,757

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HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
	Income Statement		
70300	Net tenant rental revenue	\$ -	\$ -
70400	Tenant revenue - other	\$ -	\$ -
70500	Total Tenant Revenue	\$ -	\$ -
70600	HUD PHA operating grants	\$ -	\$ -
70600-010	Housing assistance payments	\$ 1,301,603	\$ 1,301,603
70600-020	Ongoing administrative fees earned	\$ 173,679	\$ 173,679
70600-030	Hard to house fee revenue	\$ -	\$ -
70600-031	FSS Coordinator	\$ -	\$ -
70600-040	Actual independent public accountant audit costs	\$ -	\$ -
70600-050	Total preliminary fees earned	\$ -	\$ -
70600-060	All other fees	\$ -	\$ -
70600-070	Admin fee calculation description	\$ -	\$ -
	HUD PHA operating grants	\$ 1,475,282	\$ 1,475,282
70610	Capital grants	\$ -	\$ -
70710	Management Fee	\$ -	\$ -
70720	Asset Management Fee	\$ -	\$ -
70730	Book-Keeping Fee	\$ -	\$ -
70740	Front Line Service Fee	\$ -	\$ -
70750	Other Fees	\$ -	\$ -
70700	Total Fee Revenue	\$ -	\$ -
70800	Other government grants	\$ -	\$ -
71100	Investment income - unrestricted		
71100-010	Housing Assistance Payment	\$ -	\$ -
71100-020	Administrative Fee	\$ 80	\$ 80
	Investment income - unrestricted	\$ 80	\$ 80
71200	Mortgage interest income	\$ -	\$ -
71300	Proceeds from disposition of assets held for sale	\$ -	\$ -
71310	Cost of sale of assets	\$ -	\$ -
71400	Fraud recovery	\$ -	\$ -
71400-010	Housing Assistance Payment	\$ 2,033	\$ 2,033

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HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	Income Statement		14.871
71400-020	Administrative Fee	\$ 2,033	\$ 2,033
	Fraud recovery	\$ 4,066	\$ 4,066
71500	Other revenue	\$ 16	\$ 16
71600	Gain or loss on sale of capital assets	\$ -	\$ -
72000	Investment income - restricted	\$ -	\$ -
72000-010	Housing Assistance Payment	\$ -	\$ -
72000-020	Administrative Fee	\$ -	\$ -
	Investment income - restricted	\$ -	\$ -
70000	Total Revenue	\$ 1,479,444	\$ 1,479,444
91100	Administrative salaries	\$ -	\$ -
91200	Auditing fees	\$ 4,000	\$ 4,000
91300	Management Fee	\$ 167,096	\$ 167,096
91310	Book-Keeping Fee	\$ -	\$ -
91400	Advertising and Marketing	\$ -	\$ -
91500	Employee benefit contributions - administrative	\$ -	\$ -
91600	Office Expenses	\$ 414	\$ 414
91700	Legal Expense	\$ -	\$ -
91800	Travel	\$ -	\$ -
91810	Allocated Overhead	\$ -	\$ -
91900	Other	\$ 159	\$ 159
91000	Total Operating-Administrative	\$ 171,669	\$ 171,669
92000	Asset Management Fee	\$ -	\$ -
92100	Tenant services - salaries	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -
92300	Employee benefit contributions - tenant services	\$ -	\$ -
92400	Tenant services - other	\$ -	\$ -
92500	Total Tenant Services	\$ -	\$ -
93100	Water	\$ -	\$ -
93200	Electricity	\$ -	\$ -
93300	Gas	\$ -	\$ -

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HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	Income Statement		14.871
93400	Fuel	\$ -	\$ -
93500	Labor	\$ -	\$ -
93600	Sewer	\$ -	\$ -
93700	Employee benefit contributions - utilities	\$ -	\$ -
93800	Other utilities expense	\$ -	\$ -
93000	Total Utilities	\$ -	\$ -
94100	Ordinary maintenance and operations - labor	\$ -	\$ -
94200	Ordinary maintenance and operations - materials and other	\$ -	\$ -
94300	Ordinary Maintenance and Operations Contracts		
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	\$ -	\$ -
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	\$ -	\$ -
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	\$ -	\$ -
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	\$ -	\$ -
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	\$ -	\$ -
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	\$ -	\$ -
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	\$ -	\$ -
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	\$ -	\$ -
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	\$ -	\$ -
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	\$ -	\$ -
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	\$ 1,446	1,446
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	\$ -	\$ -
	Ordinary Maintenance and Operations Contracts	\$ 1,446	\$ 1,446
94500	Employee benefit contribution - ordinary maintenance	\$ -	\$ -
94000	Total Maintenance	\$ 1,446	\$ 1,446

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

			14.871
Line Item No.	Description	Total Programs	Housing Choice Vouchers
Income Statement			
95100	Protective services - labor	\$ -	\$ -
95200	Protective services - other contract costs	\$ -	\$ -
95300	Protective services - other	\$ -	\$ -
95500	Employee benefit contributions - protective services	\$ -	\$ -
95000	Total Protective Services	\$ -	\$ -
96110	Property Insurance	\$ -	\$ -
96120	Liability Insurance	\$ 3,076	3,076
96130	Workmen's Compensation	\$ -	-
96140	All Other Insurance	\$ 298	298
96100	Total Insurance Premiums	\$ 3,374	\$ 3,374
96200	Other general expenses	\$ 209	209
96210	Compensated absences	\$ -	-
96300	Payments in lieu of taxes	\$ -	-
96400	Bad debt - tenant rents	\$ -	-
96500	Bad debt - mortgages	\$ -	-
96600	Bad debt - other	\$ -	-
96800	Severance expense	\$ -	\$ -
96000	Total Other General Expenses	\$ 209	\$ 209
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -
96730	Amortization of Bond Issue Costs	\$ -	\$ -
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -
96900	Total Operating Expenses	\$ 176,698	\$ 176,698
97000	Excess Revenue Over Operating Expenses	\$ 1,302,746	\$ 1,302,746
97100	Extraordinary maintenance	\$ -	\$ -
97200	Casualty losses- Non-capitalized	\$ -	\$ -
97300	Housing assistance payments		
97300-010	Mainstream 1 & 5 year	\$ -	\$ -

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	14.871 Housing Choice Vouchers
Income Statement			
97300-020	Home-Ownership	\$ -	\$ -
97300-025	Litigation	\$ -	\$ -
97300-030	Hope IV	\$ -	\$ -
97300-035	Moving to Work	\$ -	\$ -
97300-040	Tenant Protection	\$ -	\$ -
97300-041	Portability-Out	\$ 10,231	\$ 10,231
97300-050	All Other	\$ 1,298,083	\$ 1,298,083
	Housing assistance payments	\$ 1,308,314	\$ 1,308,314
97350	HAP Portability-in	\$ -	\$ -
97400	Depreciation expense	\$ -	\$ -
97500	Fraud losses	\$ -	\$ -
97800	Dwelling units rent expense	\$ -	\$ -
90000	Total Expenses	\$ 1,485,012	\$ 1,485,012
10010	Operating transfer in	\$ -	\$ -
10020	Operating transfer out	\$ -	\$ -
10030	Operating transfers from / to primary government		
10030-010	Not For Profit	\$ -	\$ -
10030-020	Partnership	\$ -	\$ -
10030-030	Joint Venture	\$ -	\$ -
10030-040	Tax Credit	\$ -	\$ -
10030-050	Other	\$ -	\$ -
10030-060	Other Comment	\$ -	\$ -
10030	Operating transfers from / to primary government	\$ -	\$ -
10040	Operating transfers from / to component unit	\$ -	\$ -
10070	Extraordinary items, net gain/loss	\$ -	\$ -
10080	Special items, net gain/loss	\$ -	\$ -
10091	Inter Project Excess Cash Transfer In	\$ -	\$ -
10092	Inter Project Excess Cash Transfer Out	\$ -	\$ -
10093	Transfers between Programs and Projects - in	\$ -	\$ -
10094	Transfers between Programs and Projects - out	\$ -	\$ -
10100	Total other financing sources (uses)	\$ -	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Expenses	\$ (5,568)	\$ (5,568)

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
	Income Statement		14.871
11020	Required Annual Debt Principal Payments	\$ -	\$ -
11030	Beginning equity	\$ 106,998	\$ 106,998
11040	Prior period adjustments, equity transfers, and correction of errors		
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-020	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-030	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-040	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-050	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-060	Prior period adjustments and correction of errors - Editable	\$ -	\$ -
11040-070	Equity Transfers	\$ -	\$ -
11040-080	Equity Transfers	\$ -	\$ -
11040-090	Equity Transfers	\$ -	\$ -
11040-100	Equity Transfers	\$ -	\$ -
11040-110	Equity Transfers	\$ -	\$ -
	Prior period adjustments, equity transfers, and correction of errors	\$ -	\$ -
11170	Administrative Fee Equity		
11170-001	Administrative Fee Equity- Beginning Balance	\$ 102,320	\$ 102,320
11170-010	Administrative Fee Revenue	\$ 173,679	\$ 173,679
11170-020	Hard to House Fee Revenue	\$ -	\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -
11170-030	Audit Costs	\$ -	\$ -
11170-040	Investment Income	\$ 80	\$ 80
11170-045	Fraud Recovery Revenue	\$ 2,033	\$ 2,033
11170-050	Other Revenue	\$ 16	\$ 16
11170-051	Comment for Other Revenue		HAP portion of bad debt related to fraud
11170-060	Total Admin Fee Revenues	\$ 175,808	\$ 175,808

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
	Income Statement		
11170-080	Total Operating Expenses	\$ 176,698	\$ 176,698
11170-090	Depreciation	\$ -	\$ -
11170-095	Housing Assistance Portability In	\$ -	\$ -
11170-100	Other Expenses	\$ -	\$ -
11170-101	Comment for Other Expense	\$ -	\$ -
11170-110	Total Expenses	\$ 176,698	\$ 176,698
11170-002	Net Administrative Fee	\$ (890)	\$ (890)
11170-003	Administrative Fee Equity- Ending Balance	\$ 101,430	\$ 101,430
	Administrative Fee Equity	\$ 101,430	\$ 101,430

11180	Housing Assistance Payments Equity		
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ 4,678	\$ 4,678
11180-010	Housing Assistance Payment Revenues	\$ 1,301,603	\$ 1,301,603
11180-015	Fraud Recovery Revenue	\$ 2,033	\$ 2,033
11180-020	Other Revenue	\$ -	\$ -
11180-021	Comment for Other Revenue		
11180-025	Investment Income	\$ -	\$ -
11180-030	Total HAP Revenues	\$ 1,303,636	\$ 1,303,636
11180-080	Housing Assistance Payments	\$ 1,308,314	\$ 1,308,314
11180-090	Other Expenses	\$ -	\$ -
11180-091	Comments for Other Expenses		HAP portion of bad debt related to fraud
11180-100	Total Housing Assistance Payments Expenses	\$ 1,308,314	\$ 1,308,314
11180-002	Net Housing Assistance Payments	\$ (4,678)	\$ (4,678)
11180-003	Housing Assistance Payments Equity-Ending Balance	\$ -	\$ -
	Housing Assistance Payments Equity	\$ -	\$ -

11190	Unit Months Available		
11190-210	Total ACC HCV Units	\$ 3,636	\$ 3,636
11190-220	Unfunded Units	\$ (1,076)	\$ (1,076)
11190-230	Other Adjustments	\$ -	\$ -
11190	Unit Months Available	\$ 2,560	\$ 2,560

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Line Item No.	Description	Total Programs	Housing Choice Vouchers
			14.871
	Income Statement		
11210	Unit Months Leased	\$ 2,216	\$ 2,216
11270	Excess Cash	\$ -	\$ -
11610	Land Purchases	\$ -	\$ -
11620	Building Purchases	\$ -	\$ -
11630	Furniture & Equipment-Dwelling Purchases	\$ -	\$ -
11640	Furniture & Equipment-Administrative Purchases	\$ -	\$ -
11650	Leasehold Improvements Purchases	\$ -	\$ -
11660	Infrastructure Purchases	\$ -	\$ -
13510	CFFP Debt Service Payments	\$ -	\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Financial Statements		
Element	Description	Value
G3000-005	Financial Statements Using Basis Other Than GAAP	NO
G3000-010	Fund Opinion(s)	-
-	Modified Opinion	NO
-	Unmodified Opinion	YES
-	Adverse Opinion	NO
-	Disclaimer Opinion	NO
G3000-020	"Going Concern" Indicator	NO
G3000-030	Significant Deficiency Indicator	NO
G3000-230	Does the Deficiency relate to the Low Rent or Capital Fund?	N/A
G3000-240	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A
G3000-040	Material Weakness Indicator	NO
G3000-250	Does the material weakness relate to the Low Rent or Capital Fund Program?	N/A
G3000-260	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A
G3000-050	Material Noncompliance Indicator	NO
G3000-270	Does the non-compliance relate to the Low Rent or Capital Fund Program?	N/A
G3000-280	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A
G3000-060	Fraud	NO
G3000-290	Does the activity relate to the Low Rent or Capital Fund Program?	N/A
G3000-300	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A
G3000-070	Illegal Acts	NO
G3000-310	Does the activity relate to the Low Rent or Capital Fund Program?	N/A
G3000-320	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A
G3000-080	Abuse	NO
G3000-330	Does the activity relate to the Low Rent or Capital Fund Program?	N/A
G3000-340	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	N/A

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Financial Statement Fund Opinion Details		
Element	Description	Details
G3000-200	Fund Type of the fund containing the listed program	MAJOR
G3000-210	Fund Opinion of the fund containing the listed program	UNMODIFIED
G3000-220	Is the departure or qualification related to the Capital Fund or Low Rent Programs?	N/A

Federal Programs		
Element	Description	Value
G4000-020	Dollar Threshold Used to Distinguish Type A and Type B Programs	\$ 750,000
G4000-030	Low-Risk Auditee Indicator	YES
G4000-040	Indicator-Any Audit Findings Disclosed that are Required to be Reported	NO
G4000-080	Was a Schedule of Prior Audit Findings prepared?	YES
G4100-040	Total Federal Awards Expended (This cell is populated by G4100-030 from the "Federal Award Details" Tab)	\$ 1,475,282

See Independent Auditor's Report

HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA

Financial Data Schedule
Year Ended December 31, 2023

Federal Award Details		
Element	Description	Details
G4100-030	Amount Expended	\$ 1,475,282
G4200-010	Major Federal Program Indicator	YES
G4200-050	Type of Opinion on Major Federal Program	UNMODIFIED
G4200-060	Number of Single Audit Compliance Audit Findings	0
G4200-100	Significant Deficiency Indicator	NO
G4200-200	Number of Significant Deficiencies	0
G4200-110	Material Weakness Indicator	NO
G4200-210	Number of Material Weaknesses	0
G4200-120	Material Noncompliance Indicator	NO
G4200-220	Number of Material Noncompliance	0
G4200-070	Audit Finding Reference Number	N/A
G4200-090	Are Awards Received Directly from a Federal Agency?	YES
G4100-050	Total Amount of Questioned Costs	\$ -

Supplemental Information		
Element	Description	Value
G3100-040	SAS 29 "in relation to" opinion on the Financial Data Schedule	FAIRLY STATED
G3100-050	Is MD&A omitted ?	NO
G3100-060	Is other supplemental information omitted?	NO

See Independent Auditor's Report

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

	<u>ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL DISBURSEMENTS/ EXPENDITURES</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Funding:		
Housing Voucher Program Cluster:		
Section 8 Housing Choice		
Voucher Program	14.871	<u>\$ 1,475,282</u>

Note 1: The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal activity of the Commission under programs of the federal government for the year ended December 31, 2023. The information in this Schedule 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.

Note 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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 has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report



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

To the Board of Commissioners
Housing and Redevelopment Commission
of Lawrence County, South Dakota
Sturgis, 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 governmental activities and each major fund of the **Housing and Redevelopment Commission of Lawrence County, 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 August 30, 2024.

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 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 the 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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination on 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11, this report is matter of public record and its distribution is not limited.

Wohlberg Ritzman + Co., LLC

Yankton, South Dakota
August 30, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Board of Commissioners
Housing and Redevelopment Commission
of Lawrence County, South Dakota
Sturgis, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Housing and Redevelopment Commission of Lawrence County, South Dakota's** (the Commission) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2023. The Commission's major federal programs are 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

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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, regulation, rules, and provision 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 generally accepted auditing standards, *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 judgement made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
August 30, 2024

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023**

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior financial statement audit findings reported.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior federal award program audit findings reported.

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, 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 weakness(es) identified? _____ yes X none reported
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X none reported
- Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar Threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

**HOUSING AND REDEVELOPMENT COMMISSION OF
LAWRENCE COUNTY, SOUTH DAKOTA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued
YEAR ENDED DECEMBER 31, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no financial statement audit findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award audit findings reported.