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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
Housing and Redevelopment Commission
of the City of Lennox
Lennox, South Dakota

We 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 the Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota, which comprise the statement of financial position as of ended March 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2024.

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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item #2024-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing and Redevelopment Commission of the City of Lennox's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11 this report is matter of public record and its distribution is not limited.

KMF & Associates, PC

December 20, 2024

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA
SCHEDULE OF PRIOR AUDIT FINDINGS
MARCH 31, 2024

Internal Control-Related Findings – Significant Deficiencies:

Finding # 2023-001

Condition Found: Lack of internal control

Recommendation: Include Commission officers in as many areas as possible to increase controls

Current Status: The Office of Lennox Housing does try to include commission officers in as many financial areas as possible. This comment is restated as current audit finding 2024-001

Compliance and Other Matters:

Finding # 2023-002

Condition Found: Organization is not in compliance with SD Codified Law 4-5-6

Recommendation: The funds should be liquidated as soon as possible to become compliant with SDCL 4-5-6. Any loss or gain should not be considered in determining if the shares should be liquidated.

Current Status: The Office of Lennox Housing agreed to sell the investments and close the account as soon as possible. As of March 31, 2024 the account has been closed and all assets within it were sold.

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA
SCHEDULE OF CURRENT AUDIT FINDINGS
MARCH 31, 2024

Internal Control-Related Findings – Significant Deficiencies:

Finding # 2024-001

This is the eighteenth consecutive audit report in which this finding has appeared.

Criteria: Segregation of duties

Condition Found: Lack of internal control

Cause: Limited number of staff

Effect: Some internal control measures are missing due to a lack of staff

Recommendation: Include Commission officers in as many areas as possible to increase controls

Management's Response: The Office of Lennox Housing does include commission officers in as many financial areas as possible. We continue to have double signatures on all checks. We discuss all major financial issues at commission meetings and by telephone. A one person office limits options, but procedures are followed. Receipts are issued when rents are paid. The fee accountant matches rents, receipts, deposits and bank information. A commissioner picks up the bank statements and we review the statements in my office. The fee accountant does their bank reconciliation and their accounting after I balance the accounts with my program. We are open to any suggestions and will continue to involve the Commission with the financial papers.



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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota, as of and for the year ended March 31, 2024, 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 Housing and Redevelopment Commission of the City of Lennox, South Dakota as of March 31, 2024, and the respective changes in financial position and its cash flows thereof 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 Housing and Redevelopment Commission of the City of Lennox, South Dakota, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility 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; this includes the design, implementation, and maintenance of internal controls 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 Housing and Redevelopment Commission of the City of Lennox, South Dakota's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are 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 the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housing and Redevelopment Commission of the City of Lennox, South Dakota'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 Housing and Redevelopment Commission of the City of Lennox, South Dakota'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 (MD&A) on pages 7 through 10 and the Pension Schedules on pages 23 through 24 be presented to supplement the basic financial statements. Such information, 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 the 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements. The Financial Data Schedule listed in the table of contents is presented for purposes of additional analysis and is 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 financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 December 20, 2024 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is 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 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.

Km w Po Associates, PC

Sioux Falls, South Dakota
December 20, 2024

LENNOX HOUSING & REVELOPMENT COMMISSION
217 S. PINE STREET
LENNOX, SD
Management Discussion and Analysis
March, 31, 2024

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 Lennox Housing & Redev Commission 217 S Pine Street (herein referred to as "the Housing Authority"), Lennox, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended March 31, 2024. 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 March 31, 2024 were \$707,096. Total liabilities were \$52,923. Deferred inflows of resources were \$9,350, and total assets exceeded total liabilities by \$644,823 (net position).

Unrestricted net position totals \$269,449. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended March 31, 2024, was \$473,379 and expenses totaled \$517,039, expenses exceeded revenue by \$43,660.

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.

Management Discussion and Analysis
March, 31, 2024

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 March 31, 2024. 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 March 31, 2024.

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.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Housing Assistance Payment (HAP) to enable the Authority to structure a lease that sets the participants’ rent at 30% of household income.

Statement of Net Position

FOR THE YEAR ENDED March 31	2024	2023
Current assets and prepaid expense	\$322,372	\$319,229
Inventory held for resale	\$0	\$0
Capital assets, net	\$369,282	\$388,108
Pension assets, net	186	184
Total Assets	\$691,840	\$707,521
Deferred Outflows of Resources	\$15,256	\$17,459
Total Assets and Deferred Outflows of Resources	<u>\$707,096</u>	<u>\$724,980</u>
Current liabilities	\$52,923	\$25,550
Non-current liabilities	\$0	\$0
Total liabilities	\$52,923	\$25,550
Deferred Inflow of Resources	\$9,350	\$10,947
Net Position		
Invested in capital assets, net of related debt		
Restricted	\$369,282	\$388,108
Unrestricted	\$6,092	\$11,454
Total Net Position	\$269,449	\$288,921
Total Liabilities, Deferred inflow of Resources and Equity/Net Position	<u>\$644,823</u>	<u>\$688,483</u>
	<u>\$707,096</u>	<u>\$724,980</u>

Management's Discussion and Analysis
March 31, 2024

(Continued)

Comparative Statement of Revenues, Expenses and Changes in Net Position			
FOR THE YEAR ENDED March 31	2024	2023	Change
Program Revenue			
Tenant revenue	\$116,745	\$123,212	(\$6,467)
Other income	\$30,751	\$20,386	\$9,066
Federal grants and subsidies	\$320,594	\$292,875	\$28,272
Investment income	<u>\$5,289</u>	<u>(\$1,249)</u>	<u>\$7,284</u>
Total revenue	<u>\$473,379</u>	<u>\$435,224</u>	<u>\$38,155</u>
Program Expenses			
Administration	\$135,707	\$115,796	\$19,911
Tenant Services	\$4,307	\$1,749	\$2,558
Utilities	\$42,766	\$48,957	(\$6,191)
Ordinary maintenance & operations	\$82,184	\$57,380	\$24,804
Protective services	\$0	\$0	\$0
General expenses	\$24,671	\$24,715	(\$44)
Non-routine maintenance	\$0	\$0	\$0
Depreciation	\$38,143	\$37,244	\$899
Interest Expense	\$0	\$0	\$0
HAP	\$189,261	\$168,836	\$20,425
Pension net revenue			
Total expenses	<u>\$517,039</u>	<u>\$454,677</u>	<u>\$62,362</u>
Gain/loss - disposition of assets	\$0	\$0	\$0
Transfer of funds	\$0	\$0	\$0
Change in Net Position	<u>(\$43,660)</u>	<u>(\$19,453)</u>	<u>(\$24,207)</u>
Beginning Net Position	<u>\$688,483</u>	<u>\$707,936</u>	<u>(\$19,453)</u>
Pension assets, net			
Pension related deferred outflow			
Ending Net Position	<u>\$644,823</u>	<u>\$688,483</u>	<u>(\$43,660)</u>

Federal grants total \$320,594.

Management's Discussion and Analysis
March 31, 2024

(Continued)

Capital Assets

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

FOR THE YEAR ENDED March 31	2024	2023	change
Land	\$54,165	\$54,165	\$0
Buildings	\$1,359,119	\$1,339,801	\$19,318
Furniture, Equipment & Machinery - Admin	\$17,024	\$17,024	\$0
Furniture, Equipment & Machinery - Dwelling	\$0	\$0	\$0
Construction in Progress	\$0	\$0	\$0
Subtotal	\$1,430,308	\$1,410,990	\$19,318
Accumulated Depreciation	(\$1,061,026)	(\$1,022,882)	(\$38,144)
Total Capital assets	<u>\$369,282</u>	<u>\$388,108</u>	<u>(\$18,826)</u>

Long Term Debt

The Housing Authority has no 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 Elizabeth Sinning, Executive Director, at Lennox Housing & Redev Commission 217 S Pine Street, Po Box 265, Lennox, South Dakota 57039 -- (605) 647-2140

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF NET POSITION
AT MARCH 31, 2024

<u>ASSETS</u>	<u>2024</u>
Current Assets:	
Cash - Unrestricted	\$ 128,769
Cash - Tenant Security Deposits	2,900
Total Cash	131,669
Certificates of Deposit	171,777
Miscellaneous / tenant receivables	11,003
Allowance for doubtful accounts - tenants	(1,632)
Accrued interest receivable	1,286
Prepaid insurance	8,269
Total Current Assets	<u>322,372</u>
Capital Assets:	
Land, structures, and equipment	1,430,308
Less accumulated depreciation	<u>(1,061,026)</u>
Total Capital Assets	<u>369,282</u>
Non-Current Assets:	
Net pension asset	<u>186</u>
Total Non-Current Assets	<u>186</u>
TOTAL ASSETS	<u>691,840</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Related Deferred Outflows	<u>15,256</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>15,256</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>707,096</u>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	11,879
Accrued payroll taxes	796
Payments in lieu of taxes payable	7,398
Tenant security deposits	2,900
Revenue received in advance	24,836
Accrued liabilities - other	5,114
Total Current Liabilities	<u>52,923</u>
TOTAL LIABILITIES	<u>52,923</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Related Deferred Inflows	<u>9,350</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,350</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	369,282
Restricted for:	
SDRS Pension Purposes	6,092
Unrestricted Net Position	<u>269,449</u>
Total Net Position	<u>644,823</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 707,096</u>

See Notes to Financial Statements

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
TWELVE MONTHS ENDED MARCH 31, 2024

<u>OPERATING REVENUES</u>	<u>2024</u>
Tenant revenue	\$ 116,681
Tenant revenue - other	64
HUD PHA operating grants	301,276
Other revenue	<u>30,751</u>
Total Operating Revenues	<u>448,772</u>
<u>OPERATING EXPENSES</u>	
Housing assistance payments	189,261
Administration	135,707
Tenant services	4,307
Utilities	42,766
Ordinary maint. and operation	82,184
General expenses	24,671
Depreciation	<u>38,143</u>
Total Operating Expenses	<u>517,039</u>
Net Operating Income (Loss)	<u>(68,267)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Net Realized Gain (Loss)	(1,653)
Change in unrealized Gain (Loss)	4,235
Interest income	<u>2,707</u>
Total Nonoperating Revenue (Expenses)	<u>5,289</u>
Income (Loss) Before Capital Grants	(62,978)
Capital Fund Program Grant	<u>19,318</u>
Net Change In Net Position	(43,660)
Total Net Position - Beg. of Year	<u>\$ 688,483</u>
Total Net Position- End of Year	<u><u>\$ 644,823</u></u>

See Notes to Financial Statements

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF CASH FLOWS
TWELVE MONTHS ENDED MARCH 31, 2024

	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash receipts from renters	\$ 115,629
HUD PHA operating grants	319,748
Other operating cash receipts	30,751
Cash payments to employees for services	(62,498)
Cash payments to other suppliers of goods or services	(404,758)
Cash payments in lieu of taxes	(7,398)
Net Cash Provided (Used) by Operating Activities	<u>(8,526)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD - subsidy/contribution	<u>19,318</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>19,318</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of fixed assets	<u>(19,318)</u>
Interest paid on capital debt	<u> </u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(19,318)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of Investments	49,184
Interest receipts	1,920
Net Cash Provided (Used) by Investing Activities	<u>51,104</u>
Net Increase in Cash	42,578
Cash Beginning of Year	<u>89,091</u>
Cash End of Year	<u><u>131,669</u></u>
Schedule of Cash:	
Checking	131,569
Petty Cash	100
Total	<u>\$ 131,669</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Net operating income (loss)	\$ (68,267)
Depreciation	38,143
(Increase) Decrease in receivables	(6,377)
(Increase) Decrease in prepaid insurance	(2)
(Increase) Decrease in net pension asset	(2)
(Increase) Decrease in pension related deferred outflows	2,203
Increase (Decrease) in accounts payable & other payables	27,400
Increase (Decrease) in payments in lieu of taxes	(27)
Increase (Decrease) in pension related deferred inflows	(1,597)
Net Cash Provided by Operating Activities	<u>\$ (8,526)</u>

See Notes to Financial Statements

HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF LENNOX, SOUTH DAKOTA
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1 - Reporting Entity

The Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota as set forth in GASB No. 14, operates housing projects funded by the Department of Housing and Urban Development and operate a local apartment complex. The low rent, apartment complex, and voucher activities constitute the entire operation. Some additional user fees and other miscellaneous income are generated additionally. The Commission is considered a component unit of the City of Lennox, South Dakota due to the fact that appointment of the board of directors is made by the governing board of the City and the governing board of the City also maintains the right to approve significant transactions relating to the Commission.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Commission is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Commission may also be financially accountable for another organization if that organization is fiscally dependent on the Commission.

The Housing and Redevelopment Commission of the City of Lennox, South Dakota, does not have any component units.

NOTE 2 - Summary of Significant Accounting Policies

The accounting policies of the Commission conform to generally accepted accounting principles applicable to government entities in the United States of America.

Operating and Nonoperating Revenues and Expenses

Operating activities are exchange activities that generally result from providing services and producing and delivering goods. Nonoperating activities are primarily investment activities, capital grants, and interest payments on debt.

Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Land, Structures, and Equipment

For the land, structures, and equipment category, the various assets are recorded at cost. If the initial cost of a piece of equipment and/or other personal property is Five Thousand Dollars (\$5,000.00) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure. Some equipment and property under \$5,000 is capitalized based upon the Commission's discretion. The provision for depreciation is computed principally by the straight-line method over the estimated useful life of the asset. Construction period interest is not capitalized in accordance with USGAAP.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of financial position 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 until the applicable future period.

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

HOUSING AND REDEVELOPMENT COMMISSION
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NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
MARCH 31, 2024

Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity and date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents. Overdrafts are reported as current liabilities, but they are included in cash for the cash flow statement.

Certificates of deposit in the financial statements consist entirely of deposits whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The Commission uses the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Fund Accounting

The accounts are organized on the basis of programs and account groups, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various programs are grouped, in the financial statements in this report, into one fund that is considered an enterprise fund. The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Equity Classifications

Equity is classified as Net Position and is displayed in three components:

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

Application of Net Position

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

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue and expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS’s fiduciary net position have been determined on the same basis as they are reported by SDRS. Commission contributions and net pension asset are recognized on an accrual basis of accounting

HOUSING AND REDEVELOPMENT COMMISSION
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NOTE 3 - Pension Plan

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provide retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

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

HOUSING AND REDEVELOPMENT COMMISSION
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- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The Commission's share of contributions to the SDRS for the fiscal years ended March 31, 2024, 2023 and 2022, equal to required contribution each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$2,995
2023	\$2,887
2022	\$2,743

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows or Resources to Pensions:

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the Commission as of the measurement period ending June 30, 2023 and reported by the Commission as of March 31, 2024 are as follows:

Proportionate share of total pension liability	\$ 276,309
Less proportionate share of net position restricted for pension benefits	\$ <u>276,495</u>
Proportionate share of net pension liability (asset)	\$ <u>(186)</u>

At March 31, 2024, the Commission reported a liability (asset) of (\$186) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023 the Commission's proportion was 0.00190680% which is an increase (decrease) of -0.0000412% from its proportion measured as of June 30, 2022.

HOUSING AND REDEVELOPMENT COMMISSION
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For the year ended March 31, 2024, the Commission recognized pension expense (reduction of pension expense) of \$604. At March 31, 2024 the Commission reported deferred outflows or resources and deferred inflows or resources related to pension from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 5,276	
Changes in Assumptions	\$ 6,363	\$ 9,301
Net difference between projected and actual earnings on pension plan investments	\$ 1,239	
Changes in proportion and difference between Commission contributions and proportionate share of contributions	\$ 115	\$ 49
Commission contributions subsequent to the measurement date	<u>\$ 2,263</u>	
TOTAL	<u>\$ 15,256</u>	<u>\$ 9,350</u>

\$2,263 reported as deferred outflow of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending March 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended
 March 31:

2025	2,524
2026	(2,783)
2027	3,632
2028	269
Thereafter	<u>-</u>
TOTAL	<u><u>3,642</u></u>

Actuarial Assumptions:

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

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

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Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	<u>1.9%</u>	<u>0.8%</u>
Total	<u>100%</u>	<u>12.5%</u>

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be

HOUSING AND REDEVELOPMENT COMMISSION
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MARCH 31, 2024

available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to change in the discount rate:

The following presents the Commission's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate:</u>	<u>1%</u> <u>Increase</u>
Commission's proportionate share of the net pension liability (asset)	\$38,146	(\$186)	(\$31,535)

Pension Plan Fiduciary Net Position:

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

NOTE 4 – Certificates of Deposit

Certificates of deposits and money market accounts totaling \$171,777 as of March 31, 2024 are carried at cost which approximates market value and are included under the title "Certificates of Deposit" in the accompanying financial statements. The certificates and money market accounts bear interest varying from 0.25% to 1.3% which is recorded as it is accrued. Any penalties for early withdrawal of the certificates of deposit would not have a material effect on the financial statements.

NOTE 5 – Capital Assets

	Cost			Less Accum.		
	3/31/23	Additions	Disp/Trsfr	3/31/24	Depreciation	3/31/24
FYE 3/31/24						
Description and Depreciable Life						
Land	\$ 54,165	\$ -	\$ -	\$ 54,165	\$ -	\$ 54,165
Structure (40 yr.)	371,805	-	-	371,805	371,805	-
Structure (15 yr.)	925,857	-	-	925,857	653,084	272,773
Structure (5 yr.) Constr. In Process	59,163 - -	19,318 - -	- - -	78,481 - -	36,137 - -	42,344 - -
Total	\$ 1,410,990	\$ 19,318	\$ -	\$ 1,430,308	\$ 1,061,026	\$369,282

The provision for depreciation is computed principally by the straight-line method over the estimated useful life of the asset. Interest costs (if any) incurred during construction of fixed assets are capitalized along with other fixed asset costs.

HOUSING AND REDEVELOPMENT COMMISSION
 OF THE CITY OF LENNOX, SOUTH DAKOTA
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 MARCH 31, 2024

NOTE 6 – Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

The Commission follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The Commission’s cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. 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.

Investments – In general, SDCL 4-5-6 and specifically SDCL 11-7-30 permits 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.

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended March 31, 2024:

	<u>2023</u>
Interest and dividends	\$ 2,707
Net realized gain (loss) on investments	(1,653)
Net change in unrealized gain (loss) on investments	<u>4,235</u>
Total investment return	\$ <u>5,289</u>

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.

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 credit risk. As of March 31, 2024, the Commission’s deposits in financial institutions were exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	\$ 304,679
Uninsured, collateral jointly held by Commission’s agent in the name of the state and the pledging financial institution	-
Uninsured, uncollateralized	-
Total Deposits	\$ <u>304,679</u>
The carrying amount of deposits net of overdrafts on the March 31, 2024 balance sheet	\$ <u>303,446</u>

Concentration of Credit Risk – The Commission places no limit on the amount that may be invested in any one issuer.

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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.

NOTE 7 – Restricted Net Position

Restricted Net Position for the year ended March 31, 2024 was as follows:

SDRS Pension Purposes	\$6,092
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NOTE 8 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2024, the Commission managed its risks as follows:

Employee Health Insurance:

The Commission joined the South Dakota Municipal League Health Pool. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Commission pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The Commission does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance:

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

Workmen's Compensation:

The Commission purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 9 – Subsequent Events

The Commission has evaluated all subsequent events through December 20, 2024, the date the financial statements were available to be issued.

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
HOUSING & REDEVELOPMENT COMMISSION OF THE CITY OF LENNOX, SOUTH DAKOTA
SCHEDULE OF THE COUNTY'S/MUNICIPALITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
South Dakota Retirement System

	Last 10 Years *									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County's/Municipality's proportion of the net pension liability/asset	0.0019068%	0.0019480%	0.0019850%	0.0020094%	0.0016979%	0.0016090%	0.0015791%	0.0015363%	0.0015510%	0.0015690%
County's/Municipality's proportionate share of net pension liability (asset)	\$ (186.11)	\$ (184.10)	\$ (15,201.70)	\$ (87.27)	\$ (179.93)	\$ (37.53)	\$ (143.30)	\$ 5,189.47	\$ (6,578.23)	\$ (11,301.00)
County's/Municipality's covered payroll	\$ 49,546.56	\$ 47,432.76	\$ 45,385.62	\$ 43,737.24	\$ 36,380.01	\$ 34,965.40	\$ 31,020.21	\$ 29,067.99	\$ 28,176.00	\$ 27,180.00
County's/Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.38%	0.39%	33.49%	0.20%	0.49%	0.11%	0.46%	17.85%	23.35%	41.58%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.1%	96.89%	104.10%	107.29%

**REQUIRED SUPPLEMENTARY INFORMATION
HOUSING & REDEVELOPMENT COMMISSION OF THE CITY OF LENNOX, SOUTH DAKOTA
SCHEDULE OF THE COUNTY/MUNICIPALITY PENSION CONTRIBUTIONS**

South Dakota Retirement System

Last 10 Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,994.72	\$ 2,887.38	\$ 2,743.05	\$ 2,663.40	\$ 2,514.60	\$ 2,192.04	\$ 1,965.75	\$ 1,758.09	\$ 1,704.00	\$ 1,674.00
Contributions in relation to the contractually required contribution	\$ 2,994.72	\$ 2,887.38	\$ 2,743.05	\$ 2,663.40	\$ 2,514.60	\$ 2,192.04	\$ 1,965.75	\$ 1,758.09	\$ 1,704.00	\$ 1,674.00
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's/Municipality's covered payroll	\$ 50,278.80	\$ 48,814.32	\$ 46,051.20	\$ 44,392.44	\$ 41,066.43	\$ 34,346.34	\$ 33,856.69	\$ 29,423.97	\$ 28,533.00	\$ 28,176.00
Contributions as a percentage of covered payroll	5.96%	5.92%	5.96%	6.00%	6.12%	6.38%	5.81%	5.98%	5.97%	5.94%

HOUSING & REDEVELOPMENT COMMISSION OF THE CITY OF LENNOX, SOUTH DAKOTA
Notes to Required Supplementary Information
for the Year Ended March 31, 2024

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

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

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

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2024

	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$109,351	\$19,417	\$128,768		\$128,768
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$2,900		\$2,900		\$2,900
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$112,251	\$19,417	\$131,668		\$131,668
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$400		\$400		\$400
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$4,965	\$2,007	\$6,972		\$6,972
126 Accounts Receivable - Tenants	\$3,631	\$0	\$3,631		\$3,631
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,632	\$0	-\$1,632		-\$1,632
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable	\$1,141	\$145	\$1,286		\$1,286
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,505	\$2,152	\$10,657		\$10,657
131 Investments - Unrestricted	\$151,412	\$20,365	\$171,777		\$171,777
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$8,269		\$8,269		\$8,269
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$280,437	\$41,934	\$322,371		\$322,371
161 Land	\$54,165		\$54,165		\$54,165
162 Buildings	\$1,341,701		\$1,341,701		\$1,341,701
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration	\$17,024		\$17,024		\$17,024
165 Leasehold Improvements	\$0		\$0		\$0
166 Accumulated Depreciation	-\$1,061,025		-\$1,061,025		-\$1,061,025
167 Construction in Progress	\$17,417		\$17,417		\$17,417
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$369,282	\$0	\$369,282		\$369,282
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets	\$186		\$186		\$186
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$369,468	\$0	\$369,468		\$369,468
200 Deferred Outflow of Resources	\$15,256		\$15,256		\$15,256
290 Total Assets and Deferred Outflow of Resources	\$665,161	\$41,934	\$707,095		\$707,095
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$4,825	\$7,054	\$11,879		\$11,879
313 Accounts Payable >90 Days Past Due					

321	Accrued Wage/Payroll Taxes Payable	\$796		\$796		\$796
322	Accrued Compensated Absences - Current Portion					
324	Accrued Contingency Liability					
325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government	\$7,398		\$7,398		\$7,398
341	Tenant Security Deposits	\$2,900		\$2,900		\$2,900
342	Unearned Revenue	\$6,364	\$18,472	\$24,836		\$24,836
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344	Current Portion of Long-term Debt - Operating Borrowings					
345	Other Current Liabilities					
346	Accrued Liabilities - Other	\$5,114		\$5,114		\$5,114
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$27,397	\$25,526	\$52,923		\$52,923
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
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					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Non-Current Liabilities	\$0	\$0	\$0		\$0
300	Total Liabilities	\$27,397	\$25,526	\$52,923		\$52,923
400	Deferred Inflow of Resources	\$9,350		\$9,350		\$9,350
508.4	Net Investment in Capital Assets	\$369,282	\$0	\$369,282		\$369,282
511.4	Restricted Net Position	\$6,092	\$0	\$6,092		\$6,092
512.4	Unrestricted Net Position	\$253,040	\$16,408	\$269,448		\$269,448
513	Total Equity - Net Assets / Position	\$628,414	\$16,408	\$644,822		\$644,822
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$665,161	\$41,934	\$707,095		\$707,095

City of Lennox Housing and Redevelopment Commission (SD010)
LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2024

	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$116,681		\$116,681		\$116,681
70400 Tenant Revenue - Other	\$64		\$64		\$64
70500 Total Tenant Revenue	\$116,745	\$0	\$116,745	\$0	\$116,745
70600 HUD PHA Operating Grants	\$93,251	\$208,025	\$301,276		\$301,276
70610 Capital Grants	\$19,318		\$19,318		\$19,318
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$5,037	\$252	\$5,289		\$5,289
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$1,106	\$1,106		\$1,106
71500 Other Revenue	\$29,456	\$3,400	\$32,856		\$32,856
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$263,807	\$212,783	\$476,590	\$0	\$476,590
91100 Administrative Salaries	\$50,279		\$50,279		\$50,279
91200 Auditing Fees	\$4,500		\$4,500		\$4,500
91300 Management Fee		\$28,843	\$28,843		\$28,843
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$26,348		\$26,348		\$26,348
91600 Office Expenses	\$17,035	\$1,054	\$18,089		\$18,089
91700 Legal Expense					
91800 Travel	\$2,779		\$2,779		\$2,779
91810 Allocated Overhead					
91900 Other	\$3,062	\$1,807	\$4,869		\$4,869
91000 Total Operating - Administrative	\$104,003	\$31,704	\$135,707	\$0	\$135,707
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$4,307		\$4,307		\$4,307
92500 Total Tenant Services	\$4,307	\$0	\$4,307	\$0	\$4,307
93100 Water	\$5,064		\$5,064		\$5,064
93200 Electricity	\$11,923		\$11,923		\$11,923
93300 Gas	\$6,874		\$6,874		\$6,874
93400 Fuel					
93500 Labor					
93600 Sewer	\$18,905		\$18,905		\$18,905
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$42,766	\$0	\$42,766	\$0	\$42,766

94100 Ordinary Maintenance and Operations - Labor	\$12,609		\$12,609		\$12,609
94200 Ordinary Maintenance and Operations - Materials and Other	\$23,887		\$23,887		\$23,887
94300 Ordinary Maintenance and Operations Contracts	\$44,667		\$44,667		\$44,667
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,023		\$1,023		\$1,023
94000 Total Maintenance	\$82,186	\$0	\$82,186	\$0	\$82,186
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$12,047		\$12,047		\$12,047
96120 Liability Insurance	\$1,858		\$1,858		\$1,858
96130 Workmen's Compensation	\$1,516		\$1,516		\$1,516
96140 All Other Insurance	\$234		\$234		\$234
96100 Total Insurance Premiums	\$15,655	\$0	\$15,655	\$0	\$15,655
96200 Other General Expenses		\$137	\$137		\$137
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	\$7,398		\$7,398		\$7,398
96400 Bad debt - Tenant Rents	\$1,482		\$1,482		\$1,482
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$8,880	\$137	\$9,017	\$0	\$9,017
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	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$257,797	\$31,841	\$289,638	\$0	\$289,638
97000 Excess of Operating Revenue over Operating Expenses	\$6,010	\$180,942	\$186,952	\$0	\$186,952
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$189,261	\$189,261		\$189,261
97350 HAP Portability-In		\$3,208	\$3,208		\$3,208
97400 Depreciation Expense	\$38,144		\$38,144		\$38,144
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$295,941	\$224,310	\$520,251	\$0	\$520,251
10010 Operating Transfer In	\$21,169		\$21,169	-\$21,169	\$0
10020 Operating transfer Out	-\$21,169		-\$21,169	\$21,169	\$0
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
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 Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$32,134	-\$11,527	-\$43,661	\$0	-\$43,661

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$660,548	\$27,935	\$688,483	\$688,483
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		\$16,408	\$16,408	\$16,408
11180 Housing Assistance Payments Equity		\$0	\$0	\$0
11190 Unit Months Available	348	444	792	792
11210 Number of Unit Months Leased	326	407	733	733
11270 Excess Cash	\$223,339		\$223,339	\$223,339
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$19,318		\$19,318	\$19,318
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0