

**PENNINGTON COUNTY
HOUSING AND
REDEVELOPMENT
COMMISSION**

**(A COMPONENT UNIT
OF PENNINGTON COUNTY)**

Financial Statements

March 31, 2024 and 2023



Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
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March 31, 2024 and 2023

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Independent Auditor's Report

Board of Commissioners
Pennington County Housing and Redevelopment Commission
Rapid City, South Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pennington County Housing and Redevelopment Commission, a component unit of Pennington County, for the years ended March 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission, as of March 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Commission's Proportionate Share of Net Pension Liability (Asset), Schedule of the Pension Contributions, and Notes to the Required Supplementary Information 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 which 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 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 an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Supplementary Schedule of Net Position; Supplementary Schedule of Revenues, Expenses, and Changes in Net Position; Financial Data Schedules, as required by HUD; and Forms RD 3650-10 and 3650-7 and supporting documentation, as required by USDA Rural Development, and the Schedule of Modernization Projects Completed are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate 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 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 October 16, 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 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.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 16, 2024

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

This section of Pennington County Housing and Redevelopment Commission's (the Commission) annual financial report presents our Management's Discussion and Analysis (MD&A) of the Commission's financial performance during the fiscal year ended March 31, 2024. The MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Commission's financial activity and position, and to identify financial trends and concerns. Since this section is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Commission's financial statements.

FINANCIAL HIGHLIGHTS

- The Commission implemented GASB 68 in 2016. GASB 68 relates to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited external financial reports. While there has been a close relationship between how governments fund pensions and how they account for and report information until now, the new guidance establishes a decided shift from a funding-based approach to an accounting-based approach. This shift was designed to improve pension information and increase the transparency, consistency, and comparability of pension information across governments. For 2024, the Commission's financial statements show a prorated share of the South Dakota Retirement System's Net Pension Asset in the amount of \$6,154.
- In Fiscal Year 2023, the Commission utilized \$1,453,682 in Capital Fund grants.
- During the Fiscal Year 2023, the Commission implemented GASB 87 which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Therefore, the Commission's 2024 financial statements show a Lease Receivable of \$236,518 representing the future cellphone antenna lease payments we will receive over the life of these leases. Furthermore, a Lease Asset of \$8,834 and Lease Liabilities of \$3,569 have been recorded to represent the activity related to the leasing of a postage meter by the Commission.
- During Fiscal Year 2024, the Commission implemented GASB 96 to enhance the relevance and consistency in the reporting of governments' Subscription-Based Information Technology Arrangements. Therefore, for 2024 the Commission's financial statements show a Subscription Asset of \$97,043 representing the right-of-use property management software subscription as well as its corresponding Subscription Liability of \$48,855.

AGENCY OVERVIEW

The Commission is supported largely by HUD. The Commission's mission is to provide decent, safe, and affordable housing to low and very low-income families. The Commission uses the enterprise fund method for financial reporting. This presentation is designed to be corporate-like in that all business-type activities are consolidated into one agency-wide total. While detailed sub-fund information is not presented, separate accounts are maintained for each program or grant to control and manage money for particular purposes or to demonstrate that the Commission is properly using specific appropriations and grants. The Financial Data Schedule, presented in the Supplementary Information section of the financial statements, provides a balance sheet and income statement by program, as required by HUD. Although the Financial Data Schedule presents several programs, the major operations include administering a Housing Choice Voucher Program and owning and managing Public Housing properties.

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024**

Housing Choice Voucher Program

The Commission administers a Housing Choice Voucher Program with federal funds received from HUD. The Housing Choice Voucher Program is a federal government program for assisting very low-income families to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family, participants are able to find their own housing, including single-family homes, townhouses, and apartments.

A family issued a housing voucher chooses a suitable housing unit where the owner agrees to rent under the program. The family pays a portion of the rent based on their income, and the remainder of the rent is paid to the landlord directly by the Commission.

Eligibility for a housing voucher is determined based on the total annual gross income and family size and is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. In general, the family's income may not exceed 50 percent of the median income for the county or metropolitan area in which the family chooses to live. By law, the Commission must provide 75 percent of its vouchers to applicants whose incomes do not exceed 30 percent of the area median income.

Public Housing Program

Public Housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. The Commission's Public Housing stock was predominantly built in the late 1970s and comes in all sizes and types, from scattered single-family houses to high-rise apartments. 500 public housing units are owned and managed by the Commission, which includes 110 single-family homes, 95 townhouses and apartment units, 258 high-rise apartment units, and 37 units in a residential group home setting for developmentally disabled individuals. Occupancy rates remained high in 2024 at approximately 94.3%. HUD provides federal aid to the Commission so that the Commission can manage the housing for low-income residents at rents they can afford. Rents charged are based on the family's income. To be eligible for Public Housing, a family's total annual gross income must not exceed 80% of the area median income. Participation is limited to U.S. citizens and specified categories of non-citizens who have eligible immigration status. By law, the Commission must provide 40 percent of its Public Housing units to applicants whose incomes do not exceed 30 percent of the area median income.

In addition to federal aid for the operation of Public Housing, HUD also provides the Commission with Capital Fund program grants for Public Housing modernization. Capital Fund grant revenue has averaged \$1,212,717 over the past three years which is a 36.93% increase over the previous three-year average. Expenditure of these funds depends largely on the timing of the construction contracts. Expenditures of Capital Fund grants amounted to \$1,453,682 in 2023 and \$1,427,136 in 2022. The increase in spending in 2024 is the result of recognizing and receiving revenue as the modernization work is completed. The construction environment maintained its trend towards normalcy from 2023 into 2024 allowing us to continue and complete construction projects that were previously slowed.

Other Affordable Housing Programs

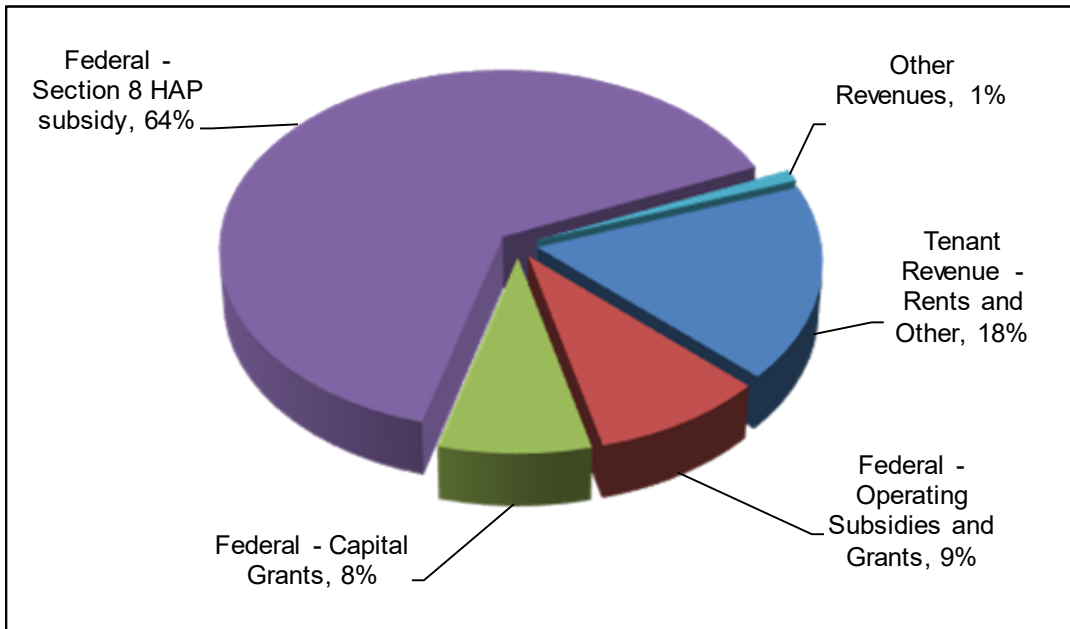
In addition to Public Housing, the Commission owns and operates several other affordable housing developments. These include one USDA Rural Development property, one HOME development, a former Low-Income Tax Credit property, a former USDA Rural Development property, and a former HOME development. The Rural Development property receives subsidies and mortgage interest credits provided by the USDA Rural Development to provide income-based rents. HOME projects received favorable financing rates which allow rents to be set below market levels.

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management’s Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024**

Sources and Uses of Funds

The following charts present a breakdown of the Commission’s 2024 sources and uses of funds and make comparisons based on a percentage of the totals. The sources and uses presentation is another method of looking at how the Commission is utilizing the resources provided to manage its housing programs. It differs slightly from the financial statements. The difference is that depreciation expense, which does not result in a cash disbursement, is not included here, while capital expenditures, which do require a cash outlay, are included here but not found in the Statements of Revenues, Expenses, and Changes in Net Position. As in previous years, the Commission was heavily financed by the federal government. In 2024, federal grants and subsidies made up 81.5% of the Commission’s total sources of funds. These funds were provided for general program operation, capital improvements to existing structures, and Section 8 housing assistance subsidies. Overall, Tenant revenue and Federal Operating Subsidies, and Federal Capital Grants each saw an increase in 2024. The Operating Subsidies increase was the result of a decrease in the Tenant Income factor used in the HUD calculation of funding for calendar year 2023. The modest increase in Federal Capital Grant revenue reflects the timing of the expenditures for this program as Capital Fund grant revenue is recognized when these funds are expended and not when the grant is awarded. Federal Section 8 HAP subsidies increased when compared to 2023 due to an aggressive lease-up strategy and the increase in per-unit costs of the program due to raising rental rates.

2024 Sources of Funds

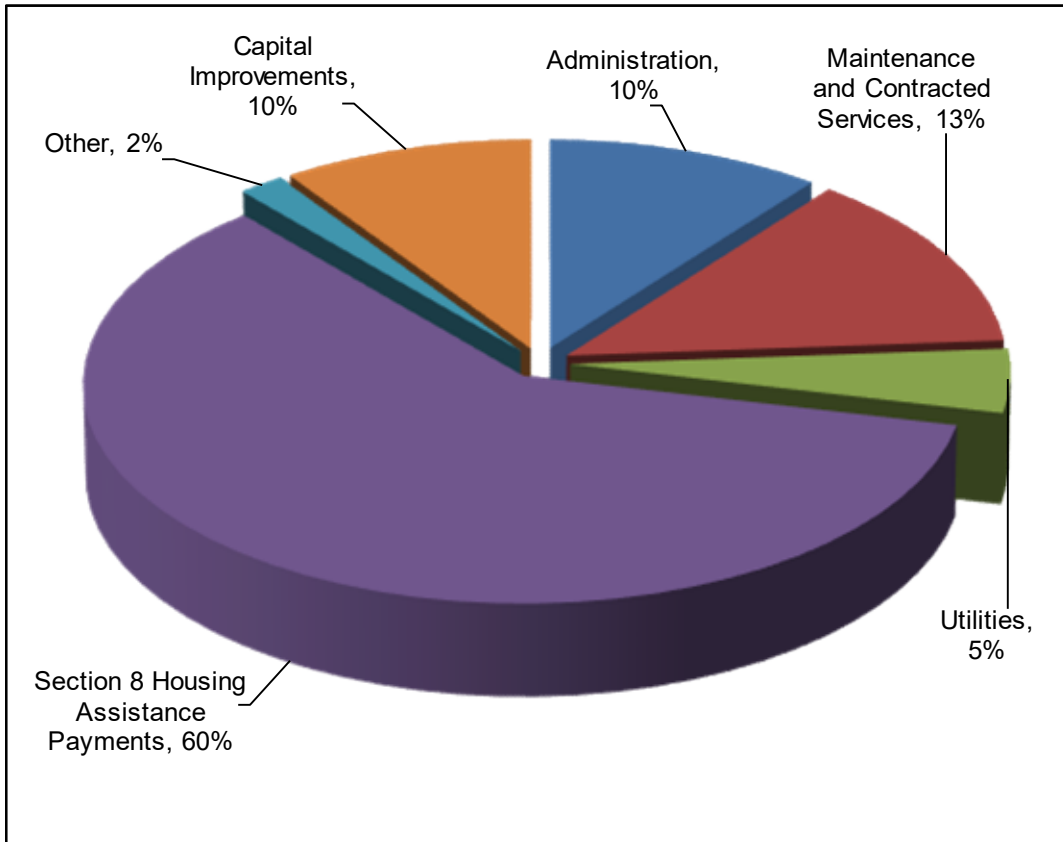


Tenant Revenue - Rents and Other	\$ 3,140,731
Federal - Operating Subsidies and Grants	1,650,293
Federal - Capital Grants	1,453,682
Federal - Section 8 HAP subsidy	11,534,603
Other Revenues	181,185
	<u>\$ 17,960,494</u>

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The majority of uses of funds were for housing assistance payments to Section 8 landlords which increased from 2023 by \$1,125,185, or 12.47%. This increase, the largest of 2024, reflects 6.66% of the total utilization for the fiscal year. Compared to 2023, Administration saw a modest 3.37% increase while Maintenance and Contracted Services increased by 3.85%. Utilities and Capital Improvements presented a noted decrease of 7.60% and 15.19%, respectively. Other uses saw a shift in total utilization by decreasing 76.29% and now compose 1.75% of total fund utilization. This reflects the change from an investment loss in the prior year to a gain in 2024.

2024 Uses of Funds



Administration	\$ 1,784,303
Maintenance and Contracted Services	2,249,794
Utilities	797,014
Section 8 Housing Assistance Payments	10,147,532
Other	295,486
Capital Improvements	1,622,102
	<u>\$ 16,896,231</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business. These statements include:

Statements of Net Position which present information on all the Commission's assets, deferred outflows, liabilities, and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position usually serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

Statements of Revenues, Expenses, and Changes in Net Position which present information showing how the Commission's net position changed during the most recent period. These statements show the total revenues and total expenses of the Commission, and the difference between them is the Commission's net income.

Statements of Cash Flows which present changes in cash and cash equivalents resulting from operations, capital and noncapital financing activities, and investing activities.

The Notes to the Financial Statements provide additional information essential to the full understanding of the data provided in the Commission's other basic financial statements.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

COMPARATIVE FINANCIAL ANALYSIS

The following table provides a comparative analysis of the Commission's financial position for the fiscal years ended March 31, 2024, and March 31, 2023. March 31, 2022 has been listed for informational purposes only. This table provides a snapshot of the Commission's economic resources (assets), the claims on these resources (liabilities) by outside creditors, and the net resources (equity) available to the Commission.

Table 1
Statement of Net Position

	2024	2023	2024-2023 Variance (%)	2022
Current and Other Assets	\$ 16,808,462	\$ 14,953,192	12.4	\$ 15,156,499
Capital Assets	<u>12,342,882</u>	<u>11,696,747</u>	5.5	<u>10,893,636</u>
Total Assets	<u>29,151,344</u>	<u>26,649,939</u>	8.6	<u>26,050,135</u>
Deferred Outflows	<u>502,313</u>	<u>537,356</u>		<u>632,575</u>
Current Liabilities	3,823,286	2,798,714	36.6	2,811,628
Long-term Liabilities	<u>2,288,104</u>	<u>2,384,345</u>	(4.0)	<u>2,430,611</u>
Total Liabilities	<u>6,111,390</u>	<u>5,183,059</u>	17.9	<u>5,242,239</u>
Deferred Inflows	<u>553,950</u>	<u>631,414</u>		<u>927,393</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	10,140,074	9,475,731	7.0	8,617,315
Restricted	2,519,343	2,402,610	4.9	2,576,792
Unrestricted	<u>10,328,900</u>	<u>9,494,481</u>	8.8	<u>9,318,971</u>
Total Net Position	<u>\$ 22,988,317</u>	<u>\$ 21,372,822</u>	7.6	<u>\$ 20,513,078</u>

Current and other assets increased over 2023 levels by \$1,855,270. In March 2024, the Commission received \$946,593 of Section 8 Housing Assistance Payments and Administrative Fees as an early deposit of the April 2024 funds which contributed to this increase. Other notable changes that occurred in current and other assets were a substantial increase in cash and cash equivalents related to well-performing investment portfolios over that of 2023, an increase in tenant accounts receivables, less allowances of \$74,184, the addition of a receivable from HUD as a result for a Section 8 HAP shortfall of \$39,492, and a decrease in lease receivable of \$75,095 reflecting the remaining life of the cellphone antenna leases.

**Pennington County Housing and Redevelopment Commission
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The increase in the book value of capital assets is due in large part to the Capital Fund grant projects performed during the year. By the end of 2024, the Commission had invested \$12,342,882, net of depreciation and amortization, in a broad range of capital assets, including land, buildings, various furniture, equipment, and machinery, and site improvements. (See Table 2.) This amount represents a net increase (including additions and deductions) of \$646,135, or 5.52%, over the last year.

**Table 2
Change in Capital Assets
(Net of Depreciation and Amortization)**

	2024	2023	Total Dollar Change	Total Percentage Change
Land	\$ 1,848,331	\$ 1,848,331	-	0.00%
Buildings	9,169,156	9,056,237	112,919	1.25%
Furniture, Equipment and Machinery	869,266	317,474	551,792	173.81%
Site Improvements	410,024	469,032	(59,008)	-12.58%
Subscription Asset	42,199	-	42,199	100.00%
Right-of-use Lease Asset	3,906	5,673	(1,767)	-31.15%
	<u>\$ 12,342,882</u>	<u>\$ 11,696,747</u>	<u>\$ 646,135</u>	5.52%

This year’s major capital asset additions included:

- Jackson Heights Wifi and Access Controls \$224,251
- Memorial Park Elevator Repairs \$83,295
- Memorial Park Cameras \$25,814
- Prairie Village Roof, Gutters, Siding \$161,633
- High Rise Roof Replacements \$412,422
- High Rise Temperature Control Upgrades \$183,481
- Architectural and Engineering fees \$93,611
- Curtis Street Townhome Renovations and Camera Installation \$255,678
- Sunny Haven Common Area Flooring \$26,054

In the Commission’s fiscal year 2025, \$1,120,563 in Capital Fund program funds are scheduled to be used to complete the high-rise mechanical upgrades and temperature controls as well as high-rise flooring, and the office expansion at Jackson Heights. Also included in this figure are architectural and engineering fees for high-rise exterior upgrades for Jackson Heights and River Ridge and domestic water service upgrades for the Curtis Street townhomes. The Commission has no plans to incur additional debt to fund these additions, rather we will use the above-mentioned resources and general account funds if necessary.

Pennington County Housing and Redevelopment Commission
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Management’s Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

Current liabilities increased \$1,024,572 over 2023 while long-term liabilities decreased by \$96,241 resulting in the overall increase of total liabilities in the amount of \$928,331. As previously mentioned, the Commission received the Section 8 Housing Assistance Payments and Administrative Fees for April 2024 at the end of March 2024. These funds were classified as deferred revenue which elevated the current liabilities by the \$946,593 received. A \$12,702 increase in accrued absence as well as the previously noted addition of the GASB 96 Subscription Liability of \$48,855 also contributed to the increase of current liabilities. Small increases were seen in the current portions of long-term debt, wages and payroll tax liability, and payment in lieu of taxes. Prepaid tenant rents showed a decrease of \$21,134. These changes are normal in the course of business.

At year-end, the Commission had \$2,489,337 in compensated absences, lease liability, subscription liability, and long-term mortgage debt obligations. This is an overall decrease of 0.22% as shown in Table 3 below.

Table 3
Outstanding Debt and Obligations

	2024	2023	Total Dollar Change	Total Percentage Change
Compensated Absences	\$ 286,529	\$ 273,827	\$ 12,702	4.64%
Lease Liability	3,569	5,333	(1,764)	-33.08%
Subscription Liability	48,855	-	48,855	100.00%
Long-term Debt, Mortgages	<u>2,150,384</u>	<u>2,215,683</u>	<u>(65,299)</u>	-2.95%
	<u>\$ 2,489,337</u>	<u>\$ 2,494,843</u>	<u>\$ (5,506)</u>	-0.22%

The Commission is liable for accrued vacation and sick leave payable to full-time employees. The increase is due to the amount of leave accumulated and outstanding at the end of the year despite two long-term employees ending their employment with the Commission in 2023 and receiving their accumulated leave.

The previously mentioned implementations of GASBs 87 and 96 are reflected by the lease and subscription liabilities noted in Table 3. This represents the remaining portion of the contracted postage machine lease as well as the property management software subscription.

Total net position increased by 7.6% from 2023. A large portion of the Commission’s net position is in capital assets, net of related debt. Capital assets, net of related debt, comprise 44.11% of the total net position. Net position mainly represents the buildings and equipment that the Commission utilizes in housing low to moderate-income individuals and families.

Restricted net position represents funds constrained in use by grantors, contributors, laws, or regulations of the government. In our case, these funds are reserves restricted in use by the USDA Rural Development, the South Dakota Housing Development Authority, the US Department of Housing and Urban Development (HUD) as well as the net effect of the implementation of GASB 68 as it relates to the SDRS. The increase of 4.9%, when compared to 2023, is primarily the result of the increase in amounts restricted for modernization and Development.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

OPERATING ACTIVITIES

The Commission receives its operating revenues from rental charges and government subsidies and grants provided through HUD and USDA Rural Development. The Commission also receives funding from HUD for capital improvement expenditures. The following table summarizes and compares the Commission's operating and capital transactions between fiscal years 2024 and 2023. 2022 is listed for informational purposes only.

Table 4
Statement of Revenues and Expenses

	2024	2023	2024-2023 Variance (%)	2022
Revenues:				
Dwelling Rental Income	\$ 3,140,731	\$ 2,954,660	6.3	\$ 2,670,824
Federal - Section 8 Rent Subsidy	11,429,406	9,943,959	14.9	8,740,173
Federal - Public Housing Operating Subsidy	1,644,710	1,315,658	25.0	1,530,823
Other Government Grants	193,203	182,682	5.8	193,561
Investment Return (Loss)	485,934	(491,019)	199.0	(316,623)
Other Revenue	180,057	174,540	3.2	208,485
Total Revenues	17,074,041	14,080,480	21.3	13,027,243
Expenses:				
Rental Assistance Payments	10,147,532	9,022,347	12.5	7,940,228
Depreciation and Amortization	1,073,807	987,276	8.8	973,253
Administrative	1,784,303	1,726,200	3.4	1,412,315
Ordinary Maintenance	1,763,839	1,789,194	(1.4)	1,328,933
Utilities	797,014	862,564	(7.6)	902,709
General Expenses	708,803	681,096	4.1	530,801
Extraordinary Maintenance	485,955	377,281	28.8	291,003
Protective Services	65,000	65,000	0.0	45,000
Tenant Services	7,617	8,967	(15.1)	7,309
Total Expenses	16,833,870	15,519,925	8.5	13,431,551
Net Income Before Contributed Capital	240,171	(1,439,445)	(116.7)	(404,308)
Federal - Capital Fund Grant	1,371,259	1,305,083	5.1	650,898
Gain (Loss) on Insurance Claim	3,265	51,974	(93.7)	191,135
Gain (Loss) on Disposition of Equipment	800	40,808	(98.0)	-
Special Items - HUD Recapture	-	901,324	(100.0)	-
Change in Net Position	\$ 1,615,495	\$ 859,744	87.9	\$ 437,725

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024

Dwelling rental revenue in 2024 slightly increased by over 2023 by 6.3% as compared to 2023's 10.6% increase over 2022. The largest revenue percentage change was from investment income which increased by 199% when compared to 2023. This was due to the combination of the required adjustment to market value at year-end resulting in a large unrealized gain on investments as compared to 2023 and higher interest rates seen during the fiscal year. Public Housing Subsidies also saw an increase of 25.0% due to a decrease in the tenant rent factor used in the CY 2023 subsidy calculation used by HUD.

Section 8 housing assistance payment expenses showed a 14.9% increase from the 2023 levels. This is due to an aggressive lease-up resulting in increased voucher utilization, increased per unit costs related to rising rental rates in Rapid City, and an increase in the proration factor by HUD when determining the amount of funding available to the Commission.

The depreciation and amortization expense increased by 8.8% over 2023 which is a notable difference from the 1.4% increase seen between 2022 and 2023. This reflected the amortization of the new GASB 96 subscription asset during 2024. Like the previous year, the increase in extraordinary maintenance expense remained stable seeing increase of 28.8% in 2024 as compared to the 29.6% seen in 2023. However, this expense category does not relate well to the past activities of this category when comparing year-to-year changes due to the atypical nature causing this large change. Ordinary maintenance showed a 1.4% decrease during 2024, unlike the 34.6% increase in 2023. The combination of changes in staffing levels along with an increase in the hiring of outside contractors are contributing factors to this change. Tenant services expense decreased 15.1% during 2024, unlike the 22.7% increase in 2023, due to the vacancy of the tenant services position for the majority of the year.

While overall total expenses increased by 8.5% when compared to the 2023 levels, expenses only increased by 2.9% when rental assistance payments are removed. Other expenses may show a large percentage change; however, none are significant enough in dollar terms to mention here.

Capital Fund grant revenue increased by 5.1% from the 2023 amount. This increase is the result of the timing of the construction projects of the Capital Fund Program as grant revenue is recognized when these funds are expended and not when the grant is awarded. In contrast, in 2023 Capital Fund grant revenue increased by 100.5% from the 2022 amount continued recovery from the slowdown during the COVID-19 Pandemic. The Commission's capital expenditures in 2024 were solely for the modernization of existing units.

Several significant economic factors are present that may impact the Commission in the future.

- In recent years, the Department of Housing and Urban Development has underfunded public housing authorities with their methodology for calculating operating subsidies and by prorating the funding allowable under the HUD formula. We do not expect this trend to change - making funding levels uncertain and volatile from year to year.
- The Commission is currently undertaking the steps toward Public Housing Asset Repositioning as a potential way to bring funding certainty to the ongoing operation of its public housing portfolio. Historically, the Section 8 program has not experienced the deep prorations in assistance provided by the federal government to assist low-income families like the prorations realized in the public housing program. By moving the Commission's public housing portfolio to the Section 8 platform, the Commission would achieve the regulatory relief needed to redevelop parts of the portfolio while realizing revenue that is both greater and more certain than what is currently received.

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2024**

- Inflation, employment trends, and utility costs, which affect resident rent calculations, can significantly affect the amount of rental income collected and Section 8 Housing Assistance Payments made by the Commission.
- The Commission is heavily reliant on federal government funding. Many believe that current federal spending levels are unsustainable. HUD funding falls under the category of discretionary federal spending and is likely to be more vulnerable to budget cuts than entitlement programs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Commission's finances and to demonstrate the Commission's accountability for the appropriations and grants that it receives. If you have any questions about this report or need additional financial information, contact the Pennington County Housing and Redevelopment Commission, ATTN: Executive Director, 1805 West Fulton Street, Suite 101, Rapid City, SD 57702.

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FINANCIAL STATEMENTS

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Statements of Net Position
March 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 5,295,861	\$ 2,134,846
Cash and Cash Equivalents - Restricted	1,164,559	199,403
Funded Security Deposits	251,210	248,813
Accounts Receivable - HUD	39,492	-
Tenant Accounts Receivable, Less Allowance for Uncollectible Accounts of \$144,967 in 2024 and \$271,454 in 2023	111,439	37,255
Lease Receivable	236,518	311,613
Accounts Receivable - Other	26,271	11,045
Inventories	80,128	72,768
Accrued Interest Receivable	85,185	81,446
Prepaid Expenses and Other Assets	17,048	12,466
Total Current Assets	7,307,711	3,109,655
Non-current Assets:		
Non-current Investments	9,494,597	11,838,020
Net Pension Asset	6,154	5,517
Property and Equipment:		
Land	1,848,331	1,848,331
Buildings	42,505,861	41,535,081
Furniture, Equipment and Machinery	4,162,021	3,543,178
Site Improvements	4,301,509	4,301,509
Subscription Asset	97,043	-
Right-of-use Lease Asset	8,834	8,834
	52,923,599	51,236,933
Less: Accumulated Depreciation and Amortization	(40,580,717)	(39,540,186)
Total Non-current Assets	21,843,633	23,540,284
TOTAL ASSETS	29,151,344	26,649,939
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related Deferred Outflows	502,313	537,356

The accompanying notes are an integral part of this statement.

	<u>2024</u>	<u>2023</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	100,397	115,670
Accounts Payable - Other Government	1,015	1,160
Accrued Wages and Payroll Taxes	101,645	97,064
Tenant Security Deposits	248,141	244,886
Prepaid Tenant Rents	48,299	69,433
Accrued Interest	316	21
Accrued Payments in Lieu of Taxes	175,647	159,982
Unearned Revenue	2,946,593	2,000,000
Current Portion of Accrued Absences	76,137	38,929
Current Portion of Lease Liability	1,777	1,763
Current Portion of Subscription Liability	48,855	-
Current Portion of Long-term Debt	<u>74,464</u>	<u>69,806</u>
Total Current Liabilities	<u>3,823,286</u>	<u>2,798,714</u>
Non-current Liabilities:		
Accrued Absences, Less Current Portion	210,392	234,898
Lease Liability, Less Current Portion	1,792	3,570
Long-term Debt, Less Current Maturities	<u>2,075,920</u>	<u>2,145,877</u>
Total Non-current Liabilities	<u>2,288,104</u>	<u>2,384,345</u>
TOTAL LIABILITIES	<u>6,111,390</u>	<u>5,183,059</u>
DEFERRED INFLOWS OF RESOURCES		
Lease-related Deferred Inflows	237,685	309,624
Pension-related Deferred Inflows	<u>316,265</u>	<u>321,790</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>553,950</u>	<u>631,414</u>
NET POSITION		
Net Investment in Capital Assets	10,140,074	9,475,731
Restricted for:		
Replacement Reserves	210,243	191,911
Modernization and Development	2,116,898	2,005,746
Section 8 Housing	-	(16,130)
Pension Purposes	192,202	221,083
Unrestricted Net Position	<u>10,328,900</u>	<u>9,494,481</u>
TOTAL NET POSITION	<u>\$ 22,988,317</u>	<u>\$ 21,372,822</u>

The accompanying notes are an integral part of this statement.

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Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended March 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Dwelling Rental Income	\$ 2,754,390	\$ 2,597,492
Dwelling Rental Income - Pledged to Service Long-term Debt	386,341	357,168
Rent Subsidies from HUD and Department of Agriculture	11,622,609	10,126,641
Other Income	177,120	170,732
Total Operating Revenues	14,940,460	13,252,033
OPERATING EXPENSES		
Rental Assistance Payments	10,147,532	9,022,347
Administrative	1,784,303	1,726,200
Ordinary Maintenance and Operation	1,763,839	1,789,194
Depreciation and Amortization	1,073,807	987,276
Utilities	797,014	862,564
General Expenses	705,731	680,090
Extraordinary Maintenance	485,955	377,281
Protective Services	65,000	65,000
Tenant Services	7,617	8,967
Total Operating Expenses	16,830,798	15,518,919
OPERATING LOSS	(1,890,338)	(2,266,886)
NONOPERATING REVENUE (EXPENSE)		
Operating Subsidies from HUD	1,644,710	1,315,658
Investment Gain (Loss)	485,934	(491,019)
Interest Expense	(3,072)	(1,006)
Lease Interest Revenue	2,937	3,808
Insurance Proceeds	3,265	51,974
Gain on Disposition of Equipment	800	40,808
Total Nonoperating Revenue	2,134,574	920,223
INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND SPECIAL ITEMS	244,236	(1,346,663)
SPECIAL ITEMS - OPERATING SUBSIDY RECOVERY	-	901,324
CONTRIBUTED CAPITAL - HUD SUBSIDY	1,371,259	1,305,083
CHANGE IN NET POSITION	1,615,495	859,744
NET POSITION, BEGINNING OF YEAR	21,372,822	20,513,078
NET POSITION, END OF YEAR	\$ 22,988,317	\$ 21,372,822

The accompanying notes are an integral part of this statement.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Statements of Cash Flows
For the Years Ended March 31, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Receipts from Tenant Payments	\$ 3,069,802	\$ 2,955,106
Rent Subsidies Received	11,622,609	10,126,641
Receipts from Others	165,050	1,061,712
Payments for Operating Expenses	(12,709,020)	(12,413,879)
Payments to Employees	(2,088,043)	(2,138,657)
Net Cash Provided (Used) by Operating Activities	60,398	(409,077)
INVESTING ACTIVITIES		
Interest Earned	454,399	228,015
Cash Paid to Acquire Investments	(4,123,875)	(7,100,000)
Proceeds from Sale of Investments	6,498,033	2,990,929
Net Cash Provided (Used) by Investing Activities	2,828,557	(3,881,056)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from HUD and Department of Agriculture	1,605,218	1,315,658
CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed Capital - HUD Subsidy	1,371,259	1,305,083
Purchases of Property and Equipment	(1,622,102)	(1,912,670)
Proceeds from Sale of Capital Assets	-	171,923
Insurance Proceeds from Damage of Capital Assets	3,265	51,974
Interest Paid	(2,777)	(1,010)
Principal Payments on Lease Liability	(1,763)	(1,748)
Principal Payments on Subscription Liability	(48,188)	-
Principal Payments on Long-term Debt	(65,299)	(60,638)
Net Cash Used by Capital and Related Financing Activities	(365,605)	(447,086)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,128,568	(3,421,561)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,583,062	6,004,623
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,711,630	\$ 2,583,062
CASH AND CASH EQUIVALENTS CONSISTS OF		
Cash and Cash Equivalents - Unrestricted	\$ 6,242,454	\$ 2,134,846
Cash and Cash Equivalents - Restricted	217,966	199,403
Funded Security Deposits	251,210	248,813
	\$ 6,711,630	\$ 2,583,062

The accompanying notes are an integral part of this statement.

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Operating Loss	\$ (1,890,338)	\$ (2,266,886)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,073,807	987,276
Operating Subsidy Recovery	-	901,324
Provision for Losses on Accounts Receivable	(126,487)	168,209
Net Pension (Revenue) Expense	28,881	(37,458)
Change in Assets and Liabilities:		
Tenant Accounts Receivable	52,303	(173,041)
Lease Receivable	75,095	(311,613)
Accounts Receivable - Other	(15,226)	(6,687)
Accounts Receivable - Other Government	-	85
Prepaid Expenses	(4,582)	47,849
Inventories	(7,360)	(22,135)
Accounts Payable	(15,418)	(47,302)
Tenant Security Deposits	3,255	5,278
Unearned Revenue	946,593	-
Deferred Lease Inflows	(71,939)	309,624
Change in Lease Related Balances	-	(1,753)
Accrued Liabilities	<u>11,814</u>	<u>38,153</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 60,398</u>	<u>\$ (409,077)</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Value Received for Vehicle Trade-in	<u>\$ 2,800</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements presented in this report represent all the funds and fiscal activities under the control of the Board of Commissioners, a five-member governing board, of Pennington County Housing and Redevelopment Commission (the Commission), a component unit of Pennington County. The Pennington County Commissioners have the authority to approve or deny any new housing projects and to approve or disapprove the Commission's intent to issue long-term debt, by disapproving a proposed project to be so financed.

The Commission is a public housing authority (PHA) engaged in providing housing and housing assistance to the low and very low-income elderly, families, and disabled, through low-rent housing programs designed to provide decent, safe, affordable, and sanitary housing.

The low rent programs are regulated by HUD as to rental charges and operating methods. The Commission receives subsidies from HUD to assist in covering the costs of the Commission's low-rent housing programs. Contributions are received from HUD based on budgeted amounts. The Commission is required to prepare and adopt annual operating budgets for each of its HUD programs.

Low-income families who participate in subsidized or housing assistance programs typically pay a portion of their housing costs, which generally amounts to the higher of either 30% of their adjusted gross income, based on HUD guidelines, or 10% of their gross income; the remaining portion of the rent for the units is paid by HUD either through public housing program annual contributions, subsidies or housing assistance payments or through South Dakota Housing Development Authority (SDHDA) or Rural Development in the form of housing assistance payments.

The Commission owns and operates the following low-income housing programs:

- a. HUD Projects SD045000011 and SD045000016, the public housing program, consists of two Public Housing developments with a total of 500 units of conventional housing in Rapid City and Wall, South Dakota under annual contributions contract DEN 371.
- b. The Section 8 Housing Choice Voucher program is a federally subsidized housing program designed to assist very low-income families in renting, in the local market, decent, safe, affordable, and sanitary rental housing suitable for their needs and desires. If the unit and rental rate are acceptable, the PHA enters into a housing assistance payments (HAP) contract with the owner of the unit to make up the difference between what the families can afford to pay, based on HUD guidelines, and the total contracted rent. Housing units leased under the Section 8 programs must meet housing quality standards as determined by HUD and the Commission; this is accomplished through unit inspections that must be conducted initially and on a biennial basis thereafter. The Section 8 Housing Choice Voucher Program Administration derives its income from administration of the Section 8 Housing Choice Voucher program; this program provides for an administrative fee based on a HUD-determined administrative rate and the number of rental units administered for each program.
- c. The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). The VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics. The Commission has 125 HUD-VASH vouchers in its inventory. The financial information for this program is included with the Section 8 Housing Voucher Program within this report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- d. The Commission owns and operates two HOME Developments financed by the South Dakota Housing Development Authority, consisting of 39 units for families. The projects are Harney View Apartments and Black Fox Manor, both located in Rapid City, South Dakota.
- e. As of March 31, 2024, the Commission owned and operated one USDA Rural Development project with 25 units for the elderly, disabled, and handicapped. The project is known as Sunny Haven Apartments and is located in New Underwood, South Dakota.
- f. During the year ended March 31, 2018, the Commission paid off the USDA Rural Development loan for Hillyo Manor, located in Hill City, South Dakota. Accordingly, this project is now presented under Section 8 New Construction.
- g. The Central Office account derives its income from management of the Public Housing, HOME, USDA Rural Development project, the Section 8 program of The Commission, and from other property managed by the Central Office.
- h. During the year ended March 31, 2014, the Commission purchased Memorial Park Apartments, a former Low-Income Tax Credit property that had reached the end of the "Tax Credit Compliance Period", located in Rapid City, South Dakota. Memorial Park Apartments consists of 60 units of housing designated for the elderly. The property has extended use commitments that require the Commission to lease to residents with income not to exceed 60% of Area Median Income at rents not to exceed established/published Tax Credit rents.

Basis of Presentation

The Commission is considered a single enterprise fund for financial reporting purposes. The Commission's financial statements have been prepared on the accrual basis of accounting, consistent with the governmental proprietary fund concept which pertains to financial activities that operate in a manner similar to private business enterprises and are financed through tenant rentals and federal housing assistance programs. The Commission applies all applicable Government Accounting Standards Board (GASB) pronouncements.

Operating income (loss) includes revenues and expenses related to the primary, continuing operations of the Commission. Principal operating revenues are rents charged to tenants, rent subsidies from HUD and the Department of Agriculture, and management and administrative fees earned. Principal operating expenses are the costs of providing housing and include administrative expenses, housing assistance payments, and depreciation and amortization. Other revenues and expenses are classified as non-operating in the financial statements. In the accompanying financial statements, interprogram transactions and interprogram receivables and payables have been eliminated.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Commission considers all highly liquid investments with a term to maturity of three months or less when purchased to be cash equivalents.

Capital Assets

Capital assets, which include land, buildings, and equipment, are reported in the basic financial statements. The Commission defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures for renewals and improvements that will significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense currently. When depreciable properties are retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	3 - 40 years
Furniture, equipment, and machinery	3 - 10 years
Leasehold improvements	15 - 40 years
Leases	2 - 40 years
Subscriptions	2 - 5 years

Investments

The Commission follows an investment policy to invest in authorized investment pools and funds, U.S. Government securities, and repurchase agreements. Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values on the Statements of Net Position. Management's intent is to hold all investments to maturity. Realized and unrealized gains and losses are included in investment return on the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a charge to bad debt expense and as an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventories

Inventory is recorded as an asset when acquired. The consumption of inventories is charged to expense as it is consumed. Inventories are recorded at the lower of cost or market, on the first-in, first-out cost flow assumption. Inventory consists mainly of maintenance supplies.

Leases

Lessee:

The Commission is a lessee for a noncancellable lease of a postage meter. The Commission recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Commission recognizes all leases for which they are the lessee.

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Lessor:

The Commission is a lessor for a noncancellable lease of cell towers. The Commission recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements

The Commission has entered into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. The Commission recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The Commission recognizes subscription liabilities with an initial, individual value of \$25,000 or more.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement of a subscription, the Commission initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription include how the Commission determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Commission uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statements of Net Position report 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. The only deferred outflow of resources reported is a deferred amount arising from the Commission's pension plan for qualified retirees as discussed in Note 6.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that apply to a future period or periods. These items will not be recognized as an inflow of resources until that applicable future period. The deferred inflows of resources reported are a deferred amount arising from the Commission's pension plan for qualified retirees as discussed in Note 6 and deferred amounts arising from the Commission's leases as discussed in Note 10.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS' 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 the accrual basis of accounting.

Accumulated Unpaid Vacation and Sick Pay

Employees may accumulate vacation pay up to a maximum of 35 days. Employees may also accumulate sick pay up to a maximum of 100 days. Up to 280 hours of vacation pay and up to 50 days of sick pay are paid to employees upon termination.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
March 31, 2024 and 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Tenant Rents

Income from tenant prepayments of rent is recognized over the periods to which the revenues are earned or rent payments relate.

Unearned Revenue

Grants received in advance of the revenue recognition criteria are reported as unearned revenue.

Equity Classifications

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings (net of unspent related debt proceeds, if any) attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as needed.

Income Taxes

The Commission is a governmental entity exempt from federal income taxes; therefore, no provision for income taxes has been presented in the accompanying financial statements.

Use of Estimates

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

Implementation of GASB Statement No. 96

As of April 1, 2023, the Commission adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). GASB 96 affects any government entity that enters into a contract that conveys control of the right to use another party's (an SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange-like transaction. The Commission elected to not restate prior year balances as the presentation of comparative financial statements is not standard for government entities and restatement would not impact the users of the financial statements as the Commission is a component unit of Pennington County, for which comparatives are not presented. The effect of the implementation of this standard on the beginning net position was not material.

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NOTE 2 - MANAGEMENT AGREEMENTS

Hillyo Manor, Black Fox Manor, Harney View Apartments, and Memorial Park Apartments pay a monthly management fee of \$77 per unit per month. The management agreement for Sunny Haven Apartments, approved by Rural Development, provides for the payment of management fees equal to \$77 per month per occupied unit.

NOTE 3 - RURAL RENTAL HOUSING PROGRAMS

During the year ended March 31, 2024, the Commission owned and operated one Rural Development project known as Sunny Haven Apartments, located in New Underwood, South Dakota.

As a condition for obtaining financing, the Commission entered into loan agreements with Rural Development. Significant provisions in the loan agreements are as follows:

- a. The Commission must establish and maintain reserve accounts for each project with outstanding debt. Deposits for Sunny Haven Apartments must be made at a rate not less than \$5,373 annually until the amount in the reserves reaches \$100,000. With prior consent of Rural Development, funds in the reserve accounts may be used for payments due on outstanding debt balances, repairs or replacements, improvements, or other purposes as required.

	2024	2023
<u>Sunny Haven Apartments</u>		
Reserve Account Balance	\$ 97,206	\$ 89,333
Target Reserve Balance	100,000	53,720
Over (Under) Target Reserve	\$ (2,794)	\$ 35,613

- b. The Commission must also maintain a separate account for tenant security deposits for each project in an amount equal to the security deposit liability.

	2024	2023
<u>Sunny Haven Apartments</u>		
Tenant Security Deposit Balance	\$ 14,213	\$ 13,836
Security Deposit Liability	13,676	12,635
Surplus	\$ 537	\$ 1,201

- c. Rents cannot exceed the rates approved by Rural Development.

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NOTE 3 - RURAL RENTAL HOUSING PROGRAMS (CONTINUED)

Segment Information

The Rural Development project has outstanding long-term debt, with rental revenue pledged to secure that debt at March 31, 2024. Summary financial information for the Rural Development Sunny Haven Apartments project is as follows:

	2024	2023
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current Assets	\$ 157,347	\$ 159,577
Capital Assets	94,216	79,279
Total Assets	\$ 251,563	\$ 238,856
Liabilities:		
Current Liabilities	\$ 40,497	\$ 40,875
Long-term Debt	55,227	71,184
Total Liabilities	95,724	112,059
Net Assets:		
Net Investment in Capital Assets	23,025	(7,711)
Restricted Net Position	110,350	102,212
Unrestricted Net Position	22,464	32,296
Total Net Position	155,839	126,797
Total Liabilities and Net Position	\$ 251,563	\$ 238,856
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Operating Revenues (Pledged)	\$ 92,740	\$ 92,652
Rent Subsidies from Department of Agriculture	88,006	78,509
Other Revenues	1,050	1,566
Depreciation Expense	(11,117)	(9,477)
Other Operating Expenses	(144,839)	(125,679)
Operating Income	25,840	37,571
Non-operating Revenues (Expenses):		
Investment Return	3,997	1,257
Interest Expense	(795)	(952)
Change in Net Position	29,042	37,876
Net Position, Beginning of Year	126,797	88,921
Net Position, End of Year	\$ 155,839	\$ 126,797

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NOTE 3 - RURAL RENTAL HOUSING PROGRAMS (CONTINUED)

CONDENSED STATEMENT OF CASH FLOWS

Net Cash From (Used for):

Operating Activities	\$ 32,501	\$ 47,212
Investing Activities	3,997	1,257
Capital and Related Financing Activities	(42,648)	(38,363)
Net Change in Cash and Cash Equivalents	(6,150)	10,106
Cash and Cash Equivalents, Beginning of Year	<u>144,538</u>	<u>134,432</u>
Cash and Cash Equivalents, End of Year	<u>\$ 138,388</u>	<u>\$ 144,538</u>

NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS

The Commission owns and operates one HOME Development regulated by the South Dakota Housing Development Authority (SDHDA) known as Black Fox Manor located in Rapid City, South Dakota. The Commission also owns and operates one former HOME Development known as Harney View Apartments located in Rapid City, South Dakota.

As a condition for obtaining a reduced rate of financing, the Commission entered into Regulatory Agreements with SDHDA. Significant provisions in the regulatory agreement are as follows:

- a. The Commission must establish and maintain reserve funds for replacements in separate accounts with SDHDA or in a safe and responsible depository. Under the agreements, the owners are required to make monthly deposits to the funds. Disbursements from these funds may be used for repairs and replacements.
- b. Rents cannot exceed the rate schedule established by SDHDA.

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NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)

Segment Information

The Black Fox Manor SDHDA project has outstanding long-term debt, with rental revenue pledged to secure that debt. Summary financial information for the Harney View Apartments SDHDA project is no longer required as the Commission had paid off the debt associated with this property, but the Commission has decided to continue presenting the summary financial information for consistency. Summary financial information for the Harney View Apartments SDHDA project is as follows:

	2024	2023
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current Assets	\$ 68,462	\$ 51,997
Capital Assets	326,121	351,050
Total Assets	\$ 394,583	\$ 403,047
Liabilities:		
Current Liabilities	\$ 107,477	\$ 118,914
Net Position:		
Net Investment in Capital Assets	325,720	351,050
Unrestricted Net Position	(38,614)	(66,917)
Total Net Position	287,106	284,133
Total Liabilities and Net Position	\$ 394,583	\$ 403,047
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION		
Operating Revenues	\$ 114,396	\$ 90,534
Depreciation Expense	(25,725)	(24,774)
Other Operating Expenses	(86,851)	(61,322)
Operating Loss	1,820	4,438
Non-operating Revenues (Expenses):		
Investment Return	1,172	348
Interest Expense	(19)	-
Change in Net Position	2,973	4,786
Net Position, Beginning of Year	284,133	279,347
Net Position, End of Year	\$ 287,106	\$ 284,133

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NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)

	2024	2023
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash From (Used for):		
Operating Activities	\$ 14,171	\$ (40,490)
Investing Activities	1,172	348
Capital and Related Financing Activities	(19)	(14,323)
Net Change in Cash and Cash Equivalents	15,324	(54,465)
Cash and Cash Equivalents at Beginning of Year	44,673	99,138
Cash and Cash Equivalents at End of Year	\$ 59,997	\$ 44,673

Summary financial information for the Black Fox Manor SDHDA project is as follows:

	2024	2023
CONDENSED STATEMENT OF NET POSITION		
Assets:		
Current Assets	\$ 122,273	\$ 108,033
Capital Assets	523,994	566,726
Total Assets	\$ 646,267	\$ 674,759
Liabilities:		
Current Liabilities	\$ 320,004	\$ 303,113
Long-term Debt	654,783	708,783
Total Liabilities	974,787	1,011,896
Net Assets:		
Net Investment in Capital Assets	(189,929)	(196,057)
Restricted Net Position	99,893	89,699
Unrestricted Net Position	(238,484)	(230,779)
Total Net Position	(328,520)	(337,137)
Total Liabilities and Net Position	\$ 646,267	\$ 674,759

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NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)

	2024	2023
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Pledged)	\$ 180,320	\$ 174,764
Depreciation Expense	(44,002)	(43,284)
Other Operating Expenses	(130,615)	(122,632)
Operating Loss	5,703	8,848
Nonoperating Revenues (Expenses):		
Investment Return	2,945	955
Interest Expense	(31)	-
Change in Net Position	8,617	9,803
Net Position, Beginning of Year	(337,137)	(346,940)
Net Position, End of Year	\$ (328,520)	\$ (337,137)
CONDENSED STATEMENT OF CASH FLOWS		
Net Cash From (Used for):		
Operating Activities	\$ 55,709	\$ 55,754
Investing Activities	2,945	955
Capital and Related Financing Activities	(49,531)	(45,000)
Net Change in Cash and Cash Equivalents	9,123	11,709
Cash and Cash Equivalents at Beginning of Year	94,389	82,680
Cash and Cash Equivalents at End of Year	\$ 103,512	\$ 94,389

NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS

Cash and cash equivalent deposits are classified into three categories. Category 1 deposits are fully insured or collateralized with securities held by the Commission or the Commission's agent in the Commission's name. Category 2 deposits are collateralized with securities held by the pledging institution's trust department or agent in the Commission's name. Category 3 deposits are uninsured and uncollateralized.

The Commission's deposits are made and held in qualified public depositories. In South Dakota, 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% of the public deposit accounts that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA," or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. The Commission has entered into a general depository agreement in which deposits in excess of the amounts insured by the FDIC shall be fully and continually secured by the bank by the deposit or setting aside of collateral of the types, and in the manner, as is prescribed by State law for the security of public funds.

Pennington County Housing and Redevelopment Commission
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March 31, 2024 and 2023

NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)

All cash balances, including interest earned, where applicable, have market values at March 31, 2024 and 2023 that are substantially the same as the carrying value in the accompanying financial statements.

At March 31, the Commission's cash and cash equivalents consisted of the following:

	<u>2024</u>	<u>2023</u>
Demand Deposits - Unrestricted	\$ 2,107,054	\$ 1,558,209
Demand Deposits - Restricted	946,593	-
Public Housing Program:		
Money Market Accounts	936,883	5,892
HOME Investments Partnerships Program:		
Bank Reserve Funds - Savings Accounts	99,893	89,699
Bank Savings Accounts	61,312	48,212
Rural Rental Assistance Payments Program:		
Bank Reserve Funds - Savings Accounts	97,206	89,333
Bank Escrow Funds - Savings Accounts	13,144	12,879
Bank Savings Accounts	27,538	41,826
Section 8 New Construction:		
Money Market Accounts	8,737	1,798
Bank Savings Accounts	211,079	149,760
Other Management:		
Money Market Accounts	597,841	21,069
Bank Savings Accounts	262,742	186,889
Other Housing Needs:		
Money Market Accounts	271,443	10,907
Construction Account:		
Money Market Accounts	610,227	10,218
Bank Restricted Funds - Savings Accounts	6,708	6,530
Memorial Park Apartments:		
Money Market Accounts	53,893	6,057
Bank Savings Accounts	<u>148,127</u>	<u>94,971</u>
Total Cash and Cash Equivalents	<u>\$ 6,460,420</u>	<u>\$ 2,334,249</u>
Security Deposits:		
Public Housing Program	\$ 192,011	\$ 191,184
HOME Investments Partnership Program	20,970	20,414
Section 8 New Construction	6,939	6,755
Rural Rental Assistance Payments Program	14,213	13,836
Memorial Park Apartments	<u>17,077</u>	<u>16,624</u>
Total Funded Security Deposits	<u>\$ 251,210</u>	<u>\$ 248,813</u>

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NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)

In general, SDCL 11-7-31 permits funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control. Supplemental to this authority, SDCL 4-5-6 permits public funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or 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. The Commission's investment policy limits short-term investments to U.S. Treasury bills and limits long-term investments to U.S. Treasury notes and bond obligations and accounts with financial institutions insured under Federal plans.

Fair Value Measurement - The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level I - Investments are valued using inputs that are quoted prices in active markets accessible at the measurement date of identical assets. These inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as the U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers and brokers in active over-the-counter markets.

Level II - Investments are valued using inputs that are significant other observable inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Investments that are included in this level include corporate bonds and loans, and less liquid and restricted equities.

Level III - Investments are valued using inputs that are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or decision.

At March 31, 2024, the Commission's investments were all valued using other observable inputs (Level II inputs).

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2024 and 2023, all investments of the Commission were classified as insured or registered, or the securities were held by the Commission or its agent in the Commission's name.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a depository failure, the Commission will not be able to recover deposits. Commission deposits in excess of depository insurance must be 100% collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. As of March 31, 2024 and 2023, all of the Commission's demand deposits and certificates of deposit were adequately insured or collateralized as required by statute.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Commission does not have a policy regarding concentration of credit risk.

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NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Commission prohibits the use of investments that do not pay in U.S. dollars.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. The following chart summarizes the Commission's investments using segmented time distribution.

Investments as of March 31 consisted of the following:

	Credit Rating	Fair Value		Maturity Date			Call Date	
		March 31, 2023	March 31, 2024	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Public Housing:								
Government Bonds	AAA	\$ 4,344,192 *	\$ 4,374,184 *	\$ -	\$ 2,065,664	\$ 2,308,520	\$ 3,952,284	\$ -
Government Bonds	Not Rated	507,485	471,477	-	-	471,477	-	-
Marketable Certificates of Deposit								
	FDIC Insured	<u>1,115,692 *</u>	<u>73,637</u>	<u>73,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>5,967,369</u>	<u>4,919,298</u>	<u>73,637</u>	<u>2,065,664</u>	<u>2,779,997</u>	<u>3,952,284</u>	<u>-</u>
Other Management:								
Government Bonds	AAA	835,189 *	844,835 *	-	738,732	106,103	844,835	-
Government Bonds	Not Rated	22,375	20,850	-	-	20,850	-	-
Marketable Certificates of Deposit								
	FDIC Insured	<u>1,246,975 *</u>	<u>749,070 *</u>	<u>749,070</u>	<u>-</u>	<u>-</u>	<u>249,085</u>	<u>-</u>
		<u>2,104,539</u>	<u>1,614,755</u>	<u>749,070</u>	<u>738,732</u>	<u>126,953</u>	<u>1,093,920</u>	<u>-</u>
Other Housing Needs:								
Government Bonds	AAA	629,675 *	634,045 *	-	219,125	414,920	634,045	-
Government Bonds	Not Rated	27,291	26,236	-	-	26,236	-	-
Marketable Certificates of Deposit								
	FDIC Insured	<u>236,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>893,788</u>	<u>660,281</u>	<u>-</u>	<u>219,125</u>	<u>441,156</u>	<u>634,045</u>	<u>-</u>
Construction Account:								
Marketable Certificates of Deposit								
	FDIC Insured	<u>1,999,216 *</u>	<u>1,499,963 *</u>	<u>1,499,963</u>	<u>-</u>	<u>-</u>	<u>499,963</u>	<u>-</u>
		<u>1,999,216</u>	<u>1,499,963</u>	<u>1,499,963</u>	<u>-</u>	<u>-</u>	<u>499,963</u>	<u>-</u>

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NOTE 5 - CREDIT RISK CONCENTRATIONS AND INVESTMENTS (CONTINUED)

	Credit Rating	Fair Value		Maturity Date			Call Date	
		March 31, 2023	March 31, 2024	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Memorial Park Apts.:								
Government Bonds	AAA	173,108	175,300	-	175,300	-	175,300	-
Marketable Certificates of Deposit	FDIC Insured	450,000	375,000	375,000	-	-	125,000	-
		623,108	550,300	375,000	175,300	-	300,300	-
Hillyo Manor Apts:								
Marketable Certificates of Deposit	FDIC Insured	250,000	250,000	250,000	-	-	-	-
		250,000	250,000	250,000	-	-	-	-
Total Investments		<u>\$ 11,838,020</u>	<u>\$ 9,494,597</u>	<u>\$ 2,947,670</u>	<u>\$ 3,198,821</u>	<u>\$ 3,348,106</u>	<u>\$ 6,480,512</u>	<u>\$ -</u>

*Represents 5% or more of total investments

Investment return is summarized as follows:

	2024	2023
Interest Income	\$ 453,563	\$ 273,091
Net Realized and Unrealized Gain(Loss)	<u>32,371</u>	<u>(764,110)</u>
Total Investment Return (Loss)	<u>\$ 485,934</u>	<u>\$ (491,019)</u>

NOTE 6 - 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 provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is 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 classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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NOTE 6 - PENSION PLAN (CONTINUED)

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

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

All benefits except those depending on the member's accumulated contributions are annually increased by the cost-of-living adjustment.

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NOTE 6 - PENSION PLAN (CONTINUED)

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 were \$96,211, \$96,182, and \$80,336 respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.07% 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 this measurement period and reported by the Commission as of March 31, 2024 is as follows:

Proportionate Share of Pension Liability	\$ 9,138,266
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	9,144,420
Proportionate Share of Net Pension Liability (Asset)	\$ (6,154)

At March 31, 2024, the Commission reported an asset of \$6,154 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension 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 .06306300% which is an increase of .0046800% from its proportion measured as of June 30, 2022.

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NOTE 6 - PENSION PLAN (CONTINUED)

For the year ended March 31, 2024, the Commission recognized pension expense (reduction of pension expense) of \$28,881. At March 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience.	\$ 174,473	\$ -
Changes in Assumption	210,426	307,609
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	40,979	-
Changes in Proportion and Difference Between Commission Contributions and Proportionate Share of Contributions	5,055	8,656
Commission Contributions Subsequent to the Measurement Date	71,380	-
Totals	\$ 502,313	\$ 316,265

\$71,380 reported as deferred outflow of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ending March 31, 2024. 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	Amount
2024	\$ 83,757
2025	(94,124)
2026	117,242
2027	7,793
2028	-
Thereafter	-
	\$ 114,668

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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

Mortality Rates

All mortality rates are 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.

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 6 - PENSION PLAN (CONTINUED)

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

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

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

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

The following presents the Commission's proportionate share of net pension liability (asset) 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 one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,261,606	\$ (6,154)	\$ (1,042,942)

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 6 - PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

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

NOTE 7 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the years ended March 31 is as follows:

	2024			Balance 3/31/2024
	Balance 3/31/2023	Increase	Decrease	
Non-depreciable:				
Land	\$ 1,848,331	\$ -	\$ -	\$ 1,848,331
Depreciable:				
Buildings	41,535,081	970,780	-	42,505,861
Furniture, Equipment and Machinery	3,543,178	654,122	(35,279)	4,162,021
Site Improvements	4,301,509	-	-	4,301,509
Subscription Asset	-	97,043	-	97,043
Right-of-use Lease Asset	8,834	-	-	8,834
Subtotal	51,236,933	1,721,945	(35,279)	52,923,599
Less Accumulated Depreciation and Amortization for:				
Buildings	32,478,844	857,861	-	33,336,705
Furniture, Equipment and Machinery	3,225,704	100,327	(33,276)	3,292,755
Site Improvements	3,832,477	59,008	-	3,891,485
Subscription Asset	-	54,844	-	54,844
Right-of-use Lease Asset	3,161	1,767	-	4,928
Subtotal	39,540,186	1,073,807	(33,276)	40,580,717
Net Capital Assets	\$ 11,696,747	\$ 648,138	\$ (2,003)	\$ 12,342,882

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 7 - CHANGES IN CAPITAL ASSETS (CONTINUED)

	2023			Balance 3/31/2023
	Balance 3/31/2022	Increase	Decrease	
Non-depreciable:				
Land	\$ 1,979,446	\$ -	\$ (131,115)	\$ 1,848,331
Depreciable:				
Buildings	39,730,294	1,804,787	-	41,535,081
Furniture, Equipment and Machinery	3,459,336	107,882	(24,040)	3,543,178
Site Improvements	4,301,509	-	-	4,301,509
Right-of-use Lease Asset	-	8,834	-	8,834
Subtotal	<u>49,470,585</u>	<u>1,921,503</u>	<u>(155,155)</u>	<u>51,236,933</u>
Less Accumulated Depreciation for:				
Buildings	31,656,388	822,456	-	32,478,844
Furniture, Equipment and Machinery	3,147,780	101,964	(24,040)	3,225,704
Site Improvements	3,772,781	59,696	-	3,832,477
Right-of-use Lease Asset	-	3,161	-	3,161
Subtotal	<u>38,576,949</u>	<u>987,277</u>	<u>(24,040)</u>	<u>39,540,186</u>
Net Capital Assets	<u>\$ 10,893,636</u>	<u>\$ 934,226</u>	<u>\$ (131,115)</u>	<u>\$ 11,696,747</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 8 - PAYMENTS IN LIEU OF TAXES

Public housing authorities are not required to pay property taxes based on the normal property value assessment and tax levy procedures for real property owned, but rather they make payments in lieu of (property) taxes (PILOT) based on calculations determined by the State of South Dakota. This calculation is based on the amount of dwelling rent collected during the calendar year which differs from the Commission's fiscal year. Therefore, the liability reflects an additional three months over the one year reflected in the expense.

Payments in lieu of taxes expense of \$142,512 and \$128,496 for the years ended March 31, 2024 and 2023, respectively, were determined by program as follows:

	2024					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Memorial Park Apartments	Section 8 New Construction
Dwelling Rent Collected	<u>\$ 1,927,449</u>	<u>\$ 166,551</u>	<u>\$ 109,365</u>	<u>\$ 85,361</u>	<u>\$ 470,498</u>	<u>\$ 91,021</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 96,372</u>	<u>\$ 8,328</u>	<u>\$ 5,468</u>	<u>\$ 4,268</u>	<u>\$ 23,525</u>	<u>\$ 4,551</u>
	2023					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Memorial Park Apartments	Section 8 New Construction
Dwelling Rent Collected	<u>\$ 1,690,899</u>	<u>\$ 171,910</u>	<u>\$ 88,870</u>	<u>\$ 89,017</u>	<u>\$ 449,068</u>	<u>\$ 80,168</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 84,545</u>	<u>\$ 8,596</u>	<u>\$ 4,443</u>	<u>\$ 4,451</u>	<u>\$ 22,453</u>	<u>\$ 4,008</u>

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 9 - LONG-TERM DEBT AND OTHER LIABILITIES

The following is a summary of changes in long-term debt, including the current portion for the year ended March 31, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
8.5% reducing to an effective rate of 1% note payable to Rural Development, due in monthly installments of \$1,234, plus overage, including interest, to October 31, 2028, secured by land, building, equipment and rents of Sunny Haven Apartments.	\$ 76,890	\$ -	\$ (14,105)	\$ 62,786	\$ 14,251
8.75% reducing to an effective rate of 1% note payable to Rural Development, due in monthly installments of \$149, including interest, to June 15, 2029, secured by land, building, equipment and rents of Sunny Haven Apartments.	10,100	-	(1,695)	8,405	1,713
0% HOME loan payable to SDHDA, due in monthly installments of \$299 increasing to \$5,690, from June 1, 2005 through June 1, 2034, secured by all real and personal property and rents of Black Fox Manor.	762,783	-	(49,500)	713,283	58,500
0% forgivable loan payable to SDHDA, secured by real and personal property and rents of LaCrosse Apartments. Payment is deferred until expiration of the 20 year period of affordability which begins at the project completion date of September 29, 2011, at which time any amount then due and payable will be forgiven. If the property is sold or no longer used for affordable housing during the period of affordability, the loan becomes immediately due and payable in full.	1,365,910	-	-	1,365,910	-
	<u>\$ 2,215,683</u>	<u>\$ -</u>	<u>\$ (65,300)</u>	<u>\$ 2,150,384</u>	<u>\$ 74,464</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 9 - LONG-TERM DEBT AND OTHER LIABILITIES (CONTINUED)

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

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 74,464	\$ 632	75,096
2026	70,123	473	70,596
2027	70,283	313	70,596
2028	70,446	150	70,596
2029	63,075	16	63,091
2030-2034	288,000	-	288,000
2035-2038	148,083	-	148,083
SDHDA Forgivable Mortgage	<u>1,365,910</u>	<u>-</u>	<u>1,365,910</u>
	<u>\$ 2,150,384</u>	<u>\$ 1,584</u>	<u>\$ 2,151,968</u>

The following is a summary of changes in long-term debt, including the current portion, presented in a condensed format for comparative purposes for the year ended March 31, 2023:

Balance, Beginning of Year	\$ 2,276,321
Reductions	<u>(60,638)</u>
	2,215,683
Less: Current Balance	<u>(69,806)</u>
Balance, End of Year	<u>\$ 2,145,877</u>

The following is a summary of the changes in accrued absences for the years ended March 31:

	<u>2024</u>	<u>2023</u>
Balance, Beginning of Year	\$ 273,827	\$ 264,120
Increase in Accrued Absences	152,227	154,573
Decrease in Accrued Absences	<u>(139,525)</u>	<u>(144,866)</u>
	286,529	273,827
Less: Current Balance	<u>(76,137)</u>	<u>(38,929)</u>
Balance, End of Year	<u>\$ 210,392</u>	<u>\$ 234,898</u>

The Low Rent Program, Section 8 Housing Choice Voucher Program, and Central Office funds typically have been used to liquidate accrued compensated absences in prior years.

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 10 - LEASES

Lessee

The Commission entered into a 60-month lease as the lessee for the use of a postage machine. An initial lease liability was recorded in the amount of \$7,081. As of March 31, 2024 and 2023, the value of the lease liability is \$3,569 and \$5,333, respectively. The Commission is required to make quarterly fixed payments of \$450. The lease has an interest rate of 0.8170%. The equipment's estimated useful life was 60 months as of the contract commencement. The value of the right-to-use asset as of March 31, 2024 and 2023 was \$8,834 with accumulated amortization of \$4,928 and \$3,161, respectively.

Maturities for lease liabilities outstanding as of March 31, 2024 are as follows:

Year Ending March 31,	Principal	Interest	Total
2025	\$ 1,777	\$ 23	\$ 1,800
2026	1,792	10	1,802
	<u>\$ 3,569</u>	<u>\$ 33</u>	<u>\$ 3,602</u>

Lessor

The Commission entered into a 90-month lease as Lessor for the use of 636 Cathedral Drive - Rooftop Space. An initial lease receivable was recorded in the amount of \$311,790. As of March 31, 2024 and 2023, the value of the lease receivable is \$182,348 and \$226,873, respectively. The lessee is required to make monthly fixed payments of \$3,638. The lease has an interest rate of 1.0860%. The building on which the lease is utilizing is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2024 and 2023 was \$187,074 and \$228,646, and the Commission recognized lease revenue of \$44,525 and \$41,572, respectively during each fiscal year. The lessee has 6 extension options, each for 60 months.

The Commission entered into a 56-month lease as Lessor for the use of RCYC South Rapid City Site - Rooftop Space. An initial lease receivable was recorded in the amount of \$141,711. As of March 31, 2024 and 2023, the value of the lease receivable is \$54,170 and \$84,740, respectively. The lessee is required to make monthly fixed payments of \$2,368. The lease has an interest rate of 0.8170%. The building on which the lease is utilizing is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2024 and 2023 was \$50,611 and \$80,978, and the Commission recognized lease revenue of \$30,571 and \$30,366, respectively during each fiscal year. Following the current lease term, the lease will renew in one-year terms until terminated by either party by giving written notice of its intention of at least 3 months.

Maturities for lease receivables outstanding as of March 31, 2024 are as follows:

Year Ending March 31,	Principal	Interest	Total
2025	\$ 70,748	\$ 2,148	\$ 72,896
2026	62,213	1,465	63,678
2027	41,596	954	42,550
2028	43,120	495	43,615
2029	18,841	70	18,911
	<u>\$ 236,518</u>	<u>\$ 5,132</u>	<u>\$ 241,650</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 11 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

On April 01, 2023, the Commission entered into a 21-month subscription for the use of Yardi. An initial subscription liability was recorded in the amount of \$97,043. As of March 31, 2024, the value of the subscription liability is \$48,855. The Commission is required to make annual fixed payments of \$50,130. The subscription has an interest rate of 2.61%. The value of the right-to-use asset as of March 31, 2024 is \$97,043 with accumulated amortization of \$54,844.

Future payments as of March 31, 2024 are as follows:

Business-type Activities			
Year Ending March 31,	Principal	Interest	Total
2025	\$ 48,855	\$ 1,275	\$ 50,130

NOTE 12 - PLEDGE OF FUTURE REVENUES

As discussed in Note 9, the Commission has pledged future rent revenues related to Sunny Haven Apartments and Black Fox Manor. The pledged rent revenues provide security under various loan agreements with Rural Development and SDHDA. Proceeds from the loans provided financing for the construction of, and improvements related to, the aforementioned projects. 100% of the rent revenues related to these projects have been pledged through the maturity dates of each applicable loan as listed in Note 9. The total principal and interest remaining to be paid on the notes as of March 31, 2024, which represents the approximate amount of each pledge, along with a comparison of the pledged revenues recognized during the year then ended to the principal and interest requirements, by project, is as follows:

	Sunny Haven Apartments	Black Fox Manor
Principal and Interest Remaining	\$ 72,780	\$ 713,283
Pledged Revenues Recognized	92,740	180,320
Annual Principal and Interest Requirements	16,596	54,000

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2024 and 2023

NOTE 14 - RISK MANAGEMENT

The Commission purchases insurance for risks related to torts, theft, or damage to property; errors and omissions of public officials; general workmen's compensation; and property insurance from commercial insurance carriers including State Farm Fire and Casualty Company, Travelers Casualty Insurance Company of America, and Dakota Truck Underwriters.

The policies provide that the above coverage will be provided with a \$5,000,000 limit on liability coverage and a \$72,929,700 limit on property. As of March 31, 2024, the Commission carried the following deductibles related to insurance coverage:

General Liability - None
Property - \$5,000 or \$10,000
Automobile - \$500
Crime - \$250

In prior years, settled claims resulting from these risks have not exceeded the Commission's liability coverage.

NOTE 15 - EMERGING ACCOUNTING PRONOUNCEMENTS

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*. GASB 101 affects any government entity that provides compensated absences for employees, and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 is effective for years beginning after December 15, 2023. The Commission has not yet implemented this update and is in the process of assessing the effect on the Commission's financial statements.

NOTE 16 - SUBSEQUENT EVENTS

Events occurred subsequent to year-end resulting in damage to Commission-owned buildings, including fire damage and a vehicle crashing into a building. The Commission is currently working with the insurance company on claims. Settlement is not complete, and proceeds are not estimable as of issuance.

The Commission is in the process of applying for conversion of assistance under the Rental Assistance Demonstration (RAD) and Section 18 asset repositioning for 37 units (single-family homes). The Commission has applied to HUD for the RAD conversion of three high-rise buildings. The Commission is in the process of applying for Section 18 asset repositioning for the Wall, South Dakota property.

Subsequent events have been evaluated through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of the Commission's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System

Year*	Commission's Proportion of Net Pension Liability (Asset)	Commission's Share of Net Pension Liability (Asset) (a)	Commission's Covered- employee Payroll (b)	Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Pension as a Percentage of its Total Pension Liability (Asset)
6/30/2023	.0630630%	\$ (6,154)	\$ 1,626,627	-0.38%	100.07%
6/30/2022	.0583830%	\$ (5,517)	\$ 1,394,191	-0.40%	100.10%
6/30/2021	.0624740%	\$ (478,443)	\$ 1,417,731	-33.75%	105.52%
6/30/2020	.0630513%	\$ (2,738)	\$ 1,383,788	-0.20%	100.04%
6/30/2019	.0676120%	\$ (7,166)	\$ 1,437,572	-0.50%	100.09%
6/30/2018	.0658544%	\$ (1,536)	\$ 1,369,049	-0.11%	100.02%
6/30/2017	.0654733%	\$ (5,942)	\$ 1,330,291	-0.45%	100.10%
6/30/2016	.0692783%	\$ 234,015	\$ 1,317,334	17.76%	96.89%
6/30/2015	.0694403%	\$ (294,516)	\$ 1,267,782	-23.23%	104.10%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, Pennington County Housing and Redevelopment Commission will present information for those years for which information is available.

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Pension Contributions
South Dakota Retirement System

Year*	Contractually- required Contribution (a)	Contributions in Relation to the Contractually- required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Commission's Covered- employee Payroll (c)	Contributions as a Percentage of Covered- employee Payroll (b/c)
3/31/2024	\$ 96,211	\$ 96,211	\$ -	\$ 1,603,513	6.00%
3/31/2023	\$ 96,182	\$ 96,182	\$ -	\$ 1,603,035	6.00%
3/31/2022	\$ 80,336	\$ 80,336	\$ -	\$ 1,339,022	6.00%
3/31/2021	\$ 86,869	\$ 86,869	\$ -	\$ 1,447,799	6.00%
3/31/2020	\$ 82,506	\$ 82,506	\$ -	\$ 1,375,096	6.00%
3/31/2019	\$ 85,775	\$ 85,775	\$ -	\$ 1,429,585	6.00%
3/31/2018	\$ 81,493	\$ 81,493	\$ -	\$ 1,358,215	6.00%
3/31/2017	\$ 79,796	\$ 79,796	\$ -	\$ 1,329,929	6.00%
3/31/2016	\$ 78,163	\$ 78,163	\$ -	\$ 1,302,730	6.00%

*The amounts presented for each year were determined as of the Commission's fiscal year end. Until a full 10-year trend is compiled, Pennington County Housing and Redevelopment Commission will present information for those years for which information is available.

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Required Supplementary Information
March 31, 2024 and 2023

NOTE 1 - PENSION PLAN

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.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Net Position
March 31, 2024

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
ASSETS			
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 1,375,290	\$ 1,589,426	\$ 28,038
Cash and Cash Equivalents - Restricted	-	947,608	110,350
Funded Security Deposits	192,011	-	14,213
Accounts Receivable - HUD	-	39,492	-
Tenant Accounts Receivable, Less Allowance	100,839	-	4,746
Lease Receivable	236,518	-	-
Accounts Receivable - Other	-	26,271	-
Inventories	5,657	-	-
Accrued Interest Receivable	25,031	-	-
Prepaid Expenses and Other Assets	11,026	1,365	-
Interprogram Receivables	1,006	-	-
Total Current Assets	<u>1,947,378</u>	<u>2,604,162</u>	<u>157,347</u>
Non-current Assets:			
Non-current Investments	4,919,297	-	-
Net Pension Asset	2,003	1,125	-
Property and Equipment:			
Land	843,321	-	25,555
Buildings	34,844,242	-	759,668
Furniture, Equipment and Machinery	3,178,473	32,809	28,165
Leasehold Improvements	3,691,806	-	72,733
Subscription Asset	22,291	66,834	-
Right-of-use Lease Asset	-	-	-
	42,580,133	99,643	886,121
Less: Accumulated Depreciation and Amortization	<u>(36,407,524)</u>	<u>(68,080)</u>	<u>(791,905)</u>
Total Non-current Assets	<u>11,093,909</u>	<u>32,688</u>	<u>94,216</u>
TOTAL ASSETS	<u>13,041,287</u>	<u>2,636,850</u>	<u>251,563</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>160,362</u>	<u>100,285</u>	<u>-</u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
\$ 63,616	\$ 203,524	\$ -	\$ 1,815,651	\$ 220,316	\$ -	\$ 5,295,861
99,893	-	-	6,708	-	-	1,164,559
20,970	17,077	-	-	6,939	-	251,210
-	-	-	-	-	-	39,492
6,256	50	-	-	(452)	-	111,439
-	-	-	-	-	-	236,518
-	-	-	-	-	-	26,271
-	-	-	74,471	-	-	80,128
-	9,081	-	44,870	6,203	-	85,185
-	-	-	4,657	-	-	17,048
-	-	-	406,399	-	(407,405)	-
<u>190,735</u>	<u>229,732</u>	<u>-</u>	<u>2,352,756</u>	<u>233,006</u>	<u>(407,405)</u>	<u>7,307,711</u>
-	550,300	-	3,775,000	250,000	-	9,494,597
-	-	-	3,026	-	-	6,154
-	-	-	958,652	20,803	-	1,848,331
2,217,103	971,675	2,520,360	428,685	764,128	-	42,505,861
17,302	106,251	487,562	308,669	2,790	-	4,162,021
313,548	19,700	83,493	-	120,229	-	4,301,509
2,067	3,241	-	1,339	1,271	-	97,043
-	-	-	8,834	-	-	8,834
<u>2,550,020</u>	<u>1,100,867</u>	<u>3,091,415</u>	<u>1,706,179</u>	<u>909,221</u>	<u>-</u>	<u>52,923,599</u>
<u>(1,699,905)</u>	<u>(323,693)</u>	<u>(173,039)</u>	<u>(318,567)</u>	<u>(798,004)</u>	<u>-</u>	<u>(40,580,717)</u>
<u>850,115</u>	<u>1,327,474</u>	<u>2,918,376</u>	<u>5,165,638</u>	<u>361,217</u>	<u>-</u>	<u>21,843,633</u>
<u>1,040,850</u>	<u>1,557,206</u>	<u>2,918,376</u>	<u>7,518,394</u>	<u>594,223</u>	<u>(407,405)</u>	<u>29,151,344</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>241,666</u>	<u>-</u>	<u>-</u>	<u>502,313</u>

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Net Position (Continued)
March 31, 2024

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
LIABILITIES			
Current Liabilities:			
Accounts Payable	76,396	10,601	4,194
Accounts Payable - Other Government	-	1,015	-
Accrued Wages and Payroll Taxes	29,313	19,788	-
Tenant Security Deposits	192,011	-	13,676
Prepaid Tenant Rents	24,650	8,649	1,296
Accrued Interest	68	205	18
Accrued Payments in Lieu of Taxes	118,319	-	5,349
Unearned Revenue	-	946,593	-
Current Portion of Accrued Absences	5,338	8,707	-
Current Portion of Lease Liability	-	-	-
Current Portion of Subscription Liability	11,222	33,646	-
Current Portion of Long-term Debt	-	-	15,964
Interprogram Payables	<u>48,007</u>	<u>30,202</u>	<u>-</u>
Total Current Liabilities	<u>505,324</u>	<u>1,059,406</u>	<u>40,497</u>
Non-current Liabilities:			
Accrued Absences, Less Current Portion	73,572	23,303	-
Lease Liability, Less Current Portion	-	-	-
Long-term Debt, Less Current Maturities	<u>1,365,910</u>	<u>-</u>	<u>55,227</u>
Total Non-current Liabilities	<u>1,439,482</u>	<u>23,303</u>	<u>55,227</u>
TOTAL LIABILITIES	<u>1,944,806</u>	<u>1,082,709</u>	<u>95,724</u>
DEFERRED INFLOWS OF RESOURCES			
Lease-related Deferred Inflows	237,685	-	-
Pension-related Deferred Inflows	<u>106,855</u>	<u>62,718</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>344,540</u>	<u>62,718</u>	<u>-</u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
739	2,177	-	5,085	1,205	-	100,397
-	-	-	-	-	-	1,015
-	-	-	52,544	-	-	101,645
20,703	15,250	-	-	6,501	-	248,141
9,104	4,174	-	-	426	-	48,299
6	10	-	5	4	-	316
17,249	29,150	-	-	5,580	-	175,647
-	-	-	2,000,000	-	-	2,946,593
-	-	-	62,092	-	-	76,137
-	-	-	1,777	-	-	1,777
1,041	1,632	-	674	640	-	48,855
58,500	-	-	-	-	-	74,464
<u>320,139</u>	<u>5,307</u>	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>(407,405)</u>	<u>-</u>
<u>427,481</u>	<u>57,700</u>	<u>-</u>	<u>2,122,177</u>	<u>18,106</u>	<u>(407,405)</u>	<u>3,823,286</u>
-	-	-	113,517	-	-	210,392
-	-	-	1,792	-	-	1,792
<u>654,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,075,920</u>
<u>654,783</u>	<u>-</u>	<u>-</u>	<u>115,309</u>	<u>-</u>	<u>-</u>	<u>2,288,104</u>
<u>1,082,264</u>	<u>57,700</u>	<u>-</u>	<u>2,237,486</u>	<u>18,106</u>	<u>(407,405)</u>	<u>6,111,390</u>
-	-	-	-	-	-	237,685
-	-	-	146,692	-	-	316,265
-	-	-	146,692	-	-	553,950

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Net Position (Continued)
March 31, 2024

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
NET POSITION			
Net Investment in Capital Assets	4,795,477	(2,083)	23,025
Restricted for:			
Replacement Reserves	-	-	110,350
Modernization and Development	-	-	-
Pension Purposes	55,510	38,692	-
Unrestricted Net Position	<u>6,061,316</u>	<u>1,555,099</u>	<u>22,464</u>
TOTAL NET POSITION	<u>\$ 10,912,303</u>	<u>\$ 1,591,708</u>	<u>\$ 155,839</u>

See independent auditor's report.

<u>HOME Investment Partnerships Program</u>	<u>Memorial Park Apartments</u>	<u>Capital Fund Program Cluster</u>	<u>Central Office Cost Center</u>	<u>Section 8 New Construction</u>	<u>Eliminations</u>	<u>Total</u>
135,791	775,542	2,918,376	1,383,369	110,577	-	10,140,074
99,893	-	-	-	-	-	210,243
-	-	-	2,116,898	-	-	2,116,898
-	-	-	98,000	-	-	192,202
<u>(277,098)</u>	<u>723,964</u>	<u>-</u>	<u>1,777,615</u>	<u>465,540</u>	<u>-</u>	<u>10,328,900</u>
<u>\$ (41,414)</u>	<u>\$ 1,499,506</u>	<u>\$ 2,918,376</u>	<u>\$ 5,375,882</u>	<u>\$ 576,117</u>	<u>\$ -</u>	<u>\$ 22,988,317</u>

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Revenues, Expenses and
Changes in Net Position
For the Year Ended March 31, 2024

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
OPERATING REVENUES			
Dwelling Rental Income	\$ 2,191,818	\$ -	\$ -
Dwelling Rental Income - Pledged to Service Long-term Debt	-	-	92,740
Rent Subsidies from HUD and Department of Agriculture	-	11,429,406	88,006
Other Income	171,026	24,535	1,050
Total Operating Revenues	<u>2,362,844</u>	<u>11,453,941</u>	<u>181,796</u>
OPERATING EXPENSES			
Rental Assistance Payments	-	10,147,532	-
Administrative	813,441	945,845	26,191
Ordinary Maintenance and Operation	1,411,293	-	46,764
Depreciation and Amortization	761,174	40,323	11,117
Utilities	556,204	-	44,375
Extraordinary Maintenance	372,910	-	14,562
General Expenses	552,188	11,565	12,947
Protective Services	65,000	-	-
Tenant Services	2,073	-	-
Total Operating Expenses	<u>4,534,283</u>	<u>11,145,265</u>	<u>155,956</u>
OPERATING INCOME (LOSS)	<u>(2,171,439)</u>	<u>308,676</u>	<u>25,840</u>
NONOPERATING REVENUE (EXPENSE)			
Operating Subsidies from HUD	1,494,212	-	-
Investment Return (Loss)	167,398	42,864	3,997
Interest Expense	(515)	(1,540)	(795)
Lease Interest Revenue	2,937	-	-
Gain on Insurance Proceeds	-	-	-
Gain (Loss) on Disposition of Equipment	-	-	-
Total Nonoperating Revenue (Expense)	<u>1,664,032</u>	<u>41,324</u>	<u>3,202</u>

See independent auditor's report.

HOME Investment Partnerships Program	Memorial Park Apartments	Capital Fund Program Cluster	Central Office Cost Center	Section 8 New Construction	Eliminations	Total
\$ -	\$ 470,298	\$ -	\$ -	\$ 92,274	\$ -	\$ 2,754,390
293,601	-	-	-	-	-	386,341
-	-	-	-	105,197	-	11,622,609
<u>1,115</u>	<u>-</u>	<u>-</u>	<u>1,331,414</u>	<u>821</u>	<u>(1,352,841)</u>	<u>177,120</u>
<u>294,716</u>	<u>470,298</u>	<u>-</u>	<u>1,331,414</u>	<u>198,292</u>	<u>(1,352,841)</u>	<u>14,940,460</u>
-	-	-	-	-	-	10,147,532
42,930	72,005	150,498	856,203	30,668	(1,153,478)	1,784,303
70,745	91,436	-	310,234	32,730	(199,363)	1,763,839
69,727	41,921	104,660	36,510	8,375	-	1,073,807
52,219	99,015	-	163	45,038	-	797,014
18,220	37,014	-	23,250	19,999	-	485,955
33,352	37,849	-	43,761	14,069	-	705,731
-	-	-	-	-	-	65,000
<u>-</u>	<u>5,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,617</u>
<u>287,193</u>	<u>384,784</u>	<u>255,158</u>	<u>1,270,121</u>	<u>150,879</u>	<u>(1,352,841)</u>	<u>16,830,798</u>
<u>7,523</u>	<u>85,514</u>	<u>(255,158)</u>	<u>61,293</u>	<u>47,413</u>	<u>-</u>	<u>(1,890,338)</u>
-	-	150,498	-	-	-	1,644,710
4,117	30,259	-	219,977	17,322	-	485,934
(50)	(74)	-	(67)	(31)	-	(3,072)
-	-	-	-	-	-	2,937
-	3,265	-	-	-	-	3,265
<u>-</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>800</u>
<u>4,067</u>	<u>33,450</u>	<u>150,498</u>	<u>220,710</u>	<u>17,291</u>	<u>-</u>	<u>2,134,574</u>

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Revenues, Expenses and
Changes in Net Position (Continued)
For the Year Ended March 31, 2024

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(507,407)	350,000	29,042
CONTRIBUTED CAPITAL - HUD SUBSIDY	<u>68,075</u>	<u>-</u>	<u>-</u>
EQUITY TRANSFERS	<u>811,329</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	371,997	350,000	29,042
NET POSITION, BEGINNING OF YEAR	<u>10,540,306</u>	<u>1,241,708</u>	<u>126,797</u>
NET POSITION, END OF YEAR	<u>\$ 10,912,303</u>	<u>\$ 1,591,708</u>	<u>\$ 155,839</u>

See independent auditor's report.

<u>HOME Investment Partnerships Program</u>	<u>Memorial Park Apartments</u>	<u>Capital Fund Program Cluster</u>	<u>Central Office Cost Center</u>	<u>Section 8 New Construction</u>	<u>Eliminations</u>	<u>Total</u>
11,590	118,964	(104,660)	282,003	64,704	-	244,236
<u>-</u>	<u>-</u>	<u>1,303,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,371,259</u>
<u>-</u>	<u>-</u>	<u>(811,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,590	118,964	387,195	282,003	64,704	-	1,615,495
<u>(53,004)</u>	<u>1,380,542</u>	<u>2,531,181</u>	<u>5,093,879</u>	<u>511,413</u>	<u>-</u>	<u>21,372,822</u>
<u>\$ (41,414)</u>	<u>\$ 1,499,506</u>	<u>\$ 2,918,376</u>	<u>\$ 5,375,882</u>	<u>\$ 576,117</u>	<u>\$ -</u>	<u>\$ 22,988,317</u>

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Entity-wide Balance Sheet
March 31, 2024

	Project Total	Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
111 Cash - Unrestricted	\$1,375,290		\$220,316	\$203,525
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$192,011		\$6,939	\$17,077
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$1,567,301	\$0	\$227,255	\$220,602
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$236,518			
126 Accounts Receivable - Tenants	\$240,774		\$1,534	\$50
126.1 Allowance for Doubtful Accounts - Tenants	-\$139,935		-\$1,986	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0			
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$25,031		\$6,203	\$9,081
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$362,388	\$0	\$5,751	\$9,131
131 Investments - Unrestricted	\$4,919,297		\$250,000	\$550,300
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$11,026			
143 Inventories	\$5,657			
143.1 Allowance for Obsolete Inventories	\$0			
144 Inter Program Due From	\$1,006			
145 Assets Held for Sale				
150 Total Current Assets	\$6,866,675	\$0	\$483,006	\$780,033
161 Land	\$843,321		\$20,803	
162 Buildings	\$35,998,693	\$1,365,910	\$764,128	\$971,675
163 Furniture, Equipment & Machinery - Dwellings	\$229,425		\$2,790	\$38,622
164 Furniture, Equipment & Machinery - Administration	\$3,436,609			\$67,629
165 Leasehold Improvements	\$3,775,298		\$120,229	\$19,700
166 Accumulated Depreciation	-\$36,118,772	-\$461,791	-\$798,004	-\$323,693
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,164,574	\$904,119	\$109,946	\$773,933
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	\$24,294		\$1,271	\$3,241
176 Investments in Joint Ventures				

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$63,616	\$1,589,426	\$28,038	\$1,815,651	\$5,295,862		\$5,295,862
\$99,893	\$946,593	\$110,351	\$6,708	\$1,163,545		\$1,163,545
\$20,970		\$14,213		\$251,210		\$251,210
	\$1,015			\$1,015		\$1,015
\$184,479	\$2,537,034	\$152,602	\$1,822,359	\$6,711,632	\$0	\$6,711,632
	\$39,492			\$39,492		\$39,492
	\$80,553			\$317,071		\$317,071
\$9,155		\$4,892		\$256,405		\$256,405
-\$2,900		-\$146		-\$144,967		-\$144,967
	-\$54,282			-\$54,282		-\$54,282
			\$44,870	\$85,185		\$85,185
\$6,255	\$65,763	\$4,746	\$44,870	\$498,904	\$0	\$498,904
			\$2,275,038	\$7,994,635		\$7,994,635
			\$1,499,962	\$1,499,962		\$1,499,962
	\$1,365		\$4,657	\$17,048		\$17,048
			\$74,471	\$80,128		\$80,128
			\$0	\$0		\$0
		\$0	\$406,399	\$407,405	-\$407,405	\$0
\$190,734	\$2,604,162	\$157,348	\$6,127,756	\$17,209,714	-\$407,405	\$16,802,309
		\$25,555	\$958,652	\$1,848,331		\$1,848,331
\$2,217,103		\$759,668	\$428,685	\$42,505,862		\$42,505,862
\$12,471		\$246		\$283,554		\$283,554
\$4,831	\$32,809	\$27,919	\$308,669	\$3,878,466		\$3,878,466
\$313,548		\$72,732		\$4,301,507		\$4,301,507
-\$1,699,904	-\$68,080	-\$791,904	-\$318,567	-\$40,580,715		-\$40,580,715
\$848,049	-\$35,271	\$94,216	\$1,377,439	\$12,237,005	\$0	\$12,237,005
\$2,067	\$67,959		\$13,199	\$112,031		\$112,031

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Entity-wide Balance Sheet (Continued)
March 31, 2024

	Project Total	Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
180 Total Non-Current Assets	\$8,188,868	\$904,119	\$111,217	\$777,174
200 Deferred Outflow of Resources	\$160,362			
290 Total Assets and Deferred Outflow of Resources	\$15,215,905	\$904,119	\$594,223	\$1,557,207
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$76,396		\$1,205	\$2,177
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$29,313			
322 Accrued Compensated Absences - Current Portion	\$5,338			
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$118,319		\$5,580	\$29,150
341 Tenant Security Deposits	\$192,011		\$6,501	\$15,250
342 Unearned Revenue	\$24,650		\$426	\$4,174
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities	\$11,223		\$640	\$1,632
346 Accrued Liabilities - Other	\$68		\$4	\$10
347 Inter Program - Due To	\$48,007		\$3,750	\$5,307
348 Loan Liability - Current				
310 Total Current Liabilities	\$505,325	\$0	\$18,106	\$57,700
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$1,365,910		
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$73,572			
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$73,572	\$1,365,910	\$0	\$0
300 Total Liabilities	\$578,897	\$1,365,910	\$18,106	\$57,700
400 Deferred Inflow of Resources	\$344,540			
508.4 Net Investment in Capital Assets	\$8,175,641	-\$461,791	\$110,577	\$775,542
511.4 Restricted Net Position	\$55,510			
512.4 Unrestricted Net Position	\$6,061,317	\$0	\$465,540	\$723,965
513 Total Equity - Net Assets / Position	\$14,292,468	-\$461,791	\$576,117	\$1,499,507
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,215,905	\$904,119	\$594,223	\$1,557,207

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$850,116	\$32,688	\$94,216	\$1,390,638	\$12,349,036	\$0	\$12,349,036
	\$100,285		\$241,666	\$502,313		\$502,313
\$1,040,850	\$2,737,135	\$251,564	\$7,760,060	\$30,061,063	-\$407,405	\$29,653,658
\$739	\$9,384	\$4,194	\$5,085	\$99,180		\$99,180
	\$19,788		\$52,544	\$101,645		\$101,645
	\$8,707		\$62,092	\$76,137		\$76,137
		\$18	\$0	\$18		\$18
	\$1,015			\$1,015		\$1,015
\$17,249		\$5,349		\$175,647		\$175,647
\$20,703		\$13,676		\$248,141		\$248,141
\$9,104	\$955,242	\$1,296	\$2,000,000	\$2,994,892		\$2,994,892
\$58,500		\$15,964		\$74,464		\$74,464
\$1,041	\$34,863		\$2,452	\$51,851		\$51,851
\$6	\$205		\$5	\$298		\$298
\$320,139	\$30,202		\$0	\$407,405	-\$407,405	\$0
\$427,481	\$1,059,406	\$40,497	\$2,122,178	\$4,230,693	-\$407,405	\$3,823,288
\$654,783		\$55,227		\$2,075,920		\$2,075,920
			\$1,792	\$1,792		\$1,792
	\$23,303		\$113,517	\$210,392		\$210,392
\$654,783	\$23,303	\$55,227	\$115,309	\$2,288,104	\$0	\$2,288,104
\$1,082,264	\$1,082,709	\$95,724	\$2,237,487	\$6,518,797	-\$407,405	\$6,111,392
	\$62,718		\$146,692	\$553,950		\$553,950
\$135,792	-\$2,083	\$23,025	\$1,383,369	\$10,140,072		\$10,140,072
\$99,893	\$38,692	\$110,351	\$1,604,670	\$1,909,116		\$1,909,116
-\$277,099	\$1,555,099	\$22,464	\$2,387,842	\$10,939,128		\$10,939,128
-\$41,414	\$1,591,708	\$155,840	\$5,375,881	\$22,988,316	\$0	\$22,988,316
\$1,040,850	\$2,737,135	\$251,564	\$7,760,060	\$30,061,063	-\$407,405	\$29,653,658

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Entity-wide Income Statement
For the Year Ended March 31, 2024

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
70300 Net Tenant Rental Revenue	\$1,949,170		\$90,070	\$469,873
70400 Tenant Revenue - Other	\$242,649		\$2,204	\$425
70500 Total Tenant Revenue	\$2,191,819	\$0	\$92,274	\$470,298
70600 HUD PHA Operating Grants	\$1,644,710			
70610 Capital Grants	\$1,371,259			
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			\$105,197	
71100 Investment Income - Unrestricted	\$170,336		\$17,322	\$30,259
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$171,025		\$821	\$3,265
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$5,549,149	\$0	\$215,614	\$503,822
91100 Administrative Salaries	\$155,308			
91200 Auditing Fees	\$17,862		\$310	\$910
91300 Management Fee	\$497,909		\$22,176	\$56,364
91310 Book-keeping Fee	\$42,450			
91400 Advertising and Marketing	\$186			
91500 Employee Benefit Contributions - Administrative	\$45,601			
91600 Office Expenses	\$63,267		\$2,207	\$4,967
91700 Legal Expense	\$38,282		\$1,976	\$28
91800 Travel	\$4,759		\$133	\$97
91810 Allocated Overhead				
91900 Other	\$38,317		\$117	\$2,319
91000 Total Operating - Administrative	\$903,941	\$0	\$26,919	\$64,685
92000 Asset Management Fee	\$60,000		\$3,750	\$7,320
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$2,073			\$5,544
92500 Total Tenant Services	\$2,073	\$0	\$0	\$5,544

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$284,333		\$89,170		\$2,882,616		\$2,882,616
\$9,268		\$3,570		\$258,116		\$258,116
\$293,601	\$0	\$92,740	\$0	\$3,140,732	\$0	\$3,140,732
	\$11,429,406			\$13,074,116		\$13,074,116
				\$1,371,259		\$1,371,259
			\$890,117	\$890,117	-\$890,117	\$0
			\$75,750	\$75,750	-\$75,750	\$0
			\$167,857	\$167,857	-\$167,857	\$0
			\$1,133,724	\$1,133,724	-\$1,133,724	\$0
		\$88,006		\$193,203		\$193,203
\$1,567	\$42,864	\$1,271	\$128,514	\$392,133		\$392,133
	\$23,074			\$23,074		\$23,074
\$1,115	\$1,461	\$1,050	\$197,691	\$376,428	-\$219,117	\$157,311
			\$800	\$800		\$800
\$2,550		\$2,726	\$91,462	\$96,738		\$96,738
\$298,833	\$11,496,805	\$185,793	\$1,552,191	\$19,802,207	-\$1,352,841	\$18,449,366
	\$335,740		\$577,085	\$1,068,133		\$1,068,133
\$620	\$42,681	\$310	\$2,922	\$65,615		\$65,615
\$36,036	\$255,456	\$22,176		\$890,117	-\$890,117	\$0
	\$125,407			\$167,857	-\$167,857	\$0
			\$66	\$252		\$252
	\$105,443		\$182,443	\$333,487		\$333,487
\$1,028	\$56,500	\$2,703	\$57,471	\$188,143	-\$14,906	\$173,237
\$172	\$1,290	\$863	\$3,374	\$45,985	-\$2,875	\$43,110
	\$10,857		\$25,506	\$41,352	-\$1,973	\$39,379
\$395	\$12,472	\$139	\$7,336	\$61,095		\$61,095
\$38,251	\$945,846	\$26,191	\$856,203	\$2,862,036	-\$1,077,728	\$1,784,308
\$4,680				\$75,750	-\$75,750	\$0
				\$7,617		\$7,617
\$0	\$0	\$0	\$0	\$7,617	\$0	\$7,617

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Entity-wide Income Statement (Continued)
For the Year Ended March 31, 2024

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
93100 Water	\$152,409		\$16,047	\$35,295
93200 Electricity	\$296,780		\$28,991	\$51,334
93300 Gas	\$99,842			\$11,938
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$7,173			\$448
93000 Total Utilities	\$556,204	\$0	\$45,038	\$99,015
94100 Ordinary Maintenance and Operations - Labor	\$343,732			
94200 Ordinary Maintenance and Operations - Materials and Other	\$217,501		\$5,484	\$17,617
94300 Ordinary Maintenance and Operations Contracts	\$713,683		\$27,245	\$73,819
94500 Employee Benefit Contributions - Ordinary Maintenance	\$136,376			
94000 Total Maintenance	\$1,411,292	\$0	\$32,729	\$91,436
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs	\$65,000			
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$65,000	\$0	\$0	\$0
96110 Property Insurance	\$274,199		\$7,795	\$14,324
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$274,199	\$0	\$7,795	\$14,324
96200 Other General Expenses	\$29,068			
96210 Compensated Absences	\$5,059			
96300 Payments in Lieu of Taxes	\$96,372		\$4,551	\$23,525
96400 Bad debt - Tenant Rents	\$147,490		\$1,723	
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$277,989	\$0	\$6,274	\$23,525
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)	\$515		\$31	\$74
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$515	\$0	\$31	\$74
96900 Total Operating Expenses	\$3,551,213	\$0	\$122,536	\$305,923
97000 Excess of Operating Revenue over Operating Expenses	\$1,997,936	\$0	\$93,078	\$197,899

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$38,010		\$11,007		\$252,768		\$252,768
\$13,733		\$33,368		\$424,206		\$424,206
\$254				\$112,034		\$112,034
\$222			\$163	\$8,006		\$8,006
\$52,219	\$0	\$44,375	\$163	\$797,014	\$0	\$797,014
			\$184,157	\$527,889		\$527,889
\$12,272		\$4,829	\$41,285	\$298,988	-\$43,448	\$255,540
\$58,472		\$41,933	\$16,470	\$931,622	-\$155,915	\$775,707
			\$68,322	\$204,698		\$204,698
\$70,744	\$0	\$46,762	\$310,234	\$1,963,197	-\$199,363	\$1,763,834
				\$65,000		\$65,000
\$0	\$0	\$0	\$0	\$65,000	\$0	\$65,000
\$17,425		\$8,297		\$322,040		\$322,040
	\$3,894		\$15,617	\$19,511		\$19,511
\$17,425	\$3,894	\$8,297	\$15,617	\$341,551	\$0	\$341,551
			\$1,767	\$30,835		\$30,835
	\$7,672		\$28,143	\$40,874		\$40,874
\$13,796		\$4,268		\$142,512		\$142,512
\$2,130		\$382		\$151,725		\$151,725
\$15,926	\$7,672	\$4,650	\$29,910	\$365,946	\$0	\$365,946
		\$795		\$795		\$795
\$50	\$1,540		\$67	\$2,277		\$2,277
\$50	\$1,540	\$795	\$67	\$3,072	\$0	\$3,072
\$199,295	\$958,952	\$131,070	\$1,212,194	\$6,481,183	-\$1,352,841	\$5,128,342
\$99,538	\$10,537,853	\$54,723	\$339,997	\$13,321,024	\$0	\$13,321,024

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Entity-wide Income Statement (Continued)
For the Year Ended March 31, 2024**

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
97100 Extraordinary Maintenance	\$323,251		\$19,999	\$37,014
97200 Casualty Losses - Non-capitalized	\$49,660			
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$829,277	\$36,558	\$8,375	\$41,919
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$4,753,401	\$36,558	\$150,910	\$384,856
10010 Operating Transfer In				
10020 Operating transfer Out				
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$795,748	-\$36,558	\$64,704	\$118,966
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$13,496,720	-\$425,233	\$511,413	\$1,380,541
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				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	6000		288	732
11210 Number of Unit Months Leased	5660		284	724
11270 Excess Cash	\$6,061,275			
11610 Land Purchases	\$0			
11620 Building Purchases	\$838,767			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$532,492			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

See independent auditor's report.

14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$18,220		\$14,562	\$23,250	\$436,296		\$436,296
				\$49,660		\$49,660
	\$10,147,532			\$10,147,532		\$10,147,532
\$69,728	\$40,323	\$11,117	\$34,743	\$1,072,040		\$1,072,040
\$287,243	\$11,146,807	\$156,749	\$1,270,187	\$18,186,711	-\$1,352,841	\$16,833,870
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11,590	\$349,998	\$29,044	\$282,004	\$1,615,496	\$0	\$1,615,496
\$49,500	\$0	\$15,800	\$0	\$65,300		\$65,300
-\$53,004	\$1,241,710	\$126,796	\$5,093,877	\$21,372,820		\$21,372,820
	\$0			\$0		\$0
	\$1,591,708			\$1,591,708		\$1,591,708
	\$0			\$0		\$0
468	16721	300		24509		24509
454	17404	288		24814		24814
				\$6,061,275		\$6,061,275
			\$0	\$0		\$0
			\$0	\$838,767		\$838,767
			\$0	\$0		\$0
			\$0	\$532,492		\$532,492
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0
			\$0	\$0		\$0

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Projects Balance Sheet
March 31, 2024

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
111 Cash - Unrestricted	\$1,222,868	\$152,422				\$1,375,290
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$116,491	\$75,520				\$192,011
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,339,359	\$227,942	\$0	\$0	\$0	\$1,567,301
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$236,518					\$236,518
126 Accounts Receivable - Tenants	\$57,209	\$183,565				\$240,774
126.1 Allowance for Doubtful Accounts - Tenants	-\$33,296	-\$106,639				-\$139,935
126.2 Allowance for Doubtful Accounts - Other	\$0					\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	\$22,091	\$2,940				\$25,031
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$282,522	\$79,866	\$0	\$0	\$0	\$362,388
131 Investments - Unrestricted	\$4,201,120	\$718,177				\$4,919,297
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$5,221	\$5,805				\$11,026
143 Inventories	\$3,155	\$2,502				\$5,657
143.1 Allowance for Obsolete Inventories	\$0	\$0				\$0
144 Inter Program Due From	\$924	\$82				\$1,006
145 Assets Held for Sale						
150 Total Current Assets	\$5,832,301	\$1,034,374	\$0	\$0	\$0	\$6,866,675
161 Land	\$263,496	\$579,825				\$843,321
162 Buildings	\$19,263,105	\$16,735,588				\$35,998,693
163 Furniture, Equipment & Machinery - Dwellings	\$203,551	\$25,874				\$229,425
164 Furniture, Equipment & Machinery - Administration	\$3,055,935	\$380,674				\$3,436,609
165 Leasehold Improvements	\$1,713,721	\$2,061,577				\$3,775,298
166 Accumulated Depreciation	-\$20,069,569	-\$16,049,203				-\$36,118,772
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,430,239	\$3,734,335	\$0	\$0	\$0	\$8,164,574
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past						
173 Grants Receivable - Non Current						
174 Other Assets	\$15,360	\$8,934				\$24,294
176 Investments in Joint Ventures						

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	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
180 Total Non-Current Assets	\$4,445,599	\$3,743,269	\$0	\$0	\$0	\$8,188,868
200 Deferred Outflow of Resources	\$78,148	\$82,214				\$160,362
290 Total Assets and Deferred Outflow of Resources	\$10,356,048	\$4,859,857	\$0	\$0	\$0	\$15,215,905
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$64,020	\$12,376				\$76,396
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$15,632	\$13,681				\$29,313
322 Accrued Compensated Absences - Current Portion	\$3,485	\$1,853				\$5,338
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$83,744	\$34,575				\$118,319
341 Tenant Security Deposits	\$116,491	\$75,520				\$192,011
342 Unearned Revenue	\$16,200	\$8,450				\$24,650
343 Current Portion of Long-term Debt - Capital						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$7,250	\$3,973				\$11,223
346 Accrued Liabilities - Other	\$44	\$24				\$68
347 Inter Program - Due To	\$29,692	\$18,315				\$48,007
348 Loan Liability - Current						
310 Total Current Liabilities	\$336,558	\$168,767	\$0	\$0	\$0	\$505,325
351 Long-term Debt, Net of Current - Capital Projects/Mortgage						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$24,889	\$48,683				\$73,572
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$24,889	\$48,683	\$0	\$0	\$0	\$73,572
300 Total Liabilities	\$361,447	\$217,450	\$0	\$0	\$0	\$578,897
400 Deferred Inflow of Resources	\$288,048	\$56,492				\$344,540
508.4 Net Investment in Capital Assets	\$4,437,390	\$3,738,251		\$0		\$8,175,641
511.4 Restricted Net Position	\$28,744	\$26,766		\$0		\$55,510
512.4 Unrestricted Net Position	\$5,240,419	\$820,898	\$0	\$0	\$0	\$6,061,317
513 Total Equity - Net Assets / Position	\$9,706,553	\$4,585,915	\$0	\$0	\$0	\$14,292,468
600 Total Liabilities, Deferred Inflows of Resources and Equity	\$10,356,048	\$4,859,857	\$0	\$0	\$0	\$15,215,905

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Projects Income Statement
March 31, 2024

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$1,349,487	\$599,683				\$1,949,170
70400 Tenant Revenue - Other	\$64,289	\$178,360				\$242,649
70500 Total Tenant Revenue	\$1,413,776	\$778,043	\$0	\$0	\$0	\$2,191,819
70600 HUD PHA Operating Grants	\$1,022,609	\$622,101				\$1,644,710
70610 Capital Grants	\$1,086,160	\$285,099				\$1,371,259
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	\$142,395	\$27,941				\$170,336
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$145,224	\$25,801				\$171,025
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$3,810,164	\$1,738,985	\$0	\$0	\$0	\$5,549,149
91100 Administrative Salaries	\$90,923	\$64,385				\$155,308
91200 Auditing Fees	\$10,346	\$7,516				\$17,862
91300 Management Fee	\$376,561	\$121,348				\$497,909
91310 Book-keeping Fee	\$27,622	\$14,828				\$42,450
91400 Advertising and Marketing	\$164	\$22				\$186
91500 Employee Benefit contributions - Administrative	\$24,145	\$21,456				\$45,601
91600 Office Expenses	\$43,243	\$20,024				\$63,267
91700 Legal Expense	\$20,805	\$17,477				\$38,282
91800 Travel	\$3,992	\$767				\$4,759
91810 Allocated Overhead						
91900 Other	\$11,913	\$26,404				\$38,317
91000 Total Operating - Administrative	\$609,714	\$294,227	\$0	\$0	\$0	\$903,941
92000 Asset Management Fee	\$38,760	\$21,240				\$60,000
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$1,946	\$127				\$2,073
92500 Total Tenant Services	\$1,946	\$127	\$0	\$0	\$0	\$2,073

See independent auditor's report.

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
93100 Water	\$82,405	\$70,004				\$152,409
93200 Electricity	\$277,177	\$19,603				\$296,780
93300 Gas	\$95,153	\$4,689				\$99,842
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$2,926	\$4,247				\$7,173
93000 Total Utilities	\$457,661	\$98,543	\$0	\$0	\$0	\$556,204
94100 Ordinary Maintenance and Operations - Labor	\$180,379	\$163,353				\$343,732
94200 Ordinary Maintenance and Operations - Materials and	\$93,044	\$124,457				\$217,501
94300 Ordinary Maintenance and Operations Contracts	\$368,465	\$345,218				\$713,683
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,796	\$75,580				\$136,376
94000 Total Maintenance	\$702,684	\$708,608	\$0	\$0	\$0	\$1,411,292
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs	\$42,250	\$22,750				\$65,000
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$42,250	\$22,750	\$0	\$0	\$0	\$65,000
96110 Property Insurance	\$68,743	\$205,456				\$274,199
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance						
96100 Total insurance Premiums	\$68,743	\$205,456	\$0	\$0	\$0	\$274,199
96200 Other General Expenses		\$29,068				\$29,068
96210 Compensated Absences	\$5,185	-\$126				\$5,059
96300 Payments in Lieu of Taxes	\$68,387	\$27,985				\$96,372
96400 Bad debt - Tenant Rents	\$27,164	\$120,326				\$147,490
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$100,736	\$177,253	\$0	\$0	\$0	\$277,989
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)	\$332	\$183				\$515
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$332	\$183	\$0	\$0	\$0	\$515
96900 Total Operating Expenses	\$2,022,826	\$1,528,387	\$0	\$0	\$0	\$3,551,213
97000 Excess of Operating Revenue over Operating Expenses	\$1,787,338	\$210,598	\$0	\$0	\$0	\$1,997,936

See independent auditor's report.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Financial Data Schedule - Projects Income Statement (Continued)
March 31, 2024

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
97100 Extraordinary Maintenance	\$230,802	\$92,449				\$323,251
97200 Casualty Losses - Non-capitalized	\$49,660					\$49,660
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$400,887	\$428,390				\$829,277
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,704,175	\$2,049,226	\$0	\$0	\$0	\$4,753,401
10010 Operating Transfer In						
10020 Operating transfer Out						
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$1,105,989	-\$310,241	\$0	\$0	\$0	\$795,748
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$8,600,564	\$4,896,156	\$0	\$0	\$0	\$13,496,720
11040 Prior Period Adjustments, Equity Transfers and						
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						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	3876	2124	0	0	0	6000
11210 Number of Unit Months Leased	3683	1977	0	0	0	5660
11270 Excess Cash	\$5,331,340	\$729,935	\$0	\$0	\$0	\$6,061,275
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$660,346	\$178,421	\$0	\$0	\$0	\$838,767
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$425,814	\$106,678	\$0	\$0	\$0	\$532,492
11650 Leasehold Improvements Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0	\$0	\$0	\$0

See independent auditor's report.

Position 3
**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET**
PART I - BALANCE SHEET

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.		
	BEGINNING DATES> ENDING DATES>	CURRENT YEAR () ()	PRIOR YEAR () ()	COMMENTS
<u>ASSETS</u>				
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT				
2. R.E. TAX & INSURANCE ACCOUNT				
3. RESERVE ACCOUNT				
4. SECURITY DEPOSIT ACCOUNT				
5. OTHER CASH (<i>identify</i>)				
6. OTHER (<i>identify</i>)				
7. TOTAL ACCOUNTS RECEIVABLE (<i>Attach list</i>)				
..... ACCTS RCVBL 0-30 DAYS \$				
ACCTS RCVBL 30-60 DAYS \$				
ACCTS RCVBL 60-90 DAYS \$				
ACCTS RCVBL OVER 90 DAYS \$				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.				
9. INVENTORIES (<i>supplies</i>)		()	()	
10. PREPAYMENTS				
11. _____				
12. TOTAL CURRENT ASSETS (<i>Add 1 thru 11</i>)				
FIXED ASSETS				
13. LAND				
14. BUILDINGS				
15. LESS: ACCUMULATED DEPRECIATION		()	()	
16. FURNITURE & EQUIPMENT				
17. LESS: ACCUMULATED DEPRECIATION		()	()	
18. _____				
19. TOTAL FIXED ASSETS (<i>Add 13 thru 18</i>)				
OTHER ASSETS				
20. _____				
21. TOTAL ASSETS (<i>Add 12, 19, and 20</i>)				
<u>LIABILITIES AND OWNERS EQUITY</u>				
CURRENT LIABILITIES				
22. TOTAL ACCOUNTS PAYABLE (<i>Attach list</i>)				
..... ACCTS PAYABLE 0-30 DAYS \$				
ACCTS PAYABLE 30-60 DAYS \$				
ACCTS PAYABLE 60-90 DAYS \$				
ACCTS PAYABLE OVER 90 DAYS \$				
23. NOTES PAYABLE (<i>Attach list</i>)				
24. SECURITY DEPOSITS				
25. TOTAL CURRENT LIABILITIES (<i>Add 22 thru 24</i>)				

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT			
27. OTHER (Identify)			
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)			
29. TOTAL LIABILITIES (Add 25 and 28)			
30. OWNER'S EQUITY (Net Worth) (21 minus 29)	()	()	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)			

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction any of department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

(Date)

(Signature of Borrower or Borrower' Representative)

(Title)

PART II - VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 1930-7, is a fair presentation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by I license or certification is attached.

**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME		BORROWER NAME		BORROWER ID AND PROJECT NO.	
Loan/Transfer Amount \$		Note Rate Payment \$		IC Payment \$	
Reporting Period <input type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	The following utilities are master metered: <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Trash <input type="checkbox"/> Other _____	
					<input type="checkbox"/> I hereby request _____ units of RA. Current number of RA units _____. Borrower Accounting Method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual

PART I—CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
BEGINNING DATES>	(- -)	(- -)	(- -)	(- -)
ENDING DATES>	(- -)	(- -)	(- -)	(- -)
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME				
2. RHS RENTAL ASSISTANCE RECEIVED				
3. APPLICATION FEES RECEIVED				
4. LAUNDRY AND VENDING				
5. INTEREST INCOME				
6. TENANT CHARGES				
7. OTHER - PROJECT SOURCES				
8. LESS (Vacancy and Contingency Allowance)	()		()	
9. LESS (Agency Approved Incentive Allowance)	()		()	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]				
NON-OPERATIONAL CASH SOURCES				
11. CASH - NON PROJECT				
12. AUTHORIZED LOAN (Non-RHS)				
13. TRANSFER FROM RESERVE				
14. SUB-TOTAL (11 thru 13)				
15. TOTAL CASH SOURCES (10+14)				
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)				
17. RHS DEBT PAYMENT				
18. RHS PAYMENT (Overage)				
19. RHS PAYMENT (Late Fee)				
20. REDUCTION IN PRIOR YEAR PAYABLES				
21. TENANT UTILITY PAYMENTS				
22. TRANSFER TO RESERVE				
23. RETURN TO OWNER				
24. SUB-TOTAL (16 thru 23)				
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)				
26. LONG-TERM IMPROVEMENTS				
27. MISCELLANEOUS				
28. SUB-TOTAL (25 thru 27)				
29. TOTAL CASH USES (24+28)				
30. NET CASH (DEFICIT) (15-29)				
CASH BALANCE				
31. BEGINNING CASH BALANCE				
32. ACCRUAL TO CASH ADJUSTMENT				
33. ENDING CASH BALANCE (30+31+32)				

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PART II—OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL				
2. MAINTENANCE AND REPAIRS SUPPLY				
3. MAINTENANCE AND REPAIRS CONTRACT				
4. PAINTING AND DECORATING				
5. SNOW REMOVAL				
6. ELEVATOR MAINTENANCE/CONTRACT				
7. GROUNDS				
8. SERVICES				
9. FURNITURE & FURNISHING REPLACEMENT				
10. OTHER OPERATING EXPENSES (<i>Itemize</i>)				
11. SUB-TOTAL MAINT. & OPERATING (<i>1 thru 10</i>)				
12. ELECTRICITY <input type="checkbox"/> <i>If master metered</i>				
13. WATER <input type="checkbox"/> <i>check box on</i>				
14. SEWER <input type="checkbox"/> <i>front.</i>				
15. FUEL (<i>Oil/Coal/Gas</i>)				
16. GARBAGE & TRASH REMOVAL				
17. OTHER UTILITIES				
18. SUB-TOTAL UTILITIES (<i>12 thru 17</i>)				
19. SITE MANAGEMENT PAYROLL				
20. MANAGEMENT FEE				
21. PROJECT AUDITING EXPENSE				
22. PROJECT BOOKKEEPING/ACCOUNTING				
23. LEGAL EXPENSES				
24. ADVERTISING				
25. TELEPHONE & ANSWERING SERVICE				
26. OFFICE SUPPLIES				
27. OFFICE FURNITURE & EQUIPMENT				
28. TRAINING EXPENSE				
29. HEALTH INS. & OTHER EMP. BENEFITS				
30. PAYROLL TAXES				
31. WORKER'S COMPENSATION				
32. OTHER ADMINISTRATIVE EXPENSES (<i>Itemize</i>)				
33. SUB-TOTAL ADMINISTRATIVE (<i>19 thru 32</i>)				
34. REAL ESTATE TAXES				
35. SPECIAL ASSESSMENTS				
36. OTHER TAXES, LICENSES & PERMITS				
37. PROPERTY & LIABILITY INSURANCE				
38. FIDELITY COVERAGE INSURANCE				
39. OTHER INSURANCE				
40. SUB-TOTAL TAXES & INSURANCE (<i>34 thru 39</i>)				
41. TOTAL O&M EXPENSES (<i>11+18+33+40</i>)				

PART III—ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE				
2. TRANSFER TO RESERVE				
TRANSFER FROM RESERVE.....				
3. OPERATING DEFICIT				
4. BUILDING REPAIR & IMPROVEMENTS				
5. EQUIPMENT REPAIR & REPLACEMENT				
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL (3 thru 6)	()	()	()	
8. ENDING BALANCE [(1+2)-7]				

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE		
ENDING BALANCE		

(*Complete upon submission of actual expenses.)

NUMBER OF APPLICANTS ON THE WAITING LIST		RESERVE ACCT. REQ. BALANCE.....	
NUMBER OF APPLICANTS NEEDING RA.....		AMOUNT AHEAD/BEHIND	

PART IV—RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
CURRENT RENT TOTALS:									
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: ____/____/____

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
PROPOSED RENT TOTALS:									
						BASIC	NOTE	HUD	

C. PROPOSED UTILITY ALLOWANCE - Effective Date: ____/____/____

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL

PART V - ANNUAL CAPITAL BUDGET

	Proposed Number of Units/Items	Proposed from Reserve	Actual from Reserve	Proposed from Operating	Actual from Operating	Actual Total Cost	Total Actual Units/Items
Appliances:							
Range							
Refrigerator							
Range Hood							
Washers & Dryers							
Other:							
Carpet & Vinyl:							
1BR							
2BR							
3BR							
4BR							
Other:							
Cabinets:							
Kitchens							
Bathrooms							
Other:							
Doors:							
Exterior							
Interior							
Other:							
Window Coverings:							
List:							
Other:							
Heating & Air Conditioning:							
Heating							
Air Conditioning							
Other:							
Plumbing:							
Water Heater							
Bath Sinks							
Kitchen Sinks							
Faucets							
Toilets							
Other							
Major Electrical:							
List:							
Other:							
Structures:							
Windows							
Screens							
Walls							
Roofing							
Siding							
Exterior Painting							
Other							
Paving:							
Asphalt							
Concrete							
Seal & Stripe							
Other:							
Landscape & Grounds:							
Landscaping							
Lawn Equipment							
Fencing							
Recreation Area							
Signs							
Other:							
Accessibility Features:							
List:							
Other:							
Automation Equipment:							
Site Management							
Common Area							
Other:							
Other:							
List:							
List:							
List:							
TOTAL CAPITAL EXPENSES:							

PART VI -- SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

(DATE)

(Signature of Borrower or Borrower's Representative)

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):

DATE:

COMMENTS:

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supporting Documentation for Forms RD 3560-10 and RD3560-7
March 31, 2024

Rural Rental Assistance - Sunny Haven

Accounts Receivable (3560-10, Line 7)	
Accounts Receivable - Tenants	\$ <u>4,892</u>
Accounts Payable (3560-10, Line 22)	
Accounts Payable	\$ <u>4,194</u>
Notes Payable (3560-10, Line 23)	
Accrued Payments in Lieu of Taxes	\$ 5,349
Accrued Interest Payable	18
Prepaid Tenant Rents	<u>1,295</u>
	<u>\$ 6,662</u>
Tenant Charges (3560-7, Line 6)	
Tenant Damage Charges	\$ 2,792
Tenant Other Charges	408
Tenant Late Charges	<u>370</u>
	<u>\$ 3,570</u>
Accrual To Cash Adjustment (3560-7, Line 32)	
Assets:	
Accounts Receivable - Tenant	\$ (3,475)
Allowance for Doubtful Accounts	(68)
Security Deposits	(377)
Liabilities:	
Accounts Payable	488
Accrued Payments in Lieu of Taxes	(227)
Security Deposits	1,041
Prepaid Rents	(1,838)
Other Adjustments:	
Depreciation	<u>11,117</u>
	<u>\$ 6,661</u>

See independent auditor's report.

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Modernization Projects Completed
March 31, 2024**

PUBLIC HOUSING CAPITAL FUND PROGRAM

<u>Classification</u>	<u>Project #</u> <u>SD01P045501-20</u>
Fees and Costs	\$ 18,950
Site Improvement	83,492
Dwelling Structures	704,756
Dwelling Equipment	-
Non-dwelling Structures	226,774
Administration Costs	<u>113,965</u>
Total Capital Fund Project Expenditures	<u>\$ 1,147,937</u>
Capital Fund Advances Received through March 31, 2024	<u>\$ 1,147,937</u>
Total Capital Fund Amount Approved	<u>\$ 1,147,937</u>

NOTE 1: All costs on the above project have been paid and all liabilities, actual and contingent, have been discharged through payments.

NOTE 2: The Actual Modernization Cost Certificate, Form HUD 53001, for this project was submitted to HUD and approved on November 3, 2023.

See independent auditor's report.

SINGLE AUDIT INFORMATION

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
Pennington County Housing and Redevelopment Commission
Rapid City, 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 statements of net position, revenues, expenses, and changes in net position, and cash flows of Pennington County Housing and Redevelopment Commission (the Commission), a component unit of Pennington County, 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, and have issued our report thereon dated October 16, 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 on 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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 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 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 communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 16, 2024

Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control
over Compliance in Accordance with the Uniform Guidance

Board of Commissioners
Pennington County Housing and Redevelopment Commission
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pennington County Housing and Redevelopment Commission'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 March 31, 2024. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2024.

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider 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 consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 16, 2024

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Findings and Questioned Costs
March 31, 2024

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The Independent Auditor's Report expressed an unmodified opinion on the financial statements of Pennington County Housing and Redevelopment Commission.
- b. No material weaknesses or significant deficiencies related to the audit of the financial statements were reported in the Report on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of Pennington County Housing and Redevelopment Commission which would be required to be reported in accordance with *Government Auditing Standards* were reported.
- d. The independent auditor's report on compliance for the major federal award programs of Pennington County Housing and Redevelopment Commission expresses an unmodified opinion on each major federal program.
- e. No noncompliance, material weaknesses, or significant deficiencies in internal control over compliance related to major federal programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- g. The Commission's major programs for the year ended March 31, 2024 were:
 - Housing Voucher Cluster:*
 - Section 8 Housing Choice Vouchers AL #14.871
 - Public Housing Operating Fund AL #14.850The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- h. The Commission did not qualify as a low-risk auditee under 2 CFR section 200.520.

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit.

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to major federal award programs.

Pennington County Housing and Redevelopment Commission

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PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings reported in the prior year financial statement audit.

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

Section 8 Housing Choice Vouchers AL #14.871

Significant Deficiency

Internal Control Over Compliance

Incorrect Voucher Payment Standards

2023-001 *Condition:* The Commission enters approved voucher payment standards into their property management software, which automatically populates default values in tenant certifications. Caseworkers have had the ability to override default values for the number of bedrooms exceeding the defaults entered. During audit fieldwork, we identified five instances of overrides not being applied correctly to tenants, which caused errors in housing assistant payment (HAP) calculations.

Criteria: Overrides should be verified prior to calculating HAP.

Auditor's Recommendation: We recommend the Commission implements an internal control for approval of any system override to ensure they are appropriately applied.

Current Status: This finding has been resolved in the current year.

Section 8 Housing Choice Vouchers AL #14.871

Material Weakness

Internal Control Over Compliance

Rent Reasonableness

2023-002 *Condition:* During audit fieldwork, we identified three instances in which there was no rent reasonableness documentation maintained to verify that the rent reasonableness comparison was performed prior to issuing housing assistance payments.

Criteria: Rent reasonableness comparisons are required prior to issuing housing assistance payments.

Auditor's Recommendation: We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure rent reasonableness documentation is maintained appropriately.

Current Status: This finding has been resolved in the current year.



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Public and Indian Housing AL #14.850
Material Weakness
Internal Control Over Compliance
Eligibility Checklists

2023-003 *Condition:* The Commission uses internal control checklists to demonstrate compliance with the various eligibility requirements. During audit fieldwork, we identified two instances in which the checklists were used, but steps related to background checks were not complete. In addition, there was no documentation maintained to prove these checks were performed.

Criteria: All eligibility requirements must be verified prior to determining tenant eligibility.

Auditor's Recommendation: We recommend the Commission provide further training for program staff and implement periodic reviews of tenant files to ensure internal control processes are followed and eligibility documentation is maintained.

Current Status: This finding has been resolved in the current year.



**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Expenditures of Federal Awards
March 31, 2024**

AL Number	Cluster/Program Name	Amount
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Funding:		
Section 8 Project Based Cluster:		
14.182	Section 8 New Construction and Substantial Rehabilitation	\$ 105,197
Housing Voucher Cluster:		
14.871	Section 8 Housing Choice Vouchers	11,429,406
14.850	Public Housing Operating Fund	1,562,287
14.872	Public Housing Capital Fund	<u>1,453,682</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>14,550,572</u>
U.S. DEPARTMENT OF AGRICULTURE		
Direct Federal Funding:		
10.427	Rural Rental Housing Loan	86,990
10.427	Rural Rental Housing Loan - Interest Reduction Subsidy	3,285
10.427	Rural Rental Assistance Payments	<u>88,006</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>178,281</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 14,728,853</u>

NOTE 1: The accompanying schedule of expenditures of federal awards presents the activity of all federal financial award programs of Pennington County Housing and Redevelopment Commission presented on the accrual basis of accounting. The Commission's reporting entity is defined in the notes to the component unit financial statements of the Commission. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: The Commission has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3: The balance of federal loans outstanding as of March 31, 2024 was \$71,191.

NOTE 4: The Commission has not passed any awards through to subrecipients.

See independent auditor's report.