

**PENNINGTON COUNTY
HOUSING AND
REDEVELOPMENT
COMMISSION**

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

Financial Statements

March 31, 2025 and 2024



Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
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March 31, 2025 and 2024

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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 (the Commission), a component unit of Pennington County, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission, as of March 31, 2025 and 2024, and the changes in 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 issuance 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 the Net Pension Liability (Asset), Schedule of 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; Forms RD 3560-10 and 3560-7 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 November 19, 2025 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

November 19, 2025

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2025

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, 2025. 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 follows GASB 68, which 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, this standard established 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 2025, the Commission's financial statements show a prorated share of the South Dakota Retirement System's Net Pension Asset in the amount of \$2,387.
- In fiscal year 2025, the Commission utilized \$1,344,854 in Capital Fund grants.
- During 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 2025 financial statements show a Lease Receivable of \$162,896 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 \$1,792 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 (SBITA). Subsequent review of the Commission's right-of-use property management software subscription contract determined that it did not meet the criteria for recording as a GASB 96 SBITA. This determination was based on the 12-month term of the subscription contract, which classified the agreement as short-term. Additionally, costs for continued use of the software are not known until renewal, and the Commission has the option not to renew. As such, the Commission discontinued GASB 96 reporting during fiscal year 2025.

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
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Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2025**

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 decreased slightly in 2025 to approximately 93.9%. 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 \$1,408,557 over the past three years, which is a 16.15% 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 \$1,344,854 in 2025 and \$1,453,682 in 2024. The decrease in spending in 2025 is the result of recognizing and receiving revenue as the modernization work is completed.

Other Affordable Housing Programs

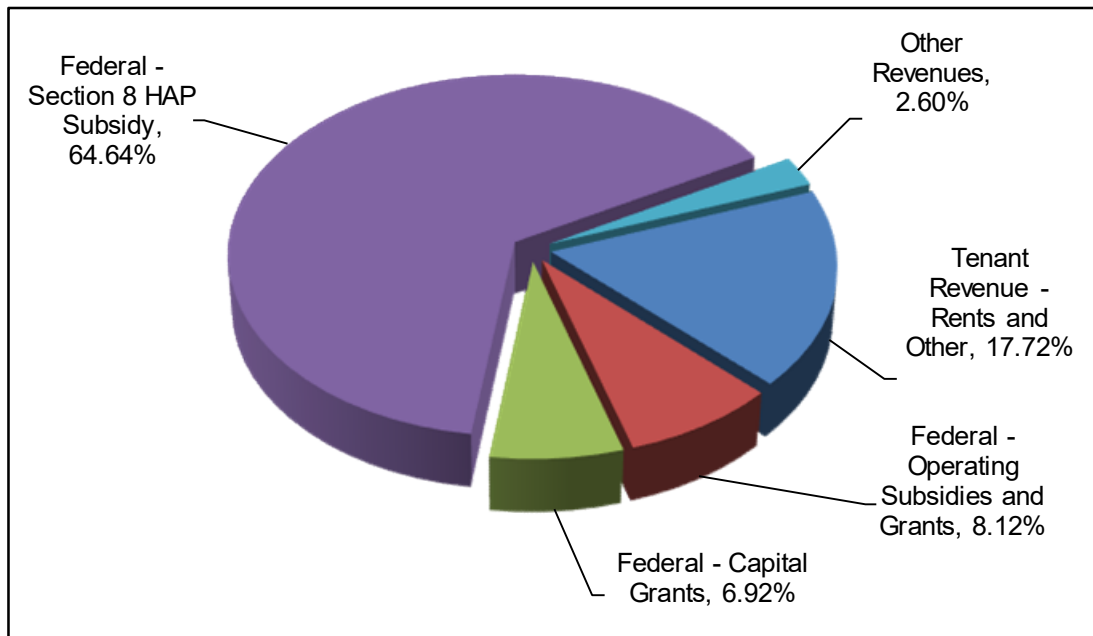
In addition to Public Housing, the Commission owns and operates several other affordable housing developments. These include one USDA Rural Development property, one HOME development, a former Low-Income Tax Credit property, a former USDA Rural Development property, and a former HOME development. The Rural Development property receives subsidies and mortgage interest credits provided by 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, 2025**

Sources and Uses of Funds

The following charts present a breakdown of the Commission's 2025 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 2025, federal grants and subsidies made up 79.7% 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 Other Revenue both increased, while Federal Operating Subsidies and Federal Capital Grants saw a decrease in 2025. The Operating Subsidies decrease was the result of an increase in the Tenant Income factor used in the HUD calculation of funding for calendar year 2024. The decrease 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 also increased when compared to 2024 due to an aggressive lease-up strategy, the increase in per-unit costs of the program due to raising rental rates and an increased inflation factor used by HUD to determine funding.

2025 Sources of Funds

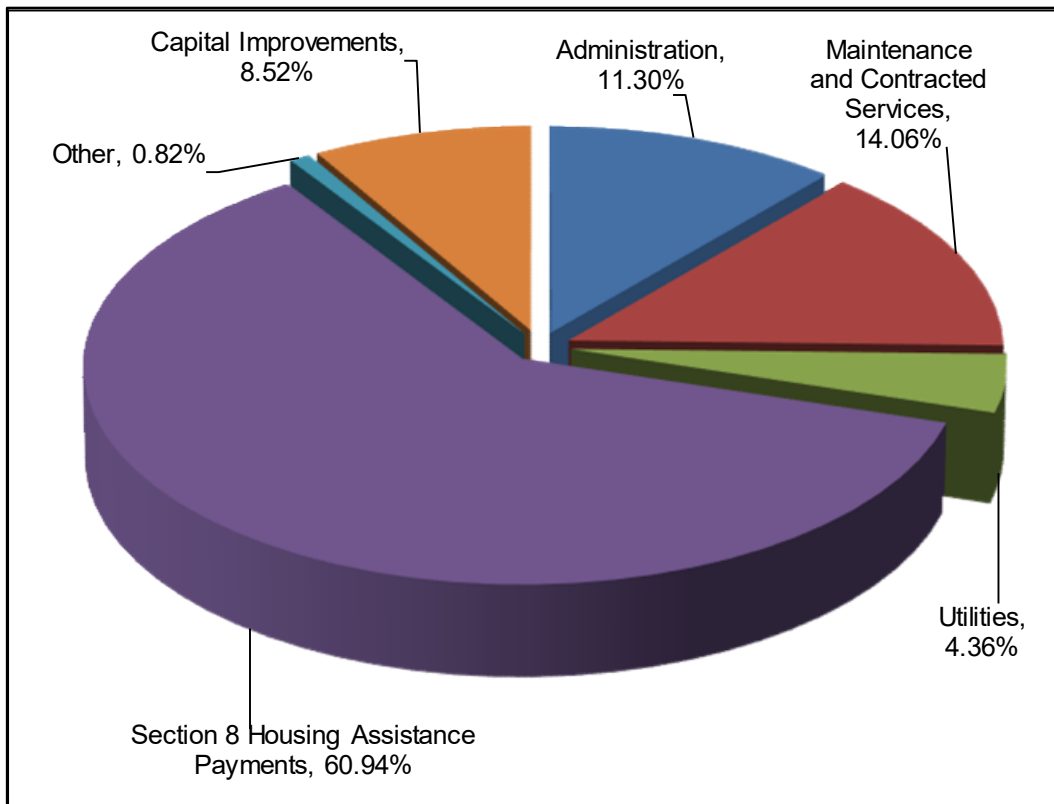


Tenant Revenue - Rents and Other	\$ 3,443,678
Federal - Operating Subsidies and Grants	1,578,700
Federal - Capital Grants	1,344,854
Federal - Section 8 HAP Subsidy	12,562,945
Other Revenues	503,838
	<u>\$ 19,434,015</u>

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The majority of uses of funds were for housing assistance payments to Section 8 landlords which increased from 2024 by \$851,439 or 8.39%. This increase reflects 4.72% of the total utilization for the fiscal year. Compared to 2024, Administration saw the largest year-over-year percent increase in 2025 at 14.31% while Maintenance and Contracted Services increased by 12.82%. Utilities and Capital Improvements presented a noted decrease of 1.29% and 5.15%, respectively. Other uses maintained last year’s trend by decreasing 50.17% and now comprises 0.82% of total fund utilization. This reflects the increase in investment gain compared to 2024.

2025 Uses of Funds



Administration	\$ 2,039,682
Maintenance and Contracted Services	2,538,319
Utilities	786,760
Section 8 Housing Assistance Payments	10,998,971
Other	147,231
Capital Improvements	1,538,629
	<u>\$ 18,049,592</u>

Pennington County Housing and Redevelopment Commission
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For the Year Ended March 31, 2025

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, 2025

COMPARATIVE FINANCIAL ANALYSIS

The following table provides a comparative analysis of the Commission's financial position for the fiscal years ended March 31, 2025, and March 31, 2024. March 31, 2023 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

	2025	2024	2025-2024 Variance (%)	2023
Current and Other Assets	\$ 17,149,266	\$ 16,808,462	2.0	\$ 14,953,192
Capital Assets	12,692,938	12,342,882	2.8	11,696,747
Total Assets	<u>29,842,204</u>	<u>29,151,344</u>	2.3	<u>26,649,939</u>
Deferred Outflows	443,126	502,313		537,356
Current Liabilities	2,744,261	3,823,286	(28.2)	2,798,714
Long-term Liabilities	2,238,245	2,288,104	(2.2)	2,384,345
Total Liabilities	<u>4,982,506</u>	<u>6,111,390</u>	(18.5)	<u>5,183,059</u>
Deferred Inflows	471,799	553,950		631,414
Net Position:				
Invested in Capital Assets, Net of Related Debt	10,615,214	10,140,074	4.7	9,475,731
Restricted	2,799,528	2,519,343	11.1	2,402,610
Unrestricted	11,416,283	10,328,900	10.5	9,494,481
Total Net Position	<u>\$ 24,831,025</u>	<u>\$ 22,988,317</u>	8.0	<u>\$ 21,372,822</u>

The Commission's assets increased over 2024 by a modest \$690,657, or 2.3%. Capital Assets comprised a slightly larger portion of this increase as the housing authority was able to complete several capital improvement projects during the fiscal year. The increase in Current and Other Assets reflects a large increase in both unrestricted and restricted cash and cash equivalents of \$1,747,571 and \$1,498,027, respectively. There is a corresponding decrease in non-current assets of \$2,707,649, which reflects an emphasis on liquidity as the Commission looks forward to potential growth and development in future years. In 2025, the receipt of increased Section 8 Housing Assistance Payment funds eliminated the accounts receivable from HUD in 2024 of \$39,492 and created a HAP reserve of \$196,787 by the end of 2025. Other changes consist of a decrease in tenant accounts receivable, less allowance of \$29,058, as well as a decrease in lease receivable of \$73,622, reflecting the remaining life of the cellphone antenna leases.

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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 2025, the Commission had invested \$12,692,398, 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 \$350,056, or 2.84%, over the last year.

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

	2025	2024	Total Dollar Change	Total Percentage Change
Land	\$ 1,848,331	\$ 1,848,331	\$ -	0.00%
Buildings	9,156,622	9,169,156	(12,534)	-0.14%
Furniture, Equipment and Machinery	1,328,666	869,266	459,400	52.85%
Site Improvements	357,179	410,024	(52,845)	-12.89%
Subscription Asset	-	42,199	(42,199)	-100.00%
Right-of-use Lease Asset	2,140	3,906	(1,766)	-45.21%
	<u>\$ 12,692,938</u>	<u>\$ 12,342,882</u>	<u>\$ 350,056</u>	2.84%

This year's major capital asset additions included:

- Jackson Heights Office Remodel \$135,322
- River Ridge and Valley View Exterior Upgrades \$29,880
- High Rise Common Area Flooring \$185,593
- High Rise Mechanical and Temperature Control Upgrades \$581,919
- Architectural and Engineering fees \$206,221
- Single Family Kitchen Upgrades \$162,300
- Black Fox Manor Unit Flooring \$17,986
- Harney View Cameras \$13,245
- Hillyo Manor Kitchen Remodels \$25,857
- Hillyo Manor Cameras \$15,692
- Memorial Park Apartment Common Area Flooring \$100,752
- Memorial Park Apartments Boiler Replacement \$26,126
- Sunny Haven Bathroom Remodels \$18,670

**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management’s Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2025**

In the Commission’s fiscal year 2026, \$1,761,870 in Capital Fund program funds are scheduled to be used to complete the office expansion at Jackson Heights and the exterior upgrades for River Ridge and Valley View. New projects in fiscal year 2026 include the domestic water service upgrades for the Curtis Street townhomes as well as exterior upgrades and repairs for the Jackson Heights high-rise. Also included in this figure are continued architectural and engineering fees for the high-rise exterior upgrades and the Curtis townhome domestic water service work. The Commission has no plans to incur additional debt to fund these additions; rather, the Commission will use the above-mentioned resources and general account funds, if necessary.

Current liabilities decreased over 2024 levels by \$1,079,025. This notable charge is largely due to the early receipt of April 2024 Section 8 Housing Assistance Payments and Administrative Fees at the end of fiscal year 2024 in the amount of \$946,593. The early payments were recognized as revenue in fiscal year 2025, thus lowering the liability related to those funds. Taking this into account, the actual decrease is \$132,432, or 4.6%. Other notable changes in current liabilities include the decrease of the current portion of accrued absences, as well as the elimination of the current portion of subscription liability per the previously noted ending of GASB 96 SBITA recording.

At year-end, the Commission had \$2,341,333 in compensated absences, lease liability, and long-term mortgage debt obligations. This is an overall decrease of 5.95% as shown in Table 3 below.

**Table 3
Outstanding Debt and Obligations**

	2025	2024	Total Dollar Change	Total Percentage Change
Compensated Absences	\$ 263,609	\$ 286,529	\$ (22,920)	-8.00%
Lease Liability	1,792	3,569	(1,777)	-49.79%
Subscription Liability	-	48,855	(48,855)	-100.00%
Long-term Debt, Mortgages	2,075,932	2,150,384	(74,452)	-3.46%
	<u>\$ 2,341,333</u>	<u>\$ 2,489,337</u>	<u>\$ (148,004)</u>	-5.95%

The Commission is liable for accrued vacation and sick leave payable to full-time employees. Employees ending their employment with the Commission and receiving their accumulated leave will lower the balance compared to those who continue to accrue, as seen in 2025. Several employees, one of whom had been particularly long-term, received their leave payments, resulting in an 8.0% decrease in this balance in the fiscal year.

The previously mentioned implementation of GASB 87 is reflected by the lease liability noted in Table 3. This represents the remaining portion of the contracted postage machine lease as well as the property management software subscription. The ending of GASB 96 reporting also contributed to the decrease in the Outstanding Debt and Obligations for 2025.

Total net position increased by 8.0% from 2024. A large portion of the Commission’s net position is in capital assets, net of related debt. Capital assets, net of related debt, comprise 42.75% 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.

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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 USDA Rural Development, the South Dakota Housing Development Authority, the U.S. Department of Housing and Urban Development (HUD), and Pennington County, as well as the net effect of the implementation of GASB 68 as it relates to the SDRS. The increase of 11.1%, when compared to 2024, is primarily the result of the increase in amounts restricted for modernization and development.

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 2025 and 2024. 2023 is listed for informational purposes only.

Table 4
Statement of Revenues and Expenses

	2025	2024	2025-2024 Variance (%)	2023
Revenues:				
Dwelling Rental Income	\$ 3,443,678	\$ 3,140,731	9.6	\$ 2,954,660
Federal - Section 8 Rent Subsidy	12,455,710	11,429,406	9.0	9,943,959
Federal - Public Housing Operating Subsidy	1,533,446	1,644,710	(6.8)	1,315,658
Other Government Grants	196,108	193,203	1.5	182,682
Investment Return (Loss)	745,533	485,934	53.4	(491,019)
Other Revenue	190,312	180,057	5.7	174,540
Total Revenues	18,564,787	17,074,041	8.7	14,080,480
Expenses:				
Rental Assistance Payments	10,998,971	10,147,532	8.4	9,022,347
Depreciation and Amortization	1,082,267	1,073,807	0.8	987,276
Administrative	2,039,682	1,784,303	14.3	1,726,200
Ordinary Maintenance	1,927,026	1,763,839	9.3	1,789,194
Utilities	786,760	797,014	(1.3)	862,564
General Expenses	817,731	708,803	15.4	681,096
Extraordinary Maintenance	611,293	485,955	25.8	377,281
Protective Services	65,000	65,000	0.0	65,000
Tenant Services	10,033	7,617	31.7	8,967
Total Expenses	18,338,763	16,833,870	8.9	15,519,925
Net Income Before Contributed Capital and Special Items	226,024	240,171	(5.9)	(1,439,445)
Federal - Capital Fund Grant	1,301,235	1,371,259	(5.1)	1,305,083
Insurance Proceeds	379,559	3,265	11,525.1	51,974
Gain (Loss) on Disposition of Equipment	(64,110)	800	(8,113.8)	40,808
Special Items - HUD Recapture	-	-	0.0	901,324
Change in Net Position	\$ 1,842,708	\$ 1,615,495	14.1	\$ 859,744

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Management's Discussion and Analysis (Unaudited)
For the Year Ended March 31, 2025

Dwelling rental revenue in 2025 increased over 2024 by 9.6% as compared to 2024's 6.3% increase over 2023. Section 8 Rent subsidy saw a 9.0% increase from 2024 levels. This was slightly less than the 14.9% increase seen between 2023 and 2024. The largest revenue percentage change occurred with investment income at 53.4%. This was due to the required adjustment to market value at year-end, resulting in unrealized gains on investments as compared to 2024. The higher interest rates seen last year also continued through 2025. Public Housing Subsidies also saw a decrease of 6.8% due to an increase in the tenant rent factor used in the CY 2024 subsidy calculation by HUD.

Overall, total expenses remained steady with an increase of 8.9% in 2025 compared to 8.5% in 2024. Administrative expenses increased 14.3% in 2025 over 2024, a marked change from the 1.4% between 2023 and 2024. An increase in staffing levels was a major contributor to this change.

Section 8 housing assistance payment expenses showed an 8.4% increase from the 2024 levels. This is due to maintaining the high level of voucher utilization initiated with 2024's aggressive lease-up strategy, increased per-unit costs related to rising rental rates in Rapid City, and an increase in the inflation factor used by HUD when determining the amount of funding available to the Commission.

The depreciation and amortization expense increased by 0.8% over 2024, which is notably less than the 8.8% increase between 2023 and 2024. This swing reflects the change of discontinuing the GASB 96 reporting in 2025. The 25.8% increase in extraordinary maintenance expense is slightly behind the 28.8% seen in 2024 as compared to 2023. However, this expense category does not relate well to the past activities of this category when comparing year-over-year changes due to the atypical nature, causing this large change. Ordinary maintenance showed a 9.3% increase during 2024, unlike the 1.4% decrease in 2024. The combination of changes in staffing levels along with an increase in the hiring of outside contractors and completion of additional work orders due to the new NSPIRE requirements are contributing factors to this change. Expenses related to Tenant Services increased 31.7% during 2025, unlike the 15.1% decrease in 2024. The prior year saw a vacancy in the position for the majority of 2024. The filling of the position in 2025 has allowed the tenant services to return to more typical levels.

Fiscal year 2025 also saw the reporting of two insurance claims. Repairs were completed during 2025 with the remaining proceeds from insurance to be received the following fiscal year. Other expenses may show a large percentage change; however, none are significant enough in dollar terms to mention here.

Capital Fund grant revenue decreased by 5.1% from the 2024 amount. This decrease 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 2024 Capital Fund grant revenue increased by 5.1% from 2023. 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 its 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.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
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For the Year Ended March 31, 2025

- 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. During the fiscal year, HUD approved the disposition of 37 Public Housing Scattered Site units. The Commission began the process of incrementally listing units starting at the end of the fiscal year 2025 with closings anticipated to begin in the following fiscal year. This approval also allows the Commission to be granted Asset Repositioning Fees to assist in funding related to these units.
- 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.

FINANCIAL STATEMENTS

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Statements of Net Position
March 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 7,043,432	\$ 5,295,861
Cash and Cash Equivalents - Restricted	2,662,586	1,164,559
Funded Security Deposits	249,855	251,210
Accounts Receivable - HUD	-	39,492
Tenant Accounts Receivable, Less Allowance for Uncollectible Accounts of \$179,856 in 2025 and \$144,967 in 2024	82,381	111,439
Lease Receivable	162,896	236,518
Accounts Receivable - Other	21,060	26,271
Accounts Receivable - Other Government	203	-
Inventories	84,359	80,128
Accrued Interest Receivable	34,105	85,185
Prepaid Expenses and Other Assets	19,054	17,048
Total Current Assets	10,359,931	7,307,711
Non-current Assets:		
Non-current Investments	6,786,948	9,494,597
Net Pension Asset	2,387	6,154
Property and Equipment:		
Land	1,848,331	1,848,331
Buildings	43,332,191	42,505,861
Furniture, Equipment and Machinery	4,751,311	4,162,021
Site Improvements	4,307,634	4,301,509
Subscription Asset	-	97,043
Right-of-use Lease Asset	8,834	8,834
	54,248,301	52,923,599
Less: Accumulated Depreciation and Amortization	(41,555,363)	(40,580,717)
Total Non-current Assets	19,482,273	21,843,633
TOTAL ASSETS	29,842,204	29,151,344
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related Deferred Outflows	443,126	502,313

The accompanying notes are an integral part of this statement.

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	28,361	100,397
Accounts Payable - Other Government	2,518	1,015
Accrued Wages and Payroll Taxes	115,350	101,645
Tenant Security Deposits	244,380	248,141
Prepaid Tenant Rents	57,914	48,299
Accrued Interest	10	316
Accrued Payments in Lieu of Taxes	192,640	175,647
Unearned Revenue	2,000,000	2,946,593
Current Portion of Accrued Absences	31,173	76,137
Current Portion of Lease Liability	1,792	1,777
Current Portion of Subscription Liability	-	48,855
Current Portion of Long-term Debt	<u>70,123</u>	<u>74,464</u>
Total Current Liabilities	<u>2,744,261</u>	<u>3,823,286</u>
Non-current Liabilities:		
Accrued Absences, Less Current Portion	232,436	210,392
Lease Liability, Less Current Portion	-	1,792
Long-term Debt, Less Current Maturities	<u>2,005,809</u>	<u>2,075,920</u>
Total Non-current Liabilities	<u>2,238,245</u>	<u>2,288,104</u>
TOTAL LIABILITIES	<u>4,982,506</u>	<u>6,111,390</u>
DEFERRED INFLOWS OF RESOURCES		
Lease-related Deferred Inflows	165,746	237,685
Pension-related Deferred Inflows	<u>306,053</u>	<u>316,265</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>471,799</u>	<u>553,950</u>
NET POSITION		
Net Investment in Capital Assets	10,615,214	10,140,074
Restricted for:		
Replacement Reserves	220,394	210,243
Modernization and Development	2,242,887	2,116,898
Section 8 Housing	196,787	-
Pension Purposes	139,460	192,202
Unrestricted Net Position	<u>11,416,283</u>	<u>10,328,900</u>
TOTAL NET POSITION	<u>\$ 24,831,025</u>	<u>\$ 22,988,317</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Dwelling Rental Income	\$ 3,010,570	\$ 2,754,390
Dwelling Rental Income - Pledged to Service Long-term Debt	433,108	386,341
Rent Subsidies from HUD and Department of Agriculture	12,651,818	11,622,609
Other Income	<u>188,389</u>	<u>177,120</u>
Total Operating Revenues	<u>16,283,885</u>	<u>14,940,460</u>
OPERATING EXPENSES		
Rental Assistance Payments	10,998,971	10,147,532
Administrative	2,039,682	1,784,303
Ordinary Maintenance and Operation	1,927,026	1,763,839
Depreciation and Amortization	1,082,267	1,073,807
Utilities	786,760	797,014
General Expenses	817,072	705,731
Extraordinary Maintenance	611,293	485,955
Protective Services	65,000	65,000
Tenant Services	<u>10,033</u>	<u>7,617</u>
Total Operating Expenses	<u>18,338,104</u>	<u>16,830,798</u>
OPERATING LOSS	<u>(2,054,219)</u>	<u>(1,890,338)</u>
NONOPERATING REVENUE (EXPENSE)		
Operating Subsidies from HUD	1,533,446	1,644,710
Investment Return	745,533	485,934
Interest Expense	(659)	(3,072)
Lease Interest Revenue	1,923	2,937
Insurance Proceeds	379,559	3,265
Gain (Loss) on Disposition of Equipment	<u>(64,110)</u>	<u>800</u>
Net Nonoperating Revenue (Expense)	<u>2,595,692</u>	<u>2,134,574</u>
INCOME BEFORE CONTRIBUTED CAPITAL AND SPECIAL ITEMS	541,473	244,236
CONTRIBUTED CAPITAL - HUD SUBSIDY	<u>1,301,235</u>	<u>1,371,259</u>
CHANGE IN NET POSITION	1,842,708	1,615,495
NET POSITION - BEGINNING	<u>22,988,317</u>	<u>21,372,822</u>
NET POSITION - ENDING	<u>\$ 24,831,025</u>	<u>\$ 22,988,317</u>

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, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenant Payments	\$ 3,468,975	\$ 3,069,802
Rent Subsidies Received	12,651,818	11,622,609
Receipts from Others	188,419	165,050
Payments for Operating Expenses	(15,761,506)	(12,709,020)
Payments to Employees	<u>(2,447,560)</u>	<u>(2,088,043)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,899,854)</u>	<u>60,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	555,110	454,399
Cash Paid to Acquire Investments	-	(4,123,875)
Proceeds from Sale of Investments	<u>2,951,078</u>	<u>6,498,033</u>
Net Cash Provided by Investing Activities	<u>3,506,188</u>	<u>2,828,557</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from HUD and Department of Agriculture	<u>1,572,938</u>	<u>1,605,218</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributed Capital - HUD Subsidy	1,301,235	1,371,259
Purchases of Property and Equipment	(1,538,629)	(1,622,102)
Insurance Proceeds from Damage of Capital Assets	379,559	3,265
Interest Paid	(965)	(2,777)
Principal Payments on Lease Liability	(1,777)	(1,763)
Principal Payments on Subscription Liability	-	(48,188)
Principal Payments on Long-term Debt	<u>(74,452)</u>	<u>(65,299)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>64,971</u>	<u>(365,605)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,244,243	4,128,568
CASH AND CASH EQUIVALENTS - BEGINNING	<u>6,711,630</u>	<u>2,583,062</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 9,955,873</u>	<u>\$ 6,711,630</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash and Cash Equivalents - Unrestricted	\$ 7,043,432	\$ 5,295,861
Cash and Cash Equivalents - Restricted	2,662,586	1,164,559
Funded Security Deposits	249,855	251,210
	<u>\$ 9,955,873</u>	<u>\$ 6,711,630</u>

The accompanying notes are an integral part of this statement.

	<u>2025</u>	<u>2024</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,054,219)	\$ (1,890,338)
Adjustments to Reconcile Operating Loss to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	1,082,267	1,073,807
Provision for Losses on Accounts Receivable	34,888	(126,487)
Net Pension Expense	52,742	28,881
Change in Assets and Liabilities:		
Tenant Accounts Receivable	(5,831)	52,303
Lease Receivable	73,622	75,095
Accounts Receivable - Other	5,211	(15,226)
Accounts Receivable - Other Government	(203)	-
Prepaid Expenses	(2,006)	(4,582)
Inventories	(4,231)	(7,360)
Accounts Payable	(70,533)	(15,418)
Tenant Security Deposits	(3,761)	3,255
Unearned Revenue	(946,593)	946,593
Deferred Lease Inflows	(71,939)	(71,939)
Change in Lease-related Balances	(6,661)	-
Accrued Liabilities	17,393	11,814
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,899,854)</u>	<u>\$ 60,398</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Value Received for Vehicle Trade-in	<u>\$ -</u>	<u>\$ 2,800</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, 2025 and 2024

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 an 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 the 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, 2025 and 2024

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, 2025, 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 61 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, 2025 and 2024

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
Site Improvements	15 - 40 years
Right-of-use Lease Asset	2 - 40 years
Subscription Asset	2 - 5 years

Land is an inexhaustible capital asset and does not depreciate.

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, 2025 and 2024

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 financial statements. The Commission recognizes subscription liabilities with arrangements over one year in length 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, 2025 and 2024

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 the 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. The Commission had no SBITAs that met the criteria for recording during the year ended March 31, 2025.

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 the 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 liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (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 liability (asset) are recognized on the accrual basis of accounting.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to Financial Statements
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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Upon termination, employees are paid for up to 280 hours of vacation pay and half of their sick pay, up to 50 days.

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 amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Consists of net position with constraints placed on its 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.

NOTE 2 - MANAGEMENT AGREEMENTS

Hillyo Manor, Black Fox Manor, Harney View Apartments, and Memorial Park Apartments pay a monthly management fee of \$81 per unit per month. The management agreement for Sunny Haven Apartments, approved by Rural Development, provides for the payment of management fees equal to \$81 per month per occupied unit.

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NOTE 3 - RURAL RENTAL HOUSING PROGRAMS

During the year ended March 31, 2025, 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.

	2025	2024
<u>Sunny Haven Apartments</u>		
Reserve Account Balance	\$ 105,615	\$ 97,206
Target Reserve Balance	100,000	100,000
Over (Under) Target Reserve	\$ 5,615	\$ (2,794)

- 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.

	2025	2024
<u>Sunny Haven Apartments</u>		
Tenant Security Deposit Balance	\$ 14,646	\$ 14,213
Security Deposit Liability	14,051	13,676
Surplus	\$ 595	\$ 537

- 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, 2025. Summary financial information for the Rural Development Sunny Haven Apartments project is as follows:

	2025	2024
CONDENSED STATEMENTS OF NET POSITION		
Assets:		
Current Assets	\$ 167,650	\$ 157,347
Capital Assets	100,098	94,216
Total Assets	267,748	251,563
Liabilities:		
Current Liabilities	40,880	40,497
Long-term Debt	39,116	55,227
Total Liabilities	79,996	95,724
Net Position:		
Net Investment in Capital Assets	44,859	23,025
Restricted Net Position	120,749	110,350
Unrestricted Net Position	22,144	22,464
Total Net Position	\$ 187,752	\$ 155,839
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Pledged)	\$ 101,331	\$ 92,740
Rent Subsidies from Department of Agriculture	88,873	88,006
Other Revenues	1,180	1,050
Depreciation Expense	(12,788)	(11,117)
Other Operating Expenses	(150,828)	(144,839)
Operating Income	27,768	25,840
Non-operating Revenues (Expenses):		
Investment Return	4,781	3,997
Interest Expense	(636)	(795)
Change in Net Position	31,913	29,042
Net Position - Beginning	155,839	126,797
Net Position - Ending	\$ 187,752	\$ 155,839

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NOTE 3 - RURAL RENTAL HOUSING PROGRAMS (CONTINUED)

	2025	2024
CONDENSED STATEMENTS OF CASH FLOWS		
Net Cash Provided by (Used for):		
Operating Activities	\$ 43,554	\$ 32,501
Investing Activities	4,781	3,997
Capital and Related Financing Activities	(35,258)	(42,648)
Net Change in Cash and Cash Equivalents	13,077	(6,150)
Cash and Cash Equivalents - Beginning	138,388	144,538
Cash and Cash Equivalents - Ending	\$ 151,465	\$ 138,388

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 has 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 as of March 31 is as follows:

	2025	2024
CONDENSED STATEMENTS OF NET POSITION		
Assets:		
Current Assets	\$ 86,980	\$ 68,462
Capital Assets	318,716	326,121
Total Assets	405,696	394,583
Liabilities:		
Current Liabilities	105,077	107,477
Net Position:		
Net Investment in Capital Assets	318,716	325,720
Unrestricted Net Position	(18,097)	(38,614)
Total Net Position	\$ 300,619	\$ 287,106
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues	\$ 139,245	\$ 114,396
Depreciation Expense	(26,433)	(25,725)
Other Operating Expenses	(101,493)	(86,852)
Operating Income	11,319	1,819
Non-operating Revenues (Expenses):		
Investment Return	2,194	1,172
Interest Expense	-	(19)
Change in Net Position	13,513	2,972
Net Position - Beginning	287,106	284,134
Net Position - Ending	\$ 300,619	\$ 287,106

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NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)

	2025	2024
CONDENSED STATEMENTS OF CASH FLOWS		
Net Cash Provided by (Used for):		
Operating Activities	\$ 34,868	\$ 14,171
Investing Activities	2,194	1,172
Capital and Related Financing Activities	(19,371)	(19)
Net Change in Cash and Cash Equivalents	17,691	15,324
Cash and Cash Equivalents - Beginning	59,997	44,673
Cash and Cash Equivalents - Ending	\$ 77,688	\$ 59,997

Summary financial information for the Black Fox Manor SDHDA project at March 31 is as follows:

	2025	2024
CONDENSED STATEMENTS OF NET POSITION		
Assets:		
Current Assets	\$ 124,303	\$ 122,273
Capital Assets	497,941	523,994
Total Assets	622,244	646,267
Liabilities:		
Current Liabilities	353,431	320,004
Long-term Debt	600,783	654,783
Total Liabilities	954,214	974,787
Net Position:		
Net Investment in Capital Assets	(156,842)	(189,929)
Restricted Net Position	99,645	99,893
Unrestricted Net Position	(274,773)	(238,484)
Total Net Position	\$ (331,970)	\$ (328,520)

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NOTE 4 - HOME INVESTMENT PARTNERSHIP PROGRAMS (CONTINUED)

	2025	2024
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating Revenues (Pledged)	\$ 193,436	\$ 180,320
Depreciation Expense	(43,484)	(44,002)
Other Operating Expenses	(157,053)	(130,614)
Operating Income (Loss)	(7,101)	5,704
Nonoperating Revenues (Expenses):		
Investment Return	3,651	2,945
Interest Expense	-	(31)
Change in Net Position	(3,450)	8,618
Net Position - Beginning	(328,520)	(337,138)
Net Position - Ending	\$ (331,970)	\$ (328,520)
CONDENSED STATEMENTS OF CASH FLOWS		
Net Cash Provided Provided by (Used for):		
Operating Activities	\$ 73,246	\$ 55,709
Investing Activities	3,651	2,945
Capital and Related Financing Activities	(76,486)	(49,531)
Net Change in Cash and Cash Equivalents	411	9,123
Cash and Cash Equivalents - Beginning	103,512	94,389
Cash and Cash Equivalents - Ending	\$ 103,923	\$ 103,512

NOTE 5 - DEPOSITS 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.

Deposits

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.

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Notes to the Financial Statements
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NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

All cash balances, including interest earned, where applicable, have market values at March 31, 2025 and 2024 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>2025</u>	<u>2024</u>
Demand Deposits - Unrestricted	\$ 2,441,804	\$ 2,107,054
Demand Deposits - Restricted	196,787	946,593
Public Housing Program:		
Money Market Accounts	1,440,794	936,883
HOME Investments Partnerships Program:		
Bank Reserve Funds - Savings Accounts	99,645	99,893
Bank Savings Accounts	78,335	61,312
Rural Rental Assistance Payments Program:		
Bank Reserve Funds - Savings Accounts	105,615	97,206
Bank Escrow Funds - Savings Accounts	15,134	13,144
Bank Savings Accounts	30,016	27,538
Section 8 New Construction:		
Money Market Accounts	277,640	8,737
Bank Savings Accounts	234,318	211,079
Other Management:		
Money Market Accounts	1,436,891	597,841
Bank Savings Accounts	242,448	262,742
Other Housing Needs:		
Money Market Accounts	295,044	271,443
Construction Account:		
Money Market Accounts	2,235,975	610,227
Bank Restricted Funds - Savings Accounts	6,912	6,708
Memorial Park Apartments:		
Money Market Accounts	460,270	53,893
Bank Savings Accounts	<u>108,390</u>	<u>148,127</u>
Total Cash and Cash Equivalents	<u>\$ 9,706,018</u>	<u>\$ 6,460,420</u>
Security Deposits:		
Public Housing Program	\$ 187,647	\$ 192,011
HOME Investments Partnership Program	22,816	20,970
Section 8 New Construction	7,150	6,939
Rural Rental Assistance Payments Program	14,646	14,213
Memorial Park Apartments	<u>17,596</u>	<u>17,077</u>
Total Funded Security Deposits	<u>\$ 249,855</u>	<u>\$ 251,210</u>

Pennington County Housing and Redevelopment Commission
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NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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, 2025, 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, 2025 and 2024, 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 or the value of investments. 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, 2025 and 2024, 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 - DEPOSITS 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, 2024	March 31, 2025	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Public Housing:								
Government Bonds	AAA	\$ 4,374,184 *	\$ 4,542,337 *	\$ -	\$ 2,341,017	\$ 2,201,320	\$ 3,971,360	\$ -
Government Bonds	Not Rated	471,477	464,041 *	-	-	464,041	-	-
Marketable Certificates of Deposit								
	FDIC Insured	<u>73,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>4,919,298</u>	<u>5,006,378</u>	<u>-</u>	<u>2,341,017</u>	<u>2,665,361</u>	<u>3,971,360</u>	<u>-</u>
Other Management:								
Government Bonds	AAA	844,835 *	883,862 *	-	773,143	110,719	768,422	-
Government Bonds	Not Rated	20,850	19,614	-	-	19,614	-	-
Marketable Certificates of Deposit								
	FDIC Insured	<u>749,070 *</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,614,755</u>	<u>903,476</u>	<u>-</u>	<u>773,143</u>	<u>130,333</u>	<u>768,422</u>	<u>-</u>
Other Housing Needs:								
Government Bonds	AAA	634,045 *	665,545 *	-	230,435	435,110	665,545	-
Government Bonds	Not Rated	<u>26,236</u>	<u>27,201</u>	<u>-</u>	<u>-</u>	<u>27,201</u>	<u>-</u>	<u>-</u>
		<u>660,281</u>	<u>692,746</u>	<u>-</u>	<u>230,435</u>	<u>462,311</u>	<u>665,545</u>	<u>-</u>
Construction Account:								
Marketable Certificates of Deposit								
	FDIC Insured	<u>1,499,963 *</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>1,499,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Credit Rating	Fair Value		Maturity Date			Call Date	
		March 31, 2024	March 31, 2025	Less Than 1 Year	1 - 5 Years	5 or More Years	Less Than 1 Year	1 - 3 Years
Memorial Park Apts.:								
Government Bonds	AAA	175,300	184,348	-	184,348	-	184,348	-
Marketable Certificates of Deposit	FDIC Insured	375,000	-	-	-	-	-	-
		<u>550,300</u>	<u>184,348</u>	<u>-</u>	<u>184,348</u>	<u>-</u>	<u>184,348</u>	<u>-</u>
Hillyo Manor Apts:								
Marketable Certificates of Deposit	FDIC Insured	250,000	-	-	-	-	-	-
Total Investments		<u>\$ 9,494,597</u>	<u>\$ 6,786,948</u>	<u>\$ -</u>	<u>\$ 3,528,943</u>	<u>\$ 3,258,005</u>	<u>\$ 5,589,675</u>	<u>\$ -</u>

*Represents 5% or more of total investments

Investment return is summarized as follows:

	2025	2024
Interest Income	\$ 501,134	\$ 453,563
Net Realized and Unrealized Gain	<u>244,399</u>	<u>32,371</u>
Total Investment Return	<u>\$ 745,533</u>	<u>\$ 485,934</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). SDRS is a hybrid defined-benefit plan designed with several defined-contribution plan-type provisions and is 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. 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 judicial 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 retirements 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 retirements 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 than 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 than 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, 2025, 2024, and 2023 was \$111,122, \$96,211, and \$96,182, 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, 2024, SDRS is 100.03% funded and accordingly has a net pension liability (asset). The proportionate share of the components of the net pension liability (asset) of the South Dakota Retirement System, for the Commission as of this measurement period and reported by the Commission as of March 31, 2025 is as follows:

Proportionate Share of Total Pension Liability	\$ 8,797,597
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>8,799,984</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (2,387)</u>

At March 31, 2025, the Commission reported a liability (asset) of \$(2,387) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability (asset) was based on a projection of the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the Commission's proportion was .0589720% which is a decrease of .0040910% from its proportion measured as of June 30, 2023.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

NOTE 6 - PENSION PLAN (CONTINUED)

For the year ended March 31, 2025, the Commission recognized pension expense (reduction of pension expense) of \$52,742. At March 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 221,054	\$ -
Changes in Assumption	39,344	299,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	89,919	-
Changes in Proportion and Difference Between Commission Contributions and Proportionate Share of Contributions	8,705	6,054
Commission Contributions Subsequent to the Measurement Date	<u>84,104</u>	<u>-</u>
	<u>\$ 443,126</u>	<u>\$ 306,053</u>

Reported deferred outflows of resources in the amount of \$84,104 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

<u>Year Ended March 31</u>	<u>Amount</u>
2026	\$ (82,541)
2027	115,041
2028	12,766
2029	7,703
2030	-
Thereafter	-
	<u>\$ 52,969</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2024 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	1.71%

Mortality Rates

All mortality rates are based on Pub-2010 amount-weighted mortality tables projected generationally with improvement scale MP-2021.

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, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

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, 2024 (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%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
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)	\$ 1,213,032	\$ (2,387)	\$ (996,978)

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

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:

	2025			Balance 3/31/2025
	Balance 3/31/2024	Increase	Decrease	
Non-depreciable:				
Land	\$ 1,848,331	\$ -	\$ -	\$ 1,848,331
Capital Assets being Depreciated/Amortized:				
Buildings	42,505,861	921,647	(95,317)	43,332,191
Furniture, Equipment and Machinery	4,162,021	610,857	(21,567)	4,751,311
Site Improvements	4,301,509	6,125	-	4,307,634
Subscription Asset	97,043	-	(97,043)	-
Right-of-use Lease Asset	8,834	-	-	8,834
Subtotal	<u>52,923,599</u>	<u>1,538,629</u>	<u>(213,927)</u>	<u>54,248,301</u>
Less Accumulated Depreciation and Amortization for:				
Buildings	33,336,705	870,075	(31,211)	34,175,569
Furniture, Equipment and Machinery	3,292,755	151,456	(21,566)	3,422,645
Site Improvements	3,891,485	58,970	-	3,950,455
Subscription Asset	54,844	-	(54,844)	-
Right-of-use Lease Asset	4,928	1,766	-	6,694
Subtotal	<u>40,580,717</u>	<u>1,082,267</u>	<u>(107,621)</u>	<u>41,555,363</u>
Net Capital Assets	<u>\$ 12,342,882</u>	<u>\$ 456,362</u>	<u>\$ (106,306)</u>	<u>\$ 12,692,938</u>

During the year ended March 31, 2025, events occurred resulting in damage to Commission-owned buildings, including a vehicle crash. The Commission received a settlement of \$85,534 after year-end related to the vehicle crash. The total amount of insurance recoveries recognized during the year was \$379,559 and is presented as nonoperating revenues in the Statement of Revenues, Expenses, and Changes in Net Position. Management evaluated the damaged assets for impairment in accordance with GASB Statement No. 42 and determined that the loss of service utility was temporary, as the assets are expected to be fully restored to operating condition using insurance proceeds. Accordingly, no impairment loss was recognized. All insurance claims and recoveries disclosed herein relate solely to building damage and have been aggregated, as there are no significant differences among individual claims.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

NOTE 7 - CHANGES IN CAPITAL ASSETS (CONTINUED)

	2024			Balance 3/31/2024
	Balance 3/31/2023	Increase	Decrease	
Non-depreciable:				
Land	\$ 1,848,331	\$ -	\$ -	\$ 1,848,331
Capital Assets being Depreciated/Amortized:				
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	<u>51,236,933</u>	<u>1,721,945</u>	<u>(35,279)</u>	<u>52,923,599</u>
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	<u>39,540,186</u>	<u>1,073,807</u>	<u>(33,276)</u>	<u>40,580,717</u>
Net Capital Assets	<u>\$ 11,696,747</u>	<u>\$ 648,138</u>	<u>\$ (2,003)</u>	<u>\$ 12,342,882</u>

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2025 and 2024

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 \$155,971 and \$142,512 for the years ended March 31, 2025 and 2024, and March 31, 2024, respectively, were determined by program as follows:

	2025					
	Public Housing	Black Fox Manor	Harney View Apartments	Sunny Haven Apartments	Memorial Park Apartments	Section 8 New Construction
Dwelling Rent Collected	<u>\$ 2,085,356</u>	<u>\$ 182,218</u>	<u>\$ 132,856</u>	<u>\$ 100,839</u>	<u>\$ 529,666</u>	<u>\$ 88,496</u>
5% of Dwelling Rent Collected (PILOT)	<u>\$ 104,267</u>	<u>\$ 9,111</u>	<u>\$ 6,643</u>	<u>\$ 5,042</u>	<u>\$ 26,483</u>	<u>\$ 4,425</u>
	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>

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2025 and 2024

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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
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.	\$ 62,786	\$ -	\$ (14,241)	\$ 48,545	\$ 14,393
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.	8,405	-	(1,711)	6,694	1,730
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.	713,283	-	(58,500)	654,783	54,000
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>\$ 2,150,384</u>	<u>\$ -</u>	<u>\$ (74,452)</u>	<u>\$ 2,075,932</u>	<u>\$ 70,123</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

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>
2026	\$ 70,123	\$ 473	\$ 70,596
2027	70,284	312	70,596
2028	70,446	150	70,596
2029	63,086	16	63,102
2030	57,600	-	57,600
2031-2035	289,800	-	289,800
2036-2038	88,683	-	88,683
SDHDA Forgivable Mortgage	1,365,910	-	1,365,910
	<u>\$ 2,075,932</u>	<u>\$ 951</u>	<u>\$ 2,076,883</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, 2024:

Balance - Beginning	\$ 2,215,683
Reductions	<u>(65,299)</u>
	2,150,384
Less: Current Balance	<u>(74,464)</u>
Balance - Ending	<u>\$ 2,075,920</u>

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

	<u>2025</u>	<u>2024</u>
Balance - Beginning	\$ 286,529	\$ 273,827
Increase in Accrued Absences	174,461	152,227
Decrease in Accrued Absences	<u>(197,381)</u>	<u>(139,525)</u>
	263,609	286,529
Less: Current Balance	<u>(31,173)</u>	<u>(76,137)</u>
Balance - Ending	<u>\$ 232,436</u>	<u>\$ 210,392</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, 2025 and 2024

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, 2025 and 2024, the value of the lease liability is \$1,792 and \$3,569, 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, 2025 and 2024 was \$8,834 with accumulated amortization of \$6,694 and \$4,928, respectively.

Maturities for lease liabilities outstanding as of March 31, 2025 are as follows:

Year Ending March 31,	Principal	Interest	Total
2026	<u>\$ 1,792</u>	<u>\$ 10</u>	<u>\$ 1,802</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, 2025 and 2024, the value of the lease receivable is \$143,554 and \$182,348, 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 utilized is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2025 and 2024 was \$145,502 and \$187,074, and the Commission recognized lease revenue of \$38,794 and \$44,525, 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, 2025 and 2024, the value of the lease receivable is \$19,342 and \$54,170, 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 utilized is fully depreciated, but still in use. The value of the deferred inflow of resources as of March 31, 2025 and 2024 was \$20,244 and \$50,611, and the Commission recognized lease revenue of \$34,828 and \$30,571, 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, 2025 are as follows:

Year Ending March 31,	Principal	Interest	Total
2026	\$ 62,213	\$ 1,465	\$ 63,678
2027	41,596	954	42,550
2028	43,120	495	43,615
2029	15,967	70	16,037
	<u>\$ 162,896</u>	<u>\$ 2,984</u>	<u>\$ 165,880</u>

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Financial Statements
March 31, 2025 and 2024

NOTE 11 - 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, 2025, 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	\$ 56,301	\$ 654,783
Pledged Revenues Recognized	101,331	193,436
Annual Principal and Interest Requirements	16,596	54,000

NOTE 12 - 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.

NOTE 13 - 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, 2025, 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.

Pennington County Housing and Redevelopment Commission
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Notes to the Financial Statements
March 31, 2025 and 2024

NOTE 14 - SUBSEQUENT EVENTS

The Commission is in the process of applying for conversion of assistance under the Rental Assistance Demonstration (RAD) and Section 18 asset repositioning. HUD granted approval for 37 units (single-family homes) in 2025 with property sales to commence in fiscal year 2026. In fiscal year 2026, the Commission will apply to HUD for a RAD/Section 18 Blend conversion of three high-rise buildings and Section 18 asset demolition for Edwards Manor.

On April 1, 2025, the Commission took over management of an eight-unit Rural Development property in Keystone, South Dakota. The application to assume ownership and rental assistance from the Town of Keystone Commission on Housing for the Elderly for the Keystone property is in process in fiscal year 2026. The Commission has a contract in place with the Town of Keystone Commission on Housing for the Elderly, effective April 1, 2025.

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 Proportionate Share of Net Pension Liability (Asset) (a)	Commission's Covered Payroll (b)	Commission's Proportionate Share of Net Pension Liability/Asset as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Pension Percentage of its Total Pension Liability/Asset
2025	.0589720%	\$ (2,387)	\$ 1,639,971	-0.15%	100.03%
2024	.0630630%	\$ (6,154)	\$ 1,626,627	-0.38%	100.07%
2023	.0583830%	\$ (5,517)	\$ 1,394,191	-0.40%	100.10%
2022	.0624740%	\$ (478,443)	\$ 1,417,731	-33.75%	105.52%
2021	.0630513%	\$ (2,738)	\$ 1,383,788	-0.20%	100.04%
2020	.0676120%	\$ (7,166)	\$ 1,437,572	-0.50%	100.09%
2019	.0658544%	\$ (1,536)	\$ 1,369,049	-0.11%	100.02%
2018	.0654733%	\$ (5,942)	\$ 1,330,291	-0.45%	100.10%
2017	.0692783%	\$ 234,015	\$ 1,317,334	17.76%	96.89%
2016	.0694403%	\$ (294,516)	\$ 1,267,782	-23.23%	104.10%

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

See independent auditor's report and notes to the required supplementary information.

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 Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2025	\$ 111,122	\$ 111,122	\$ -	\$ 1,852,039	6.00%
2024	\$ 96,211	\$ 96,211	\$ -	\$ 1,603,513	6.00%
2023	\$ 96,182	\$ 96,182	\$ -	\$ 1,603,035	6.00%
2022	\$ 80,336	\$ 80,336	\$ -	\$ 1,339,022	6.00%
2021	\$ 86,869	\$ 86,869	\$ -	\$ 1,447,799	6.00%
2020	\$ 82,506	\$ 82,506	\$ -	\$ 1,375,096	6.00%
2019	\$ 85,775	\$ 85,775	\$ -	\$ 1,429,585	6.00%
2018	\$ 81,493	\$ 81,493	\$ -	\$ 1,358,215	6.00%
2017	\$ 79,796	\$ 79,796	\$ -	\$ 1,329,929	6.00%
2016	\$ 78,163	\$ 78,163	\$ -	\$ 1,302,730	6.00%

See independent auditor's report and notes to the required supplementary information.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Notes to the Required Supplementary Information
March 31, 2025 and 2024

NOTE 1 - PENSION PLAN

Changes from Prior Valuation

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023 Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 legislative session, no significant SDRS benefit changes were made.

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 an FVFR equal to or exceeding 100%.

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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 and notes to the required supplementary information.

SUPPLEMENTARY INFORMATION

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Supplementary Schedule of Net Position
March 31, 2025

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
ASSETS			
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 1,822,550	\$ 1,999,540	\$ 30,716
Cash and Cash Equivalents - Restricted	-	199,305	120,749
Funded Security Deposits	187,647	-	14,646
Tenant Accounts Receivable, Less Allowance	69,554	-	1,539
Lease Receivable	162,896	-	-
Accounts Receivable - Other	-	21,060	-
Accounts Receivable - Other Government	-	-	-
Inventories	3,761	-	-
Accrued Interest Receivable	24,639	-	-
Prepaid Expenses and Other Assets	12,275	1,388	-
Interprogram Receivables	-	337	-
Total Current Assets	<u>2,283,322</u>	<u>2,221,630</u>	<u>167,650</u>
Non-current Assets:			
Non-current Investments	5,006,378	-	-
Net Pension Asset	837	332	-
Property and Equipment:			
Land	843,321	-	25,555
Buildings	35,811,382	-	778,338
Furniture, Equipment and Machinery	3,163,981	31,786	28,165
Site Improvements	3,775,299	-	72,733
Right-of-use Lease Asset	-	-	-
	<u>43,593,983</u>	<u>31,786</u>	<u>904,791</u>
Less: Accumulated Depreciation and Amortization	<u>(37,219,884)</u>	<u>(29,286)</u>	<u>(804,693)</u>
Total Non-current Assets	<u>11,381,314</u>	<u>2,832</u>	<u>100,098</u>
TOTAL ASSETS	<u>13,664,636</u>	<u>2,224,462</u>	<u>267,748</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>140,126</u>	<u>88,718</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
\$ 81,966	\$ 569,883	\$ -	\$ 2,025,611	\$ 513,166	\$ -	\$ 7,043,432
99,645	-	-	2,242,887	-	-	2,662,586
22,816	17,596	-	-	7,150	-	249,855
6,856	3,093	-	-	1,339	-	82,381
-	-	-	-	-	-	162,896
-	-	-	-	-	-	21,060
-	-	-	-	203	-	203
-	-	-	80,598	-	-	84,359
-	787	-	8,533	146	-	34,105
-	-	-	5,391	-	-	19,054
-	-	-	425,634	-	(425,971)	-
<u>211,283</u>	<u>591,359</u>	<u>-</u>	<u>4,788,654</u>	<u>522,004</u>	<u>(425,971)</u>	<u>10,359,931</u>
-	184,348	-	1,596,222	-	-	6,786,948
-	-	-	1,218	-	-	2,387
-	-	-	958,652	20,803	-	1,848,331
2,235,088	1,098,554	2,190,159	428,685	789,985	-	43,332,191
28,957	104,190	1,069,481	306,269	18,482	-	4,751,311
319,673	19,700	-	-	120,229	-	4,307,634
-	-	-	8,834	-	-	8,834
<u>2,583,718</u>	<u>1,222,444</u>	<u>3,259,640</u>	<u>1,702,440</u>	<u>949,499</u>	<u>-</u>	<u>54,248,301</u>
<u>(1,767,061)</u>	<u>(367,775)</u>	<u>(211,913)</u>	<u>(347,908)</u>	<u>(806,843)</u>	<u>-</u>	<u>(41,555,363)</u>
<u>816,657</u>	<u>1,039,017</u>	<u>3,047,727</u>	<u>2,951,972</u>	<u>142,656</u>	<u>-</u>	<u>19,482,273</u>
<u>1,027,940</u>	<u>1,630,376</u>	<u>3,047,727</u>	<u>7,740,626</u>	<u>664,660</u>	<u>(425,971)</u>	<u>29,842,204</u>
-	-	-	214,282	-	-	443,126

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, 2025

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,994	4,223	3,883
Accounts Payable - Other Government	-	2,518	-
Accrued Wages and Payroll Taxes	45,478	23,161	-
Tenant Security Deposits	187,647	-	14,051
Prepaid Tenant Rents	32,807	12,269	750
Accrued Interest	-	-	9
Accrued Payments in Lieu of Taxes	128,854	-	6,064
Unearned Revenue	-	-	-
Current Portion of Accrued Absences	6,376	3,758	-
Current Portion of Lease Liability	-	-	-
Current Portion of Long-term Debt	-	-	16,123
Interprogram Payables	42,332	30,922	-
Total Current Liabilities	<u>450,488</u>	<u>76,851</u>	<u>40,880</u>
Non-current Liabilities:			
Accrued Absences, Less Current Portion	74,032	33,292	-
Long-term Debt, Less Current Maturities	1,365,910	-	39,116
Total Non-current Liabilities	<u>1,439,942</u>	<u>33,292</u>	<u>39,116</u>
TOTAL LIABILITIES	<u>1,890,430</u>	<u>110,143</u>	<u>79,996</u>
DEFERRED INFLOWS OF RESOURCES			
Lease-related Deferred Inflows	165,746	-	-
Pension-related Deferred Inflows	103,693	60,567	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>269,439</u>	<u>60,567</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
6,276	1,796	-	3,705	1,484	-	28,361
-	-	-	-	-	-	2,518
-	-	-	46,711	-	-	115,350
21,956	14,500	-	-	6,226	-	244,380
9,598	1,758	-	-	732	-	57,914
-	-	-	1	-	-	10
19,512	32,641	-	-	5,569	-	192,640
-	-	-	2,000,000	-	-	2,000,000
-	-	-	21,039	-	-	31,173
-	-	-	1,792	-	-	1,792
54,000	-	-	-	-	-	70,123
<u>347,166</u>	<u>5,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(425,971)</u>	<u>-</u>
<u>458,508</u>	<u>56,246</u>	<u>-</u>	<u>2,073,248</u>	<u>14,011</u>	<u>(425,971)</u>	<u>2,744,261</u>
-	-	-	125,112	-	-	232,436
<u>600,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,005,809</u>
<u>600,783</u>	<u>-</u>	<u>-</u>	<u>125,112</u>	<u>-</u>	<u>-</u>	<u>2,238,245</u>
<u>1,059,291</u>	<u>56,246</u>	<u>-</u>	<u>2,198,360</u>	<u>14,011</u>	<u>(425,971)</u>	<u>4,982,506</u>
-	-	-	-	-	-	165,746
<u>-</u>	<u>-</u>	<u>-</u>	<u>141,793</u>	<u>-</u>	<u>-</u>	<u>306,053</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>141,793</u>	<u>-</u>	<u>-</u>	<u>471,799</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, 2025

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
NET POSITION			
Net Investment in Capital Assets	5,008,189	2,500	44,859
Restricted for:			
Replacement Reserves	-	-	120,749
Modernization and Development	-	-	-
Section 8 Housing	-	196,787	-
Pension Purposes	37,270	28,483	-
Unrestricted Net Position	<u>6,599,434</u>	<u>1,914,700</u>	<u>22,144</u>
TOTAL NET POSITION	<u>\$ 11,644,893</u>	<u>\$ 2,142,470</u>	<u>\$ 187,752</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
161,874	854,669	3,047,727	1,352,740	142,656	-	10,615,214
99,645	-	-	-	-	-	220,394
-	-	-	2,242,887	-	-	2,242,887
-	-	-	-	-	-	196,787
-	-	-	73,707	-	-	139,460
<u>(292,870)</u>	<u>719,461</u>	<u>-</u>	<u>1,945,421</u>	<u>507,993</u>	<u>-</u>	<u>11,416,283</u>
<u>\$ (31,351)</u>	<u>\$ 1,574,130</u>	<u>\$ 3,047,727</u>	<u>\$ 5,614,755</u>	<u>\$ 650,649</u>	<u>\$ -</u>	<u>\$ 24,831,025</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, 2025

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
OPERATING REVENUES			
Dwelling Rental Income	\$ 2,385,766	\$ -	\$ -
Dwelling Rental Income - Pledged to Service Long-term Debt	-	-	101,331
Rent Subsidies from HUD and Department of Agriculture	-	12,455,710	88,873
Other Income	180,721	52,018	1,180
Total Operating Revenues	<u>2,566,487</u>	<u>12,507,728</u>	<u>191,384</u>
OPERATING EXPENSES			
Rental Assistance Payments	-	10,998,971	-
Administrative	932,550	1,007,625	27,154
Ordinary Maintenance and Operation	1,462,002	-	45,110
Depreciation and Amortization	766,437	-	12,788
Utilities	575,188	-	46,829
General Expenses	663,156	7,773	17,075
Extraordinary Maintenance	231,345	-	14,660
Protective Services	65,000	-	-
Tenant Services	4,366	-	-
Total Operating Expenses	<u>4,700,044</u>	<u>12,014,369</u>	<u>163,616</u>
OPERATING INCOME (LOSS)	<u>(2,133,557)</u>	<u>493,359</u>	<u>27,768</u>
NONOPERATING REVENUE (EXPENSE)			
Operating Subsidies from HUD	1,390,790	-	-
Investment Return	339,893	57,403	4,781
Interest Expense	-	-	(636)
Lease Interest Revenue	1,923	-	-
Insurance Proceeds	168,860	-	-
Loss on Disposition of Equipment	(64,110)	-	-
Total Nonoperating Revenue (Expense)	<u>1,837,356</u>	<u>57,403</u>	<u>4,145</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
\$ -	\$ 534,598	\$ -	\$ -	\$ 90,206	\$ -	\$ 3,010,570
331,777	-	-	-	-	-	433,108
-	-	-	-	107,235	-	12,651,818
904	-	-	1,451,967	797	(1,499,198)	188,389
<u>332,681</u>	<u>534,598</u>	<u>-</u>	<u>1,451,967</u>	<u>198,238</u>	<u>(1,499,198)</u>	<u>16,283,885</u>
-	-	-	-	-	-	10,998,971
52,435	81,483	142,656	983,952	31,208	(1,219,381)	2,039,682
100,139	102,643	-	438,918	39,061	(260,847)	1,927,026
69,917	47,976	143,093	32,499	9,557	-	1,082,267
49,984	74,926	-	163	39,670	-	786,760
41,218	50,493	-	27,359	9,998	-	817,072
14,770	345,305	-	10,272	13,911	(18,970)	611,293
-	-	-	-	-	-	65,000
-	5,667	-	-	-	-	10,033
<u>328,463</u>	<u>708,493</u>	<u>285,749</u>	<u>1,493,163</u>	<u>143,405</u>	<u>(1,499,198)</u>	<u>18,338,104</u>
<u>4,218</u>	<u>(173,895)</u>	<u>(285,749)</u>	<u>(41,196)</u>	<u>54,833</u>	<u>-</u>	<u>(2,054,219)</u>
-	-	142,656	-	-	-	1,533,446
5,845	37,820	-	280,092	19,699	-	745,533
-	-	-	(23)	-	-	(659)
-	-	-	-	-	-	1,923
-	210,699	-	-	-	-	379,559
-	-	-	-	-	-	(64,110)
<u>5,845</u>	<u>248,519</u>	<u>142,656</u>	<u>280,069</u>	<u>19,699</u>	<u>-</u>	<u>2,595,692</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, 2025

	Public Housing Program	Section 8 Housing Choice Voucher Program	Rural Rental Assistance Payments
INCOME (LOSS) BEFORE CONTRIBUTED CAPITAL AND TRANSFERS	(296,201)	550,762	31,913
CONTRIBUTED CAPITAL - HUD SUBSIDY	99,037	-	-
EQUITY TRANSFERS	<u>929,754</u>	<u>-</u>	<u>-</u>
CHANGES IN NET POSITION	732,590	550,762	31,913
NET POSITION - BEGINNING	<u>10,912,303</u>	<u>1,591,708</u>	<u>155,839</u>
NET POSITION - ENDING	<u>\$ 11,644,893</u>	<u>\$ 2,142,470</u>	<u>\$ 187,752</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
10,063	74,624	(143,093)	238,873	74,532	-	541,473
-	-	1,202,198	-	-	-	1,301,235
-	-	(929,754)	-	-	-	-
10,063	74,624	129,351	238,873	74,532	-	1,842,708
(41,414)	1,499,506	2,918,376	5,375,882	576,117	-	22,988,317
<u>\$ (31,351)</u>	<u>\$ 1,574,130</u>	<u>\$ 3,047,727</u>	<u>\$ 5,614,755</u>	<u>\$ 650,649</u>	<u>\$ -</u>	<u>\$ 24,831,025</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, 2025

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
111 Cash - Unrestricted	\$1,822,550		\$513,166	\$569,883
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$187,647		\$7,150	\$17,596
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$2,010,197	\$0	\$520,316	\$587,479
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government			\$203	
125 Accounts Receivable - Miscellaneous	\$162,896			
126 Accounts Receivable - Tenants	\$238,431		\$1,339	\$3,263
126.1 Allowance for Doubtful Accounts -Tenants	-\$168,877		\$0	-\$170
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	\$24,639		\$146	\$787
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$257,089	\$0	\$1,688	\$3,880
131 Investments - Unrestricted	\$5,006,378			\$184,348
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$12,275			
143 Inventories	\$3,761			
143.1 Allowance for Obsolete Inventories	\$0			
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$7,289,700	\$0	\$522,004	\$775,707
161 Land	\$843,321		\$20,803	
162 Buildings	\$36,635,630	\$1,365,910	\$789,985	\$1,098,554
163 Furniture, Equipment & Machinery - Dwellings	\$216,012		\$2,790	\$36,561
164 Furniture, Equipment & Machinery - Administration	\$4,017,449		\$15,692	\$67,629
165 Leasehold Improvements	\$3,775,299		\$120,229	\$19,700
166 Accumulated Depreciation	-\$36,933,449	-\$498,349	-\$806,843	-\$367,776
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,554,262	\$867,561	\$142,656	\$854,668
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	\$837			
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$8,555,099	\$867,561	\$142,656	\$854,668

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
\$81,966	\$1,999,540	\$30,716	\$2,025,611	\$7,043,432		\$7,043,432
\$99,645	\$196,787	\$120,749	\$2,242,887	\$2,660,068		\$2,660,068
\$22,816		\$14,646		\$249,855		\$249,855
	\$2,518			\$2,518		\$2,518
\$204,427	\$2,198,845	\$166,111	\$4,268,498	\$9,955,873	\$0	\$9,955,873
				\$203		\$203
	\$169,195			\$332,091		\$332,091
\$17,665		\$1,539		\$262,237		\$262,237
-\$10,809	\$0	\$0		-\$179,856		-\$179,856
	-\$148,135	\$0		-\$148,135		-\$148,135
			\$8,533	\$34,105		\$34,105
\$6,856	\$21,060	\$1,539	\$8,533	\$300,645	\$0	\$300,645
			\$1,596,222	\$6,786,948		\$6,786,948
	\$1,388		\$5,391	\$19,054		\$19,054
			\$80,598	\$84,359		\$84,359
			\$0	\$0		\$0
	\$337		\$425,634	\$425,971	-\$425,971	\$0
\$211,283	\$2,221,630	\$167,650	\$6,384,876	\$17,572,850	-\$425,971	\$17,146,879
		\$25,555	\$958,652	\$1,848,331		\$1,848,331
\$2,235,088		\$778,338	\$428,685	\$43,332,190		\$43,332,190
\$10,881		\$246		\$266,490		\$266,490
\$18,076	\$31,786	\$27,919	\$306,269	\$4,484,820		\$4,484,820
\$319,673		\$72,732		\$4,307,633		\$4,307,633
-\$1,767,059	-\$29,286	-\$804,692	-\$347,909	-\$41,555,363		-\$41,555,363
\$816,659	\$2,500	\$100,098	\$1,345,697	\$12,684,101	\$0	\$12,684,101
	\$332		\$10,052	\$11,221		\$11,221
\$816,659	\$2,832	\$100,098	\$1,355,749	\$12,695,322	\$0	\$12,695,322

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, 2025

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
200 Deferred Outflow of Resources	\$140,126			
290 Total Assets and Deferred Outflow of Resources	\$15,984,925	\$867,561	\$664,660	\$1,630,375
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$6,994		\$1,484	\$1,796
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$45,476			
322 Accrued Compensated Absences - Current Portion	\$6,376			
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$128,854		\$5,569	\$32,641
341 Tenant Security Deposits	\$187,647		\$6,226	\$14,500
342 Unearned Revenue	\$32,807		\$732	\$1,758
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$42,332			\$5,551
348 Loan Liability - Current				
310 Total Current Liabilities	\$450,486	\$0	\$14,011	\$56,246
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	\$74,032			
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$74,032	\$1,365,910	\$0	\$0
300 Total Liabilities	\$524,518	\$1,365,910	\$14,011	\$56,246
400 Deferred Inflow of Resources	\$269,439			
508.4 Net Investment in Capital Assets	\$8,554,262	-\$498,349	\$142,656	\$854,668
511.4 Restricted Net Position	\$37,270			
512.4 Unrestricted Net Position	\$6,599,436	\$0	\$507,993	\$719,461
513 Total Equity - Net Assets / Position	\$15,190,968	-\$498,349	\$650,649	\$1,574,129
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$15,984,925	\$867,561	\$664,660	\$1,630,375

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
	\$88,718		\$214,282	\$443,126		\$443,126
\$1,027,942	\$2,313,180	\$267,748	\$7,954,907	\$30,711,298	-\$425,971	\$30,285,327
\$6,277	\$3,006	\$3,883	\$3,705	\$27,145		\$27,145
	\$23,160		\$46,711	\$115,347		\$115,347
	\$3,758		\$21,039	\$31,173		\$31,173
		\$9	\$1	\$10		\$10
	\$2,518			\$2,518		\$2,518
\$19,512		\$6,063		\$192,639		\$192,639
\$21,956		\$14,051		\$244,380		\$244,380
\$9,598	\$12,269	\$750	\$2,000,000	\$2,057,914		\$2,057,914
\$54,000		\$16,123		\$70,123		\$70,123
	\$1,217		\$1,792	\$3,009		\$3,009
\$347,166	\$30,922			\$425,971	-\$425,971	\$0
\$458,509	\$76,850	\$40,879	\$2,073,248	\$3,170,229	-\$425,971	\$2,744,258
\$600,783		\$39,116		\$2,005,809		\$2,005,809
	\$33,292		\$125,112	\$232,436		\$232,436
\$600,783	\$33,292	\$39,116	\$125,112	\$2,238,245	\$0	\$2,238,245
\$1,059,292	\$110,142	\$79,995	\$2,198,360	\$5,408,474	-\$425,971	\$4,982,503
	\$60,567		\$141,793	\$471,799		\$471,799
\$161,876	\$2,500	\$44,859	\$1,352,391	\$10,614,863		\$10,614,863
\$99,645	\$225,270	\$120,749	\$2,316,594	\$2,799,528		\$2,799,528
-\$292,871	\$1,914,701	\$22,145	\$1,945,769	\$11,416,634		\$11,416,634
-\$31,350	\$2,142,471	\$187,753	\$5,614,754	\$24,831,025	\$0	\$24,831,025
\$1,027,942	\$2,313,180	\$267,748	\$7,954,907	\$30,711,298	-\$425,971	\$30,285,327

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, 2025

	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	\$2,134,099		\$89,639	\$530,981
70400 Tenant Revenue - Other	\$251,669		\$567	\$3,617
70500 Total Tenant Revenue	\$2,385,768	\$0	\$90,206	\$534,598
70600 HUD PHA Operating Grants	\$1,533,446			
70610 Capital Grants	\$1,301,235			
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			\$107,235	
71100 Investment Income - Unrestricted	\$341,817		\$19,699	\$37,820
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	\$349,581		\$797	\$210,699
71600 Gain or Loss on Sale of Capital Assets	-\$64,110			
72000 Investment Income - Restricted				
70000 Total Revenue	\$5,847,737	\$0	\$217,937	\$783,117
91100 Administrative Salaries	\$203,732			
91200 Auditing Fees	\$19,750		\$790	\$2,370
91300 Management Fee	\$545,499		\$23,328	\$59,292
91310 Book-keeping Fee	\$41,812			
91400 Advertising and Marketing	\$140		\$15	\$114
91500 Employee Benefit contributions - Administrative	\$73,246			
91600 Office Expenses	\$78,649		\$2,918	\$6,227
91700 Legal Expense	\$31,599		\$53	\$1,893
91800 Travel	\$3,953			
91810 Allocated Overhead				
91900 Other	\$16,829		\$1,224	\$4,270
91000 Total Operating - Administrative	\$1,015,209	\$0	\$28,328	\$74,166
92000 Asset Management Fee	\$60,000		\$2,880	\$7,320
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$4,366			\$5,667
92500 Total Tenant Services	\$4,366	\$0	\$0	\$5,667

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
\$317,066		\$97,723		\$3,169,508		\$3,169,508
\$14,711		\$3,608		\$274,172		\$274,172
\$331,777	\$0	\$101,331	\$0	\$3,443,680	\$0	\$3,443,680
	\$12,455,710			\$13,989,156		\$13,989,156
				\$1,301,235		\$1,301,235
			\$950,669	\$950,669	-\$950,669	\$0
			\$72,000	\$72,000	-\$72,000	\$0
			\$171,697	\$171,697	-\$171,697	\$0
			\$1,194,366	\$1,194,366	-\$1,194,366	\$0
		\$88,873		\$196,108		\$196,108
\$2,644	\$57,403	\$1,465	\$280,092	\$740,940		\$740,940
	\$52,018			\$52,018		\$52,018
\$904		\$1,179	\$257,599	\$820,759	-\$304,832	\$515,927
				-\$64,110		-\$64,110
\$3,201		\$3,316		\$6,517		\$6,517
\$338,526	\$12,565,131	\$196,164	\$1,732,057	\$21,680,669	-\$1,499,198	\$20,181,471
	\$367,167		\$664,583	\$1,235,482		\$1,235,482
\$1,580	\$44,240	\$600	\$9,670	\$79,000		\$79,000
\$37,908	\$260,828	\$23,814		\$950,669	-\$950,669	\$0
	\$129,885			\$171,697	-\$171,697	\$0
\$15		\$15		\$299		\$299
	\$108,365		\$204,717	\$386,328		\$386,328
\$1,887	\$70,874	\$2,000	\$62,391	\$224,946	-\$18,637	\$206,309
\$1,138	\$4,926	\$154	\$10,646	\$50,409	-\$2,023	\$48,386
	\$13,976		\$17,198	\$35,127	-\$470	\$34,657
\$8,109	\$7,363	\$573	\$14,746	\$53,114	-\$3,885	\$49,229
\$50,637	\$1,007,624	\$27,156	\$983,951	\$3,187,071	-\$1,147,381	\$2,039,690
\$1,800				\$72,000	-\$72,000	\$0
				\$10,033		\$10,033
\$0	\$0	\$0	\$0	\$10,033	\$0	\$10,033

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, 2025

	Project Total	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.182 N/C S/R Section 8 Programs	1 Business Activities
93100 Water	\$148,900		\$12,307	\$16,906
93200 Electricity	\$307,758		\$27,363	\$46,177
93300 Gas	\$110,752			\$11,476
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$7,779			\$367
93000 Total Utilities	\$575,189	\$0	\$39,670	\$74,926
94100 Ordinary Maintenance and Operations - Labor	\$398,515			
94200 Ordinary Maintenance and Operations - Materials and Other	\$227,512		\$6,476	\$14,903
94300 Ordinary Maintenance and Operations Contracts	\$682,001		\$32,585	\$87,739
94500 Employee Benefit Contributions - Ordinary Maintenance	\$153,972			
94000 Total Maintenance	\$1,462,000	\$0	\$39,061	\$102,642
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	\$182,085		\$8,178	\$14,765
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$182,085	\$0	\$8,178	\$14,765
96200 Other General Expenses	\$134,740			\$10,000
96210 Compensated Absences	\$3,500			
96300 Payments in Lieu of Taxes	\$104,267		\$4,425	\$26,483
96400 Bad debt - Tenant Rents	\$238,563		-\$2,605	-\$755
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$481,070	\$0	\$1,820	\$35,728
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,844,919	\$0	\$119,937	\$315,214
97000 Excess of Operating Revenue over Operating Expenses	\$2,002,818	\$0	\$98,000	\$467,903

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
\$37,690		\$11,134		\$226,937		\$226,937
\$11,583		\$35,694		\$428,575		\$428,575
\$491				\$122,719		\$122,719
\$222			\$163	\$8,531		\$8,531
\$49,986	\$0	\$46,828	\$163	\$786,762	\$0	\$786,762
			\$229,058	\$627,573		\$627,573
\$15,326		\$6,494	\$74,614	\$345,325	-\$66,457	\$278,868
\$84,812		\$38,614	\$47,513	\$973,264	-\$194,390	\$778,874
			\$87,732	\$241,704		\$241,704
\$100,138	\$0	\$45,108	\$438,917	\$2,187,866	-\$260,847	\$1,927,019
				\$65,000		\$65,000
\$0	\$0	\$0	\$0	\$65,000	\$0	\$65,000
\$15,604	\$2,733	\$8,562	\$14,063	\$245,990		\$245,990
\$15,604	\$2,733	\$8,562	\$14,063	\$245,990	\$0	\$245,990
			\$1,767	\$146,507		\$146,507
	\$5,040		\$13,296	\$21,836		\$21,836
\$15,754		\$5,042		\$155,971		\$155,971
\$9,860		\$3,471		\$248,534		\$248,534
\$25,614	\$5,040	\$8,513	\$15,063	\$572,848	\$0	\$572,848
		\$636		\$636		\$636
			\$23	\$23		\$23
\$0	\$0	\$636	\$23	\$659	\$0	\$659
\$243,779	\$1,015,397	\$136,803	\$1,452,180	\$7,128,229	-\$1,480,228	\$5,648,001
\$94,747	\$11,549,734	\$59,361	\$279,877	\$14,552,440	-\$18,970	\$14,533,470

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, 2025

	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	\$87,039		\$13,911	\$43,564
97200 Casualty Losses - Non-capitalized	\$144,306			\$301,741
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$872,973	\$36,558	\$9,557	\$47,976
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$4,949,237	\$36,558	\$143,405	\$708,495
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	\$898,500	-\$36,558	\$74,532	\$74,622
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$14,292,468	-\$461,791	\$576,117	\$1,499,507
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	5634		274	712
11270 Excess Cash	\$6,514,657			
11610 Land Purchases	\$0			
11620 Building Purchases	\$719,316			
11630 Furniture & Equipment - Dwelling Purchases	\$0			
11640 Furniture & Equipment - Administrative Purchases	\$581,919			
11650 Leasehold Improvements Purchases	\$0			
11660 Infrastructure Purchases	\$0			
13510 CFFP Debt Service Payments	\$0			
13901 Replacement Housing Factor Funds	\$0			

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14.239 HOME Investment Partnerships Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	COCC	Subtotal	ELIM	Total
\$14,770		\$14,660	\$10,272	\$184,216		\$184,216
				\$446,047	-\$18,970	\$427,077
	\$10,998,971			\$10,998,971		\$10,998,971
\$69,913		\$12,788	\$30,732	\$1,080,497		\$1,080,497
\$328,462	\$12,014,368	\$164,251	\$1,493,184	\$19,837,960	-\$1,499,198	\$18,338,762
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10,064	\$550,763	\$31,913	\$238,873	\$1,842,709	\$0	\$1,842,709
\$58,500	\$0	\$15,952	\$0	\$74,452		\$74,452
-\$41,414	\$1,591,708	\$155,840	\$5,375,881	\$22,988,316		\$22,988,316
	\$0			\$0		\$0
	\$1,945,684			\$1,945,684		\$1,945,684
	\$196,787			\$196,787		\$196,787
468	17457	300		25245		25245
447	17318	295		24680		24680
				\$6,514,657		\$6,514,657
			\$0	\$0		\$0
			\$0	\$719,316		\$719,316
			\$0	\$0		\$0
			\$0	\$581,919		\$581,919
			\$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, 2025

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
111 Cash - Unrestricted	\$1,606,064	\$216,486				\$1,822,550
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$115,563	\$72,084				\$187,647
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,721,627	\$288,570	\$0	\$0	\$0	\$2,010,197
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$162,896					\$162,896
126 Accounts Receivable - Tenants	\$42,384	\$196,047				\$238,431
126.1 Allowance for Doubtful Accounts - Tenants	-\$24,548	-\$144,329				-\$168,877
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0				\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	\$21,694	\$2,945				\$24,639
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$202,426	\$54,663	\$0	\$0	\$0	\$257,089
131 Investments - Unrestricted	\$4,264,283	\$742,095				\$5,006,378
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$6,650	\$5,625				\$12,275
143 Inventories	\$2,544	\$1,217				\$3,761
143.1 Allowance for Obsolete Inventories	\$0	\$0				\$0
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$6,197,530	\$1,092,170	\$0	\$0	\$0	\$7,289,700
161 Land	\$263,496	\$579,825				\$843,321
162 Buildings	\$19,708,835	\$16,926,795				\$36,635,630
163 Furniture, Equipment & Machinery - Dwellings	\$190,968	\$25,044				\$216,012
164 Furniture, Equipment & Machinery - Administration	\$3,636,775	\$380,674				\$4,017,449
165 Leasehold Improvements	\$1,713,722	\$2,061,577				\$3,775,299
166 Accumulated Depreciation	-\$20,473,337	-\$16,460,112				-\$36,933,449
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,040,459	\$3,513,803	\$0	\$0	\$0	\$8,554,262
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past						
173 Grants Receivable - Non Current						
174 Other Assets	\$317	\$520				\$837
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$5,040,776	\$3,514,323	\$0	\$0	\$0	\$8,555,099

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	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
200 Deferred Outflow of Resources	\$67,326	\$72,800				\$140,126
290 Total Assets and Deferred Outflow of Resources	\$11,305,632	\$4,679,293	\$0	\$0	\$0	\$15,984,925
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$5,788	\$1,206				\$6,994
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$27,003	\$18,473				\$45,476
322 Accrued Compensated Absences - Current Portion	\$4,671	\$1,705				\$6,376
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$87,444	\$41,410				\$128,854
341 Tenant Security Deposits	\$115,563	\$72,084				\$187,647
342 Unearned Revenue	\$23,046	\$9,761				\$32,807
343 Current Portion of Long-term Debt - Capital						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To	\$27,223	\$15,109				\$42,332
348 Loan Liability - Current						
310 Total Current Liabilities	\$290,738	\$159,748	\$0	\$0	\$0	\$450,486
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	\$27,953	\$46,079				\$74,032
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$27,953	\$46,079	\$0	\$0	\$0	\$74,032
300 Total Liabilities	\$318,691	\$205,827	\$0	\$0	\$0	\$524,518
400 Deferred Inflow of Resources	\$214,368	\$55,071				\$269,439
508.4 Net Investment in Capital Assets	\$5,040,459	\$3,513,803				\$8,554,262
511.4 Restricted Net Position	\$19,021	\$18,249				\$37,270
512.4 Unrestricted Net Position	\$5,713,093	\$886,343	\$0	\$0	\$0	\$6,599,436
513 Total Equity - Net Assets / Position	\$10,772,573	\$4,418,395	\$0	\$0	\$0	\$15,190,968
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$11,305,632	\$4,679,293	\$0	\$0	\$0	\$15,984,925

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, 2025

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$1,424,061	\$710,038				\$2,134,099
70400 Tenant Revenue - Other	\$54,588	\$197,081				\$251,669
70500 Total Tenant Revenue	\$1,478,649	\$907,119	\$0	\$0	\$0	\$2,385,768
70600 HUD PHA Operating Grants	\$896,215	\$637,231				\$1,533,446
70610 Capital Grants	\$1,122,966	\$178,269				\$1,301,235
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	\$294,200	\$47,617				\$341,817
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	\$185,612	\$163,969				\$349,581
71600 Gain or Loss on Sale of Capital Assets	-\$64,110					-\$64,110
72000 Investment Income - Restricted						
70000 Total Revenue	\$3,913,532	\$1,934,205	\$0	\$0	\$0	\$5,847,737
91100 Administrative Salaries	\$126,717	\$77,015				\$203,732
91200 Auditing Fees	\$10,270	\$9,480				\$19,750
91300 Management Fee	\$402,280	\$143,219				\$545,499
91310 Book-keeping Fee	\$27,210	\$14,602				\$41,812
91400 Advertising and Marketing	\$116	\$24				\$140
91500 Employee Benefit contributions - Administrative	\$43,064	\$30,182				\$73,246
91600 Office Expenses	\$53,752	\$24,897				\$78,649
91700 Legal Expense	\$17,181	\$14,418				\$31,599
91800 Travel	\$3,417	\$536				\$3,953
91810 Allocated Overhead						
91900 Other	\$6,864	\$9,965				\$16,829
91000 Total Operating - Administrative	\$690,871	\$324,338	\$0	\$0	\$0	\$1,015,209
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	\$3,093	\$1,273				\$4,366
92500 Total Tenant Services	\$3,093	\$1,273	\$0	\$0	\$0	\$4,366

See independent auditor's report.

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
93100 Water	\$97,520	\$51,380				\$148,900
93200 Electricity	\$287,668	\$20,090				\$307,758
93300 Gas	\$104,753	\$5,999				\$110,752
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$3,532	\$4,247				\$7,779
93000 Total Utilities	\$493,473	\$81,716	\$0	\$0	\$0	\$575,189
94100 Ordinary Maintenance and Operations - Labor	\$230,320	\$168,195				\$398,515
94200 Ordinary Maintenance and Operations - Materials and	\$101,312	\$126,200				\$227,512
94300 Ordinary Maintenance and Operations Contracts	\$352,294	\$329,707				\$682,001
94500 Employee Benefit Contributions - Ordinary Maintenance	\$80,240	\$73,732				\$153,972
94000 Total Maintenance	\$764,166	\$697,834	\$0	\$0	\$0	\$1,462,000
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	\$49,834	\$132,251				\$182,085
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance						
96100 Total insurance Premiums	\$49,834	\$132,251	\$0	\$0	\$0	\$182,085
96200 Other General Expenses	\$92,787	\$41,953				\$134,740
96210 Compensated Absences	\$6,252	-\$2,752				\$3,500
96300 Payments in Lieu of Taxes	\$70,202	\$34,065				\$104,267
96400 Bad debt - Tenant Rents	\$52,318	\$186,245				\$238,563
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$221,559	\$259,511	\$0	\$0	\$0	\$481,070
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,304,006	\$1,540,913	\$0	\$0	\$0	\$3,844,919
97000 Excess of Operating Revenue over Operating Expenses	\$1,609,526	\$393,292	\$0	\$0	\$0	\$2,002,818

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, 2025

	SD045000011	SD045000016	SD045000018	SD045009999	OTHER PROJ	Total
97100 Extraordinary Maintenance	\$86,730	\$309				\$87,039
97200 Casualty Losses - Non-capitalized		\$144,306				\$144,306
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$456,776	\$416,197				\$872,973
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$2,847,512	\$2,101,725	\$0	\$0	\$0	\$4,949,237
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	\$1,066,020	-\$167,520	\$0	\$0	\$0	\$898,500
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$9,706,553	\$4,585,915	\$0	\$0	\$0	\$14,292,468
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	3631	2003	0	0	0	5634
11270 Excess Cash	\$5,717,486	\$797,171	\$0	\$0	\$0	\$6,514,657
11610 Land Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11620 Building Purchases	\$541,047	\$178,269	\$0	\$0	\$0	\$719,316
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$581,919	\$0	\$0	\$0	\$0	\$581,919
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 Sunny Haven Apartments	BORROWER NAME PCHRC	BORROWER ID AND PROJECT NO. 3540543919
---	-------------------------------	--

	CURRENT YEAR (04/01/2024) (03/31/2025)	PRIOR YEAR () ()	COMMENTS
--	---	---------------------------------	-----------------

ASSETS

CURRENT ASSETS

1. GENERAL OPERATING ACCOUNT

2. R.E. TAX & INSURANCE ACCOUNT

3. RESERVE ACCOUNT

4. SECURITY DEPOSIT ACCOUNT

5. OTHER CASH *(identify)*

6. OTHER *(identify)*

7. TOTAL ACCOUNTS RECEIVABLE *(Attach list)*

..... ACCTS RCVBL 0-30 DAYS \$ 1346

ACCTS RCVBL 30-60 DAYS \$ 123

ACCTS RCVBL 60-90 DAYS \$ 70

ACCTS RCVBL OVER 90 DAYS \$ 0

8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS.

9. INVENTORIES *(supplies)*

10. PREPAYMENTS

11.

12. **TOTAL CURRENT ASSETS** *(Add 1 thru 11)*

	30715		
	0		
	105615		
	14646		
	15134		Tax & Ins Escrow
	0		
	1539		
	0		
	(0)	()	
	0		
	0		
	167649		

FIXED ASSETS

13. LAND

14. BUILDINGS

15. LESS: ACCUMULATED DEPRECIATION

16. FURNITURE & EQUIPMENT

17. LESS: ACCUMULATED DEPRECIATION

18.

19. **TOTAL FIXED ASSETS** (Add 13 thru 18)

	25554		
	878990		
	(804446)	()	
	246		
	(246)	()	
	0		
	100098		

OTHER ASSETS

20.

21. **TOTAL ASSETS** (Add 12, 19, and 20)

	0		
	267747		

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

22. TOTAL ACCOUNTS PAYABLE *(Attach list)*

..... ACCTS PAYABLE 0-30 DAYS \$ 3883

ACCTS PAYABLE 30-60 DAYS \$

ACCTS PAYABLE 60-90 DAYS \$

ACCTS PAYABLE OVER 90 DAYS \$

23. NOTES PAYABLE *(Attach list)*

24. SECURITY DEPOSITS

25. **TOTAL CURRENT LIABILITIES** *(Add 22 thru 24)*

	3883		
	6823		(PILOT, PP Rent,
	14051		
	24757		

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, which expire 3/31/2026. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection information. All responses to this collection of information are voluntary. Any questions on this burden can be sent to ICRMTRequests@usda.gov.

LONG-TERM LIABILITIES

26. NOTES PAYABLE RURAL DEVELOPMENT	55239		
27. OTHER (Identify) _____	0		
28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27)	55239		
29. TOTAL LIABILITIES (Add 25 and 28).....	79996		
30. OWNER'S EQUITY (Net Worth) (21 minus 29).....	(187751)	()	
31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30)	267747		

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.

Position 3
**MULTIPLE FAMILY HOUSING PROJECT BUDGET/
UTILITY ALLOWANCE**

PROJECT NAME Sunny Haven Apartments		BORROWER NAME PCHRC		BORROWER ID AND PROJECT NO. 3540543919	
Loan/Transfer Amount \$		Note Rate Payment \$		IC Payment \$	
Reporting Period <input checked="" 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 04/01/2024 03/31/2025	PROPOSED BUDGET	COMMENTS or (YTD)
BEGINNING DATES>				
ENDING DATES>				
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME		94252		
2. RHS RENTAL ASSISTANCE RECEIVED		92899		
3. APPLICATION FEES RECEIVED		0		
4. LAUNDRY AND VENDING		925		
5. INTEREST INCOME		4781		
6. TENANT CHARGES		3608		
7. OTHER -PROJECT SOURCES		254		GoldenWest Cap
8. LESS (Vacancy and Contingency Allowance)	()		()	
9. LESS (Agency Approved Incentive Allowance)	()		()	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)]	0	196719	0	
NON-OPERATIONAL CASH SOURCES				
11. CASH-NON PROJECT		0		
12. AUTHORIZED LOAN (Non-RHS)		0		
13. TRANSFER FROM RESERVE		0		
14. SUB-TOTAL (11 thru 13)	0	0	0	
15. TOTAL CASH SOURCES (10+14)	0	196719	0	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES (From Part II)		166029		
17. RHS DEBT PAYMENT		16596		
18. RHS PAYMENT (Overage)		4026		
19. RHS PAYMENT (Late Fee)		0		
20. REDUCTION IN PRIOR YEAR PAYABLES		0		
21. TENANT UTILITY PAYMENTS		0		
22. TRANSFER TO RESERVE		8409		
23. RETURN TO OWNER/NP ASSET MANAGEMENT FEE		0		
24. SUB-TOTAL (16 thru 23)	0	195060	0	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)		0		
26. ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)		0		
27. MISCELLANEOUS		12788		Depreciation
28. SUB-TOTAL (25 thru 27)	0	12788	0	
29. TOTAL CASH USES (24+28)	0	207848	0	
30. NET CASH (DEFICIT) (15- 29)	0	(11129)	0	
CASH BALANCE				
31. BEGINNING CASH BALANCE		41182		
32. ACCRUAL TO CASH ADJUSTMENT		15796		
33. ENDING CASH BALANCE (30+31+32)	0	45849	0	

According to the Paperwork Reduction Act of 1995, an agency may not conduct 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, expires 3/31/2026. The time required to complete this information collection is estimated to average 2 hours 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. All responses to this collection of information are voluntary. Any questions on this burden can be sent to ICRMTRRequests@usda.gov.

PART II-OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL		0		
2. MAINTENANCE AND REPAIRS SUPPLY		6494		
3. MAINTENANCE AND REPAIRS CONTRACT		41668		
4. PAINTING		0		
5. SNOW REMOVAL		1685		
6. ELEVATOR MAINTENANCE/CONTRACT		0		
7. GROUNDS		1545		
8. SERVICES		1005		Fire Alarm Srvs
9. ANNUAL CAPITAL BUDGET (From Part V- Operating)		18670		
10. OTHER OPERATING EXPENSES (Itemize)		0		
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10)	0	71067	0	
12. ELECTRICITY <input type="checkbox"/> <i>If master metered</i>		35694		
13. WATER <input type="checkbox"/> <i>check box on</i>		11134		
14. SEWER <input type="checkbox"/> <i>front.</i>		0		
15. FUEL (Oil/Coal/Gas)		0		
16. GARBAGE & TRASH REMOVAL		7372		
17. OTHER UTILITIES		0		
18. SUB-TOTAL UTILITIES (12 Thru 17)	0	54200	0	
19. SITE MANAGEMENT PAYROLL		0		
20. MANAGEMENT FEE		23814		
21. PROJECT AUDITING EXPENSE		600		
22. PROJECT BOOKKEEPING/ACCOUNTING		0		
23. LEGAL EXPENSES		154		
24. ADVERTISING		15		
25. TELEPHONE & ANSWERING SERVICE		1079		
26. OFFICE SUPPLIES		0		
27. OFFICE FURNITURE & EQUIPMENT		0		
28. TRAINING EXPENSE		0		
29. HEALTH INS. & OTHER EMP. BENEFITS		0		
30. PAYROLL TAXES		0		
31. WORKMAN'S COMPENSATION		0		
32. OTHER ADMINISTRATIVE EXPENSES (Itemize)		1496		Internet, IT, P
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32)	0	27158	0	
34. REAL ESTATE TAXES		5042		
35. SPECIAL ASSESSMENTS		0		
36. OTHER TAXES, LICENSES& PERMITS		0		
37. PROPERTY& LIABILITY INSURANCE		8562		
38. FIDELITY COVERAGE INSURANCE		0		
39. OTHER INSURANCE		0		
40. SUB-TOTAL TAXES& INSURANCE (34 thru 39)	0	13604	0	
41. TOTAL O&M EXPENSES (11 +18+33+40)	0	166029	0	

PART III-ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE		97206		
2. TRANSFER TO RESERVE		8409		
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT		0		
4. ANNUAL CAPITAL BUDGET (Part V - Reserve)		0		
5. BUILDING & EQUIPMENT REPAIR		0		
6. OTHER NON-OPERATING EXPENSES		0		
7. TOTAL (3 thru 6)	(0)	(0)	(0)	
8. ENDING BALANCE [(1 +2)-7]	0	105615	0	

GENERAL OPERATING ACCOUNT:*

BEGINNING BALANCE	28038	
ENDING BALANCE	30716	

REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*

BEGINNING BALANCE	13144	
ENDING BALANCE	15134	

TENANT SECURITY DEPOSIT ACCOUNT:*

BEGINNING BALANCE	14213	
ENDING BALANCE	14646	

(*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:						0	0	0	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date:

UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE		
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD
								0
								0
								0
								0
								0
								0
								0
								0
PROPOSED RENT TOTALS:						0	0	0
						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					18670	18670	3
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:					18670	18670	3

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 RD 3560-7
March 31, 2025

Rural Rental Assistance - Sunny Haven

Accounts Receivable (3560-10, Line 7)	
Accounts Receivable - Tenants	\$ <u>1,539</u>
Accounts Payable (3560-10, Line 22)	
Accounts Payable	\$ <u>3,883</u>
Notes Payable (3560-10, Line 23)	
Accrued Payments in Lieu of Taxes	\$ 6,064
Accrued Interest Payable	9
Prepaid Tenant Rents	750
	\$ <u>6,823</u>
Tenant Charges (3560-7, Line 6)	
Tenant Damage Charges	\$ 3,174
Tenant Other Charges	224
Tenant Late Charges	210
	\$ <u>3,608</u>
Accrual To Cash Adjustment (3560-7, Line 32)	
Assets:	
Accounts Receivable - Tenant	\$ 3,353
Allowance for Doubtful Accounts	(145)
Security Deposits	(433)
Liabilities:	
Accounts Payable	(311)
Accrued Payments in Lieu of Taxes	715
Security Deposits	375
Prepaid Rents	(546)
Other Adjustments:	
Depreciation	12,788
	\$ <u>15,796</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, 2025**

PUBLIC HOUSING CAPITAL FUND PROGRAM

<u>Classification</u>	<u>Project #</u> <u>SD01P045501-21</u>
Fees and Costs	\$ 5,865
Dwelling Structures	1,051,415
Non-dwelling Equipment	23,145
Administration Costs	<u>119,443</u>
Total Capital Fund Project Expenditures	<u>\$ 1,199,868</u>
Capital Fund Advances Received through March 31, 2025	<u>\$ 1,199,868</u>
Total Capital Fund Amount Approved	<u>\$ 1,199,868</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 March 27, 2025.

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 (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

November 19, 2025

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, 2025. 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, 2025.

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Commission's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Commission's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

November 19, 2025

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Findings and Questioned Costs
March 31, 2025

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 and 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 Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance expresses an unmodified opinion on each major federal program.
- e. A significant deficiency in internal control over compliance related to major federal programs was reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) are reported in this schedule.
- g. The Commission's major program for the year ended March 31, 2025 was:
 - Housing Voucher Cluster:*
 - Section 8 Housing Choice Vouchers AL #14.871
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The Commission did not qualify as a low-risk auditee under 2 CFR § 200.520.

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statement audit.

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

Section 8 Housing Choice Vouchers AL #14.871
Significant Deficiency
Internal Control over Compliance
Not Inspecting Units in the Proper Timeframe

2025-001 *Condition:* During our testing of a sample of tenant files, we identified three instances in which biennial inspections were not completed within the required timeframe.

Criteria: 24 CFR § 982.405(a) requires PHAs to inspect each unit assisted under the Housing Choice Voucher (HCV) program at least biennially to determine whether the unit meets housing quality standards.

Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Findings and Questioned Costs
March 31, 2025

Cause: The Commission's inspection scheduling process is primarily automated through its housing management software, which tracks move-in and inspection dates and generates reminders for the inspector. Because the Commission relies solely on the automated notifications, untimely inspections occurred when the system failed to properly generate or escalate alerts for some tenants. The Commission does not have a process in place to ensure the software system is operating effectively and sending notifications prior to inspection due date.

Effect: Failure to complete biennial inspections timely increases the risk that the housing assistance payments may be made for units that do not meet HUD's housing quality standards. This condition could result in tenants residing in substandard housing and could place the Commission in noncompliance with federal regulations.

Context: An initial sample of 40 biennial inspections identified two untimely biennial inspections. We expanded testing to an additional 58 inspections and noted one more exception before discontinuing further testing, as results indicated a consistent pattern. In total, three (3) of 41 inspections tested were not completed timely. The exceptions noted were limited in number and did not indicate a pervasive breakdown of the Commission's inspection process; however, the results demonstrate that existing controls are not fully effective in ensuring timely completion of all required inspections.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend that the Commission implement stronger internal controls and tracking mechanisms to ensure biennial inspections are scheduled and completed on time. This could include the use of automated alerts, improved documentation of rescheduled inspections, and periodic supervisory review of inspection reports to ensure compliance with federal requirements.

View of Management: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Pennington County Housing and Redevelopment Commission

1805 West Fulton Street, Suite 101
Rapid City, SD 57702-4380

Phone: (605) 394-5350
Relay South Dakota 711
FAX: (605) 394-5354

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENT AUDIT

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

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

There were no findings reported in the prior year's audit of major federal award programs.



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CORRECTIVE ACTION PLAN (UNAUDITED)

Pennington County Housing and Redevelopment Commission respectfully submits the following Corrective Action Plan for the year ended March 31, 2025.

Name and address of independent public accounting firm:

Casey Peterson, LTD
909 Saint Joseph Street, Ste 101
Rapid City, South Dakota 57701

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS

Section 8 Housing Choice Vouchers AL #14.871

Significant Deficiency

Internal Control over Compliance

Not Inspecting Units in the Proper Timeframe

2025-001 *Condition:* During our testing of a sample of tenant files, we identified three instances in which biennial inspections were not completed within the required timeframe.

Criteria: 24 CFR § 982.405(a) requires PHAs to inspect each unit assisted under the Housing Choice Voucher (HCV) program at least biennially to determine whether the unit meets housing quality standards.

Repeat of Prior Year Finding: No

Auditor's Recommendation: We recommend that the Commission implement stronger internal controls and tracking mechanisms to ensure biennial inspections are scheduled and completed on time. This could include the use of automated alerts, improved documentation of rescheduled inspections, and periodic supervisory review of inspection reports to ensure compliance with federal requirements.

Management's Response: It was noted during fieldwork that not all inspections were completed within the biennial requirement. Staff are dependent on the housing authority's software to manage, schedule, and complete over 1,400 required inspections. Management and staff will continue to work with the software vendor to identify deficiencies in the system and expand staff training. Management is now meeting with the inspector every two weeks to examine and identify those inspections coming up on the two-year deadline. Management offers that this oversight is better at recognizing past issues and is not a solution to the process working correctly in the first place.

Anticipated Completion Date: Ongoing.



**Pennington County Housing and Redevelopment Commission
(A Component Unit of Pennington County)
Schedule of Expenditures of Federal Awards
March 31, 2025**

AL Number	Cluster/Program Name	Amount
U.S. DEPARTMENT OF AGRICULTURE		
Direct Federal Funding:		
10.427	Rural Rental Housing Loan	\$ 71,191
10.427	Rural Rental Housing Loan - Interest Reduction Subsidy	824
10.427	Rural Rental Assistance Payments	<u>88,873</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>160,888</u>
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	107,235
Housing Voucher Cluster:		
14.871	Section 8 Housing Choice Vouchers	12,455,710
14.850	Public Housing Operating Fund	1,489,827
14.872	Public Housing Capital Fund	<u>1,344,854</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>15,397,626</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE		<u>\$ 15,558,514</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, 2025 was \$55,239.

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

See independent auditor's report.