Financial Statements
December 31, 2013

The Housing and Redevelopment Commission of the City of Madison, South Dakota

The Housing and Redevelopment Commission of the City of Madison, South Dakota

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Independent Auditor's Report

To the Board of Commissioners
The Housing and Redevelopment Commission of the City of Madison, South Dakota
(A Component Unit of the City of Madison, South Dakota)
Madison, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of The Housing and Redevelopment Commission of the City of Madison, South Dakota, a component unit of The City of Madison, South Dakota (the Commission) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of The Housing and Redevelopment Commission of the City of Madison, South Dakota, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively compromise the Commission's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organization,* and the Financial Data Schedules (FDS) as required by Housing and Urban Development Real Estate Assessment Center (REAC) are not a required part of the financial statements.

The schedule of expenditures of federal awards and financial data 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated July 31, 2014 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal controls over financial report and compliance.

Eide Bailly LLP

Sioux Falls, South Dakota
July 31, 2014

MADISON HOUSING & REDEVELOPMENT COMMISSION
Madison, South Dakota

Management's Discussion and Analysis
December, 31 2013

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

Our discussion and analysis of the Madison Housing & Redevelopment Commission (herein referred to as "the Housing Authority"), Madison, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December, 31 2013. Please read the MD&A in conjunction with the Housing Authority's financial statements.

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

Financial Highlights

Total assets of the Housing Authority for the year ended December, 31 2013 were $2,836,008. Total liabilities were $1,453,095. Total assets exceeded total liabilities by $1,382,913 (net position).

Unrestricted net position totals $76,859. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December, 31 2013, was $1,206,963 and expenditures totaled $1,082,580, expenses exceeded revenue by $124,383.

Overview of the Financial Statements

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

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

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

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

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

Financial Analysis

The Housing Authority's basic financial statements are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December, 31 2013. The Statement of Changes in Net Position also summarizes the revenues and sources of those revenues, and expenses incurred in operating the Housing Authority for the year ended December, 31 2013.

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

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

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

City Housing / Townhouses – The authority completed construction and is operating a residential rental facility for moderate income families and individuals (not funded by HUD).

MADISON HOUSING & REDEVELOPMENT COMMISSION
Madison, South Dakota

Management's Discussion and Analysis
December, 31 2013

(Continued)

Statement of Net Position

FOR THE YEAR ENDED December	2013	2012
Current and Other Assets	$261,817	$504,976
Capital Assets	$2,574,191	$2,238,338
Total Assets	$2,836,008	$2,743,314
Current and Other Liabilities	$145,139	$125,857
Long-Term Liabilities	$1,307,956	$1,359,927
Total liabilities	$1,453,095	$1,485,784
Net Position		
Invested in capital assets, net of related debt	$1,213,088	$827,769
Restricted	$92,966	$107,051
Unrestricted	$76,859	$323,710
Total Net Position	$1,382,913	$1,258,530
Total Liabilities and Net Position	$2,836,008	$2,744,314

Comparative Statement of Revenues, Expenses and Changes in Net Position

FOR THE YEAR ENDED December	2013	2012	Change
Program Revenue			
Tenant revenue	$373,751	$386,729	($13,045)
Federal grants and subsidies	$812,815	$641,926	$170,889
Investment Income	$776	$1,485	($709)
Gain/loss - disposition of assets	$0	$0	$0
Other income	$19,621	$21,523	($1,902)
Total revenue	$1,206,963	$1,051,663	$155,233
Program Expenses			
Administration	$185,119	$187,895	($2,776)
Tenant Services	$8,626	$6,825	$1,801
Utilities	$121,600	$114,300	$7,300
Ordinary maintenance & operations	$165,700	$124,102	$41,598
Protective services	$0	$0	$0
Interest Expense	$69,860	$72,251	($2,391)
General expenses	$43,078	$44,519	($1,441)
Non-routine maintenance	$0	$13,948	($13,948)
Depreciation	$156,256	$168,807	($12,551)
HAP	$332,341	$309,546	$22,795
Total expenses	$1,082,580	$1,042,193	$40,387
Change in Net Position	$124,383	$9,470	$114,846
Beginning Net Position	$1,258,530	$1,249,060	$9,470
Ending Net Position	$1,382,913	$1,258,530	$124,316

Federal grants total $812,815

Operating Fund $211,678, Capital Fund $251,407, and HAP $349,730

Capital Assets

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

FOR THE YEAR ENDED December	2013	2012	change
Land	$295,156	$295,156	$0
Buildings	$6,309,735	$5,815,895	$493,840
Furniture, Equipment & Machinery - Admin	$240,812	$244,307	($3,495)
Construction in Progress	$0	$1,731	($1,731)
Subtotal	$6,845,703	$6,357,089	$488,615
Accumulated Depreciation	($4,271,512)	($4,118,751)	($152,761)
Total Capital assets	$2,574,191	$2,238,338	$335,853

Long Term Debt

The Housing Authority has $1,307,956 in long-term debt.

Economic Factors

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

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Rhonda Roling, Executive Director, at Madison Housing & Redevelopment Commission, 111 S Washington Avenue, Madison, South Dakota 57042 -- (605) 256-2112

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Statement of Net Position
December 31, 2013

Assets	
Current Assets	
Cash and cash equivalents	
Cash	$ 51,654
Restricted cash - reserve for replacements	74,585
Restricted cash - excess HUD funding	18,381
Tenant security deposits	19,455
Certificate of deposit	81,712
Tenant accounts receivable, net of allowance for doubtful accounts	1,805
Prepaid expenses	14,225
Total current assets	261,817
Capital Assets	
Land	295,156
Other capital assets, net of accumulated depreciation	2,279,035
Total capital assets	2,574,191
	$ 2,836,008
Liabilities and Net Position	
Current Liabilities	
Current portion of long-term debt	$ 53,147
Accounts payable	46,064
Accrued payments in lieu of taxes	24,574
Tenant security deposits	19,453
Unearned revenue	1,901
Total current liabilities	145,139
Long-Term Debt, Less Current Maturities	1,307,956
Total liabilities	1,453,095
Net Position	
Invested in capital assets, net of related debt	1,213,088
Restricted	92,966
Unrestricted	76,859
Total net position	1,382,913
	$ 2,836,008

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2013

Operating Revenues	
Dwelling rental income	$ 202,583
Dwelling rental income - pledged for debt service	171,168
HUD operating grants	579,366
Other revenue	19,621
Total operating revenues	972,738
Operating Expenses	
Rental assistance payments	332,341
Administrative	185,119
Depreciation	156,256
Ordinary maintenance and operation	165,700
Utilities	121,600
General expenses	27,549
Insurance premiums	15,529
Tenant services	8,626
Total operating expenses	1,012,720
Operating Loss	(39,982)
Nonoperating Revenue (Expense)	
Investment income	776
Interest expense	(69,860)
Total nonoperating revenue (expense)	(69,084)
Loss Before Other Revenues	(109,066)
Capital Contributions - HUD Capital Grants	233,449
Change in Net Position	124,383
Net Position, Beginning of Year	1,258,530
Net Position, End of Year	$ 1,382,913

See Notes to Financial Statements

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Statement of Cash Flows
Year Ended December 31, 2013

Operating Activities	
Receipts from tenants	$ 371,717
HUD operating grants	582,843
Receipts for other	20,843
Payments for operating expenses	(809,185)
Payments in lieu of taxes	(26,544)
Net Cash from Operating Activities	139,674
Investing Activities	
Interest received	912
Purchase of investments	(446)
Net Cash from Investing Activities	466
Capital and Related Financing Activities	
HUD capital grant proceeds	233,449
Purchases of capital assets	(492,109)
Interest paid on long-term debt	(69,860)
Principal payments on long-term debt	(49,466)
Net Cash used for Capital and Related Financing Activities	(377,986)
Net Change in Cash and Cash Equivalents	(237,846)
Cash and Cash Equivalents at Beginning of Year	401,921
Cash and Cash Equivalents at End of Year	$ 164,075
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating loss	$ (39,982)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	156,256
Provision for losses on accounts receivable	(550)
Change in assets and liabilities	
Tenant accounts receivable	2,034
HUD accounts receivable	3,477
Miscellaneous accounts receivable	1,222
Prepaid expenses	440
Accounts payable	22,265
Tenant security deposits	(927)
Deferred revenues	(2,591)
Accrued PILOT	(1,970)
Net Cash from Operating Activities	$ 139,674

See Notes to Financial Statements

Note 1 - Nature of Operations and Significant Accounting Policies

Reporting Entity

The Housing and Redevelopment Commission of the City of Madison, South Dakota, was organized in 1968 under the authority of South Dakota Codified Law 11-7-7. The Commission was organized for the purpose of providing housing and housing assistance to the low and very low income, elderly, family and disabled, through low rent housing programs designed to provide decent, safe, affordable and sanitary housing. The city mayor and city commissioners appoint the five members of the governing board for five-year staggered terms. The members do not serve at the discretion of the city commission; that is, they can be removed only for cause. The board elects its own chairperson and hires a contract administrator to administer the daily affairs of the Commission. The city commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the city commission the ability to impose its will on the Commission. Therefore, the primary government is the City of Madison. The Commission has no component units.

The Commission has the following programs accounted for in one enterprise fund:

Public Housing Program - This program accounts for the operation of 94 units of low-income housing in Madison, South Dakota through the HUD-funded Low Rent Housing Program, Project SD 011001. These units are owned and operated by the Commission subject to program rules and regulations. HUD provides subsidies for the operation, maintenance, and improvement of these units.

Section 8 Vouchers - This program accounts for the administration of 111 units of rental assistance through the HUD-funded Housing Choice Voucher Program. Under the program, tenants lease housing directly from private landlords. HUD contracts with the Commission, which in turn contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Essential Function - This program accounts for the bond funding for the construction and operation of two eight-unit complexes and two four-unit complexes in Madison, South Dakota primarily to provide off campus housing for university students.

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, then a calculation of the annual contribution or subsidy earned for each program is made and a year-end settlement is determined which results in either a receivable from or payable to HUD. The Commission is required to prepare, adopt, and submit 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 thirty percent of their adjusted gross income, based on HUD guidelines, or ten percent 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.

Basis of Presentation

Housing authority resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses.

All of the programs of the Commission are accounted for in one business-type activity for financial reporting purposes. Enterprise funds are used to account for business-type operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Department of Housing and Urban Development Real Estate Assessment Center (REAC) assesses the financial condition of Public Housing Authorities (PHA's). To uniformly and consistently assess the PHA's, REAC requires that PHA's financial statements conform to generally accepted accounting principles (GAAP).

The financial statements of the Commission are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into invested in capital assets, restricted, and unrestricted components. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Revenue is recognized when earned and expenses are recognized at the time liabilities are incurred.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Commission's principal ongoing operations. Principal revenues are dwelling rentals. Operating expenses include administration, maintenance, insurance, payments in lieu of taxes, depreciation, utilities and housing assistance payments. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. This includes HUD capital grants, interest income and interest expense amounts.

Fund Revenue and Expense Classifications

In the Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating revenues or expenses.

Components of Net Position

Components of net position include the following:

- Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position – consists of net position less related liabilities reported in the basic statement of net position that are subject to restraints on their use by HUD.
- Unrestricted Net Position – consists of net position less related liabilities reported in the basic statement of net position that are not subject to restraints on their use.

Application of Net Position

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

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.

Cash and Cash Equivalents

The Commission's cash deposits can only be invested in HUD approved investments: direct obligations of the Federal Government backed by the full faith and credit of the United States, obligations of government agencies, securities of government sponsored agencies, demand and savings deposits, time deposits, repurchase agreements, and other securities approved by HUD.

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

Restricted Cash

Restricted cash consists of restricted deposits and excess HUD funding. Restricted deposits are required to be maintained for a replacement reserve in accordance with a mortgage debt agreement expendable for property upkeep and renovation, and for tenant security deposits. Excess funding received from HUD is required to be maintained as a restricted account by the Commission.

Capital Assets

Land, buildings and improvements are recorded at cost. Interest costs incurred during construction of fixed assets are capitalized along with other fixed asset costs. The Commission capitalizes equipment with an initial cost of more than $1,000 and an estimated useful life in excess of one year. 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 principally by the straight-line method over the following estimated useful lives:

Buildings	40 years
Building improvements	15 years
Land improvements	20 years
Furniture and equipment	5 - 15 years

Fraud Recovery

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

Budgets

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

Concentrations of Credit Risk

In general, South Dakota Codified Law (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 (c) 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.

At December 31, the actual bank balances were as follows:

Insured (FDIC)	$	261,225
Uninsured, collateral held by the Commission or the Commission's agent in the Commission's name		-
Total deposits	$	261,225
The Commission's carrying amount of deposits at December 31	$	245,787

Note 2 - Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

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

The Housing Commission's cash deposits are made and held in qualified public depositories as defined by SDCL 4-6A-1, and may be in the form of demand or time deposits.

Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposits accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or 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 in prescribed by State law for the security of public funds.

The Housing Commission's carrying amount of deposits at December 31, 2013 was reflected on the statements of net position as follows:

Cash	$	51,654
Restricted cash		112,421
Certificate of deposit		81,712
	$	245,787

Custodial Credit Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned. The Commission's investment policy requires that all investments be adequately collateralized. At December 31, 2013, the Commission's deposits were either fully insured or properly collateralized.

Interest Rate Risk – The risk that changes in interest rates will adversely affect the fair value of investments. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The risk that an issuer or other counterpart to an investment will not fulfill its obligations. State law limits eligible investments for the Commission, as discussed above. In addition, the Commission's investment policy is to invest all federal funds in securities of the type approved by the U.S. Department of Housing and Urban Development. Such investments may include insured money market accounts, certificates of deposit, U.S. Treasury bills and notes, obligations of federal government agencies and municipal depository funds, and other similar types of investments meeting government agencies and municipal depository funds, and other similar types of investments meeting HUD's criteria.

Concentration of Credit Risk – The risk of loss attributed to the magnitude of a government's investments in a single issuer. The Commission places no limit on the amount that may be invested in any one issuer.

Note 3 - 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 on real property owned, but rather make payments in lieu of (property) taxes (PILOT). Prior to 2010, PILOT was based on 10% of gross rents less utilities costs. During 2010, the State law changed such that the amount due is the lower of the prior calculation (10% of gross rents less utilities) or 5% of gross rents. At December 31, 2013, payment in lieu of taxes expense was as follows:

	Public Housing	Business Activities	Total
Rental income	$ 196,531	$ 170,808	$ 367,339
Less allowable utilities	(119,684)	(1,916)	(121,600)
Net shelter rent	$ 76,847	$ 168,892	$ 245,739
The lower of the following:			
10% of net shelter rent (PILOT)	$ 7,685	$ 16,889	
5% of gross shelter rent (PILOT)	$ 9,827	$ 8,540	

Note 4 - Related Party Transactions

The City of Madison (of which the Housing Commission is a component unit) provides water and sewer and electrical utilities at its customary rates to the Commission's properties. Utility expense paid to the city for the year ended December 31, 2013 was $128,605. As of December 31, 2013, the amount owed to the city for utilities was $19,515.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
Capital assets not depreciated:				
Land	$ 295,156	$ -	$ -	$ 295,156
Capital assets being depreciated:				
Buildings & improvements	5,815,895	493,840	-	6,309,735
Furniture & equipment	244,307	-	(3,495)	240,812
Total capital assets being depreciated	6,060,202	493,840	(3,495)	6,550,547
Less accumulated depreciation for:				
Building & improvements	3,919,561	143,375	-	4,062,936
Furniture & equipment	199,190	12,881	(3,495)	208,576
Total accumulated depreciation	4,118,751	156,256	(3,495)	4,271,512
Total capital assets being depreciated, net	1,941,451	337,584	-	2,279,035
Construction in progress	1,731	-	(1,731)	-
Total capital assets, net	$ 2,238,338	$ 337,584	$ (1,731)	$ 2,574,191

Note 6 - Long - Term Debt

Revenue Bonds

In November 2002, the Commission issued Essential Function Housing Development Revenue Bonds, Series 2000, totaling $1,800,000. The Essential Function Housing Development Revenue Bonds, Series 2000 rider dated November 1, 2002 lowered the interest rate on the bonds to 4.95% from 6.25%. The 4.95% interest rate was in effect through June 30, 2006. Thereafter the rate is at an adjusted interest rate of 2% below the New York Wall Street Journal high prime on the date of the adjustment until the principal sum is paid. However, the adjusted rate will not be less than 4.95% per annum or greater than 7.5%.

The interest rate was adjusted on July 1, 2011 to 4.95%. The interest rate will again be subject to adjustment at July 1 of the following years: 2016, 2021, and 2026. The refunding bond will be amortized over 28 years with payments to start December 1, 2002 and end on November 1, 2030. The bond is secured by a mortgage on apartment complexes and an assignment of rents on the real and personal property of the project. See Note 9 for segment information regarding the project.

The City of Madison has guaranteed payment on the bond up to $442,895 in the event the Madison Housing and Redevelopment Commission has insufficient funds to pay debt service on the bond.

Balance, beginning of year	$ 1,410,569
Repayments	(49,466)
Balance, end of year	1,361,103
Less current portion	(53,147)
Total long-term debt, net of current portion	$ 1,307,956

The annual requirements to amortize all debt outstanding as of December 31, 2013, using a 4.95% rate through November 2030, are as follows:

	Revenue Bonds		Total debt
Year Ending December 31,	Principal	Interest	Service
2014	$ 53,147	$ 66,180	$ 119,327
2015	55,838	63,488	119,326
2016	58,666	60,661	119,327
2017	61,637	57,690	119,327
2018	64,758	54,569	119,327
2019-2023	376,428	220,205	596,633
2024-2028	481,891	114,742	596,633
2029-2030	208,738	10,045	218,783
	$ 1,361,103	$ 647,580	$ 2,008,683

Note 7 - Risk Management

The Commission is exposed to various risks of losses including general liability and property damage. The insurance coverage is considered to be adequate to cover unexpected claims against the Commission. The Commission retains the responsibility to cover any settlements exceeding the specific coverage. There was no reduction in coverage from the prior year and settlements have not exceeded insurance coverage in the past three years.

The Commission does not carry worker's compensation insurance, unemployment insurance or employee health insurance because all employees are the responsibility of the contract administrator, Professional Management, Inc. of Madison, South Dakota.

Note 8 - Current Vulnerability Due to Certain Concentrations

The Commission's operations are concentrated in the multifamily real estate market. In addition, the Commission operates in a heavily regulated environment. The operations of the Commission are subject primarily to the administrative directives, rules, and regulations of the U.S. Department of Housing and Urban Development (HUD). 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.

The Commission received approximately 65% of its total revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Commission's operating results could be adversely affected.

Note 9 - Segment Information

The Commission issued bonds to finance the construction of multifamily developments. The bond fund activity is accounted for in a single enterprise fund, but investors of those bonds rely on the revenue generated by the activities within the individual bond indenture. Summary financial information for the Essential Function Bond Fund is presented below:

Condensed Statement of Net Position

Assets	
Current assets	$ 94,167
Capital assets	1,314,662
Total assets	$ 1,408,829
Liabilities	
Current liabilities	$ 75,766
Noncurrent liabilities	1,307,956
Total liabilities	1,383,722
Net position	
Net investment in capital assets	(46,441)
Restricted	74,585
Unrestricted	(3,037)
Total net position	25,107
	$ 1,408,829

Condensed Statements of Revenues, Expenses, and Changes in Net Position

Operating revenues	$	184,281
Operating expenses		(49,397)
Depreciation expense		(55,532)
Operating income		79,352
Non operating revenue (expense)		(69,787)
Change in net position		9,565
Beginning net position		15,542
Ending net position	$	25,107

Note 10 - Capital Fund Program Awards

The Commission receives funding from HUD for capital improvements. The improvements are budgeted under a 5-Year Plan. Funds available at December 31, 2013 are $44,816 for SD06P011501-13.

Note 11 - Subsequent Events

The Commission has evaluated subsequent events through July 31, 2014, the date which the financial statements were available to be issued.

Supplementary Information
December 31, 2013

The Housing and Redevelopment Commission of the City of Madison, South Dakota

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Amount
U.S. Department of Housing and Urban Development:		
Direct Federal Funding:		
Public and Indian Housing	14.850	$ 229,636
Section 8 Housing Choice Vouchers	14.871	349,730
Public Housing Capital Fund	14.872	233,449
		$ 812,815

Note to Schedule of Expenditures of Federal Awards

General - The above schedule of expenditures of federal awards presents the activity of all federal financial awards programs of The Housing and Redevelopment Commission of the City of Madison, South Dakota. The Commission's reporting entity is defined in the notes to the component unit financial statements of the Commission.

Basis of Presentation - The above schedule of expenditures of federal awards presents the federal grant activity of the Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Commissioners
The Housing and Redevelopment Commission of the City of Madison, South Dakota
Madison, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of The Housing and Redevelopment Commission of the City of Madison, South Dakota, a component unit of The City of Madison, South Dakota (the Commission) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated July 31, 2014.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies (Finding 2013-1).

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Findings
The Commission's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Eide Bailly LLP

Sioux Falls, South Dakota
July 31, 2014

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Commissioners
The Housing and Redevelopment Commission of the City of Madison, South Dakota
Madison, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Commission's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2013. The Commission's major federal programs are identified in the summary of auditor results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Each Major Federal Program
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 of each of its major Federal programs for the year ended December 31, 2013.

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Report on Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. 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.

Eide Bailly LLP

Sioux Falls, South Dakota
July 31, 2014

Summary of Audit Results

Financial Statements	
Type of auditor's report issued	Unqualified
Internal Control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	Yes
Noncompliance material to financial statements noted	No
Federal Awards	
Internal Control over major programs:	
Material weakness identified	No
Significant deficiency identified	None reported
Type of Auditors report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	No
Identification of major programs:	
CFDA Number	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Vouchers
Dollar threshold used to distinguish between Type A and Type B programs	$ 300,000
Auditee qualifies as low risk auditee	Yes

Findings – Financial Statement Audit

Finding 2013-01	**Preparation of Financial Statements**
Criteria:	Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.
Condition and Context:	The Commission does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to draft the financial statements and accompanying notes to the financial statements.
Cause:	The Commission does not have the resources necessary to provide for the preparation of full disclosure financial statements.
Effect:	The disclosures in the financial statements could be incomplete.
Recommendations:	This condition is not unusual for an organization of this size. It is important that management be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Commission and changes in reporting requirements.
Response:	Management has decided to accept any risk relating to the preparation of the financial statements.

Findings and Questioned Costs – Major Federal Awards Programs Audit

None

There were no prior audit findings or questioned costs related to the major federal awards program which are required to be reported for the year ended December 31, 2012.

The Housing and Redevelopment Commission of the City of Madison, South Dakota respectfully submits the following corrective action plan for audit findings for the year ended December 31, 2013.

Independent Public Accounting Firm: Eide Bailly LLP
PO Box 5125
Sioux Falls, SD 5717-5125

Audit Period: January 1, 2013 – December 31, 2013

The findings from the December 31, 2013 Schedule of Findings and Questioned Costs are discussed below.

Findings related to the Financial Statements

Finding 2013-01 Preparation of Financial Statements

The Commission does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Responsible Individuals: Brenda Strom

Corrective Action Plan: Since it is not cost-effective for an organization of this size to allocate resources necessary to prepare full disclosure financial statements, we have elected to engage our auditors, Eide Bailly, to assist in the preparation of the financial statements.

Anticipate Completion Date: Ongoing analysis

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Financial Data Schedule
December 31, 2013

Line Item #	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Business Activities	Total
	Assets:				
	Current assets:				
	Cash:				
111	Cash - unrestricted	$ 10,523	$ 1,354	$ 9,633	$ 21,510
112	Cash - restricted - modernization and development	-	-	-	-
113	Cash - other restricted	-	18,381	-	18,381
114	Cash - tenant security deposits	13,853	-	5,602	19,455
115	Cash - restricted for payment of current liabilities	-	-	-	-
100	Total cash	24,376	19,735	15,235	59,346
	Accounts and notes receivable:				
121	Accounts receivable - PHA projects	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-
124	Accounts receivable - other government	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	-	-
126	Accounts receivable - tenants	2,167	-	-	2,167
126.1	Allowance for doubtful accounts - tenants	(362)	-	-	(362)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	1,805	-	-	1,805
	Current investments:				
131	Investments - unrestricted	111,856	-	-	111,856
132	Investments - restricted	-	-	74,585	74,585
135	Investments - restricted for payment of current liability	-	-	-	-
142	Prepaid expenses and other assets	9,878	-	4,347	14,225
143	Inventories	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-
144	Interprogram due from	-	-	-	-
145	Assets held for sale	-	-	-	-
150	Total current assets	147,915	19,735	94,167	261,817
	Noncurrent Assets:				
	Fixed assets:				
161	Land	97,596	-	197,560	295,156
162	Buildings	4,765,114	-	1,544,621	6,309,735
163	Furniture, equipment & machinery - dwellings	-	-	-	-
164	Furniture, equipment & machinery - administration	125,253	5,804	109,755	240,812
165	Leasehold improvements	-	-	-	-
166	Accumulated depreciation	(3,728,434)	(5,804)	(537,274)	(4,271,512)
167	Construction in progress	-	-	-	-
168	Infrastructure	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	1,259,529	-	1,314,662	2,574,191
171	Notes, loans, and mortgages receivable - non-current	-	-	-	-
172	Notes, loans, and mortgages receivable - non-current - past due	-	-	-	-
173	Grants receivable - non-current	-	-	-	-
174	Other assets	-	-	-	-
176	Investments in joint ventures	-	-	-	-
180	Total noncurrent assets	1,259,529	-	1,314,662	2,574,191
190	Total assets	$ 1,407,444	$ 19,735	$ 1,408,829	$ 2,836,008

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Financial Data Schedule
December 31, 2013

Line Item #	Account Description	Low Rent 14.850	Choice Voucher Program 14.871	Business Activities	Total
	Liabilities and Equity:				
	Liabilities:				
	Current liabilities:				
311	Bank overdraft	$ -	$ -	$ -	$ -
312	Accounts payable ≤ 90 days	21,750	775	130	22,655
313	Accounts payable > 90 days past due	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-
322	Accrued compensated absences - current portion	-	-	-	-
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-
333	Accounts payable - other government	7,685	-	16,889	24,574
341	Tenant security deposits	13,853	-	5,600	19,453
342	Deferred revenues	1,901	-	-	1,901
343	Current portion of long-term debt - capital projects/mortgage re	-	-	53,147	53,147
344	Current portion of long-term debt - operating borrowings	-	-	-	-
345	Other current liabilities	-	-	-	-
346	Accrued liabilities - other	23,409	-	-	23,409
347	Interprogram - due to	-	-	-	-
348	Loan liability - current	-	-	-	-
310	Total current liabilities	68,598	775	75,766	145,139
	Noncurrent liabilities:				
351	Long-term debt, net of current - capital projects/mortgage reven	-	-	1,307,956	1,307,956
352	Long-term debt, net of current - operating borrowings	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	-
354	Accrued compensated absences - non-current	-	-	-	-
355	Loan liability-non-current	-	-	-	-
356	FASB 5 liabilities	-	-	-	-
357	Accrued pension and OPEB liabilities	-	-	-	-
350	Total noncurrent liabilities	-	-	1,307,956	1,307,956
300	Total liabilities	68,598	775	1,383,722	1,453,095
	Equity/Net Position:				
508.1	Net investment in capital assets	1,259,529	-	(46,441)	1,213,088
	Reserved Net Position:				
511.4	Restricted net position	-	18,381	74,585	92,966
512.4	Unrestricted net position	79,317	579	(3,037)	76,859
513	Total equity/net position	1,338,846	18,960	25,107	1,382,913
600	Total liabilities and equity/net position	$ 1,407,444	$ 19,735	$ 1,408,829	$ 2,836,008

70300	Net tenant rental revenue	$ 196,531	$ -	$ 170,808	$ 367,339
70400	Tenant revenue - other	6,052	-	360	6,412
70500	Total tenant revenue	202,583	-	171,168	373,751
70600	HUD PHA operating grants	229,636	349,730	-	579,366
70610	Capital grants	233,449	-	-	233,449
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 governmental grants	-	-	-	-
71100	Investment income - unrestricted	407	10	-	417
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition if assets held for sale	-	-	-	-
71310	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	-	25	-	25
71500	Other revenue	5,583	900	13,113	19,596
71600	Gain or loss on the sale of capital assets	-	-	-	-
72000	Investment income - restricted	-	286	73	359
70000	Total revenue	671,658	350,951	184,354	1,206,963
	Expenses:				
	Administrative:				
91100	Administrative salaries	-	-	-	-
91200	Auditing fees	16,235	545	1,270	18,050
91300	Management fee	92,410	19,375	10,190	121,975
91310	Book-keeping fee	-	-	-	-
91400	Advertising and marketing	-	-	-	-
91500	Employee benefit contributions - administrative	-	-	-	-
91600	Office expenses	16,574	14,244	2,084	32,902
91700	Legal expense	-	-	-	-
91800	Travel	-	-	-	-
91810	Allocated overhead	-	-	-	-
91900	Other	6,950	5,242	-	12,192
91000	Total operating - administrative	132,169	39,406	13,544	185,119
	Tenant services:				
92000	Asset management fee	-	-	-	-
92100	Tenant services - salaries	5,640	-	-	5,640
92200	Relocation costs	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-
92400	Tenant services - other	2,986	-	-	2,986
92500	Total tenant services	8,626	-	-	8,626

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Financial Data Schedule
December 31, 2013

Line Item #	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Business Activities	Total
	Utilities:				
93100	Water	$ 17,840	$ -	$ 1,066	$ 18,906
93200	Electricity	83,772	-	40	83,812
93300	Gas	3,110	-	153	3,263
93400	Fuel	743	-	-	743
93500	Labor	-	-	-	-
93600	Sewer	12,759	-	2	12,761
93700	Employee benefit contributions-utilities	-	-	-	-
93800	Other utilities expense	1,460	-	655	2,115
93000	Total utilities	119,684	-	1,916	121,600
	Ordinary maintenance & operation:				
94100	Ordinary maintenance and operations - labor	82,792	-	-	82,792
94200	Ordinary maintenance and operations - materials and other	18,601	-	53	18,654
94300	Ordinary maintenance and operations - contracts	51,606	-	12,648	64,254
94500	Employee benefit contributions - ordinary maintenance	-	-	-	-
94000	Total maintenance & operation	152,999	-	12,701	165,700
	Protective services:				
95100	Protective services - labor	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions-protective services	-	-	-	-
95000	Total protective services	-	-	-	-
	Insurance premiums:				
96110	Insurance premiums	10,014	(5)	116	10,125
96120	Liability insurance	-	-	-	-
96130	Workmen's compensation	115	-	-	115
96140	All other insurance	1,000	58	4,231	5,289
96100	Total insurance premiums	11,129	53	4,347	15,529
	Other General expenses:				
96200	Other general expenses	500	167	-	667
96210	Compensated absences	-	-	-	-
96300	Payments in lieu of taxes	7,685	-	16,889	24,574
96400	Bad debt - tenant rents	2,308	-	-	2,308
96500	Bad debt - mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96800	Severance expense	-	-	-	-
96000	Total other general expenses	10,493	167	16,889	27,549
	Interest expense and amortization cost:				
96710	Interest on mortgage (or bonds) payable	-	-	-	-
96720	Interest on notes payable (short and long term)	-	-	69,860	69,860
96730	Amortization of bond issue costs	-	-	-	-
96700	Total interest expense and amortization cost	-	-	69,860	69,860
96900	Total operating expenses	435,100	39,626	119,257	593,983
97000	Excess operating revenue over operating expenses	236,558	311,325	65,097	612,980

The Housing and Redevelopment Commission of the City of Madison, South Dakota

Financial Data Schedule
December 31, 2013

Line Item #	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Business Activities	Total
	Other expenses:				
97100	Extraordinary maintenance	$ -	$ -	$ -	$ -
97200	Casualty losses - non-capitalized	-	-	-	-
97300	Housing assistance payments	-	332,341	-	332,341
97350	HAP portability-in				
97400	Depreciation expense	100,724	-	55,532	156,256
67500	Fraud losses	-	-	-	-
67600	Capital outlays - governmental funds	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	Total expenses	535,824	371,967	174,789	1,082,580
	Other financing sources (uses)				
10010	Operating transfers in	-	-	-	-
10020	Operating transfers 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 program and project - out	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) expenses	$ 135,834	$ (21,016)	$ 9,565	$ 124,383
	Memo account information				
11020	Required annual debt principal payments	$ -	$ -	$ -	$ -
11030	Beginning equity	1,203,012	39,976	15,542	1,258,530
11040	Prior period adjustments, equity transfers and correction of erro	-	-	-	-
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	-	579	-	579
11180	Housing assistance payments equity	-	18,381	-	18,381
11190	Unit months available	1,057	1,332	288	2,677
11210	Number of unit months leased	979	1,024	288	2,291
11270	Excess Cash	33,181	-	-	33,181
11610	Land purchases	-	-	-	-
11620	Building purchases	233,449	-	-	233,449
11630	Furniture & equipment - dwelling purchases	-	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-
11660	Infrastructure purchases	-	-	-	-
13510	CFFP debt service payments	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-

(1) Basis of Presentation

The Financial Data Schedule has been prepared using the basis of accounting required by HUD's Real Estate Assessment Center.