

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
MOBRIDGE, SOUTH DAKOTA

PROJECT NUMBERS: SD057VO and SD 057MR
ANNUAL CONTRIBUTION CONTRACT NUMBER: SD057

FINANCIAL REPORT

FOR THE ONE YEAR ENDING DECEMBER 31, 2012

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA

P.O. Box 262

Madison, South Dakota 57042

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA

PROJECT NUMBERS: SD057VO and SD 057MR
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TABLE OF CONTENTS TO THE FINANCIAL REPORT
FOR THE ONE YEAR ENDING DECEMBER 31, 2012

FINANCIAL SECTION

- 1 Independent Auditor's Report
- 4 Management's Discussion and Analysis
(Required Supplementary Information)
Basic Financial Statements:
 - Government-wide Financial Statements:
 - 8 Statement of Net Position
 - 9 Statement of Activities
 - Fund Financial Statements:
 - Enterprise Fund:
 - 10 Statement of Net Position
 - 11 Statement of Revenues, Expenses, and Changes in Fund Net Position
 - 12 Statement of Cash Flows
 - Fiduciary Funds:
 - 13 Statement of Fiduciary Assets and Liabilities
 - 14 Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

- 23 Schedule of Program Net Position
- 24 Schedule of Program Revenues, Expenses, and Changes in Program
Net Position
- 25 Schedule of Program Cash Flows
- 26 Combining Schedule of Net Position of all Housing Choice Vouchers
Programs Administered by the Mobridge Housing and Redevelopment
Commission
- 27 Combining Schedule of Revenues, Expenses, and Changes in Net Position of
all Housing Choice Vouchers Programs Administered by the Mobridge
Housing and Redevelopment Commission
- 28 Combining Schedule of Cash Flows of all Housing Choice Vouchers
Programs Administered by the Mobridge Housing and Redevelopment
Commission
- 29 Financial Data Schedule For the One Year Ending December 31, 2012
(Required by the Dept. of Housing and Urban Development)
- 31 Schedule of Expenditures of Federal Awards

GOVERNMENTAL SECTION

- 32 Report on Compliance and Other Matters and on Internal Control over
Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
- 34 Report on Compliance with Requirements Applicable to Each Major
Program and on Internal Control over Compliance in Accordance with
OMB Circular A-133
- 36 Schedule of Prior Audit Findings and Questioned Costs
- 36 Schedule of Current Audit Findings and Questioned Costs

NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, P.C.

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Board of Commissioners
Mobridge Housing & Redevelopment Commission
Mobridge, South Dakota

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of business-type activities, the major fund, and the aggregate remaining fund information of the Mobridge Housing & Redevelopment Commission (Commission), a component unit of the City of Mobridge, Walworth County, South Dakota, as of and for the one year ending December 31, 2012, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 judgement, including the assessment of the risk 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 Commission'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 Commission's internal control. Accordingly, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my unmodified audit opinions on business-type activities, the major fund, and the aggregate remaining fund information.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities, the major fund, and the aggregate remaining fund information of the Mobridge Housing & Redevelopment Commission, a component unit of the City of Mobridge, South Dakota, as of December 31, 2012, and the respective changes in financial position and cash flows thereof for the one year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 4 to 7) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters - Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements.

The accompanying Schedule of Program Net Position, Schedule of Program Revenues, Expenses, and Changes in Program Net Position, and Schedule of Program Cash Flows, (page 23 to 25) are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying Combining Schedule of Net Position of all Housing Choice Voucher Programs Administered by the Mobridge Housing and Redevelopment Commission, the Combining Schedule of Revenues, Expenses, and Changes in Net Position of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, and the Combining Schedule of Cash Flows of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission (page 26 to 28) are presented for the purpose of additional analysis and are not a required part of the basic financial stmts.

The accompanying Financial Data Schedule (page 29 and 30) is presented for purpose of additional analysis, as required by the U.S. Dept. of Housing and Urban Development, and is not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards (page 31) is presented for purposes of additional analysis, as required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial stmts.

Board of Commissioners
Mobridge Housing & Redevelopment Commission
Independent Auditor's Report - Page Three

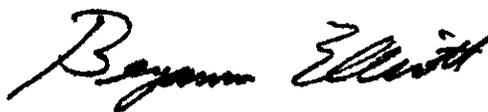
The Schedule of Schedule of Program Net Position, the Schedule of Program Revenues, Expenses, and Changes in Program Net Position, the Schedule of Program Cash Flows, the Combining Schedule of Net Position of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Combining Schedule of Revenues, Expenses, and Changes in Net Position of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Combining Schedule of Cash Flows of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Financial Data Schedule and the Schedule of Expenditures of Federal Awards is information that is the responsibility of management. The information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the Schedule of Schedule of Program Net Position, the Schedule of Program Revenues, Expenses, and Changes in Program Net Position, the Schedule of Program Cash Flows, the Combining Schedule of Net Position of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Combining Schedule of Revenues, Expenses, and Changes in Net Position of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Combining Schedule of Cash Flows of all Housing Choice Vouchers Programs Administered by the Mobridge Housing and Redevelopment Commission, the Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 11, 2013 (page 32) on my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters and my consideration of the Commission's internal control over financial reporting. The purpose of that report is to describe the scope of my testing of compliance and internal control over financial reporting, and the results of that testing, and not to provide an opinion on compliance or internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's compliance and internal control over financial reporting.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota



September 11, 2013

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December, 31 2012

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 Mobridge Housing & Redevelopment Commission (herein referred to as "the Housing Authority"), Mobridge, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December, 31 2012. 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 balance sheet. 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 2012 were \$1,345,368. Total liabilities were \$1,314,451. Total assets exceeded total liabilities by \$30,917 (net position).

Unrestricted net position totals \$83,166. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December, 31 2012, was \$667,443 and expenditures totaled \$801,718, expenses exceeded revenue by \$134,275.

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 of the Housing Authority 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 Position 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.

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December, 31 2012

(Continued)

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 Position and liabilities as of the close of business on December, 31 2012. 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 2012.

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..

Moderate Rehab Program – Provides assistance to families living in units that were developed by individual owners for low income families and housing assistance provided by the Housing Authority.

Statement of Net Position

FOR THE YEAR ENDED December	2012	2011
Current assets and prepaid expense	\$228,584	\$336,608
Inventory held for resale	\$0	\$0
Fixed assets, net	\$1,116,878	\$1,161,576
Total Assets	\$1,345,462	\$1,498,184
Current liabilities	\$70,263	\$61,262
Non-current liabilities	\$1,244,188	\$1,271,730
Total liabilities	\$1,314,451	\$1,332,992
Assets		
Invested in capital assets, net of related debt	(\$158,905)	(\$134,423)
Restricted	\$89,736	\$184,769
Unrestricted	\$100,180	\$114,846
Total Assets	\$31,011	\$165,192
Total Liabilities and Assets	\$1,345,462	\$1,498,184

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December, 31 2012

(Continued)

Comparative Statement of Revenues, Expenses and Changes in Net Position

FOR THE YEAR ENDED December	2012	2011	Change
Program Revenue			
Tenant revenue	\$121,725	\$119,825	\$1,900
Other income	\$6,323	\$7,883	(\$1,560)
Federal grants and subsidies	\$539,210	\$729,114	(\$189,904)
Interest income	\$185	\$203	(\$18)
Gain/loss - disposition of assets	\$0	\$0	\$0
Total revenue	\$667,443	\$857,025	(\$189,582)
Program Expenses			
Administration	\$87,241	\$105,306	(\$18,064)
Tenant Services	\$10,383	\$34,233	(\$23,850)
Utilities	\$3,662	\$2,820	\$842
Ordinary maintenance & operations	\$12,302	\$17,937	(\$5,635)
Protective services	\$0	\$0	\$0
General expenses	\$65,004	\$65,545	(\$541)
Non-routine maintenance	\$0	\$0	\$0
Depreciation	\$44,698	\$44,698	\$0
HAP	\$578,428	\$440,571	\$137,857
Total expenses	\$801,717	\$711,110	\$90,608
Change in Net Position	(\$134,274)	\$145,915	(\$280,190)
Beginning Net Position	\$165,192	\$19,277	\$145,915
Ending Net Position	\$31,011	\$165,192	(\$134,181)

Federal grants total \$539,210.00.

Capital Assets

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

FOR THE YEAR ENDED December	2012	2011	change
Land	\$23,696	\$23,696	\$0
Buildings	\$1,353,162	\$1,353,162	\$0
Furniture, Equipment & Machinery - Admin	\$26,055	\$26,055	\$0
Furniture, Equipment & Machinery - Dwelling	\$13,219	\$13,219	\$0
Construction in Progress	\$0	\$0	\$0
Subtotal	\$1,416,132	\$1,416,132	\$0
Accumulated Depreciation	(\$299,254)	(\$254,556)	(\$44,698)
Total Capital assets	\$1,116,878	\$1,161,576	(\$44,698)

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December, 31 2012

(Continued)

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 Arlo Smith, Executive Director, at Mobridge Housing & Redevelopment Commission, 202 1st Ave East, Mobridge, South Dakota 57601 -- (605) 845-2560

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

GOVERNMENT WIDE - STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Unrestricted cash:			
Checking		111,689.68	111,689.68
Savings		12,868.19	12,868.19
Restricted cash:			
Checking - excess HAP		65,780.40	65,780.40
CDs - security deposits		9,075.00	9,075.00
Savings - FSS escrow		20,288.02	20,288.02
Checking - FSS expense		406.50	406.50
Savings - FSS maintenance		3,457.96	3,457.96
Accounts receivable:			
HUD		0.00	0.00
Miscellaneous		1,367.39	1,367.39
Interprogram revolving account		0.00	0.00
Prepaid insurance		3,156.87	3,156.87
Deferred charge		400.00	400.00
Total current assets	0.00	228,490.01	228,490.01
Noncurrent assets:			
Capital assets:			
Land		23,696.22	23,696.22
Buildings	1,353,161.83		1,353,161.83
Equipment - dwellings		13,219.00	13,219.00
Equipment - administration		26,054.95	26,054.95
Accumulated depreciation		(299,253.89)	(299,253.89)
Total noncurrent assets	0.00	1,116,878.11	1,116,878.11
Total assets	0.00	1,345,368.12	1,345,368.12
LIABILITIES			
Current liabilities:			
Accounts payable		1,835.86	1,835.86
Accounts payable - HUD		5,685.00	5,685.00
Security deposits		9,150.00	9,150.00
Family self-sufficiency - escrow		20,288.02	20,288.02
Revenue bonds - current		28,473.80	28,473.80
Revenue bonds - accrued interest		4,829.81	4,829.81
Total current liabilities	0.00	70,262.49	70,262.49
Noncurrent liabilities:			
Revenue bonds - noncurrent		1,240,323.61	1,240,323.61
Family self-sufficiency - expense		406.50	406.50
Held for FSS home ownership clients		3,457.96	3,457.96
Total liabilities	0.00	1,314,450.56	1,314,450.56
NET POSITION			
Net invested in capital assets		(151,919.30)	(151,919.30)
Restricted - Excess HAP		65,780.40	65,780.40
Unrestricted (post-2003 earnings)		94,936.49	94,936.49
Unrestricted (pre-2004 earnings)		22,119.97	22,119.97
Total net assets	0.00	30,917.56	30,917.56

See accompanying notes.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

GOVERNMENT WIDE - STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2012

Functions/Programs:	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary Government:							
Governmental activities:							
None					0.00		0.00
Total governmental activities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Business-type activities:							
Housing programs	657,408.73	127,451.67	395,474.76			(134,482.30)	(134,482.30)
Total business-type activities	657,408.73	127,451.67	395,474.76	0.00	0.00	(134,482.30)	(134,482.30)
Total primary government	<u>657,408.73</u>	<u>127,451.67</u>	<u>395,474.76</u>	<u>0.00</u>	0.00	(134,482.30)	(134,482.30)
General revenues:							
Interest earnings						207.97	207.97
Total general revenues					0.00	207.97	207.97
Change in net position					0.00	(134,274.33)	(134,274.33)
Net position, January 1, 2012					0.00	165,191.89	165,191.89
Net position, December 31, 2012					<u>0.00</u>	<u>30,917.56</u>	<u>30,917.56</u>

See accompanying notes.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

STATEMENT OF NET POSITION

ENTERPRISE FUND AS OF DECEMBER 31, 2012

ASSETS

Current assets:

Unrestricted cash:	
Checking	111,614.68
Savings	12,868.19
Restricted cash:	
Checking - excess HAP	65,780.40
Checking - security deposits	75.00
CDs - security deposits	9,075.00
Savings - FSS escrow	20,288.02
Checking - FSS expense	406.50
Checking - FSS maintenance deposits	3,457.96
Accounts receivable:	
HUD	0.00
Miscellaneous	1,367.39
Interprogram revolving account	0.00
Prepaid insurance	3,156.87
Deferred charges	400.00

Total current assets	228,490.01

Noncurrent assets:

Capital assets:

Land	23,696.22
Buildings	1,353,161.83
Equipment - dwellings	13,219.00
Equipment - administration	26,054.95
Accumulated depreciation	(299,253.89)

Total noncurrent assets	1,116,878.11

Total assets	1,345,368.12

LIABILITIES

Current liabilities:

Accounts payable	1,835.86
Accounts payable - HUD	5,685.00
Security deposits	9,150.00
Family self-sufficiency (FSS) program - escrow	20,288.02
Revenue bonds - current	28,473.80
Revenue bonds - accrued interest	4,829.81

Total current liabilities	70,262.49

Noncurrent liabilities:

Revenue bonds - noncurrent	1,240,323.61
Family self-sufficiency (FSS) program - expense	406.50
Held for FSS home ownership clients	3,457.96

Total liabilities	1,314,450.56

PROGRAM NET POSITION:

Net invested in capital assets	(151,919.30)
Restricted - Excess HAP	65,780.40
Unrestricted (post 2003 earnings)	94,936.49
Unrestricted (pre 2004 earnings)	22,119.97

Total program net position	30,917.56

See accompanying notes.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
ENTERPRISE FUND FOR THE YEAR ENDING DECEMBER 31, 2012

Operating revenue:	
Rental income	119,275.00
Rental income - garage, other	2,615.00
Fraud recovery - HUD	1,667.50
Fraud recovery - PHA	1,667.50
Absorption (FSS)	2,117.67
Void HAP payments	109.00

Total operating revenue	127,451.67

Operating expense:	
Housing assistance payments	417,000.27
Family self-sufficiency payments to escrow	17,119.00
Audit	3,900.00
Administrative	83,341.36
Tenant services - FSS	10,383.31
Utilities	3,661.78
Maintenance and operations	12,354.95
General expenses	6,416.92
Depreciation	44,697.94

Total operating expense	598,875.53

Operating income (loss):	(471,423.86)
Nonoperating revenue (expense):	
HUD PHA operating grants:	
HAP and operations	311,167.00
Administration fees	78,455.00
Family self-sufficiency	5,279.00
Interest earned - HUD	69.00
Interest earned - PHA	138.97
Patronage refund - PHA	573.76
Interest expense	(58,533.20)

Total nonoperating revenue (expense):	337,149.53

Income (loss) before transfers	(134,274.33)
Transfer in (out)	0.00

Change in net position	(134,274.33)

Net position:	
January 1, 2012	165,191.89

December 31, 2012	30,917.56
	=====

See accompanying notes.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

STATEMENT OF CASH FLOWS
ENTERPRISE FUND FOR THE YEAR ENDING DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	126,896.25
Payments to landlords (HAP)	(417,000.27)
Payments to FSS	(15,079.52)
Payments to suppliers	(119,231.42)
Interprogram activity	0.00

Net cash provided (used) by operating activities	(424,414.96)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
HUD grants - operations	311,167.00
HUD grants - administration	92,221.00
HUD grants - FSS	5,279.00

Net cash provided (used) by non-capital financing act	408,667.00

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Mortgage payments - principal	(27,201.78)
Mortgage payments - interest	(58,636.98)

Net cash provided (used) by capital financing activi	(85,838.76)

CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	208.13
Patronage refund	573.76

Net cash provided (used) by investing activities	781.89

Net increase (decrease) in cash and cash equivalents	(100,804.83)

Cash and cash equivalents:	
January 1, 2012	324,370.58
Remove certificates of deposit	(9,075.00)

January 1, 2012, adjusted	315,295.58

December 31, 2012	<u>214,490.75</u>

RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	(471,423.86)
Adjustments required for reconciliation:	
Depreciation expense	44,697.94
Change in:	
Accounts receivable	(630.42)
Interprogram revolving account	0.00
Prepaid insurance	(137.35)
Accounts payable	964.25
Security deposits	75.00
FSS accounts payable	2,039.48

	<u>(424,414.96)</u>

Noncash financing, capital and investing activities:	
None	

See accompanying notes.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2012

	Agency Funds
ASSETS	
Current assets:	-----
Unrestricted cash:	
Checking	0.00

Total assets	0.00
	=====
LIABILITIES	
Current liabilities:	
Amounts held for others	0.00

Total current liabilities	0.00

Noncurrent liabilities:	
None	0.00

Total liabilities	0.00
	=====

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity:

The Mobridge Housing and Redevelopment Commission, (Commission) a component unit of the City of Mobridge, South Dakota, was organized in 1990 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C., 1401, et seq.). The Mayor and city council appoint the five members of the Commission's governing board for 5-year staggered terms. The Commission elects its own chairperson and recruits and employs its management personnel and other workers. The primary government is the City of Mobridge, South Dakota.

At December 31, 2012, the Commission's officials were:

Mayor, City of Mobridge
Kyle Jensen

Contracting Officer:
Arlo D. Smith

Board of Commissioners:
Duane Wegner, Chairman
Pat Fuhrman
Alan Landis
Dick Lillestol
Heidi Roshau

Attorney:
A. N. Buckmeier

Program Specialist:
Roxana Bradford

The Commission administers two low-income housing assistance payment (HAP) programs - a housing choice voucher program and a moderate rehabilitation program. The U.S. Dept. of Housing and Urban Development (HUD) funds the HAP programs. The Commission inspects properties to see that they are kept within HUD guidelines.

Under the Housing Choice Voucher Program, the Commission administers contracts with independent landlords that own the rental property. The Commission subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. Generally, the HAP payment to the landlord is the fair market rent less the family's share, which is usually set at 30% of the family's household income.

Under the Moderate Rehabilitation Program, the Commission contracts with the owner of a 42-unit building. The Commission subsidizes the family's rent through a HAP made to the owner. Generally, the HAP payment to the owner is the fair market rent less the family's share, which is usually set at 30% of the family's household income.

The Commission administers the HAP programs for the City of Mobridge, South Dakota.

The Commission also has Joint Powers Agreements to administer, through agency funds, the Housing Choice Voucher program for the Campbell, Corson, Dewey, Edmunds, Faulk, McPherson, Perkins, Potter and Walworth Counties Housing and Redevelopment Commissions and the Cities of Faulkton and Lemmon Housing and Redevelopment Commissions.

The Commission also administers an 8-plex housing unit under SDCL 11-7-53.3. Construction was completed in 2005 at a cost of \$805,458. The project was financed by an \$800,000 Essential Function Housing Development Revenue Bond under SDCL 11-7-92. The bond was issued by a local bank. The City of Moberidge guaranteed 25% of the bond. See page 22 for bond payment information.

The Commission also administers a 4-plex housing unit under SDCL 11-7-53.3. Construction was completed in 2010 at a cost of \$571,400. The project was financed by an \$600,000 Essential Function Housing Development Revenue Bond under SDCL 11-7-92. The bond was issued by a local bank. The City of Moberidge guaranteed 25% of the bond. See page 22 for bond payment information.

The Commission complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

b. Basis of Presentation:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the Commission as a whole. These statements include all funds of the reporting entity except fiduciary funds (if any). These statements distinguish between the governmental (if any) and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Net Position reports all financial and capital resources, in a net position format (assets minus liabilities equal net position). Net position is displayed in three components: net invested in capital assets; restricted (distinguishing between major categories of restrictions); and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities (if any) and for each segment of business-type activities of the Commission. Direct expenses associated with a specific program or function are clearly identifiable. Program revenues include (a) charges paid by recipients of good and services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and interest, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements of the Commission are organized into funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses. Funds are organized into three major categories: governmental (if any), business-type, and fiduciary. An emphasis is placed on major funds within the governmental and business-type categories. A fund is considered major if it is the primary operating fund of the Commission.

The funds of the Commission are described below within their respective fund types:

Enterprise Funds

General Fund - A fund established by South Dakota Codified Law (SDCL) 4-11-6 to met all the general operational costs of the Commission except those required to be accounted for in another fund. The Commission operates only a general fund, which is always a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

Agency Fund Type - agency funds are used to account for resources held by the Commission in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of results of operations. The Commission has Joint Powers Agreements with the Campbell, Corson, Dewey, Edmunds, Faulk, McPherson, Perkins, Potter and Walworth Counties Housing and Redevelopment Commissions and the Cities of Faulkton and Lemmon Housing and Redevelopment Commissions. The Mobridge HRC is responsible for administering the HUD Housing Choice Vouchers program for these other Commissions by qualifying tenants and making Housing Assistant Payment (HAP) disbursements to the landlords of those tenants.

c. Measurement Focus and Basis of Accounting:

Measurement focus refers to what financial resources make up a fund. Basis of accounting refers to when revenues and expenses are recognized by a fund and reported in the financial statements.

Enterprise Funds:

Measurement Focus - All enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included in its statement of net position. Enterprise fund operating statements present increases (i.e.: revenues) and decreases (i.e.: expenses) in the Commission's net position.

Basis of Accounting - All enterprise funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred. The financial statements reflect all significant receivables, payables, and other liabilities.

d. Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

At December 31, 2012 none of the enterprise fund capital assets are determined by estimates of likely historical cost.

The cost of normal maintenance and repairs that do not add value of the assets, or materially extend asset lives, are not capitalized. Improvements that add value, or materially extend asset lives, are capitalized. The capitalization threshold is all land and buildings and \$100 for equipment.

Depreciation of buildings and equipment is charged as an expense against that fund's operation. Depreciation has been provided over an estimated useful life of 27.5 years for buildings and 5 to 15 years for equipment using the straight-line method. Accumulated depreciation is reported on the statement of net assets.

Interest cost incurred during construction is capitalized as part of the cost of the capital asset.

e. Long-term Liabilities:

Long-term liabilities consist of bonds payable. The portion due in the next year is reported as a current liability and balance is reported as a long-term liability.

f. Operating and Nonoperating Revenues:

Operating revenues are those associated with tenant activity such as fraud recovery. Nonoperating revenues are those not associated with tenant activity such as HUD grants for housing assistance payments (HAP) to landlords, interest income and interest expense.

g. Net Position Classifications:

Net position is displayed in up to three components:

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

h. Application of Net Position:

It is the Commission's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

i. Allowance for Doubtful Accounts:

An allowance for doubtful accounts is not provided because it is not material to these financial statements.

j. Accounting Estimates:

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates and assumptions. Following is an estimate made by management for these financial statements.

* Depreciation -- estimated service lives

2. DEPOSITS, INVESTMENTS, RISK AND CASH FLOWS

Deposits - The Commission deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100% of the public deposit accounts which exceed deposit insurance such as 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 the bank's public debt rating which may not be less than "AA" or better, or a qualified public depository may furnish a corporate surety bond from a corporation authorized to do business in South Dakota.

Deposits are reported at costs, plus interest, if the account is of the add-on type. The Commission's policy is to credit all income from deposits and investments to the fund making the deposit.

At December 31, 2012 insured bank balances were as follows: Insured \$222,951.77; Collateralized ** \$0 for a total of \$222,951.77.

** Uninsured, collateral jointly held by state's/Commission's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at December 31, 2012 was \$223,565.75.

Restricted cash is:

65,780.40	Held for excess HUD voucher grants from previous years reduced by current year excess HAP payments to landlords. This was implemented by HUD to reduce reserve funds at housing authorities across the nation.
9,150.00	Held for tenant security deposits.
20,288.02	Held for the Family Self-Sufficiency (FSS) Escrow Program including its home ownership clients. This money is held for FSS clients until they complete a five-year program to improve their earned income. See note 5.
406.50	Held for the FSS Expense Program from donations for FSS client emergency expenses. See note 5.
3,457.96	Held in a maintenance reserve for FSS home ownership clients that are using the Housing Voucher program to help purchase
-----	a home.
99,082.88	

Investments - In general, SDCL 11-7-31 permits Housing & Redevelopment Commission funds ".to invest any 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."

Additionally, SDCL 4-5-6 permits Housing & Redevelopment Commission funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Because certificates of deposit are insured, they are considered to be deposits. The Commission had no investments during the year ending December 31, 2012.

Investment Risk - State law limits eligible investments of the Commission as discussed above. The Commission has no investment policy that would further limit its investment choices.

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. As of December 31, 2012, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are FDIC insured.

Concentration of Credit Risk - The Commission places no limit on the amount that may be deposited or invested in any one institution.

Interest Rate Risk - The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

3. RECEIVABLES AND PREPAID EXPENSES

Receivables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year. Accounts receivable of \$1,367.39 is from its management agent for unreimbursed December 2012 expenses. Prepaid expenses of \$3,156.87 is for prepaid insurance.

4. PAYABLES, ACCRUED EXPENSES, AND DEPOSITS

Payables are not aggregated in these financial statements. Payables are for amounts due to vendors of \$1,835.86 and due to HUD of \$5,685.00. Accrued expenses are for mortgage interest of \$4,829.81. Tenant security deposits are \$9,150.00.

5. FAMILY SELF-SUFFICIENCY PROGRAM

The Family Self-Sufficiency program is accounted for within the housing choice voucher program (CFDA 14.871). A recap of the Family Self-Sufficiency program cash activity follows:

	Checking (donations) (expenses)	Savings (HUD subsidy) (escrow)
HUD's HAP match to client's escrow		17,499.00
Donations and fund raising	1,770.40	
Interest earned		14.79
Absorption back to Commission		(2,117.67)
Client reimbursements		
Client disbursements	(2,547.55)	(14,287.84)
	-----	-----
Net change in cash	(777.15)	1,108.28
Cash:		
December 31, 2011	1,183.65	19,179.74
	-----	-----
December 31, 2012	406.50	20,288.02
	=====	=====

6. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the one-year ending December 31, 2011 are:

	12-31-2011	Addition	Deletion	12-31-2012
Land	23,696.22			23,696.22
Building	1,353,161.83			1,353,161.83
Equipment	39,273.95			39,273.95
Accum. depr.	(254,555.95)	(44,697.94)		(299,253.89)
Const-in-progress	0.00			0.00
	=====	=====	=====	=====
	1,161,576.05	(44,697.94)	0.00	1,116,878.11

7. LONG-TERM DEBT

See schedule one at the end of these footnotes for long-term debt information. The Commission has no short-term debt or conduit debt.

All Town Home I net revenues (after normal operating, repair and maintenance expenses) is pledged to secure a Essential Function Housing Development Bond which has a remaining balance of \$689,465. The bond was issued to construct the 8-plex rental unit and is described on page 22. The bond will mature June 1, 2035. In 2012 the bond had pledged revenue of \$54,580 and principal and interest payments of \$49,357.

All Town Home II net revenues (after normal operating, repair and maintenance expenses) is pledged to secure a Essential Function Housing Development Bond which has a remaining balance of \$579,332. The bond was issued in 2009 to construct the 4-plex rental unit and is described on page 22. The bond will mature October 13, 2029. In 2012 the bond had pledged revenue of \$40,879 and principal and interest payments of \$36,481.

8. OPERATING LEASE

The Commission rented office space for a minimum yearly payment of \$5,065.

9. INTERPROGRAM BALANCES

The Moderate Rehabilitation program does not have its own checking account. Consequently, all of its receipts and disbursements are processed through the Housing Choice Voucher program using a revolving account.

10. PRE-2004 EARNINGS

HUD guidelines allow pre-2004 earnings to be donated to community organizations. Earnings from 2004 and after cannot be donated to community organizations. Pre-2004 earnings are shown as unrestricted net position in the fund financial statement's statement of net position.

In 2012 pre-2004 earnings were used as follows:

Used to support 2012 operations	(301.89)
Pre-2004 unreserved/undesignated fund balance:	
December 31, 2011	22,421.86

December 31, 2012	22,119.97

11. COMMITMENTS AND CONTINGENCIES

Litigation:

At December 31, 2012 the Commission was not involved in any threatened litigation.

Examinations:

The Commission is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing grants given to the Commission in the current and prior years. There were no examinations during the year ended December 31, 2012.

Grant Disallowances:

Amounts received or receivable from HUD are subject to audit and adjustments by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Commission. The amounts, if any, of expenditures which may be disallowed by HUD cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

Risk Management:

The Commission is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees' and natural disasters.

During the one year ending December 31, 2012, the Commission purchased liability insurance related to torts, theft, or damage to property and errors and omissions of public officials from a commercial insurance carrier to the extent deemed prudent by the Commission's management. No claims have been made upon the Commission. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

The Commission does not carry worker's compensation insurance, unemployment insurance or employee health insurance because all employees are the responsibility of RAM Enterprises, Inc. of Aberdeen, South Dakota.

Economic Dependency:

The Commission receives over 80% of its revenues from HUD. If HUD revenue declines, the Commissions operations would be adversely affected.

Other:

The Commission has no material related party activity.

Because the Commission is a component unit of the City of Mobridge, it is a governmental entity and is exempt from federal income taxes. The State of South Dakota does not have an income tax.

12. SUBSEQUENT EVENTS

The Miller Housing and Redevelopment Commission transferred 16 vouchers to the Mobridge Housing and Redevelopment Commission effective January 1, 2013.

In 2013 there is a possible reduction in the HUD voucher program .

In May 2013 the Commission voted to advertise to sale all its town home units.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2012

	Beginning 12-31-11	Additions	(Deletions)	Ending 12-31-12	Principal Payments Due in 2013
Essential Function Housing Development Revenue Bond, Series 2004:					
Original issue of \$800,000					
Issued under SDCL 11-7-92					
Issued by a local bank					
Maturing on June 1, 2035					
Interest at 4.65% to 7.50% for the first 15 years					
Adjustable interest rate thereafter at .50 basis points over 5-year U.S. Treasury notes					
Callable as provided by SDCL 6-8B-23					
Secured only by real and personal property of the 8-plex housing unit built with this bond					
The City of Mobridge guarantees 25% of this bond					
Paid by the Town Homes I program	706,505		(17,040)	689,465	17,845

Essential Function Housing Development Revenue Bond, Series 2009:					
Original issue of \$600,000					
Issued under SDCL 11-7-92					
Issued by a local bank					
Maturing on October 13, 2029					
Interest at 4.50% to 7.50% for the first 15 years					
Adjustable interest rate thereafter at .50 basis points over 5-year U.S. Treasury notes					
Callable as provided by SDCL 6-8B-23					
Secured only by real and personal property of the 4-plex housing unit built with this bond					
The City of Mobridge guarantees 25% of this bond					
Paid by the Town Homes II program	589,494		(10,162)	579,332	10,629
	<u>1,295,999</u>	<u>0</u>	<u>(27,202)</u>	<u>1,268,797</u>	<u>28,474</u>

Payment Schedules:

	Total Payments	Principal	Interest	Balance
Essential Function Housing Development Revenue Bond, Series 2004				
2013	49,357	17,845	31,512	671,620
2014	49,357	18,688	30,669	652,932
2015	49,357	19,571	29,786	633,361
2016	49,357	20,495	28,862	612,866
2017	49,357	21,463	27,894	591,403
2018-2022	246,787	123,521	123,266	467,882
2023-2027	246,788	155,588	91,200	312,294
2028-2032	246,788	195,981	50,807	116,313
2033-2035	148,073	116,313	31,760	0
	<u>1,135,221</u>	<u>689,465</u>	<u>445,756</u>	

Essential Function Housing Development
Revenue Bond, Series 2009

2013	36,481	10,629	25,852	568,703
2014	36,481	11,117	25,364	557,586
2015	36,481	11,628	24,853	545,958
2016	36,481	12,162	24,319	533,796
2017	36,481	12,721	23,760	521,075
2018-2022	182,407	72,925	109,482	448,150
2023-2027	182,407	91,288	91,119	356,862
2028-2029	384,792	356,862	27,930	0
	<u>932,011</u>	<u>579,332</u>	<u>352,679</u>	

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

SCHEDULE OF PROGRAM NET POSITION
AS OF DECEMBER 31, 2012

	Housing Choice Vouchers Program	Moderate Rehabilitatio: Program	8-Plex Town Homes I Program	4-Plex Town Homes II Program	Total
ASSETS					
Current assets:					
Unrestricted cash:					
Checking	36,431.15		33,092.46	42,091.07	111,614.68
Savings		12,868.19			12,868.19
Restricted cash:					
Checking - excess HAP	65,780.40				65,780.40
Checking - security deposits			75.00		75.00
CDs - security deposits			5,150.00	3,925.00	9,075.00
Savings - FSS escrow	20,288.02				20,288.02
Checking - FSS expense	406.50				406.50
Checking - FSS maintenance depos	3,457.96				3,457.96
Accounts receivable:					
HUD					0.00
Miscellaneous	1,321.79		25.65	19.95	1,367.39
Interprogram revolving account	(15,815.68)	15,815.68			0.00
Prepaid insurance	728.00		1,481.58	947.29	3,156.87
Deferred charges	400.00				400.00
Total current assets	112,998.14	28,683.87	39,824.69	46,983.31	228,490.01
Noncurrent assets:					
Capital assets:					
Land			23,696.22		23,696.22
Buildings			781,761.45	571,400.38	1,353,161.83
Equipment - dwellings			6,819.00	6,400.00	13,219.00
Equipment - administration	26,054.95				26,054.95
Accumulated depreciation	(25,647.35)		(234,242.48)	(39,364.06)	(299,253.89)
Total noncurrent assets	407.60	0.00	578,034.19	538,436.32	1,116,878.11
Total assets	113,405.74	28,683.87	617,858.88	585,419.63	1,345,368.12
LIABILITIES					
Current liabilities:					
Accounts payable	945.29		390.59	499.98	1,835.86
Accounts payable - HUD		5,685.00			5,685.00
Security deposits			5,225.00	3,925.00	9,150.00
Family self-sufficiency - escrow	20,288.02				20,288.02
Revenue bonds - current			17,844.80	10,629.00	28,473.80
Revenue bonds - accrued interest			2,657.31	2,172.50	4,829.81
Total current liabilities	21,233.31	5,685.00	26,117.70	17,226.48	70,262.49
Noncurrent liabilities:					
Revenue bonds - noncurrent			671,620.37	568,703.24	1,240,323.61
Family self-sufficiency - expense	406.50				406.50
Held for FSS home ownership client	3,457.96				3,457.96
Total liabilities	25,097.77	5,685.00	697,738.07	585,929.72	1,314,450.56
PROGRAM NET POSITION:					
Net invested in capital assets	407.60		(111,430.98)	(40,895.92)	(151,919.30)
Restricted - Excess HAP	65,780.40				65,780.40
Unrestricted (post 2003 earnings)	0.00	22,998.87	31,551.79	40,385.83	94,936.49
Unrestricted (pre 2004 earnings)	22,119.97				22,119.97
Total program net position	88,307.97	22,998.87	(79,879.19)	(510.09)	30,917.56

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

SCHEDULE OF PROGRAM REVENUES, EXPENSES, AND
CHANGES IN PROGRAM NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2012

	Housing Choice Vouchers Program	Moderate Rehabilitatio: Program	8-Plex Town Homes I Program	4-Plex Town Homes II Program	Total
Operating revenue:					
Rental income			68,875.00	50,400.00	119,275.00
Rental income - garage, other			2,615.00		2,615.00
Fraud recovery - HUD	1,344.50	323.00			1,667.50
Fraud recovery - PHA	1,344.50	323.00			1,667.50
Absorption (FSS)	2,117.67				2,117.67
Void HAP payments	109.00				109.00
Total operating revenue	4,915.67	646.00	71,490.00	50,400.00	127,451.67
Operating expense:					417,000.27
Housing assistance payments	214,823.00	202,177.27			
Family self-sufficiency payments to escrow	17,119.00				17,119.00
Audit	2,900.00	1,000.00			3,900.00
Administrative	50,621.18	25,664.18	4,704.00	2,352.00	83,341.36
Tenant services - FSS	10,383.31				10,383.31
Utilities	1,415.80		1,819.10	426.88	3,661.78
Maintenance and operations			7,422.73	4,932.22	12,354.95
General expenses	1,212.08	431.00	2,963.69	1,810.15	6,416.92
Depreciation	524.40		28,427.97	15,745.57	44,697.94
Total operating expense	298,998.77	229,272.45	45,337.49	25,266.82	598,875.53
Operating income (loss):	(294,083.10)	(228,626.45)	26,152.51	25,133.18	(471,423.86)
Nonoperating revenue (expense):					
HUD PHA operating grants:					311,167.00
HAP and operations	109,325.00	201,842.00			78,455.00
Administration fees	50,639.00	27,816.00			5,279.00
Family self-sufficiency fees	4,279.00	1,000.00			69.00
Interest earned - HUD	57.00	12.00			138.97
Interest earned - PHA	16.67	6.57	33.48	82.25	573.76
Patronage refund - PHA	573.76				(58,533.20)
Interest expense			(32,251.97)	(26,281.23)	
Total nonoperating revenue (expens	164,890.43	230,676.57	(32,218.49)	(26,198.98)	337,149.53
Income (loss) before transfers	(129,192.67)	2,050.12	(6,065.98)	(1,065.80)	(134,274.33)
Transfer in (out) - none					0.00
Change in net position	(129,192.67)	2,050.12	(6,065.98)	(1,065.80)	(134,274.33)
Net position:					
January 1, 2012	217,500.64	20,948.75	(73,813.21)	555.71	165,191.89
December 31, 2012	88,307.97	22,998.87	(79,879.19)	(510.09)	30,917.56

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

SCHEDULE OF PROGRAM CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2012

	Housing Choice Vouchers Program	Moderate Rehabilitatio: Program	8-Plex Town Homes I Program	4-Plex Town Homes II Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	4,285.25	646.00	71,565.00	50,400.00	126,896.25
Payments to landlords (HAP)	(214,823.00)	(202,177.27)			(417,000.27)
Payments to FSS	(15,079.52)				(15,079.52)
Payments to suppliers	(66,145.08)	(27,095.18)	(16,796.79)	(9,194.37)	(119,231.42)
Interprogram activity	2,947.93	(2,947.93)			0.00
Net cash provided (used) by operat	(288,814.42)	(231,574.38)	54,768.21	41,205.63	(424,414.96)
CASH FLOWS FROM NON-CAPITAL FINANCIN					
HUD grants - operations	109,325.00	201,842.00			311,167.00
HUD grants - administration	50,639.00	41,582.00			92,221.00
HUD grants - FSS	4,279.00	1,000.00			5,279.00
Net cash provided (used) by non-ca	164,243.00	244,424.00	0.00	0.00	408,667.00
CASH FLOWS FROM CAPITAL FINANCING AC					
Mortgage payments - principal			(17,039.79)	(10,161.99)	(27,201.78)
Mortgage payments - interest			(32,317.65)	(26,319.33)	(58,636.98)
Net cash provided (used) by capita	0.00	0.00	(49,357.44)	(36,481.32)	(85,838.76)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	73.67	18.57	33.57	82.32	208.13
Patronage refund	573.76				573.76
Net cash provided (used) by invest	647.43	18.57	33.57	82.32	781.89
Net increase (decrease) in cash and	(123,923.99)	12,868.19	5,444.34	4,806.63	(100,804.83)
Cash and cash equivalents:					
January 1, 2012	250,288.02	0.00	32,873.12	41,209.44	324,370.58
Remove certificates of deposit			(5,150.00)	(3,925.00)	(9,075.00)
January 1, 2012, adjusted	250,288.02	0.00	27,723.12	37,284.44	315,295.58
December 31, 2012	126,364.03	12,868.19	33,167.46	42,091.07	214,490.75
RECONCILIATION OF OPERATING (LOSS) T					
(USED) BY OPERATING ACTIVITIES					
Operating income (loss)	(294,083.10)	(228,626.45)	26,152.51	25,133.18	(471,423.86)
Adjustments required for reconciliation:					
Depreciation expense	524.40		28,427.97	15,745.57	44,697.94
Change in:					
Accounts receivable	(630.42)				(630.42)
Interprogram revolving account	2,947.93	(2,947.93)			0.00
Prepaid insurance			(52.93)	(84.42)	(137.35)
Accounts payable	387.29		165.66	411.30	964.25
Security deposits			75.00		75.00
FSS accounts payable	2,039.48				2,039.48
	(288,814.42)	(231,574.38)	54,768.21	41,205.63	(424,414.96)
Noncash financing, capital and investing activities:					
None					

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

COMBINING SCHEDULE OF NET POSITION OF ALL HOUSING CHOICE
VOUCHERS PROGRAMS ADMINISTERED BY THE MOBRIDGE
HOUSING AND REDEVELOPMENT COMMISSION
AS OF DECEMBER 31, 2012

	Total	Mobridge (City) General Fund (1) (2)	Campbell County Agency Fund	Corson County Agency Fund	Dewey County Agency Fund	Edmunds County Agency Fund	Faulk County Agency Fund	McPherson County Agency Fund	Perkins County Agency Fund	Potter County Agency Fund	Walworth County Agency Fund	Faulkton City Agency Fund	Lemmon City Agency Fund
ASSETS													
Current assets:													
Unrestricted cash:													
Checking	111,689.68	111,689.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Savings	12,868.19	12,868.19											
Restricted cash:													
Checking	69,644.86	69,644.86											
Savings	20,288.02	20,288.02											
Certificates of deposit	9,075.00	9,075.00											
Accounts receivable:													
HUD	0.00	0.00											
Miscellaneous	1,367.39	1,367.39											
Interprogram revolving account	0.00	0.00											
Prepaid insurance	3,156.87	3,156.87											
Deferred charge	400.00	400.00											
Total current assets	228,490.01	228,490.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Noncurrent assets:													
Capital assets:													
Land	23,696.22	23,696.22											
Buildings	1,353,161.83	1,353,161.83											
Equipment - dwellings	13,219.00	13,219.00											
Equipment - administration	26,054.95	26,054.95											
Accumulated depreciation	(299,253.89)	(299,253.89)											
Total noncurrent assets	1,116,878.11	1,116,878.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	1,345,368.12	1,345,368.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES													
Current liabilities:													
Accounts payable	1,835.86	1,835.86											
Accounts payable - HUD	5,685.00	5,685.00											
Security deposits	9,150.00	9,150.00											
Family-self sufficiency - escrow	20,288.02	20,288.02											
Revenue bonds - current	28,473.80	28,473.80											
Revenue bonds - accrued interest	4,829.81	4,829.81											
Total current liabilities	70,262.49	70,262.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Noncurrent liabilities:													
Revenue bonds - noncurrent	1,240,323.61	1,240,323.61											
Family-self sufficiency - expense	406.50	406.50											
Held for FSS home ownership clients	3,457.96	3,457.96											
Total liabilities	1,314,450.56	1,314,450.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET POSITION													
Net invested in capital assets	(151,919.30)	(151,919.30)											
Restricted - Excess HAP	65,780.40	65,780.40											
Unrestricted (post 2003 earnings)	94,936.49	94,936.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unrestricted (pre 2004 earnings)	22,119.97	22,119.97											
Total net position	30,917.56	30,917.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Includes portability (if any)
(2) Includes Moderate Rehabilitation program
and Town Homes programs

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VC
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION OF ALL HOUSING CHOICE VOUCHERS PROGRAMS
ADMINISTERED BY THE MOBRIDGE HOUSING AND
REDEVELOPMENT COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2012

	Total	Mobridge (City) General Fund (1) (2)	Campbell County Agency Fund	Corson County Agency Fund	Dewey County Agency Fund	Edmunds County Agency Fund	Faulk County Agency Fund	McPherson County Agency Fund	Perkins County Agency Fund	Potter County Agency Fund	Walworth County Agency Fund	Faulkton City Agency Fund	Lemmon City Agency Fund
Operating revenue:													
Rental income	121,890.00	121,890.00											
Fraud recovery - HUD	1,667.50	1,667.50											
Fraud recovery - PHA	1,667.50	1,667.50											
Absorption (FSS)	2,117.67	2,117.67											
Other revenue	109.00	109.00											
Total operating revenue	127,451.67	127,451.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating expenses:													
Housing assistance payments	561,309.27	417,000.27	5,020.00	110,806.00	2,888.00	12,813.00					5,482.00	4,948.00	2,352.00
Family self-sufficiency pymts, escr	17,119.00	17,119.00											
Audit	3,900.00	3,900.00											
Administrative	83,341.36	83,341.36											
Tenant services - FSS	10,383.31	10,383.31											
Utilities	3,661.78	3,661.78											
Maintenance and operations	12,354.95	12,354.95											
General expenses	6,416.92	6,416.92											
Depreciation	44,697.94	44,697.94											
Total operating expenditures	743,184.53	598,875.53	5,020.00	110,806.00	2,888.00	12,813.00	0.00	0.00	0.00	0.00	5,482.00	4,948.00	2,352.00
Operating income (loss):	(615,732.86)	(471,423.86)	(5,020.00)	(110,806.00)	(2,888.00)	(12,813.00)	0.00	0.00	0.00	0.00	(5,482.00)	(4,948.00)	(2,352.00)
Nonoperating revenue (expense):													
HUD PHA operating grants:													
HAP and operations	455,476.00	311,167.00	5,020.00	110,806.00	2,888.00	12,813.00					5,482.00	4,948.00	2,352.00
Administrative fees	78,455.00	78,455.00											
Family self-sufficiency	5,279.00	5,279.00											
Interest earned - HUD	69.00	69.00											
Interest earned - PHA	138.97	138.97											
Patronage refund - PHA	573.76	573.76											
Interest expense	(58,533.20)	(58,533.20)											
Total nonoperating revenue (expense)	481,458.53	337,149.53	5,020.00	110,806.00	2,888.00	12,813.00	0.00	0.00	0.00	0.00	5,482.00	4,948.00	2,352.00
Change in net position	(134,274.33)	(134,274.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net position:													
January 1, 2012	165,191.89	165,191.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
December 31, 2012	30,917.56	30,917.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Includes portability (if any)
(2) Includes Moderate Rehabilitation program
and Town Home programs

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
 MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
 Project Number: Moderate Rehabilitation - SD057MR
 Annual Contribution Contract Number: SD057

COMBINING SCHEDULE OF CASH FLOWS OF ALL HOUSING
 CHOICE VOUCHERS PROGRAMS ADMINISTERED BY THE
 MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
 FOR THE YEAR ENDING DECEMBER 31, 2012

	Total	Mobridge (City) General Fund (1) (2)	Campbell County Agency Fund	Corson County Agency Fund	Dewey County Agency Fund	Edmunds County Agency Fund	Faulk County Agency Fund	McPherson County Agency Fund	Perkins County Agency Fund	Potter County Agency Fund	Walworth County Agency Fund	Faulkton City Agency Fund	Lemmon City Agency Fund
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from customers	126,896.25	126,896.25											
Payments to landlords (NAP)	(561,309.27)	(417,000.27)	(5,020.00)	(110,806.00)	(2,888.00)	(12,813.00)	0.00	0.00	0.00	0.00	(5,482.00)	(4,948.00)	(2,352.00)
Payments to FSS	(15,079.52)	(15,079.52)											
Payments to suppliers	(119,231.42)	(119,231.42)											
Net cash provided (used) by operating	(568,723.96)	(424,414.96)	(5,020.00)	(110,806.00)	(2,888.00)	(12,813.00)	0.00	0.00	0.00	0.00	(5,482.00)	(4,948.00)	(2,352.00)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES													
HUD grants - operations	455,476.00	311,167.00	5,020.00	110,806.00	2,888.00	12,813.00	0.00	0.00	0.00	0.00	5,482.00	4,948.00	2,352.00
HUD grants - administration	92,221.00	92,221.00											
HUD grants - FSS	5,279.00	5,279.00											
Net cash provided (used) by non-capit	552,976.00	408,667.00	5,020.00	110,806.00	2,888.00	12,813.00	0.00	0.00	0.00	0.00	5,482.00	4,948.00	2,352.00
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES													
Mortgage payments - principal	(27,201.78)	(27,201.78)											
Mortgage payments - interest	(58,636.98)	(58,636.98)											
Net cash provided (used) by capital f	(85,838.76)	(85,838.76)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CASH FLOWS FROM INVESTING ACTIVITIES													
Interest	208.13	208.13											
Patronage refund	573.76	573.76											
Net cash provided (used) by investin	781.89	781.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net increase (decrease) in cash and cas	(100,804.83)	(100,804.83)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents:													
January 1, 2012	324,370.58	324,370.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Remove certificates of deposit	(9,075.00)	(9,075.00)											
January 1, 2012, adjusted	315,295.58	315,295.58											
December 31, 2012	223,565.75	214,490.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES													
Operating income (loss)	(615,732.86)	(471,423.86)	(5,020.00)	(110,806.00)	(2,888.00)	(12,813.00)	0.00	0.00	0.00	0.00	(5,482.00)	(4,948.00)	(2,352.00)
Adjustments required for reconciliation:													
Depreciation expense	44,697.94	44,697.94											
Change in:													
Accounts receivable	(630.42)	(630.42)											
Interprogram revolving account	0.00	0.00											
Prepaid insurance	(137.35)	(137.35)											
Accounts payable	964.25	964.25											
Security deposits	75.00	75.00											
FSS accounts payable	2,039.48	2,039.48											
	(568,723.96)	(424,414.96)	(5,020.00)	(110,806.00)	(2,888.00)	(12,813.00)	0.00	0.00	0.00	0.00	(5,482.00)	(4,948.00)	(2,352.00)
Noncash financing, capital and investing activities:													
None													
(1) Includes portability (if any)													
(2) Includes Moderate Rehabilitation program and Town Homes programs													

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
 MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
 Project Number: Moderate Rehabilitation - SD057MR
 Annual Contribution Contract Number: SD057

As referenced in auditor's
 opinion on page 2

Financial Data Schedule (FDS)			Financial Data Schedule		
For the One Year Ending December 31, 2012			Housing	Section 8	
Required by the Dept. of Housing			Choice	MOD	
and Urban Development (HUD)			Vouchers	Rehab.	Town Home
Line		Per audited	CFDA #	CFDA #	Programs
Item #		schedule on	14.871	14.856	12-31-12
		page 26 ##	12-31-12	12-31-12	12-31-12
		Reclass			
ASSETS					
Current assets:					
111.0	Cash - unrestricted	124,889	22,099	36,587	66,203
112.0	Cash - restricted, develop	0	(250)	250	
113.0	Cash - other restricted	86,068		86,068	
114.0	Cash - security deposits	9,150			9,150
125.0	Accts Rec - miscellaneous	1,368	46	1,322	
129.0	Accrued interest receivable	0	(46)		46
131.0	Investments - unrestricted	0	(21,943)		9,075
132.0	Investments - restricted	3,458		3,458	
142.0	Prepaid expenses and other	3,557		1,128	2,429
144.0	Interprogram due from	0	(15,816)		15,816
150.0	Total current assets:	228,490	(15,910)	128,813	86,903
Noncurrent assets:					
161.0	Land	23,696	(3,000)		26,696
162.0	Buildings	1,353,162	3,000		1,350,162
Furniture, equipment:					
163.0	Dwellings	13,219			13,219
164.0	Administration	26,055		26,055	
166.0	Accumulated depreciation	(299,254)		(25,647)	(273,607)
160.0	Total non-current assets:	1,116,878	0	408	1,116,470
190.0	Total assets	1,345,368	(15,910)	129,221	1,203,373
LIABILITIES					
Current liabilities:					
312.0	Accounts payable <= 90 days	1,836		945	891
325.0	Accrued interest payable	4,830			4,830
331.0	Accounts payable - HUD	5,685			5,685
341.0	Tenant security deposits	9,150			9,150
343.0	Long-term debt, current	28,474			28,474
345.0	Other current liab (FSS)	20,288		20,288	
347.0	Interprogram due to	0	(15,816)	15,816	
310.0	Total current liabilities	70,263	(15,816)	37,049	43,345
Non-current liabilities:					
351.0	Long-term debt, not current	1,240,323			1,240,323
353.0	Other non-current liabilities	3,864		3,864	
300.0	Total liabilities	1,314,450	(15,816)	40,913	1,283,668
NET POSITION					
508.1	Net invested in capital ass	(151,919)	85,735	408	(238,062)
Restricted net position:					
511.1	Excess HAP	65,780		65,780	
Unrestricted net position:					
512.1	After 2003	94,937	(85,829)	0	157,767
512.1	Before 2004	22,120		22,120	
513.0	Total net position	30,918	(94)	88,308	(80,295)
600.0	Total liabilities and net pos	1,345,368	(15,910)	129,221	1,203,373

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
 MOBRIDGE, SOUTH DAKOTA

Financial Data Schedule (FDS) (continued) For the One Year Ending December 31, 2012 Required by the Dept. of Housing and Urban Development		## As referenced in auditor's opinion on page 2		Financial Data Schedule		
		Per audited schedule on page 27 ## 12-31-12	Reclass	Housing Choice Vouchers CFDA # 14.871 12-31-12	Section 8 MOD Rehab. CFDA # 14.856 12-31-12	Town Home Programs 12-31-12
REVENUE						
70300.0	Tenant rental revenue	119,275				119,275
70400.0	Tenant revenue - other	2,615	165			2,450
70600.0	HUD operating grant	0	(539,210)	308,552	230,658	
71100.0	Investment income - unrestr	0	(724)	590	18	116
71400.0	Fraud recovery - HUD	1,668	(1,667)	2,689	646	
71400.0	Fraud recovery - PHA	1,667	1,667			
71500.0	Other revenue - FSS absorpt.	2,118	2,118			
71500.0	Other revenue	109	(2,283)	2,227		165
72000.0	Investment income - restric	0	(57)	57		
70000.0	Total revenue	127,452	(539,991)	314,115	231,322	122,006
EXPENSES						
Expenses - administrative:						
91200.0	Auditing fees	3,900		2,900	1,000	
91300.0	Management fees	68,871		40,465	21,350	7,056
91600.0	Office expense	14,470		10,156	4,314	
Expenses - tenant services:						
92100.0	Salaries (FSS)	10,383		10,383		
Expenses - utilities:						
93100.0	Water	2,006				2,006
93200.0	Electricity	1,112		872		240
93300.0	Gas	544		544		
Expenses - maint and operatio:						
94200.0	Materials and other	1,347	147			1,200
94300.0	Operations contracts	11,008				11,008
Expenses - general:						
96120.0	Insurance premiums - liabil.	2,958		752	396	1,810
96140.0	Insurance premiums - other	100		65	35	
96200.0	Other general expenses	3,359	(53)	395		3,017
96720.0	Interest expense on bonds	0	(58,533)			58,533
Housing Assistance Payments						
97300.0	Landlords	561,309	(17,119)	376,251	202,177	
97300.0	FSS	17,119	17,119			
97400.0	Depreciation	44,698		524		44,174
90000.0	Total expenses	743,184	(58,439)	443,307	229,272	129,044
Other financing sources (uses):						
70600-010	HUD housing asst pymts (HAP	455,476	455,476			
70600-020	Administrative fee earned	78,455	78,455			
70600-031	FSS coordinator	5,279	5,279			
71100-010	Investment income - HAP	69	69			
71100-020	Investment income - admin	139	139			
71100-020	Investment income - refund	573	573			
96720.0	Interest expense	(58,533)	(58,533)			
10100.0	Total other financing sources	481,458	481,458	0	0	0
10000.0	Change in net position	(134,274)	(94)	(129,192)	2,050	(7,038)
NET POSITION						
11030.0	Beginning	165,192		217,500	20,949	(73,257)
	Ending	30,918	(94)	88,308	22,999	(80,295)

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
 MOBRIDGE, SOUTH DAKOTA

Project Number: Vouchers - SD057VO
 Project Number: Moderate Rehabilitation - SD057MR
 Annual Contribution Contract Number: SD057

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDING DECEMBER 31, 2012

	Federal CFDA Number	2012 Expenditures
Direct Federal Programs:		
U.S. Department of Housing and Urban Development:		
Lower Income Housing Assistance Program Section 8 - Moderate Rehabilitation PHA Code: SD057MR (Notes 2 and 3)	14.856	230,658
Housing Choice Vouchers and FSS PHA Code: SD057VO (Note 3 and 4)	14.871	308,552

Total Federal Awards		539,210
		=====

Note 1:
 The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Mobridge Housing and Redevelopment Commission. It is presented on the full accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2:
 This program is part of the Section 8 Project-Based Cluster.

Note 3:
 Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4:
 This is a major program.

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

Board of Commissioners
Mobridge Housing & Redevelopment Commission
Mobridge, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of business-type activities, the major fund, and the aggregate remaining fund information of the Mobridge Housing & Redevelopment Commission (Commission), the component unit of the City of Mobridge, Walworth County, South Dakota, as of December 31, 2012, and for the one year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated September 11, 2013, which was unmodified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of Mobridge Housing & Redevelopment Commission's internal control.

A deficiency in internal control exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

My 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of Mobridge Housing & Redevelopment Commission in a separate Letter of Comments dated September 11, 2013.

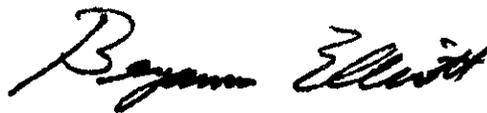
Purpose of the Report

The purpose of this report is solely to describe the scope of my testing of compliance and internal control and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's compliance or internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's compliance and internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

September 11, 2013



REPORT ON
COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Mobridge Housing and Redevelopment Commission
Mobridge, South Dakota

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program

I have audited Mobridge Housing and Redevelopment Commission's (Commission), a component unit of the City of Mobridge, South Dakota, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that that could have a direct and material effect on the Commission's major federal program for the year ended December 31, 2012.

The Commission's major federal program is identified in the summary of auditor's results section in the accompanying schedule of current audit findings and questioned cost (page 36).

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance on the Commission's major federal program based on my audit of the types of compliance requirements referred to above.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on the Commission's compliance with its major federal program requirements. However, my audit does not provide a legal determination on the Commission's compliance with those requirements.

Opinion on the Commission's Major Federal Program

In my opinion the Mobridge Housing and Redevelopment Commission, Mobridge, South Dakota, complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on the Commission's major federal program for the one year ended December 31, 2012.

Report on Internal Control over Compliance

Management of the Mobridge Housing and Redevelopment Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs. In planning and performing my audit of compliance, I considered the Commission's internal control over compliance with types of requirements that could have a direct and material effect on a major federal program to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance with the Commission's 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, I 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 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 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.

My 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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses or significant deficiencies as described above. However, material weaknesses or significant deficiencies may exist that have not been identified.

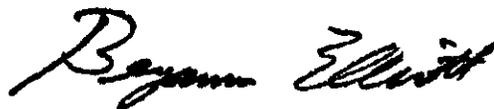
Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

However, as required by South Dakota Codified Law 4-11-11, this report and my report on compliance for each major federal program are matters of public record and their distribution is not limited.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

September 11, 2013



SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Prior Federal Compliance Audit Findings:

There were no prior year federal compliance audit findings.

Prior Other Audit Findings:

There were no prior year other audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

A. Summary of Independent Auditor's Results:

Financial Statements:

Type of auditor's report issued:	Unqualified on: Business-Type Activities Major Fund Aggregate Remaining Fund
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Material noncompliance noted:	None Reported
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Internal control over financial reporting: * Material weakness(es) identified.	None Reported
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* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported
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Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unqualified
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Internal control over major programs: * Material weakness(es) identified.	None Reported
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* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133.	No
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Identification of major programs:

Dept. of Housing and Urban Development:
 CFDA No. 14.871 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B federal award programs.	\$300,000
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Does the Mobridge Housing and Redevelopment Commission qualify as a low-risk auditee?	Yes
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B. Current Federal Compliance Audit Findings:

There are no written current federal audit findings to report.

C. Current Other Audit Findings:

There are no written current other audit findings to report.