

BURKE HOUSING & REDEVELOPMENT COMMISSION
BURKE, SOUTH DAKOTA

PUBLIC HOUSING PROGRAM
HUD PROJECT CODE: SD 007
ANNUAL CONTRIBUTION CONTRACT NUMBER: C-736

SECTION-8 ELDERLY HOUSING PROGRAM
SDHDA PROJECT SD 99-H001-010

SECTION-8 NEW HOUSING PROGRAM
ROSEBUD APARTMENTS
SDHDA PROJECT SD 99-H001-110

FINANCIAL REPORT

FOR THE ONE YEAR ENDING SEPTEMBER 30, 2015

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA

P.O. Box 262

Madison, South Dakota 57042

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

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FOR THE ONE YEAR ENDING SEPTEMBER 30, 2015

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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
Burke Housing & Redevelopment Commission
Burke, South Dakota

Independent Auditor's Report

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund of the Burke Housing & Redevelopment Commission (Commission), a component unit of the City of Burke, Gregory County, South Dakota, as of and for the one year ending September 30, 2015, 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 controls 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 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 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 audit opinions.

Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Burke Housing & Redevelopment Commission, a component unit of the City of Burke, South Dakota as of September 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Adoption of New Accounting Standard

As described in note 10 to the financial statements, the Burke Housing & Redevelopment Commission adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of October 1, 2014. My opinion is not modified with respect to this matter.

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), the Schedule of the Commission's Proportionate Share of the South Dakota Retirement System's Net Pension Liability (Asset) (page 26), and the Schedule of the Commission's Contributions to the South Dakota Retirement System (page 26) 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 - Other 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 as a whole.

The financial data schedules (page 27 to 32) are presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards (page 33) is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The financial data schedules and the schedule of expenditures of federal awards 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 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 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 my opinion, the financial data schedules 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 May 31, 2016 (page 23) on my tests of its compliance with certain provisions of laws, regulations, contracts, 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

May 31, 2016

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive style with a large, looping initial "B".

BURKE HOUSING & REDEVELOPMENT COMMISSION
Burke, South Dakota

Management's Discussion and Analysis
September 30, 2015

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 Burke Housing & Redevelopment Commission (herein referred to as "the Housing Commission"). Burke, South Dakota, financial performance provides an overview of the Housing Commission's financial activities for the fiscal year ended September 30, 2015. Please read the MD&A in conjunction with the Housing Commission's financial statements.

For accounting purposes, the Housing Commission 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 Commission for the year ended September 30, 2015 were \$547,334. Total liabilities were \$24,231. Total assets exceeded total liabilities by \$525,874 (net position).

Unrestricted net position totals \$174,623. This is the amount of the Commission's reserve.

Total operating and non-operating revenue for the year ended September 30, 2015, was \$266,260 and expenses totaled \$272,807. expenses exceeded revenue by \$6,547.

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 Commission's financial statements are presented as program level financial statements because the Housing Commission only has proprietary funds.

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

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 Commission's operations over the past year and can be used to determine whether the Housing Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

BURKE HOUSING & REDEVELOPMENT COMMISSION
Burke, South Dakota

Management's Discussion and Analysis
September 30, 2015

(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 Commission'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 Commission's assets and liabilities as of the close of business on September 30, 2015. The Statement of Changes in Net Position summarizes the revenues and sources of those revenues, and expenses incurred in operating the Housing Commission for the year ended September 30, 2015.

Conventional Public Housing – Under the Conventional Public Housing Program, the Commission 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 Commission's properties.

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

Statement of Net Position

| FOR THE YEAR ENDED September 30 | 2015 | 2014 |
|---|------------------|------------------|
| Current assets and prepaid expense | \$265,768 | \$223,496 |
| Non-current assets | \$14,024 | \$0 |
| Capital assets, net | <u>\$267,542</u> | <u>\$313,561</u> |
| Total Assets | <u>\$547,334</u> | <u>\$537,057</u> |
| Deferred outflow of Resources | \$23,464 | |
| Total asset and deferred outflow | \$570,798 | |
| Current liabilities | \$24,231 | \$21,301 |
| Non-current liabilities | \$0 | \$0 |
| Total liabilities | \$24,231 | \$21,301 |
| Deferred inflow of resources | \$20,692 | |
| Net position | | |
| Invested in capital assets, net of related debt | \$267,542 | \$313,561 |
| Restricted | \$83,711 | \$64,969 |
| Unrestricted | <u>\$174,621</u> | <u>\$137,226</u> |
| Total Net Position | <u>\$525,874</u> | <u>\$515,756</u> |
| Total liabilities, Deferred inflow of Resources and Equity/Net Position | <u>\$570,798</u> | <u>\$537,057</u> |

BURKE HOUSING & REDEVELOPMENT COMMISSION
Burke, South Dakota

Management's Discussion and Analysis
September 30, 2015

(Continued)

Comparative Statement of Revenues, Expenses and Changes in Net Position

| FOR THE YEAR ENDED September 30 | 2015 | 2014 | Change |
|-----------------------------------|------------------|-------------------|------------------|
| Program Revenue | | | |
| Tenant revenue | \$140,277 | \$110,072 | \$30,205 |
| Other income | \$16,854 | \$13,461 | \$3,393 |
| Federal grants and subsidies | \$106,946 | \$90,558 | \$16,388 |
| Interest income | \$2,183 | \$2,331 | (\$148) |
| Total revenue | \$266,260 | \$216,422 | \$49,838 |
| Program Expenses | | | |
| Administration | \$70,096 | \$65,101 | \$4,995 |
| Tenant Services | \$207 | \$606 | (\$399) |
| Utilities | \$65,170 | \$58,587 | \$6,583 |
| Ordinary maintenance & operations | \$58,444 | \$55,803 | \$2,641 |
| Protective services | \$0 | \$0 | \$0 |
| Capital expenses | \$28,647 | \$26,098 | \$2,549 |
| Non-routine maintenance | \$0 | \$2,046 | (\$2,046) |
| Depreciation | \$50,243 | \$48,326 | \$1,917 |
| Interest Expense | \$0 | \$0 | \$0 |
| HA | \$0 | \$0 | \$0 |
| Total expenses | \$272,807 | \$256,567 | \$16,240 |
| Gain/Loss - disposition of assets | \$0 | \$0 | \$0 |
| Transfer of funds | \$0 | \$0 | \$0 |
| Change in Net Position | (\$6,547) | (\$40,145) | \$33,597 |
| Beginning Net Position | \$515,756 | \$40,145 | \$475,611 |
| Period related deferred outflow | \$16,665 | | |
| Ending Net Position | \$525,874 | \$515,756 | \$10,118 |

Federal grants total \$106,946

Capital Assets

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

| FOR THE YEAR ENDED September 30 | 2015 | 2014 | change |
|---|-------------|-------------|------------|
| Land | \$27,469 | \$21,050 | \$6,419 |
| Buildings | \$1,650,458 | \$1,640,025 | \$10,433 |
| Furniture, Equipment & Machinery - Admin | \$147,139 | \$141,734 | \$5,405 |
| Furniture, Equipment & Machinery - Dwelling | \$0 | \$0 | \$0 |
| Construction in Progress | \$27 | \$18,060 | (\$18,033) |

BURKE HOUSING & REDEVELOPMENT COMMISSION
Burke, South Dakota

Management's Discussion and Analysis
September 30, 2015

(Continued)

| | | | |
|--------------------------|------------------|------------------|-------------------|
| Total | \$1,825,093 | \$1,820,869 | \$4,224 |
| Accumulated Depreciation | (\$1,557,551) | (\$1,507,308) | (\$50,243) |
| Total Capital assets | <u>\$267,542</u> | <u>\$313,561</u> | <u>(\$46,019)</u> |

Long Term Debt

The Housing Commission has no long-term debt.

Economic Factors

The Housing Commission is primarily dependent upon HUD for the funding of operations; therefore, the Housing Commission 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 Commission's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Commission's finances and to show the Housing Commission's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Charlene Juran, Executive Director, at Burke Housing & Redevelopment Commission, Po Box 417, Burke, South Dakota 57523 -- (605) 775-2676

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

Project Code: SD 007

Annual Contribution Contract Number: C-736

STATEMENT OF NET POSITION

ENTERPRISE FUNDS AS OF SEPTEMBER 30, 2015

| | Public Housing Fund | Section-8 Elderly Fund | Rosebud Apartments Fund | Totals |
|--|---------------------------|------------------------------|-------------------------------|----------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash: | | | | |
| Petty | 100.00 | | | 100.00 |
| Checking | 26,817.33 | 27,610.55 | 70,518.13 | 124,946.01 |
| Savings | 1,480.07 | 368.18 | 481.66 | 2,329.91 |
| Savings - security deposits | 5,335.00 | 3,899.00 | 831.00 | 10,065.00 |
| Savings - conversion | | 5,884.61 | | 5,884.61 |
| Total cash | 33,732.40 | 37,762.34 | 71,830.79 | 143,325.53 |
| Certificates of deposit | 34,226.42 | | | 34,226.42 |
| Due from tenants | 172.00 | | 1,403.16 | 1,575.16 |
| Due from HUD | 9,723.00 | | | 9,723.00 |
| Accrued interest receivable | 19.56 | | | 19.56 |
| Prepaid insurance | 4,873.80 | 2,646.34 | 2,464.13 | 9,984.27 |
| Due from other funds | | 3,880.70 | 2,433.70 | 6,314.40 |
| Total current assets | 82,747.18 | 44,289.38 | 78,131.78 | 205,168.34 |
| Capital assets: | | | | |
| Land | 9,550.00 | | 11,500.00 | 21,050.00 |
| Buildings and improvements | 934,209.87 | 451,380.29 | 275,496.79 | 1,661,086.95 |
| Equipment - dwellings | | 83,728.03 | 44,850.79 | 128,578.82 |
| Equipment - administration | 11,320.39 | 2,199.00 | 830.00 | 14,349.39 |
| Accumulated depreciation | (769,225.63) | (500,715.06) | (287,609.88) | (1,557,550.57) |
| Construction-in-progress | 27.04 | | | 27.04 |
| Total capital assets | 185,881.67 | 36,592.26 | 45,067.70 | 267,541.63 |
| Other assets: | | | | |
| Cash with South Dakota Housing - restric | | | 66,914.83 | 66,914.83 |
| Net pension assets | 10,884.37 | 2,450.72 | 688.72 | 14,023.81 |
| Total other assets | 10,884.37 | 2,450.72 | 67,603.55 | 80,938.64 |
| Total assets | 279,513.22 | 83,332.36 | 190,803.03 | 553,648.61 |
| DEFERRED OUTFLOW OF RESOURCES | | | | |
| Pension related deferred outflows | 18,822.38 | 4,238.04 | 1,191.01 | 24,251.43 |
| Total deferred outflow of resources | 18,822.38 | 4,238.04 | 1,191.01 | 24,251.43 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,290.00 | | | 1,290.00 |
| Accounts payable - utilities | 1,733.29 | 1,539.91 | 510.44 | 3,783.64 |
| Payroll taxes payable | 767.28 | 158.78 | 22.96 | 949.02 |
| Tenant security deposits | 5,335.00 | 3,899.00 | 831.00 | 10,065.00 |
| Prepaid rents | 492.00 | 126.00 | | 618.00 |
| Accrued payment in lieu of taxes | 3,707.56 | 2,617.59 | 1,200.44 | 7,525.59 |
| Due to other funds | 6,314.40 | | | 6,314.40 |
| Total current liabilities | 19,639.53 | 8,341.28 | 2,564.84 | 30,545.65 |
| Noncurrent liabilities: | | | | |
| None | | | | 0.00 |
| Total liabilities | 19,639.53 | 8,341.28 | 2,564.84 | 30,545.65 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Pension related deferred inflows | 16,060.10 | 3,616.09 | 1,016.22 | 20,692.41 |
| Total deferred inflow of resources | 16,060.10 | 3,616.09 | 1,016.22 | 20,692.41 |
| NET POSITION | | | | |
| Net invested in capital assets | 185,881.67 | 36,592.26 | 45,067.70 | 267,541.63 |
| Restricted by South Dakota Housing Development Authority (note 8) | | | 66,914.83 | 66,914.83 |
| SDRS pension purposes (note 11) | 13,646.65 | 3,072.67 | 863.51 | 17,582.83 |
| Unrestricted | 63,107.65 | 35,948.10 | 75,566.94 | 174,622.69 |
| Total net position | 262,635.97 | 75,613.03 | 188,412.98 | 526,661.98 |

See accompanying notes.

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

Project Code: SD 007

Annual Contribution Contract Number: C-736

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

ENTERPRISE FUNDS FOR THE YEAR ENDING SEPTEMBER 30, 2015

| | Public Housing Fund | Section-8 Elderly Fund | Rosebud Apartments Fund | Totals |
|---|---------------------------|------------------------------|-------------------------------|--------------|
| Operating revenues: | | | | |
| Dwelling rents | 77,603.00 | 46,701.50 | 15,973.00 | 140,277.50 |
| Excess utilities | 174.00 | 148.00 | | 322.00 |
| Laundry | | | 308.25 | 308.25 |
| Other income | 14,925.63 | 900.00 | 398.16 | 16,223.79 |
| Total operating revenues | 92,702.63 | 47,749.50 | 16,679.41 | 157,131.54 |
| Operating expenses: | | | | |
| Administration | 53,678.23 | 9,894.41 | 6,524.50 | 70,097.14 |
| Tenant services | 207.46 | | | 207.46 |
| Utilities | 40,527.43 | 20,673.57 | 3,968.56 | 65,169.56 |
| Maintenance and operations | 33,826.73 | 14,308.54 | 10,308.33 | 58,443.60 |
| General expenses | 17,588.49 | 6,413.73 | 4,644.17 | 28,646.39 |
| Depreciation | 31,621.93 | 14,805.64 | 3,814.85 | 50,242.42 |
| Total operating expenses | 177,450.27 | 66,095.89 | 29,260.41 | 272,806.57 |
| Operating income (loss): | (84,747.64) | (18,346.39) | (12,581.00) | (115,675.03) |
| Nonoperating revenues (expenses): | | | | |
| Operating grant - HUD | 37,822.00 | | | 37,822.00 |
| Operating grant - SDHDA | | 13,705.00 | 41,520.00 | 55,225.00 |
| Pension related | 1,363.97 | 307.11 | 86.31 | 1,757.39 |
| Interest earned - unrestricted | 100.85 | 4.99 | 0.65 | 106.49 |
| Interest earned - restricted | | | 1,945.72 | 1,945.72 |
| Total nonoperating revenues (expenses): | 39,286.82 | 14,017.10 | 43,552.68 | 96,856.60 |
| Net income (loss) before contributions | (45,460.82) | (4,329.29) | 30,971.68 | (18,818.43) |
| Capital grant - HUD - CFP 5-12 | 1,781.71 | | | 1,781.71 |
| Capital grant - HUD - CFP 5-13 | 12,090.00 | | | 12,090.00 |
| Capital grant - HUD - CFP 5-14 | 27.04 | | | 27.04 |
| Total contributions: | 13,898.75 | 0.00 | 0.00 | 13,898.75 |
| Change in net position | (31,562.07) | (4,329.29) | 30,971.68 | (4,919.68) |
| Net position: | | | | |
| October 1, 2014 | 281,915.36 | 77,176.76 | 156,664.10 | 515,756.22 |
| Restatement for pension accounting: (note 10) | | | | |
| Pension net assets at 6-30-2014 | 11,528.90 | 2,595.84 | 729.50 | 14,854.24 |
| Deferred outflow of resources related to contributions made from July 1, 2014 to September 30, 2014 | 753.78 | 169.72 | 47.70 | 971.20 |
| October 1, 2014, adjusted | 294,198.04 | 79,942.32 | 157,441.30 | 531,581.66 |
| September 30, 2015 | 262,635.97 | 75,613.03 | 188,412.98 | 526,661.98 |

See accompanying notes.

BURKE HOUSING AND REDEVELOPMENT COMMISSION
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BURKE, SOUTH DAKOTA

Project Code: SD 007

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STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS FOR THE YEAR ENDING SEPTEMBER 30, 2015

| | Public Housing Fund | Section-8 Elderly Fund | Rosebud Apartments Fund | Totals |
|---|---------------------------|------------------------------|-------------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Tenant receipts | 92,654.63 | 48,162.50 | 16,223.06 | 157,040.19 |
| Payroll and related payments | (55,239.87) | (11,639.65) | (3,256.48) | (70,136.00) |
| Vendor payments | (89,204.52) | (39,140.83) | (21,215.22) | (149,560.57) |
| Net cash provided (used) by operating activities | (51,789.76) | (2,617.98) | (8,248.64) | (62,656.38) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Operating grant - HUD | 28,099.00 | | | 28,099.00 |
| Operating grant - SDHDA | | 13,705.00 | 41,520.00 | 55,225.00 |
| Due (from) to other fund | 1,819.12 | (1,363.12) | (456.00) | 0.00 |
| Net cash provided (used) by non-capital financing | 29,918.12 | 12,341.88 | 41,064.00 | 83,324.00 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | | |
| HUD capital grant - CFP 5-12 | 1,781.71 | | | 1,781.71 |
| HUD capital grant - CFP 5-13 | 12,090.00 | | | 12,090.00 |
| HUD capital grant - CFP 5-14 | 27.04 | | | 27.04 |
| Cash paid for building improvements | (3,029.25) | | | (3,029.25) |
| Cash paid for carpet | | | (1,193.59) | (1,193.59) |
| Net cash provided (used) by capital financing acti | 10,869.50 | 0.00 | (1,193.59) | 9,675.91 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest | 91.50 | 4.99 | 0.65 | 97.14 |
| Purchase certificates of deposit | (80.43) | | | (80.43) |
| Net cash provided (used) by investing activities | 11.07 | 4.99 | 0.65 | 16.71 |
| Net increase (decrease) in cash and cash equivalents | (10,991.07) | 9,728.89 | 31,622.42 | 30,360.24 |
| Cash - October 1, 2014 | 44,723.47 | 28,033.45 | 40,208.37 | 112,965.29 |
| Cash - September 30, 2015 | 33,732.40 | 37,762.34 | 71,830.79 | 143,325.53 |
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | (84,747.64) | (18,346.39) | (12,581.00) | (115,675.03) |
| Adjustments required for reconciliation: | | | | |
| Depreciation expense | 31,621.93 | 14,805.64 | 3,814.85 | 50,242.42 |
| Change in: | | | | |
| Accounts receivable | 241.00 | 80.00 | (449.35) | (128.35) |
| Prepaid rent | 70.00 | 116.00 | (8.00) | 178.00 |
| Prepaid insurance | (209.52) | (173.36) | 158.23 | (224.65) |
| Accounts payable | 1,042.79 | (220.39) | (17.84) | 804.56 |
| Accrued payroll | (199.80) | (57.16) | (1.52) | (258.48) |
| Accrued expenses | 750.48 | 960.68 | 834.99 | 2,546.15 |
| Tenant security deposits | (359.00) | 217.00 | 1.00 | (141.00) |
| Net cash provided (used) by operating activities | (51,789.76) | (2,617.98) | (8,248.64) | (62,656.38) |
| Noncash investing, capital and financing activities: | | | | |
| Pension related revenue | 1,363.97 | 307.11 | 86.31 | 1,757.39 |
| SD Housing restricted cash interest | | | 1,945.72 | 1,945.72 |

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity:

The funds included in this report are controlled by or dependent upon the Burke Housing & Redevelopment Commission's (Commission) Board of Commissioners. The Commission is a component unit of the City of Burke, South Dakota, which owns the project and approves all members of the Commission's Board. The Commission is discretely presented as a component unit of the City of Burke on the City's financial statements. The Commission itself does not have any component units.

The Commission is a Public Housing Authority, established under the authority of SDCL 11-7, to operate:

Department of Housing and Urban Development (HUD) Project SD 007, which consist of 22 subsidized low-income public housing units. The operations of this program are identified as "Pubic Housing" in the accompanying financial statements.

South Dakota Housing Development Authority (SDHDA) Project SD 99-H001-010, which consist of 14 Section-8 elderly housing units. This project receives monthly housing assistance payments (HAP) from HUD through SDHDA. The operations of this program are identified as "Section-8 Elderly" in the accompanying financial statements.

SDHDA Project SD 99-H001-110, which consist of 8 Section-8 new housing units. This project receives monthly HAP payments from HUD through SDHDA. The operations of this program are identified as "Rosebud Apartments" in the accompanying financial statements.

At September 30, 2015, the Commission's officials were:

Mayor, City of Burke
Tom Glover

Executive Director:
Charlene Juran

Board of Commissioners:
Dave Engelmeyer, Chairperson
Bryan Geaghan
Arlene Keever
Bonnie Noziska
Beverly Vaughn

Attorney:
Jack Gunvordahl

The Commission complies with generally accepted accounting principles (GAAP).

b. Fund Accounting:

The accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operation of each fund is accounted for with in a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. Funds in this financial report are classified as "enterprise" fund type.

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Commission maintains "Public Housing", "Section-8 Elderly" and "Rosebud Apartments" enterprise funds to account for its rental operations and related capital projects. All these funds are considered major funds.

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 a fund are included in its statement of net position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in total 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 at the time liabilities are incurred, regardless of when the related cash is received or paid. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements are satisfied.

d. Capital Assets and Depreciation:

Capital assets must cost at least \$100. 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 estimated fair value on the date donated.

Approximately 0% of the September 30, 2015 enterprise fund capital assets are determined by estimates of 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.

Depreciation of all exhaustible capital assets used by the enterprise funds is charged as an expense against that fund's operation. Depreciation has been provided over estimated useful life using the straight-line method. Buildings and improvements are given a useful life of 15 to 40 years. Equipment is given a useful life of 5 to 10 years. Accumulated depreciation is reported on the statement of net position.

Interest cost incurred during construction of capital assets is capitalized along with other capital asset costs.

e. Operating and Nonoperating Revenues:

Operating revenues are those associated with tenant activity such as rents, utilities, and laundry. Nonoperating revenues are those not associated with tenant activity such as the HUD subsidy, interest income and interest expense. Tenant rent generally is based on the higher of 30% of their adjusted gross income (based on HUD guidelines) or 10% of their gross income. HUD pays the remainder of the rent either through public housing program subsidies or through SDHDA as HAP payments.

f. Net Position Classifications:

Net position is displayed in 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.

g. 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.

h. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as a reduction of a disbursement in the fund that is reimbursed. All other interfund transactions are reported as transfers.

i. 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 are some of the estimates made by management during the year:

- Allowance for doubtful accounts -- estimated uncollectables
- Depreciation -- estimated service lives
- Pension - actuarial assumptions

2. CASH, DEPOSITS, INVESTMENTS 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 percent of the public deposit accounts that 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 that 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 an add-on type.

The actual bank balances at September 30, 2015 were: Insured \$188,386.97 and Collateralized** \$0.00 for a total of \$188,386.97.

** 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 September 30, 2015 (plus petty cash of \$100.00) was \$177,551.95.

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.

Except for the external investment pool discussed below, the Commission had no investments during the year ending September 30, 2015 because certificates of deposit are insured or collateralized.

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

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. All certificates of deposits are at fixed interest rates for a specified term.

Concentration of Credit Risk - The Commission places no limit on the amount that may be deposited or invested in any one institution. At September 30, 2015, all of the Commission's cash and certificates of deposit are deposited in First Fidelity Bank.

Credit Risk - The Commission's credit risks is limited to the external investment pool managed by South Dakota Housing Development Authority discussed below.

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. At September 30, 2015, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are fully FDIC insured.

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. Restricted deposits administered by SDHDA are not considered a cash equivalent.

3. EXTERNAL INVESTMENT POOL

The Commission has, for Rosebud Apartments, restricted cash deposits of \$66,914.83 (fair value) in an external investment pool managed by the South Dakota Housing Development Authority (SDHDA). The SDHDA pool is managed by a seven member Board of Commissioners appointed by the Governor, an Executive Director and a Director of Finance and Administration. Burke Housing and Redevelopment Commission's participation in this pool is involuntary. It is required to participate because of financing provided by SDHDA and tenant rental assistance programs. Moody's Investor Service has given SDHDA an Issuer Rating of Aa3. Interest earned on

the total cumulative amount of SDHDA reserves and escrows is pro-rated according to each development's (ie: Burke) reserve and escrow balance and then credited to the development's individual restricted cash account. Financial statements of the external investment pool are available from South Dakota Housing Development Authority, P.O. Box 1237, Pierre, South Dakota 57501. See also note 8.

4. RECEIVABLES AND PAYABLES
OPERATING COST ALLOCATION

Receivables and payables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year.

At September 30, 2015 Public Housing owed Section-8 Elderly \$3,880.70 and Rosebud Apartments \$2,433.70 for operating cost. Operating cost are allocated based on the percentage of occupied units each project has to the total occupied units.

5. CHANGES IN CAPITAL ASSETS (schedule one)

A summary of the changes in capital assets for the one year ending September 30, 2015 is presented in schedule one at the end of these footnotes.

Capital projects undertaken this year included:

| | Public Housing | Section-8 Elderly | Rosebud Apartments |
|-----------------------|-------------------|----------------------|-----------------------|
| Building improvements | \$ 19,842.00 | \$ | \$ |
| Floor covering | 1,220.50 | | 1,193.59 |
| | ----- | ----- | ----- |
| | \$ 21,062.50 | \$ 0.00 | \$ 1,193.59 |
| | ===== | ===== | ===== |

Construction-in-progress of \$27.04 is for building improvements.

6. DEBT

The Commission has no debt.

7. FACILITY RENTAL; INTERPROGRAM CHARGES; ALLOCATION OF COSTS

Both Section-8 Elderly Housing and Rosebud Apartments pay Public Housing a management fee of \$49 each month per occupied unit. Since the same executive director manages Public Housing, Section-8 Elderly Housing and Rosebud Apartments, salary, related payroll costs and other shared expenses are allocated according to each project's percentage of occupied units to the total number of occupied units.

The Section-8 Elderly Housing project receives \$75 a month rent from the Rural Office of Community Services, Inc. for the use of facilities for a Dakota Senior Meals program. The Commission has no involvement with the Dakota Senior Meals program other than rent received for the use of its facility.

8. MAJOR CUSTOMER - ECONOMIC DEPENDENCE; HOUSING ASSISTANCE PAYMENTS (HAP); RESTRICTED NET POSITION (DEPOSITS); REPLACEMENT RESERVE; (schedule three)

The Commission has an agreement with HUD, through SDHDA, to provide HAP on behalf of eligible tenants of Section-8 Elderly Housing and Rosebud Apartments.

Rosebud Apartments is required by agreement with SDHDA to maintain several reserve accounts for replacement, painting and escrow costs. These deposits (restricted net position) are restricted by SDHDA for their designated purposes and cannot be withdrawn or used in the general operation of Rosebud Apartments without the prior approval from SDHDA.

Following is a summary of the Rosebud Apartment restricted deposits activity for the one year ending September 30, 2015.

| Reserve Account | Balance 9-30-2014 | Interest Received | Approved Withdrawals | Balance 9-30-2015 |
|------------------|-------------------|-------------------|----------------------|-------------------|
| Replacement | \$ 42,919.28 | 1,620.81 | | \$ 44,540.09 |
| Painting | 11,200.53 | | | 11,200.53 |
| Development cost | 10,849.30 | 324.91 | | 11,174.21 |
| | ----- | ----- | ----- | ----- |
| | \$ 64,969.11 | 1,945.72 | | \$ 66,914.83 |

9. PAYMENTS IN LIEU OF TAXES

Housing and Redevelopment Commissions do not pay property taxes based on normal property value assessments and tax levies for real property owned by the Commissions. Instead, they make payments in lieu of taxes (PILOT) based on 10% of gross rents less utility costs.

Payments in lieu of taxes for the year ending September 30, 2015 were determined as follows:

| | Total | Public Housing | Section-8 Elderly Housing | Section-8 New Housing (Rosebud) |
|--|--------------|----------------|---------------------------|---------------------------------|
| Rental income | \$140,425.50 | \$ 77,603.00 | \$ 46,849.50 | \$ 15,973.00 |
| Less: allowable utility costs | (65,169.56) | (40,527.43) | (20,673.57) | (3,968.56) |
| | ----- | ----- | ----- | ----- |
| Net shelter rent | \$ 75,255.94 | \$ 37,075.57 | \$ 26,175.93 | \$ 12,004.44 |
| | ===== | ===== | ===== | ===== |
| PILOT for FY15 (10% of net shelter rent) | \$ 7,525.59 | \$ 3,707.56 | \$ 2,617.59 | \$ 1,200.44 |
| | ===== | ===== | ===== | ===== |

10. ADOPTION OF NEW ACCOUNTING STANDARD - PRIOR PERIOD ADJUSTMENTS

The Commission implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB No. 68*. As a result, beginning net position has been restated to reflect the related net pension assets and net deferred outflows of resources as of October 1, 2014 as follows:

| | Public Housing | Section 8 Elderly | Rosebud Apartments |
|---|----------------|-------------------|--------------------|
| October 1, 2014 Net Position, as previously reported: | \$281,915.36 | \$77,176.76 | \$156,664.10 |
| Restatement for pension accounting: | | | |
| Net pension assets | 11,528.90 | 2,595.84 | 729.50 |
| Deferred outflow of resources related to contributions made from July 1, 2014 to September 30, 2014 | 753.78 | 169.72 | 47.70 |
| | ----- | ----- | ----- |
| October 1, 2014 Net Position, restated | \$294,198.04 | \$79,942.32 | \$157,441.30 |

11. PENSION PLAN

Summary of Significant Accounting Policies:

For purpose of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are at fair value.

Plan Description:

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

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of the employee's final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 thereafter of the employee's final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more - 3.1% COLA
- If the SDRS market value funded ratio is 80% to 99.9%, index with CPI
 - 90.0% to 99.9% funded - 2.1% minimum and 2.8% maximum COLA
 - 80.0% to 89.9% funded - 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ration is less than 80.0% - 2.1% COLA

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

Covered employees are required by statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The Commission's share of contributions to the SDRS for the years ending September 30, 2015, September 30, 2014, and September 30, 2013 were \$3,499, \$3,885 and \$4,092 (employer's share) respectively, equal to the required contribution each year.

Pension Assets, Pension Revenue, Deferred Outflow of Pension Resources, and Deferred Inflow of Pension Resources:

At June 30, 2015, SDRS is 104.1% funded and accordingly has net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the Commission as of the measurement period ending June 30, 2015 and reported by the Commission as of September 30, 2015 are as follows:

| | |
|---|----------------|
| Commission's Proportionate Share of: | |
| SDRS net position restricted for pension benefits | \$ 356,326.08 |
| Less: SDRS total pension liability | (342,302.27) |
| | ----- |
| SDRS net pension liability (asset) | \$ (14,023.81) |

The net pension asset was measured as of June 30, 2015 and the total pension liability used to calculate the net pension asset was determined by actuarial valuation as of that date. At September 30, 2015 the Commission reported an asset of \$14,023.81 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the Commission's share of contribution to the pension plan relative to the contributions of all participating entities. At June 30, 2015 the Commission's proportion was .000033065.

For the year ended September 30, 2015 the Commission recognized pension revenue of \$1,757.39.

At September 30, 2015 the Commission reported deferred outflow of resources and deferred inflow of resources related to the pension from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 2,871.44 | |
| Change in assumptions | 11,120.00 | |
| Net difference between projected and actual earnings on pension plan investments | 8,566.91 | \$ 20,692.41 |
| Changes in proportion and difference between Commission contributions and proportionate share of contributions | 818.31 | |
| Commission contributions subsequent to measurement date | 874.76 | |
| | ----- | ----- |
| | \$ 24,251.42 | \$ 20,692.41 |
| | (874.76) | |
| | (20,692.41) | |
| | ----- | |
| To be amortized over 4 years | \$ 2,684.25 | |
| | ===== | |

There is \$874.76 reported as deferred outflow of resources related to pensions resulting from Commission contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending September 30, 2016.

Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized in pension expense (revenue) as follows:

| | |
|--------------------------------|-------------|
| Year ending September 30, 2016 | \$ 955.86 |
| September 30, 2017 | 955.86 |
| September 30, 2018 | (2,571.51) |
| September 30, 2019 | 3,344.04 |
| | ----- |
| | \$ 2,684.25 |
| | ===== |

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2015 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------|--|
| Inflation | 3.25% |
| Salary increases | 5.83% at entry to 3.87% after 30 years of service |
| Discount rate | 7.25% through 2017 and 7.50% thereafter, net of pension Plan investment expenses |

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period of July 1, 2005 to June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investments:

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see discussion of the pension plan's investment policy above) are summarized in the following table using geometric means:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|---------------|-------------------|--|
| Global Equity | 61.0% | 4.5% |
| Fixed Income | 27.0% | 1.8% |
| Real Estate | 10.0% | 5.2% |
| Cash | 2.0% | 0.0% |
| | ----- | |
| | 100.0% | |

Discount Rate:

The discount rate used to measure the total pension liability was 7.25% through 2017 and 7.50% thereafter. The projection of cash flow used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine to total pension liability (asset).

Sensitivity of Asset to Change in the Discount Rate:

The following presents the Commission's proportionate share of SDRS's net pension liability (asset), calculated using the discount rate of 7.25% through 2017 and 7.50% thereafter, as well as the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.25/6.50%) or 1% higher (8.25/8.50%) than the current rate:

| | 1% Decrease | Discount Rate Current | 1% Increase |
|---|---------------------------|--------------------------|------------------------|
| Commission's share of SDRS net pension liability (asset) | \$ 35,297.78 liability | \$(14,023.81) asset | \$(54,241.32) asset |

Pension Plan Fiduciary Net Position:

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

12. 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 year ending September 30, 2015 the Commission managed its risks as follows:

Health insurance:

Employees are given a health care premium reimbursement of \$150 per month.

Liability, fire, and worker's compensation insurance:

The Commission maintains liability, fire, and worker's compensation insurance through a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment benefits:

The Commission maintains unemployment insurance through the State of South Dakota. No unemployment benefits were paid during the year ending September 30, 2015 and no payments are expected in the near future.

13. COMMITMENTS AND CONTINGENCIES

Litigation: At September 30, 2015 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 ending September 30, 2015.

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 expenses which may be disallowed by the grantor cannot be determined at this time although the Commission expects such amounts, if any, would be immaterial.

Economic Dependency: The Commission receives approximately 40% of its revenues from HUD and SDHDA, with 60% coming from tenant revenue, interest on investments, and other sources. If the amount of revenues received from HUD falls, the Commission's operation would be adversely affected.

14. OTHER DISCLOSURES AND SUBSEQUENT EVENTS

The Commission purchases less than \$1,000 a year each from three board members who own businesses in the City of Burke.

The Commission's conversion savings account of \$5,884.61 was closed out in October 2015.

The Commission has \$18,287 available from CFP #5-15.

In September 2015 the Commission accepted heat pump bids of \$45,845 for Public Housing and \$15,877 for Rosebud Apartments.

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

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN CAPITAL ASSETS
FOR THE YEAR ENDING SEPTEMBER 30, 2015

| | Beginning 9-30-14 | Book Adjustments | Additions | (Deletions) | Ending 9-30-15 | Accumulated Depreciation 9-30-14 | Book Adjustments | (Additions) | Deletions | Ending 9-30-15 | Remaining Cost 9-30-15 |
|----------------------------|----------------------|---------------------|-----------|-------------|-------------------|--|---------------------|--------------|-----------|-------------------|------------------------------|
| Public Housing: | | | | | | | | | | | |
| Land | 9,550.00 | | | | 9,550.00 | - | | | | - | 9,550.00 |
| Buildings and improvements | 913,147.37 | | 21,062.50 | | 934,209.87 | (729,700.20) | | (30,039.91) | | (759,740.11) | 174,469.76 |
| Equipment - dwellings | - | | | | - | - | | | | - | - |
| Equipment - administration | 11,320.39 | | | | 11,320.39 | (7,903.50) | | (1,582.02) | | (9,485.52) | 1,834.87 |
| Construction-in-progress | 18,060.29 | | | (18,033.25) | 27.04 | - | | | | - | 27.04 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| | 952,078.05 | - | 21,062.50 | (18,033.25) | 955,107.30 | (737,603.70) | - | (31,621.93) | - | (769,225.63) | 185,881.67 |
| Section-8 Elderly: | | | | | | | | | | | |
| Buildings and improvements | 451,380.29 | | | | 451,380.29 | (408,058.83) | (0.01) | (12,010.48) | | (420,069.32) | 31,310.97 |
| Equipment - dwellings | 83,728.03 | | | | 83,728.03 | (75,651.59) | | (2,795.15) | | (78,446.74) | 5,281.29 |
| Equipment - administration | 2,199.00 | | | | 2,199.00 | (2,199.00) | | | | (2,199.00) | - |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| | 537,307.32 | - | - | - | 537,307.32 | (485,909.42) | (0.01) | (14,805.63) | - | (500,715.06) | 36,592.26 |
| Rosebud Apartments: | | | | | | | | | | | |
| Land | 11,500.00 | | | | 11,500.00 | - | | | | - | 11,500.00 |
| Buildings and improvements | 275,496.79 | | | | 275,496.79 | (240,941.83) | | (3,405.06) | | (244,346.89) | 31,149.90 |
| Equipment - dwellings | 43,657.20 | | 1,193.59 | | 44,850.79 | (42,064.70) | | (368.29) | | (42,432.99) | 2,417.80 |
| Equipment - administration | 830.00 | | | | 830.00 | (788.50) | | (41.50) | | (830.00) | - |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== |
| | 331,483.99 | - | 1,193.59 | - | 332,677.58 | (283,795.03) | - | (3,814.85) | - | (287,609.88) | 45,067.70 |

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
Burke Housing & Redevelopment Commission
Burke, 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 each major fund of the Burke Housing & Redevelopment Commission (Commission), a component unit of the City of Burke, South Dakota, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued my unmodified report thereon dated May 31, 2016.

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, and contracts, 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 opinion 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 Burke 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 Authority'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. 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 Burke Housing & Redevelopment Commission in a separate Letter of Comments dated May 31, 2016.

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 on its internal control. 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. 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.

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

May 31, 2016

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive style with a large, stylized initial "B".

SCHEDULE OF PRIOR AUDIT FINDINGS

There are no prior written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS

There are no current written audit findings.

BURKE HOUSING & REDEVELOPMENT COMMISSION
 FOR THE ONE YEAR ENDING SEPTEMBER 30, 2015

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE
 SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION LIABILITY (ASSET)

| SDRS Measurement Date Year Ended (1) | Commission's Percentage of the Net Pension Asset | Commission's Proportionate Share of Net Pension Asset | Commission's Covered Employee Payroll | Commission's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|--|---|---|
| June 30, 2015 | 0.0033065% | (14,024) | 58,317 | 24.04% | 104.1% |
| June 30, 2014 | 0.0035596% | (25,645) | 64,747 | 39.60% | 107.3% |

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

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

BURKE HOUSING & REDEVELOPMENT COMMISSION
 FOR THE ONE YEAR ENDING SEPTEMBER 30, 2015

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS
 TO THE SOUTH DAKOTA RETIREMENT SYSTEM

| SDRS Measurement Date Year Ended (1) | Contractually Required Contribution | Contributions Related to the Contractually Required Contribution | Contribution Deficiency (Excess) | Commission's Covered Employee Payroll | Contributions as a Percentage of Covered Employee Payroll |
|--|---|--|--|--|--|
| June 30, 2015 | 3,499 | 3,499 | 0 | 58,317 | 6.00% |
| June 30, 2014 | 3,885 | 3,885 | 0 | 64,757 | 6.00% |

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

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

BURKE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF BURKE, SOUTH DAKOTA
SEPTEMBER 30, 2015

Financial Data Schedule

| Financial Data Schedule (FDS) | | Audit | | Low Rent | Public |
|--|---|-----------|---------|-----------|--------------|
| For the One Year Ending September 30, 2015 | | ----- | | Public | Housing |
| Required by the Dept. of Housing | | Low Rent | Reclass | Housing | Capital Fund |
| and Urban Development (HUD) | | Public | | CFDA # | Program |
| Line | | Housing | | 14.850 | 14.872 |
| Item # | | 9-30-15 | | 9-30-15 | 9-30-15 |
| ----- | | ----- | ----- | ----- | ----- |
| ASSETS | | | | | |
| Current assets: | | | | | |
| 111.00 | Cash - unrestricted | 28,397 | 169 | 28,228 | |
| 114.00 | Cash - tenant security deposits | 5,335 | (169) | 5,504 | |
| 122.00 | Accounts receivable - HUD | 9,723 | | 9,723 | |
| 126.00 | Accounts receivable - tenants | 172 | | 172 | |
| 129.00 | Accrued interest receivable | 20 | | 20 | |
| 131.00 | Investments - unrestricted | 34,226 | | 34,226 | |
| 142.00 | Prepaid expenses and other assets | 4,874 | | 4,874 | |
| 150.00 | Total current assets: | 82,747 | 0 | 82,747 | 0 |
| Noncurrent assets: | | | | | |
| 161.00 | Land | 9,550 | | 9,550 | |
| 162.00 | Buildings | 934,211 | | 934,211 | |
| 164.00 | Furniture, equipment - administration | 11,320 | | 11,320 | |
| 166.00 | Accumulated depreciation | (769,226) | | (769,226) | |
| 167.00 | Construction-in-progress | 27 | | 27 | |
| 160.00 | Total non-current assets: | 185,882 | 0 | 185,882 | 0 |
| 174.00 | Net pension assets | 10,884 | 10,884 | 0 | |
| 200.00 | Deferred outflow of resources | 18,822 | 18,822 | 0 | |
| 290.00 | Total assets and deferred outflow of resour | 298,335 | 29,706 | 268,629 | 0 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| 312.00 | Accounts payable | 1,290 | | 1,290 | |
| 321.00 | Accrued wage/payroll taxes | 767 | | 767 | |
| 333.00 | Accounts payable - other government | 3,708 | | 3,708 | |
| 341.00 | Tenant security deposits | 5,335 | (169) | 5,504 | |
| 342.00 | Unearned revenue | 492 | | 492 | |
| 346.00 | Accrued liabilities - other | 1,733 | | 1,733 | |
| 347.00 | Inter Program - Due to | 6,315 | | 6,315 | |
| 310.00 | Total current liabilities | 19,640 | (169) | 19,809 | 0 |
| 400.00 | Deferred inflow of resources | 16,060 | 16,060 | 0 | |
| 300.00 | Total liabilities and deferred inflow of re | 35,700 | 15,891 | 19,809 | 0 |
| NET POSITION | | | | | |
| 508.40 | Net invested in capital assets | 185,882 | | 185,882 | |
| 511.40 | Restricted net position | 13,646 | 13,646 | | |
| 512.40 | Unrestricted | 63,107 | 169 | 62,938 | |
| 513.00 | Total net position | 262,635 | 13,815 | 248,820 | 0 |
| Total liabilities and net position | | | | | |
| | | 298,335 | 29,706 | 268,629 | 0 |

Financial Data Schedule (FDS)

For the One Year Ending September 30, 2015

Required by the Dept. of Housing
and Urban Development

Public
Housing
Capital Fund
Program
CFDA #
14.850
14.872
9-30-15
9-30-15

Audit

Low Rent
Public
Housing
CFDA #
14.850
9-30-15

Reclass

Line
Item #

| Line Item # | | Audit Low Rent Public Housing CFDA # 14.850 9-30-15 | Reclass | Public Housing Capital Fund Program CFDA # 14.850 14.872 9-30-15 9-30-15 | Public Housing Capital Fund Program CFDA # 14.872 14.872 9-30-15 9-30-15 |
|--|---------------------------------------|---|----------|--|--|
| REVENUE | | | | | |
| 703.00 | Net tenant rental revenue | 77,603 | | 77,603 | |
| 704.00 | Tenant revenue - other | 174 | (150) | 324 | |
| 706.00 | HUD PHA operating grant | 0 | (49,912) | 37,822 | 12,090 |
| 706.10 | HUD PHA capital grant | 0 | (1,809) | | 1,809 |
| 711.00 | Investment income - unrestricted | 0 | (101) | 101 | |
| 715.00 | Other revenue | 14,926 | 319 | 14,607 | |
| 700.00 | Total revenue | 92,703 | (51,653) | 130,457 | 13,899 |
| EXPENSES | | | | | |
| Administrative: | | | | | |
| 911.00 | Salaries | 27,653 | | 27,653 | |
| 912.00 | Auditing fees | 1,260 | | 1,260 | |
| 915.00 | Employee benefit contributions | 5,568 | | 5,568 | |
| 916.00 | Office expense | 16,505 | | 16,505 | |
| 918.00 | Travel | 742 | | 742 | |
| 919.00 | Other | 1,950 | | 1,950 | |
| Expenses - tenant services: | | | | | |
| 924.00 | Tenant services - other | 207 | | 207 | |
| Expenses - utilities: | | | | | |
| 931.00 | Utilities - Water | 4,066 | | 4,066 | |
| 932.00 | Utilities - Electricity | 10,513 | | 10,513 | |
| 933.00 | Utilities - Gas | 19,560 | | 19,560 | |
| 936.00 | Utilities - Sewer | 6,389 | | 6,389 | |
| Expenses - ordinary maint. & operation: | | | | | |
| 941.00 | Labor | 17,608 | | 17,608 | |
| 942.00 | Materials and other | 7,146 | | 7,146 | |
| 943.00 | Contract costs | 4,862 | | 4,862 | |
| 945.00 | Employee benefit contributions | 4,211 | | 4,211 | |
| Expenses - general: | | | | | |
| 961.10 | Property insurance | 11,016 | | 11,016 | |
| 961.20 | Liability insurance | 518 | | 518 | |
| 961.30 | Workmen's Compensation | 1,910 | | 1,910 | |
| 961.40 | All other insurance | 437 | | 437 | |
| 963.00 | Payment in lieu of taxes | 3,708 | | 3,708 | |
| Other expenses: | | | | | |
| 974.00 | Depreciation | 31,622 | | 31,622 | |
| 900.00 | Total expenses | 177,451 | 0 | 177,451 | 0 |
| Other financing sources (uses): | | | | | |
| 706.00 | HUD PHA operating grant | 37,822 | 37,822 | | |
| 711.00 | Investment income - unrestricted | 101 | 101 | | |
| 720.00 | Investment income - pension | 1,364 | 1,364 | | |
| 101.00 | Total other financing sources (uses): | 39,287 | 39,287 | 0 | 0 |
| Net income (loss) before contributions, extraordinary item, losses, and transfers | | | | | |
| | | (45,461) | (12,366) | (46,994) | 13,899 |
| 706.10 | HUD capital grants | 13,899 | 13,899 | 0 | |
| 100.10 | Transfer in | 12,090 | | 12,090 | |
| 100.20 | Transfer out | (12,090) | | | (12,090) |
| 116.20 | Building purchases | 0 | | 1,809 | (1,809) |
| Change in net position | | | | | |
| | | (31,562) | 1,533 | (33,095) | 0 |
| 110.30 | NET POSITION - beginning | 281,915 | | 281,915 | |
| 110.40 | Prior period adjustment - pension | 12,282 | 12,282 | | |
| NET POSITION - ending | | | | | |
| | | 262,635 | 13,815 | 248,820 | 0 |

BURKE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF BURKE, SOUTH DAKOTA
SEPTEMBER 30, 2015

| Financial Data Schedule (FDS) | | | Financial Data Schedule | |
|--|---|-----------|-------------------------|------------------------|
| For the One Year Ending September 30, 2015 | | | Section-8 | Section-8 |
| Required by the Dept. of Housing and Urban Development (HUD) | | | Elderly Housing CFDA # | Elderly Housing CFDA # |
| Line Item # | Audit Section-8 Elderly Housing 9-30-15 | Reclass | 14.182 9-30-15 | 14.885 9-30-15 |
| ASSETS | | | | |
| Current assets: | | | | |
| 111.00 | Cash - unrestricted | 27,979 | 27,979 | |
| 114.00 | Cash - tenant security deposits | 3,899 | 3,899 | |
| 126.00 | Accounts receivable - tenants | 0 | | |
| 131.00 | Investments - unrestricted | 5,885 | 5,885 | |
| 142.00 | Prepaid expenses and other assets | 2,646 | 2,646 | |
| 144.00 | Inter Program - Due from | 3,881 | 3,881 | |
| 150.00 | Total current assets: | 44,290 | 44,290 | 0 |
| Noncurrent assets: | | | | |
| 162.00 | Buildings | 451,380 | 447,169 | |
| 163.00 | Furniture, equipment - dwellings | 83,728 | 87,939 | (4,211) |
| 164.00 | Furniture, equipment - administration | 2,199 | 2,199 | |
| 166.00 | Accumulated depreciation | (500,715) | (500,715) | |
| 160.00 | Total non-current assets: | 36,592 | 36,592 | 0 |
| 174.00 | Net pension assets | 2,451 | 0 | 2,451 |
| 200.00 | Deferred outflow of resources | 4,238 | 0 | 4,238 |
| 190.00 | Total assets and deferred outflow of resour | 87,571 | 80,882 | 6,689 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| 312.00 | Accounts payable <= 90 days | 1,540 | 1,540 | |
| 321.00 | Accrued wage/payroll taxes payable | 159 | 159 | |
| 333.00 | Accounts payable - other government | 2,618 | 2,618 | |
| 341.00 | Tenant security deposits | 3,899 | 3,899 | |
| 342.00 | Unearned revenue | 126 | 126 | |
| 310.00 | Total current liabilities | 8,342 | 8,342 | 0 |
| 400.00 | Deferred inflow of resources | 3,616 | 0 | 3,616 |
| 300.00 | Total liabilities and deferred inflow of re | 11,958 | 8,342 | 3,616 |
| NET POSITION | | | | |
| 508.40 | Net invested in capital assets | 36,592 | 36,592 | |
| 511.40 | Restricted net position | 3,073 | 0 | 3,073 |
| 512.40 | Unrestricted | 35,948 | 35,948 | |
| 513.00 | Total net position | 75,613 | 72,540 | 3,073 |
| Total liabilities and net position | | | | |
| | | 87,571 | 80,882 | 6,689 |

BURKE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF BURKE, SOUTH DAKOTA
SEPTEMBER 30, 2015

| | | Financial Data Schedule | | | |
|--|--|-------------------------|----------|-----------|-----------|
| Financial Data Schedule (FDS) | | Audit | | Section-8 | Section-8 |
| For the One Year Ending September 30, 2015 | | ----- | | Elderly | Elderly |
| Required by the Dept. of Housing | | Section-8 | | Housing | Housing |
| and Urban Development | | Elderly | | CFDA # | CFDA # |
| Line | | Housing | Reclass | 14.182 | 14.885 |
| Item # | | 9-30-15 | | 9-30-15 | 9-30-15 |
| ----- | REVENUE | ----- | ----- | ----- | ----- |
| 703.00 | Net tenant rental revenue | 46,701 | | 46,701 | |
| 704.00 | Tenant revenue - other | 148 | (150) | 298 | |
| 706.00 | HUD operating grant (HAP) | 0 | (13,705) | 13,705 | |
| 711.00 | Investment income - unrestricted | 0 | (5) | 5 | |
| 715.00 | Other revenue | 900 | 150 | 750 | |
| | | ----- | ----- | ----- | ----- |
| 700.00 | Total revenue | 47,749 | (13,710) | 61,459 | 0 |
| | | ----- | ----- | ----- | ----- |
| | EXPENSES | | | | |
| | Expenses - administrative: | | | | |
| 911.00 | Salaries | 7,056 | | 7,056 | |
| 912.00 | Auditing fees | 1,260 | | 1,260 | |
| 914.00 | Advertising | 86 | | 86 | |
| 915.00 | Employee benefits | 1,391 | | 1,391 | |
| 916.00 | Office expense | 101 | | 101 | |
| | Expenses - tenant services: | | | | |
| 924.00 | Other | 0 | | 0 | |
| | Expenses - utilities: | | | | |
| 931.00 | Water | 2,811 | | 2,811 | |
| 932.00 | Electricity | 13,445 | | 13,445 | |
| 936.00 | Sewer | 4,418 | | 4,418 | |
| | Expenses - ordinary maint. & operation: | | | | |
| 941.00 | Labor | 10,191 | | 10,191 | |
| 942.00 | Materials and other | 3,278 | | 3,278 | |
| 943.00 | Contract costs | 839 | | 839 | |
| | Expenses - general: | | | | |
| 961.10 | Property insurance | 3,796 | | 3,796 | |
| 963.00 | Payment in lieu of taxes | 2,618 | | 2,618 | |
| | Other expenses: | | | | |
| 974.00 | Depreciation | 14,806 | | 14,806 | |
| | | ----- | ----- | ----- | ----- |
| 900.00 | Total expenses | 66,096 | 0 | 66,096 | 0 |
| | | ----- | ----- | ----- | ----- |
| | Other financing sources (uses): | | | | |
| 706.00 | HUD operating grant (HAP) | 13,705 | 13,705 | 0 | |
| 711.00 | Investment income - unrestricted | 5 | 5 | 0 | |
| 720.00 | Investment income - pension | 307 | 307 | 0 | |
| | | ----- | ----- | ----- | ----- |
| 101.00 | Total other financing sources (uses): | 14,017 | 14,017 | 0 | 0 |
| | | ----- | ----- | ----- | ----- |
| | Net income (loss) before contributions, extraordinary item, and transfers | (4,330) | 307 | (4,637) | 0 |
| | None | 0 | | 0 | |
| | | ----- | ----- | ----- | ----- |
| | Change in net position | (4,330) | 307 | (4,637) | 0 |
| | | ----- | ----- | ----- | ----- |
| 110.30 | NET POSITION - beginning | 77,177 | | 77,177 | 0 |
| 110.40 | Prior period adjustment - pension | 2,766 | 2,766 | 0 | |
| | | ----- | ----- | ----- | ----- |
| | NET POSITION - ending | 75,613 | 3,073 | 72,540 | 0 |
| | | ===== | ===== | ===== | ===== |

BURKE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF BURKE, SOUTH DAKOTA
SEPTEMBER 30, 2015

Financial Data Schedule

Financial Data Schedule (FDS)

For the One Year Ending September 30, 2015

Required by the Dept. of Housing
and Urban Development (HUD)

Audit

Section-8

New

Construction

Rosebud

CFDA #

Apartments

Reclass

14.182

9-30-15

9-30-15

| Line Item # | | Audit Rosebud Apartments 9-30-15 | Reclass | Section-8 New Construction CFDA # 14.182 9-30-15 | |
|------------------------------------|--|---|----------|---|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| 111.00 | Cash - unrestricted | 70,999 | 481 | 70,518 | |
| 114.00 | Cash - tenant security deposits | 831 | (481) | 1,312 | |
| 126.00 | Accounts receivable - tenants | 1,403 | | 1,403 | |
| 132.00 | Investments - restricted | 0 | (66,915) | 66,915 | |
| 142.00 | Prepaid expenses and other assets | 2,464 | | 2,464 | |
| 144.00 | Inter program due from | 2,434 | | 2,434 | |
| 150.00 | Total current assets: | 78,131 | (66,915) | 145,046 | 0 |
| Noncurrent assets: | | | | | |
| 161.00 | Land | 11,500 | (6,419) | 17,919 | |
| 162.00 | Buildings | 275,497 | 6,419 | 269,078 | |
| 163.00 | Furniture, equipment - dwellings | 44,851 | | 44,851 | |
| 164.00 | Furniture, equipment - administration | 830 | | 830 | |
| 166.00 | Accumulated depreciation | (287,610) | | (287,610) | |
| 160.00 | Total non-current assets: | 45,068 | 0 | 45,068 | 0 |
| 174.00 | Other assets - SDHDA restricted cash | 66,915 | 66,915 | 0 | |
| 174.00 | Other assets - pension assets | 689 | 689 | 0 | |
| 200.00 | Deferred outflow of resources | 1,191 | 1,191 | 0 | |
| 190.00 | Total assets and deferred outflow of resources | 191,994 | 1,880 | 190,114 | 0 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| 312.00 | Accounts payable <= 90 days | 510 | | 510 | |
| 321.00 | Accrued wages/payroll taxes payable | 24 | | 24 | |
| 333.00 | Accounts payable - other governments | 1,200 | | 1,200 | |
| 341.00 | Tenant security deposits | 831 | | 831 | |
| 310.00 | Total current liabilities | 2,565 | 0 | 2,565 | 0 |
| 400.00 | Deferred inflow of resources | 1,016 | 1,016 | 0 | |
| 300.00 | Total liabilities and deferred inflow of resources | 3,581 | 1,016 | 2,565 | 0 |
| NET POSITION | | | | | |
| 508.40 | Net invested in capital assets | 45,068 | | 45,068 | |
| 511.40 | Restricted for SDHDA | 66,915 | | 66,915 | |
| 511.40 | Restricted for pension | 864 | 864 | 0 | |
| 512.40 | Unrestricted | 75,566 | | 75,566 | |
| 513.00 | Total net position | 188,413 | 864 | 187,549 | 0 |
| Total liabilities and net position | | | | | |
| | | 191,994 | 1,880 | 190,114 | 0 |

BURKE HOUSING AND REDEVELOPMENT COMMISSION
 A COMPONENT UNIT OF THE CITY OF BURKE, SOUTH DAKOTA
 SEPTEMBER 30, 2015

Financial Data Schedule

Financial Data Schedule (FDS)
 For the One Year Ending September 30, 2015
 Required by the Dept. of Housing
 and Urban Development

| | | Audit | | Financial Data Schedule | |
|--|---------------------------------------|------------|----------|-------------------------|---|
| | | Rosebud | | Section-8 | |
| | | Apartments | | New | |
| | | 9-30-15 | | Constructio | |
| Line | | | Reclass | CFDA # | |
| Item # | | | | 14.182 | |
| | | | | 9-30-15 | |
| REVENUE | | | | | |
| 703.00 | Net tenant rental revenue | 15,973 | | 15,973 | |
| 704.00 | Tenant revenue - other | 398 | | 398 | |
| 706.00 | HUD PHA operating grant (HAP) | 0 | (41,520) | 41,520 | |
| 711.00 | Investment income - unrestricted | 0 | (1) | 1 | |
| 715.00 | Other revenue | 308 | | 308 | |
| 720.00 | Investment income - restricted | 0 | (1,945) | 1,945 | |
| 700.00 | Total revenue | 16,679 | (43,466) | 60,145 | 0 |
| EXPENSES | | | | | |
| Expenses - administrative: | | | | | |
| 912.00 | Auditing fees | 1,680 | | 1,680 | |
| 913.00 | Management fees | 3,871 | | 3,871 | |
| 914.00 | Advertising and marketing | 106 | | 106 | |
| 916.00 | Office expense | 867 | | 867 | |
| Expenses - utilities: | | | | | |
| 931.00 | Water | 1,493 | | 1,493 | |
| 932.00 | Electricity | 1,593 | | 1,593 | |
| 936.00 | Sewer | 882 | | 882 | |
| Expenses - ordinary maint. & operation: | | | | | |
| 941.00 | Ordinary maintenance - labor | 2,864 | | 2,864 | |
| 942.00 | Ordinary maintenance - materials | 5,362 | | 5,362 | |
| 943.00 | Contract costs | 1,692 | | 1,692 | |
| 945.00 | Employee benefit contributions | 391 | | 391 | |
| Expenses - general: | | | | | |
| 961.10 | Property insurance | 3,444 | | 3,444 | |
| 963.00 | Payment in lieu of taxes | 1,200 | | 1,200 | |
| Other expenses: | | | | | |
| 974.00 | Depreciation | 3,815 | | 3,815 | |
| 900.00 | Total expenses | 29,260 | 0 | 29,260 | 0 |
| Other financing sources (uses): | | | | | |
| 706.00 | SDHDA operating grant (HAP) | 41,520 | 41,520 | 0 | |
| 711.00 | Investment income - unrestricted | 1 | 1 | 0 | |
| 720.00 | Investment income - SDHDA | 1,946 | 1,946 | 0 | |
| 720.00 | Investment income - pension | 86 | 86 | 0 | |
| 101.00 | Total other financing sources (uses): | 43,553 | 43,553 | 0 | 0 |
| Net income (loss) before contributions, and extraordinary items | | | | | |
| | | 30,972 | 87 | 30,885 | 0 |
| | None | 0 | | 0 | |
| | Change in net position | 30,972 | 87 | 30,885 | 0 |
| 110.30 | NET POSITION - beginning | 156,664 | | 156,664 | |
| 110.40 | Prior period adjustment - pension | 777 | 777 | | |
| 513.00 | NET POSITION - ending | 188,413 | 864 | 187,549 | 0 |

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

Project Code: SD 007
 Annual Contribution Contract Number: SD-736

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDING SEPTEMBER 30, 2015

| | Federal CFDA Number | FY15 Expenditures |
|---|---------------------------|----------------------|
| Direct Federal Programs: | | |
| U.S. Department of Housing and Urban Development: | | |
| Low-Rent Public Housing: | | |
| Operations: | | |
| Operating subsidy | 14.850 | 37,822 |
| Capital Projects: | | |
| Capital Funding Program - CFP 5-12 | 14.885 | 1,782 |
| Capital Funding Program - CFP 5-13 | 14.885 | 12,090 |
| Capital Funding Program - CFP 5-14 | 14.885 | 27 |
| | | ----- |
| | | 51,721 |
| | | ----- |
| Indirect Federal Programs: | | |
| U.S. Department of Housing and Urban Development: | | |
| Passed through the South Dakota Housing Development Authority: | | |
| Low-Rent Public Housing: | | |
| Housing Assistance Payments: | | |
| Section-8 Elderly | 14.182 | 13,705 |
| Section-8 New Construction (Rosebud) | 14.182 | 41,520 |
| | | ----- |
| | | 55,225 |
| | | ----- |
| | | ----- |
| Total: Dept of Housing and Urban Development | | 106,946 |
| | | ===== |

Note 1:
 The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Burke Housing and Redevelopment Commission. It is presented on the full accrual basis of accounting and represents the federal financial assistance earned based on specific program expenditures.