

***HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014***

*HURON HOUSING AND REDEVELOPMENT COMMISSION
COMMISSION OFFICIALS
DECEMBER 31, 2014*

Board Members:

**Roger Chase- Chairman
Nancy Balvin
Kim Smith
Scott Ramsell
Randy Meendering**

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Your success is our business!

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

**Board of Commissioners
Huron Housing and Redevelopment Commission
Huron, South Dakota**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities, and each major fund information of Huron Housing and Redevelopment Commission, (a component unit of the City of Huron), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Huron Housing and Redevelopment Commissions' basic financial statements, and have issued our report thereon dated November 6, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "CLO Prof LLC".

Huron, South Dakota
November 6, 2015



Your success is our business!

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

**Board of Commissioners
Huron Housing and Redevelopment Commission
Huron, South Dakota**

Report on Compliance for Each Major Federal Program

We have audited Huron Housing and Redevelopment Commission's (a component unit of the City of Huron) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct or material effect on each of Huron Housing and Redevelopment Commission's major federal programs for the year ended December 31, 2014. The Huron Housing and Redevelopment Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Huron Housing and Redevelopment Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Handwritten signature in blue ink that reads "CEO of LLC".

Huron, South Dakota
November 6, 2015

***HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014***

Schedule of Prior Audit Findings

The prior audit report contained no written audit comments.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Schedule of Current Audit Findings
Section I – Summary of Independent Auditor’s Results

Financial Statements:

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified: yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes X no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
10.415	Rural Rental Housing Loans

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings



Your success is our business!

INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
Huron Housing and Redevelopment Commission
Huron, South Dakota**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and each major fund information of the Huron Housing and Redevelopment Commission, (a component unit of the City of Huron), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Huron Housing and Redevelopment Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund information of the Huron Housing and Redevelopment Commission, as of December 31, 2014, and the respective changes in financial position and cash flows, for the 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 on pages 9 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Huron Housing and Redevelopment Commission's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the financial data schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 our opinion the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 6, 2015 on our consideration of Huron Housing and Redevelopment Commission's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Huron Housing and Redevelopment Commission's internal control over financial reporting and compliance.



Huron, South Dakota
November 6, 2015

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

This section of the Huron Housing and Redevelopment Commission's annual financial report presents our discussion and analysis of the Commission's financial performance during the fiscal year ended on December 31, 2014. Please read it in conjunction with the Commission's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Commission's net position from its activities increased by \$149,091 over fiscal year 2014, primarily because increased revenues, decreased administration fees, and decreased interest expense.
- During the year, the Commission's revenues generated from subsidy payments, rents and other revenues of the business-type programs were \$1,954,959 with \$1,805,868 in expenditures which included depreciation expense.
- The total revenues of the Commission's programs increased approximately \$32,742 and expenses decreased by \$85,636.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis (this section), and the basic financial statements, including related notes. The basic financial statements include fund financial statements that present the business-type activities of the Commission: The statements are fund financial statements that focus on individual parts of the Commission, reporting the Commission's operations in more detail. Proprietary fund statements offer short- and long-term financial information about the activities that the Commission operates like businesses known as enterprise funds. The Commission has one enterprise fund containing seven programs.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this audit report are arranged and relate to one another.

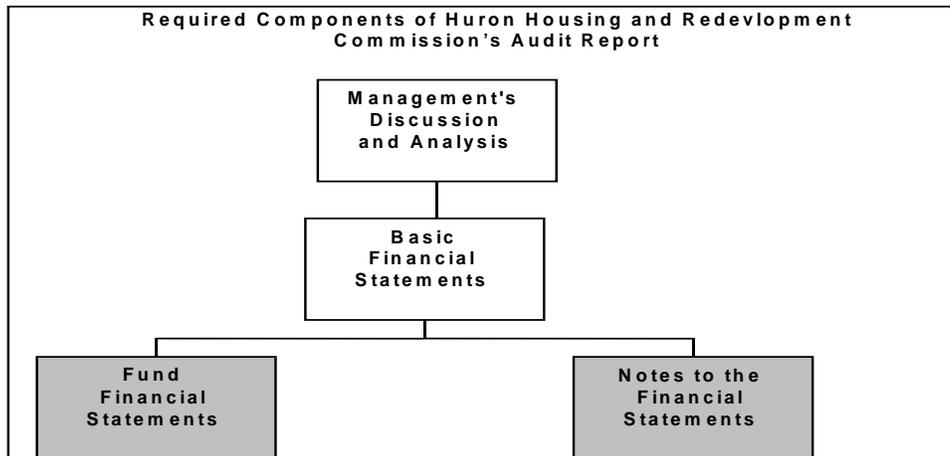


Figure A-1

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

Figure A-2 summarizes the major features of the Commission’s financial statements, including the portion of the Commission activities and the types of information contained. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Major Features of Huron Housing and Redevelopment Commission’s Fund Financial Statements	
Proprietary Funds	
Scope	Activities the Commission operates similar to private businesses, the apartment projects and Section 8 program
Required Financial Statements	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission’s enterprise funds. Funds are accounting devices that the Commission uses to keep track of specific sources of funding and spending for particular purposes.

The Commission has only one type of fund:

- **Proprietary Funds** – Services for which the Commission charges tenants a rent are generally reported in proprietary funds. Proprietary funds provide both short- and long-term financial information. The Commission’s enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Net Position

The Commission's combined net position increased by approximately 15.6% between the years ended 2013 and 2014 – increasing by \$ 149,091 (See Table A-1).

Table A-1

	Statement of Net Position			
	Proprietary Fund			
	2014	2013		
Current and Other Position	\$749,545	\$674,565		
Capital Assets	7,503,082	7,744,587		
Total Assets	\$8,252,627	\$8,419,152		
Long-Term Debt Outstanding	\$6,998,294	\$7,308,509		
Other Liabilities	148,339	153,740		
Total Liabilities	\$7,146,633	\$7,462,249		
Net Position:				
Net Investment in Capital Assets	478,738	417,728		
Restricted	424,066	429,715		
Unrestricted	203,190	109,460		
Total Net Position	1,105,994	956,903		
Total Liabilities and Net Position	\$8,252,627	\$8,419,152		
Beginning Net Position	\$956,903	\$926,190		
Increase in Net Position	\$ 149,091	\$30,713		
Percentage of Increase in Net Position	15.6%	3.3%		

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

Changes in Net Position

The Commission's total revenues totaled \$1,954,959 (See Table A-4.) The majority of the Commission's revenues came from government contributions, charges for rent, housing assistance and rental subsidy payments.

Table A-2
Huron Housing and Redevelopment Commission,
Sources of Revenue, Year Ended 2014 and 2013

	<u>2014</u>	<u>2013</u>
HUD Contributions	39.1%	39.0%
Apartment Rents	47.3%	46.8%
Housing Assistance and Rental Subsidy Payments	9.6%	9.8%
Interest Subsidy	0.9%	1.0%
Miscellaneous	3.0%	3.3%
Unrestricted Investment Earnings	0.1%	0.1%

The Commission's expenses cover maintenance and operations for the respective properties and expenses of administration.

Table A-3
Huron Housing and Redevelopment Commission,
Expenses, Year Ended 2014 and 2013

	<u>2014</u>	<u>2013</u>
Housing Assistance Payments	35.8%	35.0%
Interest	16.0%	16.3%
Administration	10.6%	13.7%
Depreciation	16.3%	15.5%
Maintenance & Operations	10.0%	11.6%
General	5.2%	3.3%
Utilities	6.1%	4.6%

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

Business-type Activities

Table A-4 and the narrative that follows consider the operations of the proprietary fund.

Table A-4		
Huron Housing and Redevelopment Commission		
Changes in Net Position		
Table A-4	Total	
	Proprietary Fund	
	Activities	
	2014	2013
Revenues		
Operating Revenues		
Apartment rentals	\$ 923,959	\$ 900,478
Housing assistance and rental subsidy payments	186,831	188,299
Other Revenues		
Government contributions (grants)	763,726	749,499
Interest subsidy	18,428	18,434
Unrestricted Investment Earnings	2,191	2,258
Gain (loss) on disposal of assets	594	(185)
Miscellaneous	59,230	63,434
Total Revenues	1,954,959	1,922,217
Expenses		
Administration	191,166	259,541
Utilities	109,550	86,906
Ordinary maintenance and operations	181,160	219,483
Depreciation	293,874	293,629
Interest	288,718	307,637
General	94,384	62,020
Housing assistance payments	647,016	662,288
Total Expenses	1,805,868	1,891,504
Change in Net Position	149,091	30,713
Ending Net Position	\$ 1,105,994	\$ 956,903

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS

The financial analysis of the Commission's programs mirror those highlighted in the analysis of the proprietary fund activities presented above. The Commission maintains one enterprise fund with seven programs –Community Fund, Bluebird Apartments, Field Estates, Donnie Wahl Apartments, Manor Apartments, Lampe Estates and the Section 8 Program.

The following programs had deficit net position: Bluebird Apartments had a deficit amounting to \$ 89,507. The deficits are due to non-cash depreciation taken over the years. Lampe Estates has a deficit of \$ 227,917 that is due to higher vacancy rates and non-cash depreciation. The Board monitors funds and transfers amounts as cash flow deficiencies arise.

CAPITAL ASSET ADMINISTRATION

By the end of 2014, the Commission had invested \$ 10,847,906 in a broad range of capital assets, including, land, buildings, furniture and equipment. (See Table A-5) Total additions were \$53,166.

Table A-5
Huron Housing and Redevelopment Commission
Capital Assets

	Proprietary Fund	
	2014	2013
Land	\$ 598,078	\$ 598,078
Buildings and Improvements	9,666,216	9,618,399
Machinery and Equipment	583,612	579,821
Total Capital Assets	\$ 10,847,906	\$ 10,796,298

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
DECEMBER 31, 2014

LONG-TERM DEBT

At year-end the Commission had \$ 6,951,274 in long-term obligations. This is a decrease of 4.9% as shown on Table A-6 below which includes essential function bonds, governmental loans, and various bank obligations.

	Proprietary Fund		Total	Total
	Activities		Dollar	Percentage
	2014	2013	Change 2013-2014	Change 2013-2014
Essential Housing Bonds	\$2,347,914	\$2,501,252	\$ (153,338)	-6.1%
Government Loans	808,328	839,183	(30,855)	-3.7%
Banks	3,842,052	3,965,505	(123,453)	-3.1%
Other	-	2,569	(2,569)	-100.0%
Total Outstanding Debt and Obligations	\$6,998,294	\$7,308,509	\$ (310,215)	-4.2%

The Commission has \$ 2,347,914 outstanding in essential function housing development revenue bonds, Series 1997, 1998, and 2000. The bonds are secured by the respective housing development projects and paid for from the rents and other income generated by the respective projects. The bonds were used to finance the construction of Field Estates and the Donnie Wahl Apartments and will be fully paid by February 1, 2030.

ECONOMIC FACTORS

The enterprise fund programs did cash flow and made all the required debt payments. The loan through Daktoaland Federal Credit Union on the company vehicle was paid in full, as was the debt on the two parcels of land known as Morris Tract (J. Robert Knecht Trust loan).

The interest rate on the Community fund mortgage with Dakotah Bank was reduced from 5.75% to 5.25%.

New shingles were put on Field Estates buildings on the north side of Pheasant Lane.

Lampe Estates vacancy rate dropeed from 19.2% in 2013 to 9.7% in 2014. With the transfer in of \$ 52,832 from other programs, Lampe Estates paid their expenditures, made required reserve deposits, and made debt payments.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens of Huron, tenants we serve, the government oversight agencies, and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact the Commission, 255 Iowa Avenue SE, Huron, SD 57350.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
STATEMENT OF NET POSITION -- PROPRIETARY FUND
DECEMBER 31, 2014

ASSETS

ENTERPRISE FUND PROGRAMS

	<u>COMMUNITY FUND</u>	<u>BLUEBIRD APARTMENTS</u>	<u>FIELD ESTATES</u>	<u>DONNIE WAHL</u>	<u>MANOR APARTMENTS</u>	<u>SECTION-8 PROGRAM</u>	<u>LAMPE ESTATES</u>	<u>TOTAL ENTERPRISE FUND</u>
CURRENT ASSETS								
Cash and cash equivalents	\$ 6,007	\$ 21,444	\$ 90,264	\$ 20,099	\$ 8,742	\$ 28,912	\$ 4,883	\$ 180,351
Accounts receivable	275	--	--	245	1,170	691	--	2,381
<i>Total Current Assets</i>	<u>6,282</u>	<u>21,444</u>	<u>90,264</u>	<u>20,344</u>	<u>9,912</u>	<u>29,603</u>	<u>4,883</u>	<u>182,732</u>
CAPITAL ASSETS								
Land and improvements	168,375	16,000	270,567	61,875	--	--	81,261	598,078
Buildings and improvements	343,205	435,087	3,123,820	978,421	1,294,240	--	3,491,443	9,666,216
Equipment and furniture	35,234	31,587	123,922	45,862	201,992	--	145,015	583,612
<i>Total Capital Assets</i>	546,814	482,674	3,518,309	1,086,158	1,496,232	--	3,717,719	10,847,906
Less accumulated depreciation	(191,028)	(245,500)	(1,294,398)	(419,055)	(590,827)	--	(604,016)	(3,344,824)
<i>Net Capital Assets</i>	<u>355,786</u>	<u>237,174</u>	<u>2,223,911</u>	<u>667,103</u>	<u>905,405</u>	<u>--</u>	<u>3,113,703</u>	<u>7,503,082</u>
RESERVE ACCOUNTS								
Savings and certificates of deposit	4,517	45,222	306,620	41,963	25,646	--	134,740	558,708
OTHER ASSETS								
Prepaid expenses	--	--	--	2,000	2,000	4,105	--	8,105
<i>Total Other Assets</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,000</u>	<u>2,000</u>	<u>4,105</u>	<u>--</u>	<u>8,105</u>
TOTAL ASSETS	<u>\$ 366,585</u>	<u>\$ 303,840</u>	<u>\$ 2,620,795</u>	<u>\$ 731,410</u>	<u>\$ 942,963</u>	<u>\$ 33,708</u>	<u>\$ 3,253,326</u>	<u>\$ 8,252,627</u>

LIABILITIES AND NET POSITION

<i>CURRENT LIABILITIES</i>								
Current maturities of long-term debt	\$ 12,190	\$ 3,956	\$ 213,078	\$ 5,528	\$ 37,088	\$ --	\$ 92,526	\$ 364,366
Short term borrowings	26,050	--	--	--	--	--	--	26,050
Accounts payable	--	--	--	--	--	225	577	802
Accrued expenses	2,253	3,758	5,658	2,000	8,612	--	--	22,281
Unearned Revenue	--	--	--	--	--	93	--	93
Tenant security deposits	4,512	3,069	39,247	10,415	10,520	--	31,350	99,113
<i>Total Current Liabilities</i>	<u>45,005</u>	<u>10,783</u>	<u>257,983</u>	<u>17,943</u>	<u>56,220</u>	<u>318</u>	<u>124,453</u>	<u>512,705</u>
<i>LONG-TERM DEBT, less current maturities</i>	<u>99,617</u>	<u>382,564</u>	<u>2,206,298</u>	<u>--</u>	<u>541,639</u>	<u>--</u>	<u>3,403,810</u>	<u>6,633,928</u>
<i>NET POSITION</i>								
Net Investment in Capital Assets	217,929	(149,346)	(195,465)	661,575	326,678	--	(382,633)	478,738
Restricted for:								
Debt Service	--	--	261,280	22,942	14,685	--	94,680	393,587
Maintenance	--	--	5,932	--	--	--	8,186	14,118
HAP Payments	--	--	--	--	--	16,361	--	16,361
Unrestricted Net Position	4,034	59,839	84,767	28,950	3,741	17,029	4,830	203,190
<i>Total Net Position</i>	<u>221,963</u>	<u>(89,507)</u>	<u>156,514</u>	<u>713,467</u>	<u>345,104</u>	<u>33,390</u>	<u>(274,937)</u>	<u>1,105,994</u>
<i>TOTAL LIABILITIES AND NET POSITION</i>	<u>\$ 366,585</u>	<u>\$ 303,840</u>	<u>\$ 2,620,795</u>	<u>\$ 731,410</u>	<u>\$ 942,963</u>	<u>\$ 33,708</u>	<u>\$ 3,253,326</u>	<u>\$ 8,252,627</u>

*The accompanying notes to financial statements are
an integral part of these financial statements.*

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -- PROPRIETARY FUND
DECEMBER 31, 2014

	<i>ENTERPRISE FUND PROGRAMS</i>							<i>TOTAL</i>
	<i>COMMUNITY</i>	<i>BLUEBIRD</i>	<i>FIELD</i>	<i>DONNIE</i>	<i>MANOR</i>	<i>SECTION-8</i>	<i>LAMPE</i>	<i>TOTAL</i>
	<i>FUND</i>	<i>APARTMENTS</i>	<i>ESTATES</i>	<i>WAHL</i>	<i>APARTMENTS</i>	<i>PROGRAM</i>	<i>ESTATES</i>	<i>ENTERPRISE</i>
								<i>FUND</i>
<i>OPERATING REVENUES</i>								
Apartment rentals	\$ 29,973	\$ 24,187	\$ --	\$ 60,596	\$ 58,237	\$ --	\$ 302,089	\$ 475,082
Apartment rentals (pledged against bonds)	--	--	448,877	--	--	--	--	448,877
Housing assistance payments	6,746	--	--	67,396	73,993	--	--	148,135
Housing assistance payments (pledged against bonds and loans)	--	38,696	--	--	--	--	--	38,696
<i>Total Operating Revenues</i>	<u>36,719</u>	<u>62,883</u>	<u>448,877</u>	<u>127,992</u>	<u>132,230</u>	<u>--</u>	<u>302,089</u>	<u>1,110,790</u>
<i>OPERATING EXPENSES</i>								
Administration	2,462	5,184	34,396	18,187	18,187	101,260	11,490	191,166
Utilities	1,269	10,109	9,633	26,583	30,276	--	31,680	109,550
Ordinary maintenance and operations	10,035	17,460	75,316	24,460	28,892	4,209	20,788	181,160
Depreciation	14,281	15,029	87,236	28,124	40,779	--	108,425	293,874
General expenses	6,551	9,037	31,223	14,013	18,759	1,625	13,176	94,384
Housing assistance payments	--	--	--	--	--	647,016	--	647,016
<i>Total Operating Expenses</i>	<u>34,598</u>	<u>56,819</u>	<u>237,804</u>	<u>111,367</u>	<u>136,893</u>	<u>754,110</u>	<u>185,559</u>	<u>1,517,150</u>
<i>Income (Loss) from Operations</i>	<u>2,121</u>	<u>6,064</u>	<u>211,073</u>	<u>16,625</u>	<u>(4,663)</u>	<u>(754,110)</u>	<u>116,530</u>	<u>(406,360)</u>
<i>NONOPERATING REVENUE (EXPENSE)</i>								
Interest income	8	9	1,744	70	10	19	331	2,191
Interest subsidy	--	18,428	--	--	--	--	--	18,428
Service and miscellaneous income	10,442	1,353	1,820	7,849	28,171	3,672	5,923	59,230
HUD contributions	--	--	--	--	--	763,726	--	763,726
Interest expense	(5,535)	(25,684)	(64,320)	(722)	(8,600)	--	(183,857)	(288,718)
Gain (Loss) of disposition of assets	--	--	--	594	--	--	--	594
<i>Total Non Operating Revenue (Expense)</i>	<u>4,915</u>	<u>(5,894)</u>	<u>(60,756)</u>	<u>7,791</u>	<u>19,581</u>	<u>767,417</u>	<u>(177,603)</u>	<u>555,451</u>
<i>Income (Loss) Before Transfers</i>	<u>7,036</u>	<u>170</u>	<u>150,317</u>	<u>24,416</u>	<u>14,918</u>	<u>13,307</u>	<u>(61,073)</u>	<u>149,091</u>
Transfers In	10,011	--	--	97	208	--	52,832	63,148
Transfers Out	(8,006)	--	(32,980)	(19,781)	(2,381)	--	--	(63,148)
<i>CHANGE IN NET POSITION</i>	<u>9,041</u>	<u>170</u>	<u>117,337</u>	<u>4,732</u>	<u>12,745</u>	<u>13,307</u>	<u>(8,241)</u>	<u>149,091</u>
<i>NET POSITION, Beginning</i>	<u>212,922</u>	<u>(89,677)</u>	<u>39,177</u>	<u>708,735</u>	<u>332,359</u>	<u>20,083</u>	<u>(266,696)</u>	<u>956,903</u>
<i>NET POSITION, Ending</i>	<u>\$ 221,963</u>	<u>\$ (89,507)</u>	<u>\$ 156,514</u>	<u>\$ 713,467</u>	<u>\$ 345,104</u>	<u>\$ 33,390</u>	<u>\$ (274,937)</u>	<u>\$ 1,105,994</u>

*The accompanying notes to financial statements are
an integral part of these financial statements.*

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
STATEMENT OF CASH FLOWS -- PROPRIETARY FUND
DECEMBER 31, 2014

	<i>ENTERPRISE FUND PROGRAMS</i>							
	<i>COMMUNITY FUND</i>	<i>BLUEBIRD APARTMENTS</i>	<i>FIELD ESTATES</i>	<i>DONNIE WAHL</i>	<i>MANOR APARTMENTS</i>	<i>SECTION-8 PROGRAM</i>	<i>LAMPE ESTATES</i>	<i>TOTAL ENTERPRISE FUND</i>
<i>Cash Flows From Operating Activities:</i>								
Cash received from tenants and others	\$ 46,886	\$ 64,236	\$ 450,697	\$ 136,144	\$ 161,656	\$ 3,672	\$ 308,012	\$ 1,171,303
Cash paid to tenants and suppliers	(25,581)	(41,673)	(151,579)	(82,166)	(96,926)	(758,025)	(70,312)	(1,226,262)
<i>Net Cash Provided (Used) by Operating Activities</i>	<u>21,305</u>	<u>22,563</u>	<u>299,118</u>	<u>53,978</u>	<u>64,730</u>	<u>(754,353)</u>	<u>237,700</u>	<u>(54,959)</u>
<i>Cash Flows From Investing Activities:</i>								
Interest received	8	9	1,744	70	10	19	331	2,191
<i>Net Cash Provided by Investing Activities</i>	<u>8</u>	<u>9</u>	<u>1,744</u>	<u>70</u>	<u>10</u>	<u>19</u>	<u>331</u>	<u>2,191</u>
<i>Cash Flows From Noncapital Financing Activities:</i>								
Transfers in	2,005	--	--	(19,684)	--	--	52,832	35,153
Transfer out	--	--	(32,980)	--	(2,173)	--	--	(35,153)
HUD contributions	--	--	--	--	--	766,658	--	766,658
<i>Net Cash Provided (Used) by Noncapital Financing Activities</i>	<u>2,005</u>	<u>--</u>	<u>(32,980)</u>	<u>(19,684)</u>	<u>(2,173)</u>	<u>766,658</u>	<u>52,832</u>	<u>766,658</u>
<i>Cash Flows From Capital Financing Activities:</i>								
Purchase of property and equipment	(1,326)	--	(46,491)	--	(5,349)	--	--	(53,166)
Sale of property and equipment	--	--	--	1,391	--	--	--	1,391
Proceeds from short term borrowings	7,700	--	--	--	--	--	--	7,700
Payments to settle debt	(19,254)	(3,705)	(133,603)	(19,735)	(37,510)	--	(96,408)	(310,215)
Interest paid	(5,535)	(7,256)	(64,320)	(722)	(8,600)	--	(183,857)	(270,290)
<i>Net Cash Used by Capital Financing Activities</i>	<u>(18,415)</u>	<u>(10,961)</u>	<u>(244,414)</u>	<u>(19,066)</u>	<u>(51,459)</u>	<u>--</u>	<u>(280,265)</u>	<u>(624,580)</u>
<i>Increase (Decrease) in Cash</i>	4,903	11,611	23,468	15,298	11,108	12,324	10,598	89,310
<i>Cash and cash equivalents, Beginning of Year</i>	5,621	55,055	373,416	46,764	23,280	16,588	129,025	649,749
<i>Cash and cash equivalents, End of Year</i>	<u>\$ 10,524</u>	<u>\$ 66,666</u>	<u>\$ 396,884</u>	<u>\$ 62,062</u>	<u>\$ 34,388</u>	<u>\$ 28,912</u>	<u>\$ 139,623</u>	<u>\$ 739,059</u>
<i>Per Statement of Net Position:</i>								
Cash and cash equivalents	\$ 6,007	\$ 21,444	\$ 90,264	\$ 20,099	\$ 8,742	\$ 28,912	\$ 4,883	\$ 180,351
Reserve accounts - Savings and certificates of deposit	4,517	45,222	306,620	41,963	25,646	--	134,740	558,708
<i>Total Cash and cash equivalents</i>	<u>\$ 10,524</u>	<u>\$ 66,666</u>	<u>\$ 396,884</u>	<u>\$ 62,062</u>	<u>\$ 34,388</u>	<u>\$ 28,912</u>	<u>\$ 139,623</u>	<u>\$ 739,059</u>

*The accompanying notes to financial statements are
an integral part of these financial statements.*

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
STATEMENT OF CASH FLOWS -- PROPRIETARY FUND (CONTINUED)
DECEMBER 31, 2014

	<u>ENTERPRISE FUND PROGRAMS</u>							<u>TOTAL ENTERPRISE FUND</u>
	<u>COMMUNITY FUND</u>	<u>BLUEBIRD APARTMENTS</u>	<u>FIELD ESTATES</u>	<u>DONNIE WAHL</u>	<u>MANOR APARTMENTS</u>	<u>SECTION-8 PROGRAM</u>	<u>LAMPE ESTATES</u>	
<i>Reconciliation of Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:</i>								
Income (Loss) from Operations	\$ 2,121	\$ 6,064	\$ 211,073	\$ 16,625	\$ (4,663)	\$ (754,110)	\$ 116,530	\$ (406,360)
<i>Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:</i>								
Depreciation	14,281	15,029	87,236	28,124	40,779	--	108,425	293,874
Service and miscellaneous income	10,442	1,353	1,820	7,849	28,171	3,672	5,923	59,230
<i>(Increase) Decrease in Current Assets:</i>								
Accounts receivable	(275)	--	--	303	1,255	--	--	1,283
Prepaid Expense	--	--	--	(2,000)	(2,000)	(872)	--	(4,872)
<i>Increase (Decrease) in Current Liabilities:</i>								
Accounts payable	(4,464)	--	--	2,000	2,000	(3,043)	577	(2,930)
Accrued expenses	(1,940)	117	--	--	(175)	--	--	(1,998)
Tenant security deposits	1,140	--	(1,011)	1,077	(637)	--	6,245	6,814
<i>Net Cash Provided (Used) by Operating Activities:</i>	<u>\$ 21,305</u>	<u>\$ 22,563</u>	<u>\$ 299,118</u>	<u>\$ 53,978</u>	<u>\$ 64,730</u>	<u>\$ (754,353)</u>	<u>\$ 237,700</u>	<u>\$ (54,959)</u>

*The accompanying notes to financial statements are
an integral part of these financial statements.*

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity:

Huron Housing and Redevelopment Commission was created by the City of Huron under SDCL 11-7-7 to provide decent, safe and affordable dwelling accommodations for persons of low or moderate income. The Commission is qualified as a public housing agency as defined by Section 546 of the Quality Housing and Work Responsibility Act of 1998 and Section 3(b)(6) of the United States Housing Act of 1937. The Commission is a component unit of the City of Huron.

The fund included in this report is controlled by or dependent upon the Commission’s governing board.

The accounting policies of the Commission conform to generally accepted accounting principles as applicable to governments.

b. Basis of Presentation:

Fund Financial Statements: The fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. The commission only has a proprietary fund consisting of multiple programs and considers it to be a major fund for consistency in reporting from year to year.

Proprietary Funds:

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

Following is a description of the major fund:

<u>Fund</u>	<u>Brief Description</u>
<p>The Enterprise Fund consists of the following programs:</p> <ul style="list-style-type: none"> Community Fund Bluebird Apartments Field Estates Donnie Wahl Manor Apartments Section 8 Program Lampe Estates 	<p>Programs used to record financial transactions related to rental operations. These programs are financed by user charges, grants and subsidies.</p>

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

c. **Measurement Focus and Basis of Accounting:**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures or expenses are recognized in the account and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Fund Financial Statements: In the fund financial statements, the accrual basis of accounting are applied to the proprietary funds.

Basis of Accounting:

Fund Financial Statements: All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. **Capital Assets:**

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Interest costs incurred during construction of Lampe Estates were capitalized, in the amount of \$159,279, along with other capital asset costs.

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 the estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets is recorded as an expense against operations by the proprietary funds, with net capital assets reflected in the proprietary fund balance sheets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the proprietary funds are as follows:

	<i>Capitalization Threshold</i>	<i>Depreciation Method</i>	<i>Estimated Useful Life</i>
Land	\$1,000	--	--
Land improvements	\$1,000	straight-line	10 years
Buildings	\$1,000	straight-line	5-50 years
Machinery and equipment	\$1,000	straight-line	5-10 years

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

d. **Capital Assets:** *(continued)*

Land, an inexhaustible capital asset, is not depreciated.

In the fund financial statements, capital assets used in proprietary fund operations are accounted for on the accrual basis.

e. **Long-Term Liabilities:**

The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as it is in the government-wide statements.

f. **Proprietary Funds Revenue and Expense Classifications:**

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

g. **Cash and Cash Equivalents:**

The enterprise funds have access to their cash resources on demand. Accordingly, all reported deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

h. **Equity Classifications:**

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

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing 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 whether by (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 do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)***

i. **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 for purposes for which both restricted and unrestricted net position are available.

j. **Budgets and Budgetary Accounting:**

Every year, the Commission proposes and adopts budgets according to the Commission's policies, procedures and federal program requirements.

k. **Federal Income Taxes:**

No provision for federal income taxes has been made as the Huron Housing and Redevelopment Commission is a governmental unit and is, therefore, not liable for income taxes.

2. ***DEPOSITS AND INVESTMENTS & CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:***

Deposits – The Commission's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments -- In general; SDCL 11-7-31 and SDCL 4-5-6 permits the Commission 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.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

3. CHANGES IN CAPITAL ASSETS:

	<i>Balance</i> <i>12/31/13</i>	<i>Increase</i>	<i>Decrease</i>	<i>Balance</i> <i>12/31/14</i>
Proprietary fund:				
Capital assets, not being depreciated				
Land	\$ 598,078	\$ --	\$ --	\$ 598,078
Totals	<u>598,078</u>	<u>--</u>	<u>--</u>	<u>598,078</u>
Capital assets, being depreciated:				
Buildings and improvements	9,618,399	47,817		9,666,216
Equipment and furniture	579,821	5,349	1,558	583,612
Totals	<u>10,198,220</u>	<u>53,166</u>	<u>1,558</u>	<u>10,249,828</u>
Less accumulated depreciation for:				
Buildings and improvements	2,595,232	255,825	--	2,851,057
Equipment and furniture	456,479	38,049	761	493,767
Total accumulated depreciation	<u>3,051,711</u>	<u>293,874</u>	<u>761</u>	<u>3,344,824</u>
Total capital assets being depreciated, net	<u>7,146,509</u>	<u>(240,708)</u>	<u>797</u>	<u>6,905,004</u>
Proprietary Fund capital assets, net	<u>\$ 7,744,587</u>	<u>\$ (240,708)</u>	<u>\$ 797</u>	<u>\$ 7,503,082</u>

4. RESERVE ACCOUNTS:

	<i>Operating, Maintenance, Debt Service</i>	<i>Tenant Security Deposits</i>	<i>Total</i>
Community Fund	\$ --	\$ 4,517	\$ 4,517
Bluebird Apartments	42,134	3,088	45,222
Donnie Wahl	31,510	10,453	41,963
Field Estates	267,211	39,409	306,620
Manor Apartments	15,069	10,577	25,646
Lampe Estates	103,359	31,381	134,740
	<u>\$ 459,283</u>	<u>\$ 99,425</u>	<u>\$ 558,708</u>

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

5. SHORT-TERM DEBT:

Short-term debt activity for the year ended December 31, 2014 was as follows:

	<i>Balance</i> <u>12/31/13</u>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <u>12/31/14</u>
Capital One	\$ 2,985	\$ --	\$ 2,985	\$ --
Lines of credit	<u>18,350</u>	<u>7,700</u>	<u>--</u>	<u>26,050</u>
	<u>\$ 21,335</u>	<u>\$ 7,700</u>	<u>\$ 2,985</u>	<u>\$ 26,050</u>

The credit card debt was issued as noted before in the name of Huron Housing and Redevelopment Commission. The balances are reported in the Community Fund.

The Capital One credit card issued a \$16,500 credit limit with 17.9% interest.

The line of credit issued by the Bank of the West for the Community Fund was renewed with a variable interest rate with interest paid monthly on an outstanding principle not exceeding \$26,050 due on demand. The loan is collateralized by the reserve accounts certificate of deposit.

On December 31, 2014 the line of credit had a balance of \$26,050.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT:

	<i>Debt Payable 12/31/13</i>	<i>New Issues</i>	<i>Debt Payments</i>	<i>Debt Payable 12/31/14</i>
J. Robert Knecht Trust (A)	\$ 2,569	\$ --	\$ 2,569	\$ --
Dakotaland FCU (B)	6,732	--	6,732	--
Dakotah Bank (C)	121,760	--	9,953	111,807
Rural Development (D)	177,321	--	1,933	175,388
Rural Development (E)	98,273	--	1,065	97,208
Rural Development (F)	114,631	--	707	113,924
Essential Function Housing Development Revenue Bond of 1997 (G)	1,161,417	--	66,723	1,094,694
American Bank & Trust (H)	36,990	--	--	36,990
Essential Function Housing Development Revenue Bond of 1998 (I)	1,314,572	--	66,880	1,247,692
American Bank & Trust (J)	40,000	--	--	40,000
Essential Function Housing Development Revenue Bond of 2000 (K)	25,263	--	19,735	5,528
Bank of the West (L)	79,173	--	5,888	73,285
South Dakota Housing Development Authority (M)	448,958	--	27,150	421,808
Greater Huron Development Corporation (N)	88,106	--	4,472	83,634
American Bank & Trust (O)	3,134,539	--	81,940	3,052,599
American Bank & Trust and South Dakota Community Foundation (P)	458,205	--	14,468	443,737
	<u>\$ 7,308,509</u>	<u>\$ --</u>	<u>\$ 310,215</u>	<u>\$ 6,998,294</u>

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

	(G, I, K)	(D, E, F, M)	(B, C, H, J, L, N, O, P)
<u>Principal at Year(s) Ended</u>	<u>Bonds</u>	<u>Government Loans</u>	<u>Banks</u>
2015	\$ 142,617	\$ 30,056	\$ 192,694
2016	140,589	30,324	3,072,447
2017	144,182	30,610	28,261
2018	147,865	30,916	443,510
2019	151,642	29,742	22,730
2020-2024	818,369	146,331	82,410
2025-2029	780,352	143,254	--
2030-2034	22,298	216,095	--
2035-2039	--	72,101	--
2040-2044	--	78,899	--
	<u>2,347,914</u>	<u>808,328</u>	<u>3,842,052</u>
		<u>Government</u>	
<u>Interest at Year(s) Ended</u>	<u>Bonds</u>	<u>Loans</u>	<u>Banks</u>
2015	\$ 57,590	\$ 25,433	\$ 193,669
2016	54,044	25,165	174,528
2017	50,452	24,880	35,730
2018	46,768	24,574	27,156
2019	42,990	24,247	4,871
2020-2024	154,796	115,515	7,577
2025-2029	53,603	103,323	--
2030-2034	92	61,691	--
2035-2039	--	37,271	--
2040-2044	--	11,919	--
	<u>460,335</u>	<u>454,018</u>	<u>443,531</u>
GRAND TOTAL	<u>\$ 2,808,249</u>	<u>\$ 1,262,346</u>	<u>\$ 4,285,583</u>

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(A) Community Fund:

In 1997, the J. Robert Knecht Trust sold land valued at \$58,000 for \$10,000 with the difference of \$48,000 to be treated as a charitable contribution. The selling price of \$10,000 is to be paid in equal monthly payments over a period of fifteen years payable at \$111 per month including interest at 8%. Final payment is due December 10, 2014.

The debt was paid in full.

In 1997, the J. Robert Knecht Trust sold land valued at \$79,000 for \$10,000 with the difference of \$69,000 to be treated as a charitable contribution. The selling price of \$10,000 is to be paid in equal monthly payments over a period of fifteen years payable at \$112 per month including interest at 8%. Final payment is due December 10, 2014.

The debt was paid in full.

(B) Community Fund:

The loan has a 4.75% interest rate due in monthly payments of \$411. Final payment is due on June 3, 2015.

The debt was paid in full.

(C) Community Fund:

The loan has a 5.25% interest rate due in monthly installments of \$1,487 including interest final payment due on August 5, 2022. The loan is collateralized by the houses.

Maturities of the long-term portion of the above debt obligations are:

2015	\$	12,190
2016	\$	12,840
2017	\$	13,556
2018	\$	14,295
2019	\$	15,075
Thereafter	\$	43,851

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(D) Bluebird Apartments:

The loan has a 6.5% interest rate due in monthly installments of \$1,117 including interest. Final payment is due June 1, 2044.

The loan agreements underlying the mortgage notes payable provide in part, that the funds be transferred to a Reserve Account at a rate of not less than \$4,000 annually. The annual transfer will continue until the balance in the Reserve Account reaches \$19,800. The funds in the Reserve Account may be utilized, subject to prior consent by the government, for making payments on loan obligations for major repairs and improvements and other purposes which, in the judgment of the government, will promote the loan purposes without affecting the collectability of the loan.

The mortgage note is collateralized by the property and equipment and the housing assistance payments. The loan agreements contain various covenants, rights and restrictions.

Maturities of the long-term portion of the above debt obligation are:

2015	\$	2,062
2016	\$	2,200
2017	\$	2,347
2018	\$	2,505
2019	\$	2,673
Thereafter	\$	163,601

(E) Bluebird Apartments:

The loan has a 6.5% interest rate due in monthly installments of \$618 including interest. Final payment is due June 1, 2044.

The loan agreements underlying the mortgage notes payable provide in part, that the funds be transferred to a Reserve Account at a rate of not less than \$1,070 annually. The annual transfer will continue until the balance in the Reserve Account reaches \$10,700. The funds in the Reserve Account may be utilized, subject to prior consent by the government, for making payments on loan obligations for major repairs and improvements and other purposes which, in the judgment of the government, will promote the loan purposes without affecting the collectability of the loan.

The commingled Reserve Accounts of \$37,851 (for loan E and loan F) are invested in a savings account and certificate of deposit. The mortgage note is collateralized by the property and equipment and the housing assistance payments. The loan agreements contain various covenants, rights and restrictions.

Maturities of the long-term portion of the above debt obligations are:

2015	\$	1,136
2016	\$	1,212
2017	\$	1,293
2018	\$	1,380
2019	\$	1,472
Thereafter	\$	90,715

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(F) Bluebird Apartments:

The loan has a 6.875% interest rate due in monthly installments of \$714 including interest. Final payment is due October 3, 2030.

The mortgage note is collateralized by the property and equipment and housing assistance payments. The loan agreements contain various covenants, rights and restrictions.

Maturities of the long-term portion of the above debt obligation are:

2015	\$	758
2016	\$	812
2017	\$	869
2018	\$	931
2019	\$	997
Thereafter	\$	109,557

(G) Field Estates:

The Huron Housing and Redevelopment Commission issued \$1,800,000 of Essential Function Housing Development Revenue Bonds of 1997 on August 29, 1997. The bonds bear interest initially at 6.5% per annum (except for bond #R-3 which is 7.6% per annum) in order to provide financing for the construction of a certain multi-family moderate-income rental housing development facility.

The interest rates shall be adjusted at the rate per annum equal to 73.50% for bond numbers R-1, R-2, and R-4 while bond number R-3 is at 89.5% of the prime rate published in the latest edition of the Wall Street Journal immediately preceding the reset date. The reset dates are July 1 in each of the years 2003, 2008, 2013, 2018 and 2023 and the monthly payments are to be reamortized after each adjustment.

In July 2003, the interest rates were adjusted to 2.94% per annum (except for bond #R-3 which is 3.58% per annum).

In July 2008 the interest notes were adjusted to 3.675% per annum with the exception of bond number R-3 which is 4.475% per annum.

In July 2013 the interest notes were adjusted to 2.38% per annum.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(G) Field Estates: (continued)

The bonds were purchased as follows:

<i>Bond No.</i>	<i>Amount</i>	<i>Purchaser</i>
R-1	\$ 170,000	First National Bank South Dakota, Huron, South Dakota
R-2	\$ 1,000,000	First Interstate Bank (previously known as First Western Bank Wall), Wall, South Dakota
R-3	\$ 600,000	The Commissioner of School and Public Lands of the State of South Dakota, Pierre, South Dakota
R-4	\$ 30,000	First Interstate Bank (previously known as F&L Management & Development, Inc. Luverne, Minnesota - sold to First Western Bank Wall, Wall, South Dakota in October 2004)

The bond payments started July 1, 1998 with a final maturity date of July 1, 2028.

The bonds are collateralized by the property and equipment and the rental income.

Maturities of the long-term portion of the above debt obligations are:

2015	\$	68,496
2016	\$	70,268
2017	\$	72,087
2018	\$	73,953
2019	\$	75,867
Thereafter	\$	734,023

(H) Field Estates:

The loan has a 4.00% interest rate with interest paid monthly on an outstanding principal not to exceed \$70,000.

The loan is collateralized by the reserve accounts certificate of deposit.

The principal balance of \$36,990 is due on May 2, 2015.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(I) Field Estates II:

The Huron Housing and Redevelopment Commission issued \$1,900,000 of Essential Function Housing Development Revenue Bonds of 1998 on December 18, 1998. The bonds bear interest initially at 6.6% per annum in order to provide financing for the construction of a certain multi-family moderate income rental housing development facility. The interest rates shall be adjusted at the rate per annum equal to 73.50% for bond number R-1, while bond number R-2 is at 77.65% of the prime rate published in the latest edition of the Wall Street Journal immediately preceding the reset date. The reset dates are February 1 in each of the years 2005, 2010, 2015, 2020 and 2025 and the monthly payments are to be reamortized after each adjustment.

In March 2010, R-1 interest was reset to 2.415% and R-2 was reset to 2.52%.

The bonds were purchased as follows:

<u>Bond No.</u>	<u>Amount</u>	<u>Purchaser</u>
R-1	\$ 400,000	First National Bank South Dakota, Huron, South Dakota
R-2	\$ 1,500,000	The Commissioner of School and Public Lands of the State of South Dakota, Pierre, South Dakota

The bond payments started February 1, 2000 with a final maturity date of February 1, 2030.

The bonds are collateralized by the property and equipment and the rental income.

Maturities of the long-term portion of the above debt obligations are:

2015	\$ 68,592
2016	\$ 70,322
2017	\$ 72,094
2018	\$ 73,912
2019	\$ 77,685
Thereafter	\$ 885,087

(J) Field Estates II:

The loan has a 4.00% interest rate with interest paid monthly on outstanding principal not to exceed \$70,000.

The loan is collateralized by the reserve account certificate of deposit.

The principal balance of \$40,000 is due on August 1, 2015.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(K) Donnie Wahl:

The Huron Housing and Redevelopment Commission issued \$210,000 of Essential Function Housing Development Revenue Bonds of 2000 on April 8, 2000. The bonds bear interest at 5.4% per annum in order to provide financing for the construction of a certain multi-family moderate income rental housing development facility.

The bonds were purchased as follows:

<i>Bond No.</i>	<i>Amount</i>	<i>Purchaser</i>
R-1	\$ 210,000	First Interstate Bank (previously known as First Western Bank Wall), Wall, South Dakota

The bond payments started May 1, 2000 with a final maturity date of May 1, 2015.

The bonds are collateralized by the property and equipment and the housing assistance payments.

Maturities of the long-term portion of the above debt obligations are:

2015	\$	5,528
------	----	-------

(L) Manor Apartments:

The loan was rewritten for a balance of \$122,500 as a term loan. The loan has an interest rate of 5.0% and is due in monthly installments of \$813, including interest. The final payment is due June 20, 2024. The loan is collateralized by the property and equipment.

Maturities of the long-term portion of the above debt are:

2015	\$	6,270
2016	\$	6,591
2017	\$	6,928
2018	\$	7,282
2019	\$	7,655
Thereafter	\$	38,559

HURON HOUSING AND REDEVELOPMENT COMMISSION
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(M) Manor Apartments:

The loan is interest free on an outstanding principal balance not to exceed \$723,358. Monthly payments for the loan are \$2,450 reduced to \$2,350 July 1, 2009 per loan agreement and reduced several more times throughout life of loan. The final payment is due June 1, 2035. The loan is collateralized by the property and equipment.

Maturities of the long-term portion of the above debt are:

2015	\$	26,100
2016	\$	26,100
2017	\$	26,100
2018	\$	26,100
2019	\$	24,600
Thereafter	\$	292,808

(N) Manor Apartments:

The loan had a 5% interest rate due in monthly installments of \$660, including interest. The loan is collateralized by the property and equipment. The loan was extended until June 15, 2011, with a balloon payment of \$100,249, interest rate of 5.5% due in monthly installments of \$696. The loan was modified July 11, 2011, maturity of July 15, 2016. Payable in 60 monthly installments of \$767 beginning August 15, 2011. Balloon payment of \$76,173.

Maturities of the long-term portion of the above debt are:

2015	\$	4,718
2016	\$	78,916
2017	\$	--

(O) Lampe Estates:

As of January 4, 2011 American Bank & Trust agreed to modify the existing loan terms. The loan has a 6.25% interest rate. Interest only payments first six months of 2011. Monthly payment of \$19,681 began July 15, 2011.

Monthly payments of \$2,100 are required to the reserve account beginning August 15, 2011 and continuing every month thereafter on the 15th of the month through July 14, 2014. The reserve balance requirement is \$110,000, as of December 31, 2013 is \$94,679.

A balloon payment of \$2,904,697 is due November 16, 2016. The loan is collateralized by the property and equipment.

Maturities of the long-term portion of the above debt are:

2015	\$	85,702
2016	\$	2,966,897

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

6. LONG-TERM DEBT: (continued)

(P) Lampe Estates:

As of January 4, 2011 American Bank & Trust and South Dakota Community Foundation agreed to modify the existing loan terms. The loan has an 6.5% interest rate. Interest only payments the first six months of 2011. Final payment of \$424,419 is due September 15, 2018. The loan is collateralized by the property and equipment.

The loan agreement provided in part that a separate Debt Service Account be designated in the amount of \$18,000. The Debt Service Account had a balance of \$18,000 December 31, 2011.

Maturities of the long-term portion of the above debt are:

2015	\$	6,824
2016	\$	7,204
2017	\$	7,777
2018	\$	421,932

7. HOUSING ASSISTANCE PAYMENTS:

The Community Fund is partially funded under a Housing Assistance Program. At December 31, 2014, the fund received rental assistance payments of \$6,746.

Bluebird Apartments is partially funded under a Housing Assistance Program. At December 31, 2014, the fund received rental assistance payments of \$38,696.

Donnie Wahl Apartments is partially funded under a Housing Assistance Program. At December 31, 2014, the fund received rental assistance payments of \$67,396.

Manor Apartments is partially funded under a Housing Assistance Program. At December 31, 2014, the fund received rental assistance payments of \$73,993.

The Section-8 Program is an annual award provided by HUD based on assistance to be provided for rental vouchers. The annual contribution is based on housing assistance payments and a pre-calculated administration fee. The programs are renewable annually at HUD's discretion. The programs received funds of \$763,726 for 2014.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

8. SEGMENT INFORMATION FOR ENTERPRISE FUNDS:

Field Estates Phase I and II are maintained by the Commission which provides rental services financed partially by rental income. Segment information for these separately identifiable activities that have one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt, as well as a requirement to account for the activity's revenues, expenses, gains and losses, assets and liabilities apart from other activities within the same fund or in different funds is as follows:

	<i>Year Ended December 31, 2014</i>	
	<u><i>Field Estates I</i></u>	<u><i>Field Estates II</i></u>
CONDENSED STATEMENT OF NET POSITION		
Assets		
Current assets	\$ 49,358	\$ 40,906
Capital assets	1,031,009	1,192,902
Reserve accounts	150,724	155,896
TOTAL ASSETS	<u>1,231,091</u>	<u>1,389,704</u>
Liabilities		
Other current liabilities	126,741	131,242
Noncurrent liabilities	1,027,197	1,179,101
TOTAL LIABILITIES	<u>1,153,938</u>	<u>1,310,343</u>
Net Position		
Invested in capital assets, net of related debt	(100,674)	(94,791)
Restricted	131,246	135,966
Unrestricted	46,581	38,186
TOTAL NET POSITION	<u>\$ 77,153</u>	<u>\$ 79,361</u>

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Operating revenues	\$ 222,381	\$ 226,496
Depreciation expense	(42,315)	(44,921)
Other operating expenses	(75,345)	(75,223)
Operating income	<u>104,721</u>	<u>106,352</u>
Nonoperating revenues (expenses)		
Investment income	794	950
Service and miscellaneous income	1,046	774
Interest expense	(30,513)	(33,807)
Total nonoperating revenues (expenses)	<u>(28,673)</u>	<u>(32,083)</u>
Transfer out	(16,490)	(16,490)
Changes in net position	<u>59,558</u>	<u>57,779</u>
Beginning net position (deficit)	<u>17,595</u>	<u>21,582</u>
Ending net position (deficit)	<u>\$ 77,153</u>	<u>\$ 79,361</u>

CONDENSED STATEMENT OF CASH FLOWS

Net cash provided (used) by:		
Operating activities	\$ 146,789	\$ 152,329
Investing activities	794	950
Noncapital financing activities	(16,490)	(16,490)
Capital and related financing activities	(97,237)	(147,177)
Net increase (decrease)	<u>33,856</u>	<u>(10,388)</u>
Beginning cash and cash equivalents	<u>166,226</u>	<u>207,190</u>
Ending cash and cash equivalents	<u>\$ 200,082</u>	<u>\$ 196,802</u>

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

9. RISK MANAGEMENT:

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the period ended December 31, 2014, the Commission managed its risks as follows:

Property and Liability Insurance:

The Commission purchases liability insurance for risks related to torts; theft or damage to property; business income loss; theft or damage to vehicles used in the line of business; theft or damage of computer systems and valuable papers; and errors and omissions of directors and officers from commercial insurance carriers.

10. OTHER MATTERS:

The Commission received a grant/direct subsidy from the Federal Home Loan Bank under their affordable housing program to construct the Donnie Wahl Apartments. The subsidy of \$706,350 contains various restrictions and requirements for a fifteen-year period beginning on December 17, 1998, the date of substantial project completion.

The Commission received a grant/direct subsidy from the Federal Home Loan Bank under their affordable housing program to construct the Manor Apartments. The subsidy of \$500,000 contains various restrictions and requirements for a fifteen-year period beginning on December 19, 2003, the date of substantial project completion.

Bluebird Apartments has a deficit in net position amounting to \$89,677. Lampe Estates has a deficit in net position amounting to \$266,696.

The deficits are due to non-cash depreciation taken over the years. The Board monitors funds and transfers amounts as cash flow deficiencies arise.

Per State Law, Donnie Wahl Apartments, Field Estates I, Field Estates II and Lampe Estates are exempt from PILOT payment assessments because they are financed with essential function bonds and are not housing projects defined by SDCC 11-7-4.

The Manor apartment program receives income from the other programs to help support the debt payment of the office space, disclosed at note 6(M) and 6(O). The amount of support received was \$21,957 for 2014.

The Community fund program receives income from other programs to help support the debt payment of the pick-up loan, disclosed at note 6(B). The amount of support received was \$4,493 for 2014.

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

<i>Federal Grantor/pass-through Grantor Program Title</i>	<i>CFDA NUMBER</i>	<i>Amount 2014</i>
Department of Agriculture:		
Rural Housing Service:		
Rural Rental Assistance Payments	10.427	<u>\$ 38,696</u>
Rural Rental Housing Loans (Note 2)	10.415	386,520
Rural Rental Housing Loans (Interest Credits)	10.415	<u>18,428</u>
Subtotal		404,948
Total Department of Agriculture		<u>443,644</u>
Department of Housing and Urban Development:		
Public and Indian Housing:		
Lower Income Housing Assistance Program - Section 8 Housing Choice Voucher	14.871	<u>763,726</u>
Total Department of Housing and Urban Development		<u>763,726</u>
GRAND TOTAL		<u><u>\$ 1,207,370</u></u>

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of Huron Housing and Redevelopment Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: The component unit of the City of Huron had loan balances outstanding at December 31, 2014. The loan balances outstanding which have continuing compliance requirements are also included in the federal expenditures presented in the schedule.

***REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD&A***

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
111 Cash - Unrestricted	\$12,551	\$21,463		\$130,287	\$164,301
112 Cash - Restricted - Modernization and Development	\$0				\$0
113 Cash - Other Restricted	\$16,361				\$16,361
114 Cash - Tenant Security Deposits	\$0	\$3,069		\$96,044	\$99,113
115 Cash - Restricted for Payment of Current Liabilities	\$0				\$0
100 Total Cash	\$28,912	\$24,532	\$0	\$226,331	\$279,775
121 Accounts Receivable - PHA Projects	\$0				\$0
122 Accounts Receivable - HUD Other Projects	\$0				\$0
124 Accounts Receivable - Other Government	\$0				\$0
125 Accounts Receivable - Miscellaneous	\$0			\$1,690	\$1,690
126 Accounts Receivable - Tenants	\$0				\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0				\$0
128 Fraud Recovery	\$768				\$768
128.1 Allowance for Doubtful Accounts - Fraud	-\$77				-\$77
129 Accrued Interest Receivable	\$0				\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$691	\$0	\$0	\$1,690	\$2,381
131 Investments - Unrestricted	\$0	\$42,134		\$9,445	\$51,579
132 Investments - Restricted	\$0			\$407,705	\$407,705
135 Investments - Restricted for Payment of Current Liability	\$0				\$0
142 Prepaid Expenses and Other Assets	\$4,105			\$4,000	\$8,105
143 Inventories	\$0				\$0

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
143.1 Allowance for Obsolete Inventories	\$0				\$0
144 Inter Program Due From	\$0				\$0
145 Assets Held for Sale	\$0				\$0
150 Total Current Assets	\$33,708	\$66,666	\$0	\$649,171	\$749,545
161 Land	\$0	\$16,000		\$582,078	\$598,078
162 Buildings	\$0	\$435,087		\$9,231,129	\$9,666,216
163 Furniture, Equipment & Machinery - Dwellings	\$0				\$0
164 Furniture, Equipment & Machinery - Administration	\$0	\$31,587		\$552,025	\$583,612
165 Leasehold Improvements	\$0				\$0
166 Accumulated Depreciation	\$0	-\$245,500		-\$3,099,324	-\$3,344,824
167 Construction in Progress	\$0				\$0
168 Infrastructure	\$0				\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$237,174	\$0	\$7,265,908	\$7,503,082
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0				\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	\$0				\$0
173 Grants Receivable - Non Current	\$0				\$0
174 Other Assets	\$0				\$0
176 Investments in Joint Ventures	\$0				\$0
180 Total Non-Current Assets	\$0	\$237,174	\$0	\$7,265,908	\$7,503,082
200 Deferred Outflow of Resources	\$0				\$0
290 Total Assets and Deferred Outflow of Resources	\$33,708	\$303,840	\$0	\$7,915,079	\$8,252,627

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)

Huron, SD

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
311 Bank Overdraft	\$0				\$0
312 Accounts Payable <= 90 Days	\$225			\$4,577	\$4,802
313 Accounts Payable >90 Days Past Due	\$0				\$0
321 Accrued Wage/Payroll Taxes Payable	\$0				\$0
322 Accrued Compensated Absences - Current Portion	\$0				\$0
324 Accrued Contingency Liability	\$0				\$0
325 Accrued Interest Payable	\$0	\$614		\$6,214	\$6,828
331 Accounts Payable - HUD PHA Programs	\$0				\$0
332 Account Payable - PHA Projects	\$0				\$0
333 Accounts Payable - Other Government	\$0	\$3,144		\$8,309	\$11,453
341 Tenant Security Deposits	\$0	\$3,069		\$96,044	\$99,113
342 Unearned Revenue	\$93				\$93
343 Current Portion of Long-term Debt - Capital	\$0	\$3,956		\$386,460	\$390,416
344 Current Portion of Long-term Debt - Operating Borrowings	\$0				\$0
345 Other Current Liabilities	\$0				\$0
346 Accrued Liabilities - Other	\$0				\$0
347 Inter Program - Due To	\$0				\$0
348 Loan Liability - Current	\$0				\$0
310 Total Current Liabilities	\$318	\$10,783	\$0	\$501,604	\$512,705
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$0	\$382,564		\$6,251,364	\$6,633,928
352 Long-term Debt, Net of Current - Operating Borrowings	\$0				\$0
353 Non-current Liabilities - Other	\$0				\$0
354 Accrued Compensated Absences - Non Current	\$0				\$0
355 Loan Liability - Non Current	\$0				\$0
356 FASB 5 Liabilities	\$0				\$0

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)

Huron, SD

Program Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
357 Accrued Pension and OPEB Liabilities	\$0				\$0
350 Total Non-Current Liabilities	\$0	\$382,564	\$0	\$6,251,364	\$6,633,928
300 Total Liabilities	\$318	\$393,347	\$0	\$6,752,968	\$7,146,633
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$0	-\$149,346	\$0	\$628,084	\$478,738
511.4 Restricted Net Position	\$16,361		\$0	\$407,705	\$424,066
512.4 Unrestricted Net Position	\$17,029	\$59,839	\$0	\$126,322	\$203,190
513 Total Equity - Net Assets / Position	\$33,390	-\$89,507	\$0	\$1,162,111	\$1,105,994
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$33,708	\$303,840	\$0	\$7,915,079	\$8,252,627

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
70300 Net Tenant Rental Revenue	\$0	\$24,187		\$899,772	\$923,959
70400 Tenant Revenue - Other	\$0	\$432		\$3,809	\$4,241
70500 Total Tenant Revenue	\$0	\$24,619	\$0	\$903,581	\$928,200
70600 HUD PHA Operating Grants	\$763,726				\$763,726
70610 Capital Grants	\$0				\$0
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants	\$0	\$18,428	\$38,696	\$148,135	\$205,259
71100 Investment Income - Unrestricted	\$19	\$9		\$2,163	\$2,191
71200 Mortgage Interest Income	\$0				\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0				\$0
71310 Cost of Sale of Assets	\$0				\$0
71400 Fraud Recovery	\$2,430				\$2,430
71500 Other Revenue	\$1,243	\$921		\$50,990	\$53,154
71600 Gain or Loss on Sale of Capital Assets	\$0				\$0
72000 Investment Income - Restricted	\$0			\$0	\$0
70000 Total Revenue	\$767,418	\$43,977	\$38,696	\$1,104,869	\$1,954,960
91100 Administrative Salaries	\$0			\$81,097	\$81,097

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
91200 Auditing Fees	\$8,735	\$330		\$3,729	\$12,794
91300 Management Fee	\$72,498	\$5,184		\$2,090	\$79,772
91310 Book-keeping Fee	\$0				\$0
91400 Advertising and Marketing	\$55	\$113		\$677	\$845
91500 Employee Benefit contributions - Administrative	\$0				\$0
91600 Office Expenses	\$10,238	\$1,947		\$11,776	\$23,961
91700 Legal Expense	\$106			\$2,058	\$2,164
91800 Travel	\$92			\$833	\$925
91810 Allocated Overhead	\$0				\$0
91900 Other	\$9,535	\$741		\$16,597	\$26,873
91000 Total Operating - Administrative	\$101,259	\$8,315	\$0	\$118,857	\$228,431
92000 Asset Management Fee	\$0				\$0
92100 Tenant Services - Salaries	\$0				\$0
92200 Relocation Costs	\$0				\$0
92300 Employee Benefit Contributions - Tenant Services	\$0				\$0
92400 Tenant Services - Other	\$0				\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water	\$0	\$4,017		\$28,500	\$32,517
93200 Electricity	\$0	\$5,853		\$53,384	\$59,237
93300 Gas	\$0				\$0
93400 Fuel	\$0				\$0
93500 Labor	\$0				\$0
93600 Sewer	\$0			\$740	\$740
93700 Employee Benefit Contributions - Utilities	\$0				\$0

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
93800 Other Utilities Expense	\$0	\$239		\$16,512	\$16,751
93000 Total Utilities	\$0	\$10,109	\$0	\$99,136	\$109,245
94100 Ordinary Maintenance and Operations - Labor	\$0	\$4,892		\$62,132	\$67,024
94200 Ordinary Maintenance and Operations - Materials and	\$0	\$3,770		\$11,463	\$15,233
94300 Ordinary Maintenance and Operations Contracts	\$4,210	\$8,798		\$77,865	\$90,873
94500 Employee Benefit Contributions - Ordinary Maintenance	\$0				\$0
94000 Total Maintenance	\$4,210	\$17,460	\$0	\$151,460	\$173,130
95100 Protective Services - Labor	\$0				\$0
95200 Protective Services - Other Contract Costs	\$0				\$0
95300 Protective Services - Other	\$0				\$0
95500 Employee Benefit Contributions - Protective Services	\$0				\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$0	\$2,293		\$39,045	\$41,338
96120 Liability Insurance	\$0			\$4,338	\$4,338
96130 Workmen's Compensation	\$0				\$0
96140 All Other Insurance	\$1,625	\$469		\$3,549	\$5,643
96100 Total insurance Premiums	\$1,625	\$2,762	\$0	\$46,932	\$51,319
96200 Other General Expenses	\$0			\$2,682	\$2,682
96210 Compensated Absences	\$0				\$0
96300 Payments in Lieu of Taxes	\$0	\$3,144		\$8,309	\$11,453
96400 Bad debt - Tenant Rents	\$0				\$0
96500 Bad debt - Mortgages	\$0				\$0

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
96600 Bad debt - Other	\$0				\$0
96800 Severance Expense	\$0				\$0
96000 Total Other General Expenses	\$0	\$3,144	\$0	\$10,991	\$14,135
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$25,684		\$263,034	\$288,718
96720 Interest on Notes Payable (Short and Long Term)	\$0				\$0
96730 Amortization of Bond Issue Costs	\$0				\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$25,684	\$0	\$263,034	\$288,718
96900 Total Operating Expenses	\$107,094	\$67,474	\$0	\$690,410	\$864,978
97000 Excess of Operating Revenue over Operating Expenses	\$660,324	-\$23,497	\$38,696	\$414,459	\$1,089,982
97100 Extraordinary Maintenance	\$0				\$0
97200 Casualty Losses - Non-capitalized	\$0				\$0
97300 Housing Assistance Payments	\$647,017				\$647,017
97350 HAP Portability-In	\$0				\$0
97400 Depreciation Expense	\$0	\$15,029		\$278,845	\$293,874
97500 Fraud Losses	\$0				\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0				\$0
90000 Total Expenses	\$754,111	\$82,503	\$0	\$969,255	\$1,805,869
10010 Operating Transfer In	\$0	\$38,696			\$38,696
10020 Operating transfer Out	\$0		-\$38,696		-\$38,696

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD
Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
10030 Operating Transfers from/to Primary Government	\$0				\$0
10040 Operating Transfers from/to Component Unit	\$0				\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0				\$0
10080 Special Items (Net Gain/Loss)	\$0				\$0
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In	\$0				\$0
10094 Transfers between Project and Program - Out	\$0				\$0
10100 Total Other financing Sources (Uses)	\$0	\$38,696	-\$38,696	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$13,307	\$170	\$0	\$135,614	\$149,091
11020 Required Annual Debt Principal Payments	\$0	\$3,705	\$0	\$298,810	\$302,515
11030 Beginning Equity	\$20,083	-\$89,677	\$0	\$1,026,497	\$956,903
11040 Prior Period Adjustments, Equity Transfers and Correction	\$0			\$0	\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$17,029				\$17,029
11180 Housing Assistance Payments Equity	\$16,361				\$16,361

HURON HOUSING AND REDEVELOPMENT COMMISSION
(A COMPONENT UNIT OF THE CITY OF HURON)
FINANCIAL DATA SCHEDULES
YEAR ENDED DECEMBER 31, 2014

Huron Housing Authority (SD036)
Huron, SD

Program Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 12/31/2014

	14.871 Housing Choice Vouchers	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Total
11190 Unit Months Available	2970	96		1800	4866
11210 Number of Unit Months Leased	2482	96		1589	4167
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					