



# KMWF & Associates, PC

## Certified Public Accountants

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

Board of Commissioners  
Housing and Redevelopment Commission  
of the City of Lennox  
Lennox, 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 Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing and Redevelopment Commission of the City of Lennox, South Dakota's basic financial statements, and have issued our report thereon dated December 1, 2014.

#### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings that we consider to be significant deficiencies. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item # 2014-01 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings as item #2014-02.

**Commission’s Response to Findings**

The Commission’s responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Commission’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

This report is intended solely for the information and use of the South Dakota Legislature, state granting agencies, and the governing board and management of the Housing and Redevelopment Commission of the City of Lennox, South Dakota, and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 this report is matter of public record and its distribution is not limited.

KMWF & Associates, PC

December 1, 2014

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
SCHEDULE OF PRIOR AUDIT FINDINGS  
MARCH 31, 2014

**Finding # 2013-01**

Condition Found: Lack of internal control

Recommendation: Include Commission officers in as many areas as possible to increase controls

Current Status: The Office of Lennox Housing does try to include commission officers in as many financial areas as possible. This comment is restated as current audit finding number 2014-01.

**Finding # 2013-02**

Condition Found: The Public and Indian Housing Program (CFDA# 14.850) funded by the Department of Housing and Urban Development has a possible questioned cost in making a \$10,000 loan that wasn't approved by the Department to the apartment complex program (a non-federal program) \$2,100 in principal payments has been paid.

Recommendation: The loan should be paid back as soon as possible.

Current Status: The principal balance of \$7,325 is still outstanding as of March 31, 2014. This comment is restated as current audit finding number 2014-02.

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
SCHEDULE OF CURRENT AUDIT FINDINGS  
MARCH 31, 2014

**Internal Control-Related Findings – Significant Deficiency:**

**Finding # 2014-01**

**This is the eighth consecutive audit report in which this finding has appeared.**

Criteria: Segregation of duties

Condition Found: Lack of internal control

Cause: Limited number of staff

Effect: Some internal control measures are missing due to a lack of staff

Recommendation: Include Commission officers in as many areas as possible to increase controls

Management's Response: The Office of Lennox Housing does include commission officers in as many financial areas as possible. We continue to have double signatures on all checks. We discuss all major financial issues at commission meetings and by telephone. A one person office limits options, but procedures are followed. Receipts are issued when rents are paid. The fee accountant matches rents, receipts, deposits and bank information. A commissioner picks up the bank statements and we review the statements in my office. The fee accountant does their bank reconciliation and their accounting after I balance the accounts with my program. We are open to any suggestions and will continue to involve the Commission with the financial papers.

**Other Audit Finding**

**Finding # 2014-02**

**This is the fifth consecutive audit report in which this finding has appeared.**

Criteria: Federal Program Compliance

Condition Found: The Public and Indian Housing Program (CFDA# 14.850) funded by the Department of Housing and Urban Development has a possible questioned cost in making a \$10,000 loan that wasn't approved by the Department to the apartment complex program (a non-federal program) \$2,675 in principal payments has been paid.

Cause: The apartment complex program was short on money needed to meet financial obligations.

Effect: The low rent program loaned money to the apartment complex program to meet their financial needs.

Recommendation: The loan should be paid back as soon as possible.

Management's Response: We apologize for not receiving HUD approval before making the loan as we did not realize approval was necessary. The Denver Office has been contacted and they are aware of the loan. They advise us to use pre-2004 undesignated voucher funds (\$2,100) to help reduce the loan. The transfer has occurred. The balance of \$7,325 on the loan has been a high priority for repayment. We have paid an additional \$1,000 since March 2014 and will continue to make the agreed \$125 monthly repayments to Public Housing from Pathways.



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### INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Housing and Redevelopment Commission  
of the City of Lennox  
Lennox, South Dakota

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota, as of and for the year ended March 31, 2014, 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***

The Commission's 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***

Our responsibility is to express an opinion 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, 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 Housing and Redevelopment Commission of the City of Lennox, South Dakota as of March 31, 2014, and the respective changes in financial position and its cash flows thereof 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 (MD&A) on pages 7 through 10 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements. The Financial Data Schedule listed in the table of contents is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

KMWF & Associates, PC

December 1, 2014

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# LENNOX HOUSING AUTHORITY

## SUNRISE MANOR

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217 South Pine Street  
PO Box 265  
Lennox, SD 57039  
Phone: 605-647-2140

December 1, 2014

### Management Discussion and Analysis FYE 3/31/14

Our discussion and analysis of Housing and Redevelopment Commission of the City of Lennox, South Dakota, financial performance provides an overview of the Commission's financial activities for the fiscal year ended March 31, 2014. Please read it in conjunction with the Commission's financial statements.

#### Financial Highlights

Lennox Housing's net position had a slight overall decrease due to decreased revenue in the Voucher program.

Operating Revenues rental income remained consistent but an increase in revenue for Public Housing was mainly due to more operating subsidy. Rental income from both Public Housing and Pathways Townhomes remained consistent. However, the Voucher income offset the overall income due to the decrease dollars from HUD and the use of the HAP reserves.

Operating Expenses for Public Housing had an increase to depreciation, utility costs, ordinary maintenance and operations, but a decrease in administration, tenant services and general expenses. Totals created an increase in total operating expenses. The Voucher Program had lower HAP expenses for their own vouchers but only a slight decrease in payments for portability-in vouchers. There was a slight inflationary increase in administration and general expenses but with less HAP payments there was a significant decrease in total operating expenses in the Voucher Program. Pathways expenses showed an increase mainly due to ordinary maintenance and operational costs and some general expenses, however they were offset some by lower administration and utilities.

The cash flows from operating activities increased from \$93,409 last year to \$119,515 this year largely due to an increase in operating grants from HUD (Public Housing). The cash flows from noncapital financing activities decreased from \$40,053 last year to \$13,516 this year due to decreased amounts in HUD capital grants. Cash flows used by capital and related financing activities decreased from (\$154,420) last year to (\$151,878) largely due to decreased fixed asset purchases. Cash flows from investing activities increased from \$3,907 last year to \$10,329 this year largely due to proceeds from certificates of deposit.

#### Using this Annual Report

This annual report consists of a series of financial statements. The accompanying Statement of Net Position represents our financial position as of March 31, 2014. The Statement of Revenues, Expenses, and Changes in Fund Net Position represents our operating and non-operating revenues and expenses including capital fund program grants for the year then ended. The Statement of Cash Flows reports the cash flow activities of the Commission by breaking it down into Operating, Non-capital Financing, Capital and Related Financing, and Investing Activities for the year then ended.

The following is a comparison of financial data for easier analysis.

	<u>3/31/13</u>	<u>03/31/14</u>
<b>Current Assets</b>	<b>\$ 516,730</b>	<b>\$ 501,380</b>
<b>Capital Assets:</b>		
Public Housing		
Cost	1,023,177	1,060,613
Accumulated Depreciation	(735,712)	(763,421)
Total	<u>287,465</u>	<u>297,192</u>
Voucher Program	-	-
Pathways Townhomes		
Cost	1,691,654	1,691,654
Accumulated Depreciation	(291,696)	(330,228)
Total	<u>1,399,958</u>	<u>1,361,426</u>
<b>Total Capital Assets</b>	<b><u>1,687,423</u></b>	<b><u>1,658,618</u></b>
<b>Total Assets</b>	<b>\$2,204,153</b>	<b>\$2,159,998</b>

The decrease in current assets is largely due to the decrease in profits in the voucher program. The increase in capital assets in the Public Housing was due to purchases of new air conditioners and furnaces.

<b>Current Liability</b>		
Public Housing	\$ 12,182	\$ 13,951
Voucher Program	-	-
Pathways Townhomes	\$ <u>59,859</u>	\$ <u>64,417</u>
Total	<u>72,041</u>	<u>78,368</u>
<b>Long Term Liability:</b>		
Public Housing	-	-
Voucher Program	-	-
Pathways Townhomes	<u>1,519,498</u>	<u>1,475,678</u>
Total	<u>1,519,498</u>	<u>1,475,678</u>
<b>Total Liability</b>	<b>\$1,591,539</b>	<b>\$1,554,046</b>

The Liabilities still reflect the continued debt from the 2006 construction of Pathways Townhomes apartment complexes and the monthly payments toward the debt have decreased total debt and long term debt; however the current portion increases due to the amortization of the loan.

<b>Net Position</b>		
Net Investment in Capital Assets	\$ 126,387	\$ 132,051
Unrestricted Net Position	457,660	466,637
Net Restricted Position – Excess HAP	<u>28,567</u>	<u>7,264</u>
<b>Total Net Position</b>	<b>\$ 612,614</b>	<b>\$ 605,952</b>

Additional improvements to the property increased the “invested in capital assets”. The restricted net assets decreased due to using up the excess HAP for the rental program. The unrestricted net position increased slightly because of the grants in Public Housing.

	<u>03/31/13</u>	<u>03/31/14</u>
<b>Operating Revenues</b>		
Rental Income- Public Housing	\$ 79,538	\$ 82,916
Pathways Townhomes	132,579	134,698
HUD – operating subsidy	11,779	45,890
HUD – capital operating assistance	-	23,990
HUD – ACC (vouchers)	128,163	71,848
Other income	60,081	59,427
<b>Operating Revenues</b>	<u>\$ 412,140</u>	<u>\$ 418,769</u>

We show increase in rental income from Public Housing and at Pathways tenants. The HUD operating subsidy was increased along with HUD capital operating assistance. The voucher ACC dollars appropriated had a large decrease due to HUD requiring housing authorities to use up their reserve HAP dollars. Other income has a small decrease because of the port-in vouchers..

<b>Operating Expenses</b>		
<b>Public Housing</b>		
Administration	\$ 36,038	\$ 34,824
Tenant Services	796	309
Utilities	32,760	37,260
Ordinary maintenance & operations	34,950	41,570
General expenses	13,515	12,882
Depreciation	25,129	27,709
Total	<u>\$ 143,188</u>	<u>\$ 154,554</u>
<b>Voucher Program</b>		
Housing assistance payments	\$ 103,115	\$ 83,820
Housing assistance payments portability in Administration	50,710	50,059
General expenses	15,450	15,596
Total	<u>648</u>	<u>1,153</u>
	<u>\$ 169,923</u>	<u>\$ 150,628</u>
<b>Pathways Townhomes</b>		
Administration	6,140	5,797
Utilities	2,940	2,619
Ordinary maintenance & operations	8,961	10,585
General expenses	3,850	3,985
Depreciation	38,532	38,532
Total	<u>\$ 60,423</u>	<u>\$ 61,518</u>
<b>Operating Expenses</b>	<u>\$ 373,534</u>	<u>\$ 366,700</u>

There is a slight decrease in the Administrative expenses due to the wage evaluation. An increase occurred in the utility expenses for Public Housing due to increases by the utility suppliers and a decrease at Pathways due to low vacancies. Ordinary Maintenance and General Expenses at Public Housing had an increase because of repair costs and furnace/air conditioner replacements. Ordinary maintenance was also more at Pathways with increase in maintenance hours and repairs due to more move-outs during the year. A decrease at Public Housing for General expenses was minimal. An increase at Pathways in General Expenses occurred, again minimal. The HAP payments were less than last year as we used up our HAP reserves as HUD required. Lease up with the vouchers was slow because of the tight rental market and we were cautiously aware of the depleting reserves. We served basically the same number of tenants with portable vouchers in 2013 and 2014. Administration and general expenses for the voucher program had an increase mostly because of increase office wages, mileage, postage and other office expenses.

	<u>03/31/13</u>	<u>03/31/14</u>
Net Operating Income (Loss)	\$ 38,606	\$ 52,069
Non-Operating Revenue (Expenses)		
Interest Income	3,603	2,198
Interest Expense	<u>(76,733)</u>	<u>(72,830)</u>
<b>Non-Operating Revenue (Expenses)</b>	<b>\$ (73,130)</b>	<b>\$ (70,632)</b>
Income(Loss) Before Capital Grants	\$ (34,524)	\$ (18,563)
Capital Fund Grant	<u>39,978</u>	<u>11,901</u>
Net Change in Net Position	\$ 5,454	\$ (6,662)

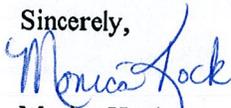
Net Operational Income shows a large increase largely due to more HUD operating subsidies and rent income. Interest rates are currently at a low point causing the decrease in income. Interest expense is due to the amortization of Pathways loan. Non-Operating expenses showed a slight decrease due to less interest on the Pathways debt. Capital Fund Grants for capital purchases was reduced from last year. Total net change for the year was largely due to decreased HUD grants in the Voucher program.

<b>Total Net Position-End of Year</b>	<b>\$ 612,614</b>	<b>\$ 605,952</b>
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The cash flow from operating the HUD public housing program was steady although the Voucher program maintains a tight budget, especially administrative fees. Pathways townhomes continue to pay off the long term debt but income is limited compared to the debt. Occupancy is very good in both Public Housing and Pathways.

Lennox Housing has not seen any major changes during 2013-14 fiscal year. We continue to support the Pathways project as a positive asset for the Lennox community. The Voucher and Public Housing Programs are serving the housing needs of the low-income tenants of the Lennox communities and are the heart and soul of Lennox Housing. HUD continues to monitor the funding for the Voucher and Public Housing programs. Capital Fund grants are a valuable source to update the Sunrise project. We continue to look forward to the future.

Sincerely,



Monica Kock  
Executive Director

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF NET POSITION  
AT MARCH 31, 2014

<u>ASSETS</u>	<u>2014</u>
Current Assets:	
Cash - Unrestricted	\$ 67,465
Cash - Restricted	7,264
Cash - Tenant Security Deposits	<u>15,820</u>
Total Cash	<u>90,549</u>
Certificates of Deposit	388,102
Accounts Receivable - HUD	12,214
Miscellaneous / tenant receivables	4,959
Allowance for doubtful accounts - tenants	(2,366)
Accrued interest receivable	341
Notes Rec	1,324
Prepaid insurance	<u>6,257</u>
Total Current Assets	<u>501,380</u>
Capital Assets:	
Land, structures, and equipment	2,752,267
Less accumulated depreciation	<u>(1,093,649)</u>
Total Capital Assets	<u>1,658,618</u>
TOTAL ASSETS	<u><u>2,159,998</u></u>
 <u>LIABILITIES AND NET POSITION</u>	
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable	323
Accrued payroll taxes	942
Interest payable	7,419
Payments in lieu of taxes payable	4,565
Tenant security deposits	15,820
Revenue received in advance	2,046
Current portion of long term debt	43,565
Accrued liabilities - other	<u>3,688</u>
Total Current Liabilities	<u>78,368</u>
Long Term Liabilities:	
Note Payable	<u>1,475,678</u>
TOTAL LIABILITIES	<u>1,554,046</u>
 <u>NET POSITION:</u>	
Net Investment in Capital Assets	132,051
Unrestricted Net Position	466,637
Net Restricted Position - Excess HAP	<u>7,264</u>
Total Net Position	<u>605,952</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,159,998</u>

See Notes to Financial Statements

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
TWELVE MONTHS ENDED MARCH 31, 2014

OPERATING REVENUES

Tenant revenue	\$ 213,375
Tenant revenue - other	4,239
HUD PHA operating grants	141,728
Other revenue	<u>59,427</u>
Total Operating Revenues	<u>418,769</u>

OPERATING EXPENSES

Housing assistance payments	83,820
Housing assistance payments portability in Administration	50,059
	56,217
Tenant services	309
Utilities	39,879
Ordinary maint. and operation	52,155
General expenses	18,020
Depreciation	<u>66,241</u>
Total Operating Expenses	<u>366,700</u>
 Net Operating Income (Loss)	 <u>52,069</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	2,198
Interest expense	<u>(72,830)</u>
Total Nonoperating Revenue (Expenses)	<u>(70,632)</u>
 Income (Loss) Before Capital Grants	 (18,563)
 Capital Fund Program Grant	 <u>11,901</u>
 Net Change In Net Position	 (6,662)
 Total Net Position - Beg. of Year	 <u>612,614</u>
 Total Net Position- End of Year	 <u><u>\$ 605,952</u></u>

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA

STATEMENT OF CASH FLOWS  
TWELVE MONTHS ENDED MARCH 31, 2013

	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash receipts from renters	\$ 218,499
HUD PHA operating grants	141,293
Other operating cash receipts	59,427
Cash payments to employees for services	(60,827)
Cash payments to other suppliers of goods or services	(234,206)
Cash payments in lieu of taxes	<u>(4,671)</u>
Net Cash Provided (Used) by Operating Activities	<u>119,515</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD - Subsidy/Contribution	11,901
Net change in security deposits	<u>1,615</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>13,516</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on capital debt	(41,793)
Purchase of fixed assets	(37,436)
Interest paid on capital debt	<u>(72,649)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(151,878)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Certificates of Deposit	9,255
Notes receivable	(1,324)
Interest receipts	<u>2,398</u>
Net Cash Provided (Used) by Investing Activities	10,329
Net Decrease in Cash	(8,518)
Cash Beginning of Year	<u>99,067</u>
Cash End of Year	<u><u>90,549</u></u>
Schedule of Cash:	
Checking	90,449
Petty Cash	100
Total	<u><u>\$ 90,549</u></u>
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Net operating income (loss)	\$ 52,069
Depreciation	66,241
(Increase) Decrease in receivables	(1,276)
(Increase) Decrease in prepaid insurance	(23)
Increase (Decrease) in accounts payable & other payables	2,610
Increase (Decrease) in payments in lieu of taxes	<u>(106)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 119,515</u></u>

See Notes to Financial Statements

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
MARCH 31, 2014

NOTE 1 - Reporting Entity

The Housing and Redevelopment Commission of the City of Lennox, South Dakota, a component unit of the City of Lennox, South Dakota as set forth in GASB No. 14, operates housing projects funded by the Department of Housing and Urban Development and operate a local apartment complex. The low rent, apartment complex, and voucher activities constitute the entire operation. Some additional user fees and other miscellaneous income are generated additionally. The Commission is considered a component unit of the City of Lennox, South Dakota due to the fact that appointment of the board of directors is made by the governing board of the City and the governing board of the City also maintains the right to approve significant transactions relating to the Commission.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Commission is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Commission may also be financially accountable for another organization if that organization is fiscally dependent on the Commission.

The Housing and Redevelopment Commission of the City of Lennox, South Dakota, does not have any component units.

NOTE 2 - Summary of Significant Accounting Policies

The accounting policies of the Commission conform to generally accepted accounting principles applicable to government entities in the United States of America.

Operating and Nonoperating Revenues and Expenses

Operating activities are exchange activities that generally result from providing services and producing and delivering goods. Nonoperating activities are primarily investment activities, capital grants, and interest payments on debt.

Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Land, Structures, and Equipment

For the land, structures, and equipment category, the various assets are recorded at cost. If the initial cost of a piece of equipment and/or other personal property is Five Thousand Dollars (\$5,000.00) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure. Some equipment and property under \$5,000 is capitalized based upon the Commission's discretion. The provision for depreciation is computed principally by the straight-line method over the estimated useful life of the asset. Interest costs (if any) incurred during construction of fixed assets are capitalized along with other fixed asset costs.

Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity and date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Certificates of deposit in the financial statements consist entirely of deposits whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
MARCH 31, 2014

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The Commission uses the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Fund Accounting

The accounts are organized on the basis of programs and account groups, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual programs based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various programs are grouped, in the financial statements in this report, into one fund that is considered an enterprise fund. The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis 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. The enterprise fund applies all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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 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 either 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 “net investment in capital assets.”

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 is available.

NOTE 3 - Pension Plan

All employees, except for part-time employees, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The 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. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. 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

HOUSING AND REDEVELOPMENT COMMISSION  
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general employees only. The housing authority's share of contributions to the SDRS for the fiscal years ended March 31, 2014, 2013, and 2012 were \$1,793, \$1,742, and \$1,552, respectively, equal to the required contributions each year.

NOTE 4 - Cash

Certificates of deposit, money market, and demand accounts totaling \$388,102 as of March 31, 2014 are carried at cost which approximates market value and are included under the title "cash" in the accompanying financial statements. The certificates and money market accounts bear interest varying from 0% to 0.65% which is recorded as it is accrued. Any penalties for early withdrawal of the certificates of deposit would not have a material effect on the financial statements.

NOTE 5 - Bond Payable

The housing authority has an Essential Function Housing Development Bond outstanding with Farmers State Bank in the amount of \$1,800,000 issued November 12, 2004. Interest was paid on January 1, 2006, payment of principal and interest commenced on February 1, 2006 and the bond will be amortized over 29 years in which payments started on January 1, 2006 and end on January 1, 2035. Initial interest rate per annum commenced on November 12, 2004 until December 31, 2010, and on January 1, 2011 and thereafter at an Adjusted Interest Rate of 1.75% over the five year Treasury Note Rate as published in the Wall Street Journal provided that adjustments made on January 1, 2011, shall not be less than 4.75% or more than 7.00% per annum adjustments made January 1, 2016 through January 1, 2021 shall not be less than 4.75% or more than 7.5%, adjustments made thereafter shall have no floor or ceiling (the "Adjusted Interest Rate") until said principal sum is paid. Substantially all of the Pathways in the Park complex is pledged as collateral on the mortgage.

A summary of changes in long-term liabilities follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Bond Payable	\$1,561,036	\$0	\$41,793	\$1,519,243	\$43,565

The following schedule outlines maturity requirements when due on the bond:

<u>12 Months Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
3/31/2015	43,565	70,877	114,442
3/31/2016	45,680	68,762	114,442
3/31/2017	47,898	66,544	114,442
3/31/2018	49,828	64,614	114,442
3/31/2019	52,247	62,195	114,442
2020 – 2024	301,836	270,373	572,209
2025 – 2029	382,570	189,639	572,209
2030 – 2034	484,902	87,307	572,209
2035 – 2039	<u>110,717</u>	<u>2,892</u>	<u>113,609</u>
	<u>1,519,243</u>	<u>883,203</u>	<u>\$2,402,446</u>

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
MARCH 31, 2014

NOTE 6 - Capital Assets

FYE 3/31/14 Description and Depreciable Life	Cost			Less Accum.		
	3/31/13	Additions	Disp/Trsfir	3/31/14	Depreciation	3/31/14
Land	\$ 204,552	\$ 0	\$ 0	\$ 204,552	\$ 0	\$ 204,552
Structure (40 yr.)	1,913,072	0	0	1,913,072	702,033	1,211,039
Structure (15 yr.)	575,324	37,436	12,975	625,735	387,162	238,573
Structure (5 yr.)	8,908	0	0	8,908	4,454	4,454
Constr. In Process	12,975	0	(12,975)	0	0	0
<b>Total</b>	<b>\$ 2,714,831</b>	<b>\$37,436</b>	<b>0</b>	<b>\$2,752,267</b>	<b>\$ 1,093,649</b>	<b>\$1,658,618</b>

NOTE 7 – Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

The Commission follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

**Deposits** - The Commission's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 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 4-5-6 and specifically SDCL 11-7-30 permits 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 safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**Credit 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.

HOUSING AND REDEVELOPMENT COMMISSION  
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**Custodial Credit Risk – Deposits** – The risk that, in the event of a depository failure, the Commission’s deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk. As of March 31, 2014, the Commission’s deposits in financial institutions were exposed to custodial credit risk as follows:

	Bank Balance
Insured (FDIC/NCUA)	\$ 387,473
Uninsured, collateral jointly held by Commission’s agent in the name of the state and the pledging financial institution	98,176
Uninsured, uncollateralized	0
Total Deposits	<u>485,649</u>
The carrying amount of deposits on the March 31, 2014 balance sheet was	<u>\$ 478,651</u>

**Concentration of Credit Risk** – The Commission places no limit on the amount that may be invested in any one issuer.

**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.

**NOTE 8 – Restricted Net Position**

Restricted Net Position for the year ended March 31, 2014 was as follows:

Excess HAP Payments	\$7,264
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These balances are restricted due to federal grant and statutory requirements.

**NOTE 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; injuries to employees; and natural disasters. During the year ended March 31, 2014, the Commission managed its risks as follows:

**Employee Health Insurance:**

The Commission joined the South Dakota Municipal League Health Pool. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Commission pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The Commission does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

**Liability Insurance:**

The Commission purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from commercial insurance carriers. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

HOUSING AND REDEVELOPMENT COMMISSION  
OF THE CITY OF LENNOX, SOUTH DAKOTA  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
MARCH 31, 2014

Workmen's Compensation:

The Commission purchases liability insurance for workmen's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The Commission provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 10 – Subsequent Events

The Commission has evaluated all subsequent events through December 1, 2014, the date the financial statements were available to be issued.

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
111 Cash - Unrestricted	\$56,644	\$8,975	\$1,846	\$67,465	
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$7,264		\$7,264	
114 Cash - Tenant Security Deposits	\$4,100		\$11,720	\$15,820	
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$60,744	\$16,239	\$13,566	\$90,549	\$0
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$12,214			\$12,214	
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous	\$8,760			\$8,760	-\$7,325
126 Accounts Receivable - Tenants	\$615		\$2,909	\$3,524	
126.1 Allowance for Doubtful Accounts -Tenants	-\$461		-\$1,905	-\$2,366	
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0	
127 Notes, Loans, & Mortgages Receivable - Current			\$1,324	\$1,324	
128 Fraud Recovery		\$0		\$0	
128.1 Allowance for Doubtful Accounts - Fraud		\$0		\$0	
129 Accrued Interest Receivable	\$324	\$17		\$341	
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$21,452	\$17	\$2,328	\$23,797	-\$7,325
131 Investments - Unrestricted	\$367,504	\$20,365	\$233	\$388,102	
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$5,924		\$333	\$6,257	
143 Inventories					

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From	\$2,935			\$2,935	-\$2,935
145 Assets Held for Sale					
150 Total Current Assets	\$458,559	\$36,621	\$16,460	\$511,640	-\$10,260
161 Land	\$54,165		\$150,387	\$204,552	
162 Buildings	\$1,006,448		\$1,541,267	\$2,547,715	
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements	\$0		\$0	\$0	
166 Accumulated Depreciation	-\$763,421		-\$330,228	-\$1,093,649	
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$297,192	\$0	\$1,361,426	\$1,658,618	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$297,192	\$0	\$1,361,426	\$1,658,618	\$0
190 Total Assets	\$755,751	\$36,621	\$1,377,886	\$2,170,258	-\$10,260
200 Deferred Outflow of Resources					

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
290 Total Assets and Deferred Outflow of Resources	\$755,751	\$36,621	\$1,377,886	\$2,170,258	-\$10,260
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$60		\$263	\$323	
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$942			\$942	
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable			\$7,419	\$7,419	
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government	\$4,565			\$4,565	
341 Tenant Security Deposits	\$4,100		\$11,720	\$15,820	
342 Unearned Revenue	\$596		\$1,450	\$2,046	
343 Current Portion of Long-term Debt - Capital			\$43,565	\$43,565	
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$3,688			\$3,688	
347 Inter Program - Due To		\$539	\$2,396	\$2,935	-\$2,935
348 Loan Liability - Current					
310 Total Current Liabilities	\$13,951	\$539	\$66,813	\$81,303	-\$2,935
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			\$1,483,003	\$1,483,003	-\$7,325
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$0	\$1,483,003	\$1,483,003	-\$7,325
300 Total Liabilities	\$13,951	\$539	\$1,549,816	\$1,564,306	-\$10,260
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$297,191	\$0	-\$165,140	\$132,051	\$0
511.4 Restricted Net Position	\$0	\$7,264	\$0	\$7,264	\$0
512.4 Unrestricted Net Position	\$444,609	\$28,818	-\$6,790	\$466,637	\$0
513 Total Equity - Net Assets / Position	\$741,800	\$36,082	-\$171,930	\$605,952	\$0
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$755,751	\$36,621	\$1,377,886	\$2,170,258	-\$10,260

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
111 Cash - Unrestricted	\$67,465
112 Cash - Restricted - Modernization and Development	
113 Cash - Other Restricted	\$7,264
114 Cash - Tenant Security Deposits	\$15,820
115 Cash - Restricted for Payment of Current Liabilities	
100 Total Cash	\$90,549
121 Accounts Receivable - PHA Projects	
122 Accounts Receivable - HUD Other Projects	\$12,214
124 Accounts Receivable - Other Government	
125 Accounts Receivable - Miscellaneous	\$1,435
126 Accounts Receivable - Tenants	\$3,524
126.1 Allowance for Doubtful Accounts -Tenants	-\$2,366
126.2 Allowance for Doubtful Accounts - Other	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$1,324
128 Fraud Recovery	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0
129 Accrued Interest Receivable	\$341
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$16,472
131 Investments - Unrestricted	\$388,102
132 Investments - Restricted	
135 Investments - Restricted for Payment of Current Liability	
142 Prepaid Expenses and Other Assets	\$6,257
143 Inventories	
143.1 Allowance for Obsolete Inventories	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
144 Inter Program Due From	\$0
145 Assets Held for Sale	
150 Total Current Assets	\$501,380
161 Land	\$204,552
162 Buildings	\$2,547,715
163 Furniture, Equipment & Machinery - Dwellings	
164 Furniture, Equipment & Machinery - Administration	
165 Leasehold Improvements	\$0
166 Accumulated Depreciation	-\$1,093,649
167 Construction in Progress	
168 Infrastructure	
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,658,618
171 Notes, Loans and Mortgages Receivable - Non-Current	
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	
173 Grants Receivable - Non Current	
174 Other Assets	
176 Investments in Joint Ventures	
180 Total Non-Current Assets	\$1,658,618
190 Total Assets	\$2,159,998
200 Deferred Outflow of Resources	
290 Total Assets and Deferred Outflow of Resources	\$2,159,998

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
311 Bank Overdraft	
312 Accounts Payable <= 90 Days	\$323
313 Accounts Payable >90 Days Past Due	
321 Accrued Wage/Payroll Taxes Payable	\$942
322 Accrued Compensated Absences - Current Portion	
324 Accrued Contingency Liability	
325 Accrued Interest Payable	\$7,419
331 Accounts Payable - HUD PHA Programs	
332 Account Payable - PHA Projects	
333 Accounts Payable - Other Government	\$4,565
341 Tenant Security Deposits	\$15,820
342 Unearned Revenue	\$2,046
343 Current Portion of Long-term Debt - Capital	\$43,565
344 Current Portion of Long-term Debt - Operating Borrowings	
345 Other Current Liabilities	
346 Accrued Liabilities - Other	\$3,688
347 Inter Program - Due To	\$0
348 Loan Liability - Current	
310 Total Current Liabilities	\$78,368
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$1,475,678
352 Long-term Debt, Net of Current - Operating Borrowings	
353 Non-current Liabilities - Other	
354 Accrued Compensated Absences - Non Current	
355 Loan Liability - Non Current	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
356 FASB 5 Liabilities	
357 Accrued Pension and OPEB Liabilities	
350 Total Non-Current Liabilities	\$1,475,678
300 Total Liabilities	\$1,554,046
400 Deferred Inflow of Resources	
508.4 Net Investment in Capital Assets	\$132,051
511.4 Restricted Net Position	\$7,264
512.4 Unrestricted Net Position	\$466,637
513 Total Equity - Net Assets / Position	\$605,952
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets /	\$2,159,998

City of Lennox Housing and Redevelopment Commission (SD010)  
LENNOX, SD

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
70300 Net Tenant Rental Revenue	\$82,910		\$130,465	\$213,375	
70400 Tenant Revenue - Other	\$6		\$4,233	\$4,239	
70500 Total Tenant Revenue	\$82,916	\$0	\$134,698	\$217,614	\$0
70600 HUD PHA Operating Grants	\$69,880	\$71,848		\$141,728	
70610 Capital Grants	\$11,901			\$11,901	
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$2,013	\$156	\$29	\$2,198	
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery		\$222		\$222	
71500 Other Revenue	\$1,385	\$54,872	\$2,948	\$59,205	
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$168,095	\$127,098	\$137,675	\$432,868	\$0
91100 Administrative Salaries	\$16,308	\$8,154	\$2,718	\$27,180	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
91200 Auditing Fees	\$1,980	\$990	\$330	\$3,300	
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing			\$112	\$112	
91500 Employee Benefit contributions - Administrative	\$6,481	\$3,237	\$1,469	\$11,187	
91600 Office Expenses	\$7,793	\$1,823		\$9,616	
91700 Legal Expense					
91800 Travel		\$193		\$193	
91810 Allocated Overhead					
91900 Other	\$2,262	\$1,199	\$1,168	\$4,629	
91000 Total Operating - Administrative	\$34,824	\$15,596	\$5,797	\$56,217	\$0
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$309			\$309	
92500 Total Tenant Services	\$309	\$0	\$0	\$309	\$0
93100 Water	\$6,888		\$877	\$7,765	
93200 Electricity	\$11,967		\$1,596	\$13,563	
93300 Gas	\$9,524		\$44	\$9,568	
93400 Fuel					
93500 Labor					
93600 Sewer	\$8,881		\$102	\$8,983	
93700 Employee Benefit Contributions - Utilities					

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
93800 Other Utilities Expense					
93000 Total Utilities	\$37,260	\$0	\$2,619	\$39,879	\$0
94100 Ordinary Maintenance and Operations - Labor	\$16,262		\$5,033	\$21,295	
94200 Ordinary Maintenance and Operations - Materials and	\$12,863		\$2,287	\$15,150	
94300 Ordinary Maintenance and Operations Contracts	\$11,176		\$3,265	\$14,441	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,269			\$1,269	
94000 Total Maintenance	\$41,570	\$0	\$10,585	\$52,155	\$0
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$4,990	\$325	\$3,985	\$9,300	
96120 Liability Insurance	\$1,223	\$220		\$1,443	
96130 Workmen's Compensation	\$200	\$34		\$234	
96140 All Other Insurance	\$1,443	\$260		\$1,703	
96100 Total insurance Premiums	\$7,856	\$839	\$3,985	\$12,680	\$0
96200 Other General Expenses		\$314		\$314	
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	\$4,565			\$4,565	
96400 Bad debt - Tenant Rents	\$461			\$461	
96500 Bad debt - Mortgages					

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$5,026	\$314	\$0	\$5,340	\$0
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)			\$72,830	\$72,830	
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$72,830	\$72,830	\$0
96900 Total Operating Expenses	\$126,845	\$16,749	\$95,816	\$239,410	\$0
97000 Excess of Operating Revenue over Operating Expenses	\$41,250	\$110,349	\$41,859	\$193,458	\$0
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$83,820		\$83,820	
97350 HAP Portability-In		\$50,059		\$50,059	
97400 Depreciation Expense	\$27,709		\$38,532	\$66,241	
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$154,554	\$150,628	\$134,348	\$439,530	\$0
10010 Operating Transfer In	\$23,990			\$23,990	-\$23,990
10020 Operating transfer Out	-\$23,990			-\$23,990	\$23,990

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$13,541	-\$23,530	\$3,327	-\$6,662	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	
11030 Beginning Equity	\$728,259	\$59,612	-\$175,257	\$612,614	
11040 Prior Period Adjustments, Equity Transfers and Correction					
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		\$28,818		\$28,818	
11180 Housing Assistance Payments Equity		\$7,264		\$7,264	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM
11190 Unit Months Available	348	324	192	864	
11210 Number of Unit Months Leased	338	248	185	771	
11270 Excess Cash	\$428,114			\$428,114	
11610 Land Purchases	\$0			\$0	
11620 Building Purchases	\$11,901			\$11,901	
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	
11650 Leasehold Improvements Purchases	\$0			\$0	
11660 Infrastructure Purchases	\$0			\$0	
13510 CFFP Debt Service Payments	\$0			\$0	
13901 Replacement Housing Factor Funds	\$0			\$0	

City of Lennox Housing and Redevelopment Commission (SD010)  
LENNOX, SD

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
70300 Net Tenant Rental Revenue	\$213,375
70400 Tenant Revenue - Other	\$4,239
70500 Total Tenant Revenue	\$217,614
70600 HUD PHA Operating Grants	\$141,728
70610 Capital Grants	\$11,901
70710 Management Fee	
70720 Asset Management Fee	
70730 Book Keeping Fee	
70740 Front Line Service Fee	
70750 Other Fees	
70700 Total Fee Revenue	\$0
70800 Other Government Grants	
71100 Investment Income - Unrestricted	\$2,198
71200 Mortgage Interest Income	
71300 Proceeds from Disposition of Assets Held for Sale	
71310 Cost of Sale of Assets	
71400 Fraud Recovery	\$222
71500 Other Revenue	\$59,205
71600 Gain or Loss on Sale of Capital Assets	
72000 Investment Income - Restricted	
70000 Total Revenue	\$432,868
91100 Administrative Salaries	\$27,180
91200 Auditing Fees	\$3,300

City of Lennox Housing and Redevelopment Commission (SD010)  
LENNOX, SD

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
91300 Management Fee	
91310 Book-keeping Fee	
91400 Advertising and Marketing	\$112
91500 Employee Benefit contributions - Administrative	\$11,187
91600 Office Expenses	\$9,616
91700 Legal Expense	
91800 Travel	\$193
91810 Allocated Overhead	
91900 Other	\$4,629
91000 Total Operating - Administrative	\$56,217
92000 Asset Management Fee	
92100 Tenant Services - Salaries	
92200 Relocation Costs	
92300 Employee Benefit Contributions - Tenant Services	
92400 Tenant Services - Other	\$309
92500 Total Tenant Services	\$309
93100 Water	\$7,765
93200 Electricity	\$13,563
93300 Gas	\$9,568
93400 Fuel	
93500 Labor	
93600 Sewer	\$8,983
93700 Employee Benefit Contributions - Utilities	
93800 Other Utilities Expense	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
93000 Total Utilities	\$39,879
94100 Ordinary Maintenance and Operations - Labor	\$21,295
94200 Ordinary Maintenance and Operations - Materials and	\$15,150
94300 Ordinary Maintenance and Operations Contracts	\$14,441
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,269
94000 Total Maintenance	\$52,155
95100 Protective Services - Labor	
95200 Protective Services - Other Contract Costs	
95300 Protective Services - Other	
95500 Employee Benefit Contributions - Protective Services	
95000 Total Protective Services	\$0
96110 Property Insurance	\$9,300
96120 Liability Insurance	\$1,443
96130 Workmen's Compensation	\$234
96140 All Other Insurance	\$1,703
96100 Total insurance Premiums	\$12,680
96200 Other General Expenses	\$314
96210 Compensated Absences	
96300 Payments in Lieu of Taxes	\$4,565
96400 Bad debt - Tenant Rents	\$461
96500 Bad debt - Mortgages	
96600 Bad debt - Other	

City of Lennox Housing and Redevelopment Commission (SD010)  
LENNOX, SD

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
96800 Severance Expense	
96000 Total Other General Expenses	\$5,340
96710 Interest of Mortgage (or Bonds) Payable	
96720 Interest on Notes Payable (Short and Long Term)	\$72,830
96730 Amortization of Bond Issue Costs	
96700 Total Interest Expense and Amortization Cost	\$72,830
96900 Total Operating Expenses	\$239,410
97000 Excess of Operating Revenue over Operating Expenses	\$193,458
97100 Extraordinary Maintenance	
97200 Casualty Losses - Non-capitalized	
97300 Housing Assistance Payments	\$83,820
97350 HAP Portability-In	\$50,059
97400 Depreciation Expense	\$66,241
97500 Fraud Losses	
97600 Capital Outlays - Governmental Funds	
97700 Debt Principal Payment - Governmental Funds	
97800 Dwelling Units Rent Expense	
90000 Total Expenses	\$439,530
10010 Operating Transfer In	\$0
10020 Operating transfer Out	\$0
10030 Operating Transfers from/to Primary Government	

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
10040 Operating Transfers from/to Component Unit	
10050 Proceeds from Notes, Loans and Bonds	
10060 Proceeds from Property Sales	
10070 Extraordinary Items, Net Gain/Loss	
10080 Special Items (Net Gain/Loss)	
10091 Inter Project Excess Cash Transfer In	
10092 Inter Project Excess Cash Transfer Out	
10093 Transfers between Program and Project - In	
10094 Transfers between Project and Program - Out	
10100 Total Other financing Sources (Uses)	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$6,662
11020 Required Annual Debt Principal Payments	\$0
11030 Beginning Equity	\$612,614
11040 Prior Period Adjustments, Equity Transfers and Correction	
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	\$28,818
11180 Housing Assistance Payments Equity	\$7,264
11190 Unit Months Available	864

City of Lennox Housing and Redevelopment Commission (SD010)

LENNOX, SD

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

Fiscal Year End: 03/31/2014

	Total
11210 Number of Unit Months Leased	771
11270 Excess Cash	\$428,114
11610 Land Purchases	\$0
11620 Building Purchases	\$11,901
11630 Furniture & Equipment - Dwelling Purchases	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0
11650 Leasehold Improvements Purchases	\$0
11660 Infrastructure Purchases	\$0
13510 CFFP Debt Service Payments	\$0
13901 Replacement Housing Factor Funds	\$0