

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
WITH SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2015

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

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*Wahlenberg
Ritzman & Co., LLC*

certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of The Housing and Redevelopment Commission of the City of Madison, South Dakota, a component unit of the City of Madison, South Dakota (hereinafter referred to as the Commission), as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing and Redevelopment Commission of the City of Madison, South Dakota, as of December 31, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 7 to the financial statements, the Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Because the Commission did not participate in the Pension Plan prior to January 1, 2015, no restatement of the net position was required as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Commission's proportionate share of net pension asset, and the schedule of Commission's contributions as listed in the table of contents, 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 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 an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The Commission's Financial Data Schedule (FDS), as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Wohlsenberg Ritzman & Co., LLC

Yankton, South Dakota
September 6, 2016

**THE HOUSING & REDEVELOPMENT COMMISSION OF THE
CITY OF MADISON, SOUTH DAKOTA**

**Management's Discussion and Analysis
December 31, 2015**

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

Our discussion and analysis of the Housing & Redevelopment Commission of Madison (herein referred to as "the Commission"), Madison, South Dakota, financial performance provides an overview of the Commission's financial activities for the fiscal year ended December 31, 2015. Please read the MD&A in conjunction with the Commission's financial statements.

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

Financial Highlights

Total assets and deferred outflows for the year ended December, 31 2015 were \$2,774,432. Total liabilities and deferred inflows were \$1,368,945. Total assets and deferred outflows exceeded total liabilities and deferred inflows by \$1,405,487 (net position).

Unrestricted net position totals \$208,680. This is the amount of the Commission's reserve.

Total operating and non-operating revenue for the year ended December, 31 2015, was \$1,198,590 and expenses totaled \$1,140,313, revenue exceeded expenses by \$58,277.

Overview of the Financial Statements

This report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Commission's financial statements are presented as program level financial statements because the Commission only has a single proprietary fund. The financial statements report information of the Commission using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Commission's activities.

The Statement of Net Position includes all the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Commission's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Commission and assessing the liquidity and financial flexibility of the Commission.

**THE HOUSING & REDEVELOPMENT COMMISSION OF THE
CITY OF MADISON, SOUTH DAKOTA**

**Management's Discussion and Analysis, continued
December 31, 2015**

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

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

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

Financial Analysis

The Commission's financial statements account for the following programs within a single enterprise fund:

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

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

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

Essential Building Fund - The Commission completed construction and is operating a residential rental facility for moderate income families and individuals (not funded by HUD).

**THE HOUSING & REDEVELOPMENT COMMISSION OF THE
CITY OF MADISON, SOUTH DAKOTA**

**Management's Discussion and Analysis, continued
December 31, 2015**

Condensed Statement of Net Position				
Category	FYE 2015	FYE 2014	Change \$	Change %
Current Assets	\$ 394,781	\$ 308,408	\$ 86,373	28%
Noncurrent Assets	\$ 2,353,979	\$ 2,448,760	\$ (94,781)	-4%
Total Assets	\$ 2,748,760	\$ 2,757,168	\$ (8,408)	0%
Deferred Outflows of Resources	\$ 25,672	\$ -	\$ 25,672	100%
Current Liabilities	\$ 154,524	\$ 156,620	\$ (2,096)	-1%
Noncurrent Liabilities	\$ 1,194,820	\$ 1,253,338	\$ (58,518)	-5%
Total Liabilities	\$ 1,349,344	\$ 1,409,958	\$ (60,614)	-4%
Deferred Inflows of Resources	\$ 19,601	\$ -	\$ 19,601	100%
Net Investment in Capital Assets	\$ 1,087,900	\$ 1,140,489	\$ (52,589)	-5%
Restricted	\$ 109,553	\$ 78,287	\$ 31,266	40%
Unrestricted	\$ 208,034	\$ 128,434	\$ 79,600	62%
Total Net Position	\$ 1,405,487	\$ 1,347,210	\$ 58,277	4%

Condensed Statement of Activities				
Category	FYE 2015	FYE 2014	Change \$	Change %
Tenant Revenue	\$ 415,065	\$ 383,481	\$ 31,584	8%
HUD Operating Grants	\$ 688,873	\$ 649,514	\$ 39,359	6%
Capital Grants	\$ 30,258	\$ 15,584	\$ 14,674	94%
Interest Income	\$ 561	\$ 749	\$ (188)	-25%
Other Revenue	\$ 63,833	\$ 24,199	\$ 39,634	164%
Total Revenue	\$ 1,198,590	\$ 1,073,527	\$ 125,063	12%
Administration	\$ 143,373	\$ 171,786	\$ (28,413)	-17%
Tenant Services	\$ 6,858	\$ 3,662	\$ 3,196	87%
Utilities	\$ 126,745	\$ 129,279	\$ (2,534)	-2%
Ordinary Maintenance	\$ 152,577	\$ 148,056	\$ 4,521	3%
General Expense	\$ 79,060	\$ 45,382	\$ 33,678	74%
Interest Expense	\$ 63,851	\$ 66,495	\$ (2,644)	-4%
Housing Assistance Payments	\$ 387,552	\$ 368,967	\$ 18,585	5%
Depreciation	\$ 180,297	\$ 174,911	\$ 5,386	3%
Total Expenses	\$ 1,140,313	\$ 1,108,538	\$ 31,775	3%
Excess of Expenses Over Revenue	\$ 58,277	\$ (35,011)	\$ 93,288	-266%
Net Position, Beginning of Year	\$ 1,347,210	\$ 1,382,913	\$ (35,703)	-3%
Prior period Adjustment	\$ -	\$ (692)	\$ 692	100%
Net Position, Beginning of Year	\$ 1,347,210	\$ 1,382,221	\$ (35,011)	-3%
Net Position, End of Year	\$ 1,405,487	\$ 1,347,210	\$ 58,277	4%

**THE HOUSING & REDEVELOPMENT COMMISSION OF THE
CITY OF MADISON, SOUTH DAKOTA**

**Management's Discussion and Analysis, continued
December 31, 2015**

Capital Assets and Debt Management

Capital Assets				
<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 295,156	\$ 295,156	\$ -	0%
Buildings	\$ 6,399,780	\$ 6,357,806	\$ 41,974	1%
Equipment	\$ 222,982	\$ 222,982	\$ -	0%
Construction in Progress	\$ 45,842	\$ 15,584	\$ 30,258	194%
Accumulated Depreciation	\$ (4,623,065)	\$ (4,442,768)	\$ (180,297)	4%
Total Net Capital Assets	\$ 2,340,695	\$ 2,448,760	\$ (108,065)	-4%

The Commission has \$1,252,795 in revenue bonds payable.

Economic Factors

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

Contacting the Commission's Financial Management

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

STATEMENT OF NET POSITION
DECEMBER 31, 2015

ASSETS

Current assets:

Cash and cash equivalents:

Cash	\$ 211,113
Restricted cash - reserve for replacements	83,963
Restricted cash - excess HUD funding	6,235
Tenant security deposits	22,438
Accounts receivable - HUD	27,111
Accounts receivable - tenants, less allowance for doubtful accounts of \$1,206	3,565
Accounts receivable - insurance proceeds	22,678
Interest receivable	35
Prepaid expenses and other assets	17,643
Total current assets	<u>394,781</u>

Noncurrent assets:

Net pension asset	13,284
Capital assets:	
Land	295,156
Construction in progress	45,842
Buildings and improvements	6,399,780
Furniture and equipment	222,982
Accumulated depreciation	<u>(4,623,065)</u>
Total noncurrent assets	<u>2,353,979</u>

Total assets 2,748,760

DEFERRED OUTFLOWS OF RESOURCES

Pension related deferred outflows 25,672

LIABILITIES

Current liabilities:

Accounts payable - vendors	26,898
Accrued payroll and payroll liabilities	1,548
Accounts payable - HUD	692
Due to other governments	28,280
Tenant security deposits	22,438
Unearned revenue	4,750
Other accrued liabilities	8,919
Current portion of noncurrent liabilities:	
Accrued compensated absences	2,378
Revenue bonds payable	58,621
Total current liabilities	<u>154,524</u>

Noncurrent liabilities:

Accrued compensated absences	646
Revenue bonds payable	<u>1,194,174</u>
Total noncurrent liabilities	<u>1,194,820</u>

Total liabilities 1,349,344

DEFERRED INFLOWS OF RESOURCES

Pension related deferred inflows 19,601

NET POSITION

Net investment in capital assets	1,087,900
Restricted	109,553
Unrestricted	208,034
Total net position	<u>\$ 1,405,487</u>

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES	
Rental income	\$ 238,972
Rental income - pledged for debt service	170,574
Tenant revenue - other	5,298
Fraud recovery	221
Other revenue	
Pension	15,051
Other	26,104
Total operating revenues	<u>456,220</u>
OPERATING EXPENSES	
Administration	143,373
Tenant services	6,858
Utilities	126,745
Maintenance and operation	152,577
General expense	56,382
Housing assistance payments	387,552
Depreciation	180,297
Total operating expenses	<u>1,053,784</u>
Operating (loss)	<u>(597,564)</u>
NONOPERATING REVENUES AND EXPENSES	
HUD operating grants	688,873
Investment income	561
Insurance proceeds	22,678
Casualty loss	(22,678)
Interest expense	(63,851)
Total nonoperating revenues and expenses	<u>625,583</u>
Income before contributions	28,019
Capital contributions	<u>30,258</u>
Change in net position	58,277
Net position - beginning	<u>1,347,210</u>
Net position - end of year	<u>\$ 1,405,487</u>

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

STATEMENT OF CASH FLOWS (PAGE 1 OF 2)
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 430,754
Payments to tenants through escrow	(1,503)
Payments to employees	(158,638)
Payments to others for goods and services	(313,181)
Payments in lieu of taxes	(25,147)
Housing assistance payments	(387,552)
Net cash (used in) operating activities	<u>(455,267)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants received	688,873
Casualty repairs	<u>(22,678)</u>
Net cash provided by noncapital financing activities	<u>666,195</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants received	9,384
Acquisition of capital assets	(72,232)
Principal payments on revenue bonds	(55,476)
Interest payments on revenue bonds	<u>(63,851)</u>
Net cash (used in) capital and related financing activities	<u>(182,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>703</u>
Net increase in cash	29,456
Balances - beginning of the year	<u>294,293</u>
Balances - end of the year	<u>\$ 323,749</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION	
Cash and certificates of deposit	\$ 211,113
Restricted cash - reserve for replacements	83,963
Restricted cash - excess HUD funding	6,235
Tenant security deposits	<u>22,438</u>
Total Cash	<u>\$ 323,749</u>

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

STATEMENT OF CASH FLOWS PAGE (2 OF 2)
YEAR ENDED DECEMBER 31, 2015

Reconciliation of operating (loss) to net cash (used in)	
operating activities:	
Operating (loss)	\$ (597,564)
Adjustments to reconcile operating (loss) to net cash	
(used in) operating activities:	
Depreciation expense	180,297
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable - tenants	732
Prepaid expenses	(14,239)
Pension related assets	(19,355)
Increase (decrease) in:	
Accounts payable	16,770
Other liabilities	(14,907)
Accrued compensated absences	2,316
Payments in lieu of taxes	3,333
Prepaid rents	(11,147)
Tenant security deposits	<u>(1,503)</u>
Net cash (used in) operating activities	<u>\$ (455,267)</u>

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing and Redevelopment Commission of the City of Madison, South Dakota (the Commission) was created in 1968 pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low income public housing pursuant to the United States Housing Act of 1937, (42 U.S.C. 1401, et seq.). The city mayor and city commissioners appoint the five members of the governing board for five-year staggered terms. The public housing authority (PHA) board elects its own chairperson and recruits and employs its management personnel and other workers. The local governing board of the City of Madison, South Dakota has the ability to veto or otherwise modify a housing commission's decision to construct a specific project and issue debt.

The primary government is the City of Madison, South Dakota.

The Governmental Accounting Standards Board (GASB) establishes the criteria for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the primary government appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Organizations for which the Commission is not financially accountable are also included when doing so is necessary in order to prevent the Commission's financial statements from being misleading.

The Commission considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include the Commission's financial statements.

Nature of Business

The Commission administers various low-income housing assistance payment programs in Madison, South Dakota through HUD. The PAS/LOCCS Project No. SD011-001 operates 94 units; and Project No. SD011V is authorized to operate 111 units under the Section 8 Housing Choice Voucher Program.

In addition, the Commission manages two eight-unit and two four-unit complexes primarily to provide off campus housing for university students.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

All activities of the Commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are 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.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Cash and Cash Equivalents

For purposes of financial statement reporting, the Commission considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Certificates of deposit, regardless of maturity, are considered to be cash equivalents.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

All tenants accounts receivable are shown net of an allowance for doubtful accounts. The allowance is calculated based on historical trends.

Capital Assets

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Purchased capital assets are recorded at cost. Donated capital assets are valued at their estimated fair value on the date donated. Interest costs incurred during construction of capital assets are capitalized along with other capital asset costs. Depreciation is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	20 - 40
Building improvements	10 - 40
Land improvements	10 - 10
Furniture and equipment	3 - 15

Land, an inexhaustible capital asset, is not depreciated.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources (expenses) until the applicable future period.

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisition of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources (revenue) until the applicable future period.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, the pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS), and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Commission contributions and net pension asset are recognized on an accrual basis of accounting.

Compensated Absences

Under terms of employment, employees are granted vacation and sick leave benefits in varying amounts. All vested vacation and sick leave are accrued when incurred and are presented as compensated absences in the financial statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used.

Other Postemployment Benefits

The Commission does not provide any other postemployment benefits to employees.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the entity. For the Commission, these revenues are charges for dwelling rents. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the entity. Revenues and expenses not meeting these definitions are reported as nonoperating. The primary nonoperating revenue is HUD operating grants.

Fraud Recovery

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- c. Unrestricted net position - All other net position that does 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 (if any), 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.

Budgets

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. DEPOSITS AND INVESTMENTS

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

Deposits - The housing authority deposits are made in qualified public depositories as defined by SDCL 4-6A-1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts 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 - As stated in SDCL 11-7-31, a commission shall have power 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. In general, SDCL 4-5-6 permits housing authority funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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 has adopted an investment policy which requires all deposits to be adequately collateralized. As of December 31, 2015, the Commission's deposits were fully insured or collateralized.

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

Insured (FDIC)	\$ 386,087
Uninsured, collateral held by the Commission or the Commission's agent in the Commission's name	<u>-</u>
Total deposits	<u>\$ 386,087</u>
The Commission's carrying amount of deposits	<u>\$ 323,749</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. DEPOSITS AND INVESTMENTS, continued

Investments – As of December 31, 2015, the Commission had no investments.

Authorized Investments by the Commission – The Commission does have a formal investment policy, but it does not limit investments beyond those imposed by statutes.

Interest Rate Risk – The Commission does have a formal investment policy, but it does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of December 31, 2015, the Commission had no investments.

Credit Risk – State law limits eligible investments for the Commission, as discussed above. The Commission has a formal investment policy, but it does not further limit its investment choices. As of December 31, 2015, the Commission had no investments.

Concentration of Credit Risk – The Commission places no limit on the amount that may be invested in any one issuer. As of December 31, 2015, the Commission had no investments.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 295,156	\$ -	\$ -	\$ 295,156
Construction in progress	15,584	30,258	-	45,842
Total capital assets not being depreciated	310,740	30,258	-	340,998
<i>Capital assets being depreciated:</i>				
Buildings and improvements	6,357,806	41,974	-	6,399,780
Equipment	222,982	-	-	222,982
Total capital assets being depreciated	6,580,788	41,974	-	6,622,762
Less accumulated depreciation for:				
Buildings and improvements	4,273,593	169,040	-	4,442,633
Equipment	169,175	11,257	-	180,432
Total accumulated depreciation	4,442,768	180,297	-	4,623,065
Total capital assets being depreciated, net	2,138,020	(138,323)	-	1,999,697
Capital assets, net	<u>\$ 2,448,760</u>	<u>\$ (108,065)</u>	<u>\$ -</u>	<u>\$ 2,340,695</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. CAPITAL ASSETS, continued

Construction in progress consists of funds obligated through the Capital Funds Program for flooring, plumbing and generator repairs totaling \$45,842. A total of \$66,480 has been obligated for these projects, leaving \$20,638 to complete.

4. PAYMENTS IN LIEU OF TAXES

Public housing authorities are not required to pay property taxes based on the normal property value assessment and tax levy procedures on real property owned, but rather make payments in lieu of (property) taxes (PILOT). State law requires that the amount due is the lower of 10% if gross rents less utilities or 5% of gross rents. Payments in lieu of taxes at December 31, 2015 were \$28,480.

5. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion
Revenue bonds	\$ 1,308,271	\$ -	\$ (55,476)	\$ 1,252,795	\$ 58,621
Compensated absences	708	3,024	(708)	3,024	2,378
Total long-term liabilities	<u>\$ 1,308,979</u>	<u>\$ 3,024</u>	<u>\$ (56,184)</u>	<u>\$ 1,255,819</u>	<u>\$ 60,999</u>

Revenue Bonds

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

5. LONG-TERM LIABILITIES, continued

Revenue Bonds, continued

The interest rate was adjusted on July 1, 2011 to 4.95%. The interest rate will again be subject to adjustment at July 1 of the following years: 2016, 2021, and 2026. The refunding bond will be amortized over 28 years with payments to start December 1, 2002 and end on November 1, 2030. The bond is secured by a mortgage on apartment complexes and an assignment of rents on the real and personal property of the project. See segment information in Note 8 regarding the project.

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

The annual requirements to amortize all debt outstanding as of December 31, 2015, using a 4.95% rate through November 2030, are as follows:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2016	\$ 58,621	\$ 60,706	\$ 119,327
2017	61,606	57,721	119,327
2018	64,725	54,601	119,326
2019	68,003	51,324	119,327
2020	71,306	48,021	119,327
2021 - 2025	415,166	181,467	596,633
2026 - 2030	513,368	65,284	578,652
Total	<u>\$ 1,252,795</u>	<u>\$ 519,124</u>	<u>\$ 1,771,919</u>

6. RESTRICTED NET POSITION

As of December 31, 2015, net position restrictions as shown on the Statement of Net Position are the reserve for replacements in the amount of \$83,963, the access to which is controlled by the revenue bond holder, excess Housing Assistance Payments totaling \$6,235, the access to which is controlled by the grantor agency, and net pension asset components in the amount of \$19,355, which recognizes the Commission's proportionate share of the restricted net pension asset resulting from their membership in the South Dakota Retirement System.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. PENSION PLAN

The Commission became a member of the South Dakota Retirement System (SDRS) on January 1, 2015.

Plan Information

All employees, working more than 20 hours per week during the year, participate in the SDRS, a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor's 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 SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation.

All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

7. PENSION PLAN, continued

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. 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 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Commission's share of contributions to the SDRS for the fiscal years ended December 31, 2015, was \$7,735, equal to the required contributions each year.

Pension Assets, Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Commission as of June 30, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 337,532
Less proportionate share of total pension liability	<u>324,248</u>
Proportionate share of net pension asset	<u>\$ 13,284</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. PENSION PLAN, continued

At December 31, 2015, the Commission reported an asset of \$13,284 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the Commission's proportion was 0.0031321%.

For the year ended December 31, 2015, the Commission recognized pension revenue of \$15,051. At December 31, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,720	\$ -
Changes in assumptions	10,533	-
Net difference between projected and actual earnings on pension plan investments	8,115	19,601
Changes in proportion and difference between SECOG's contributions and proportionate share of contributions	-	-
Commission contributions subsequent to the measurement date	4,304	-
Total	\$ 25,672	\$ 19,601

\$4,304 reported as deferred outflow of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended December 31	Amount
2016	\$ 629
2017	629
2018	(1,693)
2019	2,202
Total	\$ 1,767

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. PENSION PLAN, continued

Actuarial Assumptions

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

Inflation	3.25 percent
Salary Increases of service	5.83 percent at entry to 3.87 percent after 30 years
Investment Rate of Return	7.25 percent through 2017 and 7.50 percent thereafter, net of pension plan investment expense

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.).

The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

7. PENSION PLAN, continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	<u>2.0%</u>	0.0%
Total	<u>100%</u>	

Discount Rate

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

Sensitivity of liability (asset) to changes in the discount rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Association's proportionate share of the net pension liability (asset)	\$ 33,436	\$ (13,284)	\$ (51,380)

Pension Plan Fiduciary Net Position

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

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. SEGMENT INFORMATION

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

Condensed Statement of Net Position

Assets	
Current assets	\$ 117,713
Capital assets	<u>1,217,621</u>
Total assets	<u>1,335,334</u>
Liabilities	
Current liabilities	86,322
Noncurrent liabilities	<u>1,194,174</u>
Total liabilities	<u>1,280,496</u>
Net Position	
Net investment in capital assets	(35,174)
Restricted	83,963
Unrestricted	<u>6,049</u>
Total net position	<u>\$ 54,838</u>

Condensed Statement of Activities

Operating revenues	\$ 187,474
Operating expenses	(42,211)
Depreciation expense	<u>(58,542)</u>
Operating income (loss)	86,721
Non operating revenue (expense)	<u>(63,798)</u>
Change in net position	22,923
Beginning net position	<u>31,915</u>
Ending net position	<u>\$ 54,838</u>

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 period ended December 31, 2015 the Commission managed its risks as follows:

Liability Insurance

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

Worker's Compensation

The Commission purchases liability insurance for worker'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.

REQUIRED SUPPLEMENTARY INFORMATION

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

**SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION ASSET**

South Dakota Retirement System

	<u>2015</u>
Commission's proportion of the net pension asset	0.0031321%
Commission's proportionate share of net pension asset	\$ 13,284
Commission's covered-employee payroll	\$ 57,183
Commission's proportionate share of the net pension asset as a percentage of its covered-employee payroll	23.23%
Plan fiduciary net position as a percentage of the total pension asset	104.1%

Note: The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

See Independent Auditor's Report

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

SCHEDULE OF CONTRIBUTIONS

South Dakota Retirement System

	<u>2015</u>
Contractually required contribution	\$ 7,735
Contributions in relation to the contractually required contribution	<u>7,735</u>
Contribution deficiency (excess)	<u>\$ -</u>
Commission's covered-employee payroll	\$ 128,917
Contributions as a percentage of covered-employee payroll	6.00%

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871	
					Housing Choice Vouchers	Business Activities
111	Cash - Unrestricted	\$ 211,113	\$ -	\$ 159,979	\$ 27,293	\$ 23,841
112	Cash - Restricted - Modernization and Development	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	\$ 90,198	\$ -	\$ -	\$ 6,235	\$ 83,963
114	Cash - Tenant Security Deposits	\$ 22,438	\$ -	\$ 16,838	\$ -	\$ 5,600
115	Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
100	Total Cash	\$ 323,749	\$ -	\$ 176,817	\$ 33,528	\$ 113,404
121	Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -
122-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -
122-020	Capital Fund	\$ 27,111	\$ -	\$ 27,111	\$ -	\$ -
122-030	Other	\$ -	\$ -	\$ -	\$ -	\$ -
122	Accounts Receivable - HUD Other Projects	\$ 27,111	\$ -	\$ 27,111	\$ -	\$ -
124	Accounts Receivable - Other Government	\$ -	\$ -	\$ -	\$ -	\$ -
125-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
125-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
125-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
125-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
125-050	Other	\$ 22,678	\$ -	\$ 22,678	\$ -	\$ -
125-060	Other Comments			Insurance Proceeds		
125	Accounts Receivable - Miscellaneous	\$ 22,678	\$ -	\$ 22,678	\$ -	\$ -
126	Accounts Receivable - Tenants	\$ 4,771	\$ -	\$ 4,771	\$ -	\$ -
126.1	Allowance for Doubtful Accounts - Tenants	\$ (1,206)	\$ -	\$ (1,206)	\$ -	\$ -
126.2	Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -	\$ -
128	Fraud Recovery	\$ -	\$ -	\$ -	\$ -	\$ -
128.1	Allowance for Doubtful Accounts - Fraud	\$ -	\$ -	\$ -	\$ -	\$ -
129	Accrued Interest Receivable	\$ 35	\$ -	\$ 35	\$ -	\$ -
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 53,389	\$ -	\$ 53,389	\$ -	\$ -
131	Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -
132	Investments - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
135	Investments - Restricted for Payment of Current Liability	\$ -	\$ -	\$ -	\$ -	\$ -
142	Prepaid Expenses and Other Assets	\$ 17,643	\$ -	\$ 13,334	\$ -	\$ 4,309
143	Inventories	\$ -	\$ -	\$ -	\$ -	\$ -
143.1	Allowance for Obsolete Inventories	\$ -	\$ -	\$ -	\$ -	\$ -
144	Inter Program Due From	\$ -	\$ (22,217)	\$ 22,217	\$ -	\$ -
145	Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -
150	Total Current Assets	\$ 394,781	\$ (22,217)	\$ 265,757	\$ 33,528	\$ 117,713
161	Land	\$ 295,156	\$ -	\$ 97,596	\$ -	\$ 197,560
162	Buildings	\$ 6,399,780	\$ -	\$ 4,836,938	\$ -	\$ 1,562,842
163	Furniture, Equipment & Machinery - Dwellings	\$ -	\$ -	\$ -	\$ -	\$ -
164	Furniture, Equipment & Machinery - Administration	\$ 222,982	\$ -	\$ 111,078	\$ 2,149	\$ 109,755
165	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
166	Accumulated Depreciation	\$ (4,623,065)	\$ -	\$ (3,968,380)	\$ (2,149)	\$ (652,536)
167	Construction in Progress	\$ 45,842	\$ -	\$ 45,842	\$ -	\$ -
168	Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 2,340,695	\$ -	\$ 1,123,074	\$ -	\$ 1,217,621
171-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
171-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
171-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
171-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
171-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -
171-060	Other Comments					

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871 Housing Choice Vouchers	Business Activities
171	Notes, Loans and Mortgages Receivable - Non-Current	\$ -	\$ -	\$ -	\$ -	\$ -
172-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
172-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
172-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
172-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
172-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -
172-060	Other Comments					
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$ -	\$ -	\$ -	\$ -	\$ -
173	Grants Receivable - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -
174-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
174-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
174-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
174-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
174-050	Other	\$ 13,284	\$ -	\$ 13,284	\$ -	\$ -
174-060	Other Comments			Net Pension Asset		
174	Other Assets	\$ 13,284	\$ -	\$ 13,284	\$ -	\$ -
176-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
176-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
176-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
176-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
176-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -
176-060	Other Comments					
176	Investments in Joint Ventures	\$ -	\$ -	\$ -	\$ -	\$ -
180	Total Non-Current Assets	\$ 2,353,979	\$ -	\$ 1,136,358	\$ -	\$ 1,217,621
190	Total Assets	\$ 2,748,760	\$ (22,217)	\$ 1,402,115	\$ 33,528	\$ 1,335,334
200	Deferred Outflow of Resources	\$ 25,672	\$ -	\$ 25,672	\$ -	\$ -
290	Total Assests and Deferred Outflow of Resources	\$ 2,774,432	\$ (22,217)	\$ 1,427,787	\$ 33,528	\$ 1,335,334
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	\$ 26,898	\$ -	\$ 26,818	\$ -	\$ 80
313	Accounts Payable >90 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	\$ 1,548	\$ -	\$ 1,548	\$ -	\$ -
322	Accrued Compensated Absences - Current Portion	\$ 2,378	\$ -	\$ 2,378	\$ -	\$ -
324	Accrued Contingency Liability	\$ -	\$ -	\$ -	\$ -	\$ -
325	Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -	\$ -
331-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -
331-020	Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -
331-030	Other	\$ 692	\$ -	\$ -	\$ 692	\$ -
331	Accounts Payable - HUD PHA Programs	\$ 692	\$ -	\$ -	\$ 692	\$ -
332	Account Payable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -
333	Accounts Payable - Other Government	\$ 28,280	\$ -	\$ 11,342	\$ -	\$ 16,938
341	Tenant Security Deposits	\$ 22,438	\$ -	\$ 16,838	\$ -	\$ 5,600
342-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -
342-020	Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -
342-030	Other	\$ 4,750	\$ -	\$ 4,750	\$ -	\$ -
342	Unearned Revenue	\$ 4,750	\$ -	\$ 4,750	\$ -	\$ -
343-010	CFFP	\$ -	\$ -	\$ -	\$ -	\$ -
343-020	Capital Projects/Mortgage Revenue	\$ 58,621	\$ -	\$ -	\$ -	\$ 58,621
343	Current Portion of Long-term Debt - Capital Projects/Mortgage	\$ 58,621	\$ -	\$ -	\$ -	\$ 58,621
344	Current Portion of Long-term Debt - Operating Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
345	Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
346	Accrued Liabilities - Other	\$ 8,919	\$ -	\$ 8,919	\$ -	\$ -

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871	
					Housing Choice Vouchers	Business Activities
347	Inter Program - Due To	\$ -	\$ (22,217)	\$ -	\$ 17,134	\$ 5,083
348-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
348-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
348-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
348-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
348-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -
348-060	Other Comments					
348	Loan Liability - Current	\$ -	\$ -	\$ -	\$ -	\$ -
310	Total Current Liabilities	\$ 154,524	\$ (22,217)	\$ 72,593	\$ 17,826	\$ 86,322
351-010	CFFP	\$ -	\$ -	\$ -	\$ -	\$ -
351-020	Capital Projects/Mortgage Revenue	\$ 1,194,174	\$ -	\$ -	\$ -	\$ 1,194,174
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ 1,194,174	\$ -	\$ -	\$ -	\$ 1,194,174
352	Long-term Debt, Net of Current - Operating Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
353	Non-current Liabilities - Other	\$ -	\$ -	\$ -	\$ -	\$ -
354	Accrued Compensated Absences - Non Current	\$ 646	\$ -	\$ 646	\$ -	\$ -
355-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
355-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
355-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
355-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
355-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -
355-060	Other Comments					
355	Loan Liability - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
357-010	Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
357-020	OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
350	Total Non-Current Liabilities	\$ 1,194,820	\$ -	\$ 646	\$ -	\$ 1,194,174
300	Total Liabilities	\$ 1,349,344	\$ (22,217)	\$ 73,239	\$ 17,826	\$ 1,280,496
400	Deferred Inflow of Resources	\$ 19,601	\$ -	\$ 19,601	\$ -	\$ -
508.1	Invested In Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -
511.1	Restricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -
512.1	Unrestricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -
509.2	Fund Balance Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
511.2	Unreserved, Designated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
512.2	Unreserved, Undesignated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -
508.3	Nonspendable Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
509.3	Restricted Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
510.3	Committed Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
511.3	Assigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
512.3	Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -
508.4	Net Investment in Capital Assets	\$ 1,087,900	\$ -	\$ 1,123,074	\$ -	\$ (35,174)
511.4	Restricted Net Position	\$ 109,553	\$ -	\$ 19,355	\$ 6,235	\$ 83,963
512.4	Unrestricted Net Position	\$ 208,034	\$ -	\$ 192,518	\$ 9,467	\$ 6,049
513	Total Equity - Net Assets / Position	\$ 1,405,487	\$ -	\$ 1,334,947	\$ 15,702	\$ 54,838

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	Housing Choice Vouchers	Business Activities
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$ 2,774,432	\$ (22,217)	\$ 1,427,787	\$ 33,528	\$ 1,335,334

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850	14.872	14.871	Business Activities
				Low Rent	Capital Fund Program	Housing Choice Vouchers	
70300	Net Tenant Rental Revenue	\$ 409,546	\$ -	\$ 238,972	\$ -	\$ -	\$ 170,574
70400	Tenant Revenue - Other	\$ 5,298	\$ -	\$ 5,133	\$ -	\$ -	\$ 165
70500	Total Tenant Revenue	\$ 414,844	\$ -	\$ 244,105	\$ -	\$ -	\$ 170,739
70600	HUD PHA Operating Grants	\$ 688,873	\$ -	\$ 226,743	\$ 14,079	\$ 448,051	\$ -
70610	Capital Grants	\$ 30,258	\$ -	\$ -	\$ 30,258	\$ -	\$ -
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71100	Investment Income - Unrestricted	\$ 561	\$ -	\$ 252	\$ -	\$ 256	\$ 53
71200	Mortgage Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71300	Proceeds from Disposition of Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71310	Cost of Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71400	Fraud Recovery	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71400-010	Fraud Recovery - Housing Assistance Payment	\$ 110	\$ -	\$ -	\$ -	\$ 110	\$ -
71400-020	Fraud Recovery - Administrative Fee	\$ 111	\$ -	\$ -	\$ -	\$ 111	\$ -
71500	Other Revenue	\$ 63,833	\$ (60,404)	\$ 107,502	\$ -	\$ -	\$ 16,735
71600	Gain or Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
72000	Investment Income - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70000	Total Revenue	\$ 1,198,590	\$ (60,404)	\$ 578,602	\$ 44,337	\$ 448,528	\$ 187,527
91100	Administrative Salaries	\$ 63,600	\$ -	\$ 59,530	\$ -	\$ 4,070	\$ -
91200	Auditing Fees	\$ 11,500	\$ -	\$ 11,500	\$ -	\$ -	\$ -
91300-010	To PHA Administered Program (i.e., COCC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91300-020	To a Third Party/Outside Entity	\$ -	\$ (60,404)	\$ -	\$ -	\$ 52,226	\$ 8,178
91300	Management Fee	\$ -	\$ (60,404)	\$ -	\$ -	\$ 52,226	\$ 8,178
91300	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91310	Book-keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91400	Advertising and Marketing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91500	Employee Benefit contributions - Administrative	\$ 6,753	\$ -	\$ 6,753	\$ -	\$ -	\$ -
91600	Office Expenses	\$ 50,247	\$ -	\$ 50,247	\$ -	\$ -	\$ -
91700	Legal Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91800	Travel	\$ 538	\$ -	\$ 538	\$ -	\$ -	\$ -
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91900	Other	\$ 10,735	\$ -	\$ 7,200	\$ -	\$ 2,248	\$ 1,287
91000	Total Operating - Administrative	\$ 143,373	\$ (60,404)	\$ 135,768	\$ -	\$ 58,544	\$ 9,465
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92300	Employee Benefit Contributions - Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92400	Tenant Services - Other	\$ 6,858	\$ -	\$ 6,858	\$ -	\$ -	\$ -
92500	Total Tenant Services	\$ 6,858	\$ -	\$ 6,858	\$ -	\$ -	\$ -
93100	Water	\$ 21,874	\$ -	\$ 21,286	\$ -	\$ -	\$ 588
93200	Electricity	\$ 84,009	\$ -	\$ 83,778	\$ -	\$ -	\$ 231
93300	Gas	\$ 3,579	\$ -	\$ 3,579	\$ -	\$ -	\$ -
93400	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93600	Sewer	\$ 15,254	\$ -	\$ 15,254	\$ -	\$ -	\$ -
93700	Employee Benefit Contributions - Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93800	Other Utilities Expense	\$ 2,029	\$ -	\$ 1,655	\$ -	\$ -	\$ 374
93000	Total Utilities	\$ 126,745	\$ -	\$ 125,552	\$ -	\$ -	\$ 1,193
94100	Ordinary Maintenance and Operations - Labor	\$ 75,775	\$ -	\$ 75,775	\$ -	\$ -	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	\$ 24,917	\$ -	\$ 19,628	\$ 669	\$ -	\$ 4,620
94300-010	Garbage and Trash Removal Contracts	\$ 5,739	\$ -	\$ 5,709	\$ -	\$ -	\$ 30
94300-020	Heating & Cooling Contracts	\$ 90	\$ -	\$ 90	\$ -	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850	14.872	14.871	Business Activities
				Low Rent	Capital Fund Program	Housing Choice Vouchers	
94300-030	Snow Removal Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94300-040	Elevator Maintenance Contracts	\$ 12,038	\$ -	\$ 12,038	\$ -	\$ -	\$ -
94300-050	Landscape & Grounds Contracts	\$ 4,669	\$ -	\$ 758	\$ -	\$ -	\$ 3,911
94300-060	Unit Turnaround Contracts	\$ 1,941	\$ -	\$ 1,941	\$ -	\$ -	\$ -
94300-070	Electrical Contracts	\$ 4,781	\$ -	\$ 4,781	\$ -	\$ -	\$ -
94300-080	Plumbing Contracts	\$ 1,280	\$ -	\$ 1,280	\$ -	\$ -	\$ -
94300-090	Extermination Contracts	\$ 3,780	\$ -	\$ 3,780	\$ -	\$ -	\$ -
94300-100	Janitorial Contracts	\$ 630	\$ -	\$ 630	\$ -	\$ -	\$ -
94300-110	Routine Maintenance Contracts	\$ 487	\$ -	\$ 487	\$ -	\$ -	\$ -
94300-120	Miscellaneous Contracts	\$ 7,268	\$ -	\$ 6,900	\$ -	\$ -	\$ 368
94300	Ordinary Maintenance and Operations Contracts	\$ 42,703	\$ -	\$ 38,394	\$ -	\$ -	\$ 4,309
94500	Employee Benefit Contributions - Ordinary Maintenance	\$ 8,542	\$ -	\$ 8,542	\$ -	\$ -	\$ -
94000	Total Maintenance	\$ 151,937	\$ -	\$ 142,339	\$ 669	\$ -	\$ 8,929
95100	Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95300	Protective Services - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95500	Employee Benefit Contributions - Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95000	Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	\$ 16,048	\$ -	\$ 11,062	\$ -	\$ -	\$ 4,986
96120	Liability Insurance	\$ 231	\$ -	\$ 231	\$ -	\$ -	\$ -
96130	Workmen's Compensation	\$ 4,177	\$ -	\$ 4,177	\$ -	\$ -	\$ -
96140	All Other Insurance	\$ 170	\$ -	\$ 170	\$ -	\$ -	\$ -
96100	Total Insurance Premiums	\$ 20,626	\$ -	\$ 15,640	\$ -	\$ -	\$ 4,986
96200	Other General Expenses	\$ 1,083	\$ -	\$ 237	\$ -	\$ 786	\$ 60
96210	Compensated Absences	\$ 2,280	\$ -	\$ 2,280	\$ -	\$ -	\$ -
96300	Payments in Lieu of Taxes	\$ 28,480	\$ -	\$ 11,542	\$ -	\$ -	\$ 16,938
96400	Bad debt - Tenant Rents	\$ 3,913	\$ -	\$ 3,913	\$ -	\$ -	\$ -
96500	Bad debt - Mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96600	Bad debt - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96600-100	Bad debt - Admin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96600-200	Bad debt - Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96800	Severance Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96000	Total Other General Expenses	\$ 35,756	\$ -	\$ 17,972	\$ -	\$ 786	\$ 16,998
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ 63,851	\$ -	\$ -	\$ -	\$ -	\$ 63,851
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96700	Total Interest Expense and Amortization Cost	\$ 63,851	\$ -	\$ -	\$ -	\$ -	\$ 63,851
96900	Total Operating Expenses	\$ 549,146	\$ (60,404)	\$ 444,129	\$ 669	\$ 59,330	\$ 105,422
97000	Excess of Operating Revenue over Operating Expenses	\$ 649,444	\$ -	\$ 134,473	\$ 43,668	\$ 389,198	\$ 82,105
97100	Extraordinary Maintenance	\$ 640	\$ -	\$ -	\$ -	\$ -	\$ 640
97200	Casualty Losses - Non-capitalized	\$ 22,678	\$ -	\$ 22,678	\$ -	\$ -	\$ -
97300	Housing Assistance Payments	\$ 387,552	\$ -	\$ -	\$ -	\$ 387,552	\$ -
97350	HAP Portability-In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97400	Depreciation Expense	\$ 180,297	\$ -	\$ 121,755	\$ -	\$ -	\$ 58,542
97500	Fraud Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97600	Capital Outlays - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97700	Debt Principal Payment - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97800	Dwelling Units Rent Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90000	Total Expenses	\$ 1,140,313	\$ (60,404)	\$ 588,562	\$ 669	\$ 446,882	\$ 164,604
10010	Operating Transfer In	\$ 13,410	\$ -	\$ 13,410	\$ -	\$ -	\$ -
10020	Operating transfer Out	\$ (13,410)	\$ -	\$ -	\$ (13,410)	\$ -	\$ -
10030-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10030-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10030-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10030-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850	14.872	14.871	Business Activities
				Low Rent	Capital Fund Program	Housing Choice Vouchers	
10030-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10030-060	Other Comments						
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)	\$ -	\$ -	\$ 13,410	\$ (13,410)	\$ -	\$ -
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	\$ 58,277	\$ -	\$ 3,450	\$ 30,258	\$ 1,646	\$ 22,923
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	\$ 1,347,210	\$ -	\$ 1,285,655	\$ 15,584	\$ 14,056	\$ 31,915
11040-010	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-020	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-030	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-040	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-050	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-060	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-070	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-080	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-090	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-100	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-110	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040	Prior Period Adjustments, Equity Transfers and Correction of	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11050	Changes in Compensated Absence Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11060	Changes in Contingent Liability Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11070	Changes in Unrecognized Pension Transition Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11080	Changes in Special Term/Severance Benefits Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11100	Changes in Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170	Administrative Fee Equity						
11170-001	Administrative Fee Equity - Beginning Balance	\$ 11,679	\$ -	\$ -	\$ -	\$ 11,679	\$ -
11170-010	Administrative Fee Revenue	\$ 56,751	\$ -	\$ -	\$ -	\$ 56,751	\$ -
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-040	Investment Income	\$ 256	\$ -	\$ -	\$ -	\$ 256	\$ -
11170-045	Fraud Recovery Revenue	\$ 111	\$ -	\$ -	\$ -	\$ 111	\$ -
11170-050	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-051	Comment for Other Revenue						
11170-060	Total Admin Fee Revenues	\$ 57,118	\$ -	\$ -	\$ -	\$ 57,118	\$ -
11170-080	Total Operating Expenses	\$ 59,330	\$ -	\$ -	\$ -	\$ 59,330	\$ -
11170-090	Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-095	Housing Assisyance Payment Portability In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-100	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-101	Comment for Other Expenses						
11170-110	Total Expenses	\$ 59,330	\$ -	\$ -	\$ -	\$ 59,330	\$ -
11170-002	Net Administrative Fee	\$ (2,212)	\$ -	\$ -	\$ -	\$ (2,212)	\$ -
11170-003	Administrative Fee Equity - Ending Balance	\$ 9,467	\$ -	\$ -	\$ -	\$ 9,467	\$ -
11170-005	Pre-2004 Administrative Fee Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-006	Post-2003 Administrative Fee Reserves	\$ 11,679	\$ -	\$ -	\$ -	\$ 11,679	\$ -
11180	Housing Assistance Payments Equity						
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ 2,377	\$ -	\$ -	\$ -	\$ 2,377	\$ -
11180-010	Housing Assistance Payment Revenues	\$ 391,300	\$ -	\$ -	\$ -	\$ 391,300	\$ -
11180-015	Fraud Recovery Revenue	\$ 110	\$ -	\$ -	\$ -	\$ 110	\$ -
11180-020	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-021	Comments for Other Revenue						

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850	14.872	14.871	Business Activities
				Low Rent	Capital Fund Program	Housing Choice Vouchers	
11180-025	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-030	Total Housing Assistance Payments Revenues	\$ 391,410	\$ -	\$ -	\$ -	\$ 391,410	\$ -
11180-080	Housing Assistance Payments	\$ 387,552	\$ -	\$ -	\$ -	\$ 387,552	\$ -
11180-090	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-091	Comments for Other Expenses						
11180-100	Total Housing Assistance Payments Expenses	\$ 387,552	\$ -	\$ -	\$ -	\$ 387,552	\$ -
11180-002	Net Housing Assistance Payments	\$ 3,858	\$ -	\$ -	\$ -	\$ 3,858	\$ -
11180-003	Housing Assistance Payments Equity - Ending Balance	\$ 6,235	\$ -	\$ -	\$ -	\$ 6,235	\$ -
11190	Unit Months Available						
11190-210	Total ACC HCV Units	2,832	-	1,116	-	1,332	384
11190-220	Unfunded Units	-	-	-	-	-	-
11190-230	Other Adjustments	-	-	-	-	-	-
11190	Unit Months Available	2,832	-	1,116	-	1,332	384
11210	Number of Unit Months Leased	2,661	-	1,074	-	1,204	383
11270	Excess Cash	\$ 104,959	\$ -	\$ 104,959	\$ -	\$ -	\$ -
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620	Building Purchases	\$ 30,258	\$ -	\$ -	\$ 30,258	\$ -	\$ -
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Financial Data Schedule - Memo Account Information
Year Ended December 31, 2015

Financial Statements		
Element	Description	Value
G3000-005	Financial Statements Using Basis Other Than GAAP	NO
G3000-010	Fund Opinion(s)	Single Fund
-	Modified Opinion	NO
-	Unmodified Opinion	YES
-	Adverse Opinion	NO
-	Disclaimer Opinion	NO
G3000-020	"Going Concern" Indicator	NO
G3000-030	Significant Deficiency Indicator	YES
G3000-230	Does the Deficiency relate to the Low Rent or Capital Fund?	YES
G3000-240	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	1
G3000-040	Material Weakness Indicator	NO
G3000-250	Does the material weakness relate to the Low Rent or Capital Fund Program?	N/A
G3000-260	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-050	Material Noncompliance Indicator	NO
G3000-270	Does the non-compliance relate to the Low Rent or Capital Fund Program?	N/A
G3000-280	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-060	Fraud	NO
G3000-290	Does the activity relate to the Low Rent or Capital Fund Program?	N/A
G3000-300	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-070	Illegal Acts	NO
G3000-310	Does the activity relate to the Low Rent or Capital Fund Program?	N/A
G3000-320	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
G3000-080	Abuse	N/A
G3000-330	Does the activity relate to the Low Rent or Capital Fund Program?	NO
G3000-340	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-

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

Financial Data Schedule - Memo Account Information
Year Ended December 31, 2015

Financial Statement Fund Opinion Details		
Element	Description	Details
G3000-200	Fund Type of the fund containing the listed program	MAJOR
G3000-210	Fund Opinion of the fund containing the listed program	UNMODIFIED
G3000-220	Is the departure or qualification related to the Capital Fund or Low Rent Programs?	N/A

Federal Programs		
Element	Description	Value
G4000-020	Dollar Threshold Used to Distinguish Type A and Type B Programs	-
G4000-030	Low-Risk Auditee Indicator	-
G4000-040	Indicator-Any Audit Findings Disclosed that are Required to be Reported	-
G4000-080	Was a Schedule of Prior Audit Findings prepared?	-
G4100-040	Total Federal Awards Expended (This cell is populated by G4100-030 from the "Federal Award Details" Tab)	-

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

Financial Data Schedule - Memo Account Information
Year Ended December 31, 2015

Federal Award Details		
Element	Description	Details
G4100-030	Amount Expended	-
G4200-010	Major Federal Program Indicator	-
G4200-050	Type of Opinion on Major Federal Program	-
G4200-060	Number of A-133 Compliance Audit Findings	-
G4200-100	Significant Deficiency Indicator	-
G4200-200	Number of Significant Deficiencies	-
G4200-110	Material Weakness Indicator	-
G4200-210	Number of Material Weaknesses	-
G4200-120	Material Noncompliance Indicator	-
G4200-220	Number of Material Noncompliance	-
G4200-070	Audit Finding Reference Number	-
G4200-090	Are Awards Received Directly from a Federal Agency?	-
G4100-050	Total Amount of Questioned Costs	-

Supplementary Information		
Element	Description	Value
G3100-040	SAS 29 "in relation to" opinion on the Financial Data Schedule	FAIRLY STATED
G3100-050	Is MD&A omitted ?	NO
G3100-060	Is other supplementary information omitted?	NO

*Wahlenberg
Ritzman & Co., LLC*
certified public accountants

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Housing and Redevelopment Commission of the City of Madison, South Dakota, a component unit of the City of Madison, South Dakota (hereinafter referred to as the Commission) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 6, 2016.

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.

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Member of: Private Companies Practice Section American Institute of CPA's, South Dakota Society of CPA'

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency: Finding 2015-001.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Commission in a separate letter dated September 6, 2016.

The Commission's Response to Finding

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

Purpose of this Report

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

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
September 6, 2016

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

SCHEDULE OF PRIOR FINDINGS
DECEMBER 31, 2015

FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2014-001 Preparation of Financial Statements

Condition:

The Commission does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to draft the financial statements and accompanying notes to the financial statements.

Recommendation:

This condition is not unusual for an organization of this size. It is important that management be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Commission and changes in reporting requirements.

Current Status:

Repeated as Finding 2015-001.

FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no prior findings reported.

**THE HOUSING AND REDEVELOPMENT COMMISSION
OF THE CITY OF MADISON, SOUTH DAKOTA**

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2015

FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2015-001 Preparation of Financial Statements (Repeat Finding)

Significant Deficiency

Condition:

Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Criteria:

The Commission does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to assist in drafting the financial statements and accompanying notes to the financial statements.

Cause:

The Commission does not have the resources necessary to provide for the preparation of full disclosure financial statements.

Effect:

The disclosures in the financial statements could be incomplete.

Recommendation:

It is important that management be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the Commission and changes in reporting requirements.

Management's Response:

Responsible Individuals:

Brenda Strom, Executive Director

Corrective Action Plan:

The Commission's management and Board of Commissioners have determined that it is not cost beneficial to allocate resources to prepare full disclosure financial statements and have engaged the auditor to assist in the preparation of the financial statements.