

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
MOBRIDGE, SOUTH DAKOTA

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

FINANCIAL REPORT

FOR THE ONE YEAR ENDING DECEMBER 31, 2021

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA

P.O. Box 262

Madison, South Dakota 57042

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

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

INDEPENDENT AUDIT SERVICES, P.C.

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

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions:

I have audited the accompanying financial statements of each major fund of the Mobridge Housing & Redevelopment Commission (Commission), a component unit of the City of Mobridge, Walworth County, South Dakota as of and for the one year ending December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents.

In my opinion, based on my audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Mobridge Housing & Redevelopment Commission as of December 31, 2021, and the respective changes in its financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions:

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Mobridge Housing & Redevelopment Commission and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements:

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements:

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable

Mobridge Housing & Redevelopment Commission
Independent Auditor's Report -- Page Two

assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- > exercise professional judgment and maintain professional skepticism throughout the audit.
- > identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- > evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > conclude whether, in my opinion, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Required Supplementary Information (no opinion)

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

Other Supplementary Information (opinion)

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

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

The accompanying combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Mobridge Housing and Redevelopment Commission (page 20) is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards (page 21) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The accompanying financial data schedules (page 22 and 23) are presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements.

The combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Mobridge Housing and Redevelopment Commission, the schedule of expenditures of federal awards, and 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. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

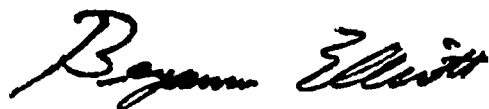
In my opinion, the combining schedule of revenues, expenditures, and changes in net position of all housing choice vouchers programs administered by the Mobridge Housing and Redevelopment Commission, the schedule of expenditures of federal awards and the financial data schedules are fairly stated, in 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*, I have also issued my report dated September 20, 2022 (page 24) on my consideration of the Mobridge Housing & Redevelopment Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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.

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

September 20, 2022



MOBRIDGE SECTION 8 HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December 31, 2021

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

Our discussion and analysis of the Mobridge Section 8 Housing & Redevelopment Commission (herein referred to as "the Housing Authority"), Mobridge, South Dakota, financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended December 31, 2021. Please read the MD&A in conjunction with the Housing Authority's financial statements.

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

Financial Highlights

Total assets of the Housing Authority for the year ended December 31, 2021 were \$1,012,948. Total liabilities were \$1,103,137. Deferred inflows of resources were \$0, and total assets were exceeded by total liabilities by \$90,189 (net position).

Unrestricted net position totals \$122,405. This is the amount of the Authority's reserve.

Total operating and non-operating revenue for the year ended December 31, 2021, was \$1,019,487 and expenses totaled \$1,034,691, expenses exceeded revenue by \$15,204

Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Housing Authority's financial statements are presented as program level financial statements because the Housing Authority only has proprietary funds.

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

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

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.

MOBRIDGE SECTION 8 HOUSING & REDEVELOPMENT COMMISSION
Mobridge, South Dakota

Management's Discussion and Analysis
December 31, 2021

Financial Analysis

The Housing Authority's basic financial statements are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2021. The Statement of Changes in Net Position summarizes the revenues and sources of those revenues, and expenses incurred in operating the Housing Authority for the year ended December 31, 2021.

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

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

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

City Housing / Townhouses – The authority is operating a residential rental facility for moderate income families and individuals that is not funded by HUD.

Statement of Net Position

FOR THE YEAR ENDED December 31	2021	2020
Current assets and prepaid expense	\$273,788	\$239,834
Inventory held for resale	\$0	\$0
Capital assets, net	\$739,160	\$787,888
Pension assets, net		
Total Assets	\$1,012,948	\$1,027,722
Deferred Outflows of Resources	\$0	\$0
Current liabilities	\$156,539	\$134,912
Non-current liabilities	\$946,598	\$976,067
Total liabilities	\$1,103,137	\$1,110,979
Deferred Inflow of Resources	\$0	\$0
Net Position		
Invested in capital assets, net of related debt	(\$211,231)	(\$207,845)
Restricted	(\$1,363)	\$20,654
Unrestricted	\$122,405	\$103,935
Total Net Position	<u>(\$90,189)</u>	<u>(\$83,256)</u>
Total Liabilities, Deferred inflow of Resources and Equity/Net Position	<u>\$1,012,948</u>	<u>\$,027,722</u>

Comparative Statement of Revenues, Expenses and Changes in Net Position

FOR THE YEAR ENDED December 31	2021	2020	Change
Program Revenue			
Tenant revenue	\$139,475	\$136,850	\$2,625
Other income	\$2,495	\$12,060	(\$9,565)
Federal grants and subsidies	\$875,254	\$950,197	(\$74,943)
Interest income	\$89	\$156	(\$67)
Fraud	\$2,174	526	1,650
Total revenue	\$1,019,487	\$1,099,789	(\$80,300)
Program Expenses			
Administration	\$123,932	\$122,826	\$1,106
Tenant Services	\$34,233	\$45,951	(\$11,718)
Utilities	\$4,661	\$3,805	\$856
Ordinary maintenance & operations	\$28,762	\$24,185	\$4,577
Protective services	\$0	\$0	\$0
General expenses	\$10,479	\$9,557	\$922
Non-routine maintenance	\$0	\$0	0
Depreciation	\$48,728	\$49,249	(\$521)
Interest Expense	\$33,088	\$34,469	(\$1,381)
HAP	\$750,809	\$776,185	(\$25,376)
		20,577	(20,577)
Total expenses	\$1,034,691	\$1,086,805	(\$52,112)
Gain/loss - disposition of assets	\$0	(2,253)	\$2,253
Transfer of funds	\$0	\$0	\$0
Change in Net Position	(\$15,204)	\$10,731	(\$25,935)
Beginning Net Position	(\$83,256)	(\$93,987)	\$10,731
PRIOR YR ADJUSTMENT	8,271		
Ending Net Position	(\$90,189)	(\$83,256)	(\$15,204)

Federal grants total \$872,454.

Capital Assets

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

FOR THE YEAR ENDED December 31	2021	2020	change
Land	\$23,696	\$23,696	\$0
Buildings	\$1,387,761	\$1,387,761	\$0
Furniture, Equipment & Machinery - Admin	\$13,684	\$15,684	\$0
Furniture, Equipment & Machinery - Dwelling	\$4,000	4,000	\$0
Construction in Progress	\$0	\$0	\$0
Subtotal	\$1,429,141	\$1,429,141	\$0
Accumulated Depreciation	(\$689,981)	(\$641,254)	(\$40,727)
Total Capital assets	<u>\$739,160</u>	<u>\$787,888</u>	<u>\$48,728</u>

Long Term Debt

The Housing Authority has \$901,039 in long-term debt.

Economic Factors

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

Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Rich Galbraith, Executive Director, at Mobridge Section 8 Housing & Redevelopment Commission, 202 1st Ave East, Mobridge, South Dakota 57601 -- (605) 229-0180

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA
Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

SCHEDULE OF NET POSITION
ENTERPRISE FUNDS AS OF DECEMBER 31, 2021

	Housing Choice Vouchers Fund	Moderate Rehabilitatio Fund	8-Plex Town Homes I Fund	4-Plex Town Homes II Fund	Totals
ASSETS:					
Current assets:					
Cash:					
Unrestricted cash:					
Checking - administration	68,805.85		20,519.86	39,176.33	128,502.04
Restricted cash:					
Checking - security deposits			6,275.00	4,150.00	10,425.00
Checking - FSS expense	4,038.33				4,038.33
Money market - FSS escrow	29,978.65				29,978.65
Savings - FSS maintenance	11,541.16				11,541.16
Total cash	114,363.99	0.00	26,794.86	43,326.33	184,485.18
Certificates of deposit - more than 90 days			6,675.00	3,925.00	10,600.00
Accounts receivable - tenants	3,629.00				3,629.00
Accounts receivable - vacated units	(3,629.00)				(3,629.00)
Accounts receivable - other	2,815.27				2,815.27
Accounts receivable - allowance for doubtful accts			(649.05)	(240.32)	(889.37)
Accrued interest receivable			25.65	14.25	39.90
Prepaid insurance	737.95		2,837.97	1,576.11	5,152.03
Deposits	400.00				400.00
Due from other fund		66,290.67	3,547.00	1,347.00	71,184.67
Total current assets	118,317.21	66,290.67	39,231.43	49,948.37	273,787.68
Noncurrent assets:					
Capital assets:					
Land			23,696.22		23,696.22
Buildings			816,361.04	571,400.38	1,387,761.42
Equipment - dwellings				4,000.00	4,000.00
Equipment - administration	13,683.71				13,683.71
Accumulated depreciation	(12,002.33)		(507,624.59)	(170,354.19)	(689,981.11)
Total capital assets	1,681.38	0.00	332,432.67	405,046.19	739,160.24
Total assets:	119,998.59	66,290.67	371,664.10	454,994.56	1,012,947.92
LIABILITIES:					
Current liabilities:					
Accounts payable	1,319.32		632.89	306.48	2,258.69
Accounts payable - HUD		23,319.00			23,319.00
Security deposits			6,275.00	4,150.00	10,425.00
Due to other fund	71,184.67				71,184.67
Revenue bond - current			30,724.79	15,923.75	46,648.54
Revenue bond - accrued interest			963.20	1,740.28	2,703.48
Total current liabilities	72,503.99	23,319.00	38,595.88	22,120.51	156,539.38
Noncurrent liabilities:					
Family self-sufficiency (FSS):					
Expenses	4,038.33				4,038.33
Escrow	29,978.65				29,978.65
Mortgage maintenance reserve	11,541.16				11,541.16
Revenue bond - noncurrent			452,888.94	448,150.45	901,039.39
Total liabilities	118,062.13	23,319.00	491,484.82	470,270.96	1,103,136.91
NET POSITION (deficit)					
Net invested in capital assets	1,681.38		(152,144.26)	(60,768.29)	(211,231.17)
Restricted - Excess HAP	(1,362.69)				(1,362.69)
Unrestricted - Pre 2004 earnings	4,616.62				4,616.62
Unrestricted - Post 2003 earnings	(2,998.85)	42,971.67	32,323.54	45,491.89	117,788.25
Total net position	1,936.46	42,971.67	(119,820.72)	(15,276.40)	(90,188.99)

See accompanying notes.

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

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021

	Housing Choice Vouchers Fund	Moderate Rehabilitatio Fund	8-Plex Town Homes I Fund	4-Plex Town Homes II Fund	Totals
	-----	-----	-----	-----	-----
Revenues:					
Rental revenue			83,075.00	56,400.00	139,475.00
Intergovernmental revenue:					
HUD operating grants:					
Administration	61,404.00	36,952.48			98,356.48
Administration - CARES	14,959.00				14,959.00
HAP program	498,431.00	226,474.80			724,905.80
FSS administration	34,233.00				34,233.00
FSS program absorption	2,799.46				2,799.46
Miscellaneous revenue:					
Fraud recovery - HUD	435.00	652.00			1,087.00
Fraud recovery	435.00	651.65			1,086.65
Other income	2,134.36		361.00		2,495.36
	-----	-----	-----	-----	-----
Total operating revenues	614,830.82	264,730.93	83,436.00	56,400.00	1,019,397.75
	-----	-----	-----	-----	-----
Operating expenses:					
Administration	80,096.79	34,846.40	5,863.06	3,125.40	123,931.65
Tenant services	34,233.00				34,233.00
Utilities	909.75		2,670.03	1,080.92	4,660.70
Maintenance and repair			18,162.31	10,599.97	28,762.28
General expenses	932.41	446.00	5,857.65	3,242.59	10,478.65
Housing assistance payments (HAP)	493,167.00	227,126.80			720,293.80
Family self-sufficiency payments (FSS)	30,515.10				30,515.10
Depreciation	672.55		33,589.59	14,465.57	48,727.71
	-----	-----	-----	-----	-----
Total operating expenses	640,526.60	262,419.20	66,142.64	32,514.45	1,001,602.89
	-----	-----	-----	-----	-----
Operating income (loss):	(25,695.78)	2,311.73	17,293.36	23,885.55	17,794.86
Nonoperating revenues (expenses):					
Interest earned - HUD (restricted)	1.56				1.56
Interest earned	6.17	20.88	38.25	22.15	87.45
Interest expense			(11,888.40)	(21,199.87)	(33,088.27)
	-----	-----	-----	-----	-----
Total nonoperating revenue (expense)	7.73	20.88	(11,850.15)	(21,177.72)	(32,999.26)
	-----	-----	-----	-----	-----
Income (loss) before transfers	(25,688.05)	2,332.61	5,443.21	2,707.83	(15,204.40)
Transfer in - none					0.00
Transfer (out) - none					0.00
	-----	-----	-----	-----	-----
Change in net position	(25,688.05)	2,332.61	5,443.21	2,707.83	(15,204.40)
Net position (deficit):					
January 1, 2021	28,243.44	40,639.06	(130,598.21)	(21,540.41)	(83,256.12)
Pre 2004 equity adjustment	(618.93)				(618.93)
Prior year insurance claim adjustment			5,334.28	3,556.18	8,890.46
	-----	-----	-----	-----	-----
January 1, 2021, adjusted	27,624.51	40,639.06	(125,263.93)	(17,984.23)	(74,984.59)
	-----	-----	-----	-----	-----
December 31, 2021	1,936.46	42,971.67	(119,820.72)	(15,276.40)	(90,188.99)
	=====	=====	=====	=====	=====

See accompanying notes.

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

Project Number: Vouchers - SD057VO

Project Number: Moderate Rehabilitation - SD057MR

Annual Contribution Contract Number: SD057

STATEMENT OF CASH FLOWS

ENTERPRISE FUNDS FOR THE YEAR ENDING DECEMBER 31, 2021

	Housing Choice Vouchers Fund	Moderate Rehabilitatio Fund	8-Plex Town Homes I Fund	4-Plex Town Homes II Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Rents			83,150.00	56,400.00	139,550.00
Operating grant, administration - HUD	61,404.00	36,952.48			98,356.48
Operating HAP grant - HUD, CARES	0.00				0.00
Operating HAP grant - HUD, HAP	498,431.00	248,024.80			746,455.80
Family self-sufficiency (FSS) - administratic	34,233.00				34,233.00
Family self-sufficiency (FSS) - absorption (F	2,799.46				2,799.46
Fraud recovery	870.00	1,303.65			2,173.65
Other income	1,068.53		361.00		1,429.53
Housing assistance payments (HAP)	(493,167.00)	(227,126.80)			(720,293.80)
Family self-sufficiency payments (FSS)	(16,418.96)				(16,418.96)
Payroll and related payments	(34,233.00)		(7,147.97)	(2,962.54)	(44,343.51)
Vendor payments	(81,401.52)	(35,292.40)	(30,535.50)	(18,483.20)	(165,712.62)
Net cash provided (used) by operating activit	(26,414.49)	23,861.73	45,827.53	34,954.26	78,229.03
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Due (from) to other fund	24,468.70	(24,780.70)	156.00	156.00	0.00
Net cash provided (used) by non-capital finar	24,468.70	(24,780.70)	156.00	156.00	0.00
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Mortgage payments - principal			(29,999.89)	(15,224.36)	(45,224.25)
Mortgage payments - interest			(11,948.15)	(21,256.96)	(33,205.11)
Net cash provided (used) by capital financing	0.00	0.00	(41,948.04)	(36,481.32)	(78,429.36)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7.73	20.88	66.75	39.25	134.61
Net cash provided (used) by investing activit	7.73	20.88	66.75	39.25	134.61
Net increase (decrease) in cash and cash equiva	(1,938.06)	(898.09)	4,102.24	(1,331.81)	(65.72)
Cash - January 1, 2021	116,920.98	898.09	17,358.34	41,101.96	176,279.37
Pre 2004 equity adjustment	(618.93)				(618.93)
Prior year insurance claim adjustment			5,334.28	3,556.18	8,890.46
Cash - January 1, 2021, adjusted	116,302.05	898.09	22,692.62	44,658.14	184,550.90
Cash - December 31, 2021	114,363.99	0.00	26,794.86	43,326.33	184,485.18
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	(25,695.78)	2,311.73	17,293.36	23,885.55	17,794.86
Adjustments required for reconciliation:					
Depreciation expense	672.55		33,589.59	14,465.57	48,727.71
Change in:					
Accounts receivable	(1,065.83)		232.52	172.24	(661.07)
Prepaid insurance	(58.35)		(405.49)	(199.40)	(663.24)
Accounts payable	595.78	21,550.00	(4,957.45)	(3,369.70)	13,818.63
Security deposits			75.00		75.00
Unearned revenue	(14,959.00)				(14,959.00)
FSS maintenance reserve	2,888.48				2,888.48
FSS expense	(878.34)				(878.34)
FSS escrow	12,086.00				12,086.00
Net cash provided (used) by operating activit	(26,414.49)	23,861.73	45,827.53	34,954.26	78,229.03
Noncash investing, capital and financing activities:					
None					
See accompanying notes.					

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
December 31, 2021

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity:

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

At December 31, 2021, the Commission's officials were:

Mayor, City of Mobridge Gene Cox	Contracting Officer: Richard Galbraith
Board of Commissioners: Todd Wagner, Chairman Amy Cerney Chris Fried Misti Helm Jade Mound	Attorney: Rick A. Cain Program Specialist: Roxana Bradford

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

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

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

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

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

The Commission also administers an 8-plex housing unit under SDCL 11-7-53.3. Construction was completed in 2005 at a cost of \$805,458. The project was financed by an \$800,000 Essential Function Housing Development Revenue Bond under SDCL 11-7-92. The bond was issued by a local bank. The City of Mobridge guaranteed 25% of the bond. See page 19 for bond payment information.

The Commission also administers a 4-plex housing unit under SDCL 11-7-53.3. Construction was completed in 2010 at a cost of \$571,400. The project was financed by an \$600,000 Essential Function Housing Development Revenue Bond under SDCL 11-7-92. The bond was issued by a local bank. The City of Mobridge guaranteed 25% of the bond. See page 19 for bond payment information.

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

b. Basis of Presentation:

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

Enterprise funds:

Enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The Commission maintains a "Section-8 Existing Housing Choice Vouchers Fund" and "Moderate Rehabilitation Fund" to account for the HUD grants and HAP payments made to operate its voucher/FSS and moderate rehabilitation activities.

The Commission maintains an "8-plex Town Homes Fund and a "4-plex Town Homes Fund" to account for its rental property activities.

Each of these funds is considered major fund.

c. Measurement Focus and Basis of Accounting:

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

Enterprise Funds:

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

Basis of Accounting - All enterprise funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash is received or paid. Revenues from grants, entitlements, and donations are recognized in the year in which all eligibility requirements are satisfied.

d. Capital Assets:

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

At December 31, 2021 none of the enterprise fund capital assets are determined by estimates of likely historical cost.

The cost of normal maintenance and repairs that do not add value of the assets, or materially extend asset lives, are not capitalized. Improvements that add value, or materially extend asset lives, are capitalized. The capitalization threshold is all land and buildings and \$1,000 for equipment.

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

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

e. Long-term Liabilities:

Long-term liabilities consist of bonds payable and for FSS expense, escrow and homebuyer maintenance reserves. The portion of bonds payable due in the next year is reported as a current liability and balance is reported as a long-term liability.

f. Operating and Nonoperating Revenues:

Operating revenues are those associated with voucher, HAP and rental activity. Nonoperating revenues are those not associated with voucher, HAP and rental activity such as interest income.

A landlord's tenant generally pays rent based on the higher of 30% of their adjusted gross income (based on HUD guidelines) or 10% of their gross income. HUD pays the remainder of the rent through a housing assistance payment (HAP) to the landlord based on a landlord's voucher.

HUD requires the Commission to account for money recovered from tenants for misrepresentation or other actions as fraud recovery. Fraud recovery is shared equally between the Commission and HUD.

g. Net Position Classifications:

Net position is displayed in three components:

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

h. Application of Net Position:

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

i. Interfund Transactions:

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

j. Accounting Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from those estimates and assumptions. Following are some of the estimates made by management during the year:

- * Allowance for doubtful accounts -- estimated uncollectables
- * Depreciation -- estimated service life

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

3. DEPOSITS, INVESTMENTS, RISK AND CASH FLOWS

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

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

At December 31, 2021 insured bank balances were as follows: Insured \$196,364.67; Collateralized ** \$0 for a total of \$196,364.67.

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

The carrying amount of these deposits at December 31, 2021 was \$195,085.18.

Restricted cash is:

10,425.00	Held for tenant security deposits.
4,038.33	Held for the FSS Expense Program from donations for FSS client emergency expenses. See note 6.
29,978.65	Held for the Family Self-Sufficiency (FSS) Escrow Program including its home ownership clients. This money is held for FSS clients until they complete a five-year program to improve their earned income. See note 6.
11,541.16	Held in a maintenance reserve for FSS home ownership clients that are using the Housing Voucher program to help purchase
-----	a home.
55,983.14	

Investments - In general, SDCL 11-7-31 permits Housing & Redevelopment Commission funds "...to invest any funds held in reserves or debt service funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control."

Additionally, SDCL 4-5-6 permits Housing & Redevelopment Commission funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose

investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Because certificates of deposit are insured, they are considered to be deposits. The Commission had no investments during the year ending December 31, 2021.

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

Custodial Risk - The risk that, in the event of a depository failure, the Commission's deposits may not be returned to it. As of December 31, 2021, the Commission's deposits in financial institutions were not exposed to custodial credit risk because all deposits are FDIC insured.

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

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

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

4. RECEIVABLES AND PREPAID EXPENSES

Receivables are not aggregated in these financial statements. The Commission expects to collect all receivables within one year. Accounts receivable of \$2,815.27 is from its management agent and others for unreimbursed December 2021 expenses. Prepaid expenses of \$5,152.03 is for prepaid insurance.

5. PAYABLES, ACCRUED EXPENSES, AND DEPOSITS

Payables are not aggregated in these financial statements. Payables are for amounts due to vendors of \$2,258.69 and \$23,319.00 due HUD. Accrued expenses are for mortgage interest of \$2,703.48. Tenant security deposits are \$10,425.00.

6. FAMILY SELF-SUFFICIENCY PROGRAM

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

	Checking (donations) (expenses)	Savings (HUD subsidy) (escrow)
HUD's HAP match to client's escrow		30,515.10
Donations and other receipts	5,494.19	
Interest earned		11.50
Absorption back to Commission		(4,492.02)
Client disbursements	(3,289.53)	(13,948.58)
	-----	-----
	2,204.66	12,086.00
January 1, 2021	1,833.67	17,892.65
	-----	-----
December 31, 2021	4,038.33	29,978.65
	=====	=====

7. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the one-year ending December 31, 2021 are:

	12-31-2020	Addition	Deletion	12-31-2021
Land	23,696.22			23,696.22
Building	1,387,761.42			1,387,761.42
Equipment	17,683.71			17,683.71
Accum. Depr.	(641,253.40)	(48,727.71)		(689,981.11)
Const-in-progress	0.00			0.00
	<u>787,887.95</u>	<u>(48,727.71)</u>	<u>0.00</u>	<u>739,160.24</u>

8. LONG-TERM DEBT

See schedule one at the end of these footnotes for long-term debt information.

All Town Home I net revenues (after normal operating, repair and maintenance expenses) is pledged to secure an Essential Function Housing Development Bond which has a remaining balance of \$483,614. The bond was issued to construct the 8-plex rental unit and is described on page 19. The bond will mature June 1, 2035. In 2021 the bond had pledged revenue of \$50,882.95 and principal and interest payments of \$41,948.04.

All Town Home II net revenues (after normal operating, repair and maintenance expenses) is pledged to secure an Essential Function Housing Development Bond which has a remaining balance of \$464,074. The bond was issued in 2009 to construct the 4-plex rental unit and is described on page 19. The bond will mature October 13, 2029. In 2021 the bond had pledged revenue of \$38,351.12 and principal and interest payments of \$36,481.32.

The Commission has no: (a) unused lines-of-credit, (b) short-term debt, (c) debt extinguishments, defeasances, refundings or troubled debt restructuring, (d) special assessment debt, (e) conduit debt, (f) derivatives or hedging of variable rate debt, (g) debt related to claims and judgments, or (h) other than the collateral specified, terms in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences or (3) subjective acceleration clauses.

9. OPERATING LEASE

The Commission rented office space for a minimum yearly payment of \$6,600.

10. INTERPROGRAM BALANCES AND TRANSFERS

The Moderate Rehabilitation program does not have its own checking account. Consequently, all of its receipts and disbursements are processed through the Housing Choice Voucher program using a revolving account, which had a debt balance of \$66,290.67 at December 31, 2021.

There were no transfers between funds in 2021.

11. SECTION-8 VOUCHER NET POSITION

A recap of the Section-8 Voucher Net Position is as follows:

	Restricted (HAP Equity)	Post-2003 Unrestricted (Administration)
HUD - HAP	498,431.00	
HUD - administrative fees		61,404.00
GUD - administration - CARES		14,959.00
HUD - FSS administration		34,233.00
HUD - FSS program absorption	2,799.46	
Fraud recovery	435.00	435.00
Other income		2,134.36
Interest earned		7.73
HAP to landlords	(493,167.00)	
HUD FSS payments	(30,515.10)	
Administration expenses		(80,096.78)
Tenant services		(34,233.00)
Utilities		(909.75)
General expenses		(932.41)
Depreciation		(672.55)
Change in net position	(22,016.64)	(3,671.40)
Net Position (deficit):		
January 1, 2021	20,653.95	7,589.49
Prior year pre-2004 adjustment		(618.94)
December 31, 2021	(1,362.69)	3,299.15
Net invested in capital assets		1,681.38
Post 2003 retained earnings (deficit)		(2,998.85)
Remaining pre-2004 earnings		4,616.62
December 31, 2021		3,299.15

12. PRE-2004 EARNINGS

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

In 2021 pre-2004 earnings were used as follows:

Prior year pre-2004 adjustment	(618.94)
Pre-2004 unreserved/undesignated fund balance:	
January 1, 2021	5,235.56
December 31, 2021	4,616.62

13. COMMITMENTS AND CONTINGENCIES

Litigation:

At December 31, 2021 the Commission was not involved in any threatened litigation.

Examinations:

The Commission is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing grants given to the Commission in the current and prior years. There were no examinations during the year ended December 31, 2021.

Grant Disallowances:

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

Risk Management:

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

During the one year ending December 31, 2021, the Commission purchased liability insurance related to torts, theft, or damage to property and errors and omissions of public officials from a commercial insurance carrier to the extent deemed prudent by the Commission's management. No claims have been made upon the Commission. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

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

Economic Dependency:

The Commission receives over 85% of its revenues from HUD. If HUD revenue declines, the Commission's operations would be adversely affected.

Other:

The Commission has no material related party activity.

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

14. SUBSEQUENT EVENT

In 2022 the Commission sold its 8-plex and 4-plex apartment buildings for \$1,300,555. The sale was advertised and 4 bid were received. The high bid was accepted from an organization which included a member of the Commission's Board.

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

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDING DECEMBER 31, 2021

	Beginning 12-31-20 -----	Additions -----	(Deletions) -----	Ending 12-31-21 -----	Principal Payments Due in 2022 -----
DIRECT BORROWING					
Essential Function Housing Development Revenue Bond, Series 2004:					
Original issue of \$800,000					
Issued under SDCL 11-7-92					
Issued by a local bank					
Maturing on June 1, 2035					
Interest rate revised on June 1, 2019 to 2.39%					
Callable as provided by SDCL 6-8B-23					
Secured only by real and personal property of the 8-plex housing unit built with this bond					
The City of Mobridge guarantees 25% of this bond					
Paid by the Town Homes I (8-plex) fund	513,614		(30,000)	483,614	30,725
Essential Function Housing Development Revenue Bond, Series 2009:					
Original issue of \$600,000					
Issued under SDCL 11-7-92					
Issued by a local bank					
Maturing on October 13, 2029					
Interest at 4.50%					
Callable as provided by SDCL 6-8B-23					
Secured only by real and personal property of the 4-plex housing unit built with this bond					
The City of Mobridge guarantees 25% of this bond					
Paid by the Town Homes II (4-plex) fund	479,298		(15,224)	464,074	15,924
	-----	-----	-----	-----	-----
	992,912	0	(45,224)	947,688	46,649
	=====	=====	=====	=====	=====
Payment Schedules:	Total Payments -----	Principal -----	Interest -----	Balance -----	
Essential Function Housing Development Revenue Bond, Series 2004					
2022	41,948	30,725	11,223	452,889	
2023	41,948	31,467	10,481	421,422	
2024	41,948	32,228	9,720	389,194	
2025	41,948	32,646	9,302	356,548	
2026	41,948	33,427	8,521	323,121	
2027-2031	209,740	179,505	30,235	143,616	
2032-2035	151,735	143,616	8,119	0	
	-----	-----	-----	-----	
	571,215	483,614	87,601		
	=====	=====	=====		
Essential Function Housing Development Revenue Bond, Series 2009					
2022	36,481	15,924	20,557	448,150	
2023	36,482	16,655	19,827	431,495	
2024	36,481	17,420	19,061	414,075	
2025	36,482	17,848	18,634	396,227	
2026	36,481	18,651	17,830	377,576	
2027-2029	425,877	377,576	48,301	0	
	-----	-----	-----	-----	
	608,284	464,074	144,210		
	=====	=====	=====		

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

Project Number: Vouchers - SD057VO

Project Number: Moderate Rehabilitation - SD057MR

Annual Contribution Contract Number: SD057

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION OF ALL HOUSING CHOICE VOUCHERS
ADMINISTERED BY THE MOBRIDGE HOUSING AND
REDEVELOPMENT COMMISSION
FOR THE YEAR ENDING DECEMBER 31, 2021

	Housing Choice Voucher Totals	Walworth County Mobridge City (1)	Hand County and Miller City	Campbell County	Faulk County and Faulkton City	Edmunds County	Potter County	Dewey County	Perkins County and Lemmon City	Corson County
Operating revenue:										
HUD operating grants:										
Section 8 administration	61,404.00	61,404.00								
Section 8 administration - CARES	14,959.00	14,959.00								
HAP programs	498,431.00	406,111.00	13,266.00	19,376.00	12,432.00	0.00	4,512.00	7,764.00	20,475.00	14,495.00
FSS administration	34,233.00	34,233.00								
Other revenue:										
Fraud recovery	870.00	870.00								
Other income	4,933.00	4,933.00								
Total operating revenue	614,830.00	522,510.00	13,266.00	19,376.00	12,432.00	0.00	4,512.00	7,764.00	20,475.00	14,495.00
Operating expenses:										
Administrative	80,096.00	80,096.00								
Tenant services - FSS	34,233.00	34,233.00								
Utilities	910.00	910.00								
Maintenance and operations	0.00	0.00								
Insurance premium	761.00	761.00								
General expenses	172.00	172.00								
Housing assistance payments	493,167.00	400,847.00	13,266.00	19,376.00	12,432.00	0.00	4,512.00	7,764.00	20,475.00	14,495.00
Family self-sufficiency pymts, esc	30,515.00	30,515.00								
Depreciation	673.00	673.00								
Total operating expenditures	640,527.00	548,207.00	13,266.00	19,376.00	12,432.00	0.00	4,512.00	7,764.00	20,475.00	14,495.00
Operating income (loss):	(25,697.00)	(25,697.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nonoperating revenue (expense):										
HUD PHA operating grants:										
Interest earned - HUD	4.00	4.00								
Interest earned - PHA	4.00	4.00								
Total nonoperating revenue (expense)	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in net position	(25,689.00)	(25,689.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net position:										
January 1, 2021	28,243.00	28,243.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prior period adjustment	(618.00)	(618.00)								
December 31, 2021	1,936.00	1,936.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Includes portability (if any)

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING DECEMBER 31, 2021

	Federal CFDA Number	2021 Expenditures
Direct Federal Programs:		
U.S. Department of Housing and Urban Development:		
Lower Income Housing Assistance Program		
Section 8 - Moderate Rehabilitation		
PHA Code: SD057MR		
Part of Section 8 Project-Based Cluster	14.856	263,427
Housing Choice Vouchers		
PHA Code: SD057VO		
Part of Housing Voucher Cluster (note 2)	14.871	559,835
PIH Family Self-Sufficiency Program		
PHA Code: SD057VO		
Not part of a cluster	14.896	34,233

Total Department of Housing and Urban Development:		857,495

Department of Treasury:		
Passed through the Dept. of Housing and Urban Development		
Coronavirus Relief Fund	21.019	14,959

Total Department of Treasury		14,959

Total Federal Awards		872,454
		=====

Note 1:

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Mobridge Housing and Redevelopment Commission. It also includes federal grant activity administered by Mobridge Housing and Redevelopment Commission for the counties of Hand, Faulk, Perkins, Corson, Campbell, Dewey, Potter, and Walworth in South Dakota. It is presented on the full accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance).

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Mobridge Housing and Redevelopment Commission did not elect to use the 10% de minimis indirect cost rate.

Note 2:

This represents a major federal financial assistance program.

MOBRIDGE HOUSING AND REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
MOBRIDGE, SOUTH DAKOTA
Project Number: Vouchers - SD057VO
Project Number: Moderate Rehabilitation - SD057MR
Annual Contribution Contract Number: SD057

Financial Data Schedule

Financial Data Schedule (FDS)
For the One Year Ending December 31, 2021
Required by the Dept. of Housing
and Urban Development (HUD)

Line Item #		Audit Totals 12-31-21	Reclass	Housing Choice Vouchers CFDA # 14.871 CARES Act 14.HCC 12-31-21	PIH Family Self-Sufficiency CFDA # 14.896 12-31-21	Section 8 Mod Rehab. CFDA # 14.856 12-31-21	Business Activity 8-Plex Town Homes I 4-Plex Town Homes II 12-31-21
-----	ASSETS	-----	-----	-----	-----	-----	-----
	Current assets:						
111.0	Cash - unrestricted	128,502		68,806			59,696
113.0	Cash - other restricted	15,579		15,579			
114.0	Cash - security deposits	10,425					10,425
122.0	Accts Rec - HUD	0					
125.0	Accts Rec - miscellaneous	2,815		2,815			
126.2	Allowance for doubtful accounts	(889)					(889)
129.0	Accrued interest receivable	40					40
131.0	Investments - unrestricted - CDs	10,600					10,600
132.0	Investments - restricted	29,979		29,979			
142.0	Prepaid expenses and other assets	5,152	(400)	1,138			4,414
142.0	Deposits	400	400				
144.0	Interprogram due from	71,185				66,291	4,894
150.0	Total current assets:	273,788		118,317	0	66,291	89,180
	Noncurrent assets:						
161.0	Land	23,696					23,696
162.0	Buildings	1,387,762					1,387,762
	Furniture, equipment:						
163.0	Dwellings	4,000	4,000				
164.0	Administration	13,683	(4,000)	13,683			4,000
166.0	Accumulated depreciation	(689,981)		(12,002)			(677,979)
160.0	Total non-current assets:	739,160		1,681	0	0	737,479
190.0	Total assets	1,012,948	0	119,998	0	66,291	826,659
	LIABILITIES						
	Current liabilities:						
312.0	Accounts payable <= 90 days	2,258		1,319			939
325.0	Accrued interest payable	2,703					2,703
331.0	Accounts payable - HUD	23,319				23,319	
341.0	Tenant security deposits	10,425					10,425
342.0	Unearned revenue - CARES	0					
343.0	Long-term debt, current	46,649					46,649
347.0	Interprogram due to	71,185		71,185			
310.0	Total current liabilities	156,539	0	72,504	0	23,319	60,716
	Non-current liabilities:						
351.0	Long-term debt, not current	901,039					901,039
353.0	Other non-current liabilities	45,558		45,558			
300.0	Total liabilities	1,103,136	0	118,062	0	23,319	961,755
	NET POSITION (deficit)						
508.4	Net invested in capital assets	(211,231)	(2,703)	1,681			(210,209)
	Restricted net position:						
511.1	Excess HAP	(1,363)	(1,363)				
	Unrestricted net position:						
512.1	After 2003	117,789	(296)			42,972	75,113
512.4	Before 2004	4,617	4,362	255	0		
513.0	Total net position	(90,188)	0	1,936	0	42,972	(135,096)
600.0	Total liabilities and net position	1,012,948	0	119,998	0	66,291	826,659

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

Financial Data Schedule (FDS) (continued)
For the One Year Ending December 31, 2021
Required by the Dept. of Housing
and Urban Development

Financial Data Schedule

Financial Data Schedule (FDS) (continued) For the One Year Ending December 31, 2021 Required by the Dept. of Housing and Urban Development				Housing Choice Vouchers CFDA # 14.871 CARES Act 14.HCC 12-31-21				PIH Family elf-Sufficienc CFDA # 14.896 12-31-21		Section 8 Mod Rehab. CFDA # 14.856 12-31-21		Business Activity 8-Plex Town Homes I 4-Plex Town Homes II 12-31-21	
Line		Audit Totals 12-31-21	Reclass										
Item #		12-31-21											
-----	REVENUE	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
70300.0	Tenant rental revenue	139,475	3,525										135,950
70400.0	Tenant revenue - other	0	(3,525)										3,525
70600.0	HUD operating grant - CARES	14,959			14,959								
70600.0	HUD operating grant - administration	132,589	98,356					34,233					
70600.0	HUD operating grant - program	724,906	(98,356)		559,835				263,427				
70610.0	Capital grants	0											
71100.0	Investment income - unrestricted	0	(89)		8				21				60
71400.0	Fraud recovery - HUD	1,087	(1,087)		870				1,304				
71400.0	Fraud recovery - PHA	1,087	1,087										
71500.0	Other revenue - FSS absorption	2,799	2,799										
71500.0	Other revenue	2,495	(2,799)		4,933								361
		-----	-----		-----				-----				-----
70000.0	Total revenue	1,019,397	(89)		580,605			34,233	264,752				139,896
		-----	-----		-----			-----	-----				-----
	EXPENSES												
	Expenses - administrative:												
91200.0	Auditing fees	5,200			3,276				1,612				312
91300.0	Management fees	70,842			39,427				24,794				6,621
91300.0	Management fees - CARES	14,061			14,061								
91310.0	Bookkeeping	0											
91600.0	Office expense	23,144			16,662				6,187				295
91600.0	Office expense - CARES	898			898								
91900.0	Other	9,786			5,772				2,253				1,761
	Expenses - tenant services:												
92100.0	Tenant services - salaries	34,233						34,233					
	Expenses - utilities:												
93100.0	Water	3,426											3,426
93200.0	Electricity	223											223
93300.0	Gas	970			910								60
93500.0	Garbage and trash	17	17										
93600.0	Sewer	25											25
	Expenses - maint and operations:												
94100.0	Labor	9,392											9,392
94200.0	Materials and other	11,412	8,890										2,522
94300.0	Operations contracts	7,958	(17)										7,975
94500.0	Employee benefit contributions	0	(719)										719
	Expenses - general:												
96110.0	Insurance premiums - property	9,101	878										8,223
96120.0	Insurance premiums - liability	0											
96140.0	Insurance premiums - other	1,207			761			446					
96200.0	Other general expenses	172	(8,890)		172								8,890
96710.0	Interest expense on bonds	0	(33,088)										33,088
96720.0	Amotization of bond issue cost	0	(158)										158
	Housing Assistance Payments (HAP):												
97300.0	Landlords	720,294	(30,515)		523,682				227,127				
97300.0	FSS	30,515	30,515										
97400.0	Depreciation	48,728			673								48,055
		-----	-----		-----			-----	-----				-----
96900.0	Total operating expenses	1,001,604	(33,087)		606,294			34,233	262,419				131,745
		-----	-----		-----			-----	-----				-----
97200.0	Casualty losses	0											
		-----	-----		-----			-----	-----				-----
90000.0	Total expenses	1,001,604	(33,087)		606,294			34,233	262,419				131,745
		-----	-----		-----			-----	-----				-----
	Other financing sources (uses):												
71100.01	Investment income - HAP	2	2										
71100.02	Investment income - admin	88	88										
96720.0	Interest expense	(33,088)	(33,088)										
		-----	-----		-----			-----	-----				-----
10100.0	Total other financing sources (uses):	(32,998)	(32,998)		0			0	0				0
		-----	-----		-----			-----	-----				-----
10000.0	Change in net position	(15,205)	0		(25,689)			0	2,333				8,151
		-----	-----		-----			-----	-----				-----
	NET POSITION												
11030.0	Beginning	(83,256)			28,243			0	40,639				(152,138)
11040.0	Prior period adjustments	8,273			(618)			0					8,891
		-----	-----		-----			-----	-----				-----
11170.0	Ending	(90,188)	0		1,936			0	42,972				(135,096)

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

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

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund of the Mobridge Housing & Redevelopment Commission (Commission), a component unit of the City of Mobridge, Walworth County, South Dakota, as of December 31, 2021, and for the one year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued my report thereon dated September 20, 2022, which was unmodified.

Compliance and Other Matters

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

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

Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters and on Internal Control
Page Two

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

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of Mobridge Housing & Redevelopment Commission in a separate Letter of Comments dated September 20, 2022.


Purpose of the Report

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

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

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

September 20, 2022

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive, flowing style.

REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Mobridge Housing and Redevelopment Commission
Mobridge, South Dakota
Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program:

I have audited the Mobridge Housing and Redevelopment Commission's (Commission) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement*, that could have a direct and material effect on the Commission's major federal program as of December 31, 2021 and for the year then ended. The Commission's major federal program is identified in the summary of auditor's results section in the accompanying schedule of audit findings and questioned cost (page 29).

In my opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ending December 31, 2021.

Basis for Opinion on a Major Federal Program:

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Commission and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for the Commission's major federal program. My audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance:

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance:

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood, that individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, I:

- > Exercise professional judgment and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- > Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify a deficiency in internal control over compliance that I consider to be material a weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

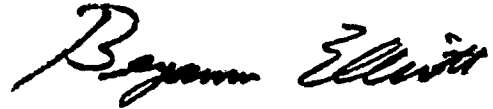
A *significant deficiency* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important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

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive, flowing style.

September 20, 2022

MOBRIDGE HOUSING & REDEVELOPMENT COMMISSION
A COMPONENT UNIT OF THE CITY OF MOBRIDGE, SOUTH DAKOTA
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF PRIOR CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Prior Federal Compliance Audit Findings:

There were no prior year federal compliance audit findings.

Prior Other Audit Findings:

There were no prior year other audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Material noncompliance noted:	None Reported
Internal control over financial reporting:	
* Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
* Material weakness(es) identified.	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses.	None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None Reported
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Identification of major program:

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

Dollar threshold used to distinguish between Type A and Type B federal award programs.	\$750,000
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Does the Mobridge Housing and Redevelopment Commission qualify as a low-risk auditee?	Yes
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II. Financial Statement Findings

None Reported

III. Federal Award Findings and Questioned Costs

None Reported

IV. Prior Year Findings

None Reported