

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

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

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

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*Wohlenberg
Ritzman & Co., LLC*

certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Pierre, South Dakota
Hughes County, South Dakota

Report on Financial Statements

We have audited the accompanying financial statements of **The Housing and Redevelopment Commission of the City of Pierre, South Dakota, a component unit of the City of Pierre, South Dakota** (hereinafter referred to as the Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal 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 financial position of the Commission, as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Notes 2 and 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*, which has resulted in a restatement of the net position as of July 1, 2014. 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.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The financial data schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 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.

Uhlenberg Ritzman + Co., LLC

Yankton, South Dakota
March 20, 2016

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis
For the Year Ended June 30, 2015*

Introduction

This Management's Discussion and Analysis (MD&A) of the Pierre Housing & Redevelopment Commission (Commission) provides an introduction and overview to the financial statements of the Pierre Housing & Redevelopment Commission for the fiscal year ended June 30, 2015. The Pierre Housing & Redevelopment Commission presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2015, to assist the reader in focusing on significant financial issues.

The primary focus of the Commission's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Pierre Housing & Redevelopment Commission. The information contained herein this MD&A should be considered in conjunction with the Commission's financial statements and related notes to the financial statements.

The Commission has three individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program (CFP), and the Housing Choice Voucher Program (HCV).

- The Low Rent Program consists of 50 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Commission to provide capital improvements for the current dwelling structures and assist in their operations.
- The Housing Choice Voucher Program provides rental assistance to aid low income families with affordable, decent, safe, and sanitary rental housing. The Commission provides rental assistance in the form of a housing assistance payment to a landlord on behalf of the tenant. The Commission currently has 206 units available. Funds are provided by HUD to provided rental assistance payments. The Commission is provided an administrative fee for the purpose of covering the administrative costs of the program. The administrative fee is computed by HUD on an annual basis.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Commission's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Commission is improving or deteriorating. Net Position is comprised of three individual components:

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Commission for the fiscal year ended June 30, 2015, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2015.

Financial Highlights

The Pierre Housing & Redevelopment Commission's net position decreased from \$1,232,665 to \$1,216,876, a decrease of \$15,789. Total assets decreased by \$3,620.

Total revenue increased from \$949,213 to \$970,998, an increase of \$21,785 or 2%.

Total expenses increased by \$70,166, from \$945,207 to \$1,015,373 for the current year. This represents an increase of 7%.

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*

Housing Commission Activities & Highlights

The Commission's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended June 30, 2015, and 2014.

**Summary Statement of Net Position
June 30, 2015 and 2014**

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 589,236	\$ 625,107	\$ (35,871)	-6%
Noncurrent Assets	\$ 671,484	\$ 639,233	\$ 32,251	5%
Total Assets	\$ 1,260,720	\$ 1,264,340	\$ (3,620)	0%
Deferred Outflow of Resources	\$ 46,734	\$ -	\$ 46,734	NA
Current Liabilities	\$ 24,961	\$ 27,541	\$ (2,580)	-9%
Noncurrent Liabilities	\$ 3,961	\$ 4,134	\$ (173)	-4%
Total Liabilities	\$ 28,922	\$ 31,675	\$ (2,753)	-9%
Deferred Inflow of Resources	\$ 61,656	\$ -	\$ 61,656	NA
Unrestricted	\$ 560,314	\$ 567,534	\$ (7,220)	-1%
Restricted	\$ 38,314	\$ 25,898	\$ 12,416	48%
Net Investment in Capital Assets	\$ 618,248	\$ 639,233	\$ (20,985)	-3%
Total Net Position	\$ 1,216,876	\$ 1,232,665	\$ (15,789)	-1%

Current Assets

The Commission's current asset balances decreased by \$35,871. Restricted cash and investments decreased from \$32,011 to \$5,810. This reduction in restricted cash was due to HAP expenditures exceeding HAP funding. Unrestricted cash and investments also decreased from \$549,718 to \$536,932, a decrease of \$12,786 from June 30, 2014 to June 30, 2015. This was due to operating expenses exceeding operating revenue. In addition, the Commission's prepaid insurance decreased by \$3,778 due to a change in insurance providers. In contrast, A/R-HUD increased by \$6,488 due to a capital funds receivable related to roofing and flooring.

Noncurrent Assets

The Commission's noncurrent asset balance increased primarily due to the recording of a pension plan. The Commission participates in the South Dakota Retirement System (SDSR). Due to the requirements set forth in GASB Statement 68, a balance was recorded as other asset in the amount of \$53,236. The South Dakota Retirement System is one of a few pension plans that is fully funded.

Deferred Outflow/Inflow Balances of Resources

The Commission participates in the South Dakota Retirement System. Due to the requirements set forth in GASB Statement 68, balances in these line items are now reported.

Total Liabilities

Total liabilities decreased by \$2,753 primarily due to a decrease in unearned revenues in the amount of \$2,534 related to the HCV program administrative fee revenue.

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*

Net Position

The net position of the Commission decreased by \$15,789 when compared to the previous fiscal year. The Commission's unrestricted component of net position changed from \$567,534 to \$560,314, a decrease of \$7,220 or 1% for the current year. This was primarily due to prior year adjustments related to GASB statement 68 in the amount of \$28,586. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Low Rent Housing Program	\$ 513,717
Housing Choice Vouchers	<u>\$ 46,597</u>
Total Unrestricted	<u>\$ 560,314</u>

The Commission's restricted component of the net position changed from \$25,898 to \$38,314. This was due to HAP expenditures exceeding HAP revenues in the amount of \$25,898, and net position restricted for pension purposes increasing in the amount of \$38,314.

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended June 30, 2015 and 2014**

<u>Category</u>	<u>FYE 2015</u>	<u>FYE 2014</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 133,823	\$ 126,538	\$ 7,285	6%
HUD Operating Grants	\$ 770,099	\$ 784,338	\$ (14,239)	-2%
Capital Grants	\$ 54,976	\$ 23,864	\$ 31,112	130%
Interest Income	\$ 1,525	\$ 2,188	\$ (663)	-30%
Other Revenue	\$ 10,575	\$ 12,285	\$ (1,710)	-14%
Total Revenue	\$ 970,998	\$ 949,213	\$ 21,785	2%
Administration	\$ 171,344	\$ 170,736	\$ 608	0%
Tenant Service	\$ 2,425	\$ 3,135	\$ (710)	-23%
Utilities	\$ 58,680	\$ 54,027	\$ 4,653	9%
Ordinary Maintenance	\$ 91,484	\$ 83,941	\$ 7,543	9%
General Expense	\$ 55,402	\$ 40,724	\$ 14,678	36%
Housing Assistance Payments	\$ 553,576	\$ 506,857	\$ 46,719	9%
HAP Portability-in	\$ -	\$ 2,161	\$ (2,161)	-100%
Depreciation	\$ 82,462	\$ 83,626	\$ (1,164)	-1%
Total Expenses	\$ 1,015,373	\$ 945,207	\$ 70,166	7%
Increase (Decrease) in Net Position	\$ (44,375)	\$ 4,006	\$ (48,381)	-1208%
Net Position, Beginning of Year	\$ 1,232,665	\$ 1,228,659	\$ 4,006	0%
Prior Year Adjustments	\$ 28,586	\$ -	\$ 28,586	NA
Net Position, End of Year	\$ 1,216,876	\$ 1,232,665	\$ (15,789)	-1%

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*

Results of Operations

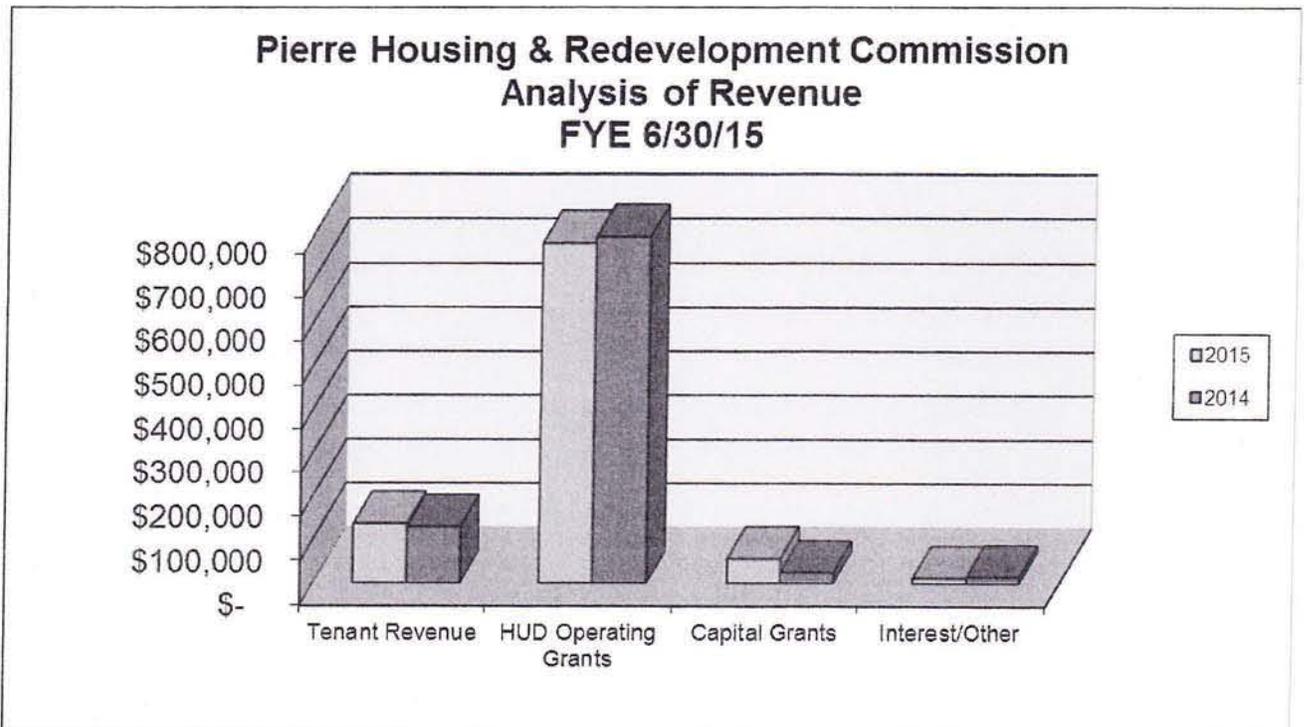
Revenues of the Commission are generated principally Federal and State funding grant income. The Commission's revenue increased by \$21,785 compared to the previous fiscal year. Significant variances include the following:

- Capital grants increased by \$31,112 due to capital improvement projects funded by the CFP Program.

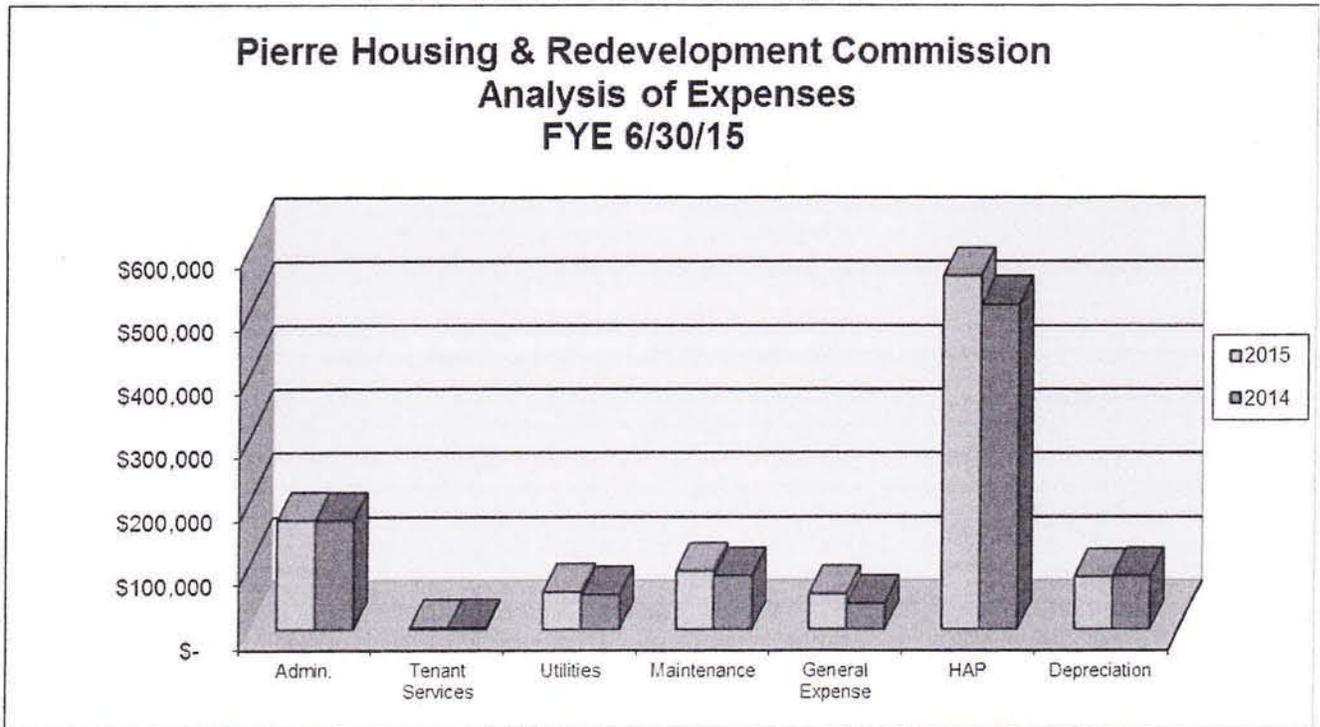
Total expenses increased by \$70,166. Significant variances include the following:

- General expenses increased by \$14,678 due to an increase in property insurance due to a change in insurance companies.
- Housing assistance payments increased by \$46,719 due to an increase in the average HAP payment per voucher. The average HAP payment per voucher increased from \$299 per month in the prior year to \$335 per month in the current year.

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*



Capital Assets

As of June 30, 2015, the Pierre Housing & Redevelopment Commission's net investment in capital assets was \$618,248. This investment includes building improvements and equipment, net of accumulated depreciation.

Category	FYE 2015	FYE 2014	Change \$	Change %
Land	\$ 80,645	\$ 80,645	\$ -	0%
Buildings	\$ 2,571,735	\$ 2,517,655	\$ 54,080	2%
Equipment	\$ 219,992	\$ 212,595	\$ 7,397	3%
Construction in Progress	\$ -	\$ -	\$ -	
Accumulated Depreciation	\$ (2,254,124)	\$ (2,171,662)	\$ (82,462)	4%
Total Net Fixed Assets	\$ 618,248	\$ 639,233	\$ (20,985)	-3%

Buildings increased by \$54,080 due to roof and carpet projects funded by the 2013, 2014 and 2015 CFPs.

Equipment increased by \$7,397 due to the purchase of an A/C by the 2013 and 2014 CFPs.

Long term Debt

The Commission classifies a portion of the employee's leave as long term debt. This is because the Commission does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term was \$3,961.

Due to the Commission's participation in the South Dakota Retirement System, GASB statement #68 requires the recording of the liabilities.

*Pierre Housing & Redevelopment Commission
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2015*

Subsequent Event

Due to the 2015 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program was prorated to 89% for the calendar year 2015.

The amount of funding for the 2015 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at an estimated 79% and HAP funding at 100%.

Request for Information

This financial report is designed to provide a general overview of the Commission's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Pierre Housing & Redevelopment Commission
John Stengle, Executive Director
PO Box 937
Pierre, SD 57501

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

**STATEMENT OF NET POSITION
JUNE 30, 2015**

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 542,742
Accounts receivable:	
HUD other projects	14,107
Tenants, net of allowance of \$165	707
Fraud recovery, net of allowance of \$347	348
Interest receivable	342
Prepaid expenses	27,740
Inventories, net of allowance of \$361	3,250
Total current assets	<u>589,236</u>
Noncurrent assets:	
Net pension asset	53,236
Capital assets:	
Land	80,645
Buildings and improvements	2,571,735
Furniture and equipment	219,992
Accumulated depreciation	<u>(2,254,124)</u>
Total noncurrent assets	<u>671,484</u>
Total assets	<u>1,260,720</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	<u>46,734</u>
 LIABILITIES	
Current liabilities:	
Accounts payable - vendors	3,282
Accrued payroll and taxes	1,288
Accounts payable - other government	7,225
Tenant security deposits	5,810
Unearned revenue	6
Other current liabilities	3,392
Current portion of noncurrent liabilities:	
Accrued compensated absences	3,958
Total current liabilities	<u>24,961</u>
Noncurrent liabilities:	
Accrued compensated absences	3,961
Total liabilities	<u>28,922</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	<u>61,656</u>
 NET POSITION	
Investment in capital assets	618,248
Restricted for SDRS net pension asset	38,314
Unrestricted	560,314
Total net position	<u>\$ 1,216,876</u>

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

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

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2015**

OPERATING REVENUES	
Net tenant rental revenue	\$ 130,930
Tenant revenue - other	2,893
Fraud recovery	5,802
Pension revenue	2,249
Total operating revenues	<u>141,874</u>
OPERATING EXPENSES	
Administrative	171,344
Tenant services	2,425
Utilities	58,680
Maintenance and operations	91,484
Protective services	704
Insurance	37,928
Other general expenses	16,770
Housing assistance payments	553,576
Depreciation	82,462
Total operating expenses	<u>1,015,373</u>
Operating (loss)	<u>(873,499)</u>
NONOPERATING REVENUES	
HUD PHA grants - direct	770,099
Investment income	1,525
Other revenue	2,524
Total nonoperating revenues	<u>774,148</u>
(Loss) before contributions	(99,351)
Capital contributions and grants	<u>54,976</u>
Change in net position	(44,375)
Net position - beginning of year	1,232,665
Prior period adjustment	28,586
Net position - beginning of year, restated	<u>1,261,251</u>
Net position - end of year	<u>\$ 1,216,876</u>

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

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

STATEMENT OF CASH FLOWS (PAGE 1 OF 2)
YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	\$ 138,110
Payments to tenants through escrow	(303)
Payments to employees	(179,871)
Payments to others for goods and services	(203,557)
Housing assistance payments	<u>(553,576)</u>
Net cash (used in) operating activities	<u>(799,197)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants received	770,398
Other revenue	<u>2,524</u>
Net cash provided by noncapital financing activities	<u>772,922</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants received	47,233
Acquisition of capital assets	<u>(61,477)</u>
Net cash (used in) capital and related financing activities	<u>(14,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>1,532</u>
Net cash provided by investing activities	<u>1,532</u>
Net decrease in cash and cash equivalents	(38,987)
Balances - beginning of the year	<u>581,729</u>
Balances - end of the year	<u>\$ 542,742</u>

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

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

STATEMENT OF CASH FLOWS PAGE (2 OF 2)
YEAR ENDED JUNE 30, 2015

Reconciliation of operating (loss) to net cash (used in)	
operating activities:	
Operating (loss)	\$ (873,499)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation expense	82,462
Change in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable - tenants	2
Accounts receivable - fraud recovery	61
Prepaid expenses	3,778
Inventories	(476)
Pension related assets	(9,728)
Increase (decrease) in:	
Accounts payable - vendors	494
Accounts payable - other government	(2,359)
Accrued expenses	1,788
Accrued compensated absences	161
Prepaid rents	(1,578)
Tenant security deposits	<u>(303)</u>
Net cash (used in) operating activities	<u>\$ (799,197)</u>

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity

The Housing and Redevelopment Commission of the City of Pierre, South Dakota (the Commission) was organized in 1972 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 commission 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 Pierre, South Dakota retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the governing board the ability to impose its will on the Commission.

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

The Governmental Accounting Standards Board (GASB) establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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 in the Commission's financial statements.

Nature of Business

The Commission administers various low-income housing assistance payment programs in Pierre, South Dakota. PAS/LOCCS Project No. SD035 operates 50 units; and Project No. SD035VO is authorized to operate 206 units under the Section 8 Housing Choice Vouchers Program.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Nature of Business, continued

The Fort Pierre Housing and Redevelopment Commission (FPHRC) has signed a joint powers agreement with The Housing and Redevelopment Commission of the City of Pierre, South Dakota (HRCP). This agreement is to establish various rights and responsibilities between the parties and the HRCP to operate, manage, and administer the HUD Section 8 Rental Assistance Program of the FPHRC of Fort Pierre, Stanley County, South Dakota. No monies have been exchanged or are due as of and for the year ended June 30, 2015.

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

The financial statements are presented using the economic resources measurement focus, applied on the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

Accounts Receivable

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

Fraud Recovery

HUD requires the Commission to account for monies recovered from tenants who committed fraud or misrepresentation during 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 Commission.

Inventories

Inventories consisting of supplies are valued at cost. An allowance for obsolescence has been calculated based on historical trends.

Capital Assets

All acquisitions of property and equipment in excess of \$750 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	40
Modernization improvements	15
Equipment	3-5

Land, an inexhaustible capital asset, is not depreciated.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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 employments, 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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 PHA grants.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 - Is 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 - Any 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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Budgets

The Commission is not legally required to adopt a budget, therefore, budgetary data is not included in the required supplementary information. Capital Fund budgets are adopted on a "project length" basis and prepared in accordance with HUD requirements.

2. IMPLEMENTATION OF GASB STATEMENT NO. 68 AND GASB STATEMENT NO. 71

As of July 1, 2014, the Commission adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability/asset, deferred outflows of resources, deferred inflows of resources, and pension expense (revenue). The effect of the implementation of these standards on beginning net position is disclosed below and the additional disclosures required by these standards are included in Note 7.

Beginning net position was restated to retroactively report the beginning net position liability and deferred outflows of resources related to contributions made after the measurement date as follows:

Net Position - June 30, 2014, as previously reported	\$	1,232,665
Restatement for pension accounting:		
Net Pension Asset		20,833
Pension related Deferred Outflows of Resources		7,753
		7,753
Net Position - July 1, 2014, as restated	\$	1,216,251

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

3. **DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

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

Deposits – The Commission's 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 does not have a deposit policy for custodial risk. As of June 30, 2015, the Commission's deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Investments – As of June 30, 2015, the Commission had no investments.

Authorized Investments by the Commission - The Commission does not have a formal investment policy that further limits investments beyond those imposed by statutes.

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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

3. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK, continued

Credit Risk – State law limits eligible investments for the Commission, as discussed above. The Commission has no investment policy that would further limit its investment choices. As of June 30, 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 June 30, 2015, the Commission had no investments.

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 80,645	\$ -	\$ -	\$ 80,645
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>80,645</u>	<u>-</u>	<u>-</u>	<u>80,645</u>
Capital assets being depreciated:				
Buildings and improvements	2,517,655	54,080	-	2,571,735
Furniture and equipment	212,594	7,398	-	219,992
Total capital assets being depreciated	<u>2,730,249</u>	<u>61,478</u>	<u>-</u>	<u>2,791,727</u>
Less accumulated depreciation for:				
Buildings and improvements	2,011,419	69,065	-	2,080,484
Furniture and equipment	160,243	13,397	-	173,640
Total accumulated depreciation	<u>2,171,662</u>	<u>82,462</u>	<u>-</u>	<u>2,254,124</u>
Total capital assets being depreciated, net	<u>558,587</u>	<u>(20,984)</u>	<u>-</u>	<u>537,603</u>
Capital assets, net	<u>\$ 639,232</u>	<u>\$ (20,984)</u>	<u>\$ -</u>	<u>\$ 618,248</u>

Depreciation expense was charged as follows:

Low Rent	\$ 78,972
Capital Fund Program	<u>3,490</u>
 Total Depreciation Expense	 <u>\$ 82,462</u>

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

5. ACCOUNTS PAYABLE – OTHER GOVERNMENTS

Accounts payable – other governments at June 30, 2015 was \$7,225. The amount consists of payments in lieu of taxes computed at 10% of gross rents less utilities and is due and payable annually to the Hughes County, South Dakota, Treasurer.

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2015, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 7,758	\$ 3,785	\$ 3,624	\$ 7,919	\$ 3,958

7. PENSION PLAN

Plan Information

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. 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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

7. PENSION PLAN, continued

Benefits Provided, continued

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 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 June 30, 2015, 2014, and 2013 were \$7,840, \$7,753, and \$7,466, respectively, equal to the required contributions each year.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

7. PENSION PLAN, continued

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

At June 30, 2014, SDRS is 107% 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, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$	783,813
Less proportionate share of total pension liability		<u>730,577</u>
Proportionate share of net pension asset	\$	<u>53,236</u>

At June 30 2015, the Commission reported an asset of \$53,236 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 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, 2014, the Commission's proportion was 0.0073892%.

For the year ended June 30, 2015, the Commission recognized pension revenue of \$2,249. At June 30, 2015 the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,504	\$ -
Changes in assumption	34,751	-
Net difference between projected and actual earnings on pension plan investments	-	61,656
Commission contributions subsequent to the measurement date	<u>7,479</u>	<u>-</u>
Total	<u>\$ 46,734</u>	<u>\$ 61,656</u>

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

7. PENSION PLAN, continued

\$7,479 reported as deferred outflow of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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 June 30:

2016	\$	4,230
2017		4,230
2018		4,230
2019		<u>9,710</u>
Total	\$	<u>22,400</u>

Actuarial Assumptions

The total pension asset in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2010. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

7. PENSION PLAN, continued

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	<u>2.0%</u>	0.8%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension asset was 7.25 percent through 2016 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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

7. PENSION PLAN, continued

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 2016 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:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net pension liability/(asset)	\$ 52,607	\$ (53,236)	\$ (139,563)

Pension Plan Fiduciary Net Position

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

8. 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 June 30, 2015 the Commission managed its risks as follows:

Employee Health Insurance

The Commission purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

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.

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

NOTES TO FINANCIAL STATEMENTS - continued
JUNE 30, 2015

8. RISK MANAGEMENT, continued

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.

9. CAPITAL FUNDS CLOSE-OUTS

	Grant SD06P035501-11	Grant SD06P035501-12
Authorized	\$ 59,577	\$ 54,884
Disbursed	(59,577)	(54,884)
Balance	\$ -	\$ -

The Schedule of Expenditures of Federal Awards for the year ended June 30, 2013 erroneously reported the 2011 grant expenditures of \$38,193 as 2012 grant expenditures. Also, the 2012 grant expenditures amounting to \$12,438 were mistakenly reported as 2013 grant expenditures.

	Grant SD06P035501-13	Grant SD06P035501-14
Authorized	\$ 52,928	\$ 55,103
Disbursed	(52,928)	(55,103)
Balance	\$ -	\$ -

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION ASSET**

South Dakota Retirement System

	<u>2015</u>
Commission's proportion of the net pension asset	0.0073892%
Commission's proportionate share of net pension asset	\$ 53,236
Commission's covered-employee payroll	\$ 129,217
Commission's proportionate share of the net pension asset as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total net pension asset	107.30%

* 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.

The accompanying notes are an integral part
of these financial statements

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

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS

South Dakota Retirement System

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 7,753	\$ 7,479
Contributions in relation to the contractually required contribution	<u>7,753</u>	<u>7,479</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 129,217	\$ 124,650
Contributions as a percentage of covered-employee payroll	6.00%	6.00%

The accompanying notes are an integral part
of these financial statements

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015**

**Schedule of the Proportionate Share of the Net Pension Asset and
Schedule of Contributions.**

With only one year reported in the RSI, there is no additional information to include in notes. Details, if necessary, can be obtained from the SDRS audited financial statements.

Changes of benefit terms:

No changes were made in SDRS benefits during the year.

Changes of assumptions:

No changes were made in SDRS actuarial assumptions during the year.

SUPPLEMENTARY INFORMATION

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

FINANCIAL DATA SCHEDULE - BALANCE SHEETS

JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871 Housing Choice Vouchers
111	Cash - Unrestricted	\$ 536,932	\$ -	\$ 502,201	\$ 34,731
112	Cash - Restricted - Modernization and Development	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	\$ -	\$ -	\$ -	\$ -
114	Cash - Tenant Security Deposits	\$ 5,810	\$ -	\$ 5,810	\$ -
115	Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$ -	\$ -
100	Total Cash	\$ 542,742	\$ -	\$ 508,011	\$ 34,731
121	Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -
122-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -
122-020	Capital Fund	\$ 11,906	\$ -	\$ 11,906	\$ -
122-030	Other	\$ 2,201	\$ -	\$ -	\$ 2,201
122	Accounts Receivable - HUD Other Projects	\$ 14,107	\$ -	\$ 11,906	\$ 2,201
124	Accounts Receivable - Other Government	\$ -	\$ -	\$ -	\$ -
125-010	Not For Profit	\$ -	\$ -	\$ -	\$ -
125-020	Partnership	\$ -	\$ -	\$ -	\$ -
125-030	Joint Venture	\$ -	\$ -	\$ -	\$ -
125-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
125-050	Other	\$ -	\$ -	\$ -	\$ -
125-060	Other Comments				
125	Accounts Receivable - Miscellaneous	\$ -	\$ -	\$ -	\$ -
126	Accounts Receivable - Tenants	\$ 872	\$ -	\$ 872	\$ -
126.1	Allowance for Doubtful Accounts - Tenants	\$ (165)	\$ -	\$ (165)	\$ -
126.2	Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -
128	Fraud Recovery	\$ 695	\$ -	\$ -	\$ 695
128.1	Allowance for Doubtful Accounts - Fraud	\$ (347)	\$ -	\$ -	\$ (347)
129	Accrued Interest Receivable	\$ 342	\$ -	\$ 342	\$ -
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 15,504	\$ -	\$ 12,955	\$ 2,549
131	Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -
132	Investments - Restricted	\$ -	\$ -	\$ -	\$ -
135	Investments - Restricted for Payment of Current Liability	\$ -	\$ -	\$ -	\$ -
142	Prepaid Expenses and Other Assets	\$ 27,740	\$ -	\$ 26,822	\$ 918
143	Inventories	\$ 3,611	\$ -	\$ 3,611	\$ -
143.1	Allowance for Obsolete Inventories	\$ (361)	\$ -	\$ (361)	\$ -
144	Inter Program Due From	\$ -	\$ (23,603)	\$ 11,906	\$ 11,697
145	Assets Held for Sale	\$ -	\$ -	\$ -	\$ -
150	Total Current Assets	\$ 589,236	\$ (23,603)	\$ 562,944	\$ 49,895
161	Land	\$ 80,645	\$ -	\$ 80,645	\$ -
162	Buildings	\$ 2,571,735	\$ -	\$ 2,571,735	\$ -
163	Furniture, Equipment & Machinery - Dwellings	\$ 139,947	\$ -	\$ 139,947	\$ -
164	Furniture, Equipment & Machinery - Administration	\$ 80,046	\$ -	\$ 80,046	\$ -
165	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -
166	Accumulated Depreciation	\$ (2,254,125)	\$ -	\$ (2,254,125)	\$ -
167	Construction in Progress	\$ -	\$ -	\$ -	\$ -
168	Infrastructure	\$ -	\$ -	\$ -	\$ -
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 618,248	\$ -	\$ 618,248	\$ -
171-010	Not For Profit	\$ -	\$ -	\$ -	\$ -
171-020	Partnership	\$ -	\$ -	\$ -	\$ -
171-030	Joint Venture	\$ -	\$ -	\$ -	\$ -
171-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
171-050	Other	\$ -	\$ -	\$ -	\$ -
171-060	Other Comments				
171	Notes, Loans and Mortgages Receivable - Noncurrent	\$ -	\$ -	\$ -	\$ -
172-010	Not For Profit	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - BALANCE SHEETS

JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871 Housing Choice Vouchers
172-020	Partnership	\$ -	\$ -	\$ -	\$ -
172-030	Joint Venture	\$ -	\$ -	\$ -	\$ -
172-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
172-050	Other	\$ -	\$ -	\$ -	\$ -
172-060	Other Comments				
172	Notes, Loans, & Mortgages Receivable - Noncurrent - Past Due	\$ -	\$ -	\$ -	\$ -
173	Grants Receivable - Noncurrent	\$ -	\$ -	\$ -	\$ -
174-010	Not For Profit	\$ -	\$ -	\$ -	\$ -
174-020	Partnership	\$ -	\$ -	\$ -	\$ -
174-030	Joint Venture	\$ -	\$ -	\$ -	\$ -
174-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
174-050	Other	\$ -	\$ -	\$ -	\$ -
174-060	Other Comments - Net Pension Asset	\$ 53,236		\$ 36,174	\$ 17,062
174	Other Assets	\$ 53,236	\$ -	\$ 36,174	\$ 17,062
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 Noncurrent Assets	\$ 671,484	\$ -	\$ 654,422	\$ 17,062
190	Total Assets	\$ 1,260,720	\$ (23,603)	\$ 1,217,366	\$ 66,957
200	Deferred Outflow of Resources	\$ 46,734	\$ -	\$ 31,676	\$ 15,058
290	Total Assets and Deferred Outflow of Resources	\$ 1,307,454	\$ (23,603)	\$ 1,249,042	\$ 82,015
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	\$ 3,282	\$ -	\$ 2,605	\$ 677
313	Accounts Payable >90 Days Past Due	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	\$ 1,288	\$ -	\$ 876	\$ 412
322	Accrued Compensated Absences - Current Portion	\$ 3,958	\$ -	\$ 2,663	\$ 1,295
324	Accrued Contingency Liability	\$ -	\$ -	\$ -	\$ -
325	Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -
331-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -
331-020	Capital Fund	\$ -	\$ -	\$ -	\$ -
331-030	Other	\$ -	\$ -	\$ -	\$ -
331	Accounts Payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ -
332	Account Payable - PHA Projects	\$ -	\$ -	\$ -	\$ -
333	Accounts Payable - Other Government	\$ 7,225	\$ -	\$ 7,225	\$ -
341	Tenant Security Deposits	\$ 5,810	\$ -	\$ 5,810	\$ -
342-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -
342-020	Capital Fund	\$ -	\$ -	\$ -	\$ -
342-030	Other	\$ 6	\$ -	\$ 351	\$ (345)
342	Unearned Revenue	\$ 6	\$ -	\$ 351	\$ (345)
343-010	CFFP	\$ -	\$ -	\$ -	\$ -
343-020	Capital Projects/Mortgage Revenue	\$ -	\$ -	\$ -	\$ -
343	Current Portion of Long-term Debt - Capital Projects/Mortgage	\$ -	\$ -	\$ -	\$ -
344	Current Portion of Long-term Debt - Operating Borrowings	\$ -	\$ -	\$ -	\$ -
345	Other Current Liabilities	\$ -	\$ -	\$ -	\$ -
346	Accrued Liabilities - Other	\$ 3,392	\$ -	\$ 3,392	\$ -
347	Inter Program - Due To	\$ -	\$ (23,603)	\$ 23,603	\$ -
348-010	Not For Profit	\$ -	\$ -	\$ -	\$ -
348-020	Partnership	\$ -	\$ -	\$ -	\$ -
348-030	Joint Venture	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - BALANCE SHEETS
JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14,871 Housing Choice Vouchers
348-040	Tax Credit	\$ -	\$ -	\$ -	\$ -
348-050	Other	\$ -	\$ -	\$ -	\$ -
348-060	Other Comments				
348	Loan Liability - Current	\$ -	\$ -	\$ -	\$ -
310	Total Current Liabilities	\$ 24,961	\$ (23,603)	\$ 46,525	\$ 2,039
351-010	CFFP	\$ -	\$ -	\$ -	\$ -
351-020	Capital Projects/Mortgage Revenue	\$ -	\$ -	\$ -	\$ -
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$ -	\$ -	\$ -	\$ -
352	Long-term Debt, Net of Current - Operating Borrowings	\$ -	\$ -	\$ -	\$ -
353	Noncurrent Liabilities - Other	\$ -	\$ -	\$ -	\$ -
354	Accrued Compensated Absences - Noncurrent	\$ 3,961	\$ -	\$ 2,702	\$ 1,259
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 - Noncurrent	\$ -	\$ -	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -
357-010	Pension Liability	\$ -	\$ -	\$ -	\$ -
357-020	OPEB Liability	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liabilities	\$ -	\$ -	\$ -	\$ -
350	Total Noncurrent Liabilities	\$ 3,961	\$ -	\$ 2,702	\$ 1,259
300	Total Liabilities	\$ 28,922	\$ (23,603)	\$ 49,227	\$ 3,298
400	Deferred Inflow of Resources	\$ 61,656	\$ -	\$ 41,895	\$ 19,761
508.4	Net Investment in Capital Assets	\$ 618,248	\$ -	\$ 618,248	\$ -
511.4	Restricted Net Position	\$ 38,314	\$ -	\$ 25,955	\$ 12,359
512.4	Unrestricted Net Position	\$ 560,314	\$ -	\$ 513,717	\$ 46,597
513	Total Equity - Net Assets / Position	\$ 1,216,876	\$ -	\$ 1,157,920	\$ 58,956
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$ 1,307,454	\$ (23,603)	\$ 1,249,042	\$ 82,015

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENTS
YEAR ENDED JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers
70300	Net Tenant Rental Revenue	\$ 130,930	\$ -	\$ 130,930	\$ -	\$ -
70400	Tenant Revenue - Other	\$ 2,893	\$ -	\$ 2,893	\$ -	\$ -
70500	Total Tenant Revenue	\$ 133,823	\$ -	\$ 133,823	\$ -	\$ -
70600	HUD PHA Operating Grants	\$ 770,099	\$ -	\$ 123,616	\$ 38,068	\$ 608,415
70610	Capital Grants	\$ 54,976	\$ -	\$ -	\$ 54,976	\$ -
70710	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
70720	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
70730	Bookkeeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ -	\$ -	\$ -
70750	Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
70800	Other Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -
71100	Investment Income - Unrestricted	\$ 1,525	\$ -	\$ 1,525	\$ -	\$ -
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	\$ 2,901	\$ -	\$ -	\$ -	\$ 2,901
71400-020	Fraud Recovery - Administrative Fee	\$ 2,901	\$ -	\$ -	\$ -	\$ 2,901
71500	Other Revenue	\$ 4,773	\$ -	\$ 3,462	\$ -	\$ 1,311
71600	Gain or Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
72000	Investment Income - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
70000	Total Revenue	\$ 970,998	\$ -	\$ 262,426	\$ 93,044	\$ 615,528
91100	Administrative Salaries	\$ 93,343	\$ -	\$ 52,382	\$ -	\$ 40,961
91200	Auditing Fees	\$ 9,565	\$ -	\$ 6,504	\$ -	\$ 3,061
91300-010	To PHA Administered Program (i.e., COCC)	\$ -	\$ -	\$ -	\$ -	\$ -
91300-020	To a Third Party/Outside Entity	\$ -	\$ -	\$ -	\$ -	\$ -
91300	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
91310	Bookkeeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -
91400	Advertising and Marketing	\$ 14	\$ -	\$ 14	\$ -	\$ -
91500	Employee Benefit contributions - Administrative	\$ 26,783	\$ -	\$ 14,837	\$ -	\$ 11,946
91600	Office Expenses	\$ 12,219	\$ -	\$ 8,498	\$ -	\$ 3,721
91700	Legal Expense	\$ 244	\$ -	\$ 219	\$ -	\$ 25
91800	Travel	\$ 13,027	\$ -	\$ 10,819	\$ -	\$ 2,208
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -	\$ -
91900	Other	\$ 16,149	\$ -	\$ 10,648	\$ -	\$ 5,501
91000	Total Operating - Administrative	\$ 171,344	\$ -	\$ 103,921	\$ -	\$ 67,423
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	\$ 2,136	\$ -	\$ 2,136	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -	\$ -
92300	Employee Benefit Contributions - Tenant Services	\$ 162	\$ -	\$ 162	\$ -	\$ -
92400	Tenant Services - Other	\$ 127	\$ -	\$ 127	\$ -	\$ -
92500	Total Tenant Services	\$ 2,425	\$ -	\$ 2,425	\$ -	\$ -
93100	Water	\$ 11,608	\$ -	\$ 11,608	\$ -	\$ -
93200	Electricity	\$ 9,703	\$ -	\$ 9,703	\$ -	\$ -
93300	Gas	\$ 25,806	\$ -	\$ 25,806	\$ -	\$ -
93400	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -	\$ -
93600	Sewer	\$ 7,929	\$ -	\$ 7,929	\$ -	\$ -
93700	Employee Benefit Contributions - Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
93800	Other Utilities Expense	\$ 3,634	\$ -	\$ 3,634	\$ -	\$ -
93000	Total Utilities	\$ 58,680	\$ -	\$ 58,680	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENTS
YEAR ENDED JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers
94100	Ordinary Maintenance and Operations - Labor	\$ 31,315	\$ -	\$ 31,315	\$ -	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	\$ 18,793	\$ -	\$ 18,793	\$ -	\$ -
94300-010	Garbage and Trash Removal Contracts	\$ 6,755	\$ -	\$ 6,755	\$ -	\$ -
94300-020	Heating & Cooling Contracts	\$ 4,163	\$ -	\$ 4,163	\$ -	\$ -
94300-030	Snow Removal Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
94300-040	Elevator Maintenance Contracts	\$ 4,869	\$ -	\$ 4,869	\$ -	\$ -
94300-050	Landscape & Grounds Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
94300-060	Unit Turnaround Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
94300-070	Electrical Contracts	\$ 3,333	\$ -	\$ 3,333	\$ -	\$ -
94300-080	Plumbing Contracts	\$ 1,087	\$ -	\$ 1,087	\$ -	\$ -
94300-090	Extermination Contracts	\$ 3,035	\$ -	\$ 3,035	\$ -	\$ -
94300-100	Janitorial Contracts	\$ 138	\$ -	\$ 138	\$ -	\$ -
94300-110	Routine Maintenance Contracts	\$ 1,159	\$ -	\$ 1,159	\$ -	\$ -
94300-120	Miscellaneous Contracts	\$ 4,965	\$ -	\$ 4,946	\$ -	\$ 19
94300	Ordinary Maintenance and Operations Contracts	\$ 29,504	\$ -	\$ 29,485	\$ -	\$ 19
94500	Employee Benefit Contributions - Ordinary Maintenance	\$ 11,872	\$ -	\$ 11,872	\$ -	\$ -
94000	Total Maintenance	\$ 91,484	\$ -	\$ 91,465	\$ -	\$ 19
95100	Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ -	\$ -
95300	Protective Services - Other	\$ 704	\$ -	\$ 704	\$ -	\$ -
95500	Employee Benefit Contributions - Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -
95000	Total Protective Services	\$ 704	\$ -	\$ 704	\$ -	\$ -
96110	Property Insurance	\$ 30,330	\$ -	\$ 30,330	\$ -	\$ -
96120	Liability Insurance	\$ 1,669	\$ -	\$ 1,135	\$ -	\$ 534
96130	Workmen's Compensation	\$ 3,699	\$ -	\$ 2,511	\$ -	\$ 1,188
96140	All Other Insurance	\$ 2,230	\$ -	\$ 2,230	\$ -	\$ -
96100	Total insurance Premiums	\$ 37,928	\$ -	\$ 36,206	\$ -	\$ 1,722
96200	Other General Expenses	\$ 64	\$ -	\$ 23	\$ -	\$ 41
96210	Compensated Absences	\$ 8,230	\$ -	\$ 5,540	\$ -	\$ 2,690
96300	Payments in Lieu of Taxes	\$ 7,225	\$ -	\$ 7,225	\$ -	\$ -
96400	Bad debt - Tenant Rents	\$ 1,251	\$ -	\$ 1,251	\$ -	\$ -
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	\$ 16,770	\$ -	\$ 14,039	\$ -	\$ 2,731
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -	\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -	\$ -
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -	\$ -
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 379,335	\$ -	\$ 307,440	\$ -	\$ 71,895
97000	Excess of Operating Revenue over Operating Expenses	\$ 591,663	\$ -	\$ (45,014)	\$ 93,044	\$ 543,633
97100	Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
97200	Casualty Losses - Non-capitalized	\$ -	\$ -	\$ -	\$ -	\$ -
97300	Housing Assistance Payments	\$ 553,576	\$ -	\$ -	\$ -	\$ 553,576
97350	HAP Portability-In	\$ -	\$ -	\$ -	\$ -	\$ -
97400	Depreciation Expense	\$ 82,462	\$ -	\$ 78,972	\$ 3,490	\$ -
97500	Fraud Losses	\$ -	\$ -	\$ -	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENTS
YEAR ENDED JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers
97600	Capital Outlays - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
97700	Debt Principal Payment - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
97800	Dwelling Units Rent Expense	\$ -	\$ -	\$ -	\$ -	\$ -
90000	Total Expenses	\$ 1,015,373	\$ -	\$ 386,412	\$ 3,490	\$ 625,471
10010	Operating Transfer In	\$ 38,068	\$ -	\$ 38,068	\$ -	\$ -
10020	Operating transfer Out	\$ (38,068)	\$ -	\$ -	\$ (38,068)	\$ -
10030-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -
10030-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -
10030-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -
10030-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -
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)	\$ -	\$ -	\$ 38,068	\$ (38,068)	\$ -
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	\$ (44,375)	\$ -	\$ (85,918)	\$ 51,486	\$ (9,943)
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	\$ 1,232,665	\$ -	\$ 1,127,493	\$ 45,435	\$ 59,737
11040-010	Prior Period Adjustments and Correction of Errors	\$ 28,586	\$ -	\$ 19,424	\$ -	\$ 9,162
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	\$ -	\$ -	\$ 18,410	\$ (18,410)	\$ -
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	\$ 28,586	\$ -	\$ 37,834	\$ (18,410)	\$ 9,162
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	\$ 43,001	\$ -	\$ -	\$ -	\$ 43,001
11170-010	Administrative Fee Revenue	\$ 83,638	\$ -	\$ -	\$ -	\$ 83,638
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -	\$ -
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -	\$ -
11170-040	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
11170-045	Fraud Recovery Revenue	\$ 2,901	\$ -	\$ -	\$ -	\$ 2,901
11170-050	Other Revenue	\$ 1,311	\$ -	\$ -	\$ -	\$ 1,311

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENTS
YEAR ENDED JUNE 30, 2015

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers
11170-051	Comment for Other Revenue					misc income \$589; pension revenue\$721
11170-060	Total Admin Fee Revenues	\$ 87,850	\$ -	\$ -	\$ -	\$ 87,850
11170-080	Total Operating Expenses	\$ 71,895	\$ -	\$ -	\$ -	\$ 71,895
11170-090	Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
11170-095	Housing Assistance Payment Portability In	\$ -	\$ -	\$ -	\$ -	\$ -
11170-100	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
11170-101	Comment for Other Expenses					
11170-110	Total Expenses	\$ 71,895	\$ -	\$ -	\$ -	\$ 71,895
11170-002	Net Administrative Fee	\$ 15,955	\$ -	\$ -	\$ -	\$ 15,955
11170-003	Administrative Fee Equity - Ending Balance	\$ 58,956	\$ -	\$ -	\$ -	\$ 58,956
11170-005	Pre-2004 Administrative Fee Reserves	\$ 11,678	\$ -	\$ -	\$ -	\$ 11,678
11170-006	Post-2003 Administrative Fee Reserves	\$ 47,278	\$ -	\$ -	\$ -	\$ 47,278
11180	Housing Assistance Payments Equity					
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ 25,898	\$ -	\$ -	\$ -	\$ 25,898
11180-010	Housing Assistance Payment Revenues	\$ 524,777	\$ -	\$ -	\$ -	\$ 524,777
11180-015	Fraud Recovery Revenue	\$ 2,901	\$ -	\$ -	\$ -	\$ 2,901
11180-020	Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
11180-021	Comments for Other Revenue					\$ -
11180-025	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -
11180-030	Total Housing Assistance Payments Revenues	\$ 527,678	\$ -	\$ -	\$ -	\$ 527,678
11180-080	Housing Assistance Payments	\$ 553,576	\$ -	\$ -	\$ -	\$ 553,576
11180-090	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
11180-091	Comments for Other Expenses					
11180-100	Total Housing Assistance Payments Expenses	\$ 553,576	\$ -	\$ -	\$ -	\$ 553,576
11180-002	Net Housing Assistance Payments	\$ (25,898)	\$ -	\$ -	\$ -	\$ (25,898)
11180-003	Housing Assistance Payments Equity - Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
11190	Unit Months Available					
11190-210	Total ACC HCV Units	\$ 3,216	\$ -	\$ 600	\$ -	\$ 2,616
11190-220	Unfunded Units	(863)	-	-	-	(863)
11190-230	Other Adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
11190	Unit Months Available	2,353	-	600	-	1,753
11210	Number of Unit Months Leased	\$ 2,248	\$ -	\$ 594	\$ -	\$ 1,654
11270	Excess Cash	\$ 460,770	\$ -	\$ 460,770	\$ -	\$ -
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
11620	Building Purchases	\$ 54,080	\$ -	\$ 5,652	\$ 48,428	\$ -
11630	Furniture & Equipment - Dwelling Purchases	\$ 6,548	\$ -	\$ -	\$ 6,548	\$ -
11640	Furniture & Equipment - Administrative Purchases	\$ 849	\$ -	\$ 849	\$ -	\$ -
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
13510	CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

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

Financial Data Schedule - Memo Account Information
Year Ended June 30, 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	NO
G3000-230	Does the Deficiency relate to the Low Rent or Capital Fund?	N/A
G3000-240	Enter number of occurrences that relate to the Low Rent or Capital Fund Program.	-
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.	-

See Independent Auditor's Report

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

Financial Data Schedule - Memo Account Information
Year Ended June 30, 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	\$300,000
G4000-030	Low-Risk Auditee Indicator	YES
G4000-040	Indicator-Any Audit Findings Disclosed that are Required to be Reported	NO
G4000-080	Was a Schedule of Prior Audit Findings prepared?	YES
G4100-040	Total Federal Awards Expended (This cell is populated by G4100-030 from the "Federal Award Details" Tab)	\$825,075

See Independent Auditor's Report

THE HOUSING AND REVELOPMENT COMMISSION
OF THE CITY OF PIERRE, SOUTH DAKOTA

Financial Data Schedule - Memo Account Information
Year Ended June 30, 2015

Federal Award Details		
Element	Description	Details
G4100-030	Amount Expended	\$825,075
G4200-010	Major Federal Program Indicator	YES
G4200-050	Type of Opinion on Major Federal Program	UNMODIFIED
G4200-060	Number of A-133 Compliance Audit Findings	0
G4200-100	Significant Deficiency Indicator	NO
G4200-200	Number of Significant Deficiencies	0
G4200-110	Material Weakness Indicator	NO
G4200-210	Number of Material Weaknesses	0
G4200-120	Material Noncompliance Indicator	NO
G4200-220	Number of Material Noncompliance	0
G4200-070	Audit Finding Reference Number	N/A
G4200-090	Are Awards Received Directly from a Federal Agency?	YES
G4100-050	Total Amount of Questioned Costs	\$0

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

See Independent Auditor's Report

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF THE HOUSING AND URBAN DEVELOPMENT:		
Direct Funding:		
Public and Indian Housing Program: (Operating Subsidy)	14.850	\$ 123,616
Public Housing Capital Fund Program:	14.872	
Grant - SD06P035501-12		\$ 3,193
Grant - SD06P035501-13		25,765
Grant - SD06P035501-14		30,000
Grant - SD06P035501-15		34,086
		93,044
Section 8 Housing Choice Vouchers Program	14.871	608,415
Total Federal Funding		\$ 825,075

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

*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 Pierre, South Dakota
Hughes County, 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 Pierre, South Dakota, a component unit of the City of Pierre, South Dakota (hereinafter referred to as the Commission) as of and for the year ended June 30, 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 March 20, 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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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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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 communication is not suitable for any other purpose. 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
March 20, 2016

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

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

To the Board of Commissioners
The Housing and Redevelopment Commission
of the City of Pierre, South Dakota
Hughes County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited The Housing and Redevelopment Commission of the City of Pierre, South Dakota's (hereinafter referred to as the Commission) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2015. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Commission, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
March 20, 2016

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no prior findings reported.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

There were no prior findings reported.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficienc(ies) identified?	<u> </u> yes	<u> X </u> none reported

Noncompliance material to financial statements noted?

<u> </u> yes	<u> X </u> no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficienc(ies) identified?	<u> </u> yes	<u> X </u> none reported

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

Audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133

<u> </u> yes	<u> X </u> no
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Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Voucher Program

Dollar Threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
YEAR ENDED JUNE 30, 2015

SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT

There are no financial statements audit findings reported.

**SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

There are no major federal award programs audit findings reported.