

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

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

JUNE 30, 2017

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	4
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Fund Net Position	11
Statement of Cash Flows.....	12
Notes to Financial Statements	14
Required Supplementary Information	31
Schedule of the Commission's Proportionate Share of the Net Pension Asset/Liability	32
Schedule of the Commission's Contributions	33
Supplementary Information	34
The Financial Data Schedule	
Balance Sheets	35
Income Statements	38
Memo Account Information	41
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 <i>Government Auditing Standards</i>	44
Summary Schedule of Prior Audit Findings	46
Schedule of Findings and Responses	47

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of **The Housing and Redevelopment Commission of the City of Mitchell, South Dakota, a component unit of the City of Mitchell, South Dakota** (hereinafter referred to as the Commission), as of and for the year ended June 30, 2017, 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.

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Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meadowlawn Plaza, LLC, which represent 100 percent of the assets, net position and revenues of the discretely presented component unit of the Commission. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Meadowlawn Plaza, LLC, is based solely on the reports of the other auditors. 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. The financial statements of Meadowlawn Plaza, LLC were not audited in accordance with *Government Auditing Standards*.

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 opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position the business-type activities and the aggregate discretely presented component unit of the Housing and Redevelopment Commission of the City of Mitchell, South Dakota, as of June 30, 2017, and the respective changes in financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of Commission's proportionate share of net pension asset, and the schedule of Commission's contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The Commission's Financial Data Schedules (FDS), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2018, 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.

Wohlenberg Ritzman + Co., LLC

Yankton, South Dakota
July 13, 2018

*The Housing & Redevelopment Commission of the City of Mitchell, SD
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2017*

Introduction

This Management's Discussion and Analysis (MD&A) of the Housing & Redevelopment Commission of the City of Mitchell, SD (the Commission) provides an introduction and overview to the financial statements of the Commission for the fiscal year ended June 30, 2017. The Commission presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2017, 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 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.

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 Fund Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows of 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:

- 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 Fund 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, 2017, 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, 2017.

*The Housing & Redevelopment Commission of the City of Mitchell, SD
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2017*

Housing Commission Activities & Highlights

The Commission began the Year with three individual Department of Housing and Urban Development (HUD) Programs. They include the Low Rent Public Housing Program, the Capital Funds Program (CFP), and the Housing Choice Voucher Program (HCV).

1. The Low Rent Program consists of 112 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.
2. 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.
3. 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 116 units available. Funds are provided by HUD to provide 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.

During the Year, the Low Rent and Capital Funds Programs were converted to the HUD Rental Assistance Demonstration (RAD) Program. The conversion included the Commission becoming a Member of a Tax Credit Limited Liability Company. This membership interest is treated as a separate program.

In addition, the Commission has a business activities program to manage apartment complexes.

Financial Highlights

The Commission's net position decreased \$1,386,290 from \$2,827,986 to \$1,441,696. Total assets decreased by \$1,504,037. These decreases are all attributable to the conversion to the HUD RAD Program, with the majority of the Commission's capital assets being transferred to the newly formed Tax Credit Limited Liability Company.

Total revenue decreased \$353,171 from \$860,450 to \$507,279, a decrease of 41%. This decrease is again attributable to the conversion to the HUD RAD Program. The conversion occurred 5 months into the year which significantly reduced tenant rental revenue and HUD funding associated with the Low Rent and Capital Funds Programs.

Total expenses decreased by \$334,965, from \$913,687 to \$578,722 for the current year. This represents a decrease of 37%. With the Low Rent and Capital Funds Programs eliminated, overall operating expenses and depreciation expense were reduced.

To account for the conversion to the HUD RAD Program, the Commission recognized a Special Item Loss of (\$1,314,847) to show the transfer of capital and other financial assets to the newly formed Tax Credit Limited Liability Company.

*The Housing & Redevelopment Commission of the City of Mitchell, SD
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2017*

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, 2017, and 2016.

**Summary Statement of Net Position
June 30, 2017 and 2016**

Category	FYE 2017	FYE 2016	Change \$	Change %
Current Assets	\$ 1,410,314	\$ 1,761,829	\$ (351,515)	-20%
Noncurrent Assets	\$ 8,461	\$ 1,160,983	\$ (1,152,522)	-99%
Total Assets	\$ 1,418,775	\$ 2,922,812	\$ (1,504,037)	-51%
Deferred Outflows of Resources	\$ 94,316	\$ 70,605	\$ 23,711	34%
Current Liabilities	\$ 9,630	\$ 102,014	\$ (92,384)	-91%
Noncurrent Liabilities	\$ 28,706	\$ 2,115	\$ 26,591	1257%
Total Liabilities	\$ 38,336	\$ 104,129	\$ (65,793)	-63%
Deferred Inflows of Resources	\$ 33,059	\$ 61,302	\$ (28,243)	-46%
Unrestricted	\$ 389,758	\$ 1,657,700	\$ (1,267,942)	-76%
Restricted	\$ 1,043,477	\$ 47,576	\$ 995,901	2093%
Investment in Capital Assets	\$ 8,461	\$ 1,122,710	\$ (1,114,249)	-99%
Total Net Position	\$ 1,441,696	\$ 2,827,986	\$ (1,386,290)	-49%

The conversion to the HUD RAD program resulted in an across the board reduction in assets, liabilities, and net position. Components of the Commission's cumulative share of the South Dakota Retirement System (SDRS) net pension liability (included in deferred outflows and inflows of resources and noncurrent liabilities) showed a \$13,000 decrease for the year.

Net Position

The net position of the Commission decreased by \$1,386,290, when compared to the previous fiscal year. The Commission's net position by program, is as follows:

Housing Choice Voucher	\$ 138,909
Business Activities	\$ (8,582)
State/Local (Tax Credit Membership)	<u>\$ 1,311,369</u>
Total Net Position	<u>\$ 1,441,696</u>

*The Housing & Redevelopment Commission of the City of Mitchell, SD
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2017*

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016**

Category	FYE 2017	FYE 2016	Change \$	Change %
Tenant Revenue	\$ 145,608	\$ 437,643	\$ (292,035)	-67%
HUD Operating Grants	\$ 330,525	\$ 389,528	\$ (59,003)	-15%
Interest Income - Unrestricted	\$ 3,229	\$ 2,938	\$ 291	10%
Other Revenue	\$ 27,917	\$ 30,341	\$ (2,424)	-8%
Total Revenue	\$ 507,279	\$ 860,450	\$ (353,171)	-41%
Administration	\$ 119,544	\$ 215,699	\$ (96,155)	-45%
Tenant Services	\$ 12,575	\$ 25,273	\$ (12,698)	-50%
Utilities	\$ 34,117	\$ 76,182	\$ (42,065)	-55%
Ordinary Maintenance	\$ 105,266	\$ 138,864	\$ (33,598)	-24%
Protective Services	\$ 1,162	\$ 254	\$ 908	0%
Insurance Expense	\$ 9,099	\$ 27,903	\$ (18,804)	-67%
General Expense	\$ 46,853	\$ 48,511	\$ (1,658)	-3%
Housing Assistance Payments	\$ 245,694	\$ 231,415	\$ 14,279	6%
Depreciation	\$ 4,412	\$ 149,586	\$ (145,174)	-97%
Total Expenses	\$ 578,722	\$ 913,687	\$ (334,965)	-37%
Excess of Expenses Over Revenue	\$ (71,443)	\$ (53,237)	\$ (18,206)	34%
Special Item	\$ (1,314,847)	\$ -	\$ (1,314,847)	-100%
Net Position, Beginning of Year	\$ 2,827,986	\$ 2,881,223	\$ (53,237)	-2%
Net Position, End of Year	\$ 1,441,696	\$ 2,827,986	\$ (1,386,290)	-49%

Results of Operations

Revenues of the Commission are generated principally through Federal grant income and tenant rent revenue. The Commission's revenue decreased by \$353,171 compared to the previous fiscal year. Significant variances include the following:

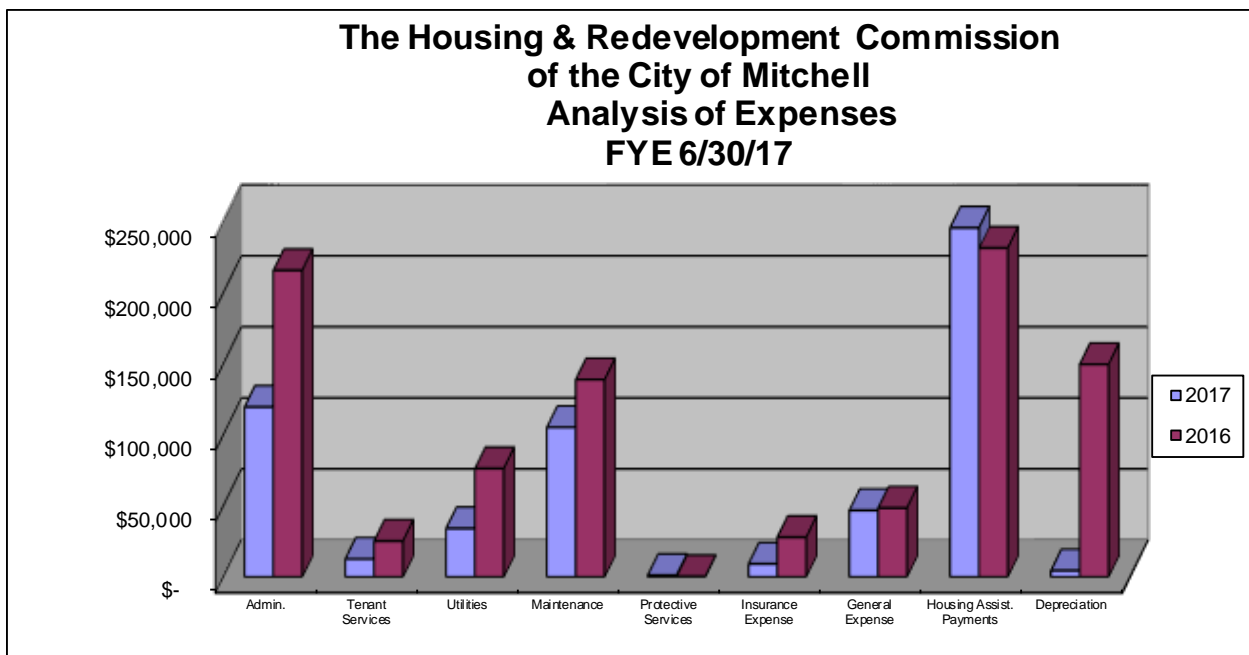
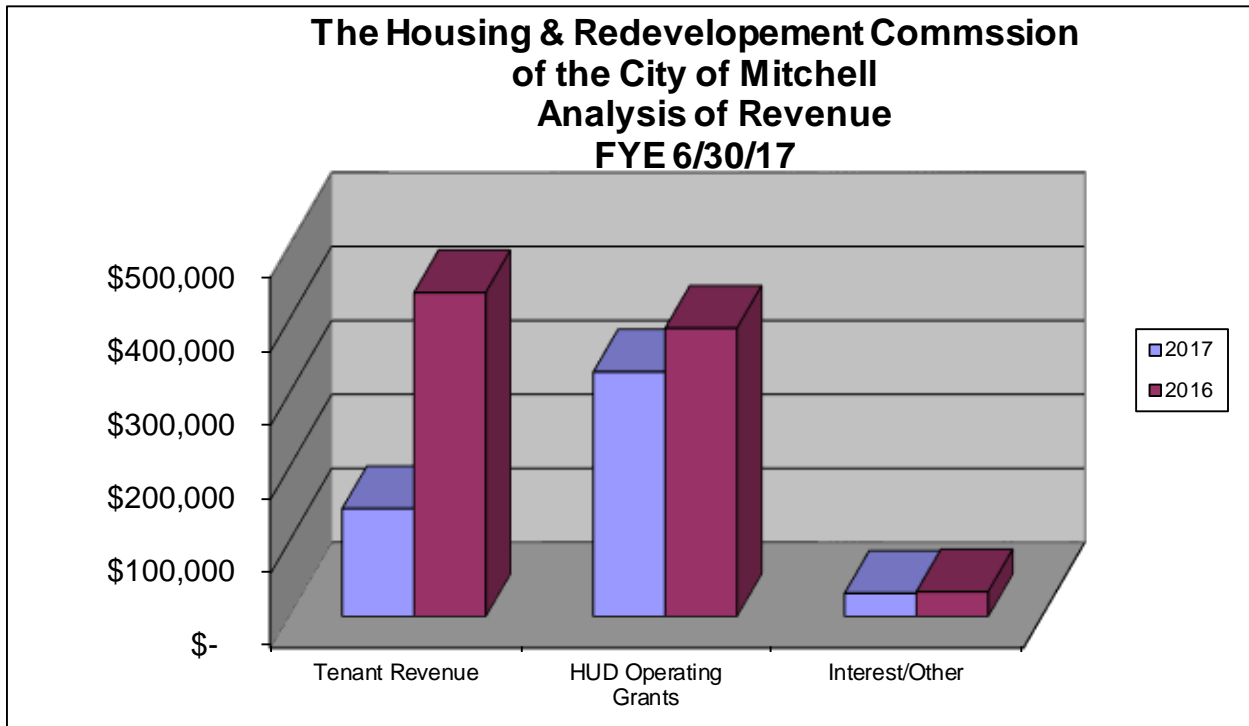
- Operating grants decreased by \$59,003 due to the elimination of the Low Rent and Capital Funds Programs during the year.
- Tenant rent revenue was similarly reduced.

Total expenses decreased by \$334,965. Variances include the following:

- Operating expenses were reduced with the elimination of the Low Rent and Capital Funds Programs.
- Housing assistance payments increased by \$14,279 due to a slight increase in the average HAP payment per voucher.

*The Housing & Redevelopment Commission of the City of Mitchell, SD
 Management's Discussion and Analysis-Cont.
 For the Year Ended June 30, 2017*

The following shows the revenues and expenses by summarized account category:



*The Housing & Redevelopment Commission of the City of Mitchell, SD
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2017*

Capital Assets

As of June 30, 2017, the Commission's net investment in capital assets was \$8,461. This investment includes equipment, net of accumulated depreciation.

<u>Category</u>	<u>FYE 2017</u>	<u>FYE 2016</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ -	\$ 20,239	\$ (20,239)	-100%
Buildings	\$ -	\$ 5,589,536	\$ (5,589,536)	-100%
Equipment	\$ 37,038	\$ 330,319	\$ (293,281)	-89%
Accumulated Depreciation	\$ (28,577)	\$ (4,817,384)	\$ 4,788,807	-99%
Total Net Capital Assets	\$ 8,461	\$ 1,122,710	\$ (1,114,249)	-99%

Substantially all of the Commission's capital assets were transferred to the Tax Credit Limited Liability Company with the conversion to the HUD RAD Program.

Long-Term Liabilities

The Commission classifies a portion of the employee's leave as long-term liabilities. 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 \$1,940. A component of the Commission's share of the SDRS net pension liability is also included.

Next Year's Budget

The amount of funding for the 2018 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at an estimated. The remainder of the Commission's FYE 2018 funding has yet to be determined, however no significant change is anticipated.

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:

The Housing & Redevelopment Commission of the City of Mitchell
200 East 15th
Mitchell, SD 57301

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

STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Primary Government</u>	<u>Component Unit As of 12-31-2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,404,383	\$ 313,574
Accounts receivable - tenants, less allowance for doubtful accounts, if any	-	12,836
Interest receivable	256	-
Prepaid expenses and other assets	5,675	-
Total current assets	<u>1,410,314</u>	<u>326,410</u>
Noncurrent assets:		
Capital assets:		
Land	-	20,239
Construction in progress	-	517,602
Buildings and improvements	-	1,039,328
Furniture and equipment	37,038	-
Accumulated depreciation	(28,577)	(2,165)
Total noncurrent assets	<u>8,461</u>	<u>1,575,004</u>
Total assets	<u>1,418,775</u>	<u>1,901,414</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	<u>94,316</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable - vendors	608	12,856
Construction contracts payable	-	103,873
Accrued payroll and payroll liabilities	5,276	-
Accounts payable - HUD	102	-
Tenant security deposits	-	7,850
Unearned revenue	3,050	2,046
Current portion of noncurrent liabilities:		
Accrued compensated absences	594	-
Total current liabilities	<u>9,630</u>	<u>126,625</u>
Noncurrent liabilities:		
Accrued compensated absences	1,940	-
Net pension liability	26,766	-
Total current liabilities	<u>28,706</u>	<u>-</u>
Total liabilities	<u>38,336</u>	<u>126,625</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows	<u>33,059</u>	<u>-</u>
NET POSITION		
Investment in capital assets	8,461	1,575,004
Restricted - tax credit agreement	1,000,000	283,123
Restricted - excess housing assistance payments	8,986	-
Restricted - SDRS pension purposes	34,491	-
Unrestricted	389,758	(83,338)
Total net position	<u>\$ 1,441,696</u>	<u>\$ 1,774,789</u>

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

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

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2017

	Primary Government	Component Unit As of 12-31-2016
OPERATING REVENUES		
Rental income	\$ 132,567	\$ 36,015
Tenant revenue - other	13,041	1,539
Fraud recovery	744	-
Other revenue	27,173	601
Total operating revenues	173,525	38,155
OPERATING EXPENSES		
Administration	119,544	13,636
Tenant services	12,575	-
Utilities	34,117	5,038
Maintenance	105,266	1,738
Protective services	1,162	-
General expense	55,952	25,787
Housing assistance payments	245,694	-
Depreciation	4,412	2,165
Total operating expenses	578,722	48,364
Operating (loss)	(405,197)	(10,209)
NONOPERATING REVENUES AND EXPENSES		
HUD PHA grants	330,525	-
Investment income	3,229	11
Total nonoperating revenues	333,754	11
(Loss) before capital contributions and special items	(71,443)	(10,198)
Capital contributions	-	567,920
Special items	(1,314,847)	1,217,067
Change in net position	(1,386,290)	1,774,789
Net position - beginning of year	2,827,986	-
Net position - end of year	\$ 1,441,696	\$ 1,774,789

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

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

STATEMENT OF CASH FLOWS - PAGE 1 OF 2
YEAR ENDED JUNE 30, 2017

	Primary Government	Component Unit As of 12-31-2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 170,406	\$ 27,365
Receipts from tenants through escrow	-	7,850
Payments to tenants through escrow	(1,950)	-
Payments to employees	(166,921)	-
Payments to others for goods and services	(166,136)	(33,343)
Payments in lieu of taxes	(32,777)	-
Housing assistance payments	(245,694)	-
Net cash (used in) provided by operating activities	(443,072)	1,872
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	340,501	-
Net cash provided by noncapital financing activities	340,501	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(53,549)	(413,729)
Capital contributions	-	567,920
Payments to tax credit partnership	(157,500)	-
Receipts from primary government	-	157,500
Net cash (used in) provided by capital and related financing activities	(211,049)	311,691
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	3,215	11
Net increase in cash	(310,405)	313,574
Balances - beginning of the year	1,714,788	-
Balances - end of the year	\$ 1,404,383	\$ 313,574

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

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

STATEMENT OF CASH FLOWS - PAGE 2 OF 2
YEAR ENDED JUNE 30, 2017

	Primary Government	Component Unit As of 12-31-2016
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (405,197)	\$ (10,209)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	4,412	2,165
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable - tenants	(5,023)	(12,836)
Accounts receivable - fraud	1,294	-
Accounts receivable - miscellaneous	4,703	-
Prepaid expenses	19,018	-
Pension related assets	13,085	-
Increase (decrease) in:		
Accounts payable - vendor	(46,766)	12,856
Other accrued liabilities	(15,345)	-
Accrued compensated absences	(7,210)	-
Prepaid rent	(4,093)	2,046
Tenant security deposits	(1,950)	7,850
	<u>\$ (443,072)</u>	<u>\$ 1,872</u>
Net cash (used in) provided by operating activities	<u>\$ (443,072)</u>	<u>\$ 1,872</u>

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Housing and Redevelopment Commission of the City of Mitchell, South Dakota (the Commission) was created in 1967 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 of the City appoints, with the approval of the City Council, 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 Mitchell, South Dakota has the ability to veto or otherwise modify a housing commission's decision to construct a specific project and issue debt.

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

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

Component Units

Component units are legally separate organizations for which the Commission is financially accountable and/or for which the nature and significance of their relationship with the Commission is such that exclusion would cause the financial statements to be misleading or incomplete.

Discrete presentation of the component unit entails reporting financial data in a column separate from the financial data of the Commission. The Commission's component unit is summarized as follows:

Meadowlawn Plaza, LLC

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Component Units, continued

The Commission has determined that Meadowlawn Plaza, LLC (Meadowlawn) is an entity that meets the above criteria and has been included as a discretely presented component unit in the Commission's financial statements. The discretely presented component unit has a December 31 fiscal year end. The December 31, 2016 year-end statements are presented in these financial statements.

Complete financial statements for the component unit may be obtained at the Meadowlawn's administrative offices.

Nature of Business

The Commission administers various low-income housing assistance payment programs in Mitchell, South Dakota through HUD. The PAS/LOCCS Project No. SD014-001 operated 112 units under the Public and Indian Housing and Capital Funds Programs (Low Rent Program). On December 1, 2016, the Commission was accepted in to the HUD Rental Assistance Demonstration (RAD) program. This program replaced the existing Low Rent Program. Transition to this funding source included the Commission becoming a member of a Tax Credit Limited Liability Company (Meadowlawn) to provide needed funding for capital improvements. As a member, the Commission, transferred the assets of the former Low Rent Program.

The Commission's HUD Project No. SD014V is authorized to operate 116 units under the Section 8 Housing Choice Voucher Program.

In addition, the Commission maintains a business activities program to manage apartment complexes.

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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus and Basis of Accounting

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

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

Cash and Cash Equivalents

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

Capital Assets

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

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

	<u>Years</u>
Buildings	20 - 40
Building improvements	10 - 40
Furniture and fixtures	5 - 10
Equipment	3 - 10

Land, an inexhaustible capital asset, is not depreciated.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Compensated Absences

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

Other Postemployment Benefits

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Equity Classifications

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

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

Application of Net Position

It is the Commission's policy to first use restricted net position (if any), prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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. DEPOSITS AND INVESTMENTS

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 has adopted an investment policy, but it does not address custodial credit risk for deposits. As of June 30, 2017, the Commission’s deposits were fully insured or collateralized.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. DEPOSITS AND INVESTMENTS, continued

Investments – As of June 30, 2017, the Commission had no investments.

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

Interest Rate Risk – The Commission does have a formal investment policy, but it does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2017, the Commission had no investments.

Credit Risk – State law limits eligible investments for the Commission, as discussed above. The Commission has a formal investment policy, but it does not further limit its investment choices. As of June 30, 2017, 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, 2017, the Commission had no investments.

3. CAPITAL ASSETS

Capital asset activity of the Primary Government for the year ended June 30, 2017, was as follows:

Primary Government:	Beginning Balances	Increases	Decreases	Special Item	Ending Balances
<i>Capital assets not being depreciated:</i>					
Land	\$ 20,239	\$ -	\$ -	\$ (20,239)	\$ -
Total capital assets not being depreciated	20,239	-	-	(20,239)	-
<i>Capital assets being depreciated:</i>					
Buildings and improvements	5,589,536	29,288	-	(5,618,824)	-
Equipment	330,319	24,261	-	(317,542)	37,038
Total capital assets being depreciated	5,919,855	53,549	-	(5,936,366)	37,038
Less accumulated depreciation for:					
Buildings and improvements	4,528,167	-	-	(4,528,167)	-
Equipment	289,217	4,412	-	(265,052)	28,577
Total accumulated depreciation	4,817,384	4,412	-	(4,793,219)	28,577
Total capital assets being depreciated, net	1,102,471	49,137	-	(1,143,147)	8,461
Capital assets, net - Primary Government	<u>\$ 1,122,710</u>	<u>\$ 49,137</u>	<u>\$ -</u>	<u>\$(1,163,386)</u>	<u>\$ 8,461</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. CAPITAL ASSETS

With the acceptance in to the HUD RAD Program, the Commission transferred the net book value of capital assets of the Low Rent Program to the Tax Credit Limited Liability Company (Meadowlawn). This transfer is included in the Special Item on the Commission's Statement of Revenues, Expenses and Changes in Fund Net Position.

Capital asset activity of the Component Unit for the year ended December 31, 2016, was as follows:

Component Unit:	Beginning Balances	Increases	Decreases	Special Item	Ending Balances
<i>Capital assets not being depreciated:</i>					
Land	\$ -	\$ -	\$ -	\$ 20,239	\$ 20,239
Equipment	-	517,602	-	-	517,602
Total capital assets not being depreciated	-	517,602	-	20,239	537,841
<i>Capital assets being depreciated:</i>					
Buildings and improvements	-	-	-	1,039,328	1,039,328
Total capital assets being depreciated	-	-	-	1,039,328	1,039,328
Less accumulated depreciation for:					
Buildings and improvements	-	2,165	-	-	2,165
Total accumulated depreciation	-	2,165	-	-	2,165
Total capital assets being depreciated, net	-	(2,165)	-	1,039,328	1,037,163
Capital assets, net - Component Unit	<u>\$ -</u>	<u>\$ 515,437</u>	<u>\$ -</u>	<u>\$ 1,059,567</u>	<u>\$ 1,575,004</u>

The transfer of the capital assets of the Commission to the Component Unit is included in the Special Item on the Commission's Statement of Revenues, Expenses and Changes in Fund Net Position.

The purpose of the formation of the Tax Credit Limited Liability Company was rehabilitate the low income housing project owned and operated by the Commission. Rehabilitation of the property began in 2016. Total construction costs are expected to be approximately \$6,562,000. Funding is to be provided through a construction loan payable to a local financial institution, the Commission, and a local community development company.

4. PAYMENTS IN LIEU OF TAXES

Public housing authorities are not required to pay property taxes based on the normal property value assessment and tax levy procedures on real property owned, but rather make payments in lieu of (property) taxes (PILOT). State law requires that the amount due is the lower of 10% if gross rents less utilities or 5% of gross rents. Payments in lieu of taxes at June 30, 2017 were \$32,777.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. TAX CREDIT COMPANY

The Commission is a Special Member of the Meadowlawn Plaza, LLC (Meadowlawn). Meadowlawn was formed December 2015 as a limited liability company under the laws of the State of South Dakota and shall continue until dissolved or terminated by its members. It was formed for the purpose of owning and operating a 105 unit low-income housing project formerly owned and operated by the Commission. Substantially all of the Meadowlawn's revenue is derived from the rental of its apartment units. All units within the project are subject to the rent restrictions and qualified tenant restrictions as required by the Low Income Housing Tax Credit Program.

The project has qualified and been allocated low-income housing tax credits pursuant to the Internal Revenue Code Section 42, which regulates the use of the complex as to occupant eligibility and unit gross rent among other requirements. The buildings must meet the provisions of these regulations during each of fifteen consecutive years in order to continue to qualify to receive the tax credits.

Pursuant to the terms of the operating agreement, Meadowlawn is required to establish and maintain a replacement reserve with an initial deposit of \$157,500; thereafter, deposits will be made at a rate of \$500 per unit per year, increasing by 3% each year as required by HUD, commencing in January 2019. Funds in the replacement reserve shall be used to fund the cost of improvements and replacements to the project. The initial deposit to the replacement reserve was provided by the Commission and is included in the Special Item on the Commission's Statement of Revenues, Expenses and Changes in Fund Net Position.

Pursuant to the operating agreement, fees are paid as follows:

Asset Management Fee

The Investor Member is to receive a cumulative annual asset management fee of \$8,500, commencing in 2017 and increasing by 3% annually. The fees are to be paid in the year after they are incurred.

Tax Credit Compliance Fee

The Managing Member is to receive a non-cumulative annual tax credit compliance fee equal to 20% of net operating income, commencing in 2017. The fees are to be paid in the year after they are incurred.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. TAX CREDIT COMPANY, continued

Developer Fee

The Development Member is to be paid a developer fee in the amount of \$548,500 for services rendered in developing the project. As of December 31, 2016, \$135,300 has been paid and included in construction in progress, and \$40,590 is due to the developer.

Incentive Management Fee

The Managing Member through the Compliance Period an annual non-cumulative incentive management fee equal to 70% of net operating income. The incentive management fee will be payable commencing in 2017 as payment for the services of the Managing Member in overseeing the marketing, lease-up, and continued occupancy of the Company's apartment units.

6. COMMITMENTS AND CONTINGENCIES

Primary Government

The Commission has agreed to provide permanent financing to Meadowlawn in the amount of \$1,000,000 to assist with the rehabilitation of the project. The loan will have a term of 40 years and will accrue interest at 6.5%. The loan will be secured by all land, buildings, and equipment of the Meadowlawn and an assignment of all rents and leases.

Component Unit

In conjunction with the estimated \$6,562,000 rehabilitation of the project, Meadowlawn has made the following commitments:

Construction is to be financed in part by a \$3,743,804 construction loan payable to a local financial institution at a floating rate based on the prime rate plus 1.7%. The construction loan has a term of 24 months. The loan is secured by all land, buildings, and equipment of Meadowlawn. No funds were drawn as of December 31, 2016.

The Company has received a commitment for permanent financing with the Commission in the amount of \$1,000,000. The loan will have a term of 40 years and will accrue interest at 6.5%. The loan will be secured by all land, buildings, and equipment of Meadowlawn and an assignment of all rents and leases.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

6. COMMITMENTS AND CONTINGENCIES

Meadowlawn has a commitment for a \$300,000 loan from a local community development company for pre-development activities.

7. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities of the primary government for the year ended June 30, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 9,744</u>	<u>\$ 8,466</u>	<u>\$ 15,676</u>	<u>\$ 2,534</u>	<u>\$ 594</u>

8. 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 MITCHELL, SOUTH DAKOTA**

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. 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, 2017, 2016 and 2015 was \$6,133, \$9,040 and \$9,885 respectively, equal to the required contributions each year.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN, continued

Pension (Asset)/Liability, Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2016, SDRS is 98.9% funded and accordingly has a net pension liability. The proportionate shares of the components of the net pension liability of South Dakota Retirement System, for the Commission as of June 30, 2017 are as follows:

Proportionate share of pension liability	\$ 859,853
Less proportionate share net pension restricted for pension benefits	<u>833,087</u>
Proportionate share of net pension liability	<u>\$ 26,766</u>

At June 30 2017, the Commission reported a liability of \$26,766 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability 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, 2016, the Commission's proportion was 0.0072924%, which is an increase of 0.0010999% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Commission recognized pension expense of \$10,178. At June 30, 2017 the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,318	\$ 33,059
Changes in assumptions	16,032	-
Net difference between projected and actual earnings on pension plan investments	62,833	-
Commission contributions subsequent to the measurement date	<u>6,133</u>	<u>-</u>
Total	<u>\$ 94,316</u>	<u>\$ 33,059</u>

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN, continued

\$6,133 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, 2018. 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		
2018	\$	14,874
2019		8,997
2020		18,853
2021		<u>12,399</u>
Total	\$	<u>55,123</u>

Actuarial Assumptions

The total pension liability in the June 30, 2016 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 2017 and 7.50 percent thereafter, net of pension plan investment expense

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. PENSION PLAN, continued

Actuarial Assumptions, 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, 2015 (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	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	<u>2.0%</u>	0.7%
Total	<u>100.0%</u>	

Discount Rate

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

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. 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 2017 and 7.50 percent thereafter, as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Commission's proportionate share of the net pension (asset)/liability	\$ 149,785	\$ 26,766	\$ (73,568)

Pension Plan Fiduciary Net Position

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

9. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the period ended June 30, 2017, 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.

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

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. RISK MANAGEMENT, continued

Worker's Compensation

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

Unemployment Benefits

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

10. SPECIAL ITEMS

The GASB establishes criteria for recognizing certain transactions as Special Items. Special Items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence and should be reported on the Commission's Statement of Revenues, Expenses and Changes in Fund Net Position. The conversion of the Commission's Low Rent Program to the HUD RAD Program is recognized as a Special Item. Special Items include:

Primary Government

Net book value of capital assets and other financial assets transferred to the Component Unit.

Component Unit

Fair value of capital assets and other financial assets received from the primary government.

11. SUBSEQUENT EVENT

As of the date of this report, substantially all the rehabilitation of the Meadowlawn project has been completed. The primary government has funded substantially all its commitment. The cost of rehabilitation has not exceeded estimates and funding has not exceeded commitments.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE
OF THE NET PENSION (ASSET)/LIABILITY

South Dakota Retirement System

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Commission's proportion of the net pension (asset)/liability	0.0075299%	0.0090239%	0.0079240%
Commission's proportionate share of net pension (asset)/liability	\$ (54,251)	\$ (38,273)	\$ 26,766
Commission's covered-employee payroll	\$ 131,683	\$ 164,750	\$ 150,667
Commission's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	-41.20%	-23.23%	17.77%
Plan fiduciary net position as a percentage of the total pension liability	107.3%	104.1%	98.9%

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

See Independent Auditor's Report

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

SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS

South Dakota Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 7,901	\$ 9,885	\$ 9,040	\$ 6,133
Contributions in relation to the contractually required contribution	<u>7,901</u>	<u>\$ 9,885</u>	<u>\$ 9,040</u>	<u>\$ 6,133</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's covered-employee payroll	\$ 131,683	\$ 164,750	\$ 150,667	\$ 102,217
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%

See Independent Auditor's Report

SUPPLEMENTARY INFORMATION

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
June 30, 2017

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871	State/Local	Business Activities	Component Unit As Of 12-31-2016
					Housing Choice Vouchers			
111	Cash - Unrestricted	\$ 395,397	\$ -	\$ -	\$ 95,392	\$ 294,080	\$ 5,925	\$ 22,601
112	Cash - Restricted - Modernization and Development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	\$ 1,008,986	\$ -	\$ -	\$ 8,986	\$ 1,000,000	\$ -	\$ 283,423
114	Cash - Tenant Security Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,850
115	Cash - Restricted for Payment of Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100	Total Cash	\$ 1,404,383	\$ -	\$ -	\$ 104,378	\$ 1,294,080	\$ 5,925	\$ 313,874
121	Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122-020	Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122-030	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	Accounts Receivable - HUD Other Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,386
126.1	Allowance for Doubtful Accounts - Tenants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126.2	Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128	Fraud Recovery	\$ 9,335	\$ -	\$ -	\$ 9,335	\$ -	\$ -	\$ -
128.1	Allowance for Doubtful Accounts - Fraud	\$ (9,335)	\$ -	\$ -	\$ (9,335)	\$ -	\$ -	\$ -
129	Accrued Interest Receivable	\$ 256	\$ -	\$ -	\$ -	\$ 256	\$ -	\$ -
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 256	\$ -	\$ -	\$ -	\$ 256	\$ -	\$ 12,386
131	Investments - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
132	Investments - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
135	Investments - Restricted for Payment of Current Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142	Prepaid Expenses and Other Assets	\$ 5,675	\$ -	\$ -	\$ 5,675	\$ -	\$ -	\$ -
143	Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
143.1	Allowance for Obsolete Inventories	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
144	Inter Program Due From	\$ -	\$ (19,278)	\$ -	\$ 2,245	\$ 17,033	\$ -	\$ -
145	Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150	Total Current Assets	\$ 1,410,314	\$ (19,278)	\$ -	\$ 112,298	\$ 1,311,369	\$ 5,925	\$ 326,260
161	Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,239
162	Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,039,328
163	Furniture, Equipment & Machinery - Dwellings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164	Furniture, Equipment & Machinery - Administration	\$ 37,038	\$ -	\$ -	\$ 37,038	\$ -	\$ -	\$ -
165	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
166	Accumulated Depreciation	\$ (28,577)	\$ -	\$ -	\$ (28,577)	\$ -	\$ -	\$ (2,165)
167	Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 517,602
168	Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 8,461	\$ -	\$ -	\$ 8,461	\$ -	\$ -	\$ 1,575,004
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 - Non-Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172-060	Other Comments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
173	Grants Receivable - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174-060	Other Comments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
June 30, 2017

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871 Housing Choice Vouchers	State/Local	Business Activities	Component Unit As Of 12-31-2016
174	Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
176-060	Other Comments							
176	Investments in Joint Ventures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
180	Total Non-Current Assets	\$ 8,461	\$ -	\$ -	\$ 8,461	\$ -	\$ -	\$ 1,575,004
190	Total Assets	\$ 1,418,775	\$ (19,278)	\$ -	\$ 120,759	\$ 1,311,369	\$ 5,925	\$ 1,901,264
200	Deferred Outflow of Resources	\$ 94,316	\$ -	\$ -	\$ 94,316	\$ -	\$ -	\$ -
290	Total Assets and Deferred Outflow of Resources	\$ 1,513,091	\$ (19,278)	\$ -	\$ 215,075	\$ 1,311,369	\$ 5,925	\$ 1,901,264
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,729
312	Accounts Payable <= 90 Days	\$ 608	\$ -	\$ -	\$ 608	\$ -	\$ -	\$ -
313	Accounts Payable >90 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	\$ 5,276	\$ -	\$ -	\$ 5,276	\$ -	\$ -	\$ -
322	Accrued Compensated Absences - Current Portion	\$ 594	\$ -	\$ -	\$ 594	\$ -	\$ -	\$ -
324	Accrued Contingency Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
325	Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
331-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
331-020	Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
331-030	Other	\$ 102	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ -
331	Accounts Payable - HUD PHA Programs	\$ 102	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ -
332	Account Payable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
333	Accounts Payable - Other Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
341	Tenant Security Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,850
342-010	Operating Subsidy	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
342-020	Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
342-030	Other	\$ 3,050	\$ -	\$ -	\$ 3,050	\$ -	\$ -	\$ 2,046
342	Unearned Revenue	\$ 3,050	\$ -	\$ -	\$ 3,050	\$ -	\$ -	\$ 2,046
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
347	Inter Program - Due To	\$ -	\$ (19,278)	\$ -	\$ 4,771	\$ -	\$ 14,507	\$ -
348-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
348-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
348-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
348-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
348-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
348-060	Other Comments							
348	Loan Liability - Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310	Total Current Liabilities	\$ 9,630	\$ (19,278)	\$ -	\$ 14,401	\$ -	\$ 14,507	\$ 126,625
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	Non-current Liabilities - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
354	Accrued Compensated Absences - Non Current	\$ 1,940	\$ -	\$ -	\$ 1,940	\$ -	\$ -	\$ -
355-010	Not For Profit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355-020	Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355-030	Joint Venture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355-040	Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355-050	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355-060	Other Comments							
355	Loan Liability - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
357-010	Pension Liability	\$ 26,766	\$ -	\$ -	\$ 26,766	\$ -	\$ -	\$ -
357-020	OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liabilities	\$ 26,766	\$ -	\$ -	\$ 26,766	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
350	Total Non-Current Liabilities	\$ 28,706	\$ -	\$ -	\$ 28,706	\$ -	\$ -	\$ -

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

FINANCIAL DATA SCHEDULE - BALANCE SHEET
June 30, 2017

Line Item No.	Description	Total Programs	Eliminations	Total Low Rent and Capital Fund	14.871	State/Local	Business Activities	Component Unit As Of 12-31-2016
					Housing Choice Vouchers			
300	Total Liabilities	\$ 38,336	\$ (19,278)	\$ -	\$ 43,107	\$ -	\$ 14,507	\$ 126,625
400	Deferred Inflow of Resources	\$ 33,059	\$ -	\$ -	\$ 33,059	\$ -	\$ -	\$ -
508.1	Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
511.1	Restricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.1	Unrestricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
509.2	Fund Balance Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
511.2	Unreserved, Designated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.2	Unreserved, Undesignated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.3	Nonspendable Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
509.3	Restricted Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
510.3	Committed Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
511.3	Assigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
512.3	Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
508.4	Net Investment in Capital Assets	\$ 8,461	\$ -	\$ -	\$ 8,461	\$ -	\$ -	\$ 1,575,004
511.4	Restricted Net Position	\$ 1,043,477	\$ -	\$ -	\$ 43,477	\$ 1,000,000	\$ -	\$ 283,123
512.4	Unrestricted Net Position	\$ 389,758	\$ -	\$ -	\$ 86,971	\$ 311,369	\$ (8,582)	\$ (83,338)
513	Total Equity - Net Assets / Position	\$ 1,441,696	\$ -	\$ -	\$ 138,909	\$ 1,311,369	\$ (8,582)	\$ 1,774,789
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$ 1,513,091	\$ (19,278)	\$ -	\$ 215,075	\$ 1,311,369	\$ 5,925	\$ 1,901,414

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED JUNE 30, 2017

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers	State/Local	Business Activities	Component Unit As Of 12-31-2016
70300	Net Tenant Rental Revenue	\$ 132,567	\$ -	\$ 132,567	\$ -	\$ -	\$ -	\$ -	\$ 36,015
70400	Tenant Revenue - Other	\$ 13,041	\$ -	\$ 13,041	\$ -	\$ -	\$ -	\$ -	\$ 1,539
70500	Total Tenant Revenue	\$ 145,608	\$ -	\$ 145,608	\$ -	\$ -	\$ -	\$ -	\$ 37,554
70600	HUD PHA Operating Grants	\$ 330,525	\$ -	\$ 56,505	\$ -	\$ 274,020	\$ -	\$ -	\$ -
70610	Capital Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70710	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70720	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70730	Book Keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70740	Front Line Service Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70750	Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70700	Total Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70800	Other Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71100	Investment Income - Unrestricted	\$ 3,229	\$ -	\$ 3,159	\$ -	\$ 67	\$ -	\$ 3	\$ 11
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	\$ 372	\$ -	\$ -	\$ -	\$ 372	\$ -	\$ -	\$ -
71400-020	Fraud Recovery - Administrative Fee	\$ 372	\$ -	\$ -	\$ -	\$ 372	\$ -	\$ -	\$ -
71500	Other Revenue	\$ 27,173	\$ -	\$ 717	\$ -	\$ 8,366	\$ -	\$ 18,090	\$ 601
71600	Gain or Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
72000	Investment Income - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70000	Total Revenue	\$ 507,279	\$ -	\$ 205,989	\$ -	\$ 283,197	\$ -	\$ 18,093	\$ 38,166
91100	Administrative Salaries	\$ 66,962	\$ -	\$ 29,820	\$ -	\$ 34,908	\$ -	\$ 2,234	\$ 4,829
91200	Auditing Fees	\$ 11,386	\$ -	\$ 10,246	\$ -	\$ 1,139	\$ -	\$ -	\$ -
91300-010	To PHA Administered Program (i.e., COCC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91300-020	To a Third Party/Outside Entity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91300	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,994
91300	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91310	Book-keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91400	Advertising and Marketing	\$ 494	\$ -	\$ 425	\$ -	\$ 49	\$ -	\$ 20	\$ 677
91500	Employee Benefit contributions - Administrative	\$ 16,848	\$ -	\$ 7,417	\$ -	\$ 8,179	\$ -	\$ 1,252	\$ 1,367
91600	Office Expenses	\$ 7,090	\$ -	\$ 3,396	\$ -	\$ 3,586	\$ -	\$ 108	\$ 449
91700	Legal Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91800	Travel	\$ 1,890	\$ -	\$ 1,625	\$ -	\$ 189	\$ -	\$ 76	\$ 96
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
91900	Other	\$ 14,875	\$ -	\$ 7,007	\$ -	\$ 7,759	\$ -	\$ 109	\$ 224
91000	Total Operating - Administrative	\$ 119,544	\$ -	\$ 59,936	\$ -	\$ 55,809	\$ -	\$ 3,799	\$ 13,636
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92300	Employee Benefit Contributions - Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92400	Tenant Services - Other	\$ 12,575	\$ -	\$ 12,575	\$ -	\$ -	\$ -	\$ -	\$ -
92500	Total Tenant Services	\$ 12,575	\$ -	\$ 12,575	\$ -	\$ -	\$ -	\$ -	\$ -
93100	Water	\$ 4,438	\$ -	\$ 4,438	\$ -	\$ -	\$ -	\$ -	\$ -
93200	Electricity	\$ 20,564	\$ -	\$ 20,564	\$ -	\$ -	\$ -	\$ -	\$ 136
93300	Gas	\$ 4,774	\$ -	\$ 4,774	\$ -	\$ -	\$ -	\$ -	\$ -
93400	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93600	Sewer	\$ 4,341	\$ -	\$ 4,341	\$ -	\$ -	\$ -	\$ -	\$ 4,902
93700	Employee Benefit Contributions - Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93800	Other Utilities Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
93000	Total Utilities	\$ 34,117	\$ -	\$ 34,117	\$ -	\$ -	\$ -	\$ -	\$ 5,038
94100	Ordinary Maintenance and Operations - Labor	\$ 56,822	\$ -	\$ 28,257	\$ -	\$ -	\$ -	\$ 28,565	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	\$ 11,294	\$ -	\$ 11,294	\$ -	\$ -	\$ -	\$ -	\$ 921
94300-010	Garbage and Trash Removal Contracts	\$ 3,188	\$ -	\$ 3,188	\$ -	\$ -	\$ -	\$ -	\$ 442
94300-020	Heating & Cooling Contracts	\$ 1,233	\$ -	\$ 1,233	\$ -	\$ -	\$ -	\$ -	\$ 375
94300-030	Snow Removal Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94300-040	Elevator Maintenance Contracts	\$ 11,657	\$ -	\$ 11,657	\$ -	\$ -	\$ -	\$ -	\$ -
94300-050	Landscape & Grounds Contracts	\$ 779	\$ -	\$ 779	\$ -	\$ -	\$ -	\$ -	\$ -
94300-060	Unit Turnaround Contracts	\$ 150	\$ -	\$ 150	\$ -	\$ -	\$ -	\$ -	\$ -
94300-070	Electrical Contracts	\$ 2,249	\$ -	\$ 2,249	\$ -	\$ -	\$ -	\$ -	\$ -
94300-080	Plumbing Contracts	\$ 1,546	\$ -	\$ 1,546	\$ -	\$ -	\$ -	\$ -	\$ -
94300-090	Extermination Contracts	\$ 125	\$ -	\$ 125	\$ -	\$ -	\$ -	\$ -	\$ -
94300-100	Janitorial Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
94300-110	Routine Maintenance Contracts	\$ 1,567	\$ -	\$ 1,524	\$ -	\$ 43	\$ -	\$ -	\$ -
94300-120	Miscellaneous Contracts	\$ 1,479	\$ -	\$ 1,479	\$ -	\$ -	\$ -	\$ -	\$ -
94300	Ordinary Maintenance and Operations Contracts	\$ 23,973	\$ -	\$ 23,930	\$ -	\$ 43	\$ -	\$ -	\$ 817
94500	Employee Benefit Contributions - Ordinary Maintenance	\$ 13,177	\$ -	\$ 7,290	\$ -	\$ -	\$ -	\$ 5,887	\$ -
94000	Total Maintenance	\$ 105,266	\$ -	\$ 70,771	\$ -	\$ 43	\$ -	\$ 34,452	\$ 1,738

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED JUNE 30, 2017

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers	State/Local	Business Activities	Component Unit As Of 12-31-2016
95100	Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95300	Protective Services - Other	\$ 1,162	\$ -	\$ 1,162	\$ -	\$ -	\$ -	\$ -	\$ -
95500	Employee Benefit Contributions - Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95000	Total Protective Services	\$ 1,162	\$ -	\$ 1,162	\$ -	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	\$ 29	\$ -	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -
96120	Liability Insurance	\$ 2,077	\$ -	\$ 1,786	\$ -	\$ 208	\$ -	\$ 83	\$ -
96130	Workmen's Compensation	\$ 2,885	\$ -	\$ 1,981	\$ -	\$ 812	\$ -	\$ 92	\$ -
96140	All Other Insurance	\$ 4,108	\$ -	\$ 2,833	\$ -	\$ 1,143	\$ -	\$ 132	\$ -
96100	Total insurance Premiums	\$ 9,099	\$ -	\$ 6,629	\$ -	\$ 2,163	\$ -	\$ 307	\$ -
96200	Other General Expenses	\$ 5,609	\$ -	\$ 3,622	\$ -	\$ 1,987	\$ -	\$ -	\$ 25,787
96210	Compensated Absences	\$ 8,466	\$ -	\$ 6,152	\$ -	\$ 2,314	\$ -	\$ -	\$ -
96300	Payments in Lieu of Taxes	\$ 32,777	\$ -	\$ 32,777	\$ -	\$ -	\$ -	\$ -	\$ -
96400	Bad debt - Tenant Rents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96500	Bad debt - Mortgages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96600	Bad debt - Other	\$ 1	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
96600-100	Bad debt - Admin	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96600-200	Bad debt - Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96800	Severance Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96000	Total Other General Expenses	\$ 46,853	\$ -	\$ 42,551	\$ -	\$ 4,302	\$ -	\$ -	\$ 25,787
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	\$ 328,616	\$ -	\$ 227,741	\$ -	\$ 62,317	\$ -	\$ 38,558	\$ 46,199
97000	Excess of Operating Revenue over Operating Expenses	\$ 178,663	\$ -	\$ (21,752)	\$ -	\$ 220,880	\$ -	\$ (20,465)	\$ (8,033)
97100	Extraordinary Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97200	Casualty Losses - Non-capitalized	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97300	Housing Assistance Payments	\$ 245,694	\$ -	\$ 12,472	\$ -	\$ 233,222	\$ -	\$ -	\$ -
97350	HAP Portability-In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97400	Depreciation Expense	\$ 4,412	\$ -	\$ -	\$ -	\$ 4,412	\$ -	\$ -	\$ 2,165
97500	Fraud Losses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97600	Capital Outlays - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97700	Debt Principal Payment - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
97800	Dwelling Units Rent Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90000	Total Expenses	\$ 578,722	\$ -	\$ 240,213	\$ -	\$ 299,951	\$ -	\$ 38,558	\$ 48,364
10010	Operating Transfer In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10020	Operating transfer Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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)	\$ (1,314,847)	\$ -	\$ (2,672,367)	\$ -	\$ 46,151	\$ 1,311,369	\$ -	\$ 1,217,067
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)	\$ (1,314,847)	\$ -	\$ (2,672,367)	\$ -	\$ 46,151	\$ 1,311,369	\$ -	\$ 1,217,067
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	\$ (1,386,290)	\$ -	\$ (2,706,591)	\$ -	\$ 29,397	\$ 1,311,369	\$ (20,465)	\$ 1,206,869
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	\$ 2,827,986	\$ -	\$ 2,706,591	\$ -	\$ 109,512	\$ -	\$ 11,883	\$ -
11040-010	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,920
11040-020	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-030	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-040	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-050	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-060	Prior Period Adjustments and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-070	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-080	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-090	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040-100	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report

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

FINANCIAL DATA SCHEDULE - INCOME STATEMENT
YEAR ENDED JUNE 30, 2017

Line Item No.	Description	Total Programs	Eliminations	14.850 Low Rent	14.872 Capital Fund Program	14.871 Housing Choice Vouchers	State/Local	Business Activities	Component Unit As Of 12-31-2016
11040-110	Equity Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11040	Prior Period Adjustments, Equity Transfers and Correction of	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,920
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	\$ 109,512	\$ -	\$ -	\$ -	\$ 109,512	\$ -	\$ -	\$ -
11170-010	Administrative Fee Revenue	\$ 41,610	\$ -	\$ -	\$ -	\$ 41,610	\$ -	\$ -	\$ -
11170-020	Hard to House Fee Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-021	FSS Coordinator Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-030	Audit Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-040	Investment Income	\$ 67	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ -	\$ -
11170-045	Fraud Recovery Revenue	\$ 372	\$ -	\$ -	\$ -	\$ 372	\$ -	\$ -	\$ -
11170-050	Other Revenue	\$ 54,516	\$ -	\$ -	\$ -	\$ 54,516	\$ -	\$ -	\$ -
11170-051	Comment for Other Revenue	Transfer of pension and equipment assets due to conversion to RAD				Transfer of pension and equipment assets due to conversion to RAD			
11170-060	Total Admin Fee Revenues	\$ 96,565	\$ -	\$ -	\$ -	\$ 96,565	\$ -	\$ -	\$ -
11170-080	Total Operating Expenses	\$ 62,316	\$ -	\$ -	\$ -	\$ 62,316	\$ -	\$ -	\$ -
11170-090	Depreciation	\$ 4,412	\$ -	\$ -	\$ -	\$ 4,412	\$ -	\$ -	\$ -
11170-095	Housing Assisypance Payment Portability In	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11170-100	Other Expenses	\$ 9,426	\$ -	\$ -	\$ -	\$ 9,426	\$ -	\$ -	\$ -
11170-101	Comment for Other Expenses	To bring NRP in line with HUD calculations at 12-31-2016				To bring NRP in line with HUD calculations at 12-31-2016			
11170-110	Total Expenses	\$ 76,154	\$ -	\$ -	\$ -	\$ 76,154	\$ -	\$ -	\$ -
11170-002	Net Administrative Fee	\$ 20,411	\$ -	\$ -	\$ -	\$ 20,411	\$ -	\$ -	\$ -
11170-003	Administrative Fee Equity - Ending Balance	\$ 129,923	\$ -	\$ -	\$ -	\$ 129,923	\$ -	\$ -	\$ -
11170-005	Pre-2004 Administrative Fee Reserves	\$ 31,503	\$ -	\$ -	\$ -	\$ 31,503	\$ -	\$ -	\$ -
11170-006	Post-2003 Administrative Fee Reserves	\$ 98,420	\$ -	\$ -	\$ -	\$ 98,420	\$ -	\$ -	\$ -
11180	Housing Assistance Payments Equity								
11180-001	Housing Assistance Payments Equity - Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-010	Housing Assistance Payment Revenues	\$ 232,410	\$ -	\$ -	\$ -	\$ 232,410	\$ -	\$ -	\$ -
11180-015	Fraud Recovery Revenue	\$ 372	\$ -	\$ -	\$ -	\$ 372	\$ -	\$ -	\$ -
11180-020	Other Revenue	\$ 9,426	\$ -	\$ -	\$ -	\$ 9,426	\$ -	\$ -	\$ -
11180-021	Comments for Other Revenue	To bring NRP in line with HUD calculations at 12-31-2016				To bring NRP in line with HUD calculations at 12-31-2016			
11180-025	Investment Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-030	Total Housing Assistance Payments Revenues	\$ 242,208	\$ -	\$ -	\$ -	\$ 242,208	\$ -	\$ -	\$ -
11180-080	Housing Assistance Payments	\$ 233,222	\$ -	\$ -	\$ -	\$ 233,222	\$ -	\$ -	\$ -
11180-090	Other Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180-091	Comments for Other Expenses								
11180-100	Total Housing Assistance Payments Expenses	\$ 233,222	\$ -	\$ -	\$ -	\$ 233,222	\$ -	\$ -	\$ -
11180-002	Net Housing Assistance Payments	\$ 8,986	\$ -	\$ -	\$ -	\$ 8,986	\$ -	\$ -	\$ -
11180-003	Housing Assistance Payments Equity - Ending Balance	\$ 8,986	\$ -	\$ -	\$ -	\$ 8,986	\$ -	\$ -	\$ -
11190	Unit Months Available								
11190-210	Total ACC HCV Units	1,924	-	532	-	1,392	-	-	-
11190-220	Unfunded Units	(455)	-	-	-	(455)	-	-	-
11190-230	Other Adjustments	-	-	-	-	-	-	-	-
11190	Unit Months Available	1,469	-	532	-	937	-	-	-
11210	Number of Unit Months Leased	1,246	-	439	-	807	-	-	-
11270	Excess Cash	\$ (18,978)	\$ -	\$ (18,978)	\$ -	\$ -	\$ -	\$ -	\$ -
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620	Building Purchases	\$ 29,288	\$ -	\$ 29,288	\$ -	\$ -	\$ -	\$ -	\$ -
11630	Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11640	Furniture & Equipment - Administrative Purchases	\$ 24,261	\$ -	\$ 24,261	\$ -	\$ -	\$ -	\$ -	\$ -
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 MITCHELL, SOUTH DAKOTA

Financial Data Schedule - Memo Account Information
For the Year Ended June 30, 2017

Financial Statements		
Element	Description	Value
G3000-005	Financial Statements Using Basis Other Than GAAP	NO
G3000-010	Fund Opinion(s)	Business-Type & Component Unit
-	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 MITCHELL, SOUTH DAKOTA

Financial Data Schedule - Memo Account Information
For the Year Ended June 30, 2017

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

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

See Independent Auditor's Report

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

Financial Data Schedule - Memo Account Information
For the Year Ended June 30, 2017

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

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

See Independent Auditor's Report


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 Mitchell, South Dakota
 Mitchell, 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 business-type activities and the discretely presented component unit of The Housing and Redevelopment Commission of the City of Mitchell, South Dakota, a component unit of the City of Mitchell, South Dakota (hereinafter referred to as the Commission) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated July 13, 2018. Our report includes a reference to other auditors who audited the financial statements of Meadowlawn Plaza, LLC, a discretely presented component unit, which were not audited in accordance with *Government Auditing Standards*.

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 report 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
July 13, 2018

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017

FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no prior findings reported.

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

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017

FINDINGS - FINANCIAL STATEMENTS AUDIT

There are no financial statements audit findings reported.