



**OLMSTED COUNTY HOUSING AND
REDEVELOPMENT AUTHORITY
Rochester, Minnesota**

**ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2023

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Olmsted County Housing and Redevelopment Authority

Financial Statements

For the Year Ended December 31, 2023

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INTRODUCTORY SECTION

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TO: OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

FROM: Stephanie Reese, Financial Reporting Manager
Olmsted County Finance Department

David Dunn, Housing Director
Olmsted County Housing and Redevelopment Authority

RE: Annual Financial Report

DATE: May 30, 2024

The Annual Financial Report of the Olmsted County Housing and Redevelopment Authority is herewith submitted for the fiscal year ended December 31, 2023. The Olmsted County Finance Department prepared this report. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the administration of the Olmsted County Finance Department and the Olmsted County Housing and Redevelopment Authority.

We believe that the data contained in the report is accurate in all material respects and sets forth factually the financial position and results of operations at the Olmsted County Housing and Redevelopment Authority, and the financial affairs of the Olmsted County Housing and Redevelopment Authority.

The Department of Housing and Urban Development requires an audit of the books of account, financial records and transactions of the Housing Authority by an independent auditor. This requirement has been complied with, and the Auditor's opinion has been included in this report. Hawkins Ash CPAs will issue a management and compliance letter covering the review made as part of Olmsted County Housing and Redevelopment Authority's system of operations. The management and compliance letter will not modify or affect in any way, this report on the financial statements.

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Stephanie Reese
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Stephanie Reese, Assistant Controller
Olmsted County Finance Department

DocuSigned by:
David Dunn
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David Dunn, Housing Director
Olmsted County Housing and Redevelopment Authority

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OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS TABLE OF CONTENTS FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I INTRODUCTORY SECTION

- 5 Table of Contents
- 7 List of Principal Officials

SECTION II FINANCIAL SECTION

10-12 INDEPENDENT AUDITORS REPORT

13-21 MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

- 23 Statement of Net Position
- 24 Statement of Revenue, Expenses, and Changes in Net Position
- 25 Statement of Cash Flows
- 26-37 Notes to Financial Statements

SUPPLEMENTARY SCHEDULES

- 39-42 Schedule of Net Position by Program
- 43-44 Schedule of Revenue, Expenses, and Changes in Net Position by Program
- 45-48 Schedule of Cash Flows by Program
- 49 Schedule of Intergovernmental Revenue
- 50 Schedule of Expenditures of Federal Awards
- 51 Notes to the Schedule of Expenditures of Federal Awards
- 52 Schedule and Certification of Actual Capital Fund Grant Costs

OTHER REPORTS

- 53-54 Independent Auditors' 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*
- 55-57 Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance
- 58-59 Schedule of Findings and Questioned Costs
- 60 Independent Auditors' Report on Minnesota Legal Compliance

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OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

LIST OF PRINCIPAL OFFICIALS

Commissioner One - Laurel Podulke-Smith	Term expires	December 31, 2024
Commissioner Two David Senjem	Term expires	December 31, 2026
Commissioner Three Gregg Wright (1)	Term expires	December 31, 2024
Commissioner Four Brian Mueller	Term expires	December 31, 2026
Commissioner Five Michelle Rossman	Term expires	December 31, 2024
Commissioner Six Sheila Kiscaden	Term expires	December 31, 2026
Commissioner Seven Mark Thein	Term expires	December 31, 2024
Commissioner Eight Tania Rhiger	Term expires	February 15, 2026

(1) 2023 Chair

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Olmsted County Housing and Redevelopment Authority
Rochester, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Olmsted County HRA (“Authority”), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements, schedule of intergovernmental revenue, schedule and certification of actual capital fund grant costs and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 combining financial statements, schedule of intergovernmental revenue, schedule and certification of actual capital fund grant costs and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated [date of report] on our consideration of the Authority'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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 30, 2024

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The Olmsted County Housing and Redevelopment Authority's (the Authority) management's discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and identify individual issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current years activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's assets and deferred outflows exceeded its liabilities at the close of the most recent fiscal year by \$17,407,012 (net position). The net position is comprised of the following components:
 - \$5,542,032 (net investment in capital assets) represents the Authority's investments in capital assets less any capital related debt and is not available for future spending.
 - \$824,415 (restricted) is restricted as to use by grant agreements, contracts, laws, and regulations, and can only be used for specific purposes.
 - \$11,040,565 (unrestricted) may be used to meet the Authority's ongoing obligations.
- The Authority's net position increased by \$2,619,517 (or 18%) during 2023 and was \$17,407,012 and \$14,787,495 for 2023 and 2022 respectively.
- The operating revenue increased by \$608,707 (or 5%) during 2023 and was \$11,979,235 and \$11,370,528 for 2023 and 2022 respectively.
- The total operating expenses of all Authority programs increased by \$1,283,100 (or 10%) during 2023. Total operating expenses were \$14,094,639 and \$12,811,539 for 2023 and 2022 respectively.
- The operating income (loss) decreased by \$(674,393) (or 47%) during 2023 and was (\$2,115,404) and (\$1,441,011) for 2023 and 2022 respectively.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The Authority consists of exclusively enterprise funds, which use full accrual basis of accounting. All the Authority's activities are reported as a single enterprise fund. This method of accounting is similar to accounting utilized by the private sector accounting.

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred inflows, minus liabilities, equal "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, 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.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position".

The financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income and operating grants, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Finally, Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, non-capital financing activities, from capital and related financing activities, and investing activities.

Many of the programs maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of December 31, 2023, and 2022.

TABLE 1
STATEMENT OF NET POSITION

	2023	2022	Dollar Change	Percent Change
Current and Other Assets	\$ 11,600,955	\$ 10,742,616	\$ 858,339	7.99%
Noncurrent Assets	19,356,725	17,797,671	1,559,054	8.76%
Total Assets	<u>\$ 30,957,680</u>	<u>\$ 28,540,287</u>	<u>\$ 2,417,393</u>	8.47%
Deferred Outflows of Resources	\$ 16,237	\$ 22,955	\$ (6,718)	-29.27%
Total Assets and Deferred Outflows of Resources	<u>\$ 30,973,917</u>	<u>\$ 28,563,242</u>	<u>\$ 2,410,675</u>	8.44%
Current Liabilities	911,956	657,652	254,304	38.67%
Noncurrent Liabilities	12,654,949	12,877,143	(222,194)	-1.73%
Total Liabilities	<u>\$ 13,566,905</u>	<u>\$ 13,534,795</u>	<u>\$ 32,110</u>	0.24%
Net Position:				
Net Investment in Capital Assets	\$ 5,542,032	\$ 3,954,828	\$ 1,587,204	40.13%
Restricted	824,415	\$ 835,959	(11,544)	-1.38%
Unrestricted	11,040,565	\$ 9,996,708	1,043,857	10.44%
Total Net Position	<u>\$ 17,407,012</u>	<u>\$ 14,787,495</u>	<u>\$ 2,619,517</u>	17.71%
Total Liabilities and Net Position	<u>\$ 30,973,917</u>	<u>\$ 28,322,290</u>	<u>\$ 2,651,627</u>	9.36%

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets increased by \$858,339 and current liabilities increased by \$254,304. There are sufficient current assets (primarily cash and investments) to extinguish the current liabilities.

The capital assets increased by \$1,325,947. This was caused by the Authority's purchase of both land and building at 1621 10th St SE and 2206 11 ½ Ave SE, along with changes in the current year capital assets and the current year depreciation of all assets. For more detail see "Capital Assets and Debt Administration" below.

Noncurrent notes, loans, and mortgages receivable increased by \$235,607 due to the Rehabilitation Levy program. This program provides 30-year mortgages to eligible recipients to complete construction projects on individual properties. The mortgages include a 2% interest charge for the first 15 years of the loan, payable at the end of the 30-year mortgage.

Noncurrent liabilities decreased by \$222,194, which is attributable to netting the payment of annual principal on bonds and mortgages payable, issuance of new debt, increase in accrued interest, and amortization of bond premiums.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Statement of Revenue, Expenses and Changes in Net Position

The following table reflects the Changes in Net Position for the year ended December 31, 2023, and 2022.

TABLE 2
CHANGES IN NET POSITION

	2023	2022	Dollar Change	Percent Change
Revenues				
Charges for services	\$ 2,933,787	\$ 2,554,932	\$ 378,855	14.83%
Operating grants	9,045,448	8,815,596	229,852	2.61%
Total operating revenue	<u>\$ 11,979,235</u>	<u>\$ 11,370,528</u>	<u>\$ 608,707</u>	5.35%
Expenses				
Administrative	\$ 3,251,047	\$ 3,008,302	\$ 242,745	8.07%
Tenant services	641,470	682,703	(41,233)	-6.04%
Utilities	256,986	250,118	6,868	2.75%
Maintenance	1,111,539	998,922	112,617	11.27%
Insurance	176,072	131,034	45,038	34.37%
General	145,893	237,696	(91,803)	-38.62%
Housing assistance payments & port in	7,870,786	6,956,072	914,714	13.15%
Amortization	85,112	-	85,112	-
Depreciation	555,734	546,692	9,042	1.65%
Total operating expenses	<u>\$ 14,094,639</u>	<u>\$ 12,811,539</u>	<u>\$ 1,283,100</u>	10.02%
Operating income (loss)	<u>\$ (2,115,404)</u>	<u>\$ (1,441,011)</u>	<u>\$ (674,393)</u>	46.80%
Nonoperating revenue (expenses)				
Property taxes	\$ 4,541,597	\$ 3,916,278	\$ 625,319	15.97%
Interest income	167,173	24,370	142,803	585.98%
Gain or loss on disposal of property	-	-	-	100.00%
Interest expense	(66,647)	(59,681)	(6,966)	11.67%
Net nonoperating revenue (expenses)	<u>\$ 4,642,123</u>	<u>\$ 3,880,967</u>	<u>\$ 761,156</u>	19.61%
Change in net position before extraordinary item	\$ 2,526,719	\$ 2,439,956	\$ 86,763	3.56%
Extraordinary loss due to storm damage	92,798	\$ 66,734	26,064	39.06%
Change in net position after extraordinary item	<u>\$ 2,619,517</u>	<u>\$ 2,506,690</u>	<u>\$ 112,827</u>	4.50%
Net position January 1 (restated)	<u>14,787,495</u>	<u>12,280,805</u>	<u>2,506,690</u>	20.41%
Net position December 31	<u>\$ 17,407,012</u>	<u>\$ 14,787,495</u>	<u>\$ 2,619,517</u>	17.71%

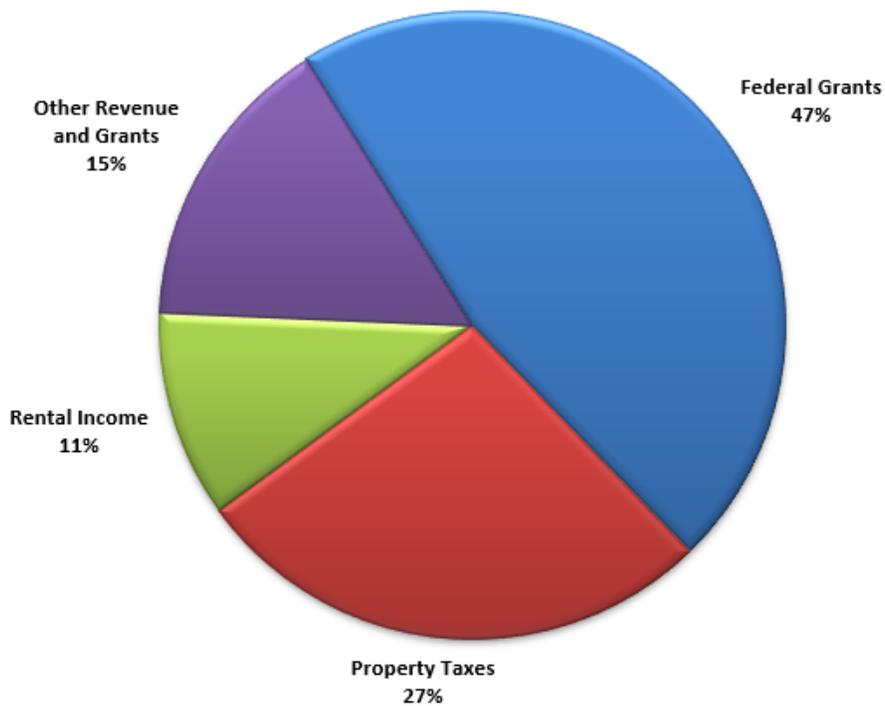
OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Major Factors Affecting the Statement of Revenue, Expenses and Changes in Net Position

Revenue

The primary source of revenue for the Authority is Federal grants followed by property taxes, State grants, and rental income. The Authority's grant revenue increased \$229,852 (or 3%) in 2023. This increase was attributed to an increase in HCV funding and participants, less the one-time contribution that occurred in 2022 for the purchase of the 105 N Broadway building.

2023 Sources of Funds



OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Expenses

The Authority experienced an increase in total operating expenses for the current year of \$1,283,100.

Administrative – Administrative costs are costs that do not fit in any other category and include items such as administrative staffing, legal, finance fees, auditing, training, general office expenses, etc. During the year, the Authority administrative costs increased \$242,745 (or 8%) primarily due to staffing increases in 2023.

Tenant services – Tenant services is primarily made up of costs related to providing services such as shelter, food, and hygiene costs for the homeless at properties leased by the Authority, totaling \$641,470.

Utilities – Utilities expense covers all utilities not paid directly by tenants.

Maintenance – Maintenance costs are all typically costs to maintain Authority-owned housing units. These expenses include maintenance staffing, supplies and maintenance contracts. Maintenance costs increased by \$112,617 (or 11%) in 2023.

Insurance premiums – All insurance costs for property, auto, liability, public official's liability, etc. Insurance costs increased by \$45,038 (or 34%) in 2023 due to premium increases across all properties and the purchases of two new properties.

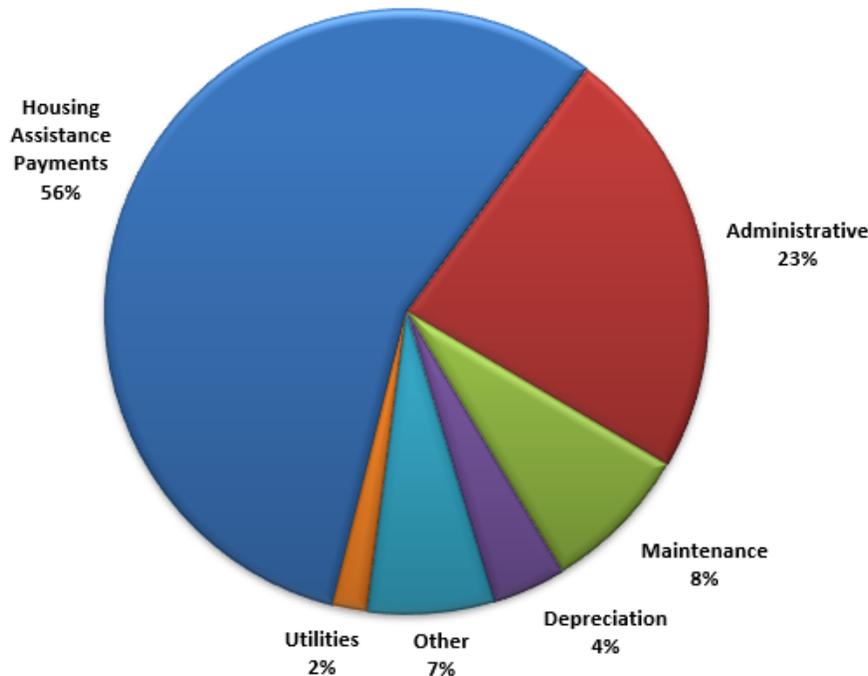
General – The two primary expenses classified as general are payments in lieu of taxes (PILOT) and other client expenses. These general costs decreased by \$91,803 (or 39%) in 2023 primarily due to no longer paying building rent on buildings purchased by the Authority in 2023.

Housing Assistance Payments – Housing assistance payments (HAP) consist of rental payments to owners of private property on behalf of low-income households for which the Authority has an agreement with both the private landlord and the low-income resident. These payments are administered through several different programs. The increase of \$914,714 (or 13%) for current year HAP was driven by spending on regular Housing Choice Vouchers (up \$668,675) and Mainstream program vouchers (up \$94,436). Both programs saw an increase in units leased, as well as an increase in contribution per unit.

Depreciation – The capitalization of costs spread over an asset's useful life. The current year expense is recorded as depreciation.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

2023 Uses of Funds



Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had \$17,248,450 invested in a variety of capital assets as reflected in the following schedule, which represents a net increase of \$1,325,947 from the end of last year. This was caused by several acquisitions throughout the year, and the calculation of depreciation at year-end. There were no disposals for the Authority during 2023.

The Authority completed the purchase of the land and building at 1621 10th St. SE totaling \$501,275 (\$100,255 for land and \$401,020 for the building), and the purchase of the land and building at 2206 11th Ave. SE totaling \$646,542 (\$171,693 for land and \$474,849 for the building). The Westwood and River's Edge properties had roof replacements at \$171,488 and 174,630 respectively. River's Edge also upgraded individual heating units in 2023 totaling \$140,350. The Halling House and 105 Building had water heater and accessory replacements totaling \$18,800 and 16,200 respectively. Silver Creek Corner had A/C compressor work done for \$10,914 and added a floor scrubber for \$5958. In 2023, the Francis added a new boiler (\$48,188), a security system (\$42,470), and a fire alarm system (\$5263). Finally, the Authority bought a new maintenance vehicle to meet the needs of added properties for \$64,879.

In 2023, the Authority had Construction in Progress (CIP) expenses for the work being done to acquire the Residences of Old Town Hall (ROTH) and build a Mayowood II property (recently renamed Trailside). Current CIP expenses total \$111,441 for the ROTH and \$31,141 for Trailside. We removed the CIP for the Yardi software recorded in 2022 (\$43,256) and created a lease subscription to account for the signed three-year contract. Total depreciation for the year was \$555,734.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Capital Assets (continued)

Lastly, the Authority entered into an agreement for new housing, voucher, and financial subscription-based software. Under the terms of the subscription, the Olmsted County HRA will make annual variable payments. On January 1, 2023, the Olmsted County HRA recognized a right to use asset and an information technology subscription payable of \$240,952 related to this agreement. During the fiscal year, the County recorded \$82,612 in amortization expense and \$10,603 in interest expense for the right to use the subscription-based software. The Olmsted County HRA used an incremental discount rate of 2.50%, based on the County's borrowing rate for the same time periods. The Olmsted County HRA's remaining annual payment of \$84,502 is due in November 2024.

TABLE 3
CAPITAL ASSETS AT YEAR END

	Business-type Activities	
	2023	2022
Nondepreciable Assets		
Land and land rights	\$ 3,379,812	\$ 3,107,863
Construction in Progress	\$ 160,592	43,256
Depreciable Assets		
Buildings	\$ 24,253,398	23,031,411
Other Improvements	\$ 553,109	553,109
Equipment	\$ 859,219	506,198
Intangible Right-to-use Subscription	\$ 158,340	240,952
Less Accumulated Depreciation	\$ (12,116,020)	(11,560,286)
Net Capital Assets	<u>\$ 17,248,450</u>	<u>\$ 15,922,503</u>

The following reconciliation summarizes the change in Capital Assets, which is presented in detail in the notes.

TABLE 4
CHANGE IN CAPITAL ASSETS

	Business Type Activities
Balance 1/1/2023	\$ 15,922,503
Increases	2,007,549
Transfers, Net	-
Decreases	(125,868)
Depreciation	<u>(555,734)</u>
Balance 12/31/2023	<u>\$ 17,248,450</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Debt Outstanding

As of year-end, the Authority had \$12,486,554 in debt (bonds, notes, etc.) outstanding. This amount includes the bonds the Authority issued with a remaining balance of \$330,000 for the construction of the River’s Edge moderate-income housing. The bonds are backed by the full faith and credit of Olmsted County in event that the revenues of the apartment complex cannot pay the debt service. In addition to the bonds, the Authority issued several zero-interest rate deferred repayment mortgages for \$3,348,547, mortgages bearing 5.75% interest with a remaining balance of \$478,569 for Rolling Heights low-income senior housing and deferred forgivable mortgages of \$8,329,438 which will be forgiven once the time and program requirements are satisfied.

TABLE 5
OUTSTANDING DEBT, AT YEAR END

	Totals	
	2023	2022
G.O. Revenue Bonds	\$ 330,000	\$ 430,000
Mortgages at 5.75%	478,569	489,762
Deferred Repayment Mortgages	3,348,547	3,348,547
Deferred Mortgages Forgivable	8,329,438	8,329,438
Total	\$ 12,486,554	\$ 12,597,747

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local inflationary and employment trends, which affect resident incomes and rental assistance eligibility
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Stephanie Reese, Assistant Controller at Olmsted County Finance Department, at (507) 328-7081. Specific requests may be submitted to Stephanie Reese, Olmsted County Finance Department, 2117 Campus Drive SE, Suite 300, Rochester, MN 55904-4744 or by email at stephanie.reese@olmstedcounty.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

Statement of Revenue, Expenses, and Changes in Net Position

Statement of Cash Flows

Notes to Financial Statements

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

STATEMENT OF NET POSITION

DECEMBER 31, 2023

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 9,282,343
Cash and cash equivalents operating reserve	392,646
Receivables	
Tenants	79,097
Current notes, loans, and mortgages receivable	20,859
Other	131,650
Due from other governments	675,405
Prepaid expenses	23,337
Cash and cash equivalents - restricted	
Security deposits and escrows	154,434
Replacement reserve fund	347,041
Debt service reserve account	119,254
Debt service account	119,153
Project account	16,769
Grant restricted	233,530
Residual receipts reserve	5,437
TOTAL CURRENT ASSETS	<u>11,600,955</u>
NONCURRENT ASSETS	
Capital assets	
Land	3,379,812
Construction in progress	160,592
Buildings and improvements	24,806,507
Equipment	859,219
Less accumulated depreciation	(12,116,020)
Intangible right-to-use capital asset	117,500
Intangible right-to-use subscription, net	158,340
Noncurrent notes, loans, and mortgages receivable	1,876,452
Accrued interest receivable	114,323
TOTAL NONCURRENT ASSETS	<u>19,356,725</u>
TOTAL ASSETS	<u>30,957,680</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bonds	16,237
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 30,973,917</u>
<u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 360,829
Current portion of accrued interest	584
Unearned revenue	76,748
Due to other governments	127,508
IT subscription payable	82,441
Current portion of notes payable	116,852
Current liabilities payable from restricted assets	
Interest payable	5,945
Tenants' security deposits	141,049
TOTAL CURRENT LIABILITIES	<u>911,956</u>
NONCURRENT LIABILITIES	
IT subscription payable	-
Due within one year	-
Due in more than one year	-
Tenant FSS escrow	13,385
Notes payable	12,371,564
Accrued interest	270,000
Rehabilitation Liability	-
TOTAL NONCURRENT LIABILITIES	<u>12,654,949</u>
TOTAL LIABILITIES	<u>13,566,905</u>
NET POSITION	
Net investment in capital assets	5,542,032
Restricted	824,415
Unrestricted	11,040,565
TOTAL NET POSITION	<u>17,407,012</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 30,973,917</u>

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

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Charges for services	
Dwelling rental	\$ 1,782,894
Other fees and operating revenue	1,150,893
Total charges for services	<u>2,933,787</u>
Intergovernmental revenue	
Federal	7,785,927
State	1,259,521
Local	-
Total intergovernmental revenue	<u>9,045,448</u>
TOTAL OPERATING REVENUE	<u>11,979,235</u>
OPERATING EXPENSES	
Administrative	\$ 3,251,047
Tenant services	641,470
Utilities	256,986
Maintenance and operations	1,111,539
Insurance	176,072
General expenses	145,893
Housing assistance payments	7,233,425
Housing assistance payments - port-in	637,361
Amortization	85,112
Depreciation	555,734
TOTAL OPERATING EXPENSES	<u>\$ 14,094,639</u>
OPERATING INCOME (LOSS)	<u>\$ (2,115,404)</u>
NONOPERATING REVENUES (EXPENSES)	
Property taxes	\$ 4,541,597
Interest income	167,173
Interest expense	(66,647)
NET NONOPERATING REVENUE (EXPENSES)	<u>4,642,123</u>
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	<u>2,526,719</u>
Extraordinary item - gain (loss) caused by storm	92,798
CHANGE IN NET POSITION	<u>2,619,517</u>
NET POSITION AT BEGINNING OF YEAR	<u>14,787,495</u>
NET POSITION AT END OF YEAR	<u><u>\$ 17,407,012</u></u>

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

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services and charges	\$ 2,693,199
Receipts from intergovernmental revenue	8,562,284
Payments for contracted personal services	(1,780,265)
Payments to suppliers	(3,700,568)
Payments to landlords	(7,870,786)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (2,096,136)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,122,804)
Proceeds from sale of capital assets	-
Proceeds (Payment) of capital debt	(111,193)
Interest payments	(52,454)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,193,653)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from property taxes	4,645,605
Payments on/for notes, loans, and mortgages receivable	(158,634)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>4,486,971</u>
Cash Flows from Investing Activities	
Investment income	167,173
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	364,355
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,306,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 10,670,607</u></u>
NON-CASH INVESTING ITEMS	
Interest expense includes amounts for:	
Amortization of bond premiums	771
Amortization of deferred loss on bonds	(6,718)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>	
Cash and cash equivalents	9,282,343
Cash and cash equivalents - operating reserve	392,646
Cash and cash equivalents - restricted	995,618
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u><u>\$ 10,670,607</u></u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,115,404)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	555,734
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(104,685)
Due from other governments	(483,164)
Notes, mortgages, repayment receivable	(201,525)
Prepaid expenses	(10,143)
(Decrease) increase in liabilities	
Accounts payable	76,523
Unearned revenue	45,987
Tenant FSS escrow	9,981
Tenant security deposits	9,654
Due to other governments	35,794
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ (2,096,136)</u></u>

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

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Olmsted County Housing and Redevelopment Authority (the Authority) was created by 1994 Minnesota Law Chapter 493 on January 1, 1995. The Authority's primary operations are the development and management of housing units, which are rented to low-income residents, and the administration of housing assistance programs for low-income residents. The US Department of Housing and Urban Development (HUD) finances these programs. Other activities include rehabilitation of commercial and residential property, which is financed by city, state and federal resources.

An eight-member Board (Board) governs the Authority, and the Olmsted County Board appoints all eight members of the Board. The Board is organized with a chair and vice chair elected at its annual meeting in January of each year. The Housing Director serves as the clerk of the Board but has no vote. The Board has contracted with Olmsted County (County) to provide staff to administer its programs. It has been determined that the Authority is a blended component unit of the County due to the County appointing all the members of the Board and the County having operation responsibility for the Authority.

The financial report provides information about the financial activities of the Authority in accordance with generally accepted accounting principles (GAAP).

Discretely Presented Component Unit

The Authority does not have any component units that require a discrete presentation.

Blended Component Unit

The Authority has one blended component unit, the Rochester New Hope Corporation (the Organization). Rochester New Hope Corporation was organized as a non-profit corporation in 1993 to own and operate Northgate Community Housing, a 12-unit apartment complex location in Rochester, Minnesota. The Organization provides handicapped persons with housing facilities and services especially designed to meet their physical, social, and psychological needs. The complex is managed by a management agent under Section 811 of the National Housing Act.

In December of 2017, the eight-member Authority board acted to become the board of the Organization. The Organization is included as a blended component unit of the Authority since the significance of the relationship between the Organization and the Authority is such that exclusion would cause the Authority's financial statements to be incomplete. The Organization's financial data includes 12 months of operations that end on September 30, 2023, and it issues a separate audited financial statement.

BASIS OF PRESENTATION

Proprietary Fund Type is accounted for with a flow of economic resources measurement focus. All assets, liabilities and deferred inflows/outflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Proprietary Fund measurement is focused upon determination of net income, financial position, and cash flows. The following is the Authority's Proprietary Fund Type:

Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

BASIS OF ACCOUNTING

Basis of accounting refers to the time at which revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. All applicable Governmental Accounting Standards Board (GASB) pronouncements have been applied to proprietary funds.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

BASIS OF ACCOUNTING (continued)

Prepaid items are expensed using the allocation method. The prepaid expense is determined as of the date of the payment and subsequently amortized over the accounting periods that are expected to benefit from the initial payment.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activities. The principal operating revenues of the Authority's enterprise funds is rental income and other charges and fees for services. In addition, grants that are not restricted for capital purposes are considered operating revenue. Operating expenses for the enterprise funds include cost of providing and maintaining rental assistance and rehabilitation programs, administrative expenses, and depreciation expense. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

GENERAL BUDGET POLICIES

A budget is prepared for administrative purposes only.

CASH AND CASH EQUIVALENTS

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the Business-Type Activities include all cash and cash equivalent asset balances regardless of any restrictions or designations on the accounts.

RECEIVABLES

Tenants

Tenants accounts receivable consists of amounts charged to tenants, but which have not yet been paid to the HRA. These receivables have been shown net of the allowances for doubtful accounts for rental programs. The allowance is based on directly identified accounts that are unlikely to be collected. All allowance accounts are \$-0- as of December 31, 2023.

Notes, loans, and mortgages receivable Current and Noncurrent

The notes, loans, and mortgages receivable balances are made up of amounts owed on two types of transactions. The first type of transaction is amounts owed by clients who have signed a repayment agreement for amounts either past due or amounts they owe due to an increase in their earned income. The second type of transaction is amounts owed by individuals who have signed a mortgage agreement with the Authority for rehabilitation work completed on the individual's residence and paid for by the Authority. Receivables are considered current if the amount owed is due within 12 months and noncurrent if the amount owed is due in more than 12 months.

Other

Other receivables are categorized in this group if they do not meet any of the criteria of the other two receivable categories.

DUE FROM/DUE TO OTHER FUNDS

During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from/due to other funds" on the combining statement of net position and have been eliminated in the basic financial statements.

DUE FROM OTHER GOVERNMENTS

Due from other governments is grant money receivable from state, federal, and local governments.

PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

RESTRICTED ASSETS

Certain resources are set aside for repayment and are classified as restricted assets on the Statement of Net Position because their use is limited by bond covenants or escrow and security deposit agreements. It is the Authority's policy to first use restricted assets when both current and restricted assets are available to finance expenses.

CAPITAL ASSETS

Purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against operations. Capital assets are reported net of accumulated depreciation. Depreciation has been provided over the assets estimated useful lives using the straight-line method. The capitalization threshold is \$5,000 for all capital assets. The estimated useful lives are:

Buildings	25 to 50 years
Improvements	4 to 25 years
Equipment	2 to 20 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Authority has only one type of item that qualifies for reporting in this category. It is the deferred loss on refunding of bonds. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. No deferred inflows of resources affect the financial statements this year.

LIABILITIES

Proprietary Fund Types record both long and short-term liabilities of the fund.

NET POSITION

The net position section is divided into sections:

Net investment in capital assets is the total capital assets net of accumulated depreciation and any debt related to those capital assets.

Restricted indicates a portion of net position that has been legally segregated for a specific purpose.

Unrestricted indicates the portion of net position which is available for budgeting and expending in future periods.

CONDUIT DEBT OBLIGATIONS

Occasionally, the Authority has agreed to be a conduit for the issuance of debt for other governments or non-profit organizations to provide financial assistance for the acquisition or construction of equipment and facilities. The bonds are secured by the property financed and are payable solely by the other governments or non-profit organizations. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, neither the assets financed, nor the bond issues are reported in the accompanying financial statements.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

CHANGES IN ACCOUNTING PRINCIPLE

The Authority has implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), in 2023. At the beginning of the period, where the Authority was the contract user, the contract was recorded as Construction in Progress (CIP) in the amount of \$43,256 to become a capital asset under previous guidance. The asset is now recognized as a right-to-use subscription with a beginning balance of \$240,952 on the first of January, 2023. These figures are shown in the table in section D. Capital Assets.

The Authority

B. CASH, DEPOSITS AND INVESTMENTS

Deposits and Investments

The following is a reconciliation of the Authority’s total cash and investments as shown on the Statement of Net Position.

Cash and cash equivalents	\$	9,282,343
Operating reserve		392,646
Restricted cash, cash equivalents, and investments		
Security deposits and escrows		154,434
Replacement reserve fund		347,041
Debt service reserve account		119,254
Debt service account		119,153
Projects		16,769
Grant restricted		233,530
Residual receipts reserve		5,437
Total cash and investments	\$	<u>10,670,607</u>
Investments	\$	8,531,649
Deposits		2,138,958
	\$	<u>10,670,607</u>

Deposits

Minnesota Statutes Chapter 118A.03 requires all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution’s banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills; notes and bonds issues of U.S. government agencies general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

On December 31, 2023, none of the Authority’s deposits were subject to custodial credit risk. The Authority-held deposits are insured or collateralized by third-party institutions and are therefore not subject to custodial credit risk.

Investments

Minnesota Statutes Section 118A.04 and .05 generally authorize the following types of investments available to the Authority:

- securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high-risk” by Minnesota Statute 118A.04, subd. 6
- mutual funds through shares of registered investment companies provided the mutual fund received certain ratings depending on its investments

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

- general and revenue obligations of any state or local government with taxing powers and obligations of the Minnesota finance housing agency provided such obligations have certain specified bond ratings by a national bond rating service
- time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers' acceptances of U.S. banks
- commercial paper issued by U.S. corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less
- with certain restrictions:
 - repurchase agreements
 - securities lending agreements
 - joint powers investment trusts
 - guaranteed investment contracts (GIC)
 - temporary general obligation bonds

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The Authority does not have a formal investment policy that addresses interest rate risk.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments to those listed above. The Authority does not have a formal investment policy that further limits the ratings of their investments.

Custodial Credit Risk – For investments in securities, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form and therefore are not subject to custodial credit risk disclosures. On December 31, 2023, none of the Authority’s investments were subject to custodial credit risk.

Determining Fair Value – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The Authority has two level 1 input investments.

The following Table represents the Authority’s investment balances on December 31, 2023, and information relating to potential investment risks.

Instrument Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Ratings	Rating Agency	Risk Over 5 Percent of Portfolio	Rate Risk Maturity Date	
Investment pools/mutual funds					
Allsprings Government Money Market Fund	Aaa-mf	Moody’s	N/A	N/A	\$ 597,794
First American Money Market Funds					
Treasury Obligations Fund - Y Class	Aaa-mf	Moody’s	N/A	N/A	\$ 7,933,855

N/A - Not Applicable

In 2023, the Authority has some funds on deposit with Olmsted County. The Authority also took advantage of a banking opportunity in which its banking institution automatically sweeps funds into a money market account yielding interest – Additional disclosures required by GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” are disclosed on an entity-wide basis in the Olmsted County Financial Report for the year ended December 31, 2023.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

C. RECEIVABLES

Receivable balances on December 31, 2023, consisted of the following:

Accounts Receivable	\$ 231,606
Allowance for Doubtful Accounts	-
Net Accounts Receivable	<u>\$ 231,606</u>

Due from Other Governments

Federal	\$ 206,240
State	246,908
Local	<u>222,257</u>
Total	<u>\$ 675,405</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	3,107,863	271,949	-	-	3,379,812
Construction in progress	43,256	160,592	(43,256)	-	160,592
Total capital assets not being depreciated	<u>3,151,119</u>	<u>432,541</u>	<u>(43,256)</u>	-	<u>3,540,404</u>
Capital assets, being depreciated:					
Building	23,031,411	1,221,987	-	-	24,253,398
Improvements other than building	553,109	-	-	-	553,109
Equipment	506,198	353,021	-	-	859,219
Intangible Right-to-use Subscription	240,952	-	(82,612)	-	158,340
Total capital assets being depreciated	<u>24,331,670</u>	<u>1,575,008</u>	<u>(82,612)</u>	-	<u>25,824,066</u>
Total assets	<u>27,482,789</u>	<u>2,007,549</u>	<u>(125,868)</u>	-	<u>29,364,470</u>
Less accumulated depreciation for:					
Building	(10,952,330)	(473,348)	-	-	(11,425,678)
Improvements other than building	(299,585)	(21,107)	-	-	(320,692)
Equipment	(308,371)	(61,279)	-	-	(369,650)
Total accumulated depreciation	<u>(11,560,286)</u>	<u>(555,734)</u>	-	-	<u>(12,116,020)</u>
Total capital assets, being depreciated, net	<u>12,771,384</u>	<u>1,019,274</u>	<u>(82,612)</u>	-	<u>13,708,046</u>
Capital assets, net	<u>15,922,503</u>	<u>1,451,815</u>	<u>(125,868)</u>	-	<u>17,248,450</u>

E. UNEARNED REVENUE

The unearned revenue for the Authority as of December 31, 2023, represents receipt of payment from prepaid rent.

F. ESCROW PAYABLE AND SECURITY DEPOSITS

The Family Self-Sufficiency program requires the Authority to place a portion of the rent from qualified tenants in an escrow account. Upon successful completion of the program, the qualified tenant is entitled to the amount in the escrow plus accrued interest. If the tenant does not complete the program the Authority removes the amount from escrow and records it as income. Security deposits are held for tenants in rental units.

Escrow Payable	\$ 13,385
Security Deposits	141,049
Net Escrow Payable and Security Deposits	<u>\$ 154,434</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

G. RIGHT-OF-USE ASSET

Since the 14th of May, 2010, the Authority has been leasing 1.5 acres of land from Olmsted County on which the Silver Creek Corner residence was constructed. The original 60-year term lease was for \$150,000 due and paid at the beginning of the lease. At the end of 2023, the right-of-use Asset balance net of accumulated amortization was \$117,500 as shown below:

Right-of-Use Asset and Accumulated Depreciation	Olmsted County HRA Leased Assets					12/31/2023
	1/1/2023	ADDITIONS	RETIREMENTS	TRANSFER	ADJUSTMENTS	
Leased Assets						
Right-to-Use Asset	\$122,500	\$ -	\$ -	\$ -	\$ -	\$122,500
Total Leased Assets	\$122,500	\$ -	\$ -	\$ -	\$ -	\$122,500
TOTAL ACCUMULATED Amortization	\$2,500	\$2,500	\$ -	\$ -	\$ -	\$5,000
Total Leased Asset less accumulated amortization	\$120,000	\$ (2,500.00)	\$ -	\$ -	\$ -	\$117,500

H. RIGHT-OF-USE SUBSCRIPTION

On the 10th of November, 2022, the Authority entered into a three-year contract with Yardi Systems, Inc. In accordance with GASB 96, on January 1st, 2023, the Authority recognized a right-to-use asset and an information technology subscription payable of \$240,952. During the fiscal year, the Authority recorded \$82,612 in amortization expense, leaving a present value of \$158,340 as shown below:

Right-of-Use Subscription and Accumulated Depreciation	Olmsted County HRA Leased Subscriptions					12/31/2023
	1/1/2023	ADDITIONS	RETIREMENTS	TRANSFER	ADJUSTMENTS	
Leased Subscriptions						
Right-to-Use Subscription	\$240,952	-	-	-	-	\$240,952
Total Leased Subscriptions	\$240,952	-	-	-	-	\$240,952
TOTAL ACCUMULATED Amortization (Subscription)	-	\$82,612	-	-	-	\$82,612
Total Leased Subscription less accumulated amortization	\$240,952	\$ (82,612.00)	-	-	-	\$158,340

SBITA Liability

The 3-year agreement requires the Authority to make annual payments of \$84,502. The SBITA liability was calculated using a 2.5% discount rate. At the end of 2023 the remaining SBITA Liability was \$82,411 shown below:

Right-of-Use Subscription future remaining liability	PRINCIPAL	INTEREST	TOTAL
Remaining Liability - 2024	\$82,411	\$2,061	\$84,502

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

H. LONG TERM DEBT

Long term debt activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 12 months	Long Term
Bonds Payable	\$ 430,000	\$ -	\$ (100,000)	\$ 330,000	\$ 105,000	\$ 225,000
Mortgages Payable	489,762	-	(11,193)	478,569	11,852	\$ 466,717
Deferred Repayment Mortgages	3,348,547	-	-	3,348,547	-	\$ 3,348,547
Deferred Forgivable Mortgages	8,329,438	-	-	8,329,438	-	\$ 8,329,438
Premium on Bonds	2,633	-	(771)	1,862	-	\$ 1,862
Total Long Term Debt	<u>\$ 12,600,380</u>	<u>\$ -</u>	<u>\$ (111,964)</u>	<u>\$ 12,488,416</u>	<u>\$ 116,852</u>	<u>\$ 12,371,564</u>

General Obligation Governmental Housing Refunding Bonds

The Authority issued general obligation governmental housing refunding bonds to refund general obligation housing bonds to reduce future debt service payments.

The general obligation government housing refunding bonds outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
General Obligation Governmental Housing Refunding Bonds, 2010A	6/10/2010	2.00 - 3.70%	\$ 1,475,000	1/1/2026	\$ 330,000	River's Edge

Mortgages Payable

The Authority entered into mortgage agreements with these mortgagors. The payments are due in monthly installments. The mortgages payable outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	\$ 197,498	3/1/2045	\$ 154,810	Rolling Heights
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	412,502	3/1/2045	323,759	Rolling Heights
Total Mortgages Payable					<u>\$ 478,569</u>	

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Deferred Repayment Mortgages

The Authority entered into deferred repayment mortgage agreements with these mortgagors. If there is no default or transfer of the property, the full amount is due upon the earliest of the satisfaction of the properties first mortgage or the final maturity.

The deferred repayment mortgages outstanding are as follows:

	<u>Date Issued</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance</u>	<u>Authority Program</u>
First Homes Properties	5/16/2002	0.00%	\$ 585,000	5/16/2032	\$ 225,000	River's Edge
Greater Minnesota Housing Fund	5/16/2002	0.00%	221,450	5/16/2032	221,450	River's Edge
Minnesota Housing Finance Agency - Economic Development and Housing Challenge Program	5/16/2002	0.00%	635,000	5/16/2032	635,000	River's Edge
Minnesota Housing Finance Agency - Preservation Affordable Rental Investment Fund Program	3/22/2005	0.00%	200,000	3/22/2035	200,000	Rolling Heights
Minnesota Housing Finance Agency - HOME Rental Rehabilitation Program	8/25/2006	0.00%	196,000	3/22/2035	196,000	Rolling Heights
Olmsted County	9/15/2006	0.00%	123,900	9/15/2026	123,900	The Francis
Minnesota Housing Finance Agency - Ending Long-Term Homelessness Initiative Fund Program	9/15/2006	0.00%	170,197	9/15/2026	170,197	The Francis
Greater Minnesota Housing Fund	9/15/2006	0.00%	255,000	9/15/2036	255,000	The Francis
Minnesota Housing Finance Agency - HOME Rental Rehabilitation Program	9/15/2006	0.00%	252,000	9/15/2026	252,000	The Francis
Minnesota Housing Finance Agency - Rental Rehabilitation Deferred Loan Pilot Program	7/29/2015	0.00%	35,000	7/29/2025	35,000	Rental Property
Minnesota Housing Finance Agency - Rental Rehabilitation Deferred Loan Pilot Program	8/26/2015	0.00%	35,000	8/26/2025	35,000	Rental Property
Minnesota Housing Finance Agency - Home Targeted Program	5/3/1996	1.00%	229,201	5/3/2026	229,201	Bandel Hills
Minnesota Housing Finance Agency - Affordable Rental Investment Fund	5/3/1996	1.00%	770,799	5/3/2026	770,799	Bandel Hills
Total Mortgages Payable					<u>\$ 3,348,547</u>	

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Deferred Forgivable Mortgages

The Authority entered into deferred forgivable mortgage agreements with these mortgagors. If there is no default or transfer of the property and all program requirements are met, the debt will be forgiven on the final maturity date.

The deferred forgivable mortgages outstanding are as follows:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
Minnesota Housing Finance Agency - Publicly Owned Permanent Supportive Housing Program	9/15/2006	0.00%	1,469,805	9/15/2026	\$ 1,469,805	The Francis
Minnesota Housing Finance Agency - Publicly Owned Housing Program	6/27/2013	0.00%	52,000	6/27/2033	\$ 45,275	Rental Property
Minnesota Housing Finance Agency - Housing Trust Fund Long-Term Homelessness Initiative Fund Program	12/9/2010	0.00%	888,945	12/9/2040	\$ 888,945	Silver Creek Corner
Minnesota Housing Finance Agency - Publicly Owned Housing Program	12/9/2010	0.00%	4,703,305	12/10/2030	\$ 4,703,305	Silver Creek Corner
Minnesota Housing Finance Agency - POHP Loan	11/7/2019	0.00%	1,222,108	12/9/2040	\$ 1,222,108	Public Housing
Total Mortgages Payable					<u>\$ 8,329,438</u>	

Annual debt service requirements to maturity for general obligation bonds and mortgages are as follows:

Year Ending 12/31	Bonds Payable		Mortgage Payable		Deferred Repayment Mortgages		Deferred Forgivable Mortgages
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2024	\$ 105,000	\$ 10,053	\$ 11,852	\$ 27,209	\$ -	\$ -	\$ -
2025	110,000	6,235	12,554	26,509	70,000	-	-
2026	115,000	2,127	13,295	25,767	1,546,097	300,000	1,469,805
2027	-	-	14,079	24,982	-	-	-
2028	-	-	14,910	24,152	-	-	-
2029 - 2033	-	-	88,844	106,466	1,081,450	-	4,748,580
2034 - 2038	-	-	118,356	76,954	651,000	-	-
2039 - 2043	-	-	157,671	37,640	-	-	2,111,053
2044 - 2045	-	-	47,008	1,822	-	-	-
Total	<u>\$ 330,000</u>	<u>\$ 18,415</u>	<u>\$ 478,569</u>	<u>\$ 351,501</u>	<u>\$ 3,348,547</u>	<u>\$ 300,000</u>	<u>\$ 8,329,438</u>

Conduit Debt

The Authority has approved the issuance of Lease Revenue Refunding Bonds, Series 2021A to acquire, construct, repair, maintain and/or operate buildings, equipment and/or other facilities necessary to provide mental health services for the citizens of Olmsted County. The Lease Revenue Refunding Bonds are secured by the lease to make debt service payments and the facility is pledged as collateral, and do not constitute indebtedness of the Authority. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of Lease Revenue Refunding Bonds outstanding at the end of the year is \$3,120,000.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SEGMENT INFORMATION

The Authority has two segments to report. The first is Rolling Heights project for which mortgages were issued to finance the purchase of a 16-unit senior housing project for low-income residents. The second is River's Edge for which general obligation government housing bonds were issued to finance the construction of a 39-unit apartment complex for moderate to low-income residents.

Condensed Statement of Net Position

	Rolling Heights	River's Edge
Assets		
Current assets	\$ 271,674	\$ 980,254
Capital assets	610,529	2,358,701
Total assets	<u>\$ 882,203</u>	<u>\$ 3,338,955</u>
Deferred outflow of resources	\$ -	\$ 16,237
Total assets and deferred outflow of resources	<u>\$ 882,203</u>	<u>\$ 3,355,192</u>
Liabilities		
Current liabilities	\$ 41,245	\$ 135,725
Current liabilities payable from restricted assets	6,890	25,195
Noncurrent liabilities	862,716	1,308,313
Total liabilities	<u>\$ 910,851</u>	<u>\$ 1,469,233</u>
Net position		
Net investment in capital assets	\$ (264,039)	\$ 961,625
Restricted	-	354,205
Unrestricted	235,391	570,129
Total net position	<u>\$ (28,648)</u>	<u>\$ 1,885,959</u>
Total liabilities and net position	<u>\$ 882,203</u>	<u>\$ 3,355,192</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Rolling Heights	River's Edge
Charges for services	\$ 69,411	\$ 517,338
Operating grants	49,042	-
Depreciation expenses	(15,612)	(72,011)
Other operating expense	(86,773)	(243,284)
Operating income	<u>\$ 16,068</u>	<u>\$ 202,043</u>
Nonoperating revenues (expenses)		
Investment income	941	23,483
Interest expense	(28,206)	(17,838)
Changes in net position	<u>\$ (11,197)</u>	<u>\$ 207,688</u>
Beginning net position	(17,451)	1,678,271
Ending net position	<u>\$ (28,648)</u>	<u>\$ 1,885,959</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Condensed Statement of Cash Flows

	Rolling Heights	River's Edge
Net cash flows from:		
Operating activities	\$ 30,586	\$ 258,883
Capital and related financing activities	(39,454)	(493,449)
Non-capital financial activities	13,633	-
Investing activities	<u>941</u>	<u>23,483</u>
Net increases (decreases)	5,706	(211,083)
Cash and cash equivalents	<u>264,379</u>	<u>1,178,742</u>
Ending cash and cash equivalents	<u>\$ 270,085</u>	<u>\$ 967,659</u>

J. RESTRICTED NET POSITION

Net Restricted Position balances at December 31, 2023 consisted of the following:

Program	Reason	Amount
Public Housing	Authority held funds from the disposition of a public housing unit as required by HUD	\$ 233,530
Housing Choice Voucher	Unspent housing assistance payment revenue from HUD	\$ -
The Francis	MHFA held replacement reserve held for future nonroutine maintenance	47,028
New Hope Corporation	Authority held funds for replacement reserve and residual receipts, both held as required by HUD	5,437
River's Edge	Held by the trustee for any replacement reserve and debt service requirements set by the debt	354,205
Silver Creek Corner	MHFA held replacement reserve held for future nonroutine maintenance	184,215
		<u>\$ 824,415</u>

K. EMPLOYEE BENEFITS

The Authority contracts with Olmsted County for all staff needs.

L. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority continues to carry commercial insurance to cover all related risks. The Authority continues to reassess their insurance coverage on their buildings and property every year. The Authority has not incurred claims in excess of their insurance coverage for the last three years.

M. SUBSEQUENT EVENTS

In a closed session in February of 2024, the Authority approved purchasing of the Residences of Old Town Hall (ROTH) land and property at 607 E Center Street. Discussions are still ongoing to decide what the five-floor apartment style building will be used for. Final closing of the sale to the Authority is expected in August 2024.

Also in this February of 2024 closed session, the Authority approved the purchase of 10 lots in Southeast Rochester for the building of affordable single-family homes.

Construction for the 36-unit senior living building, Trailside Apartments (formerly Mayowood II) construction likely to begin at the end of 2024. This property will be owned by an LLC that will be presented as a blended component of the HRA. This property is funded by 4% tax credits and loans from MN Housing, First Homes and the HRA.

SUPPLEMENTARY SCHEDULES

The Authority's programs are described as follows:

Public Housing is Authority-owned rental units is used to account for financial activities relating to families that need financial assistance for housing.

Housing Choice Vouchers are housing assistance payments and are used to account for financial activities relating to families that are hard to house and that need financial assistance for housing.

State and Local is used to account for financial activities relating to families that need financial assistance for housing and rehab work.

The Francis is Authority-owned rental units and is used to account for financial activities relating to permanent supportive housing for the homeless.

Rolling Heights is Authority-owned rental units is used to account for financial activities relating to affordable housing for low income elderly and disabled.

New Hope Corportaion owns the Northgate Apartments, and is a blended component unit of the Authority. Rochester New Hope Corporation operates a 12 unit apartment complex which provides handicapped persons with housing facilities and services specially designed to meet their physical, social, and psychological needs.

Rental Property is Authority-owned rental units and is used to account for financial activities relating to families that need low to moderate income housing.

River's Edge is Authority-owned rental units and is used to account for financial activities relating to families that need low to moderate housing.

Bandel Hills is Authority owned rental units used to account for financial activities relating to affordable housing for low income housing.

Silver Creek Corner is Authority-owned rental units and is used to account for financial activities relating to individuals that need inebriate permanent supportive housing.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2023

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>Public Housing</u>	<u>Housing Choice Voucher</u>	<u>State and Local</u>	<u>The Francis</u>	<u>Rolling Heights</u>	<u>New Hope Corporation</u>
CURRENT ASSETS						
Cash and cash equivalents	\$ 218,308	\$ 18,364	\$ 6,490,503	\$ 6,265	\$ 263,195	\$ 41,286
Cash and cash equivalents operating reserve	-	-	-	189,475	-	-
Receivables						
Tenants	23,420	-	4,237	18,222	1,589	6,714
Current notes, loans, and mortgages receivable	5,498	13,891	1,470	-	-	-
Other	-	53,595	25,612	-	-	-
Due from other governments	86,135	192,667	333,363	27,849	-	94
Due from other programs	-	-	-	-	-	-
Prepaid expenses	-	419	7,400	-	-	3,413
Cash and cash equivalents - restricted						
Security deposits and escrows	54,585	13,385	13,897	5,285	6,890	3,772
Replacement reserve fund	-	-	-	47,028	-	-
Debt service reserve account	-	-	-	-	-	-
Debt service account	-	-	-	-	-	-
Project account	-	-	16,769	-	-	-
Grant restricted	233,530	-	-	-	-	-
Residual receipts reserve	-	-	-	-	-	5,437
TOTAL CURRENT ASSETS	621,476	292,321	6,893,251	294,124	271,674	60,716
NONCURRENT ASSETS						
Capital assets						
Land	1,008,654	-	-	80,853	132,500	24,700
Construction in progress	18,009	-	142,583	-	-	-
Buildings and improvements	6,882,560	-	-	2,350,688	775,591	623,698
Equipment	255,685	-	120,765	95,921	-	12,229
Less accumulated depreciation	(4,711,305)	-	(120,765)	(784,514)	(297,562)	(456,921)
Intangible right-to-use capital asset	-	-	-	-	-	-
Intangible right-to-use subscription, net	-	-	158,340	-	-	-
Noncurrent notes, loans, and mortgages receivable	-	-	1,876,452	-	-	-
Accrued interest receivable	-	-	114,323	-	-	-
TOTAL NONCURRENT ASSETS	3,453,603	-	2,291,698	1,742,948	610,529	203,706
TOTAL ASSETS	4,075,079	292,321	9,184,949	2,037,072	882,203	264,422
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,075,079	\$ 292,321	\$ 9,184,949	\$ 2,037,072	\$ 882,203	\$ 264,422

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2023

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	BUSINESS ACTIVITIES				Eliminating Entry	Total
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,012,880	\$ 594,204	\$ 574,358	\$ 62,980	\$ -	\$ 9,282,343
Cash and cash equivalents operating reserve	-	-	-	203,171	-	392,646
Receivables						
Tenants	2,956	12,595	9,364	-	-	79,097
Current notes, loans, and mortgages receivable	-	-	-	-	-	20,859
Other	52,443	-	-	-	-	131,650
Due from other governments	139	-	-	35,158	-	675,405
Due from other programs	20,908	-	-	-	(20,908)	-
Prepaid expenses	3,073	-	-	9,032	-	23,337
Cash and cash equivalents - restricted						
Security deposits and escrows	24,057	19,250	13,313	-	-	154,434
Replacement reserve fund	-	115,798	-	184,215	-	347,041
Debt service reserve account	-	119,254	-	-	-	119,254
Debt service account	-	119,153	-	-	-	119,153
Project account	-	-	-	-	-	16,769
Grant restricted	-	-	-	-	-	233,530
Residual receipts reserve	-	-	-	-	-	5,437
TOTAL CURRENT ASSETS	1,116,456	980,254	597,035	494,556	(20,908)	11,600,955
NONCURRENT ASSETS						
Capital assets						
Land	1,668,286	255,000	209,819	-	-	3,379,812
Construction in progress	-	-	-	-	-	160,592
Buildings and improvements	3,753,262	3,385,872	2,058,013	4,976,823	-	24,806,507
Equipment	70,650	217,129	62,129	24,711	-	859,219
Less accumulated depreciation	(1,008,131)	(1,499,300)	(2,038,927)	(1,198,595)	-	(12,116,020)
Intangible right-to-use capital asset	-	-	-	117,500	-	117,500
Intangible right-to-use subscription, net	-	-	-	-	-	158,340
Noncurrent notes, loans, and mortgages receivable	-	-	-	-	-	1,876,452
Accrued interest receivable	-	-	-	-	-	114,323
TOTAL NONCURRENT ASSETS	4,484,067	2,358,701	291,034	3,920,439	-	19,356,725
TOTAL ASSETS	5,600,523	3,338,955	888,069	4,414,995	(20,908)	30,957,680
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	16,237	-	-	-	16,237
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,600,523	\$ 3,355,192	\$ 888,069	\$ 4,414,995	\$ (20,908)	\$ 30,973,917

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2023

<u>LIABILITIES AND NET POSITION</u>	<u>Public Housing</u>	<u>Housing Choice Voucher</u>	<u>State and Local</u>	<u>The Francis</u>	<u>Rolling Heights</u>	<u>New Hope Corporation</u>
CURRENT LIABILITIES						
Accounts payable	\$ 20,989	\$ 5,486	\$ 165,878	\$ 26,724	\$ 3,597	\$ 17,735
Current portion of accrued interest	-	-	-	-	584	-
Unearned revenue	7,229	24,530	20,969	(42)	-	2,296
Due to other programs	-	-	-	-	20,908	-
Due to other governments	15,685	221	56,768	4,976	4,304	-
IT subscription payable	-	-	82,441	-	-	-
Current portion of notes payable	-	-	-	-	11,852	-
Current liabilities payable from restricted assets						
Interest payable	-	-	-	-	-	-
Tenants' security deposits	54,585	-	13,897	5,285	6,890	3,772
TOTAL CURRENT LIABILITIES	98,488	30,237	339,953	36,943	48,135	23,803
NONCURRENT LIABILITIES						
IT subscription payable	-	-	-	-	-	-
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
Tenant FSS escrow	-	13,385	-	-	-	-
Notes payable	1,222,108	-	-	2,270,902	862,716	-
Accrued interest	-	-	-	-	-	-
Rehabilitation Liability	-	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	1,222,108	13,385	-	2,270,902	862,716	-
TOTAL LIABILITIES	1,320,596	43,622	339,953	2,307,845	910,851	23,803
NET POSITION						
Net investment in capital assets	2,231,495	-	218,482	(527,954)	(264,039)	203,706
Restricted	233,530	-	-	47,028	-	5,437
Unrestricted	289,458	248,699	8,626,514	210,153	235,391	31,476
TOTAL NET POSITION	2,754,483	248,699	8,844,996	(270,773)	(28,648)	240,619
TOTAL LIABILITIES AND NET POSITION	\$ 4,075,079	\$ 292,321	\$ 9,184,949	\$ 2,037,072	\$ 882,203	\$ 264,422

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
 COMBINING STATEMENT OF NET POSITION
 DECEMBER 31, 2023

<u>LIABILITIES AND NET POSITION</u>	BUSINESS ACTIVITIES				Eliminating Entry	Total
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
CURRENT LIABILITIES						
Accounts payable	\$ 59,009	\$ 6,607	\$ 9,486	\$ 45,318	\$ -	\$ 360,829
Current portion of accrued interest	-	-	-	-	-	584
Unearned revenue	12,309	5,102	4,355	-	-	76,748
Due to other programs	-	-	-	-	(20,908)	-
Due to other governments	15,519	19,016	-	11,019	-	127,508
IT subscription payable	-	-	-	-	-	82,441
Current portion of notes payable	-	105,000	-	-	-	116,852
Current liabilities payable from restricted assets						
Interest payable	-	5,945	-	-	-	5,945
Tenants' security deposits	24,057	19,250	13,313	-	-	141,049
TOTAL CURRENT LIABILITIES	110,894	160,920	27,154	56,337	(20,908)	911,956
NONCURRENT LIABILITIES						
IT subscription payable	-	-	-	-	-	-
Due within one year	-	-	-	-	-	-
Due in more than one year	-	-	-	-	-	-
Tenant FSS escrow	-	-	-	-	-	13,385
Notes payable	115,275	1,308,313	1,000,000	5,592,250	-	12,371,564
Accrued interest	-	-	270,000	-	-	270,000
Rehabilitation Liability	-	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	1,222,108	1,308,313	1,270,000	5,592,250	-	12,654,949
TOTAL LIABILITIES	226,169	1,469,233	1,297,154	5,648,587	(20,908)	13,566,905
NET POSITION						
Net investment in capital assets	4,484,067	961,625	(708,966)	(1,056,384)	-	5,542,032
Restricted	-	354,205	-	184,215	-	824,415
Unrestricted	890,287	570,129	299,881	(361,423)	-	11,040,565
TOTAL NET POSITION	5,374,354	1,885,959	(409,085)	(1,233,592)	-	17,407,012
TOTAL LIABILITIES AND NET POSITION	\$ 5,600,523	\$ 3,355,192	\$ 888,069	\$ 4,414,995	\$ (20,908)	\$ 30,973,917

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
OPERATING REVENUES						
Charges for services						
Dwelling rental	\$ 371,181	\$ -	\$ 12,919	\$ 23,441	\$ 67,091	\$ 40,760
Other fees and operating revenue	32,903	698,903	268,010	17,648	2,320	1,806
Total charges for services	<u>404,084</u>	<u>698,903</u>	<u>280,929</u>	<u>41,089</u>	<u>69,411</u>	<u>42,566</u>
Intergovernmental revenue						
Federal	519,971	6,765,769	141,203	131,223	49,042	25,732
State	-	-	1,102,558	100,463	-	-
Local	-	-	-	-	-	-
Total intergovernmental revenue	<u>519,971</u>	<u>6,765,769</u>	<u>1,243,761</u>	<u>231,686</u>	<u>49,042</u>	<u>25,732</u>
TOTAL OPERATING REVENUE	<u>924,055</u>	<u>7,464,672</u>	<u>1,524,690</u>	<u>272,775</u>	<u>118,453</u>	<u>68,298</u>
OPERATING EXPENSES						
Administrative	288,870	893,637	1,419,546	83,948	23,821	30,609
Tenant services	179	841	225,785	104,046	-	-
Utilities	33,329	-	1,370	25,864	9,895	13,075
Maintenance and operations	476,187	703	4,732	86,290	42,621	40,069
Insurance	74,366	912	2,194	7,185	6,132	1,544
General expenses	15,128	16,487	21,275	4,984	4,304	11,137
Housing assistance payments	-	6,073,983	1,151,342	3,400	-	-
Housing assistance payments - port-in	-	637,361	-	-	-	-
Amortization	-	-	82,612	-	-	-
Depreciation	176,039	-	-	54,744	15,612	15,581
TOTAL OPERATING EXPENSES	<u>1,064,098</u>	<u>7,623,924</u>	<u>2,908,856</u>	<u>370,461</u>	<u>102,385</u>	<u>112,015</u>
OPERATING INCOME (LOSS)	<u>(140,043)</u>	<u>(159,252)</u>	<u>(1,384,166)</u>	<u>(97,686)</u>	<u>16,068</u>	<u>(43,717)</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	4,541,597	-	-	-
Interest income	3,137	371	111,454	10,453	941	72
Operating transfers in	110,000	253,940	-	274,067	-	16,822
Operating transfers out	-	-	(2,242,329)	-	-	-
Interest expense	-	-	(10,603)	-	(28,206)	-
NET NONOPERATING REVENUE (EXPENSES)	<u>113,137</u>	<u>254,311</u>	<u>2,400,119</u>	<u>284,520</u>	<u>(27,265)</u>	<u>16,894</u>
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	<u>(26,906)</u>	<u>95,059</u>	<u>1,015,953</u>	<u>186,834</u>	<u>(11,197)</u>	<u>(26,823)</u>
Extraordinary item - gain (loss) caused by storm	92,798	-	-	-	-	-
CHANGE IN NET POSITION	<u>65,892</u>	<u>95,059</u>	<u>1,015,953</u>	<u>186,834</u>	<u>(11,197)</u>	<u>(26,823)</u>
NET POSITION AT BEGINNING OF YEAR	<u>2,688,591</u>	<u>153,640</u>	<u>7,829,043</u>	<u>(457,607)</u>	<u>(17,451)</u>	<u>267,442</u>
NET POSITION AT END OF YEAR	<u>\$ 2,754,483</u>	<u>\$ 248,699</u>	<u>\$ 8,844,996</u>	<u>\$ (270,773)</u>	<u>\$ (28,648)</u>	<u>\$ 240,619</u>

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS ACTIVITIES				Eliminating Entry	Total
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
OPERATING REVENUES						
Charges for services						
Dwelling rental	\$ 293,241	\$ 415,572	\$ 244,688	\$ 314,001	\$ -	\$ 1,782,894
Other fees and operating revenue	22,919	101,766	406	4,212	-	1,150,893
Total charges for services	<u>316,160</u>	<u>517,338</u>	<u>245,094</u>	<u>318,213</u>	<u>-</u>	<u>2,933,787</u>
Intergovernmental revenue						
Federal	85,681	-	-	67,306	-	7,785,927
State	-	-	-	56,500	-	1,259,521
Local	-	-	-	-	-	-
Total intergovernmental revenue	<u>85,681</u>	<u>-</u>	<u>-</u>	<u>123,806</u>	<u>-</u>	<u>9,045,448</u>
TOTAL OPERATING REVENUE	<u>401,841</u>	<u>517,338</u>	<u>245,094</u>	<u>442,019</u>	<u>-</u>	<u>11,979,235</u>
OPERATING EXPENSES						
Administrative	133,731	86,599	74,029	216,257	-	3,251,047
Tenant services	310,567	32	20	-	-	641,470
Utilities	48,383	28,953	21,342	74,775	-	256,986
Maintenance and operations	164,954	89,323	94,051	112,609	-	1,111,539
Insurance	29,539	19,260	16,441	18,499	-	176,072
General expenses	16,832	19,117	25,610	11,019	-	145,893
Housing assistance payments	4,700	-	-	-	-	7,233,425
Housing assistance payments - port-in	-	-	-	-	-	637,361
Amortization	-	-	-	2,500	-	85,112
Depreciation	88,553	72,011	32,244	100,950	-	555,734
TOTAL OPERATING EXPENSES	<u>797,259</u>	<u>315,295</u>	<u>263,737</u>	<u>536,609</u>	<u>-</u>	<u>14,094,639</u>
OPERATING INCOME (LOSS)	<u>(395,418)</u>	<u>202,043</u>	<u>(18,643)</u>	<u>(94,590)</u>	<u>-</u>	<u>(2,115,404)</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	-	-	-	4,541,597
Interest income	80	23,483	-	17,182	-	167,173
Operating transfers in	1,587,500	-	-	-	(2,242,329)	-
Operating transfers out	-	-	-	-	2,242,329	-
Interest expense	-	(17,838)	(10,000)	-	-	(66,647)
NET NONOPERATING REVENUE (EXPENSES)	<u>1,587,580</u>	<u>5,645</u>	<u>(10,000)</u>	<u>17,182</u>	<u>-</u>	<u>4,642,123</u>
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	<u>1,192,162</u>	<u>207,688</u>	<u>(28,643)</u>	<u>(77,408)</u>	<u>-</u>	<u>2,526,719</u>
Extraordinary item - gain (loss) caused by storm	-	-	-	-	-	92,798
CHANGE IN NET POSITION	<u>1,192,162</u>	<u>207,688</u>	<u>(28,643)</u>	<u>(77,408)</u>	<u>-</u>	<u>2,619,517</u>
NET POSITION AT BEGINNING OF YEAR	<u>4,182,192</u>	<u>1,678,271</u>	<u>(380,442)</u>	<u>(1,156,184)</u>	<u>-</u>	<u>14,787,495</u>
NET POSITION AT END OF YEAR	<u>\$ 5,374,354</u>	<u>\$ 1,885,959</u>	<u>\$ (409,085)</u>	<u>\$ (1,233,592)</u>	<u>\$ -</u>	<u>\$ 17,407,012</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Public Housing</u>	<u>Housing Choice Voucher</u>	<u>State and Local</u>	<u>The Francis</u>	<u>Rolling Heights</u>	<u>New Hope Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services and charges	\$ 393,605	\$ 712,202	\$ 80,541	\$ 30,958	\$ 67,704	\$ 37,350
Receipts from intergovernmental revenue	477,618	6,615,080	936,789	203,837	49,042	26,703
Payments for contracted personal services	(323,669)	(484,178)	(824,578)	(42,849)	-	(7,339)
Payments to suppliers	(561,206)	(451,148)	(710,671)	(301,560)	(86,160)	(76,949)
Payments to landlords	-	(6,711,344)	(1,151,342)	(3,400)	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(13,652)	(319,388)	(1,669,261)	(113,014)	30,586	(20,235)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Disposition (Acquisition) of capital assets	(189,497)	-	(257,838)	(95,921)	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds (Payment) of capital debt	-	-	-	-	(11,194)	-
Interest payments	-	-	(10,603)	-	(28,260)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(96,699)	-	(268,441)	(95,921)	(39,454)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	4,645,605	-	-	-
Transfers in (out)	110,000	253,940	(2,167,329)	199,067	13,633	16,822
Payments on/for notes, loans, and mortgages receivable	-	-	(158,634)	-	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	110,000	253,940	2,319,642	199,067	13,633	16,822
Cash Flows from Investing Activities						
Investment income	3,137	371	111,454	10,453	941	72
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,786	(65,077)	493,394	585	5,706	(3,341)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	503,637	96,826	6,027,775	247,468	264,379	53,836
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 506,423	\$ 31,749	\$ 6,521,169	\$ 248,053	\$ 270,085	\$ 50,495
NON-CASH INVESTING ITEMS						
Interest expense includes amounts for:						
Amortization of bond premiums	-	-	-	-	-	-
Amortization of deferred loss on bonds	-	-	-	-	-	-

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Public Housing</u>	<u>Housing Choice Voucher</u>	<u>State and Local</u>	<u>The Francis</u>	<u>Rolling Heights</u>	<u>New Hope Corporation</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and cash equivalents	218,308	18,364	6,490,503	6,265	263,195	41,286
Cash and cash equivalents - operating reserve	-	-	-	189,475	-	-
Cash and cash equivalents - restricted	288,115	13,385	30,666	52,313	6,890	9,209
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 506,423</u>	<u>\$ 31,749</u>	<u>\$ 6,521,169</u>	<u>\$ 248,053</u>	<u>\$ 270,085</u>	<u>\$ 50,495</u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (140,043)	\$ (159,252)	\$ (1,384,166)	\$ (97,686)	\$ 16,068	\$ (43,717)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	\$ 176,039	\$ -	\$ -	\$ 54,744	\$ 15,612	\$ 15,581
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(15,526)	(26,681)	(15,838)	(13,980)	(1,589)	(5,172)
Due from other governments	(42,353)	(150,689)	(306,972)	(27,849)	-	971
Notes, mortgages, repayment receivable	2,074	5,469	(209,068)	-	-	-
Prepaid expenses	-	(419)	(6,726)	-	-	(752)
(Decrease) increase in liabilities						
Accounts payable	10,296	(12,446)	95,048	(33,145)	206	12,898
Unearned revenue	1,557	24,530	20,969	(127)	-	(479)
Tenant FSS escrow	-	9,981	-	-	-	-
Tenant security deposits	1,416	-	3,549	3,976	(118)	435
Due to other governments	(7,112)	(9,881)	51,331	1,053	407	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (13,652)</u>	<u>\$ (319,388)</u>	<u>\$ (1,669,261)</u>	<u>\$ (113,014)</u>	<u>\$ 30,586</u>	<u>\$ (20,235)</u>

(continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Rental Property</u>	<u>River's Edge</u>	<u>Bandel Hills</u>	<u>Silver Creek Corner</u>	<u>Eliminating Entry</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services and charges	\$ 307,110	\$ 510,584	\$ 231,742	\$ 321,403	\$ -	\$ 2,693,199
Receipts from intergovernmental revenue	85,542	-	-	167,673	-	8,562,284
Payments for contracted personal services	(14,104)	(40,330)	(43,218)	-	-	(1,780,265)
Payments to suppliers	(670,535)	(211,371)	(201,899)	(429,069)	-	(3,700,568)
Payments to landlords	(4,700)	-	-	-	-	(7,870,786)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(296,687)</u>	<u>258,883</u>	<u>(13,375)</u>	<u>60,007</u>	<u>-</u>	<u>(2,096,136)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,182,818)	(379,859)	-	(16,871)	-	(2,122,804)
Proceeds from sale of capital assets	-	-	-	-	-	-
Proceeds (Payment) of capital debt	-	(99,999)	-	-	-	(111,193)
Interest payments	-	(13,591)	-	-	-	(52,454)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,182,818)</u>	<u>(493,449)</u>	<u>-</u>	<u>(16,871)</u>	<u>-</u>	<u>(2,193,653)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	-	-	-	4,645,605
Transfers in (out)	1,598,380	-	-	(24,513)	-	-
Payments on/for notes, loans, and mortgages receivable	-	-	-	-	-	(158,634)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>1,598,380</u>	<u>-</u>	<u>-</u>	<u>(24,513)</u>	<u>-</u>	<u>4,486,971</u>
Cash Flows from Investing Activities						
Investment income	80	23,483	-	17,182	-	167,173
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	118,955	(211,083)	(13,375)	35,805	-	364,355
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>917,982</u>	<u>1,178,742</u>	<u>601,046</u>	<u>414,561</u>	<u>-</u>	<u>10,306,252</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,036,937</u>	<u>\$ 967,659</u>	<u>\$ 587,671</u>	<u>\$ 450,366</u>	<u>\$ -</u>	<u>\$ 10,670,607</u>
NON-CASH INVESTING ITEMS						
Interest expense includes amounts for:						
Amortization of bond premiums	-	771	-	-	-	771
Amortization of deferred loss on bonds	-	(6,718)	-	-	-	(6,718)

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Rental Property</u>	<u>River's Edge</u>	<u>Bandel Hills</u>	<u>Silver Creek Corner</u>	<u>Eliminating Entry</u>	<u>Total</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>						
Cash and cash equivalents	1,012,880	594,204	574,358	62,980	-	9,282,343
Cash and cash equivalents - operating reserve	-	-	-	203,171	-	392,646
Cash and cash equivalents - restricted	24,057	373,455	13,313	184,215	-	995,618
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 1,036,937</u>	<u>\$ 967,659</u>	<u>\$ 587,671</u>	<u>\$ 450,366</u>	<u>\$ -</u>	<u>\$ 10,670,607</u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (395,418)	\$ 202,043	\$ (18,643)	\$ (94,590)	\$ -	\$ (2,115,404)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	\$ 88,553	\$ 72,011	\$ 32,244	\$ 100,950	\$ -	\$ 555,734
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(16,710)	(5,990)	(6,389)	3,190	-	(104,685)
Due from other governments	(139)	-	-	43,867	-	(483,164)
Notes, mortgages, repayment receivable	-	-	-	-	-	(201,525)
Prepaid expenses	(3,073)	146	-	681	-	(10,143)
(Decrease) increase in liabilities						
Accounts payable	22,421	(8,569)	(13,624)	3,438	-	76,523
Unearned revenue	3,931	736	(5,130)	-	-	45,987
Tenant FSS escrow	-	-	-	-	-	9,981
Tenant security deposits	3,729	(1,500)	(1,833)	-	-	9,654
Due to other governments	19	6	-	(29)	-	35,794
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (296,687)</u>	<u>\$ 258,883</u>	<u>\$ (13,375)</u>	<u>\$ 60,007</u>	<u>\$ -</u>	<u>\$ (2,096,136)</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023

GRANTS	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation	BUSINESS ACTIVITIES				Total	
							Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
Local												
County of Olmsted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State												
Minnesota Housing	\$ -	\$ -	\$ 302,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,500	\$ 359,150
Department of Human Services												
Housing Support for Adults with Serious Mental Illness	-	-	-	100,463	-	-	-	-	-	-	-	100,463
Cost Neutral Transfer - Housing Supports	-	-	785,312	-	-	-	-	-	-	-	-	785,312
State Aids and Credits	-	-	14,596	-	-	-	-	-	-	-	-	14,596
Total State Grants	\$ -	\$ -	\$ 1,102,558	\$ 100,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,500	\$ 1,259,521
Assistance												
Federal												
Listing #												
Low Income Public Housing Operating Subsidy	14.850	\$ 352,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,327
Section 8 Voucher Housing Assistance Payments	14.871	-	5,991,041	-	-	-	-	-	-	-	-	5,991,041
Mainstream Voucher Program	14.879	-	774,728	-	-	-	-	-	-	-	-	774,728
Public Housing Capital Fund Program	14.872	167,644	-	-	-	-	-	-	-	-	-	167,644
Rural Rental Housing Loans	10.415	-	-	-	17,678	-	-	-	-	-	-	17,678
Rural Rental Housing Assistance	10.427	-	-	-	31,364	-	-	-	-	-	-	31,364
Continuum of Care Program	14.267	-	141,203	131,223	-	-	85,681	-	-	-	67,306	425,413
Rent Supplements for Low Income Families	14.149	-	-	-	-	25,732	-	-	-	-	-	25,732
Emergency Solutions Grant	14.231	-	-	-	-	-	-	-	-	-	-	-
Total Federal Grants		\$ 519,971	\$ 6,765,769	\$ 141,203	\$ 131,223	\$ 49,042	\$ 25,732	\$ 85,681	\$ -	\$ -	\$ 67,306	\$ 7,785,927
Total Intergovernmental Revenue		\$ 519,971	\$ 6,765,769	\$ 1,243,761	\$ 231,686	\$ 49,042	\$ 25,732	\$ 85,681	\$ -	\$ -	\$ 123,806	\$ 9,045,448

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor Pass-Through Agency Grant Program Title	Assistance Listing Number	Pass-Thru Grant Identification Number	Subrecipient Amount	Expenditures
U.S. Department of Agriculture				
Direct				
Rural Rental Housing Loans	10.415	N/A	-	\$ 17,678
Rural Rental Housing Rental Assistance	10.427	N/A	-	31,364
Total U.S. Department of Agriculture				<u>49,042</u>
U.S. Department of Housing and Urban Development				
Direct				
Continuum of Care	14.267	MN0193L5K022013	-	41,290
		MN0193L5K022112	-	89,933
		MN0246L5K022007	-	50,059
		MN0246L5K022106	-	35,621
		MN0064L5K022114	-	56,285
Passed Through Olmsted County		MN0064L5K022013	-	84,918
Passed Through Center City Housing Corp		MN0247L5K022110	-	16,415
		MN0247L5K022211	-	50,891
Total Continuum of Care				<u>425,413</u>
Public and Indian Housing	14.850	MN151-00000120D	-	352,327
Public Housing Capital Fund	14.872	MN46P15150119	-	34,304
		MN46P15150120	-	1,700
		MN46P15150121	-	106,379
		MN46P15150122	-	25,261
<i>Total Public Housing Capital Fund</i>				<u>167,644</u>
Section 8 Housing Voucher Cluster				
Housing Choice Vouchers	14.871	N/A	-	5,991,041
Other Public Housing Authorities		Unknown	-	680,045
Mainstream Voucher Program	14.879	NA	-	774,728
Total Section 8 Housing Voucher Cluster				<u>7,445,814</u>
Rent Supplements for Low Income Families	14.149	NA	-	25,732
Supportive Housing for Persons with Disabilities	14.181	NA	-	647,200
Passed Through MN Department of Human Services and Olmsted County				
Total U.S. Department of Housing and Urban Development				<u>9,064,130</u>
Total Federal Awards				<u>\$ 9,113,172</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. REPORTING ENTITY

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Olmsted County Housing and Redevelopment Authority. The Authority's reporting entity is defined in Note A to the financial statements.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Olmsted County Housing and Redevelopment Authority under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Because the schedule presents only a selected portion of the operations of Olmsted County Housing and Redevelopment Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Olmsted County Housing and Redevelopment Authority.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Olmsted County Housing and Redevelopment Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. DISCLOSURE OF OTHER FORMS OF ASSISTANCE

The Olmsted County Housing and Redevelopment Authority had non-cash assistance in the form of interest subsidy in the amount of \$17,678 from Rural Rental Housing loans during the year ending December 31, 2023.

5. RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	7,785,927
Per HUD include in SEFA		
Other public housing authorities, port in income		680,045
Supportive housing for persons with disabilities, temporarily restricted capital advance		647,200
Expenditures per Schedule of Expenditures of Federal Awards	\$	9,113,172

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE AND CERTIFICATION OF CAPITAL FUND GRANT COSTS
Public Housing

Grant Identification Number	<u>MN46P15150119</u>	<u>MN46P15150120</u>	<u>MN46P15150121</u>	<u>MN46P15150122</u>	<u>MN46P15150123</u>
Total Grant Funds Approved	\$ 208,477	\$ 215,628	\$ 230,259	\$ 281,866	\$ 289,327
Grant Expenditures to Date					
Fiscal Year - 2020	104,040				
Fiscal Year - 2021	39,860	70,570	-	-	-
Fiscal Year - 2022	30,273	22,430	68,640	-	-
Fiscal Year - 2023	34,304	1,700	106,379	25,261	-
Excess Funds Approved	<u>\$ -</u>	<u>\$ 120,928</u>	<u>\$ 55,240</u>	<u>\$ 256,605</u>	<u>\$ 289,327</u>
Status	Complete	Not Complete	Not Complete	Not Complete	Not Complete

The distribution of costs as shown on the Financial Statement of costs accompanying the Actual Cost Certificate submitted for approval, is in agreement with the Authority's records.

For the above completed grants, all costs have been paid and all related liabilities have been discharged through payment.



**INDEPENDENT AUDITORS' 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
Olmsted County Housing and Redevelopment Authority
Rochester, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Olmsted County Housing and Redevelopment Authority (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report hereon dated May 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 30, 2024



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

To the Board of Commissioners
Olmsted County Housing and Redevelopment Authority
Rochester, Minnesota

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Olmsted County Housing and Redevelopment Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Housing Voucher Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Housing Voucher Cluster for the year ended December 31, 2023.

Basis for Qualified Opinion on Housing Voucher Cluster

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

We are required to be independent of Olmsted County Housing and Redevelopment Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Olmsted County Housing and Redevelopment Authority's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Assistance Listing Number 14.871 Housing Voucher Cluster as described in 2023-001 for HQS Inspections.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Olmsted County Housing and Redevelopment Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Olmsted County Housing and Redevelopment Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a material weakness.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 30, 2024

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2023

Section I - Summary of Auditors' Results

Basic financial statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of federal major programs:

<u>Assistance listing Number(s)</u>	<u>Name of Federal Cluster/Program</u>
14.871/14.879	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs

Item 2023-001 - HQS Inspections

Program: Section 8 Choice Vouchers

Requirement: Housing Quality Standards Inspections and enforcement must be done in accordance with HUD requirements.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2023

Condition: HQS Inspections were not completed timely and HUD HQS enforcement standards were not followed for tenants that failed HQS re-inspections.

Questioned Cost: Not applicable.

Context: HQS inspections are required every 24 months. HQS tenant enforcement and/or landlord abatement is required for tenants with failed HQS re-inspections.

Effect: HQS inspections, tenant enforcement and abatement are not being done in accordance with HUD requirements.

Cause: Sampling was statistically valid and a systemic problem.

Prior Year Finding: 2022-001

Recommendation: It is recommended that the Redevelopment Authority integrates the appropriate controls to ensure that HQS inspections and re-inspections are completed in accordance with HUD requirements. Furthermore to take prompt action on tenant enforcement and/or landlord abatement for failed re-inspections.

Management's Response: Due to the transition to a new software system, the required settings to facilitate necessary reporting and tracking mechanisms were not fully functional until recently. Reports indicating failed inspections, late inspections, and the need for abatements are now being run on a scheduled basis so that action can be taken timely. A new inspection application within the software has now been implemented to aid in recording and tracking deficiencies. Additionally, the PHA is working diligently with the software provider and a software consultant to determine if there are additional features that are able to be put into place to assist in streamlining the abatement process. Staff training for these new features will also be occurring throughout the year.

Section IV - Minnesota Legal Compliance Findings - NONE

Section V - Prior Year Findings

2022-001 – HQS Inspections – Repeated in 2023.



**INDEPENDENT AUDITORS' REPORT
ON MINNESOTA LEGAL COMPLIANCE**

To the Board of Commissioners
Olmsted County Housing and Redevelopment Authority
Rochester, Minnesota

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 Olmsted County Housing and Redevelopment Authority (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2024.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. Our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters Audit have come to our attention regarding the Olmsted County Housing and Redevelopment Authority's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the Authority and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
May 30, 2024