



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

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

DECEMBER 31, 2021

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Olmsted County Housing and Redevelopment Authority

Financial Statements

For the Year Ended December 31, 2021

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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 31, 2022

The Annual Financial Report of the Olmsted County Housing and Redevelopment Authority is herewith submitted for the fiscal year ended December 31, 2021. 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.

DocuSigned by:

Stephanie Reese

Stephanie Reese, Assistant Controller
Olmsted County Finance Department

DocuSigned by:

Dave Dunn

David Dunn, Housing Director
Olmsted County Housing and Redevelopment Authority

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OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

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OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

LIST OF PRINCIPAL OFFICIALS

Commissioner One - Jim Bier	Term expires	December 31, 2024
Commissioner Two Matt Flynn	Term expires	December 31, 2022
Commissioner Three Stephanie Podulke (1)	Term expires	December 31, 2024
Commissioner Four Gregg Wright	Term expires	December 31, 2024
Commissioner Five Sheila Kiscaden	Term expires	December 31, 2022
Commissioner Six Kenneth Brown	Term expires	December 31, 2022
Commissioner Seven Mark Thein	Term expires	December 31, 2024
Commissioner Eight Tania Rhiger	Term expires	February 15, 2024

(1) 2021 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, 2021, 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, 2021, 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 as listed in the table of contents 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 31, 2022

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$12,280,805 (net position). The net position is comprised of the following components:
 - \$2,130,429 (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.
 - \$847,648 (restricted) is restricted as to use by grant agreements, contracts, laws, and regulations, and can only be used for specific purposes.
 - \$9,302,728 (unrestricted) may be used to meet the Authority's ongoing obligations.
- The Authority's net position increased by \$686,594 (or 6%) during 2021 and was \$12,280,805 and \$11,594,211 for 2021 and 2020 respectively.
- The operating revenue decreased by \$2,009,875 (or 19%) during 2021 and was \$8,525,145 and \$10,535,020 for 2021 and 2020 respectively.
- The total operating expenses of all Authority programs increased by \$1,031,375 (or 10%) during 2021. Total operating expenses were \$11,742,309 and \$10,710,934 for 2021 and 2020 respectively.
- The operating income (loss) decreased by \$3,041,250 (or 1729%) during 2021 and was (\$3,217,164) and (\$175,914) for 2021 and 2020 respectively.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of December 31, 2021, and 2020.

TABLE 1
STATEMENT OF NET POSITION

	2021	2020	Dollar Change	Percent Change
Current and Other Assets	\$ 10,429,493	\$10,096,607	\$ 332,886	3.30%
Noncurrent Assets				
Capital Assets	14,030,123	14,316,377	(286,254)	-2.00%
Noncurrent notes, loans, and mortgages receivable	1,527,741	1,288,908	238,833	18.53%
Total Assets	<u>\$ 25,987,357</u>	<u>\$ 25,701,892</u>	<u>\$ 285,465</u>	1.11%
Deferred Outflows of Resources	\$ 29,674	\$ 36,392	\$ (6,718)	-18.46%
Total Assets and Deferred Outflows of Resources	<u>\$ 26,017,031</u>	<u>\$ 25,738,284</u>	<u>\$ 278,747</u>	1.08%
Current Liabilities	774,214	1,049,011	(274,797)	-26.20%
Noncurrent Liabilities	12,962,012	13,095,062	(133,050)	-1.02%
Total Liabilities	<u>\$ 13,736,226</u>	<u>\$ 14,144,073</u>	<u>\$ (407,847)</u>	-2.88%
Net Position:				
Net Investment in Capital Assets	\$ 2,130,429	\$ 2,313,269	\$ (182,840)	-7.90%
Restricted	847,648	\$ 1,634,730	(787,082)	-48.15%
Unrestricted	9,302,728	\$ 7,646,212	1,656,516	21.66%
Total Net Position	<u>\$ 12,280,805</u>	<u>\$ 11,594,211</u>	<u>\$ 686,594</u>	5.92%
Total Liabilities and Net Position	<u>\$ 26,017,031</u>	<u>\$ 25,738,284</u>	<u>\$ 278,747</u>	1.08%

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets increased by \$332,886 and current liabilities decreased by \$274,797. There are sufficient current assets (primarily cash and investments) to extinguish the current liabilities.

The capital assets decreased by \$286,254. This was caused by 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 \$238,833 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 \$133,050, 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, 2021

Statement of Revenue, Expenses and Changes in Net Position

The following table reflects the Changes in Net Position for the year ended December 31, 2021, and 2020.

**TABLE 2
CHANGES IN NET POSITION**

	2021	2020	Dollar Change	Percent Change
Revenues				
Charges for services	\$ 2,610,661	\$ 2,497,742	\$ 112,919	4.52%
Operating grants	5,914,484	8,037,278	(2,122,794)	-26.41%
Total operating revenue	<u>\$ 8,525,145</u>	<u>\$10,535,020</u>	<u>\$ (2,009,875)</u>	-19.08%
Expenses				
Administrative	\$ 2,807,707	\$ 2,538,698	\$ 269,009	10.60%
Tenant services	1,043,193	\$ 1,253,469	(210,276)	-16.78%
Utilities	236,555	\$ 223,559	12,996	5.81%
Maintenance	900,305	\$ 903,055	(2,750)	-0.30%
Insurance	109,840	\$ 100,245	9,595	9.57%
General	414,764	\$ 267,372	147,392	55.13%
Housing assistance payments & port in	5,786,411	\$ 5,020,080	766,331	15.27%
Depreciation	443,534	\$ 404,456	39,078	9.66%
Total operating expenses	<u>\$ 11,742,309</u>	<u>\$10,710,934</u>	<u>\$ 1,031,375</u>	9.63%
Operating income (loss)	<u>\$ (3,217,164)</u>	<u>\$ (175,914)</u>	<u>\$ (3,041,250)</u>	1728.83%
Nonoperating revenue (expenses)				
Property taxes	\$ 3,751,768	\$ 3,516,841	\$ 234,927	6.68%
Interest income	11,299	11,188	111	0.99%
Gain or loss on disposal of property	204,314	305,360	(101,046)	-33.09%
Interest expense	(63,623)	(67,638)	4,015	-5.94%
Miscellaneous income (expense)	-	145,017	(145,017)	-100.00%
HUD recapture of residual receipts	-	(10,145)	10,145	-100.00%
Net nonoperating revenue (expenses)	<u>\$ 3,903,758</u>	<u>\$ 3,900,623</u>	<u>\$ 3,135</u>	0.08%
Change in net position before extraordinary item	\$ 686,594	\$ 3,724,709	\$ (3,038,115)	-81.57%
Extraordinary loss due to fire	-	\$ 143,297	(143,297)	-100.00%
Net position January 1 (restated)	11,594,211	8,104,250	3,489,961	43.06%
Equity transfer in	-	(378,045)	378,045	-100.00%
Net position December 31	<u><u>\$ 12,280,805</u></u>	<u><u>\$11,594,211</u></u>	<u><u>\$ 686,594</u></u>	5.92%

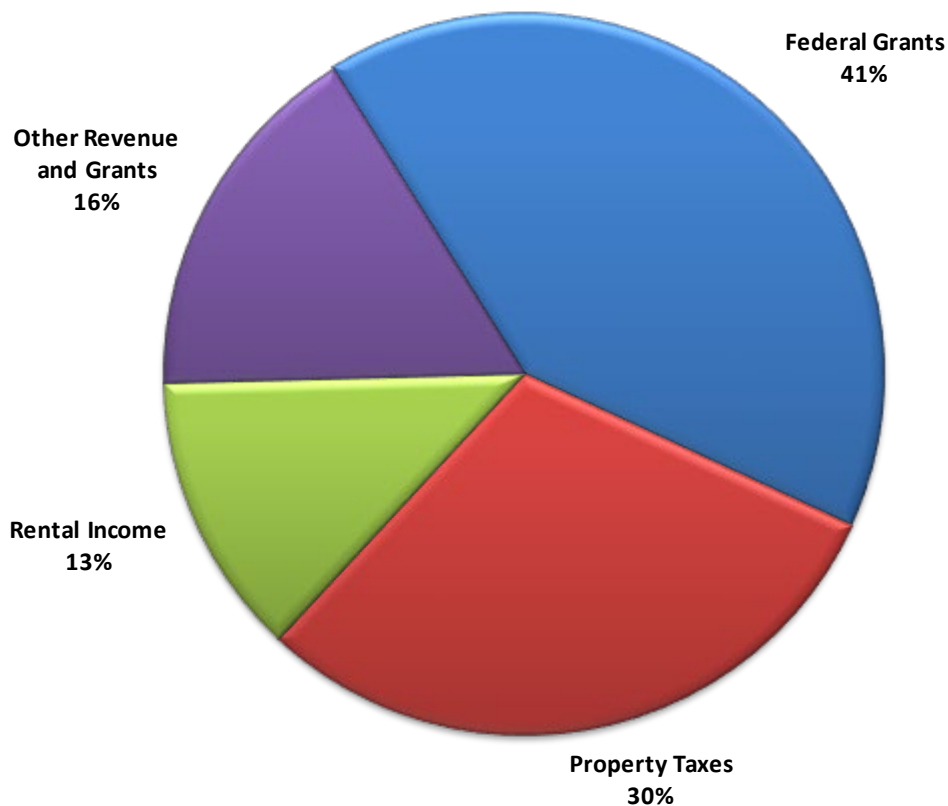
OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$2,122,794 (or 26%) decrease in operating grants is attributable to the expiration and reduction of Federal dollars provided by the CARES Act and State dollars in the form of an Emergency Service Program Grant, which were used for Covid-19 response.

2021 Sources of Funds



Expenses

The Authority experienced an increase in total operating expenses for the current year of \$1,031,375.

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 \$269,009 (or 11%) due to contributions to affordable housing that were made in 2021.

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 \$1,043,193.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 decreased by \$2,750 in 2021.

Insurance premiums – All insurance costs for property, auto, liability, public official's liability, etc. Insurance costs increased by \$9,595 (or 10%) in 2021 due to premium increases, primarily at Public Housing.

General – The two primary expenses classified as general are payments in lieu of taxes (PILOT) and administrative expenses for clients who have transferred their rental subsidy to an address outside the jurisdiction of Olmsted County HRA. These general costs increased by 147,392 (or 55%) in 2021, primary due to building rent costs because this was the first full year of operation at 105 Broadway and the Creek and Lodge. These were in operation for six months of 2020.

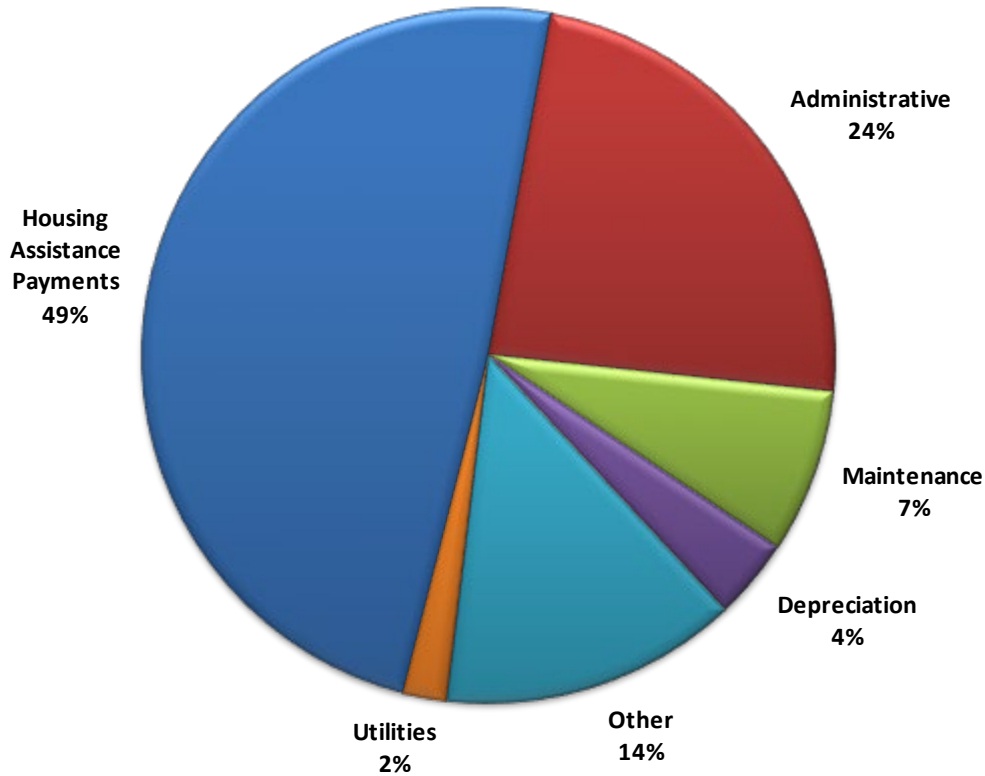
Housing Assistance Payments – Housing assistance payments (HAP) consist of rental payments to owners of private property on behalf of low-income households for which the Authority has an agreement with both the private landlord and the low-income resident. The increase of \$766,331 (or 15%) for current year Housing Assistance Payments was driven by several factors:

- increased spending of \$136,845 in the DHS Partnering for Alternative Tenant Choice Housing program which provides rental assistance to individuals who have a disabling condition that limits their ability to obtain and/or maintain stable housing
- additional costs of \$191,489 due to an increased number of vouchers administered by Olmsted County HRA for clients porting in from other housing authorities
- growth of the Master Lease program by \$103,424, in which the HRA rents units directly from landlords and subleases them to individuals/families receiving case management through the county who have high barriers to renting.
- increased spending on regular housing choice vouchers of \$194,520 due to increased rents and increased spending on Mainstream program vouchers of \$115,369 due to new units still coming online.

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, 2021

2021 Uses of Funds



Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had \$14,030,123 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$286,254 from the end of last year. This was caused by several events (acquisitions, disposals, and depreciation). The public housing unit at 1742 1st St SW, with a net book value of \$31,336 was sold. Completed purchases and projects included a roof on a rental unit at 1117 14th St (\$8,450); a bathroom rehab on a rental unit at 1301 14th St NW (\$5,150); and a water heater at Rivers Edge (\$11,900).

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE 3
CAPITAL ASSETS AT YEAR END

	Business-type Activities	
	2021	2020
Nondepreciable Assets		
Land and land rights	\$ 2,050,834	\$ 2,063,269
Construction in Progress	\$ 1,801,477	1,652,333
Depreciable Assets		
Buildings	\$ 20,176,239	20,230,480
Other Improvements	\$ 547,119	547,119
Equipment	\$ 470,548	456,207
Less Accumulated Depreciation	\$ (11,016,094)	(10,633,031)
Net Capital Assets	<u>\$ 14,030,123</u>	<u>\$ 14,316,377</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 1/1/2021	\$ 14,316,377
Increases	222,008
Transfers, Net	-
Decreases	(125,199)
Depreciation	<u>(383,063)</u>
Balance 12/31/2021	<u>\$ 14,030,123</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Debt Outstanding

As of year-end, the Authority had \$12,656,666 in debt (bonds, notes, etc.) outstanding. This amount includes the bonds the Authority issued with a remaining balance of \$530,000 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 \$500,331 for Rolling Heights low-income senior housing and deferred forgivable mortgages of \$8,277,788 which will be forgiven once the time and program requirements are satisfied.

TABLE 5
OUTSTANDING DEBT, AT YEAR END

	Totals	
	2021	2020
G.O. Revenue Bonds	\$ 530,000	\$ 630,000
Mortgages at 5.75%	500,331	510,311
Deferred Repayment Mortgages	3,348,547	3,348,547
Deferred Mortgages Forgivable	8,277,788	8,277,171
Total	<u>\$ 12,656,666</u>	<u>\$ 12,766,029</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Lingering effects of the Covid-19 pandemic on the homeless population
- Federal funding of the Department of Housing and Urban Development.
- Local inflationary, recessionary 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 200, Rochester, MN 55904-4744 or by email at reese.stephanie@co.olmsted.mn.us.

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, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 7,819,225
Cash and cash equivalents operating reserve	363,842
Receivables	
Tenants	34,442
Current notes, loans, and mortgages receivable	25,178
Other	102,916
Due from other governments	801,807
Prepaid expenses	154,304
Cash and cash equivalents - restricted	
Security deposits and escrows	133,833
Replacement reserve fund	334,139
Debt service reserve account	119,255
Debt service account	114,026
Project account	147,317
Grant restricted	267,590
Residual receipts reserve	11,619
TOTAL CURRENT ASSETS	10,429,493

NONCURRENT ASSETS

Capital assets	
Land	2,050,834
Construction in progress	1,801,477
Buildings and improvements	20,723,358
Equipment	470,548
Less accumulated depreciation	(11,016,094)
Noncurrent notes, loans, and mortgages receivable	1,465,578
Accrued interest receivable	62,163
TOTAL NONCURRENT ASSETS	15,557,864

TOTAL ASSETS **25,987,357**

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on bonds	29,674
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$ 26,017,031**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 402,817
Current portion of accrued interest	689
Unearned revenue	16,200
Due to other governments	116,999
Current portion of notes payable	110,569
Current liabilities payable from restricted assets	
Interest payable	9,320
Tenants' security deposits	117,620
TOTAL CURRENT LIABILITIES	774,214

NONCURRENT LIABILITIES

Tenant FSS escrow	15,194
Notes payable	12,549,501
Accrued interest	250,000
Rehabilitation Liability	147,317
TOTAL NONCURRENT LIABILITIES	12,962,012

TOTAL LIABILITIES **13,736,226**

NET POSITION

Net investment in capital assets	2,130,429
Restricted	847,648
Unrestricted	9,302,728
TOTAL NET POSITION	12,280,805

TOTAL LIABILITIES AND NET POSITION **\$ 26,017,031**

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, 2021

OPERATING REVENUES	
Charges for services	
Dwelling rental	\$ 1,580,723
Other fees and operating revenue	1,029,938
Total charges for services	<u>2,610,661</u>
Intergovernmental revenue	
Federal	5,095,373
State	818,464
Local	647
Total intergovernmental revenue	<u>5,914,484</u>
TOTAL OPERATING REVENUE	<u>8,525,145</u>
OPERATING EXPENSES	
Administrative	\$ 2,807,707
Tenant services	1,043,193
Utilities	236,555
Maintenance and operations	900,305
Insurance	109,840
General expenses	414,764
Housing assistance payments	5,096,306
Housing assistance payments - port-in	690,105
Depreciation	443,534
TOTAL OPERATING EXPENSES	<u>\$ 11,742,309</u>
OPERATING INCOME (LOSS)	<u>\$ (3,217,164)</u>
NONOPERATING REVENUES (EXPENSES)	
Property taxes	\$ 3,751,768
Interest income	11,299
Gain or loss on sale of property	204,314
Interest expense	(63,623)
NET NONOPERATING REVENUE (EXPENSES)	<u>3,903,758</u>
CHANGE IN NET POSITION	686,594
NET POSITION AT BEGINNING OF YEAR	<u>11,594,211</u>
NET POSITION AT END OF YEAR	<u><u>\$ 12,280,805</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services and charges	\$ 2,349,459
Receipts from intergovernmental revenue	5,380,195
Payments for contracted personal services	(1,665,474)
Payments to suppliers	(4,029,298)
Payments to landlords	(5,786,411)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (3,751,529)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(222,008)
Proceeds from sale of capital assets	269,042
Proceeds (Payment) of capital debt	(109,361)
Interest payments	(49,348)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(111,675)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from property taxes	3,855,776
Payments on/for notes, loans, and mortgages receivable	(51,388)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	3,804,388
Cash Flows from Investing Activities	
Investment income	11,299
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(47,517)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,358,363
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,310,846
NON-CASH INVESTING ITEMS	
Interest expense includes amounts for:	
Amortization of bond premiums	770
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	7,819,225
Cash and cash equivalents - operating reserve	363,842
Cash and cash equivalents - restricted	1,127,779
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 9,310,846
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (3,217,164)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	443,534
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	44,476
Due from other governments	(534,289)
Notes, mortgages, repayment receivable	(216,026)
Prepaid expenses	5,402
(Decrease) increase in liabilities	
Accounts payable	(52,623)
Unearned revenue	(91,217)
Tenant FSS escrow	(3,747)
Tenant security deposits	5,312
Due to other governments	(135,187)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (3,751,529)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 the 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, 2021 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, 2021

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, 2021.

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, 2021

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, 2021

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	\$	7,819,225
Operating reserve		363,842
Restricted cash, cash equivalents, and investments		
Security deposits and escrows		133,833
Replacement reserve fund		334,139
Debt service reserve account		119,255
Debt service account		114,026
Projects		147,317
Grant restricted		267,590
Residual receipts reserve		11,619
Total cash and investments	\$	<u>9,310,846</u>

Investments	\$	479,698
Deposits		<u>8,831,148</u>
	\$	<u>9,310,846</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, 2021, 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
- 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

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, none of the Authority's investments were subject to custodial credit risk.

The following Table represents the Authority's investment balances on December 31, 2021, and information relating to potential investment risks.

Instrument Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Ratings	Rating Agency	Over 5 Percent of Portfolio	Rate Risk Maturity Date	
Investment pools/mutual funds					
Wells Fargo Advantage Government Money Market	AAAm	Moody's	N/A	N/A	\$ 479,698
N/A - Not Applicable					

The authority has some funds on deposit with Olmsted County – 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, 2021.

C. RECEIVABLES

Receivable balances on December 31, 2021, consisted of the following:

Accounts Receivable	\$ 162,536
Allowance for Doubtful Accounts	-
Net Accounts Receivable	<u>\$ 162,536</u>
 Due from Other Governments	
Federal	\$ 401,384
State	252,509
Local	147,914
Total	<u>\$ 801,807</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	2,063,269	-	(12,435)	-	2,050,834
Construction in progress	1,652,333	178,266	(29,122)	-	1,801,477
Total capital assets not being depreciated	3,715,602	178,266	(41,557)	-	3,852,311
Capital assets, being depreciated:					
Building	20,230,480	13,600	(67,841)	-	20,176,239
Improvements other than building	547,119	-	-	-	547,119
Equipment	456,207	30,142	(15,801)	-	470,548
Total capital assets being depreciated	21,233,806	43,742	(83,642)	-	21,193,906
Total assets	24,949,408	222,008	(125,199)	-	25,046,217
Less accumulated depreciation for:					
Building	(10,141,544)	(381,196)	49,421	-	(10,473,319)
Improvements other than building	(258,469)	(20,508)	-	-	(278,977)
Equipment	(233,018)	(41,830)	11,050	-	(263,798)
Total accumulated depreciation	(10,633,031)	(443,534)	60,471	-	(11,016,094)
Total capital assets, being depreciated, net	10,600,775	(399,792)	(23,171)	-	10,177,812
Capital assets, net	14,316,377	(221,526)	(64,728)	-	14,030,123

Construction Commitments

The Authority had two active construction projects as of December 31, 2021: A Public Housing project to replace windows, siding, roofs and install air conditioner sleeves at two sites (\$1,580,998) and a project at The Francis to complete masonry work, window installation, drywall repairs, and roofing (\$132,827).

Total Contracts	\$ 1,713,825
Spent -to-date	<u>1,603,497</u>
Remaining Commitment	\$ 110,328

E. UNEARNED REVENUE

The unearned revenue for the Authority as of December 31, 2021, 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	\$ 15,194
Security Deposits	<u>117,620</u>
Net Escrow Payable and Security Deposits	<u>\$ 132,814</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

G. LONG TERM DEBT

Long term debt activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 12 months	Long Term
Bonds Payable	\$ 630,000	\$ -	\$ (100,000)	\$ 530,000	\$ 100,000	\$ 430,000
Mortgages Payable	510,311	-	(9,980)	500,331	10,569	\$ 489,762
Deferred Repayment Mortgages	3,348,547	-	-	3,348,547	-	\$ 3,348,547
Deferred Forgivable Mortgages	8,277,171	617	-	8,277,788	-	\$ 8,277,788
Premium on Bonds	4,174	-	(770)	3,404	-	\$ 3,404
Total Long Term Debt	<u>\$ 12,770,203</u>	<u>\$ 617</u>	<u>\$ (110,750)</u>	<u>\$ 12,660,070</u>	<u>\$ 110,569</u>	<u>\$ 12,549,501</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:

BONDS PAYABLE

	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	\$ 530,000	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:

MORTGAGES PAYABLE

	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	\$ 161,850	Rolling Heights
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	412,502	3/1/2045	338,481	Rolling Heights
Total Mortgages Payable					<u>\$ 500,331</u>	

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021

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%	1,170,458	12/9/2040	\$ 1,170,458	Public Housing
Total Mortgages Payable					<u>\$ 8,277,788</u>	

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

Year Ending	Bonds Payable		Mortgage Payable		Deferred Repayment Mortgages	Deferred Forgivable Mortgages
12/31	Principal	Interest	Principal	Interest	Principal	Principal
2022	\$ 100,000	\$ 23,465	\$ 10,569	\$ 28,493	\$ -	\$ -
2023	100,000	20,265	\$ 11,193	\$ 27,869	-	-
2024	100,000	16,965	\$ 11,853	\$ 27,209	-	-
2025	105,000	13,590	\$ 12,553	\$ 26,509	70,000	-
2026	110,000	10,053	\$ 13,295	\$ 25,767	546,097	1,469,805
2027 - 2031	15,000	8,363	\$ 79,215	\$ 116,096	1,000,000	4,703,305
2032 - 2036	-	-	\$ 105,527	\$ 89,783	1,732,450	45,275
2037 - 2041	-	-	\$ 140,580	\$ 54,729	-	2,059,403
2042 - 2046	-	-	\$ 115,546	\$ 11,409	-	-
2047 - 2051	-	-	\$ -	\$ -	-	-
Total	<u>\$ 530,000</u>	<u>\$ 92,700</u>	<u>\$ 500,331</u>	<u>\$ 407,864</u>	<u>\$ 3,348,547</u>	<u>\$ 8,277,788</u>

Conduit Debt

The Authority has issued several conduit-debt instruments. These bonds and leases have been used by the obligor entities to finance buildings and/or equipment and do not constitute an indebtedness of the Authority. These debt instruments have not been reported as a liability in the accompanying financial statements and are payable solely from funds generated by the entities that are the obligors under the debt instruments. The balance outstanding as of December 31, 2021 is \$4,920,000.

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

H. 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	\$ 262,489	\$ 1,142,673
Capital assets	641,753	2,112,298
Total assets	\$ 904,242	\$ 3,254,971
Deferred outflow of resources	\$ -	\$ 29,674
Total assets and deferred outflow of resources	\$ 904,242	\$ 3,284,645
Liabilities		
Current liabilities	\$ 21,879	\$ 141,108
Current liabilities payable from restricted assets	6,384	27,320
Noncurrent liabilities	885,762	1,514,854
Total liabilities	\$ 914,025	\$ 1,683,282
Net position		
Net investment in capital assets	\$ (254,578)	\$ 527,118
Restricted	-	322,040
Unrestricted	244,795	752,205
Total net position	\$ (9,783)	\$ 1,601,363
Total liabilities and net position	\$ 904,242	\$ 3,284,645

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

	Rolling Heights	River's Edge
Charges for services	\$ 53,354	\$ 395,707
Operating grants	58,748	-
Depreciation expenses	(15,612)	(60,750)
Other operating expense	(53,989)	(221,083)
Operating income	\$ 42,501	\$ 113,874
Nonoperating revenues (expenses)		
Investment income	71	670
Interest expense	(29,035)	(24,588)
Changes in net position	\$ 13,537	\$ 89,956
Beginning net position	(23,320)	1,511,407
Ending net position	\$ (9,783)	\$ 1,601,363

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2021****Condensed Statement of Cash Flows**

	Rolling Heights	River's Edge
Net cash flows from:		
Operating activities	\$ 61,893	\$ 178,628
Capital and related financing activities	(39,061)	(132,165)
Investing activities	71	670
Net increases (decreases)	22,903	47,133
Cash and cash equivalents	239,586	1,085,363
Ending cash and cash equivalents	<u>\$ 262,489</u>	<u>\$ 1,132,496</u>

I. RESTRICTED NET POSITION

Net Restricted Position balances at December 31, 2021 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	\$ 34,060
The Francis	MHFA held replacement reserve held for future nonroutine maintenance	36,334
New Hope Corporation	Authority held funds for replacement reserve and residual receipts, both held as required by HUD	57,832
River's Edge	Held by the trustee for any replacement reserve and debt service requirements set by the debt	322,040
Silver Creek Corner	MHFA held replacement reserve held for future nonroutine maintenance	163,852
		<u>\$ 847,648</u>

J. EMPLOYEE BENEFITS

The Authority contracts with Olmsted County for all staff needs.

K. 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.

L. SUBSEQUENT EVENTS

On March 31, 2022 the Authority purchased the 105 Broadway for \$2,044,148. This facility was being rented and the option to purchase the facility was exercised. The facility is being used to serve 18 single homeless individuals and provide permanent supportive housing.

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 Corporation 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, 2021

<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	\$ 191,725	\$ 15,173	\$ 5,120,017	\$ 101,406	\$ 256,105	\$ 3,730
Cash and cash equivalents operating reserve	-	-	-	176,842	-	-
Receivables						
Tenants	9,629	-	3,273	6,325	-	2,060
Current notes, loans, and mortgages receivable	8,035	14,205	2,938	-	-	-
Other	32,107	16,943	14,071	-	-	-
Due from other governments	2,522	35,979	650,078	10,552	-	407
Due from other programs	-	-	75,000	-	-	-
Prepaid expenses	-	-	22,000	-	-	-
Cash and cash equivalents - restricted						
Security deposits and escrows	49,111	15,194	10,300	1,033	6,384	4,380
Replacement reserve fund	-	-	-	36,334	-	45,194
Debt service reserve account	-	-	-	-	-	-
Debt service account	-	-	-	-	-	-
Project account	-	-	147,317	-	-	-
Grant restricted	233,530	34,060	-	-	-	-
Residual receipts reserve	-	-	-	-	-	11,619
TOTAL CURRENT ASSETS	526,659	131,554	6,044,994	332,492	262,489	67,390
NONCURRENT ASSETS						
Capital assets						
Land	1,008,654	-	-	80,853	132,500	24,700
Construction in progress	1,539,772	-	-	115,338	-	-
Buildings and improvements	5,171,300	-	-	2,210,161	775,591	623,698
Equipment	255,685	-	120,765	-	-	12,229
Less accumulated depreciation	(4,363,503)	-	(120,765)	(686,194)	(266,338)	(425,618)
Noncurrent notes, loans, and mortgages receivable	1,742	4,577	1,459,259	-	-	-
Accrued interest receivable	-	-	62,163	-	-	-
TOTAL NONCURRENT ASSETS	3,613,650	4,577	1,521,422	1,720,158	641,753	235,009
TOTAL ASSETS	4,140,309	136,131	7,566,416	2,052,650	904,242	302,399
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,140,309	\$ 136,131	\$ 7,566,416	\$ 2,052,650	\$ 904,242	\$ 302,399

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	BUSINESS ACTIVITIES				Eliminating Entry	Total
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
CURRENT ASSETS						
Cash and cash equivalents	\$ 752,542	\$ 792,456	\$ 543,908	\$ 42,163	\$ -	\$ 7,819,225
Cash and cash equivalents operating reserve	-	-	-	187,000	-	363,842
Receivables						
Tenants	3,147	8,792	1,216	-	-	34,442
Current notes, loans, and mortgages receivable	-	-	-	-	-	25,178
Other	35,366	1,239	-	3,190	-	102,916
Due from other governments	-	-	-	102,269	-	801,807
Due from other programs	12,240	-	-	-	(87,240)	-
Prepaid expenses	-	146	-	132,158	-	154,304
Cash and cash equivalents - restricted						
Security deposits and escrows	16,329	18,000	13,102	-	-	133,833
Replacement reserve fund	-	88,759	-	163,852	-	334,139
Debt service reserve account	-	119,255	-	-	-	119,255
Debt service account	-	114,026	-	-	-	114,026
Project account	-	-	-	-	-	147,317
Grant restricted	-	-	-	-	-	267,590
Residual receipts reserve	-	-	-	-	-	11,619
TOTAL CURRENT ASSETS	819,624	1,142,673	558,226	630,632	(87,240)	10,429,493
NONCURRENT ASSETS						
Capital assets						
Land	339,308	255,000	209,819	-	-	2,050,834
Construction in progress	146,367	-	-	-	-	1,801,477
Buildings and improvements	1,696,530	3,211,242	2,058,013	4,976,823	-	20,723,358
Equipment	-	11,900	62,129	7,840	-	470,548
Less accumulated depreciation	(855,182)	(1,365,844)	(1,935,325)	(997,325)	-	(11,016,094)
Noncurrent notes, loans, and mortgages receivable	-	-	-	-	-	1,465,578
Accrued interest receivable	-	-	-	-	-	62,163
TOTAL NONCURRENT ASSETS	1,327,023	2,112,298	394,636	3,987,338	-	15,557,864
TOTAL ASSETS	2,146,647	3,254,971	952,862	4,617,970	(87,240)	25,987,357
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	29,674	-	-	-	29,674
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,146,647	\$ 3,284,645	\$ 952,862	\$ 4,617,970	\$ (87,240)	\$ 26,017,031

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

<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	\$ 84,629	\$ 7,785	\$ 115,676	\$ 69,131	\$ 6,738	\$ 8,111
Current portion of accrued interest	-	-	-	-	689	-
Unearned revenue	3,801	-	1,761	-	-	988
Due to other programs	-	-	-	75,000	-	-
Due to other governments	14,415	-	47,019	3,741	3,883	1,535
Current portion of notes payable	-	-	-	-	10,569	-
Current liabilities payable from restricted assets						
Interest payable	-	-	-	-	-	-
Tenants' security deposits	49,111	-	10,300	1,033	6,384	3,361
TOTAL CURRENT LIABILITIES	151,956	7,785	174,756	148,905	28,263	13,995
NONCURRENT LIABILITIES						
Tenant FSS escrow	-	15,194	-	-	-	-
Notes payable	1,170,458	-	-	2,270,902	885,762	-
Accrued interest	-	-	-	-	-	-
Rehabilitation Liability	-	-	147,317	-	-	-
TOTAL NONCURRENT LIABILITIES	1,170,458	15,194	147,317	2,270,902	885,762	-
TOTAL LIABILITIES	1,322,414	22,979	322,073	2,419,807	914,025	13,995
NET POSITION						
Net investment in capital assets	2,441,450	-	-	(550,744)	(254,578)	235,009
Restricted	233,530	34,060	-	36,334	-	57,832
Unrestricted	142,915	79,092	7,244,343	147,253	244,795	(4,437)
TOTAL NET POSITION	2,817,895	113,152	7,244,343	(367,157)	(9,783)	288,404
TOTAL LIABILITIES AND NET POSITION	\$ 4,140,309	\$ 136,131	\$ 7,566,416	\$ 2,052,650	\$ 904,242	\$ 302,399

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

	BUSINESS ACTIVITIES				Eliminating Entry	Total
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner		
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts payable	\$ 1,776	\$ 19,489	\$ 9,897	\$ 79,585	\$ -	\$ 402,817
Current portion of accrued interest	-	-	-	-	-	689
Unearned revenue	2,085	3,513	4,052	-	-	16,200
Due to other programs	-	-	-	12,240	(87,240)	-
Due to other governments	17,311	18,106	-	10,989	-	116,999
Current portion of notes payable	-	100,000	-	-	-	110,569
Current liabilities payable from restricted assets						
Interest payable	-	9,320	-	-	-	9,320
Tenants' security deposits	16,329	18,000	13,102	-	-	117,620
TOTAL CURRENT LIABILITIES	37,501	168,428	27,051	102,814	(87,240)	774,214
NONCURRENT LIABILITIES						
Tenant FSS escrow	-	-	-	-	-	15,194
Notes payable	115,275	1,514,854	1,000,000	5,592,250	-	12,549,501
Accrued interest	-	-	250,000	-	-	250,000
Rehabilitation Liability	-	-	-	-	-	147,317
TOTAL NONCURRENT LIABILITIES	115,275	1,514,854	1,250,000	5,592,250	-	12,962,012
TOTAL LIABILITIES	152,776	1,683,282	1,277,051	5,695,064	(87,240)	13,736,226
NET POSITION						
Net investment in capital assets	1,327,023	527,118	(605,364)	(989,485)	-	2,130,429
Restricted	-	322,040	-	163,852	-	847,648
Unrestricted	666,848	752,205	281,175	(251,461)	-	9,302,728
TOTAL NET POSITION	1,993,871	1,601,363	(324,189)	(1,077,094)	-	12,280,805
TOTAL LIABILITIES AND NET POSITION	\$ 2,146,647	\$ 3,284,645	\$ 952,862	\$ 4,617,970	\$ (87,240)	\$ 26,017,031

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
OPERATING REVENUES						
Charges for services						
Dwelling rental	\$ 333,051	\$ -	\$ 8,080	\$ 18,841	\$ 50,480	\$ 40,782
Other fees and operating revenue	30,690	743,430	205,759	490	2,874	1,825
Total charges for services	<u>363,741</u>	<u>743,430</u>	<u>213,839</u>	<u>19,331</u>	<u>53,354</u>	<u>42,607</u>
Intergovernmental revenue						
Federal	418,706	3,605,308	841,860	82,953	58,748	16,729
State	-	-	748,148	40,837	-	-
Local	-	-	647	-	-	-
Total intergovernmental revenue	<u>418,706</u>	<u>3,605,308</u>	<u>1,590,655</u>	<u>123,790</u>	<u>58,748</u>	<u>16,729</u>
TOTAL OPERATING REVENUE	<u>782,447</u>	<u>4,348,738</u>	<u>1,804,494</u>	<u>143,121</u>	<u>112,102</u>	<u>59,336</u>
OPERATING EXPENSES						
Administrative	303,943	798,747	1,164,494	80,711	19,568	19,555
Tenant services	347	925	1,032,383	9,428	-	-
Utilities	29,633	-	23,813	25,114	9,669	9,967
Maintenance and operations	404,770	471	67,048	45,333	16,661	18,578
Insurance	50,332	908	434	1,479	4,208	709
General expenses	14,770	19,325	281,248	3,741	3,883	6,197
Housing assistance payments	-	4,229,035	867,271	-	-	-
Housing assistance payments - port-in	-	690,105	-	-	-	-
Depreciation	98,228	-	-	43,576	15,612	16,162
TOTAL OPERATING EXPENSES	<u>902,023</u>	<u>5,739,516</u>	<u>3,436,691</u>	<u>209,382</u>	<u>69,601</u>	<u>71,168</u>
OPERATING INCOME (LOSS)	<u>(119,576)</u>	<u>(1,390,778)</u>	<u>(1,632,197)</u>	<u>(66,261)</u>	<u>42,501</u>	<u>(11,832)</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	3,751,768	-	-	-
Interest income	250	661	5,829	1,030	71	4
Gain or loss on sale of property	204,314	-	-	-	-	-
Operating transfers in	100,000	315,000	-	109,898	-	-
Operating transfers out	-	-	(524,898)	-	-	-
Interest expense	-	-	-	-	(29,035)	-
NET NONOPERATING REVENUE (EXPENSES)	<u>304,564</u>	<u>315,661</u>	<u>3,232,699</u>	<u>110,928</u>	<u>(28,964)</u>	<u>4</u>
CHANGE IN NET POSITION	<u>184,988</u>	<u>(1,075,117)</u>	<u>1,600,502</u>	<u>44,667</u>	<u>13,537</u>	<u>(11,828)</u>
NET POSITION AT BEGINNING OF YEAR	<u>2,632,907</u>	<u>1,188,269</u>	<u>5,643,841</u>	<u>(411,824)</u>	<u>(23,320)</u>	<u>300,232</u>
NET POSITION AT END OF YEAR	<u>\$ 2,817,895</u>	<u>\$ 113,152</u>	<u>\$ 7,244,343</u>	<u>\$ (367,157)</u>	<u>\$ (9,783)</u>	<u>\$ 288,404</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, 2021

	BUSINESS ACTIVITIES				Eliminating	
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Entry	Total
OPERATING REVENUES						
Charges for services						
Dwelling rental	\$ 217,723	\$ 395,077	\$ 206,835	\$ 309,854	\$ -	\$ 1,580,723
Other fees and operating revenue	15,596	630	871	27,773	-	1,029,938
Total charges for services	<u>233,319</u>	<u>395,707</u>	<u>207,706</u>	<u>337,627</u>	<u>-</u>	<u>2,610,661</u>
Intergovernmental revenue						
Federal	-	-	-	71,069	-	5,095,373
State	-	-	-	29,479	-	818,464
Local	-	-	-	-	-	647
Total intergovernmental revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,548</u>	<u>-</u>	<u>5,914,484</u>
TOTAL OPERATING REVENUE	<u>233,319</u>	<u>395,707</u>	<u>207,706</u>	<u>438,175</u>	<u>-</u>	<u>8,525,145</u>
OPERATING EXPENSES						
Administrative	85,551	78,889	48,888	207,361	-	2,807,707
Tenant services	67	43	-	-	-	1,043,193
Utilities	14,561	27,957	19,825	76,016	-	236,555
Maintenance and operations	57,362	82,242	71,816	136,024	-	900,305
Insurance	13,306	13,846	10,796	13,822	-	109,840
General expenses	28,596	18,106	27,909	10,989	-	414,764
Housing assistance payments	-	-	-	-	-	5,096,306
Housing assistance payments - port-in	-	-	-	-	-	690,105
Depreciation	36,991	60,750	71,894	100,321	-	443,534
TOTAL OPERATING EXPENSES	<u>236,434</u>	<u>281,833</u>	<u>251,128</u>	<u>544,533</u>	<u>-</u>	<u>11,742,309</u>
OPERATING INCOME (LOSS)	<u>(3,115)</u>	<u>113,874</u>	<u>(43,422)</u>	<u>(106,358)</u>	<u>-</u>	<u>(3,217,164)</u>
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	-	-	-	3,751,768
Interest income	680	670	548	1,556	-	11,299
Gain or loss on sale of property	-	-	-	-	-	204,314
Operating transfers in	-	-	-	-	(524,898)	-
Operating transfers out	-	-	-	-	524,898	-
Interest expense	-	(24,588)	(10,000)	-	-	(63,623)
NET NONOPERATING REVENUE (EXPENSES)	<u>680</u>	<u>(23,918)</u>	<u>(9,452)</u>	<u>1,556</u>	<u>-</u>	<u>3,903,758</u>
CHANGE IN NET POSITION	(2,435)	89,956	(52,874)	(104,802)	-	686,594
NET POSITION AT BEGINNING OF YEAR	1,996,306	1,511,407	(271,315)	(972,292)	-	11,594,211
NET POSITION AT END OF YEAR	<u>\$ 1,993,871</u>	<u>\$ 1,601,363</u>	<u>\$ (324,189)</u>	<u>\$ (1,077,094)</u>	<u>\$ -</u>	<u>\$ 12,280,805</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services and charges	\$ 326,816	\$ 726,633	\$ 12,679	\$ 16,324	\$ 53,404	\$ 41,471
Receipts from intergovernmental revenue	424,355	3,585,145	1,100,854	134,707	58,748	16,322
Payments for contracted personal services	(335,762)	(436,039)	(848,424)	-	-	-
Payments to suppliers	(476,760)	(391,890)	(1,990,884)	(133,236)	(50,259)	(50,614)
Payments to landlords	-	(4,919,140)	(867,271)	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(61,351)	(1,435,291)	(2,593,046)	17,795	61,893	7,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Disposition (Acquisition) of capital assets	(16,423)	-	-	(115,338)	-	(1,819)
Proceeds from sale of capital assets	269,042	-	-	-	-	-
Proceeds (Payment) of capital debt	617	-	-	-	(9,979)	-
Interest payments	-	-	-	-	(29,082)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	253,236	-	-	(115,338)	(39,061)	(1,819)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	3,855,776	-	-	-
Transfers in (out)	100,000	315,000	(599,898)	178,066	-	-
Payments on/for notes, loans, and mortgages receivable	-	-	(51,388)	-	-	-
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	100,000	315,000	3,204,490	178,066	-	-
Cash Flows from Investing Activities						
Investment income	250	661	5,829	1,030	71	4
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	292,135	(1,119,630)	617,273	81,553	22,903	5,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	182,231	1,184,057	4,660,361	234,062	239,586	59,559
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 474,366	\$ 64,427	\$ 5,277,634	\$ 315,615	\$ 262,489	\$ 64,923
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, 2021

	<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	191,725	15,173	5,120,017	101,406	256,105	3,730
Cash and cash equivalents - operating reserve	-	-	-	176,842	-	-
Cash and cash equivalents - restricted	282,641	49,254	157,617	37,367	6,384	61,193
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 474,366</u>	<u>\$ 64,427</u>	<u>\$ 5,277,634</u>	<u>\$ 315,615</u>	<u>\$ 262,489</u>	<u>\$ 64,923</u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (119,576)	\$ (1,390,778)	\$ (1,632,197)	\$ (66,261)	\$ 42,501	\$ (11,832)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	\$ 98,228	\$ -	\$ -	\$ 43,576	\$ 15,612	\$ 16,162
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(36,976)	(8,473)	97,841	(2,519)	9	(1,470)
Due from other governments	5,649	(20,163)	(489,801)	10,917	-	(407)
Notes, mortgages, repayment receivable	4,362	(4,577)	(215,811)	-	-	-
Prepaid expenses	-	-	3,397	488	-	-
(Decrease) increase in liabilities						
Accounts payable	(619)	2,549	(148,224)	32,199	3,697	4,456
Unearned revenue	(24)	-	(89,590)	(108)	(17)	(57)
Tenant FSS escrow	-	(3,747)	-	-	-	-
Tenant security deposits	(4,287)	-	6,400	(380)	58	391
Due to other governments	(8,108)	(10,102)	(125,061)	(117)	33	(64)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (61,351)</u>	<u>\$ (1,435,291)</u>	<u>\$ (2,593,046)</u>	<u>\$ 17,795</u>	<u>\$ 61,893</u>	<u>\$ 7,179</u>

(continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services and charges	\$ 244,923	\$ 386,328	\$ 206,444	\$ 334,437	\$ -	\$ 2,349,459
Receipts from intergovernmental revenue	-	-	-	60,064	-	5,380,195
Payments for contracted personal services	(45,249)	-	-	-	-	(1,665,474)
Payments to suppliers	(146,516)	(207,700)	(172,651)	(408,788)	-	(4,029,298)
Payments to landlords	-	-	-	-	-	(5,786,411)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>53,158</u>	<u>178,628</u>	<u>33,793</u>	<u>(14,287)</u>	<u>-</u>	<u>(3,751,529)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(76,528)	(11,900)	-	-	-	(222,008)
Proceeds from sale of capital assets	-	-	-	-	-	269,042
Proceeds (Payment) of capital debt	-	(99,999)	-	-	-	(109,361)
Interest payments	-	(20,266)	-	-	-	(49,348)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(76,528)</u>	<u>(132,165)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,675)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	-	-	-	3,855,776
Transfers in (out)	(5,408)	-	-	12,240	-	-
Payments on/for notes, loans, and mortgages receivable	-	-	-	-	-	(51,388)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>(5,408)</u>	<u>-</u>	<u>-</u>	<u>12,240</u>	<u>-</u>	<u>3,804,388</u>
Cash Flows from Investing Activities						
Investment income	680	670	548	1,556	-	11,299
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,098)	47,133	34,341	(491)	-	(47,517)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>796,969</u>	<u>1,085,363</u>	<u>522,669</u>	<u>393,506</u>	<u>-</u>	<u>9,358,363</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 768,871</u></u>	<u><u>\$ 1,132,496</u></u>	<u><u>\$ 557,010</u></u>	<u><u>\$ 393,015</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,310,846</u></u>
NON-CASH INVESTING ITEMS						
Interest expense includes amounts for:						
Amortization of bond premiums	-	770	-	-	-	770
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, 2021

	<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	752,542	792,456	543,908	42,163	-	7,819,225
Cash and cash equivalents - operating reserve	-	-	-	187,000	-	363,842
Cash and cash equivalents - restricted	16,329	340,040	13,102	163,852	-	1,127,779
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 768,871</u>	<u>\$ 1,132,496</u>	<u>\$ 557,010</u>	<u>\$ 393,015</u>	<u>\$ -</u>	<u>\$ 9,310,846</u>
<u>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (3,115)	\$ 113,874	\$ (43,422)	\$ (106,358)	\$ -	\$ (3,217,164)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	\$ 36,991	\$ 60,750	\$ 71,894	\$ 100,321	\$ -	\$ 443,534
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	8,691	(8,367)	(1,070)	(3,190)	-	44,476
Due from other governments	-	-	-	(40,484)	-	(534,289)
Notes, mortgages, repayment receivable	-	-	-	-	-	(216,026)
Prepaid expenses	-	(146)	-	1,663	-	5,402
(Decrease) increase in liabilities						
Accounts payable	88	12,976	6,583	33,672	-	(52,623)
Unearned revenue	156	(2,012)	435	-	-	(91,217)
Tenant FSS escrow	-	-	-	-	-	(3,747)
Tenant security deposits	2,757	1,000	(627)	-	-	5,312
Due to other governments	7,590	553	-	89	-	(135,187)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 53,158</u>	<u>\$ 178,628</u>	<u>\$ 33,793</u>	<u>\$ (14,287)</u>	<u>\$ -</u>	<u>\$ (3,751,529)</u>

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

		BUSINESS ACTIVITIES											
		Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Total	
GRANTS													
Local													
County of Olmsted		\$ -	\$ -	\$ 647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647
State													
MHFA Housing Trust Fund Program		\$ -	\$ -	\$ 130,562	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,479	\$ 160,041
Department of Human Services													
Housing Support for Adults with Serious Mental Illness		-	-	14,265	40,837	-	-	-	-	-	-	-	55,102
Cost Neutral Transfer - Housing Supports		-	-	469,851	-	-	-	-	-	-	-	-	469,851
Emergency Services Program COVID-19 Response		-	-	120,285	-	-	-	-	-	-	-	-	120,285
State Aids and Credits		-	-	13,185	-	-	-	-	-	-	-	-	13,185
Total State Grants		\$ -	\$ -	\$ 748,148	\$ 40,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,479	\$ 818,464
Assistance													
Federal													
Listing #													
Low Income Public Housing Operating Subsidy 14.850		\$308,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 308,276
Section 8 Voucher Housing Assistance Payments 14.871		-	3,388,277	-	-	-	-	-	-	-	-	-	3,388,277
Mainstream Voucher Program 14.879		-	217,031	-	-	-	-	-	-	-	-	-	217,031
Public Housing Capital Fund Program 14.872		110,430	-	-	-	-	-	-	-	-	-	-	110,430
Rural Rental Housing Loans 10.415		-	-	-	-	20,505	-	-	-	-	-	-	20,505
Rural Rental Housing Assistance 10.427		-	-	-	-	38,243	-	-	-	-	-	-	38,243
Continuum of Care Program 14.267		-	-	35,519	82,953	-	-	-	-	-	71,069	-	189,541
Rent Supplements for Low Income Families 14.149		-	-	-	-	-	16,729	-	-	-	-	-	16,729
Emergency Solutions Grant 14.231		-	-	756,667	-	-	-	-	-	-	-	-	756,667
MN DHS 21.019		-	-	49,674	-	-	-	-	-	-	-	-	49,674
Total Federal Grants		\$418,706	\$ 3,605,308	\$ 841,860	\$ 82,953	\$ 58,748	\$ 16,729	\$ -	\$ -	\$ -	\$ 71,069	\$ 5,095,373	
Total Intergovernmental Revenue		\$418,706	\$ 3,605,308	\$ 1,590,655	\$123,790	\$ 58,748	\$ 16,729	\$ -	\$ -	\$ -	\$100,548	\$ 5,914,484	

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

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	-	\$ 20,505
Rural Rental Housing Rental Assistance	10.427	N/A	-	38,243
Total U.S. Department of Agriculture				<u>58,748</u>
U.S. Department of Housing and Urban Development				
Direct				
Continuum of Care	14.267	MN0193L5K021910	-	54,818
		MN0193L5K022011	-	28,135
		MN0246L5K022005	-	14,235
Passed Through Olmsted County		MN0064L5K022013	-	21,284
Total Continuum of Care				<u>118,472</u>
Public and Indian Housing	14.850	MN151-00000120D	-	308,276
Public Housing Capital Fund	14.872	MN46P15150119	-	39,860
		MN46P15150120	-	70,570
Total Public Housing Capital Fund				<u>110,430</u>
Section 8 Housing Voucher Cluster				
Housing Choice Vouchers	14.871	N/A	-	3,388,277
Other Public Housing Authorities		Unknown	-	733,149
Mainstream Voucher Program	14.879	NA	-	217,031
Total Section 8 Housing Voucher Cluster				<u>4,338,457</u>
Rent Supplements for Low Income Families	14.149	NA	-	16,729
Supportive Housing for Persons with Disabilities	14.181	NA	-	647,200
Passed Through Center City Housing Corp	14.235	MN0358L5K021908	-	17,428
Supportive Housing Program		MN0358L5K022009	-	53,641
				<u>71,069</u>
Passed Through MN Department of Human Services and Olmsted County				
Emergency Solutions Grants	14.231	189494		756,667
Total U.S. Department of Housing and Urban Development				<u>6,426,048</u>
U.S. Department of Treasury				
Minnesota Department of Human Services	21.019	NA		49,674
Total U.S. Department of Treasury				<u>49,674</u>
Total Federal Awards				<u>\$ 6,475,722</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, 2021

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, 2021. 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 \$25,527 from Rural Rental Housing loans during the year ending December 31, 2021.

5. RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 5,095,373
Per HUD include in SEFA	
Other public housing authorities, port in income	733,149
Supportive housing for persons with disabilities, temporarily restricted capital advance	647,200
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 6,475,722</u>

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>
Total Grant Funds Approved	\$ 208,477	\$ 215,628	\$ 229,208
Grant Expenditures to Date			
Fiscal Year - 2020	104,040		
Fiscal Year - 2021	39,860	70,570	-
Excess Funds Approved	<u>\$ 64,577</u>	<u>\$ 145,058</u>	<u>\$ 229,208</u>
Status	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, 2021, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report hereon dated May 31, 2022.

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.

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 31, 2022



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

Opinion on Each Major Federal Program

We have audited Olmsted County HRA's ("Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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 the 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 the Authority's compliance with the compliance requirements referred to above.

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 to the 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 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 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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 31, 2022

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

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 X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X 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
14.231	Emergency Solutions Grants

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs - NONE

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

Rochester, Minnesota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2021

Section IV - Minnesota Legal Compliance Findings - NONE

Section V - Prior Year Findings - NONE



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, 2021, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2022.

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 may 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 31, 2022