OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT

DECEMBER 31, 2019

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Olmsted County Housing and Redevelopment Authority

Financial Statements

For the Year Ended December 31, 2019

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INTRODUCTORY SECTION

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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	(1)	Term expires	December 31, 2020
Commissioner Two			
Matt Flynn		Term expires	December 31, 2022
Commissioner Three			
Stephanie Podulke		Term expires	December 31, 2020
Commissioner Four			
Gregg Wright		Term expires	December 31, 2020
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, 2020
Commissioner Eight			
Angela Davey		Term expires	February 15, 2021

(1) 2020 Chair

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Olmsted County Housing and Redevelopment Authority (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements, schedule of intergovernmental revenue, and schedule and certification of actual capital fund grant costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Department of Housing and Urban Development, and is also not a required part of the 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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
April 30, 2020

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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 $8,104,250 (net position). The net position is comprised of the following components:
    - $1,602,119 (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.
    - $ 740,632 (restricted) is restricted as to use by grant agreements, contracts, laws, and regulations, and can only be used for specific purposes.
    - $5,761,499 (unrestricted) may be used to meet the Authority's ongoing obligations.
- The Authority's net position increased by $1,487,785 (or 22%) during 2019 and was $8,104,250 and $6,616,465 for 2019 and 2018 respectively.
- The operating revenue increased by $691,821 (or 10%) during 2019 and was $7,377,318 and $6,685,497 for 2019 and 2018 respectively.
- The total operating expenses of all Authority programs increased by $926,554 (or 13%). Total operating expenses were $8,310,314 and $7,383,760 for 2019 and 2018 respectively.
- The operating income (loss) increased by $234,733 (or 34%) during 2019 and was ($932,996) and ($698,263) for 2019 and 2018 respectively.

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.

BASIC FINANCIAL STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position as of December 31, 2019 and 2018.

TABLE 1
STATEMENT OF NET POSITION

	2019	2018	Dollar Change	Percent Change
Current and Other Assets	$ 6,973,432	$ 5,942,350	$ 1,031,082	17.35%
Noncurrent Assets				
Capital Assets	12,898,861	12,999,504	(100,643)	-0.77%
Noncurrent notes, loans, and mortgages receivable	957,312	561,912	395,400	70.37%
Total Assets	$ 20,829,605	$ 19,503,766	$ 1,325,839	6.80%
Deferred Outflows of Resources	$ 43,111	$ 49,829	$ (6,718)	-13.48%
Current Liabilities	448,477	527,091	(78,614)	-14.91%
Noncurrent Liabilities	12,319,989	12,410,038	(90,049)	-0.73%
Total Liabilities	$ 12,768,466	$ 12,937,129	$ (168,663)	-1.30%
Net Position:				
Net Investment in Capital Assets	$ 1,602,119	$ 1,609,810	$ (7,691)	-0.48%
Restricted	740,632	$ 506,152	234,480	46.33%
Unrestricted	5,761,499	$ 4,500,503	1,260,996	28.02%
Total Net Position	$ 8,104,250	$ 6,616,465	$ 1,487,785	22.49%

For more detailed information see the Statement of Net Position.

Major Factors Affecting the Statement of Net Position

Current assets increased by $1,031,082 and current liabilities decreased by $78,614. There are sufficient current assets (primarily cash and investments) to extinguish the current liabilities.

The capital assets decreased by $100,643. 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 $395,400 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 $90,049 and is attributable to the netting payment of annual principal on bonds and mortgages payable, issuance of new debt, increase in accrued interest, and amortization of bond premiums.

Statement of Revenue, Expenses and Changes in Net Position

The following table reflects the Changes in Net Position for the year ended December 31, 2019 and 2018.

TABLE 2
CHANGES IN NET POSITION

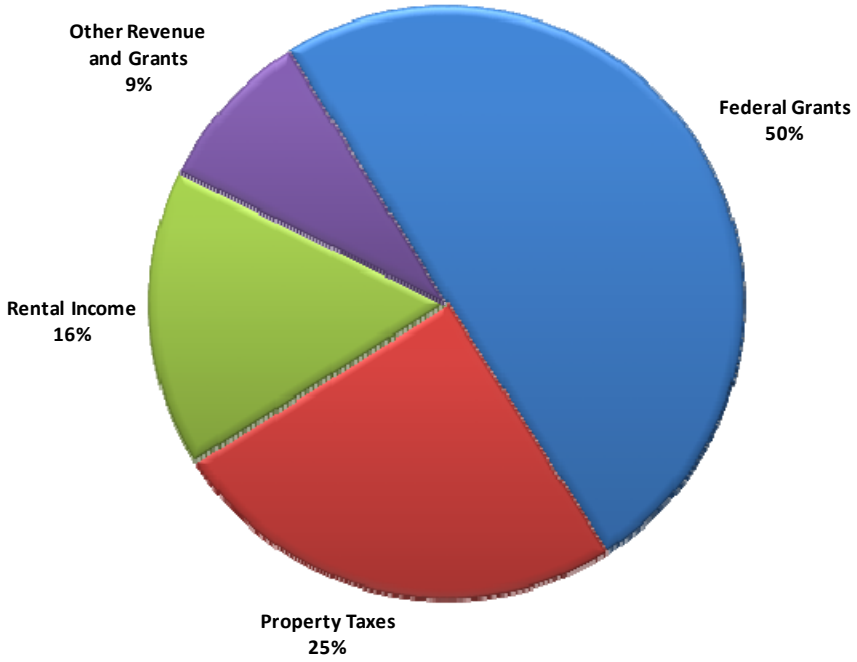
	2019	2018	Dollar Change	Percent Change
Revenues				
Charges for services	$ 2,219,367	$ 2,233,176	$ (13,809)	-0.62%
Operating grants	5,157,951	4,452,321	705,630	15.85%
Total operating revenue	$ 7,377,318	$ 6,685,497	$ 691,821	10.35%
Expenses				
Administrative	$ 2,586,973	$ 2,008,165	$ 578,808	28.82%
Tenant services	6,934	$ 3,889	3,045	78.30%
Utilities	202,435	$ 197,542	4,893	2.48%
Maintenance	796,189	$ 807,760	(11,571)	-1.43%
Insurance	94,393	$ 92,973	1,420	1.53%
General	134,252	$ 110,235	24,017	21.79%
Housing assistance payments & port in	4,074,203	$ 3,746,166	328,037	8.76%
Depreciation	414,935	$ 417,030	(2,095)	-0.50%
Total operating expenses	$ 8,310,314	$ 7,383,760	$ 926,554	12.55%
Operating income (loss)	$ (932,996)	$ (698,263)	$ (234,733)	33.62%
Nonoperating revenue (expenses)				
Property taxes	$ 2,483,863	$ 1,744,566	$ 739,297	42.38%
Interest income	24,268	16,360	7,908	48.34%
Mortgage interest income	-	7,120	(7,120)	-100.00%
Gain or loss on disposal of property	3,221	163,551	(160,330)	-98.03%
Interest expense	(70,903)	(84,308)	13,405	-15.90%
HUD recapture of residual receipts	(4,064)	(15,939)	11,875	-74.50%
Net nonoperating revenue (expenses)	$ 2,436,385	$ 1,831,350	$ 605,035	33.04%
Change in net position before extraordinary item	$ 1,503,389	$ 1,133,087	$ 370,302	32.68%
Extraordinary loss due to fire	(15,604)	$ -	(15,604)	-
Net position January 1 (restated)	6,616,465	5,129,414	1,487,051	28.99%
Equity transfer in	-	353,964	(353,964)	-100.00%
Net position December 31	$ 8,104,250	$ 6,616,465	$ 1,487,785	22.49%

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 and rental income. The $705,630 (or 16%) increase in operating grants is attributable to an increase in Federal dollars provided to fund the Housing Choice Voucher program including the new Mainstream program vouchers which assist non-elderly persons with disabilities.

2019 Sources of Funds



Expenses

The Authority experienced an increase in total operating expenses for the current year of $926,554.

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 $578,808 (or 29%). This was the result of roughly $350,000 spent to retain affordable units and to apply for a few new supportive housing units in our community. The remainder was from adding two full time positions and the normal increases in staffing costs.

Tenant services – These costs primarily include interpreter costs provided to clients.

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

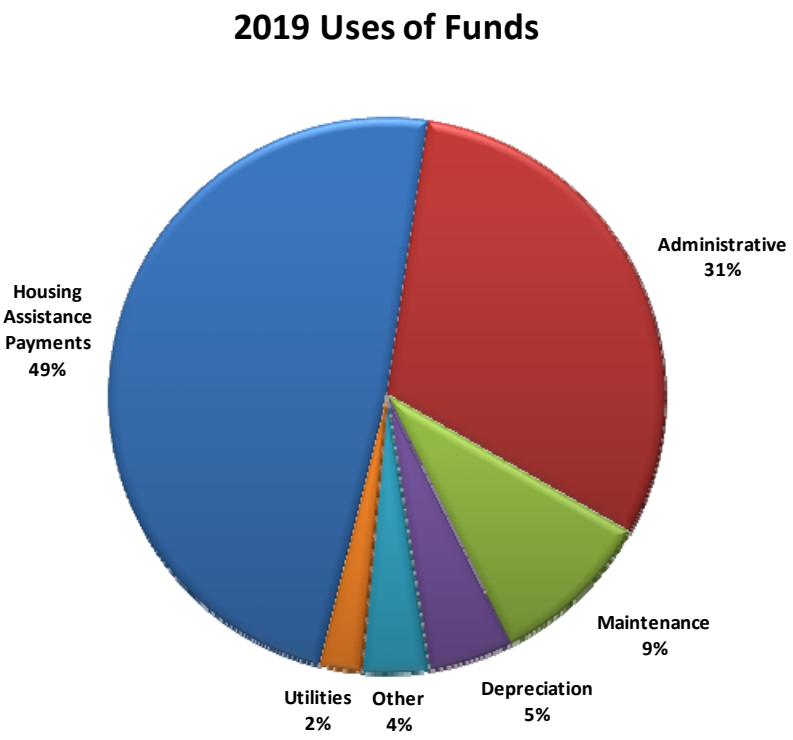
Maintenance – Maintenance costs are all costs to maintain Authority-owned housing units. These expenses include maintenance staffing, supplies and maintenance contracts.

Insurance premiums – All insurance costs for property, auto, liability, public official's liability, etc.

General – The two primary expense classified as general are port out administrative expenses and payment in lieu of taxes (PILOT).

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 $328,037 (or 9%) for current year Housing Assistance Payments was driven by an increase in spending on regular vouchers of $ 203,000 and the new Mainstream voucher program spending of $125,000.

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



Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had $12,898,860 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $100,644 from the end of last year. This was caused by several events (acquisitions, disposals, and depreciation. Work was completed on two of three playgrounds that began in 2018. A fire at a rental property caused an impairment to the asset resulting in a partial disposition. Late in 2019, work began on a large construction project in public housing to replace roofs, windows, and siding.

TABLE 3
CAPITAL ASSETS AT YEAR END

	Business-type Activities	
	2019	2018
Nondepreciable Assets		
Land and land rights	$ 2,036,573	$ 2,036,573
Construction in Progress	$ 372,621	241,279
Depreciable Assets		
Buildings	$ 19,981,885	20,017,337
Other Improvements	$ 425,165	266,526
Equipment	$ 376,942	354,002
Less Accumulated Depreciation	$ (10,294,325)	(9,916,213)
Net Capital Assets	$ 12,898,861	$ 12,999,504

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 1/1/2019	$ 12,999,504
Increases	332,321
Transfers, Net	-
Decreases	(54,852)
Depreciation	(378,112)
Balance 12/31/2019	$ 12,898,861

Debt Outstanding

As of year-end, the Authority had $12,065,611 in debt (bonds, notes, etc.) outstanding. This amount includes the bonds the Authority issued with a remaining balance of $730,000 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 $3,708,547, mortgages bearing 5.75% interest with a remaining balance of $519,734 for Rolling Heights low income senior housing and deferred forgivable mortgages of $7,107,330 which will be forgiven once the time and program requirements are satisfied.

TABLE 5
OUTSTANDING DEBT, AT YEAR END

	Totals	
	2019	2018
G.O. Revenue Bonds	$ 730,000	$ 820,000
Mortgages at 5.75%	519,734	528,631
Deferred Repayment Mortgages	3,708,547	3,708,547
Deferred Mortgages Forgivable	7,107,330	7,153,330
Total	$ 12,065,611	$ 12,210,508

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income.
- 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, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and cash equivalents	$ 5,182,455
Cash and cash equivalents operating reserve	360,469
Receivables	
Tenants	15,637
Current notes, loans, and mortgages receivable	38,378
Other	22,000
Due from other governments	233,136
Prepaid expenses	142,993
Cash and cash equivalents - restricted	
Security deposits and escrows	129,409
Replacement reserve fund	285,318
Debt service reserve account	125,040
Debt service account	113,925
Grant restricted	202,835
Rehab levy reserve	108,688
Residual receipts reserve	13,149
TOTAL CURRENT ASSETS	6,973,432
NONCURRENT ASSETS	
Land	2,036,573
Construction in progress	372,621
Buildings and improvements	20,407,050
Equipment	376,942
Less accumulated depreciation	(10,294,325)
Noncurrent notes, loans, and mortgages receivable	937,068
Accrued interest receivable	20,244
TOTAL NONCURRENT ASSETS	13,856,173
TOTAL ASSETS	20,829,605
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bonds	43,111
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 20,872,716**
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	106,090
Current portion of accrued interest	782
Unearned revenue	22,912
Due to other governments	88,115
Current portion of notes payable	109,423
Current liabilities payable from restricted assets	
Interest payable	12,520
Tenants' security deposits	108,635
TOTAL CURRENT LIABILITIES	448,477
NONCURRENT LIABILITIES	
Tenant FSS escrow	20,169
Notes payable	11,961,132
Accrued interest	230,000
Rehabilitation Liability	108,688
TOTAL NONCURRENT LIABILITIES	12,319,989
TOTAL LIABILITIES	12,768,466
NET POSITION	
Net investment in capital assets	1,602,119
Restricted	740,632
Unrestricted	5,761,499
TOTAL NET POSITION	8,104,250
TOTAL LIABILITIES AND NET POSITION	**20,872,716**

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, 2019

OPERATING REVENUES	
Charges for services	
Dwelling rental	$ 1,609,368
Other fees and operating revenue	609,999
Total charges for services	2,219,367
Intergovernmental revenue	
Federal	4,925,931
State	232,020
Total intergovernmental revenue	5,157,951
TOTAL OPERATING REVENUE	7,377,318
OPERATING EXPENSES	
Administrative	$ 2,586,973
Tenant services	6,934
Utilities	202,435
Maintenance and operations	796,189
Insurance	94,393
General expenses	134,252
Housing assistance payments	3,774,124
Housing assistance payments - port-in	300,079
Depreciation	414,935
TOTAL OPERATING EXPENSES	$ 8,310,314
OPERATING INCOME (LOSS)	$ (932,996)
NONOPERATING REVENUES (EXPENSES)	
Property taxes	$ 2,483,863
Interest income	24,268
Gain or loss on sale of property	3,221
Interest expense	(70,903)
HUD recapture of residual receipts	(4,064)
NET NONOPERATING REVENUE (EXPENSES)	2,436,385
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	1,503,389
Extraordinary item - gain (loss) caused by fire	(15,604)
CHANGE IN NET POSITION	1,487,785
NET POSITION AT BEGINNING OF YEAR	6,616,465
NET POSITION AT END OF YEAR	**8,104,250**

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services and charges	$ 2,200,639
Receipts from intergovernmental revenue	5,230,860
Payments for contracted personal services	(1,312,125)
Payments to suppliers	(2,549,817)
Payments to landlords	(4,074,203)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (504,646)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(332,320)
Proceeds from sale of capital assets	5,645
Payment of capital debt	(98,898)
Interest payments	(56,349)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(481,922)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from property taxes	2,475,301
Payments on/for notes, loans, and mortgages receivable	(380,910)
HUD recapture of residual receipts	(4,064)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	2,090,327
Cash Flows from Investing Activities	
Investment income	24,268
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,128,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,393,261
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 6,521,288**
NON-CASH INVESTING ITEMS	
Interest expense includes amounts for:	
Amortization of bond premiums	772
Amortization of deferred loss on bonds	(6,718)
Forgiveness of deferred loan	46,000
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents	5,182,455
Cash and cash equivalents - operating reserve	360,469
Cash and cash equivalents - restricted	978,364
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ 6,521,288**
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	$ (932,996)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation expense	414,935
Forgiveness of deferred loan	(46,000)
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(11,967)
Due from other governments	118,909
Notes, mortgages, repayment receivable	(4,019)
Prepaid expenses	(1,435)
(Decrease) increase in liabilities	
Accounts payable	24,555
Unearned revenue	323
Tenant FSS escrow	(326)
Tenant security deposits	(2,739)
Due to other governments	(63,886)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ (504,646)**

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

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, 2019 and it issues a separate audited financial statement.

BASIS OF PRESENTATION

Proprietary Fund Type is accounted for on 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.

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, 2019.

Notes, loans, and mortgages receivable Current and Noncurrent
The notes, loans, and mortgages receivable balances are made up of amounts owed on one of 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.

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, the bonds are not reported as liabilities in the accompanying financial statements.

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	$	5,182,455
Operating reserve		360,469
Restricted cash, cash equivalents, and investments		
Security deposits and escrows		129,409
Replacement reserve fund		285,318
Debt service reserve account		125,040
Debt service account		113,925
Grant restricted		202,835
Rehab levy reserve		108,688
Residual receipts reserve		13,149
Total cash and investments	$	6,521,288

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.

At December 31, 2019, none of the Authority's deposits were subject to custodial credit risk. The Authority-held deposits are insured or collateralized by a 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

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. At December 31, 2019, none of the Authority's investments were subject to custodial credit risk.

The following Table represents the Authority's investment balances at December 31, 2019 and information relating to potential investment risks.

	Credit Risk		Concentration Risk	Interest Rate Risk	
Instrument Type	Credit Ratings	Rating Agency	Over 5 Percent of Portfolio	Maturity Date	Carrying (Fair) Value
Investment pools/mutual funds					
Wells Fargo Advantage Government Money Market	AAAm	Moody's	N/A	N/A	$ 467,718

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, 2019.

C. RECEIVABLES

Receivable balances at December 31, 2019 consisted of the following:

Accounts Receivable	$ 76,015
Allowance for Doubtful Accounts	-
Net Accounts Receivable	$ 76,015

Due from Other Governments	
Federal	$ 45,068
State	74,757
Local	113,312
Total	$ 233,136

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

Business-type activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	2,036,573	-	-	-	2,036,573
Construction in progress	241,279	257,881	-	(126,539)	372,621
Total capital assets not being depreciated	2,277,852	257,881	-	(126,539)	2,409,194
Capital assets, being depreciated:					
Building	20,017,337	-	(35,452)	-	19,981,885
Improvements other than building	266,526	32,100	-	126,539	425,165
Equipment	354,002	42,340	(19,400)	-	376,942
Total capital assets being depreciated	20,637,865	74,440	(54,852)	126,539	20,783,992
Total assets	22,915,717	332,321	(54,852)	-	23,193,186
Less accumulated depreciation for:					
Building	(9,416,062)	(367,796)	19,848	-	(9,764,010)
Improvements other than building	(234,708)	(8,564)	-	-	(243,272)
Equipment	(265,443)	(38,575)	16,975	-	(287,043)
Total accumulated depreciation	(9,916,213)	(414,935)	36,823	-	(10,294,325)
Total capital assets, being depreciated, net	10,721,652	(340,495)	(18,029)	126,539	10,489,667
Capital assets, net	12,999,504	(82,614)	(18,029)	-	12,898,861

Construction Commitments

The Authority had one active construction project as of December 31, 2019. The total estimated project is $1,580,998 to replace windows, siding, roofs and install air conditioner sleeves at two Public Housing sites.

Total Contract	$ 1,580,988
Spent -to-date	281,741
Remaining Commitment	$ 1,299,247

E. UNEARNED REVENUE

The unearned revenue for the Authority as of December 31, 2019 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	$ 20,169
Security Deposits	108,635
Net Escrow Payable and Security Deposits	$ 128,804

G. LONG TERM DEBT

Long term debt activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 12 months	Long Term
Bonds Payable	$ 820,000	$ -	$ (90,000)	$ 730,000	$ 100,000	$ 630,000
Mortgages Payable	528,631	-	(8,897)	519,734	9,423	510,311
Deferred Repayment Mortgages	3,708,547	-	-	3,708,547	-	3,708,547
Deferred Forgivable Mortgages	7,153,330	-	(46,000)	7,107,330	-	7,107,330
Premium on Bonds	5,716	-	(772)	4,944	-	4,944
Total Long Term Debt	$ 12,216,224	$ -	$ (145,669)	$ 12,070,555	$ 109,423	$ 11,961,132

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	$ 730,000	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	$ 168,127	Rolling Heights
U.S. Department of Agriculture - Rural Development	3/22/2005	5.75%	412,502	3/1/2045	351,607	Rolling Heights
Total Mortgages Payable					$ 519,734	

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:

	Date Issued	Interest Rates	Original Issue	Final Maturity	Balance	Authority Program
First Homes Properties	5/16/2002	0.00%	$ 585,000	5/16/2032	$ 585,000	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					$3,708,547	

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 - Housing Trust Fund Long-Term Homelessness Inititative 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 - Publicly Owned Housing Program	6/27/2013	0.00%	52,000	6/27/2033	45,275	Rental Property
Total Mortgages Payable					$7,107,330	

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
2020	$ 100,000	$ 23,465	$ 9,423	$ 29,639	$ -	$ -
2021	100,000	20,265	9,979	29,083	-	-
2022	100,000	16,965	10,568	28,493	-	-
2023	100,000	13,590	11,193	27,869	-	-
2024	105,000	10,053	11,853	27,209	-	-
2025 - 2029	225,000	8,363	70,629	124,682	1,616,097	1,469,805
2030 - 2034	-	-	94,090	101,221	1,441,450	4,748,580
2035 - 2039	-	-	125,342	69,968	651,000	-
2040 - 2044	-	-	166,981	28,329	-	888,945
2045 - 2049	-	-	9,676	93	-	-
Total	$ 730,000	$ 92,700	$ 519,734	$ 466,586	$ 3,708,547	$ 7,107,330

On November 15, 2019 the Authority entered into a $1,256,752 Deferred Forgivable Mortgage with Minnesota Housing Finance Agency as a part of the Publicly Owned Housing Program. As of December 31, 2019, none of the funds have been released to the Authority. As the funds are released, they will be report as part of the long-term debt schedule.

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, 2019 is $9,644,759.

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

Assets	Rolling Heights	River's Edge
Current assets	$ 226,447	$ 1,037,501
Capital assets	672,978	2,211,379
Total assets	$ 899,425	$ 3,248,880
Deferred outflow of resources	$ -	$ 43,111
Liabilities		
Current liabilities	$ 17,287	$ 141,230
Current liabilities payable from restricted assets	6,081	31,020
Noncurrent liabilities	906,310	2,076,395
Total liabilities	$ 929,678	$ 2,248,645
Net position		
Net investment in capital assets	$ (242,755)	$ 78,095
Restricted	-	304,094
Unrestricted	212,502	661,157
Total net position	$ (30,253)	$ 1,043,346

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

	Rolling Heights	River's Edge
Charges for services	$ 55,261	$ 390,215
Operating grants	49,910	-
Depreciation expenses	(15,612)	(59,284)
Other operating expense	(56,009)	(194,483)
Operating income	$ 33,550	$ 136,448
Nonoperating revenues (expenses)		
Investment Income	219	6,426
Interest expense	(29,915)	(30,988)
Changes in net position	$ 3,854	$ 111,886
Beginning net position	(34,107)	931,460
Ending net position	$ (30,253)	$ 1,043,346

Condensed Statement of Cash Flows

Net cash flows from:	Rolling Heights	River's Edge
Operating activities	$ 48,686	$ 211,144
Capital and related financing activities	(38,856)	(116,391)
Investing activities	219	6,426
Net increases (decreases)	10,049	101,179
Cash and cash equivalents	216,336	936,077
Ending cash and cash equivalents	$ 226,385	$ 1,037,256

I. RESTRICTED NET POSITION

Net Restricted Position balances at December 31, 2019 consisted of the following:

Program	Reason	Amount
Housing Choice Voucher	Unspent housing assistance payment revenue from HUD	$ 202,835
The Francis	MHFA held replacement reserve held for future nonroutine maintenance	46,095
New Hope Corporation	Authority held funds for replacement reserve and residual receipts, both held as required by HUD	49,868
River's Edge	Held by the trustee for any replacement reserve and debt service requirements set by the debt	304,094
Silver Creek Corner	MHFA held replacement reserve held for future nonroutine maintenance	137,740
		$ 740,632

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

There are no subsequent events to report.

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SUPPLEMENTARY SCHEDULES

The Authority's programs are described as follows:

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

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

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

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

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

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

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

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

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

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

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
CURRENT ASSETS						
Cash and cash equivalents	$ 233,615	$ 10,323	$ 2,792,462	$ 5,748	$ 220,304	$ 11,198
Cash and cash equivalents operating reserve	-	-	-	177,024	-	-
Receivables						
Tenants	3,622	-	-	1,350	62	873
Current notes, loans, and mortgages receivable	6,368	27,827	1,736	-	-	-
Other	5,646	10,609	5,745	-	-	-
Due from other governments	7,845	21,120	112,711	28,084	-	-
Due from other programs	-	-	-	-	-	-
Prepaid expenses	2,411	-	3,859	472	-	-
Cash and cash equivalents - restricted						
Security deposits and escrows	52,889	20,169	600	1,558	6,081	3,279
Replacement reserve fund	-	-	-	46,095	-	36,354
Debt service reserve account	-	-	-	-	-	-
Debt service account	-	-	-	-	-	-
Grant restricted	-	202,835	-	-	-	-
Rehab levy reserve	-	-	108,688	-	-	-
Residual receipts reserve	-	-	-	-	-	13,149
TOTAL CURRENT ASSETS	312,396	292,883	3,025,801	260,331	226,447	64,853
NONCURRENT ASSETS						
Capital assets						
Land	1,021,089	-	-	80,853	132,500	24,700
Construction in progress	372,621	-	-	-	-	-
Buildings and improvements	5,126,887	-	-	2,210,161	775,591	623,698
Equipment	109,248	-	120,765	-	-	11,209
Less accumulated depreciation	(4,260,117)	-	(120,765)	(599,042)	(235,113)	(394,114)
Noncurrent notes, loans, and mortgages receivable	10,723	6,239	920,106	-	-	-
Accrued interest receivable	-	-	20,244	-	-	-
TOTAL NONCURRENT ASSETS	2,380,451	6,239	940,350	1,691,972	672,978	265,493
TOTAL ASSETS	2,692,847	299,122	3,966,151	1,952,303	899,425	330,346
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 2,692,847**	**$ 299,122**	**$ 3,966,151**	**$ 1,952,303**	**$ 899,425**	**$ 330,346**

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	BUSINESS ACTIVITIES					
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
CURRENT ASSETS						
Cash and cash equivalents	$ 667,385	$ 714,662	$ 512,398	$ 14,360	$ -	$ 5,182,455
Cash and cash equivalents operating reserve	-	-	-	183,445	-	360,469
Receivables						
Tenants	8,259	10	1,461	-	-	15,637
Current notes, loans, and mortgages receivable	2,447	-	-	-	-	38,378
Other	-	-	-	-	-	22,000
Due from other governments	-	-	-	63,376	-	233,136
Due from other programs	22,026	-	-	-	(22,026)	-
Prepaid expenses	119	235	-	135,897	-	142,993
Cash and cash equivalents - restricted						
Security deposits and escrows	12,542	18,500	13,791	-	-	129,409
Replacement reserve fund	-	65,129	-	137,740	-	285,318
Debt service reserve account	-	125,040	-	-	-	125,040
Debt service account	-	113,925	-	-	-	113,925
Grant restricted	-	-	-	-	-	202,835
Rehab levy reserve	-	-	-	-	-	108,688
Residual receipts reserve	-	-	-	-	-	13,149
TOTAL CURRENT ASSETS	712,778	1,037,501	527,650	534,818	(22,026)	6,973,432
NONCURRENT ASSETS						
Capital assets						
Land	312,612	255,000	209,819	-	-	2,036,573
Construction in progress	-	-	-	-	-	372,621
Buildings and improvements	1,434,336	3,201,542	2,058,012	4,976,823	-	20,407,050
Equipment	-	-	127,880	7,840	-	376,942
Less accumulated depreciation	(786,341)	(1,245,163)	(1,856,986)	(796,684)	-	(10,294,325)
Noncurrent notes, loans, and mortgages receivable	-	-	-	-	-	937,068
Accrued interest receivable	-	-	-	-	-	20,244
TOTAL NONCURRENT ASSETS	960,607	2,211,379	538,725	4,187,979	-	13,856,173
TOTAL ASSETS	1,673,385	3,248,880	1,066,375	4,722,797	(22,026)	20,829,605
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on bonds	-	43,111	-	-	-	43,111
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 1,673,385**	**$ 3,291,991**	**$ 1,066,375**	**$ 4,722,797**	**$ (22,026)**	**$ 20,872,716**

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019

LIABILITIES AND NET POSITION	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
CURRENT LIABILITIES						
Accounts payable	$ 31,634	$ 1,438	$ 1,522	$ 11,694	$ 3,285	$ 2,895
Current portion of accrued interest	-	-	-	-	782	-
Unearned revenue	8,198	-	-	-	11	1,288
Due to other programs	-	-	-	22,026	-	-
Due to other governments	21,450	6,490	10,366	4,047	3,786	1,705
Current portion of notes payable	-	-	-	-	9,423	-
Current liabilities payable from restricted assets						
Interest payable	-	-	-	-	-	-
Tenants' security deposits	52,889	-	600	1,558	6,081	2,674
TOTAL CURRENT LIABILITIES	114,171	7,928	12,488	39,325	23,368	8,562
NONCURRENT LIABILITIES						
Tenant FSS escrow	-	20,169	-	-	-	-
Notes payable	-	-	-	2,270,902	906,310	-
Accrued interest	-	-	-	-	-	-
Rehabilitation Liability	-	-	108,688	-	-	-
TOTAL NONCURRENT LIABILITIES	-	20,169	108,688	2,270,902	906,310	-
TOTAL LIABILITIES	114,171	28,097	121,176	2,310,227	929,678	8,562
NET POSITION						
Net investment in capital assets	2,369,728	-	-	(578,930)	(242,755)	265,493
Restricted	-	202,835	-	46,095	-	49,868
Unrestricted	208,948	68,190	3,844,975	174,911	212,502	6,423
TOTAL NET POSITION	2,578,676	271,025	3,844,975	(357,924)	(30,253)	321,784
TOTAL LIABILITIES AND NET POSITION	**$ 2,692,847**	**$ 299,122**	**$ 3,966,151**	**$ 1,952,303**	**$ 899,425**	**$ 330,346**

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2019

	BUSINESS ACTIVITIES					
LIABILITIES AND NET POSITION	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
CURRENT LIABILITIES						
Accounts payable	$ 2,552	$ 15,188	$ 3,672	$ 32,210	$ -	$ 106,090
Current portion of accrued interest	-	-	-	-	-	782
Unearned revenue	3,165	8,098	2,152	-	-	22,912
Due to other programs	-	-	-	-	(22,026)	-
Due to other governments	10,819	17,944	-	11,508	-	88,115
Current portion of notes payable	-	100,000	-	-	-	109,423
Current liabilities payable from restricted assets						
Interest payable	-	12,520	-	-	-	12,520
Tenants' security deposits	12,542	18,500	13,791	-	-	108,635
TOTAL CURRENT LIABILITIES	29,078	172,250	19,615	43,718	(22,026)	448,477
NONCURRENT LIABILITIES						
Tenant FSS escrow	-	-	-	-	-	20,169
Notes payable	115,275	2,076,395	1,000,000	5,592,250	-	11,961,132
Accrued interest	-	-	230,000	-	-	230,000
Rehabilitation Liability	-	-	-	-	-	108,688
TOTAL NONCURRENT LIABILITIES	115,275	2,076,395	1,230,000	5,592,250	-	12,319,989
TOTAL LIABILITIES	144,353	2,248,645	1,249,615	5,635,968	(22,026)	12,768,466
NET POSITION						
Net investment in capital assets	960,607	78,095	(461,275)	(788,844)	-	1,602,119
Restricted	-	304,094	-	137,740	-	740,632
Unrestricted	568,425	661,157	278,035	(262,067)	-	5,761,499
TOTAL NET POSITION	1,529,032	1,043,346	(183,240)	(913,171)	-	8,104,250
TOTAL LIABILITIES AND NET POSITION	**$ 1,673,385**	**$ 3,291,991**	**$ 1,066,375**	**$ 4,722,797**	**$ (22,026)**	**$ 20,872,716**

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
OPERATING REVENUES						
Charges for services						
Dwelling rental	$ 373,865	$ -	$ -	$ 27,497	$ 52,707	$ 31,966
Other fees and operating revenue	29,908	347,261	207,280	800	2,554	2,841
Total charges for services	403,773	347,261	207,280	28,297	55,261	34,807
Intergovernmental revenue						
Federal	581,862	4,109,341	-	81,470	49,910	28,850
State	-	-	99,520	30,000	-	-
Total intergovernmental revenue	581,862	4,109,341	99,520	111,470	49,910	28,850
TOTAL OPERATING REVENUE	985,635	4,456,602	306,800	139,767	105,171	63,657
OPERATING EXPENSES						
Administrative	279,461	723,131	1,047,973	85,999	19,281	19,349
Tenant services	5,341	1,310	120	-	-	-
Utilities	26,612	-	-	26,338	9,228	9,350
Maintenance and operations	441,201	1,166	-	22,386	20,493	17,965
Insurance	43,417	816	196	1,437	3,221	2,663
General expenses	16,175	8,127	32,186	4,847	3,786	6,359
Housing assistance payments	-	3,532,015	242,109	-	-	-
Housing assistance payments - port-in	-	300,079	-	-	-	-
Depreciation	57,750	-	18,115	43,576	15,612	16,340
TOTAL OPERATING EXPENSES	869,957	4,566,644	1,340,699	184,583	71,621	72,026
OPERATING INCOME (LOSS)	115,678	(110,042)	(1,033,899)	(44,816)	33,550	(8,369)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	2,483,863	-	-	-
Interest income	-	-	5,121	5,160	219	16
Gain or loss on sale of property	3,221	-	-	-	-	-
Operating transfers in	5,308	305,000	-	-	-	-
Operating transfers out	-	-	(305,000)	-	-	-
Interest expense	-	-	-	-	(29,915)	-
HUD recapture of residual receipts	-	-	-	-	-	(4,064)
NET NONOPERATING REVENUE (EXPENSES)	8,529	305,000	2,183,984	5,160	(29,696)	(4,048)
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	124,207	194,958	1,150,085	(39,656)	3,854	(12,417)
Extraordinary item - gain (loss) caused by fire	-	-	-	-	-	-
CHANGE IN NET POSITION	124,207	194,958	1,150,085	(39,656)	3,854	(12,417)
NET POSITION AT BEGINNING OF YEAR	2,454,469	76,067	2,694,890	(318,268)	(34,107)	334,201
NET POSITION AT END OF YEAR	**$ 2,578,676**	**$ 271,025**	**$ 3,844,975**	**$ (357,924)**	**$ (30,253)**	**$ 321,784**

(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, 2019

	BUSINESS ACTIVITIES					
	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
OPERATING REVENUES						
Charges for services						
Dwelling rental	$ 224,168	$ 389,698	$ 192,681	$ 316,786	$ -	$ 1,609,368
Other fees and operating revenue	17,112	517	1,490	236	-	609,999
Total charges for services	241,280	390,215	194,171	317,022	-	2,219,367
Intergovernmental revenue						
Federal	-	-	-	74,498	-	4,925,931
State	46,000	-	-	56,500	-	232,020
Total intergovernmental revenue	46,000	-	-	130,998	-	5,157,951
TOTAL OPERATING REVENUE	287,280	390,215	194,171	448,020	-	7,377,318
OPERATING EXPENSES						
Administrative	70,956	74,036	41,702	225,085	-	2,586,973
Tenant services	163	-	-	-	-	6,934
Utilities	15,528	24,918	16,210	74,251	-	202,435
Maintenance and operations	49,243	65,193	71,577	106,965	-	796,189
Insurance	9,150	12,392	9,376	11,725	-	94,393
General expenses	10,393	17,944	22,927	11,508	-	134,252
Housing assistance payments	-	-	-	-	-	3,774,124
Housing assistance payments - port-in	-	-	-	-	-	300,079
Depreciation	32,256	59,284	72,073	99,929	-	414,935
TOTAL OPERATING EXPENSES	187,689	253,767	233,865	529,463	-	8,310,314
OPERATING INCOME (LOSS)	99,591	136,448	(39,694)	(81,443)	-	(932,996)
NONOPERATING REVENUES (EXPENSES)						
Property taxes	-	-	-	-	-	2,483,863
Interest income	-	6,426	-	7,326	-	24,268
Gain or loss on sale of property	-	-	-	-	-	3,221
Operating transfers in	-	-	-	-	(310,308)	-
Operating transfers out	(5,308)	-	-	-	310,308	-
Interest expense	-	(30,988)	(10,000)	-	-	(70,903)
HUD recapture of residual receipts	-	-	-	-	-	(4,064)
NET NONOPERATING REVENUE (EXPENSES)	(5,308)	(24,562)	(10,000)	7,326	-	2,436,385
CHANGE IN NET POSTION BEFORE EXTRAORDINARY ITEM	94,283	111,886	(49,694)	(74,117)	-	1,503,389
Extraordinary item - gain (loss) caused by fire	(15,604)	-	-	-	-	(15,604)
CHANGE IN NET POSITION	78,679	111,886	(49,694)	(74,117)	-	1,487,785
NET POSITION AT BEGINNING OF YEAR	1,450,353	931,460	(133,546)	(839,054)	-	6,616,465
NET POSITION AT END OF YEAR	**$ 1,529,032**	**$ 1,043,346**	**$ (183,240)**	**$ (913,171)**	**$ -**	**$ 8,104,250**

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	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	$ 392,521	$ 348,742	$ 203,762	$ 27,684	$ 55,439	$ 35,831
Receipts from intergovernmental revenue	655,727	4,219,594	66,375	98,287	49,910	29,274
Payments for contracted personal services	(340,509)	(385,433)	(555,295)	-	-	-
Payments to suppliers	(461,397)	(368,423)	(571,926)	(134,831)	(56,663)	(53,446)
Payments to landlords	-	(3,832,094)	(242,109)	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	246,342	(17,614)	(1,099,193)	(8,860)	48,686	11,659
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(324,480)	-	-	-	-	-
Proceeds from sale of capital assets	5,645	-	-	-	-	-
Payment of capital debt	-	-	-	-	(8,898)	-
Interest payments	-	-	-	-	(29,958)	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(318,835)	-	-	-	(38,856)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	2,475,301	-	-	-
Transfers in (out)	5,308	188,987	(188,987)	13,645	-	-
Payments on/for notes, loans, and mortgages receivable	-	-	(380,910)	-	-	-
HUD recapture of residual receipts	-	-	-	-	-	(4,064)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	5,308	188,987	1,905,404	13,645	-	(4,064)
Cash Flows from Investing Activities						
Investment income	-	-	5,121	5,160	219	16
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(67,185)	171,373	811,332	9,945	10,049	7,611
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	353,689	61,954	2,090,418	220,480	216,336	56,369
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 286,504**	**$ 233,327**	**$ 2,901,750**	**$ 230,425**	**$ 226,385**	**$ 63,980**
NON-CASH INVESTING ITEMS						
Interest expense includes amounts for:						
Amortization of bond premiums	-	-	-	-	-	-
Amortization of deferred loss on bonds	-	-	-	-	-	-
Forgiveness of deferred loan	-	-	-	-	-	-

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from services and charges	$ 227,187	$ 398,012	$ 194,439	$ 317,022	$ -	$ 2,200,639
Receipts from intergovernmental revenue	-	-	-	111,693	-	5,230,860
Payments for contracted personal services	(30,375)	(513)	-	-	-	(1,312,125)
Payments to suppliers	(127,007)	(186,355)	(159,673)	(430,096)	-	(2,549,817)
Payments to landlords	-	-	-	-	-	(4,074,203)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	69,805	211,144	34,766	(1,381)	-	(504,646)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	-	-	-	(7,840)	-	(332,320)
Proceeds from sale of capital assets	-	-	-	-	-	5,645
Payment of capital debt	-	(90,000)	-	-	-	(98,898)
Interest payments	-	(26,391)	-	-	-	(56,349)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(116,391)	-	(7,840)	-	(481,922)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from property taxes	-	-	-	-	-	2,475,301
Transfers in (out)	(18,121)	-	(832)	-	-	-
Payments on/for notes, loans, and mortgages receivable	-	-	-	-	-	(380,910)
HUD recapture of residual receipts	-	-	-	-	-	(4,064)
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(18,121)	-	(832)	-	-	2,090,327
Cash Flows from Investing Activities						
Investment income	-	6,426	-	7,326	-	24,268
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,684	101,179	33,934	(1,895)	-	1,128,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	628,243	936,077	492,255	337,440	-	5,393,261
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 679,927**	**$ 1,037,256**	**$ 526,189**	**$ 335,545**	**$ -**	**$ 6,521,288**
NON-CASH INVESTING ITEMS						
Interest expense includes amounts for:						
Amortization of bond premiums	-	772	-	-	-	772
Amortization of deferred loss on bonds	-	(6,718)	-	-	-	(6,718)
Forgiveness of deferred loan	46,000	-	-	-	-	46,000

(Continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Public Housing	Housing Choice Voucher	State and Local	The Francis	Rolling Heights	New Hope Corporation
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION						
Cash and cash equivalents	233,615	10,323	2,792,462	5,748	220,304	11,198
Cash and cash equivalents - operating reserve	-	-	-	177,024	-	-
Cash and cash equivalents - restricted	52,889	223,004	109,288	47,653	6,081	52,782
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ 286,504**	**$ 233,327**	**$ 2,901,750**	**$ 230,425**	**$ 226,385**	**$ 63,980**
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	$ 115,678	$ (110,042)	$ (1,033,899)	$ (44,816)	$ 33,550	$ (8,369)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	$ 57,750	$ -	$ 18,115	$ 43,576	$ 15,612	$ 16,340
Forgiveness of deferred loan	$ -	$ -	$ -	$ -	$ -	$ -
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(6,620)	3,063	(4,118)	(162)	(59)	109
Due from other governments	73,865	110,253	(33,145)	(13,183)	-	424
Notes, mortgages, repayment receivable	(2,762)	(1,256)	-	-	-	-
Prepaid expenses	983	-	(3,859)	(98)	-	-
(Decrease) increase in liabilities						
Accounts payable	22,589	(7,389)	(2,005)	6,325	(744)	2,107
Unearned revenue	(1,205)	-	-	(465)	(202)	1,279
Tenant FSS escrow	-	(326)	-	-	-	-
Tenant security deposits	(665)	-	600	14	439	(364)
Due to other governments	(13,271)	(11,917)	(40,882)	(51)	90	133
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 246,342**	**$ (17,614)**	**$ (1,099,193)**	**$ (8,860)**	**$ 48,686**	**$ 11,659**

(continued)

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Rental Property	River's Edge	Bandel Hills	Silver Creek Corner	Eliminating Entry	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION						
Cash and cash equivalents	667,385	714,662	512,398	14,360	-	5,182,455
Cash and cash equivalents - operating reserve	-	-	-	183,445	-	360,469
Cash and cash equivalents - restricted	12,542	322,594	13,791	137,740	-	978,364
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ 679,927**	**$ 1,037,256**	**$ 526,189**	**$ 335,545**	**$ -**	**$ 6,521,288**
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	$ 99,591	$ 136,448	$ (39,694)	$ (81,443)	$ -	$ (932,996)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	$ 32,256	$ 59,284	$ 72,073	$ 99,929	$ -	$ 414,935
Forgiveness of deferred loan	$ (46,000)	$ -	$ -	$ -	$ -	$ (46,000)
Changes in assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	(9,579)	6,282	(883)	-	-	(11,967)
Due from other governments	-	-	-	(19,305)	-	118,909
Notes, mortgages, repayment receivable	-	-	(1)	-	-	(4,019)
Prepaid expenses	(119)	(235)	-	1,893	-	(1,435)
(Decrease) increase in liabilities						
Accounts payable	(2,553)	7,281	2,119	(3,175)	-	24,555
Unearned revenue	(2,555)	3,015	456	-	-	323
Tenant FSS escrow	-	-	-	-	-	(326)
Tenant security deposits	(1,959)	(1,500)	696	-	-	(2,739)
Due to other governments	723	569	-	720	-	(63,886)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 69,805**	**$ 211,144**	**$ 34,766**	**$ (1,381)**	**$ -**	**$ (504,646)**

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF INTERGOVERNMENTAL REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2019

								BUSINESS ACTIVITIES				
GRANTS		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
State												
Home Deferred Program		$ -	$ -	$ 5,507	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,507
T-RAP Program		-	-	84,143	-	-	-	-	-	-	-	84,143
MHFA Housing Trust Fund Program		-	-		30,000	-	-	-	-	-	56,500	86,500
MHFA Quick Start Flood Recovery		-	-	-	-	-	-	46,000	-	-	-	46,000
State Aids and Credits		-	-	9,870	-	-	-	-	-	-	-	9,870
Total State Grants		$ -	$ -	$ 99,520	$ 30,000	$ -	$ -	$ 46,000	$ -	$ -	$ 56,500	$ 232,020
Federal	CFDA #											
Low Income Public Housing Operating Subsidy	14.850	$ 239,228	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 239,228
Section 8 Voucher Housing Assistance Payments	14.871	-	3,979,524	-	-	-	-	-	-	-	-	3,979,524
Mainstream Voucher Program	14.879	-	129,817	-	-	-	-	-	-	-	-	129,817
Public Housing Capital Fund Program	14.872	342,634	-	-	-	-	-	-	-	-	-	342,634
Rural Rental Housing Loans	10.415	-	-	-	-	17,843	-	-	-	-	-	17,843
Rural Rental Housing Assistance	10.427	-	-	-	-	32,067	-	-	-	-	-	32,067
Shelter Plus Care	14.238	-	-	-	81,470	-	-	-	-	-	-	81,470
Supportive Housing	14.235	-	-	-	-	-	-	-	-	-	74,498	74,498
Rent Supplements for Low Income Families	14.149	-	-	-	-	-	28,850	-	-	-	-	28,850
Total Federal Grants		$ 581,862	$ 4,109,341	$ -	$ 81,470	$ 49,910	$ 28,850	$ -	$ -	$ -	$ 74,498	$ 4,925,931
Total Intergovernmental Revenue		$ 581,862	$ 4,109,341	$ 99,520	$ 111,470	$ 49,910	$ 28,850	$ 46,000	$ -	$ -	$ 130,998	$ 5,157,951

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Thru Grant Identification Number	Subrecipient Number	Expenditures
U.S. Department of Agriculture				
Direct				
Rural Rental Housing Loans	10.415	N/A	-	$ 17,843
Rural Rental Housing Rental Assistance	10.427	N/A	-	32,067
Total U.S. Department of Agriculture				49,910
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238	MN0193L5K021809	-	53,386
		MN0193L5K021910	-	28,084
Total Shelter Plus Care				81,470
Public and Indian Housing	14.850	MN15100000114D	-	239,228
Section 8 Housing Voucher Cluster				
Housing Choice Vouchers	14.871	N/A	-	3,979,524
Other Public Housing Authorities		Unknown	-	316,691
Mainstream Voucher Program	14.879	NA	-	129,817
Total Section 8 Housing Voucher Cluster				4,426,032
Public Housing Capital Fund	14.872	MN46P15150116	-	43,039
		MN46P15150117	-	94,493
		MN46P15150118	-	205,102
Total Public Housing Capital Fund				342,634
Rent Supplements for Low Income Families	14.149	NA	-	28,850
Supportive Housing for Persons with Disabilities	14.181	NA	-	647,200
Passed Through Center City Housing Corp	14.235	MN0358L5K021706	-	32,909
Supportive Housing Program		MN0358L5K021807	-	41,589
				74,498
Total U.S. Department of Housing and Urban Development				5,839,912
Total Federal Awards				$ 5,889,822

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, 2019

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, 2019. 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 $19,030 from Rural Rental Housing loans during the year ending December 31, 2019.

5. RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal grant revenue per Schedule of Intergovernmental Revenue	$	5,157,951
Per HUD include in SEFA		
Other public housing authorities, port in income		316,691
Supportive housing for persons with disabilities, temporarily restricted capital advance		647,200
Expenditures per Schedule of Expenditures of Federal Awards	$	5,889,822

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

SCHEDULE AND CERTIFICATION OF CAPITAL FUND GRANT COSTS

Public Housing

Grant Identification Number	MN46P15150116	MN46P15150117	MN46P15150118	MN46P15150119
Total Grant Funds Approved	$ 132,627	$ 132,824	$ 209,916	$ 208,477
Grant Expenditures to Date				
Fiscal Year - 2017	23,805			
Fiscal Year - 2018	65,783	38,331		
Fiscal Year - 2019	43,039	94,493	205,102	-
Excess Funds Approved	$ -	$ -	$ 4,814	$ 208,477
Status	Complete	Complete	Not Complete	Not Complete

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OTHER REPORTS

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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, 2019, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report hereon dated April 30, 2020.

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
April 30, 2020

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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

We have audited the Olmsted County Housing and Redevelopment Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
April 30, 2020

OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
Rochester, Minnesota
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

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:

CFDA Number(s)	Name of Federal Program
14.871/14.879	Section 8 Voucher Cluster

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

Section IV - Minnesota Legal Compliance Findings – NONE

Section V - Prior Year Findings

2018-001 - Housing Quality Standards (HQS) Inspections – Cleared in 2019

2018-002 - Insuring or Securing Deposits – Cleared in 2019

2018-003 – Old Outstanding Checks on Bank Reconciliation – Cleared in 2019

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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, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 30, 2020.

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
April 30, 2020