

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY  
STUDY SESSION**

**Wednesday, May 25, 2022**

A Study Session for the St. Cloud HRA Board of Commissioners was held on Wednesday, May 25, 2022. Chair Nancy Gohman called the meeting to order at 5:00 p.m. Commissioners present: Mike Conway, John Dvorak [5:26 pm], Seal Dwyer, Jeff Goerger, Nancy Gohman, George Hontos, and Hani Jacobson.

Guest: Cathy Lydon, CPA, Redpath and Company.

Karen Rizer, Finance Director, introduced Cathy Lydon, CPA from Redpath and Company to review the 2021 Annual Financial Report and Management Letter with the Board and answer any questions or concerns they may have. Ms. Lydon opened by noting the overall audit results were very strong; there was one minimal finding in legal compliance report, noting it is more of a technicality, but indicated very clean results throughout the entire report.

Ms. Lydon moved to page 7, *Independent Auditor's Report*, noting layout changes and changes in audit standards. Ms. Lydon stated it is the responsibility of management to prepare the financial statements and maintain internal controls in doing so. She said it is Redpath's role to express an opinion on the statements. Ms. Lydon stated an unmodified opinion or clean opinion was issued; it's the highest level of assurance auditors can provide.

Ms. Lydon then moved to *Basic Financial Statements*. On pages 20-21, *Statement of Net Position*, she noted the assets are presented on the left and the liabilities and net position on the right side. Ms. Lydon highlighted the assets have decreased about \$1.3 million over prior year; the decrease is a function of depreciation expenses of properties and equipment. Commissioner Hontos asked if it considers property values. Ms. Lydon confirmed it does not include appreciated value, because properties are recorded at cost, not at market value. The cost of properties will continue to depreciate, but the market value tends to increase.

Ms. Lydon continued with the *Statement of Revenues, Expenses, and Changes in Net Position* on page 23 and the *Statement Cash Flows* on pages 24-25. Total operating revenues for 2021 were up from prior year, but also noted the operating expenses also increased by \$1.5 million. The increase in operating expenses stemmed from the inclusion of Riverside Apartments, expenses relating to repairing damages caused by a fire at Empire Apartments, and one-time incentive payments to participating landlords. The overall net position of the HRA increased nearly \$2 million from prior year.

Ms. Lydon continued with *Minnesota Legal Compliance Report* on page 45. She explained this report is a requirement from the State Auditor that consists of five sections. Ms. Lydon pointed out that in connection with their audit, they found the HRA failed to comply with the provision of the contracting and bidding section of the Minnesota Legal Compliance Audit Guide for Other Political Subdivisions relating to group insurance. She pointed out it's more of a technicality than noncompliance and will be explained in further detail later.

Ms. Lydon moved onto page 51 *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. She stated Redpath doesn't audit internal controls and financial reporting, but they are required to understand said controls to perform their audit. During the audit, they did not identify any deficiencies in internal control that they consider to be material weaknesses. The audit found The Housing and Redevelopment Authority of St. Cloud complied in all material respects with the type of compliance requirements. Ms. Lydon noted on the top of page 55 that they did not identify any deficiencies in internal control over compliance to be considered material weakness.

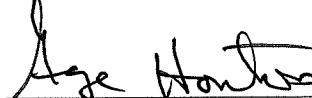
Moving on to page 59, Ms. Lydon noted the HRA qualified as a low-risk auditee and received a good summary of audit results. She then moved to page 60 and noted the Legal Compliance Findings, mentioning that the HRA did not conduct a formal request for proposals prior to contracting with their current group insurance provider. Ms. Rizer noted that with the passage of the ACA, the HRA is now able to obtain the rates from the major insurers

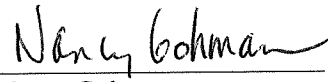
without issuing a formal request for proposal. Commissioner Gohman asked when the state statute would be updated accordingly. Ms. Rizer responded she reached out to the state auditor's office and there was no consensus to why it was not updated, but there would be no consequences to the finding.

Ms. Lydon then provided information about the final attachment: *Communication With Those Charged With Governance*. It is information the firm is required to communicate with management and the governing board. She noted most of the report is template language and similar to the prior year. She reported there were no difficulties completing the audit, and there were no misstatements throughout the year, noting that the numbers Ms. Rizer provides to the Commissioners are accurate. Ms. Lydon thanked Ms. Rizer and her staff for the great work they do and the attention they put into the audit.

The Commissioners seconded Ms. Lydon by thanking Ms. Rizer and the other HRA staff for the hard work they put into ensuring a successful audit. There being no further discussion, the study session ended at 5:46pm.

ATTEST:

  
Secretary, George Hontos

  
Chair, Nancy Gohman

**ST. CLOUD HOUSING & REDEVELOPMENT AUTHORITY  
REGULAR MEETING MINUTES**

**Wednesday, May 25, 2022**

A Regular Meeting for the St. Cloud HRA Board of Commissioners was held on Wednesday, May 25, 2022, at the St. Cloud HRA main office, 1225 West St. Germain Street, St. Cloud, MN. Chair Nancy Gohman called the meeting to order at 5:57 p.m.

Consent Agenda:

1. Roll call was taken and the pledge of allegiance spoken. Commissioners present: Mike Conway, John Dvorak, Seal Dwyer, Nancy Gohman, Jeff Goerger, George Hontos, and Hani Jacobson.
2. Approval of Agenda – Commissioner Goerger moved for approval; Commissioner Dwyer seconded the motion. All board members voted in favor; the agenda and consent agenda moved as presented.
3. Approval of Regular Minutes, April 27, 2022 – approved as presented.
4. Approval of the Auditor’s Reports for the Year Ended December 31, 2021 – approved as presented.
5. Approval of Contract for Concrete Replacement at The Creeks 733 33<sup>rd</sup> St. S. units 7-12 – contract approved with DRSC Concrete Inc. in the amount of \$29,696.00.
6. Approval of Contract for Attic Fire Suppression System Replacement at Grace McDowall Apartments – contract approved with Brothers Fire & Security in the amount of \$129,340.00.
7. Approval of Contracts for Parking Lot Maintenance Services – contract approved with Gopher State Sealcoating Inc. in the amount of \$140,128.00.

Open Forum: Chair Gohman asked Louise Reis, Executive Director, if any member of the public had requested to speak; Ms. Reis responded there were none.

Old Business: none.

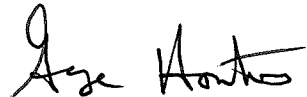
New Business:

8. Approval of Commissioner John Dvorak Community Development Block Grant (CDBG) Home Rehabilitation Loan Application – Ms. Reis stated Commissioner Dvorak has requested to apply for the CDBG Home Rehabilitation Loan and after conversing with HRA staff, legal counsel, and the reviewing the Minnesota Statutes, Commissioner Dvorak is allowed to apply, if unanimously approved to do so by the Board. Commissioner Hontos requested that all staff be on record that Commissioner Dvorak’s application would not be given special treatment and will be treated in the same manner as all other program participants. Commissioner Dvorak abstained from voting. Commissioner Goerger moved for approval; Commissioner Dwyer seconded the motion. All commissioners voted in favor; the motion carried.
9. Change to Personnel Policy 05.11 - Holidays – Ms. Reis requested approval of adding the Juneteenth holiday to the list of holidays observed by the St. Cloud HRA. Commissioner Hontos moved for approval; Commissioner Dwyer seconded. All commissioners voted in favor; the motion carried.
10. Report on Activities – Ms. Reis shared information on the Affordable Connectivity Program (ACP) noting all residents and participants in HRA programs have been notified. She then provided an update on the Empire fire, stating all units are completed. Commissioner Hontos asked if the vacancy report for Empire Apartments is reflected by the fire. Ms. Reis confirmed the rate of vacancy is higher because of work that needed to be completed on units

damaged by the fire. Commissioner Gohman asked about the CDBG update. Ms. Reis said there are 14 in the application stage and that there was a good response to the postcard sent out to neighborhoods.

There being no further business, the meeting adjourned at 6:16 p.m.

ATTEST:



Secretary, George Hontos



Chair, Nancy Gohman