

**REGULAR MEETING OF THE  
ST. CLOUD HRA BOARD OF COMMISSIONERS**

**St. Cloud HRA, 1225 West St. Germain Street, Board Room  
Wednesday, December 14, 2022  
*Immediately following 5:00 p.m. Study Session***

<b>STUDY SESSION -- 5:00 P.M., 418 Wilson Avenue, St. Cloud MN 56304 5:30 P.M., St. Cloud HRA, Board Room AGENDA: Tour of 418 Wilson House, Audits, and Budgets Discussion</b>
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**Mission Statement: To enhance the communities we serve by providing  
housing opportunities, fostering stability, and promoting neighborhood revitalization.**

**Regular Meeting Agenda:**

1. Roll Call and Pledge of Allegiance.

**Consent Agenda:**

2. Approval of Agenda. REQUESTED ACTION: Approve.
3. Approval of Study Session Minutes, October 26, 2022. REQUESTED ACTION: Approve.
4. Approval of Regular Minutes, October 26, 2022. REQUESTED ACTION: Approve.
5. Review of 2022 Financial Reports. REQUESTED ACTION: None.
6. Approval of Resolution 2022-10 – Adopting the 2023 Budgets for COCC, HCV Program, Public Housing, Germain Towers, Northway A & B, and Affordable Housing Projects. REQUESTED ACTION: Approve.
7. Approval of Resolution 2022-11 – Amending the 2022 Budgets for COCC, HCV Program, Public Housing, Northway A & B, and Eastwood Apartments. REQUESTED ACTION: Approve.
8. Approval of Auditors for 2022 Annual Audit. REQUESTED ACTION: Approve.
9. Approval of Resolution 2022-12 – Authorizing Participation in the Minnesota City Participation Program for 2023. REQUESTED ACTION: Approve.
10. Approval of Extension of Policy 05.18 – Families First Coronavirus Response Act Policy and Policy 05.19 Emergency Sick Leave Policy. REQUESTED ACTION: Approve.

**Open Forum:** At this time members of the public may address the Board with questions, concerns, or comments (regarding an item NOT on the agenda). Citizens are asked to sign up to speak prior to the Open Forum portion of the meeting. Speakers will be limited to the first five citizens who sign up. The Board members will not ask questions of the speakers, but rather refer the matter to the Administration with a request for a follow-up report. A citizen may speak at the Open Forum only twice during the year. Open Forum is limited to a total of 10 minutes. TIME LIMIT IS 2 MINUTES PER PERSON.

**Old Business:** none.

**New Business:**

11. Approval of Amazon Locker Purchase for Wilson Apartments.

12. Report on Activities.

**Open Discussion:**

**Adjourn.**

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

**Wednesday, October 26, 2022**

A Study Session for the St. Cloud HRA Board of Commissioners was held on Wednesday, October 26, 2022. Chair Nancy Gohman called the meeting to order at 5:00 p.m. Commissioners present: Mike Conway, John Dvorak [arrived at 5:07pm], Seal Dwyer, Jeff Goerger, Nancy Gohman, George Hontos, and Hani Jacobson.

Finance Director, Karen Rizer, presented the Tax Credit budgets to the Board. She began by discussing the Plum Creek Family Housing budget. She noted it is not much different from past years, but the biggest line item is for maintenance, as the buildings are getting older. Ms. Rizer noted the upcoming projects include decking for 3 units, HVAC for 3 units, and a washer and dryer for 2 units.

Ms. Rizer then moved to discuss Brownstones Family Housing budget, adding that the roof started to get replaced this year (2022) and the roof replacement will continue for 6 units in 2023. Also included in the budget are decking for 1 unit, HVAC for 1 unit, and a washer and dryer for 1 unit.

Continuing with Swisshelm Village Apartments One, Ms. Rizer mentioned there were higher unit turns at the property, and for 2023 they have budgeted digital signage and washer and dryer replacements. Commissioner Hontos asked about the turnover amount spent on each unit. Ms. Rizer responded that each unit is assessed on a case-by-case basis because it can vary widely. Commissioner Gohman asked about the high turnover of units. Executive Director, Louise Reis, responded that after COVID-19 there were a couple years that people were not moving out, or could not be evicted, and those issues were able to finally be addressed in 2022. Ms. Rizer moved to Swisshelm Village Apartments Two and said it does appear there will be a deficit in cash flow and it will be covered by a transfer in from the HRA. Commissioner Hontos asked if the money comes from the Community Housing Fund and Ms. Rizer confirmed yes. The 2023 projects for Swisshelm Two include digital signage, boiler controls, and washers and dryers.

Ms. Rizer then moved to Westwood Village Apartments and noted the largest item will be roof replacements for both properties. It is unknown at this point how the roofs will be paid for, whether it is a loan or a transfer from the Community Housing Fund. Ms. Rizer added the HRA will look at what Minnesota Housing has to offer for low-interest loans. Commissioner Gohman asked if they are flat roofs and Ms. Reis responded they are pitched and shingled. The Westwood Apartments also have digital signage, garage key pads, and washer and dryer replacements budgeted for 2023.

Continuing with the final Tax Credit property, Ms. Rizer moved to Riverside Apartments. For 2023, LED interior lighting, circuit breaker replacements for 12 units, tuckpointing, and an Amazon locker are budgeted for 2023.

There being no further discussion, the study session ended at 5:44 p.m.

ATTEST:

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Chair, Nancy Gohman

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Secretary, George Hontos

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

**Wednesday, October 26, 2022**

A Regular Meeting for the St. Cloud HRA Board of Commissioners was held on Wednesday, September 28, 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 5:45 p.m.

**Consent Agenda:**

1. Roll call was taken and the pledge of allegiance spoken. Commissioners present: Mike Conway, John Dvorak, Seal Dwyer, Jeff Goerger, Nancy Gohman, George Hontos, and Hani Jacobson.
2. Approval of Agenda – Commissioner Goerger moved for approval; Commissioner Dwyer seconded the motion. All commissioners voted in favor; the agenda and consent agenda moved as presented.
3. Approval of Study Session Minutes, September 28, 2022 – approved as presented.
4. Approval of Regular Minutes, September 28, 2022 – approved as presented.
5. Review of 2022 Financial Reports – no action required.
6. Approval of Resolution 2022-09 – Adopting the 2023 Budgets for the Tax Credit Properties – approved.

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:**

7. A. Public Hearing for the FSS Action Plan – Ms. Reis introduced the item and stated in August, at the original Public Hearing, the entire plan was approved, but when it was submitted to HUD they requested additional changes to Chapter 7. Ms. Reis asked Voucher Programs Manager, Lori Lygre, to discuss the changes. Ms. Lygre discussed portability, moving a voucher from one housing authority to another. She noted if someone is on the Family Self-Sufficiency (FSS) Program and they port out, they can participate in that housing authority's FSS program, but if they port out and the new housing authority does not have an FSS program, the HRA would look at whether or not the family is eligible to receive their escrow balance at the time of the port out. Commissioner Conway asked if a family is notified when they port out if an FSS plans exists or does not exist in the location they are moving. Ms. Lygre noted the HRA is required to answer those questions at the time they port out. Commissioner Hontos asked how the plan is reviewed. Ms. Lygre responded that the HRA's attorney reviewed the plan and it was submitted to HUD for approval.

Commissioner Gohman opened the Public Hearing at 5:46 p.m. There being no one present to speak, the Public Hearing closed.

B. Resolution 2022-10 – Approval of FSS Action Plan – Chapter 7 – Commissioner Conway moved for approval; Commissioner Dwyer seconded the motion. All commissioners voted in favor; the motion carried.

8. Approval of Change in Medical and Dental Insurance Providers – Finance Director, Karen Rizer, requested to change the medical insurance provider from PreferredOne to Health Partners and the dental insurance provider from

Guardian to Health Partners effective January 1, 2023. Commissioner Goerger moved for approval; Commissioner Dvorak seconded the motion. All commissioners voted in favor; the motion carried.

9. Report on Activities – Ms. Reis noted that Project Connect will be hosting an event on October 27 at the River’s Edge Convention Center. The HRA staff attended a similar event on October 18 in Elk River. HRA Staff will also attend the VA Stand Down at River’s Edge Convention Center on October 20.

There being no further business, the meeting adjourned at 6:07 p.m.

ATTEST:

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Chair, Nancy Gohman

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Secretary, George Hontos

TO: HRA Board of Commissioners  
FROM: Karen Rizer, CPA Finance Director  
DATE: December 7, 2022  
SUBJECT: 2022 Financial Reports

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**Requested Action:** None.

**Background:** The Board receives financial reports for certain funds on a rotating basis.

The planned reporting schedule is as follows:

**June** – Central Office Cost Center (COCC) Fund, Community Housing Fund, Community Development Block Grant (CDBG) Housing Rehab Fund, Housing Development & Rehab Fund, Housing Choice Vouchers Fund, Public Housing Fund – Empire Apartments, Scattered Sites, and Wilson Apartments, Germain Towers Fund, Northway Projects A&B Fund, Eastwood Apartments Fund, Al Loehr Apartments Fund, and the seven tax credit limited partnership funds.

**July and October** – Central Office Cost Center (COCC) Fund, Community Housing Fund, Community Development Block Grant (CDBG) Housing Rehab Fund, Housing Development & Rehab Fund, and Housing Choice Vouchers Fund.

**August and November** – Al Loehr Apartments Fund and the seven tax credit limited partnership funds.

**September and December** – Public Housing Fund – Empire Apartments, Scattered Sites, and Wilson Apartments, Germain Towers Fund, Northway Projects A&B Fund, and Eastwood Apartments Fund.

Please call or email if you have any questions. (320-202-3148 or [krizer@stcloudhra.com](mailto:krizer@stcloudhra.com)) Thank you.

**Empire Apartments (Public Housing)**
**54 4th Ave N**
**89 Units**
**Built 1971**
**October 31, 2022**

<b>Budgeted Vacancy Loss</b>		<b>2%</b>				
<b>Actual Vacancy Loss</b>		<b>10.0%</b>	Due to fire			
	<b>Account Title</b>	<b>2022 BUDGET</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>YTD Budget vs. Actual Var. \$</b>	<b>YTD Budget vs. Actual Var. %</b>
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 280,000	\$ 233,333	\$ 230,119	\$ (3,214)	-1.4%
2	Less: Vacancy Loss	(5,600)	(4,667)	(23,001)	(18,334)	-392.9%
3	<b>Net Tenant Rental Revenue</b>	<b>274,400</b>	<b>228,667</b>	<b>207,118</b>	<b>(21,549)</b>	<b>-9.4%</b>
4	Gross Potential Subsidy	205,500	171,250	160,910	(10,340)	-6.0%
5	Less: Subsidy Loss - Proration	(14,400)	(12,000)	6,902	18,902	157.5%
6	<b>Net Operating Subsidy</b>	<b>191,100</b>	<b>159,250</b>	<b>167,812</b>	<b>8,562</b>	<b>5.4%</b>
7	HUD PHA Operating Grant - CFP	34,000	-	-	-	0.0%
8	Other Income	30,560	25,467	24,550	(917)	-3.6%
	<b>Total Operating Income</b>	<b>530,060</b>	<b>413,383</b>	<b>399,480</b>	<b>(13,903)</b>	<b>-3.4%</b>
<b>Operating Expenses:</b>						
	<b>Administrative</b>					
9	Administrative Salaries & Benefits	112,000	93,333	71,687	(21,646)	23.2%
10	Management & Bkpg Fees - Operations	82,500	68,750	68,611	(139)	0.2%
11	Management Fees - CFP	24,000	-	-	-	0.0%
12	Auditing Fees	5,000	4,167	3,481	(686)	16.5%
13	Legal Expense	6,500	5,417	6,471	1,054	-19.5%
14	Other Administrative Costs	26,000	21,667	20,771	(896)	4.1%
15	<b>Total Administrative</b>	<b>256,000</b>	<b>193,333</b>	<b>171,021</b>	<b>(22,312)</b>	<b>11.5%</b>
16	<b>Asset Management Fees</b>	<b>10,560</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
17	<b>Tenant Services</b>	<b>2,200</b>	<b>1,833</b>	<b>3,781</b>	<b>1,948</b>	<b>-106.2%</b>
	<b>Utilities</b>					
18	Water & Sewer	20,000	16,667	18,619	1,952	-11.7%
19	Electricity	50,000	41,667	46,738	5,071	-12.2%
20	Gas	30,000	25,000	28,323	3,323	-13.3%
21	<b>Total Utilities</b>	<b>100,000</b>	<b>83,333</b>	<b>93,680</b>	<b>10,347</b>	<b>-12.4%</b>
22	<b>Maintenance</b>	<b>243,700</b>	<b>203,083</b>	<b>240,957</b>	<b>37,874</b>	<b>-18.6%</b>
23	<b>Protective Services</b>	<b>17,000</b>	<b>14,167</b>	<b>23,687</b>	<b>9,520</b>	<b>-67.2%</b>
24	<b>Insurance</b>	<b>18,600</b>	<b>18,600</b>	<b>17,375</b>	<b>(1,225)</b>	<b>6.6%</b>
25	<b>Payments in Lieu of Taxes</b>	<b>9,000</b>	<b>7,500</b>	<b>7,500</b>	<b>-</b>	<b>0.0%</b>
26	<b>Bad Debt-Tenants</b>	<b>12,000</b>	<b>10,000</b>	<b>2,960</b>	<b>(7,040)</b>	<b>70.4%</b>
27	<b>Total Operating Expenses</b>	<b>669,060</b>	<b>531,850</b>	<b>560,961</b>	<b>29,111</b>	<b>-5.5%</b>
28	<b>Cash Flow from Operations</b>	<b>(139,000)</b>	<b>(118,467)</b>	<b>(161,481)</b>	<b>(43,014)</b>	<b>-36.3%</b>
	<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	-	-	-	-	0.0%
30	Capital Expenditures	-	-	(9,697)	(9,697)	0.0%
31	Other Financial Items-Sources & (Uses)	-	-	-	-	0.0%
32	<b>Total Other Financial Items</b>	<b>-</b>	<b>-</b>	<b>(9,697)</b>	<b>(9,697)</b>	<b>0.0%</b>
33	<b>Net Cash Flow</b>	<b>\$ (139,000)</b>	<b>\$ (118,467)</b>	<b>\$ (171,178)</b>	<b>\$ (52,711)</b>	<b>-44.5%</b>

Line item notes:

9 - When the budget was adopted a partial FTE was included. That position is now 100% maint related so HUD requires the wages to be included in the COCC and services billed out on a fee basis and included in Maint Exp

20 - Colder winter with higher gas prices

22 - Includes fire pump replacement of \$34,635

30 - Finish 2021 roof replacement

**Scattered Sites (Public Housing)**
**76 Units**
**Quarry Townhomes, Flintwood Townhomes, Cedar Ridge Townhomes, & 40 Single Homes  
October 31, 2022**

Budgeted Vacancy Loss	2%
Actual Vacancy Loss	2%

	Account Title	2022 BUDGET	YTD Budget	YTD Actual	YTD Budget vs. Actual Var. \$	YTD Budget vs. Actual Var. %
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 319,000	\$ 265,833	\$ 265,631	\$ (202)	-0.1%
2	Less: Vacancy Loss	(6,400)	(5,333)	(5,173)	160	3.0%
3	<b>Net Tenant Rental Revenue</b>	<b>312,600</b>	<b>260,500</b>	<b>260,458</b>	<b>(42)</b>	<b>0.0%</b>
4	Gross Potential Subsidy	228,000	190,000	147,521	(42,479)	-22.4%
5	Less: Subsidy Loss - Proration	(16,000)	(13,333)	6,334	19,667	147.5%
6	<b>Net Operating Subsidy</b>	<b>212,000</b>	<b>176,667</b>	<b>153,855</b>	<b>(22,812)</b>	<b>-12.9%</b>
7	HUD PHA Operating Grant - CFP	190,000	-	-	-	0.0%
8	Other Income	63,020	52,517	51,631	(886)	-1.7%
	<b>Total Operating Income</b>	<b>777,620</b>	<b>489,683</b>	<b>465,944</b>	<b>(23,739)</b>	<b>-4.8%</b>

<b>Operating Expenses:</b>						
	<b>Administrative</b>					
9	Administrative Salaries & Benefits	108,000	90,000	75,887	(14,113)	15.7%
10	Management & Bkpg Fees - Operations	71,200	59,333	60,663	1,330	-2.2%
11	Management Fees - CFP	26,000	-	-	-	0.0%
12	Auditing Fees	3,800	3,167	2,699	(468)	14.8%
13	Legal Expense	1,500	1,250	6,358	5,108	-408.6%
14	Other Administrative Costs	28,100	23,417	19,367	(4,050)	17.3%
15	<b>Total Administrative</b>	<b>238,600</b>	<b>177,167</b>	<b>164,974</b>	<b>(12,193)</b>	<b>6.9%</b>
16	<b>Asset Management Fees</b>	<b>9,120</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
17	<b>Tenant Services</b>	<b>1,900</b>	<b>1,583</b>	<b>5</b>	<b>(1,578)</b>	<b>99.7%</b>
	<b>Utilities</b>					
18	Water & Sewer	58,000	48,333	46,649	(1,684)	3.5%
19	Electricity	9,000	7,500	6,665	(835)	11.1%
20	Gas	3,000	2,500	1,567	(933)	37.3%
21	<b>Total Utilities</b>	<b>70,000</b>	<b>58,333</b>	<b>54,881</b>	<b>(3,452)</b>	<b>5.9%</b>
22	<b>Maintenance</b>	<b>368,000</b>	<b>306,667</b>	<b>385,942</b>	<b>79,275</b>	<b>-25.9%</b>
23	<b>Protective Services</b>	<b>9,000</b>	<b>7,500</b>	<b>8,077</b>	<b>577</b>	<b>-7.7%</b>
24	<b>Insurance</b>	<b>55,000</b>	<b>55,000</b>	<b>34,202</b>	<b>(20,798)</b>	<b>37.8%</b>
25	<b>Payments in Lieu of Taxes</b>	<b>11,000</b>	<b>9,167</b>	<b>9,170</b>	<b>3</b>	<b>0.0%</b>
26	<b>Bad Debt-Tenants</b>	<b>15,000</b>	<b>12,500</b>	<b>-</b>	<b>(12,500)</b>	<b>0.0%</b>

27	<b>Total Operating Expenses</b>	<b>777,620</b>	<b>627,917</b>	<b>657,251</b>	<b>29,334</b>	<b>-4.7%</b>
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28	<b>Cash Flow from Operations</b>	<b>-</b>	<b>(138,233)</b>	<b>(191,307)</b>	<b>(53,074)</b>	<b>-38.4%</b>
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	<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	-	-	-	-	0.0%
30	Capital Expenditures	-	-	-	-	0.0%
31	Other Financial Items-Sources & (Uses)	-	-	-	-	0.0%
32	<b>Total Other Financial Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

33	<b>Net Cash Flow</b>	<b>\$ -</b>	<b>\$ (138,233)</b>	<b>\$ (191,307)</b>	<b>\$ (53,074)</b>	<b>-38.4%</b>
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Line item notes:

9 - When the budget was adopted a partial FTE was included. That position is now 100% maint related so HUD requires the wages to be included in the COCC and services billed out on a fee basis and included in Maint Exp

22 - HVAC and water heaters at scattered sites \$87,600: sealcoating at townhome parking lots \$32,000



**Wilson Apartments (Public Housing)**  
**October 31, 2022**

**41 3rd Ave NE**

**126 Units**

**Built 1970**

Budgeted Vacancy Loss	2%
Actual Vacancy Loss	2.6%

	Account Title	2022 BUDGET	YTD Budget	YTD Actual	YTD Budget vs. Actual Var. \$	YTD Budget vs. Actual Var. %
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 402,000	\$ 335,000	\$ 337,127	\$ 2,127	0.6%
2	Less: Vacancy Loss	(8,000)	(6,667)	(8,812)	(2,145)	-32.2%
3	<b>Net Tenant Rental Revenue</b>	<b>394,000</b>	<b>328,333</b>	<b>328,315</b>	<b>(18)</b>	<b>0.0%</b>
4	Gross Potential Subsidy	310,400	258,667	218,529	(40,138)	-15.5%
5	Less: Subsidy Loss - Proration	(21,700)	(18,083)	9,369	27,452	151.8%
6	<b>Net Operating Subsidy</b>	<b>288,700</b>	<b>240,583</b>	<b>227,898</b>	<b>(12,685)</b>	<b>-5.3%</b>
7	HUD PHA Operating Grant - CFP	34,000	-	-	-	0.0%
8	Other Income	32,000	26,667	24,440	(2,227)	-8.3%
	<b>Total Operating Income</b>	<b>748,700</b>	<b>595,583</b>	<b>580,653</b>	<b>(14,930)</b>	<b>-2.5%</b>

<b>Operating Expenses:</b>						
	<b>Administrative</b>					
9	Administrative Salaries & Benefits	140,000	116,667	92,343	(24,324)	20.8%
10	Management & Bkpg Fees - Operations	116,900	97,417	100,483	3,066	-3.1%
11	Management Fees - CFP	24,000	-	-	-	0.0%
12	Auditing Fees	6,000	5,000	4,197	(803)	16.1%
13	Legal Expense	10,000	8,333	19,108	10,775	-129.3%
14	Other Administrative Costs	28,500	23,750	16,362	(7,388)	31.1%
15	<b>Total Administrative</b>	<b>325,400</b>	<b>251,167</b>	<b>232,493</b>	<b>(18,674)</b>	<b>7.4%</b>
16	<b>Asset Management Fees</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
17	<b>Tenant Services</b>	<b>3,100</b>	<b>2,583</b>	<b>6,850</b>	<b>4,267</b>	<b>-165.2%</b>
	<b>Utilities</b>					
18	Water & Sewer	23,000	19,167	21,547	2,380	-12.4%
19	Electricity	73,000	60,833	64,753	3,920	-6.4%
20	Gas	45,000	37,500	47,842	10,342	-27.6%
21	<b>Total Utilities</b>	<b>141,000</b>	<b>117,500</b>	<b>134,142</b>	<b>16,642</b>	<b>-14.2%</b>
22	<b>Maintenance</b>	<b>286,200</b>	<b>238,500</b>	<b>255,396</b>	<b>16,896</b>	<b>-7.1%</b>
23	<b>Protective Services</b>	<b>21,000</b>	<b>17,500</b>	<b>18,851</b>	<b>1,351</b>	<b>-7.7%</b>
24	<b>Insurance</b>	<b>24,000</b>	<b>24,000</b>	<b>22,188</b>	<b>(1,812)</b>	<b>7.6%</b>
25	<b>Payments in Lieu of Taxes</b>	<b>13,000</b>	<b>10,833</b>	<b>10,840</b>	<b>7</b>	<b>-0.1%</b>
26	<b>Bad Debt-Tenants</b>	<b>6,000</b>	<b>5,000</b>	<b>4,905</b>	<b>(95)</b>	<b>1.9%</b>

27	<b>Total Operating Expenses</b>	<b>834,700</b>	<b>667,083</b>	<b>685,665</b>	<b>18,582</b>	<b>-2.8%</b>
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28	<b>Cash Flow from Operations</b>	<b>(86,000)</b>	<b>(71,500)</b>	<b>(105,012)</b>	<b>(33,512)</b>	<b>-46.9%</b>
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	<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	580,000	170,000	467,835	297,835	-175.2%
30	Capital Expenditures	(580,000)	(170,000)	(467,835)	(297,835)	-175.2%
31	Other Financial Items-Sources & (Uses)	-	-	-	-	0.0%
32	<b>Total Other Financial Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

33	<b>Net Cash Flow</b>	<b>\$ (86,000)</b>	<b>\$ (71,500)</b>	<b>\$ (105,012)</b>	<b>\$ (33,512)</b>	<b>-46.9%</b>
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Line item notes:

9 - When the budget was adopted a partial FTE was included. That position is now 100% maint related so HUD requires the wages to be included in the COCC and services billed out on a fee basis and included in Maint Exp

20 - Colder winter with higher gas prices

Germain Towers (Section 8 New Construction) 905 W St. Germain 60 Units Built 1919; HRA purch. 1993  
October 31, 2022

Budgeted Vacancy Loss	2%
Actual Vacancy Loss	3.1%

	Account Title	2022 BUDGET	YTD Budget	YTD Actual	YTD Budget vs. Actual Var. \$	YTD Budget vs. Actual Var. %
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 199,000	\$ 165,833	\$ 165,081	\$ (752)	-0.5%
2	Less: Vacancy Loss	(4,000)	(3,333)	(5,088)	(1,755)	-52.6%
3	<b>Net Tenant Rental Revenue</b>	<b>195,000</b>	<b>162,500</b>	<b>159,993</b>	<b>(2,507)</b>	<b>-1.5%</b>
4	HUD HAP Subsidy	253,000	210,833	205,247	(5,586)	-2.6%
5	Other Income	44,000	36,667	35,121	(1,546)	-4.2%
	<b>Total Operating Income</b>	<b>492,000</b>	<b>410,000</b>	<b>400,361</b>	<b>(9,639)</b>	<b>-2.4%</b>

<b>Operating Expenses:</b>						
	<b>Administrative</b>					
6	Administrative Salaries & Benefits	43,000	35,833	42,300	6,467	-18.0%
7	Management & Bkpg Fees	55,300	46,083	47,119	1,036	-2.2%
8	Auditing Fees	1,200	1,000	1,175	175	-17.5%
9	Legal Expense	1,200	1,000	1,853	853	-85.3%
10	Other Administrative Costs	16,100	13,417	10,694	(2,723)	20.3%
11	<b>Total Administrative</b>	<b>116,800</b>	<b>97,333</b>	<b>103,141</b>	<b>5,808</b>	<b>-6.0%</b>
12	<b>Tenant Services</b>	<b>8,300</b>	<b>6,917</b>	<b>12,221</b>	<b>5,304</b>	<b>-76.7%</b>
	<b>Utilities</b>					
13	Water & Sewer	13,000	10,833	9,313	(1,520)	14.0%
14	Electricity	17,500	14,583	15,557	974	-6.7%
15	Gas	23,000	19,167	23,910	4,743	-24.7%
16	<b>Total Utilities</b>	<b>53,500</b>	<b>44,583</b>	<b>48,780</b>	<b>4,197</b>	<b>-9.4%</b>
17	<b>Maintenance</b>	<b>150,300</b>	<b>125,250</b>	<b>132,181</b>	<b>6,931</b>	<b>-5.5%</b>
18	<b>Protective Services</b>	<b>13,700</b>	<b>11,417</b>	<b>11,131</b>	<b>(286)</b>	<b>2.5%</b>
19	<b>Insurance</b>	<b>33,100</b>	<b>33,100</b>	<b>29,710</b>	<b>(3,390)</b>	<b>10.2%</b>
20	<b>Payments in Lieu of Taxes</b>	<b>8,300</b>	<b>6,917</b>	<b>8,188</b>	<b>1,271</b>	<b>-18.4%</b>
21	<b>Bad Debt-Tenants</b>	<b>3,000</b>	<b>2,500</b>	<b>1,196</b>	<b>(1,304)</b>	<b>52.2%</b>

22	<b>Total Operating Expenses</b>	<b>387,000</b>	<b>328,017</b>	<b>346,548</b>	<b>18,531</b>	<b>-5.6%</b>
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23	<b>Cash Flow from Operations</b>	<b>105,000</b>	<b>81,983</b>	<b>53,813</b>	<b>(28,170)</b>	<b>34.4%</b>
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<b>Other Sources &amp; (Uses)</b>						
24	Debt Principal (HRA)	(105,000)	-	-	-	0.0%
25	Capital Expenditures	-	-	-	-	0.0%
26	Other Financial Items-Sources & (Uses)	-	-	-	-	0.0%
27	<b>Total Other Financial Items</b>	<b>(105,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

28	<b>Net Cash Flow</b>	<b>\$ -</b>	<b>\$ 81,983</b>	<b>\$ 53,813</b>	<b>\$ (28,170)</b>	<b>34.4%</b>
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Line item notes:

13 - Colder winter with higher gas prices

## Northway A &amp; B (Section 8 New Construction)

102 Units

Built 1980

Northway A (Grace McDowall Apts) 1525 Northway Dr & Nway B Townhomes 2401 15 St N  
October 31, 2022

Budgeted Vacancy Loss	2%
Actual Vacancy Loss	2.4%

	Account Title	2022 BUDGET	YTD Budget	YTD Actual	YTD Budget vs. Actual Var. \$	YTD Budget vs. Actual Var. %
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 323,600	\$ 269,667	\$ 278,657	\$ 8,990	3.3%
2	Less: Vacancy Loss	(4,900)	(4,083)	(6,697)	(2,614)	-64.0%
3	<b>Net Tenant Rental Revenue</b>	<b>318,700</b>	<b>265,583</b>	<b>271,960</b>	<b>6,377</b>	<b>2.4%</b>
4	HUD HAP Subsidy	385,000	320,833	307,005	(13,828)	-4.3%
5	Other Income	19,300	16,083	11,407	(4,676)	-29.1%
	<b>Total Operating Income</b>	<b>723,000</b>	<b>602,500</b>	<b>590,372</b>	<b>(12,128)</b>	<b>-2.0%</b>

<b>Operating Expenses:</b>						
	<b>Administrative</b>					
6	Administrative Salaries & Benefits	85,000	70,833	66,568	(4,265)	6.0%
7	Management & Bkpg Fees	95,200	79,333	81,181	1,848	-2.3%
8	Auditing Fees	1,600	1,333	1,454	121	-9.0%
9	Legal Expense	2,000	1,667	4,108	2,441	-146.5%
10	Other Administrative Costs	23,800	19,833	13,357	(6,476)	32.7%
11	<b>Total Administrative</b>	<b>207,600</b>	<b>173,000</b>	<b>166,668</b>	<b>(6,332)</b>	<b>3.7%</b>
12	<b>Asset Management Fees</b>	<b>12,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
13	<b>Tenant Services</b>	<b>1,000</b>	<b>833</b>	<b>208</b>	<b>(625)</b>	<b>75.0%</b>
	<b>Utilities</b>					
14	Water & Sewer	35,500	29,583	48,020	18,437	-62.3%
15	Electricity	18,500	15,417	18,235	2,818	-18.3%
16	Gas	33,000	27,500	32,619	5,119	-18.6%
17	<b>Total Utilities</b>	<b>87,000</b>	<b>72,500</b>	<b>98,874</b>	<b>26,374</b>	<b>-36.4%</b>
18	<b>Maintenance</b>	<b>459,300</b>	<b>382,750</b>	<b>326,577</b>	<b>(56,173)</b>	<b>14.7%</b>
19	<b>Protective Services</b>	<b>16,000</b>	<b>13,333</b>	<b>65,883</b>	<b>52,550</b>	<b>-394.1%</b>
20	<b>Insurance</b>	<b>30,000</b>	<b>30,000</b>	<b>25,466</b>	<b>(4,534)</b>	<b>15.1%</b>
21	<b>Payments in Lieu of Taxes</b>	<b>12,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>0.0%</b>
22	<b>Bad Debt-Tenants</b>	<b>3,000</b>	<b>2,500</b>	<b>3,334</b>	<b>834</b>	<b>-33.4%</b>

23	<b>Total Operating Expenses</b>	<b>828,000</b>	<b>684,917</b>	<b>697,010</b>	<b>12,093</b>	<b>-1.8%</b>
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24	<b>Cash Flow from Operations</b>	<b>(105,000)</b>	<b>(82,417)</b>	<b>(106,638)</b>	<b>(24,221)</b>	<b>-29.4%</b>
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	<b>Other Sources &amp; (Uses)</b>					
25	Capital Expenditures	-	-	-	-	0.0%
26	Other Financial Items-Sources & (Uses)	-	-	-	-	0.0%
27	<b>Total Other Financial Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

28	<b>Net Cash Flow</b>	<b>\$ (105,000)</b>	<b>\$ (82,417)</b>	<b>\$ (106,638)</b>	<b>\$ (24,221)</b>	<b>-29.4%</b>
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Line item notes:

12 - Most of increase is likely due to boiler leak and maintenance issue at townhomes

13 - Colder winter with higher gas prices

19 - Unbudgeted sprinkler system repairs/replacement

**Eastwood Apartments      530 3rd St NE  
October 31, 2022**

**18 Units**

**Built 1982; HRA purch. 2002**

<b>Budgeted Vacancy Loss</b>	<b>5%</b>
<b>Actual Vacancy Loss</b>	<b>3.8%</b>

	<b>Account Title</b>	<b>2022 BUDGET</b>	<b>YTD Budget</b>	<b>YTD Actual</b>	<b>YTD Budget vs. Actual Var. \$</b>	<b>YTD Budget vs. Actual Var. %</b>
<b>Operating Income:</b>						
1	Gross Potential Rent	\$ 130,600	\$ 108,833	\$ 110,178	\$ 1,345	1.2%
2	Less: Vacancy Loss	(6,500)	(5,417)	(4,173)	1,244	23.0%
3	<b>Net Tenant Rental Revenue</b>	<b>124,100</b>	<b>103,417</b>	<b>106,005</b>	<b>2,588</b>	<b>2.5%</b>
4	Other Income	7,700	6,417	8,421	2,004	31.2%
	<b>Total Operating Income</b>	<b>131,800</b>	<b>109,833</b>	<b>114,426</b>	<b>4,593</b>	<b>4.2%</b>

<b>Operating Expenses:</b>						
	<b>Administrative</b>					
5	Administrative Salaries & Benefits	14,500	12,083	12,028	(55)	0.5%
6	Management & Bkpg Fees	16,300	13,583	17,400	3,817	-28.1%
7	Auditing Fees	300	250	303	53	-21.2%
8	Legal Expense	2,000	1,667	1,131	(536)	32.1%
9	Other Administrative Costs	3,700	3,083	2,921	(162)	5.3%
10	<b>Total Administrative</b>	<b>36,800</b>	<b>30,667</b>	<b>33,783</b>	<b>3,116</b>	<b>-10.2%</b>
11	<b>Tenant Services</b>	<b>200</b>	<b>167</b>	<b>104</b>	<b>(63)</b>	<b>37.6%</b>
	<b>Utilities</b>					
12	Water & Sewer	6,300	5,250	5,030	(220)	4.2%
13	Electricity	3,700	3,083	3,129	46	-1.5%
14	Gas	8,000	6,667	5,852	(815)	12.2%
15	<b>Total Utilities</b>	<b>18,000</b>	<b>15,000</b>	<b>14,011</b>	<b>(989)</b>	<b>6.6%</b>
16	<b>Maintenance</b>	<b>47,800</b>	<b>39,833</b>	<b>54,806</b>	<b>14,973</b>	<b>-37.6%</b>
17	<b>Protective Services</b>	<b>5,000</b>	<b>4,167</b>	<b>5,665</b>	<b>1,498</b>	<b>-36.0%</b>
18	<b>Insurance</b>	<b>4,700</b>	<b>4,700</b>	<b>4,396</b>	<b>(304)</b>	<b>6.5%</b>
19	<b>Payments in Lieu of Taxes</b>	<b>5,000</b>	<b>4,167</b>	<b>4,170</b>	<b>3</b>	<b>-0.1%</b>
20	<b>Bad Debt-Tenants</b>	<b>8,000</b>	<b>6,667</b>	<b>1,918</b>	<b>(4,749)</b>	<b>71.2%</b>

21	<b>Total Operating Expenses</b>	<b>125,500</b>	<b>105,367</b>	<b>118,853</b>	<b>13,486</b>	<b>-12.8%</b>
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22	<b>Cash Flow from Operations</b>	<b>6,300</b>	<b>4,467</b>	<b>(4,427)</b>	<b>(8,894)</b>	<b>199.1%</b>
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	<b>Other Sources &amp; (Uses)</b>					
23	Debt Principal (HRA)	(25,000)	-	-	-	0.0%
24	Capital Expenditures	-	-	-	-	0.0%
25	Other Financial Items-Sources & (Uses)	20,000	-	-	-	0.0%
26	<b>Total Other Financial Items</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

27	<b>Net Cash Flow</b>	<b>\$ 1,300</b>	<b>\$ 4,467</b>	<b>\$ (4,427)</b>	<b>\$ (8,894)</b>	<b>199.1%</b>
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Line item notes:

14 - Colder winter with higher gas prices

16 - Two water pipes burst due to resident leaving window open. Repairs were charged back to the now former resident. Also had another unit with a large amount of repairs required.

TO: HRA Board of Commissioners

FROM: Karen Rizer, CPA  
Finance Director

DATE: December 7, 2022

SUBJECT: Adopting the 2023 Budgets

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**Requested Action:** Approve.

**Background:** Each year the HRA adopts budgets for certain operating funds which are approved by the Board of Commissioners.

**Options:** Approve or Table.

**Frequency of Request:** Annually.

**Related Actions:** These budgets will be discussed in detail at the December 14 study session. The budgets for the tax credit properties were discussed and adopted in October.

**Future Action:** Potential amendments, if necessary.

**Relationship to Goals:** N/A.

**Budget Impact:** See each individual budget.

## RESOLUTION 2022-10

### HOUSING AND REDEVELOPMENT AUTHORITY OF ST. CLOUD, MN

ADOPTING THE OPERATING BUDGETS FOR CALENDAR YEAR 2023  
FOR THE FOLLOWING FUNDS: CENTRAL OFFICE COST CENTER, HOUSING CHOICE VOUCHER  
PROGRAM, AMP 1 – EMPIRE APARTMENTS, AMP 2 – SCATTERED SITES, AMP 3 – WILSON  
APARTMENTS, GERMAIN TOWERS, NORTHWAY PROJECTS A & B, EASTWOOD APARTMENTS,  
AND AL LOEHR VETERANS AND COMMUNITY STUDIO APARTMENTS

WHEREAS, the calendar year 2023 budgets need to be approved by the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE  
HOUSING AND REDEVELOPMENT AUTHORITY OF ST. CLOUD, MN:

That the Operating Budgets of the Housing and Redevelopment Authority of St. Cloud, MN for calendar year  
2023 are hereby adopted, which includes the following:

	Sources	Uses	Contribution To (Use Of) Equity
Central Office Cost Center Fund	\$ 2,055,000	\$ 2,055,000	\$ -
Housing Choice Vouchers Program Fund	9,216,000	9,293,000	(77,000)
AMP 1 - Empire Apartments Fund	596,160	596,160	-
AMP 2 - Scattered Sites and Townhomes Fund	780,920	780,920	-
AMP 3 - Wilson Apartments Fund	1,735,870	1,735,870	-
Germain Towers Fund	477,200	477,200	-
Northway Projects A & B Fund	719,400	995,400	(276,000)
Eastwood Apartments Fund	172,600	172,600	-
Al Loehr Veterans and Community Studio Apartments	370,800	370,800	-

Adopted this 14<sup>th</sup> day of December, 2022.

ATTEST:

\_\_\_\_\_  
Nancy Gohman, Chair

\_\_\_\_\_  
George Hontos, Secretary

CENTRAL OFFICE COST CENTER (COCC)					
				Adopted	Proposed
		Actual	Estimated	Budget	Budget
		2021	2022	2022	2023
	<b>Revenues</b>				
1	Tax Levy	\$ 486,222	\$ 501,000	\$ 502,000	\$ 527,000
2	Charges for Services	1,382,448	1,520,000	1,250,000	1,520,000
3	Interest	(213)	(20,000)	20,000	6,000
4	Miscellaneous Income	2,367	1,000	2,000	2,000
5	<b>Total Revenues</b>	<b>\$ 1,870,824</b>	<b>\$ 2,002,000</b>	<b>\$ 1,774,000</b>	<b>\$ 2,055,000</b>
	<b>Expenses</b>				
6	Salaries and Benefits	1,372,159	\$ 1,510,000	\$ 1,385,000	\$ 1,660,000
7	Accounting and Auditing Fees	3,714	\$ 4,000	\$ 8,000	\$ 7,000
8	Legal	2,748	3,000	12,000	10,000
9	Professional Services	36,973	36,000	35,000	38,000
10	Membership Dues, Fees, and Advertising	13,929	14,000	14,000	15,000
11	Travel and Training	24,835	26,000	30,000	32,000
12	Other Administrative Costs	58,083	30,000	40,000	42,000
13	Utilities and Telephone	19,632	22,000	22,000	22,000
14	Maintenance Supplies and Services	33,181	68,000	70,000	35,000
15	Property and Liability Insurance	17,162	31,000	18,000	19,000
16	Operating Transfers Out - Core Neighborhoods	75,000	75,000	75,000	75,000
17	Operating Transfers Out - Community Housing	85,000	100,000	100,000	100,000
18	Operating Transfers Out - Properties	-	83,000	-	-
19	<b>Total Expenses</b>	<b>\$ 1,742,416</b>	<b>\$ 2,002,000</b>	<b>\$ 1,809,000</b>	<b>\$ 2,055,000</b>
20	<b>Revenues Over (Under) Expenses</b>	<b>\$ 128,408</b>	<b>\$ -</b>	<b>\$ (35,000)</b>	<b>\$ -</b>

Housing Choice Voucher Program					
				Adopted	Proposed
		Actual	Estimated	Budget	Budget
		<u>2021</u>	<u>2022</u>	<u>2022</u>	<u>2023</u>
<b>Revenues</b>					
1	Admin Fees from HUD and Other Housing Authorities	\$ 1,339,004	\$ 1,210,400	\$ 1,100,000	\$ 1,275,000
2	Interest	114	(6,000)	1,000	1,000
3	Miscellaneous	41,056	35,000	30,000	35,000
4	Operating Transfers In	5,000	5,000	5,000	5,000
5	<b>Total Revenues</b>	<b>\$ 1,385,174</b>	<b>\$ 1,244,400</b>	<b>\$ 1,136,000</b>	<b>\$ 1,316,000</b>
<b>Expenses</b>					
6	Salaries & Benefits	\$ 594,231	\$ 680,000	\$ 661,000	\$ 780,000
7	Management Fees	290,986	273,000	270,000	270,000
8	Accounting & Auditing Fees	7,091	8,100	8,000	11,000
9	Legal	1,737	9,000	12,000	12,000
10	Professional Services	34,376	42,000	70,000	50,000
11	Training & Travel	12,671	7,000	18,000	18,000
12	Owner Retention	220,492	-	-	-
13	Unit Inspection Fees	83,298	108,000	87,000	120,000
14	Other Administrative Costs	86,494	60,000	50,000	70,000
15	Utilities & Telephone	10,667	11,500	10,000	13,000
16	Maintenance Repair Supplies & Services	32,809	28,000	20,000	32,000
17	Property & Liability Insurance	5,366	7,800	5,000	9,000
18	Collection Losses	5,864	10,000	5,000	8,000
19	<b>Total Expenses</b>	<b>\$ 1,386,082</b>	<b>\$ 1,244,400</b>	<b>\$ 1,216,000</b>	<b>\$ 1,393,000</b>
20	<b>Net Change from Operations</b>	<b>\$ (908)</b>	<b>\$ -</b>	<b>\$ (80,000)</b>	<b>\$ (77,000)</b>
<b>Housing Assistance Payments (HAP)</b>					
21	HUD and Other HAP Revenue	\$ 5,658,590	\$ 6,670,000	\$ 6,200,000	\$ 6,800,000
22	HAP to Landlords	(6,064,975)	(6,670,000)	(6,200,000)	(6,800,000)
23	HAP Revenue from Other Housing Authorities - Port-Ins	1,879,743	1,285,000	1,600,000	1,100,000
24	HAP to Landlords - Port-Ins	(1,880,134)	(1,285,000)	(1,600,000)	(1,100,000)
25	<b>Net Change from Housing Assistance</b>	<b>\$ (406,776)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Change in Net Position</b>	<b>\$ (407,684)</b>	<b>\$ -</b>	<b>\$ (80,000)</b>	<b>\$ (77,000)</b>



Vacancy Loss		12.1%	8.5%	2.0%	2.0%
	Account Title	ACTUAL 2021	PROJECTED 2022	ADOPTED BUDGET 2022	PROPOSED BUDGET 2023
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 274,886	\$ 277,000	\$ 280,000	\$ 282,000
2	Less: Vacancy Loss	(33,211)	(23,600)	(5,600)	(5,600)
3	<b>Net Tenant Rental Revenue</b>	<b>241,675</b>	<b>253,400</b>	<b>274,400</b>	<b>276,400</b>
4	Gross Potential Subsidy	205,892	192,300	205,500	198,100
5	Less: Subsidy Loss - Proration	(6,698)	8,300	(14,400)	(8,300)
6	<b>Net Operating Subsidy</b>	<b>199,194</b>	<b>200,600</b>	<b>191,100</b>	<b>189,800</b>
7	HUD PHA Operating Grant - CFP	741,910	24,000	34,000	78,200
8	Other Income	26,831	29,500	30,560	31,760
<b>Total Operating Income</b>		<b>1,209,610</b>	<b>507,500</b>	<b>530,060</b>	<b>576,160</b>

<b>Operating Expenses:</b>					
<b>Administrative</b>					
9	Administrative Salaries & Benefits	90,470	90,500	112,000	102,000
10	Management & Bkpg Fees - Operations	80,145	82,400	82,500	87,400
11	Management Fees - CFP	41,910	24,000	24,000	29,000
12	Auditing Fees	3,127	3,500	5,000	5,000
13	Legal Expense	9,585	8,000	6,500	7,000
14	Other Administrative Costs	18,344	22,000	26,000	24,000
15	<b>Total Administrative</b>	<b>243,581</b>	<b>230,400</b>	<b>256,000</b>	<b>254,400</b>
16	<b>Asset Management Fees</b>	<b>10,560</b>	<b>10,600</b>	<b>10,560</b>	<b>10,560</b>
17	<b>Tenant Services</b>	<b>3,970</b>	<b>4,500</b>	<b>2,200</b>	<b>6,000</b>
<b>Utilities</b>					
18	Water & Sewer	14,317	22,500	20,000	23,000
19	Electricity	50,583	56,000	50,000	56,000
20	Gas	23,075	34,000	30,000	34,000
21	<b>Total Utilities</b>	<b>87,975</b>	<b>112,500</b>	<b>100,000</b>	<b>113,000</b>
22	<b>Maintenance</b>	<b>239,269</b>	<b>276,000</b>	<b>243,700</b>	<b>150,000</b>
23	<b>Protective Services</b>	<b>21,249</b>	<b>28,000</b>	<b>17,000</b>	<b>17,000</b>
24	<b>Insurance</b>	<b>18,281</b>	<b>17,500</b>	<b>18,600</b>	<b>9,200</b>
25	<b>Payments in Lieu of Taxes</b>	<b>6,422</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>
26	<b>Bad Debt-Tenants</b>	<b>17,895</b>	<b>9,000</b>	<b>12,000</b>	<b>7,000</b>

27	<b>Total Operating Expenses</b>	<b>649,202</b>	<b>697,500</b>	<b>669,060</b>	<b>576,160</b>
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28	<b>Cash Flow from Operations</b>	<b>560,408</b>	<b>(190,000)</b>	<b>(139,000)</b>	<b>-</b>
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<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	-	-	-	20,000
30	Capital Expenditures	(424,331)	(9,700)	-	(20,000)
31	Other Financial Items-Sources & (Uses)	5,000	-	-	-
32	<b>Total Other Financial Items</b>	<b>(419,331)</b>	<b>(9,700)</b>	<b>-</b>	<b>-</b>

33	<b>Net Cash Flow</b>	<b>\$ 141,077</b>	<b>\$ (199,700)</b>	<b>\$ (139,000)</b>	<b>\$ -</b>
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**Scattered Sites (Public Housing)**
**76 Units**
**Quarry Townhomes, Flintwood Townhomes, Cedar Ridge Townhomes, & 40 Single Homes**

Vacancy Loss		0.7%	1.9%	2.0%	1.5%
	Account Title	ACTUAL 2021	PROJECTED 2022	ADOPTED BUDGET 2022	PROPOSED BUDGET 2023
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 327,070	\$ 319,000	\$ 319,000	\$ 310,100
2	Less: Vacancy Loss	(2,327)	(6,200)	(6,400)	(4,700)
3	<b>Net Tenant Rental Revenue</b>	<b>324,743</b>	<b>312,800</b>	<b>312,600</b>	<b>305,400</b>
4	Gross Potential Subsidy	228,527	176,500	228,000	181,800
5	Less: Subsidy Loss - Proration	(7,436)	7,500	(16,000)	(9,200)
6	<b>Net Operating Subsidy</b>	<b>221,091</b>	<b>184,000</b>	<b>212,000</b>	<b>172,600</b>
7	HUD PHA Operating Grant - CFP	104,160	189,400	190,000	141,600
8	Other Income	66,377	62,000	63,020	62,952
<b>Total Operating Income</b>		<b>716,371</b>	<b>748,200</b>	<b>777,620</b>	<b>682,552</b>

<b>Operating Expenses:</b>					
<b>Administrative</b>					
9	Administrative Salaries & Benefits	92,273	94,500	108,000	102,000
10	Management & Bkpg Fees - Operations	70,515	72,800	71,200	75,000
11	Management Fees - CFP	35,786	24,000	26,000	29,000
12	Auditing Fees	2,586	2,700	3,800	3,800
13	Legal Expense	2,580	7,600	1,500	6,000
14	Other Administrative Costs	23,575	22,000	28,100	28,000
15	<b>Total Administrative</b>	<b>227,315</b>	<b>223,600</b>	<b>238,600</b>	<b>243,800</b>
16	<b>Asset Management Fees</b>	<b>9,120</b>	<b>9,100</b>	<b>9,120</b>	<b>9,120</b>
17	<b>Tenant Services</b>	<b>327</b>	<b>-</b>	<b>1,900</b>	<b>1,900</b>
<b>Utilities</b>					
18	Water & Sewer	60,079	56,000	58,000	62,000
19	Electricity	8,284	8,000	9,000	10,000
20	Gas	1,858	2,000	3,000	3,500
21	<b>Total Utilities</b>	<b>70,221</b>	<b>66,000</b>	<b>70,000</b>	<b>75,500</b>
22	<b>Maintenance</b>	<b>388,020</b>	<b>420,000</b>	<b>368,000</b>	<b>382,000</b>
23	<b>Protective Services</b>	<b>7,605</b>	<b>17,000</b>	<b>9,000</b>	<b>10,000</b>
24	<b>Insurance</b>	<b>52,083</b>	<b>35,000</b>	<b>55,000</b>	<b>37,800</b>
25	<b>Payments in Lieu of Taxes</b>	<b>11,071</b>	<b>11,000</b>	<b>11,000</b>	<b>10,800</b>
26	<b>Bad Debt-Tenants</b>	<b>8,992</b>	<b>15,000</b>	<b>15,000</b>	<b>10,000</b>

27	<b>Total Operating Expenses</b>	<b>774,754</b>	<b>796,700</b>	<b>777,620</b>	<b>780,920</b>
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28	<b>Cash Flow from Operations</b>	<b>(58,383)</b>	<b>(48,500)</b>	<b>-</b>	<b>(98,368)</b>
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<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	-	-	-	-
30	Capital Expenditures	(1,075)	-	-	-
31	Other Financial Items-Sources & (Uses)	-	-	-	98,368
32	<b>Total Other Financial Items</b>	<b>(1,075)</b>	<b>-</b>	<b>-</b>	<b>98,368</b>

33	<b>Net Cash Flow</b>	<b>\$ (59,458)</b>	<b>\$ (48,500)</b>	<b>\$ -</b>	<b>\$ -</b>
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Vacancy Loss		1.4%	2.6%	2.0%	2.0%
	Account Title	ACTUAL 2021	PROJECTED 2022	ADOPTED BUDGET 2022	PROPOSED BUDGET 2023
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 404,944	\$ 404,000	\$ 402,000	\$ 405,200
2	Less: Vacancy Loss	(5,624)	(10,500)	(8,000)	(8,100)
3	<b>Net Tenant Rental Revenue</b>	<b>399,320</b>	<b>393,500</b>	<b>394,000</b>	<b>397,100</b>
4	Gross Potential Subsidy	310,725	261,100	310,400	268,900
5	Less: Subsidy Loss - Proration	(10,107)	11,200	(21,700)	(11,900)
6	<b>Net Operating Subsidy</b>	<b>300,618</b>	<b>272,300</b>	<b>288,700</b>	<b>257,000</b>
7	HUD PHA Operating Grant - CFP	59,331	26,180	34,000	94,670
8	Other Income	22,169	28,000	32,000	33,100
<b>Total Operating Income</b>		<b>781,438</b>	<b>719,980</b>	<b>748,700</b>	<b>781,870</b>

<b>Operating Expenses:</b>					
<b>Administrative</b>					
9	Administrative Salaries & Benefits	119,221	116,000	140,000	125,000
10	Management & Bkpg Fees - Operations	117,034	120,600	116,900	123,800
11	Management Fees - CFP	59,331	26,180	24,000	31,870
12	Auditing Fees	4,210	4,200	6,000	6,000
13	Legal Expense	4,865	22,000	10,000	10,000
14	Other Administrative Costs	19,904	19,000	28,500	24,000
15	<b>Total Administrative</b>	<b>324,565</b>	<b>307,980</b>	<b>325,400</b>	<b>320,670</b>
16	<b>Asset Management Fees</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
17	<b>Tenant Services</b>	<b>3,246</b>	<b>8,000</b>	<b>3,100</b>	<b>11,000</b>
<b>Utilities</b>					
18	Water & Sewer	25,826	26,000	23,000	27,000
19	Electricity	69,027	78,000	73,000	76,000
20	Gas	40,077	58,000	45,000	60,000
21	<b>Total Utilities</b>	<b>134,930</b>	<b>162,000</b>	<b>141,000</b>	<b>163,000</b>
22	<b>Maintenance</b>	<b>229,503</b>	<b>355,000</b>	<b>286,200</b>	<b>205,000</b>
23	<b>Protective Services</b>	<b>17,641</b>	<b>21,000</b>	<b>21,000</b>	<b>23,000</b>
24	<b>Insurance</b>	<b>23,381</b>	<b>22,500</b>	<b>24,000</b>	<b>24,300</b>
25	<b>Payments in Lieu of Taxes</b>	<b>12,789</b>	<b>13,000</b>	<b>13,000</b>	<b>12,900</b>
26	<b>Bad Debt-Tenants</b>	<b>2,148</b>	<b>7,000</b>	<b>6,000</b>	<b>7,000</b>

27	<b>Total Operating Expenses</b>	<b>763,203</b>	<b>911,480</b>	<b>834,700</b>	<b>781,870</b>
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28	<b>Cash Flow from Operations</b>	<b>18,235</b>	<b>(191,500)</b>	<b>(86,000)</b>	<b>-</b>
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<b>Other Sources &amp; (Uses)</b>					
29	HUD Grants - CFP	23,822	450,000	580,000	954,000
30	Capital Expenditures	(24,897)	(450,000)	(580,000)	(954,000)
31	Other Financial Items-Sources & (Uses)	(10,000)	-	-	-
32	<b>Total Other Financial Items</b>	<b>(11,075)</b>	<b>-</b>	<b>-</b>	<b>-</b>

33	<b>Net Cash Flow</b>	<b>\$ 7,160</b>	<b>\$ (191,500)</b>	<b>\$ (86,000)</b>	<b>\$ -</b>
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**Germain Towers (Section 8 New Construction) 905 W St. Germain 60 Units Built 1919; HRA purch.**

<b>Budgeted Vacancy Loss</b>		<b>0.8%</b>	<b>3.1%</b>	<b>2.0%</b>	<b>2.0%</b>
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	<b>Account Title</b>	<b>ACTUAL 2021</b>	<b>PROJECTED 2022</b>	<b>ADOPTED BUDGET 2022</b>	<b>PROPOSED BUDGET 2023</b>
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 197,921	\$ 198,000	\$ 199,000	\$ 195,100
2	Less: Vacancy Loss	(1,565)	(6,100)	(4,000)	(3,900)
3	<b>Net Tenant Rental Revenue</b>	<b>196,356</b>	<b>191,900</b>	<b>195,000</b>	<b>191,200</b>
4	HUD HAP Subsidy	242,326	244,000	253,000	244,000
5	Other Income	42,011	41,000	44,000	42,000
	<b>Total Operating Income</b>	<b>480,693</b>	<b>476,900</b>	<b>492,000</b>	<b>477,200</b>

<b>Operating Expenses:</b>					
	<b>Administrative</b>				
6	Administrative Salaries & Benefits	54,566	61,000	43,000	60,000
7	Management & Bkpg Fees	55,527	56,600	55,300	58,900
8	Auditing Fees	1,140	1,200	1,200	1,500
9	Legal Expense	642	2,200	1,200	1,600
10	Other Administrative Costs	13,614	14,000	16,100	15,300
11	<b>Total Administrative</b>	<b>125,489</b>	<b>135,000</b>	<b>116,800</b>	<b>137,300</b>
12	<b>Tenant Services</b>	<b>1,581</b>	<b>12,500</b>	<b>8,300</b>	<b>1,500</b>
	<b>Utilities</b>				
13	Water & Sewer	12,044	12,000	13,000	13,000
14	Electricity	16,405	19,000	17,500	19,500
15	Gas	18,309	29,000	23,000	30,000
16	<b>Total Utilities</b>	<b>46,758</b>	<b>60,000</b>	<b>53,500</b>	<b>62,500</b>
17	<b>Maintenance</b>	<b>101,746</b>	<b>155,000</b>	<b>150,300</b>	<b>133,500</b>
18	<b>Protective Services</b>	<b>15,163</b>	<b>13,500</b>	<b>13,700</b>	<b>13,700</b>
19	<b>Insurance</b>	<b>31,210</b>	<b>30,000</b>	<b>33,100</b>	<b>32,400</b>
20	<b>Payments in Lieu of Taxes</b>	<b>8,440</b>	<b>8,300</b>	<b>8,300</b>	<b>8,300</b>
21	<b>Bad Debt-Tenants</b>	<b>975</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>

22	<b>Total Operating Expenses</b>	<b>331,362</b>	<b>417,300</b>	<b>387,000</b>	<b>392,200</b>
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23	<b>Cash Flow from Operations</b>	<b>149,331</b>	<b>59,600</b>	<b>105,000</b>	<b>85,000</b>
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	<b>Other Sources &amp; (Uses)</b>				
24	Debt Service (HRA)	(80,000)	(59,000)	(105,000)	(10,000)
25	Capital Expenditures	-	-	-	(75,000)
26	Other Financial Items-Sources & (Uses)	4,783	-	-	-
27	<b>Total Other Financial Items</b>	<b>(75,217)</b>	<b>(59,000)</b>	<b>(105,000)</b>	<b>(85,000)</b>

28	<b>Net Cash Flow</b>	<b>\$ 74,114</b>	<b>\$ 600</b>	<b>\$ -</b>	<b>\$ -</b>
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**Northway A & B (Section 8 New Construction)**

**102 Units**

**Built 1980**

**Northway A (Grace McDowall Apts) 1525 Northway Dr & Nway B Townhomes 2401 15 St N**

<b>Budgeted Vacancy Loss</b>		<b>0.9%</b>	<b>2.4%</b>	<b>1.5%</b>	<b>2.0%</b>
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	<b>Account Title</b>	<b>ACTUAL 2021</b>	<b>PROJECTED 2022</b>	<b>ADOPTED BUDGET 2022</b>	<b>PROPOSED BUDGET 2023</b>
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 331,159	\$ 334,400	\$ 323,600	\$ 337,800
2	Less: Vacancy Loss	(2,980)	(8,000)	(4,900)	(6,800)
3	<b>Net Tenant Rental Revenue</b>	<b>328,179</b>	<b>326,400</b>	<b>318,700</b>	<b>331,000</b>
4	HUD HAP Subsidy	359,322	368,400	385,000	368,400
5	Other Income	29,829	14,000	19,300	20,400
	<b>Total Operating Income</b>	<b>717,330</b>	<b>708,800</b>	<b>723,000</b>	<b>719,800</b>

<b>Operating Expenses:</b>					
	<b>Administrative</b>				
6	Administrative Salaries & Benefits	75,648	83,000	85,000	89,000
7	Management & Bkpg Fees	94,435	97,500	95,200	100,200
8	Auditing Fees	1,411	1,500	1,600	2,000
9	Legal Expense	895	5,000	2,000	3,000
10	Other Administrative Costs	16,252	18,000	23,800	20,000
11	<b>Total Administrative</b>	<b>188,641</b>	<b>205,000</b>	<b>207,600</b>	<b>214,200</b>
12	<b>Asset Management Fees</b>	<b>12,120</b>	<b>12,100</b>	<b>12,100</b>	<b>12,100</b>
13	<b>Tenant Services</b>	<b>13,497</b>	<b>300</b>	<b>1,000</b>	<b>500</b>
	<b>Utilities</b>				
14	Water & Sewer	40,489	57,000	35,500	45,000
15	Electricity	18,833	22,000	18,500	24,000
16	Gas	26,771	40,000	33,000	42,000
17	<b>Total Utilities</b>	<b>86,093</b>	<b>119,000</b>	<b>87,000</b>	<b>111,000</b>
18	<b>Maintenance</b>	<b>213,574</b>	<b>460,000</b>	<b>459,300</b>	<b>215,000</b>
19	<b>Protective Services</b>	<b>33,914</b>	<b>150,000</b>	<b>16,000</b>	<b>25,000</b>
20	<b>Insurance</b>	<b>28,468</b>	<b>26,000</b>	<b>30,000</b>	<b>28,100</b>
21	<b>Payments in Lieu of Taxes</b>	<b>11,385</b>	<b>12,000</b>	<b>12,000</b>	<b>11,900</b>
22	<b>Bad Debt-Tenants</b>	<b>811</b>	<b>6,000</b>	<b>3,000</b>	<b>3,000</b>

23	<b>Total Operating Expenses</b>	<b>588,503</b>	<b>990,400</b>	<b>828,000</b>	<b>620,800</b>
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24	<b>Cash Flow from Operations</b>	<b>128,827</b>	<b>(281,600)</b>	<b>(105,000)</b>	<b>99,000</b>
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	<b>Other Sources &amp; (Uses)</b>				
25	Capital Expenditures	(914)	(28,000)	-	(375,000)
26	Other Financial Items-Sources & (Uses)	-	-	-	-
27	<b>Total Other Financial Items</b>	<b>(914)</b>	<b>(28,000)</b>	<b>-</b>	<b>(375,000)</b>

28	<b>Net Cash Flow</b>	<b>\$ 127,913</b>	<b>\$ (309,600)</b>	<b>\$ (105,000)</b>	<b>\$ (276,000)</b>
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Budgeted Vacancy Loss		9.4%	3.9%	5.0%	5.0%
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	Account Title	ACTUAL 2021	PROJECTED 2022	ADOPTED BUDGET 2022	PROPOSED BUDGET 2023
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 129,633	\$ 132,000	\$ 130,600	\$ 136,300
2	Less: Vacancy Loss	(12,212)	(5,200)	(6,500)	(6,800)
3	<b>Net Tenant Rental Revenue</b>	<b>117,421</b>	<b>126,800</b>	<b>124,100</b>	<b>129,500</b>
4	Other Income	12,569	10,800	7,700	9,100
	<b>Total Operating Income</b>	<b>129,990</b>	<b>137,600</b>	<b>131,800</b>	<b>138,600</b>

<b>Operating Expenses:</b>					
<b>Administrative</b>					
5	Administrative Salaries & Benefits	18,895	15,500	14,500	16,000
6	Management & Bkpg Fees	15,454	20,900	16,300	21,100
7	Auditing Fees	294	300	300	300
8	Legal Expense	1,758	1,500	2,000	2,000
9	Other Administrative Costs	3,796	3,400	3,700	3,700
10	<b>Total Administrative</b>	<b>40,197</b>	<b>41,600</b>	<b>36,800</b>	<b>43,100</b>
11	<b>Tenant Services</b>	<b>7,915</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>Utilities</b>					
12	Water & Sewer	5,671	6,000	6,300	6,300
13	Electricity	3,569	3,800	3,700	4,500
14	Gas	5,015	7,000	8,000	9,000
15	<b>Total Utilities</b>	<b>14,255</b>	<b>16,800</b>	<b>18,000</b>	<b>19,800</b>
16	<b>Maintenance</b>	<b>59,191</b>	<b>61,000</b>	<b>47,800</b>	<b>65,000</b>
17	<b>Protective Services</b>	<b>3,205</b>	<b>7,000</b>	<b>5,000</b>	<b>7,000</b>
18	<b>Insurance</b>	<b>4,538</b>	<b>4,500</b>	<b>4,700</b>	<b>4,900</b>
19	<b>Payments in Lieu of Taxes</b>	<b>4,392</b>	<b>5,000</b>	<b>5,000</b>	<b>4,600</b>
20	<b>Bad Debt-Tenants</b>	<b>15,016</b>	<b>4,000</b>	<b>8,000</b>	<b>3,000</b>

21	<b>Total Operating Expenses</b>	<b>148,709</b>	<b>140,100</b>	<b>125,500</b>	<b>147,600</b>
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22	<b>Cash Flow from Operations</b>	<b>(18,719)</b>	<b>(2,500)</b>	<b>6,300</b>	<b>(9,000)</b>
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<b>Other Sources &amp; (Uses)</b>					
23	Debt Principal (HRA)	(25,000)	(25,000)	(25,000)	(25,000)
24	Capital Expenditures	-	-	-	-
25	Other Financial Items-Sources & (Uses)	-	20,000	20,000	34,000
26	<b>Total Other Financial Items</b>	<b>(25,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>9,000</b>

27	<b>Net Cash Flow</b>	<b>\$ (43,719)</b>	<b>\$ (7,500)</b>	<b>\$ 1,300</b>	<b>\$ -</b>
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Budgeted Vacancy Loss		2.0%	3.3%	3.2%	3.0%
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	Account Title	ACTUAL 2021	PROJECTED 2022	ADOPTED BUDGET 2022	PROPOSED BUDGET 2023
<b>Operating Income:</b>					
1	Gross Potential Rent	\$ 301,557	\$ 312,000	\$ 312,800	\$ 322,300
2	Less: Vacancy Loss	(6,068)	(10,300)	(9,900)	(9,700)
3	<b>Net Tenant Rental Revenue</b>	<b>295,489</b>	<b>301,700</b>	<b>302,900</b>	<b>312,600</b>
4	Other Income	16,333	18,800	11,000	12,230
	<b>Total Operating Income</b>	<b>311,822</b>	<b>320,500</b>	<b>313,900</b>	<b>324,830</b>

<b>Operating Expenses:</b>					
	<b>Administrative</b>				
5	Management & Bkpg Fees	69,937	71,500	73,200	73,100
6	Auditing Fees	2,014	1,800	2,300	1,800
7	Legal Expense	-	3,000	1,200	2,000
8	Other Administrative Costs	13,928	17,000	14,400	18,000
9	<b>Total Administrative</b>	<b>85,879</b>	<b>93,300</b>	<b>91,100</b>	<b>94,900</b>
10	<b>Tenant Services</b>	<b>2,640</b>	<b>2,400</b>	<b>3,000</b>	<b>3,000</b>
	<b>Utilities</b>				
11	Water & Sewer	16,853	15,000	15,000	17,000
12	Electricity	37,538	43,000	37,000	45,000
13	Gas	2,872	4,000	4,000	4,500
14	<b>Total Utilities</b>	<b>57,263</b>	<b>62,000</b>	<b>56,000</b>	<b>66,500</b>
15	<b>Maintenance</b>	<b>79,657</b>	<b>120,000</b>	<b>101,290</b>	<b>164,200</b>
16	<b>Protective Services</b>	<b>18,973</b>	<b>20,000</b>	<b>9,000</b>	<b>14,000</b>
17	<b>Insurance</b>	<b>13,766</b>	<b>13,300</b>	<b>14,400</b>	<b>13,700</b>
18	<b>Payments in Lieu of Taxes</b>	<b>11,098</b>	<b>11,500</b>	<b>11,500</b>	<b>11,500</b>
19	<b>Bad Debt-Tenants</b>	<b>963</b>	<b>4,000</b>	<b>7,000</b>	<b>3,000</b>

20	<b>Total Operating Expenses</b>	<b>270,239</b>	<b>326,500</b>	<b>293,290</b>	<b>370,800</b>
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21	<b>Cash Flow from Operations</b>	<b>41,583</b>	<b>(6,000)</b>	<b>20,610</b>	<b>(45,970)</b>
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	<b>Other Sources &amp; (Uses)</b>				
22	Capital Expenditures	-	-	-	-
23	Other Financial Items-Sources & (Uses)	(47,420)	6,000	(20,610)	45,970
24	<b>Total Other Financial Items</b>	<b>(47,420)</b>	<b>6,000</b>	<b>(20,610)</b>	<b>45,970</b>

25	<b>Net Cash Flow</b>	<b>\$ (5,837)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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TO: HRA Board of Commissioners  
FROM: Karen Rizer, CPA Finance Director  
DATE: December 7, 2022  
SUBJECT: 2022 Budget Amendment #1

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**Requested Action:** Approve.

**Background:** Any budget amendments must be approved by the Board of Commissioners. Details will be discussed during the budget study session.

**Options:** Approve or table.

**Frequency of Request:** It is my expectation that these will be the only budget amendments for 2022.

**Related Actions:** None.

**Future Action:** Probably None.

**Relationship to Goals:** N/A.



## RESOLUTION 2022-11

### HOUSING AND REDEVELOPMENT AUTHORITY OF ST. CLOUD, MN

ADOPTING BUDGET AMENDMENT #1 FOR CALENDAR YEAR 2023  
FOR THE FOLLOWING FUNDS: CENTRAL OFFICE COST CENTER, HOUSING CHOICE VOUCHER  
PROGRAM, AMP 1 – EMPIRE APARTMENTS, AMP 2 – SCATTERED SITES, AMP 3 – WILSON  
APARTMENTS, NORTHWAY PROJECTS A & B, AND EASTWOOD APARTMENTS

WHEREAS, the calendar year 2022 budget amendments need to approved by the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AND REDEVELOPMENT AUTHORITY OF ST. CLOUD, MN:

That Budget Amendment #1 of the Housing and Redevelopment Authority of St. Cloud, MN for calendar year 2022 is hereby adopted, which includes the following:

	Original <u>Sources</u>	Amendment <u>#1</u>	Amended <u>Sources</u>	Original <u>Uses</u>	Amendment <u>#2</u>	Amended <u>Uses</u>
Central Office Cost Center Fund	\$ 1,774,000	\$ 228,000	\$ 2,002,000	\$ 1,809,000	\$ 193,000	\$ 2,002,000
Housing Choice Vouchers Program Fund	8,936,000	264,000	9,200,000	9,016,000	184,000	9,200,000
AMP 1 - Empire Apartments Fund	530,060	(23,060)	507,000	669,060	60,940	730,000
AMP 2 - Scattered Sites and Townhomes Fund	777,620	(29,620)	748,000	777,620	42,380	820,000
AMP 3 - Wilson Apartments Fund	1,328,700	(108,700)	1,220,000	1,414,700	20,300	1,435,000
Northway Projects A & B Fund	723,000	(14,000)	709,000	828,000	322,000	1,150,000
Eastwood Apartments Fund	151,800	(1,800)	150,000	150,500	19,500	170,000

Adopted this 14<sup>th</sup> day of December, 2022.

ATTEST:

\_\_\_\_\_  
Nancy Gohman, Chair

\_\_\_\_\_  
George Hontos, Secretary

TO: St. Cloud HRA Board of Commissioners

FROM: Karen Rizer, CPA  
Finance Director

DATE: December 8, 2022

SUBJECT: Approval of HRA auditors for 2022

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**Requested Action:** Approve renewal of Redpath and Company as the HRA's auditor for 2022.

**Background:** 2021 was the final year of a three-year contract with Redpath and Company. Management is recommending a one-year contract with Redpath and Company for 2022 and then issuing an RFP during 2023 for the 2023-2025 audits.

**Options:** Approve, deny, or table.

**Related Actions:** None.

**Future Action:** The auditor is also confirmed each year during the annual meeting.

**Relationship to Goals:** Will enable us to continue striving towards achieving our goals.

**Budget Impact:** The total fees are allocated amongst all funds.



November 29, 2022

St. Cloud HRA  
1225 West St. Germain Street  
St. Cloud, MN 56301

This letter defines the agreement with respect to the terms and objectives of our engagement and the nature and limitations of the services Redpath and Company, Ltd. and affiliated entities (herein referred to as Redpath and Company) will provide to St. Cloud HRA for the year ended December 31, 2022.

### **Audit Scope and Objectives**

We will audit the financial statements of the business-type activities and the disclosures, which collectively comprise the basic financial statements of St. Cloud HRA as of and for the year ended December 31, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement St. Cloud HRA's 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. As part of our engagement, we will apply certain limited procedures to St. Cloud HRA's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies St. Cloud HRA's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- Report on Supplementary Information – Computation of Surplus Cash, Distribution and Residual Receipts.
- Schedule of expenditures of federal awards

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

- Introductory Section

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We will also issue a report on compliance based on the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute 6.65.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit**

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; the provisions of the Uniform Guidance; and the minimum procedures for auditors as prescribed by Minnesota Statute 6.65, and will include tests of your accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of certain assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

### **Audit Procedures – Internal Control**

We will obtain an understanding of the entity and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of St. Cloud HRA's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of St. Cloud HRA's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on St. Cloud HRA's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* requires that we test whether the entity has complied with certain provisions of Minnesota statutes. Our audit will include such tests of the accounting records and other procedures as we consider necessary in the circumstances.

### **Responsibilities of Management for the Financial Statements and Single Audit**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, or grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review upon the commencement of our audit.



You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19 related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

### **Engagement Administration, Fees and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to St. Cloud HRA; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Redpath and Company and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to oversight agencies, regulators, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Redpath and Company personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Unless additional work is requested or required, our fee for these services will be as follows:

Financial Audit	\$37,000
Federal Single Audit (assumes one major program)	<u>7,000</u>
Total Flat Fee	<u>\$44,000</u>
Report on Supplementary Information – MHFA	<u>\$500</u>

Out-of-pocket costs, such as confirmation and courier fees, will be billed in addition to the fees stated above. We bill our fees monthly as work progresses and expect payment within thirty (30) days. Each invoice includes a detailed description of the services provided. Amounts over thirty (30) days will be considered delinquent. We reserve the right to assess a 1.5% per month service charge on any balance older than thirty (30) days. In the event it becomes necessary to refer this account to an attorney for collection (whether or not suit is commenced), you will be responsible for payment of all reasonable costs of such collections, including reasonable attorney fees. Our policy is to suspend work if your account becomes overdue by sixty (60) days or more, and work will not be resumed until your account is paid in full. Should we elect to discontinue services, you will be responsible for all time and expenses incurred through the date of termination regardless of whether we have issued a report or other final product.

The above fees are based on the anticipated scope of services, anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. The following circumstances may result in a change in scope of services and an increase in fees:

- Significant audit adjustments, internal control deficiencies or compliance findings,
- New accounting standards,
- Failure to complete the preparation work by the applicable due dates,
- Inaccurate records,
- Turnover in your staff,
- Significant unanticipated or undisclosed transactions, issues, or other such unforeseeable circumstances,
- Delays causing scheduling changes or disruption of previously scheduled timing of work (fieldwork),
- Circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit
- Fraud or misuse of public funds

Our fees do not include bookkeeping or accounting assistance, preparation of audit workpapers, reconciliations or similar assistance (unless otherwise noted in the sections above). Our fees for such services will be dependent on the level of effort required.

Services requested by you that are not included in this engagement letter will be billed dependent on the level of effort required and will be subject to all the terms of this letter.

Our fees and rates are adjusted annually for general economic factors.

If we are requested or required to provide documents or testimony to support litigation proceedings as a professional service on your behalf (that is, litigation in which we are not a party as a result of our engagement), you will be billed for our time at the current standard rates and all out-of-pocket expenditures, including copying costs and legal fees.

### **Record Keeping Responsibilities**

The AICPA Code of Professional Conduct requires Redpath and Company to maintain our independence with regards to certain attestation services provided to St. Cloud HRA. These rules require St. Cloud HRA to take responsibility for all nonattest services. Redpath and Company cannot serve as custodian for your data in such a way that your data is incomplete and accessible only through Redpath and Company or the Redpath portal. As such, any financial report, reconciliation, document, and calculation (depreciation schedules, journal entries, etc.) that we prepare or update on your behalf will be sent to you at the completion of each attest or nonattest service. You are responsible for downloading and maintaining these records as well as all supporting documents generated in the normal course of business until the retention period expires.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by oversight agencies, regulators, or pass-through entities. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

### **Confidentiality**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

## **Privacy**

We have established policies and procedures to ensure that the entity's non-public information is private and secure at all times. We maintain physical, electronic and procedural controls to comply with standards in safeguarding your information from loss, misuse, alteration or destruction (unless the destruction is according to our records retention schedule). We do not sell information to third parties. We do not disclose non-public information except as necessary to provide our services (see Confidentiality above) and as required by law. We do not disclose non-public information we receive to our affiliates unless authorized.

## **Dispute Resolution**

In the event of a dispute over fees for our engagement, St. Cloud HRA and our firm mutually agree to try in good faith to resolve the dispute through mediation by selecting a third-party to help reach an agreement, in accordance with the following paragraph (Mediation). If we are unable to resolve the fee dispute through mediation, then, with the consent of both parties, such disputes may be settled by binding arbitration. We both acknowledge that should a dispute over fees arise that cannot be resolved through mediation, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. Instead, we are accepting the use of arbitration for resolution.

We believe that most disagreements can be resolved to mutual satisfaction in a friendly, non-threatening environment. While we do not expect there to be any problems whatsoever with our relationship, misunderstandings can occur. Therefore, we agree that any dispute arising under this agreement (including the scope, nature and quality of services to be performed by us, our fees or other terms of the engagement) shall be submitted to mediation. A competent and impartial third-party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least sixty (60) days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

## **Non-Solicitation of Employees**

In recognition of the importance of our employees, it is hereby agreed that St. Cloud HRA will not solicit our employees for employment or enter into an independent contractor arrangement with any individual who is or was an employee of Redpath and Company for a period of twelve months following the date of the conclusion of this engagement. If St. Cloud HRA violates this non-solicitation clause, St. Cloud HRA agrees to pay Redpath and Company a fee equal to 25% of the hired person's last annual salary at Redpath and Company at the time of violation so as to reimburse Redpath and Company for the costs of hiring and training a replacement.

## Reporting

We will issue a written report upon completion of our Single Audit and our audit of St. Cloud HRA's financial statements which will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our reports will be addressed to the Board of Commissioners of St. Cloud HRA. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing on internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to St. Cloud HRA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign this letter and return it to us via email.

Sincerely,

REDPATH AND COMPANY

A handwritten signature in dark ink that reads "Rebecca Petersen". The signature is written in a cursive, flowing style.

Rebecca M. Petersen, CPA

RMP/ajf

**Response**

This letter correctly sets forth the understanding of St. Cloud HRA.

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Signature

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Signature

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Title

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Title

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Date

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Date

TO: St. Cloud HRA Board of Commissioners

FROM: Louise Reis, Executive Director

DATE: December 5, 2022

SUBJECT: Approval of Resolution 2022-12 Authorizing Participation in the Minnesota City Participation Program for 2023

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**Requested Action:** Approval of Resolution 2022-12 authorizing the St. Cloud HRA to participate in the Minnesota City Participation Program for 2023

**Background:** The Minnesota City Participation Program is an annual application process that provides cities throughout the state with a unique opportunity to easily access housing resources to meet the needs of their citizens. Cities apply to participate in the program and once approved, Minnesota Housing sells mortgage revenue bonds to meet the housing needs. The proceeds of these bonds provide affordable interest rate home mortgage loans to their identified service area for low-and moderate-income first-time homebuyers through the Minnesota Housing first-time homebuyer loan program known statewide as the Minnesota Mortgage Program (MMP).

Funds are reserved in the pool for participating cities. Minnesota Housing uses a population-based formula to determine each city's maximum allocation. The maximum allocation a city receives is determined by its population compared to the total population of all applicants.

At this time, there are no administrative fees charged to participate. There is a minimum usage requirement of 50% of the allocation to participate the following year.

**Frequency of Request:** Annually.

**Related Actions:** None.

**Future Action:** None.

**Relationship to Goals:** Goal #1 – The St. Cloud HRA will be an active partner in neighborhood/community concerns regarding housing and neighborhoods. Goal #3 - The St. Cloud HRA will encourage collaboration with other community organizations and continue to seek funding sources for all programs.

**Budget Impact:** None.



## **RESOLUTION 2022-12**

### **RESOLUTION OF AUTHORIZING PARTICIPATION IN THE MINNESOTA CITY PARTICIPATION PROGRAM FOR 2023**

**WHEREAS**, HOUSING AND REDEVELOPMENT AUTHORITY OF ST. CLOUD, MINNESOTA (hereinafter called the “Authority”) is authorized to participate in the Minnesota City Participation Program as set up by Minnesota Housing. This participation will allow low- and moderate-income first-time homebuyers through the Minnesota Housing first-time homebuyer loan program to purchase homes in the city of St. Cloud.

**WHEREAS**, Minnesota Housing requires that the Board of Commissioners formally authorize participation in the program;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners to authorize participation in the Minnesota City Participation Program.

Adopted this 14<sup>th</sup> day of December 2022.

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Chair, Nancy Gohman

ATTEST:

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Secretary, George Hontos

TO: St. Cloud HRA Board of Commissioners

FROM: Louise Reis, Executive Director and Karen Rizer, Finance Director

DATE: December 7, 2022

SUBJECT: Extension of Policy 05.18 – Families First Coronavirus Response Act Policy and Policy 05.19  
Emergency Sick Leave Policy

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**Requested Action:** Approve eliminating the expiration date of policies 05.18 and 05.19

**Background:** These policies were initially adopted as required under Federal regulations. They allow for 80 hours of Emergency Paid Sick Leave and Emergency Family Medical Leave for certain reasons related to COVID-19. Although no longer required by Federal regulation, the HRA set the expiration date as December 31, 2021 since the pandemic was still in full-swing at the time the Federal requirements expired and then extended through December 31, 2022 as case numbers again rose last fall.

Since the coronavirus is not seemingly going away, management is requesting to just remove the expiration date. This would not be a new or additional bank of hours. It would only be for staff to use any still remaining hours.

**Frequency of Request:** Once.

**Related Actions:** None.

**Future Action:** Unknown.

**Budget Impact:** Benefits are budgeted for each fund.

TO: St. Cloud HRA Board of Commissioners

FROM: Louise Reis, Executive Director

DATE: December 7, 2022

SUBJECT: Approval to Purchase Amazon Locker for Wilson Apartments

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**Requested Action:** Approval to purchase Amazon Locker for the Wilson Apartments in the amount of \$27,000.

**Background:** Staff have met with representatives from Amazon regarding the installation of an Amazon Apartment Locker. The locker is a package management solution for apartment buildings. The cost of the locker is \$27,000. The locker is fifteen feet and has several different sized compartments for packages. There will be additional costs of approximately \$300 for the internet connection to be wired to the locker location.

Other vendors will have access to use the locker for package delivery.

**Frequency of Request:** One time.

**Related Actions:** None

**Future Action:** None

**Relationship to Goals:** Goal #4 – St. Cloud HRA will make efficient use of funding, technology, and personnel resources.

**Budget Impact:** This purchase will be paid out of the Capital Fund Program.

TO: HRA Board of Commissioners

FROM: Louise Reis, Executive Director

DATE: December 8, 2022

SUBJECT: Report on Activities

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**St. Cloud 101:** The City of St. Cloud held an event on Saturday, October 29<sup>th</sup> at city hall for the public to learn about city services. The HRA staff had a table at the event and provided information on the HRA's programs.

**REAC Inspections:** The Empire Apartments was inspected by the Department of HUD on October 31, 2022. Empire scored a 77 out of 100. Wilson Apartments was inspected by the Department of HUD on November 1, 2022. Wilson scored an 86 out of 100. The REAC inspection covers all areas of an apartment building from the building exterior, building systems, common areas and individual units.

**CDBG Application:** It is anticipated that the City will start the process for the Community Development Block Grant applications for 2023. The St. Cloud HRA will apply for funds for the Single-Family Rehab Loan Program. We plan to apply for \$250,000 in funds.

**Update on the Local Housing Trust Fund:** Stearns County has decided to move forward on their Local Housing Trust Fund Tax Levy. The plan was to have commissioners vote in December 2022. We will continue to work with legal counsel if there are other options for our agency.

**Housing Choice Voucher Program:** During the month of October 2022, there were six housing choice vouchers released. Three of the vouchers were for program violations, one had their voucher expire, one was a voluntary released, and one was at Zero HAP. One of the voucher holders were over the age of 62.

During the month of November 2022, there were fifteen housing choice vouchers released. Three of the voucher holders were at Zero HAP, six were for program violations, five were voluntary releases, and one had their voucher expired. Five were over the age of 62.

As of October 31, 2022 – 74 Port In vouchers and 50 Port Out vouchers.

As of November 30, 2022 – 65 Port In vouchers and 49 Port Out vouchers.

#### **CDBG Update:**

For the homeowner rehab program:

- 10 in construction
- 4 in bidding
- 6 applications in processing

## Housing Department Vacancy Report – For the Month Ending November 30, 2022

<b>Fund: Public Housing – 291 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>11/30/22</u>
Empire	89	5.28%	2
Wilson	126	2.36%	4 **
Scattered Sites	76	2.08%	4 **

<b>Fund: Section 8 New Construction – 162 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>11/30/22</u>
Germain	60	2.34%	1
Grace/NWB	102	1.54%	2 *

<b>Fund: Tax Credit – 249 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>11/30/22</u>
Creeks	24	2.40%	2 *
Brownstones	12	1.51%	0
Swisshelm One	32	2.54%	0
Westwood One	32	4.44%	2
Swisshelm Two	32	3.72%	2 *
Westwood Two	32	1.97%	2 *
Riverside	85	2.80%	3

<b>Fund: Affordable Housing – 79 Units</b>			
		Yearly	Vacant
<u>Complex</u>	<u># of units</u>	<u>Vacancy Rate</u>	<u>11/30/22</u>
Eastwood	18	3.37%	1
Loehr	61	2.85%	0

\* one unit rented 12/1/2022

\*\* units scheduled for move-in in December