

**WASHINGTON COUNTY
HOUSING AND REDEVELOPMENT
AUTHORITY**

**A component unit of
Washington County, Minnesota**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Year Ended
December 31, 2015**

**Prepared by:
Finance Department**

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
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I. INTRODUCTORY SECTION

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

PRINCIPAL OFFICIALS

December 31, 2015

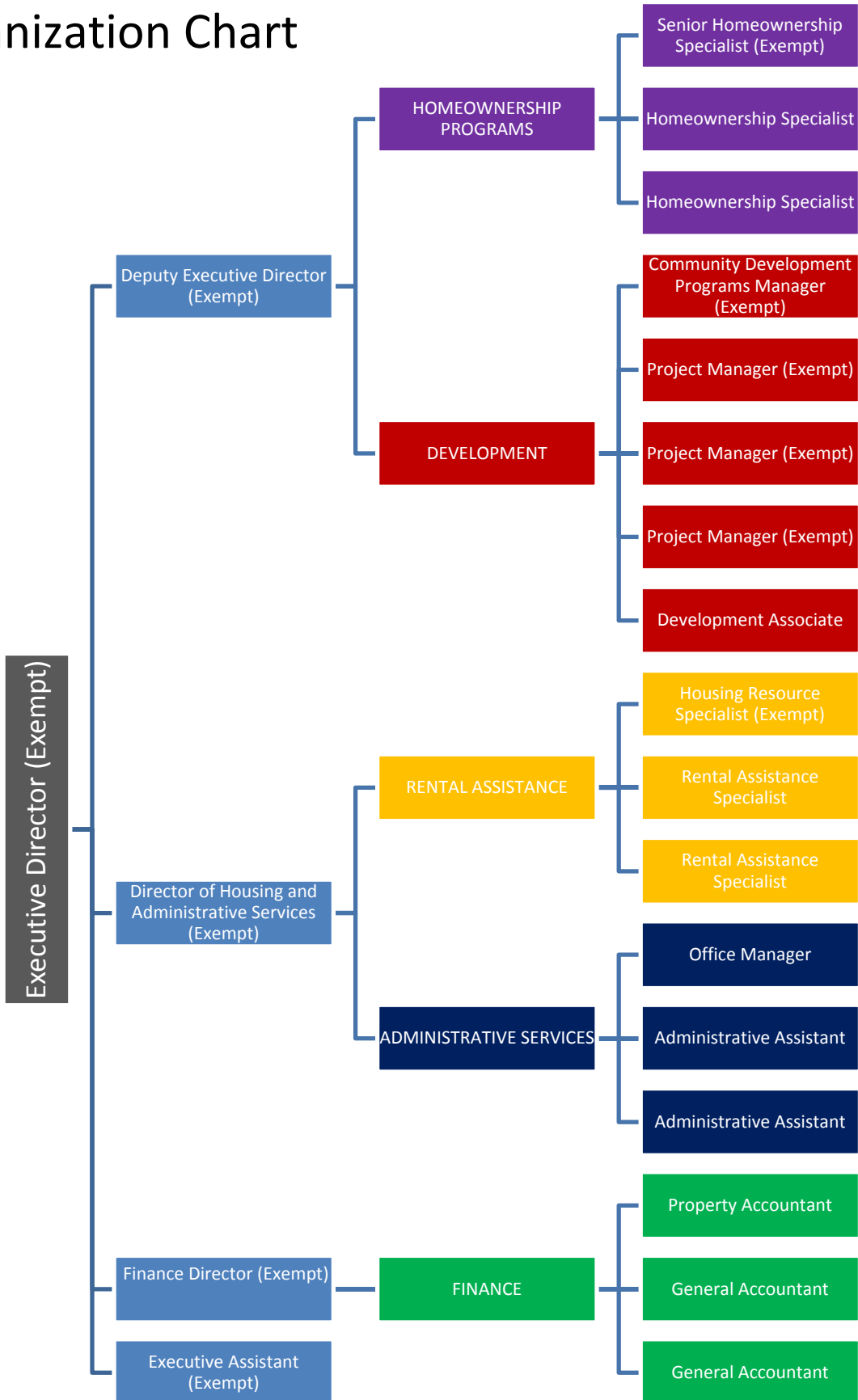
BOARD OF COMMISSIONERS

<u>District</u>	<u>Board Member</u>	<u>Term Expires</u>
District 1	John Belisle	December 31, 2018
District 2	William Hargis	December 31, 2017
District 3	Brian Zeller	December 31, 2016
District 4	Matthew Kowalski	December 31, 2015
District 5	Jim Widen	December 31, 2017
Resident At-Large	Steve Ryan	December 31, 2016
County Commissioner At-Large	Ted Bearth	December 31, 2015
County Administrator	Molly O'Rourke	Ex-Officio Member

Executive Director

Barbara Dacy

Washington County HRA Organization Chart





May 6, 2016

Honorable Chair and Commissioners
Washington County Housing and Redevelopment Authority
7645 Currell Boulevard
Woodbury, Minnesota 55125

The Comprehensive Annual Financial Report (CAFR) is hereby submitted for the fiscal year ended December 31, 2015. This report is consistent with legal State and Federal reporting requirements. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, intergovernmental agencies, creditors, partners and the Authority Board of Commissioners.

The CAFR is divided into the following four sections:

- The Introductory Section contains a letter of transmittal, certificate of achievement, organizational chart, and a list of principal officials.
- The Financial Section contains the independent auditor's report, management's discussion and analysis, basic financial statements, required supplementary information, and the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
- The Statistical Section contains selective financial and demographic information that is generally presented on a multi-year basis.
- The Single Audit and Other Required Reports contains the independent auditor's report on internal controls over financial reporting and on compliance and other matters, the independent auditor's report on Minnesota legal compliance, the independent auditor's report on compliance for each major program and on internal control over compliance, the schedule of expenditures and federal awards and the schedule of findings and questioned costs.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designated both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in accordance with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by Redpath and Company, LTD., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended December 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements for the year ended December 31, 2015 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

The independent audit of the financial statements of the Authority was part of a broader, federally mandated "Single Audit" performed in conformity with the provisions of the Single Audit Act, and requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards, and the auditor's reports on internal control and compliance with applicable laws and regulations, are available at the end of the CAFR.

Profile of the Government

The Washington County Housing and Redevelopment Authority (the “Authority”) was established in 1981 pursuant to Chapter 375 of Minnesota Statutes for the express purpose of providing safe, decent and sanitary housing for residents of Washington County, Minnesota. Located east of Minneapolis and St. Paul, the County currently has an area of 423 square miles and includes 7 full and fractional townships, and 26 incorporated municipalities. The estimated 2015 population of the County was 250,100. It is one of seven counties comprising the Twin Cities metropolitan area.

The stated mission of the Authority is, through innovation, to promote community and economic development, and provide and maintain affordable, decent and safe housing opportunities in Washington County. The Washington County HRA is empowered under state statute to initiate a broad array of housing and community development programs to address the varying needs of the jurisdictions within the County. To that end, the Authority has established housing programs that serve over 4,000 households in the County including rental assistance programs, home ownership and foreclosure prevention counseling programs, development finance programs for affordable rental housing and various community development programs.

The Authority is authorized under State Statute to issue governmental housing bonds to finance the cost of development of projects to provide affordable rental housing for low and moderate income persons and families. The Authority developed a bond financing program to construct and or to acquire and rehabilitate 859 units of housing. The Authority owns and operates this affordable housing portfolio consisting of thirteen developments in nine different cities throughout the County. The Authority also owns and operates a 56-unit scattered site public housing program, a 40-unit public housing development, and 3 units of transitional housing in partnership with Canvas Health Inc. as service provider. The Authority’s total rental housing portfolio includes 958 units.

The Authority is also the general partner and managing member of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, low income housing tax credit limited partnerships. The Groves was formed to rehabilitate 67 units of family housing. The project was completed in 2014. Construction of Piccadilly Square began in the fall of 2015. It has an estimated completion date of October 2016. Once completed, it will provide 79 units of senior housing in the city of Mahtomedi.

The Authority also acts as an ongoing resource for information about housing and community development issues including housing market data, housing needs, and various government programs related to housing and community development.

The Authority operates under a seven member Board of Commissioners, which are appointed by the Washington County Board of Commissioners. Five of the seven Commissioners represent a district that matches the boundaries of the County Commissioner districts. One Commissioner is an “At-Large” position and the remaining Commissioner is a “Public Assistance Commissioner” (or sometimes referred

to as a Resident Commissioner), a position which is required by the Department of Housing and Urban Development (HUD). HUD requires that a recipient of Public Housing assistance or a recipient of the tenant based Section 8 Housing Choice Voucher program serve as the Public Assistance Commissioner. Further, the Washington County Board of Commissioners has decided that the “At-Large” position on the Authority Board of Commissioners would be a member of the County Board. Once appointed, the Authority’s Board of Commissioners exercises all oversight responsibilities including but not limited to matters of personnel, management, finance, and budget. The Board also is responsible for the hiring of the Authority’s Executive Director. The Executive Director is responsible to oversee the planning, direction and implementation of all programs and policies of the Authority.

The Authority is considered a discretely presented component unit of Washington County, Minnesota, since the Washington County Board of Commissioners appoints the Washington County Housing and Redevelopment Authority’s Board of Commissioners and Washington County has a potential obligation relating to certain housing development bonds issued by the Authority. Most bonds carry a general obligation pledge of the County, which enables the Authority to obtain lower borrowing costs for the purpose of financing affordable senior and family housing within the County. The bonds are also secured by the pooled rent receipts of the properties, certain other revenues and funds held with the bond trustee, and the Authority’s Special Benefit Levy, which collectively are considered sufficient to meet all current and future Authority debt service obligations. The County’s general obligation pledge has not been called upon to make debt service payments on any Authority bond issues.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Authority operates. Unlike some housing agencies, the Authority is not solely dependent on any one source of revenue. The Authority enjoys a balance of resources that include the revenues from its housing portfolio, the Special Benefit Levy, and the funds it receives from the federal and state government for various housing programs and activities. The Authority has structured its operations to provide the necessary precautions to buffer against a changing economic and government finance environment. The Authority is also undertaking the necessary steps to accomplish its major initiatives to facilitate additional affordable housing and community development projects in the County.

Enterprise Fund. As of December 31, 2015, the Authority owns and operates 377 units of senior housing and 581 units of family housing. The Enterprise Fund is the engine by which the Authority operates. About 44% of the Authority’s annual revenue came from the Authority’s property portfolio in 2015.

While most housing authorities around the country receive a majority of their funds from the federal government, this is not the case with the Washington County HRA. The Authority was able to finance the creation of its affordable senior and family housing portfolio by obtaining lower interest rates on tax exempt governmental housing bonds with the County’s general obligation pledge as a credit enhancement

tool. The Authority has also made good use of other state and regional resources to keep initial development costs down, which also helped to reduce monthly rents. About 79% of the Authority's property portfolio is financed with tax-exempt bonds. The remaining 21% of the properties are financed with federal grant funds or loans.

It is critical that the Authority maintain the properties in good condition and manage the properties with good customer service and sound operating principles. The Authority annually adopts a capital improvement plan and updates a five year plan. In 2014, multiple capital improvement projects were completed totaling nearly \$2 million. The major projects completed include the exterior rehabilitation project at Woodland Park, the storm shelter at John Jergens, the installation of the emergency pendant system at Ann Bodlovick and the installation of grab bars at all the senior properties. The Authority obtained approximately \$165,000 in federal grant funds to pay for the storm shelter and grab bars. In 2015, the Authority completed 10 improvement projects totaling nearly \$1.2 million. The major projects included the interior rehabilitation at Park Place I&II and the exterior rehabilitation projects at Brick Pond and Ann Bodlovick.

The Authority also receives income from a Special Benefit Tax Levy that represents about 17% of the Authority's total revenue. In 2015, the amount levied totaled \$3,549,203 and the amount collected was \$3,524,731. The Special Benefit Levy is appropriated annually by the County Commissioners of Washington County, after submission of the Authority's annual budget to the County. The Authority uses this Special Benefit Levy to ensure debt service coverage on its bond debt as well as to fund capital improvements, to fund development and redevelopment projects where the Authority has partnered with local communities and to provide operating support to the Authority's housing portfolio. The Special Benefit Levy also helps to fund the general administration activities of the Authority.

The County Board of Commissioners is mindful of the impact of increasing property taxes on taxpayers, especially on those who own lower value residential homes. The County Board has notified the Authority that it will allocate the Special Benefit Levy commensurate with the growth of the County's budget in addition to the particular needs of the Authority for the upcoming budget year. The resulting amount may be less than the amount defined in State Statute; however, because the Special Benefit Levy is used to assist several Authority properties, and because the Authority is a component unit of the County, the Authority is confident that the Special Benefit Levy will continue to be allocated in adequate amounts to fund the Authority's operations.

Occupancy Rates. Occupancy rates were at 99% at December 31, 2015. The Authority's senior housing developments continue to be very successful with a 2015 occupancy rate of 99.6%.

Long-Term Financial Planning. The Authority initiated a long term financial management analysis to identify strategies to reduce debt, maintain long term affordability, and create financial capacity. In 2012, the Authority completed refinancing of four bond issues to take advantage of favorable market conditions to create significant debt service savings. In addition, during 2014 the Authority rehabilitated one of its

properties, Parkside Apartments, with Low Income Housing Tax Credits. Because of this approach, the Authority was able to retire the tax exempt bond debt, accomplish significant modernization of the 30 year old rental townhome development, and maintain affordability. The Authority has established a limited liability company, as permitted in state law, in order to continue to operate the development as the sole managing member, and has renamed the development to The Groves Apartments, LLC. The Authority has begun a new project called Piccadilly Square of Mahtomedi, LLC and is again using Low Income Housing Tax Credits to partially fund the project.

Reserves. The Authority continues to fund established reserves for operations and capital improvements according to established policies. The Authority has a minimum fund balance in the General fund of \$1,938,120 and also maintains a balance of \$3,051,408 in long term capital reserves.

Federal and State Funding. The federal and state funding that the Authority receives represents approximately 34% of all Authority funds during the fiscal year ended December 31, 2015. This funding primarily relates to ongoing tenant rental assistance programs funded through the U.S. Department of Housing and Urban Development and the Minnesota Housing Finance Agency. This funding also provides operating subsidies for about 23% of the units in the Authority's property portfolio.

Major Initiatives

Red Rock Redevelopment Project. In 2012, the Authority and the City of Newport entered into a Joint Powers Agreement to redevelop 41 acres of property located at the southwest corner of the intersection of I-494 and Highway 61. The area includes a variety of uses and vacant sites, and for many years has been an aging, isolated industrial and commercial area. The City and the Authority created a plan to provide general guidance for coordinated transit-oriented redevelopment. The strategic opportunity for redeveloping the area is the phased establishment of transit service beginning with express bus service from the Newport Transit Station and future bus rapid transit service along a 30-mile transitway known as the Red Rock Corridor connecting downtown Minneapolis with Hastings. The Authority is undertaking redevelopment activities, assembling sites, and marketing the area. The first development intends to break ground in the spring of 2017.

Age-Friendly Housing Initiative. The Authority adopted a program in 2015 to help meet the demand for affordable rental and homeownership housing for low and moderate-income seniors. The Authority will assist in the development, acquisition and rehabilitation, or acquisition and preservation of senior rental housing through the Washington County Age Friendly Housing Initiative. The Initiative will fill development gaps when requested by a municipality, greater affordability is desired, and/or when the private market is not fulfilling the area demand. In 2015, the Authority broke ground on Piccadilly Square. Piccadilly Square, expected completion October 2016, will provide 79 units of rental housing available to seniors with incomes at or below 50% and 60% of the area median income. In 2016, the Authority is expected to purchase property in the city of Woodbury with the intent of constructing 40 units of senior housing in connection with the Age Friendly Housing Initiative.

G.R.O.W. Fund. The Authority created a gap financing program in 2005 named “G.R.O.W.”(Gap Financing for Rental and Owner Occupied Housing in Washington County). The program is designed to facilitate new construction and preservation of affordable housing aimed at households earning less than 80% of Area Median Income (AMI), by leveraging other public and private sector funds. Eligible activities include new construction, and acquisition and rehabilitation of affordable rental housing, or home ownership opportunities. The Authority has issued six loans which have assisted the development of 325 units of affordable workforce housing developments. At year-end 2015, the G.R.O.W. Fund has a cash balance of \$360,176.

Development Fund. The Authority has created a Development Fund, which is a special revenue fund, to track the expenses relating to various affordable housing or community development initiatives. The Authority will typically transfer any fee revenue from conduit bond issues into this fund as well as any other revenue available to the Authority. As of December 31, 2015, the cash balance is \$501,693. This fund will be used for various housing and community development programs, for interfund loans to other funds including Authority administered tax increment districts, repayment of Authority debt, and pre-development costs for new affordable housing projects.

Cash Management and Investments

Cash temporarily idle during the year can be invested in certificates of deposit, obligations of the U.S. Government or its agencies, mutual funds, and a local government investment pool.

Risk Management

The Authority contracts with insurance carriers for the provision of bodily injury, personal injury, property damage, and general liability coverage. In addition, the Authority maintains excess general liability, public officials’ coverage, and vehicle liability coverage.

Budgetary Controls

The objective of budgetary controls maintained by the Authority is to ensure compliance with the budgets approved by the Board of Commissioners. Activities of the general fund, special revenue funds, and the enterprise funds are included in the Authority’s annual budgeting process. These annual budgets are proposed by the Executive Director and submitted to the Board of Commissioners for approval. The annual budgets are prepared based on funds. The budgets can be amended during the year. The Executive Director is authorized to make certain amendments within or between departments and programs. All other amendments require approval from the Authority’s Board of Commissioners. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

Awards and Acknowledgements

The Authority has received several awards and acknowledgements recognizing its outstanding service delivery. The Government Finance Officers Association of United States and Canada awarded the Authority the “Certificate of Achievement for Excellence in Financial Reporting” for fiscal years 2003 through 2014. Also, since 2004 the Authority has received a “High Performer” rating from the U.S. Department of Housing and Urban Development (HUD) under the Section 8 Management Assessment Program (SEMAP) for its administration of the Section 8 Voucher Program. The Authority also received a “High Performer” rating from HUD in 2014 under the Public Housing Assessment System (PHAS) for its administration of the Public Housing Program. The Executive Director received the Outstanding Achievement Award in 2005 from the Minnesota Chapter of the National Association of Housing and Redevelopment Officials (Minnesota NAHRO), and the Deputy Executive Director won this same award in 2010. The Authority won the “Excellence in Service” award from the Minnesota Home Ownership Center for outstanding foreclosure prevention counseling services. Red Oak Preserve, a 126 unit mixed income, life cycle neighborhood in Oakdale, Minnesota, which was redeveloped by the Authority, received an “Award of Merit” for “Program Innovation -Affordable Housing” by the National Association of Housing and Redevelopment Officials (NAHRO). NAHRO also awarded the HRA with an “Award of Merit” for “Program Innovation – Resident and Client Services” for the Youth In Transition program. Finally, in 2013, the Minnesota Multi Housing Association recognized the Authority for the best “Complete/Total Building Renovation” of Whispering Pines, a 40 unit public housing development in Forest Lake, Minnesota.

I would like to commend the entire staff of the Finance Department for their efficient and dedicated service in helping to prepare this report. I would also like to thank all employees and particularly the Board of Commissioners for their support in planning and conducting the financial operations of the Authority in a responsible and progressive manner.

Respectfully submitted,

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY



Barbara Dacy
Executive Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Washington County
Housing and Redevelopment Authority
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington County Housing and Redevelopment Authority
(a component unit of Washington County)

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Washington County Housing and Redevelopment Authority, a component unit of Washington County, as of and for the year ended December 31, 2015, which collectively comprise the Washington County Housing and Redevelopment Authority's basic financial statements as listed in the table of contents. We did not audit the financial statements of The Groves Apartments, LLC or Piccadilly Square of Mahtomedi, LLC (discretely presented component units).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Groves Apartments, LLC or Piccadilly Square of Mahtomedi, LLC (discretely presented component units), which aggregately represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Washington County Housing and Redevelopment Authority, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Washington County Housing and Redevelopment Authority's 2014 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated May 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21-33 and 86-91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington County Housing and Redevelopment Authority's basic financial statements. The introductory section, combining financial schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016, on our consideration of the Washington County Housing and Redevelopment Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington County Housing and Redevelopment Authority's internal control over financial reporting and compliance.



REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 6, 2016

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Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015

The Washington County Housing and Redevelopment Authority, (HRA) a component unit of Washington County, Minnesota, is empowered under state statute to initiate a broad array of housing and community development programs to address the varying needs of the jurisdictions within the County. To that end, the HRA has established housing programs that serve over 4,000 households in the County including rental assistance programs, home ownership and foreclosure prevention counseling programs and sixteen housing developments containing 1,030 rental units of safe, decent and affordable housing. The HRA also acts as an ongoing resource for information about housing and community development issues including housing market data, housing needs, and various government programs related to housing and community development.

As management of the HRA, we offer readers of the HRA's financial statements this narrative overview and analysis of the financial activities of the HRA for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of resources of the HRA exceeded its liabilities at the close of the most recent fiscal year by \$28,626,647 (net position). This net position is comprised of the following components:
 - \$4,047,711 (net investment in capital assets) represents the HRA's investment in land, structures and equipment, less any capacity related debt and is not available for future spending.
 - \$15,522,389 (restricted) is restricted as to use by grant agreements, contracts, and laws and regulations, and can only be used for specific purposes.
 - \$9,056,547 (unrestricted) may be used to meet the HRA's ongoing obligations to citizens and creditors.
- The HRA's net position increased by \$5,246,274. This increase is due, in part, by the practice of using revenues generated by governmental activities such as grants, taxes and tax increment to invest in long-term assets which increases net position rather than making fiscal period expenses. In addition, tax levy revenues were used in business-type activities to reduce long-term debt.
- At the close of the current fiscal year, the HRA's governmental funds reported combined fund balances of \$10,556,951, an increase of \$1,892,083 in comparison with the prior year. Of this fund balance, \$32,101 was in nonspendable form, \$1,971,589 was restricted by grant agreements, contracts and laws and regulations, \$9,269,969 was committed for specific purposes and the remaining deficit of \$716,708 was considered unassigned.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
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- At the end of the current fiscal year, committed and unassigned fund balance of the general fund was \$3,738,631.
- Notes, loans and mortgages payable and bond retirements for the year were \$506,043 and \$2,070,000 respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the HRA's basic financial statements. The HRA's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the HRA's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the HRA's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the HRA is improving or deteriorating.

The statement of activities presents information showing how the HRA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. amortization of deferred gain/loss on refunding).

Both of the government-wide financial statements distinguish functions of the HRA that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the HRA include General Government, Housing Assistance, Community Development, Home Ownership Counseling, Tax Increment Financing and Community Land Trust, LLC. The business-type activities of the HRA include Public Housing, Senior Housing, Family Housing, Briar Pond, LLC and Management Member Partnership, operations.

**Washington County Housing and Redevelopment Authority
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The government-wide financial statements include not only the HRA itself (known as the primary government), but also legally separate entities Community Land Trust, LLC, Briar Pond, LLC, The Groves Managing Member, LLC and WCHRA Piccadilly Square, LLC. Although legally separate, the entities function for all practical purposes as departments of the HRA, and therefore have been included as an integral part of the primary government. In addition, the government-wide financial statement includes two legally separate entities which the HRA is financially accountable. Financial information for The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC is reported separately from the financial information presented for the primary government itself, and issues separate financial statements.

The government-wide financial statements can be found on statements 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the HRA can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the HRA's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The HRA maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Housing Assistance Fund, Community Development Fund, Home Ownership Counseling Fund, Tax Increment Fund and Community Land Trust, LLC, which are considered to be major funds.

Housing Assistance Fund, Community Development Fund and Home Ownership Counseling Fund are a combination of sub-funds. Individual sub-fund data for these major governmental

**Washington County Housing and Redevelopment Authority
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funds is provided in the form of combining schedules in the combining schedules section of this report.

The HRA adopts an annual appropriated budget for its General and Special Revenue Funds.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on statements 3 through 5 of this report.

Proprietary funds. The HRA maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The HRA uses enterprise funds to account for its Public Housing Fund, Senior Housing Fund, Family Housing Fund, Briar Pond, LLC and Management Member Partnership operations.

The HRA adopts an annual appropriated budget for its proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Housing Fund, Senior Housing Fund, Family Housing Fund, Briar Pond, LLC and Management Member Partnership operations, all of which are considered to be major funds of the HRA.

Public Housing Fund, Senior Housing Fund, Family Housing Fund, and Managing Member Partnership are a combination of sub-funds. Individual sub-fund data for these major proprietary funds is provided in the form of combining schedules in the combining schedules section of this report.

The basic proprietary fund financial statements can be found on statements 6 through 8 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following statement 8 of this report.

Other information. The HRA adopts an annual budget for all governmental funds except for the Community Land Trust, LLC. As required by generally accepted accounting principles, this report presents budgetary comparison schedules for all major governmental funds that adopt an annual budget. The required supplementary information and the notes thereon can be found on statements 9 through 13 of this report.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
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The combining schedules referred to earlier in connection with sub-funds of the major governmental and proprietary funds are presented immediately following the required supplementary information on budgetary comparisons. Combining schedules can be found on statements 14 through 31 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the HRA, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,626,647 at the close of the most recent fiscal year which represents an increase of \$5,246,274 the prior year. This increase indicates that the HRA's financial position improved during the current fiscal year.

Investment in capital assets (e.g. land, buildings and structures, and furniture and fixtures), less any related outstanding debt that was used to acquire those assets represents 14.1 percent of the HRA's net position. The HRA primarily utilizes these capital assets to provide affordable housing opportunities to eligible citizens. Accordingly, these assets are not available for future spending. Although the HRA investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Washington County Housing and Redevelopment Authority
Net position
December 31**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$13,809,606	\$13,669,900	\$32,438,940	\$18,445,335	\$46,248,546	\$32,115,235
Capital assets	2,406,391	2,468,623	44,691,127	45,298,788	47,097,518	47,767,411
Total assets	<u>16,215,997</u>	<u>16,138,523</u>	<u>77,130,067</u>	<u>63,744,123</u>	<u>93,346,064</u>	<u>79,882,646</u>
Deferred outflows of resources	-	-	925,014	1,030,182	925,014	1,030,182
Long-term liabilities outstanding	4,490,548	4,300,166	55,386,897	46,064,516	59,877,445	50,364,682
Other liabilities	609,476	2,164,983	4,649,704	4,377,804	5,259,180	6,542,787
Total liabilities	<u>5,100,024</u>	<u>6,465,149</u>	<u>60,036,601</u>	<u>50,442,320</u>	<u>65,136,625</u>	<u>56,907,469</u>
Deferred inflows of resources	-	-	507,806	624,986	507,806	624,986
Net position:						
Net investment in capital assets	738,936	672,166	3,308,775	2,037,531	4,047,711	2,709,697
Restricted	4,224,645	3,986,253	11,297,744	10,401,070	15,522,389	14,387,323
Unrestricted	6,152,392	5,014,955	2,904,155	1,268,398	9,056,547	6,283,353
Total net position	<u>\$11,115,973</u>	<u>\$9,673,374</u>	<u>\$17,510,674</u>	<u>\$13,706,999</u>	<u>\$28,626,647</u>	<u>\$23,380,373</u>

**Washington County Housing and Redevelopment Authority
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The largest portion of the HRA's net position (54.2 percent) represents resources that are subject to external restrictions on how they may be utilized. In the case of the HRA, these restrictions are primarily related to grant programs funded by the U.S. Department of Housing and Urban Development (HUD), state laws and regulations which restrict the use of tax levy and tax increment revenues and bond indentures. The remaining category of the HRA's net position (31.6 percent) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the fiscal year, the HRA was able to report positive balances in all three categories of net position for the government as a whole and in both governmental and business-type activities. This was true when compared to prior year for the government as a whole and for its governmental and business type activities individually.

As noted previously, the HRA's total net position increased \$5,246,274 during the current fiscal year. This increase is comprised of the following changes within the three categories of the HRA's net position:

- Net investment in capital increased by \$1,338,014. Of this amount, \$66,770 represents an increase in related governmental activities and \$1,271,244 represents an increased related to business-type activities.
- Restricted net position increased by \$1,135,066. Of this amount, \$238,392 represents an increase in related governmental activities and \$896,674 represents an increase related to business-type activities.
- Unrestricted net position increased by \$2,773,194. Of this amount, \$1,137,437 represents an increase in related governmental activities and \$1,635,757 represents an increase related to business-type activities.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

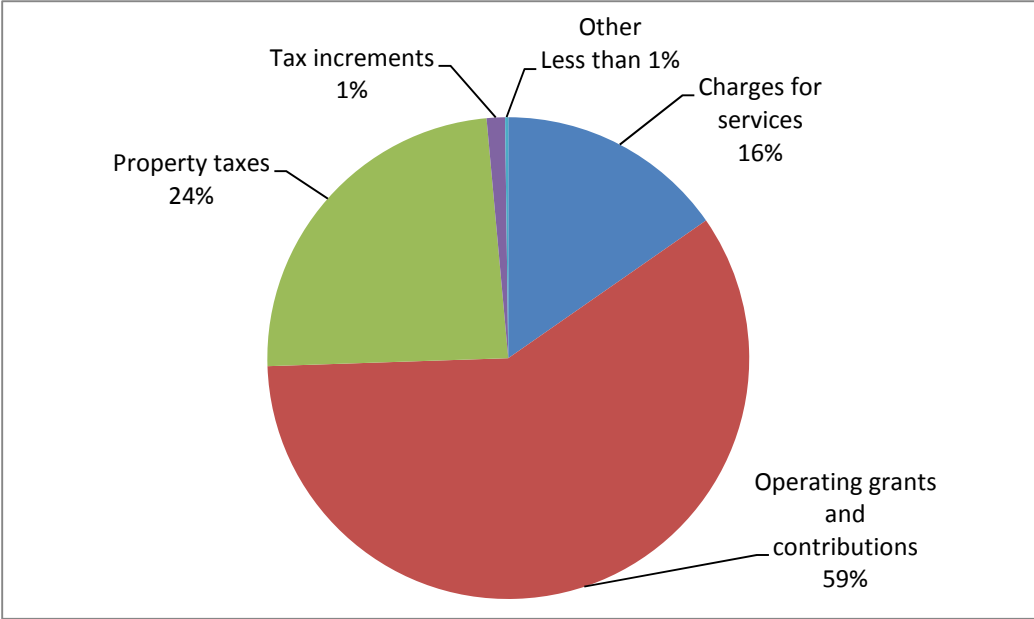
**Washington County Housing and Redevelopment Authority's
Changes in Net position
Years Ended December 31**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$1,546,319	\$950,692	\$8,105,621	\$8,187,787	\$9,651,940	\$9,138,479
Operating grants and contributions	5,969,386	4,031,870	1,200,106	1,305,038	7,169,492	5,336,908
Capital grants and contributions	-	-	162,068	112,580	162,068	112,580
General revenues:						
Property taxes	2,430,476	2,298,338	1,094,255	1,094,255	3,524,731	3,392,593
Tax increments	124,747	121,612	-	-	124,747	121,612
Other	21,155	258,736	458,330	1,576,980	479,485	1,835,716
Total revenues	<u>10,092,083</u>	<u>7,661,248</u>	<u>11,020,380</u>	<u>12,276,640</u>	<u>21,112,463</u>	<u>19,937,888</u>
Expenses:						
General government	1,141,670	1,224,598	-	-	1,141,670	1,224,598
Housing assistance	4,080,358	4,010,120	-	-	4,080,358	4,010,120
Community development	1,547,059	662,738	-	-	1,547,059	662,738
Home ownership	160,565	185,839	-	-	160,565	185,839
Tax increment financing	1,339	1,119	-	-	1,339	1,119
Community land trust	95,127	84,294	-	-	95,127	84,294
Interest on debt	147,813	175,945	-	-	147,813	175,945
Housing	-	-	8,692,258	9,295,617	8,692,258	9,295,617
Total expenses	<u>7,173,931</u>	<u>6,344,653</u>	<u>8,692,258</u>	<u>9,295,617</u>	<u>15,866,189</u>	<u>15,640,270</u>
Increase in net position before transfers	2,918,152	1,316,595	2,328,122	2,981,023	5,246,274	4,297,618
Transfers	(1,475,553)	(838,416)	1,475,553	838,416	-	-
Increase (decrease) in net position	1,442,599	478,179	3,803,675	3,819,439	5,246,274	4,297,618
Net position - beginning	9,673,374	9,195,195	13,706,999	9,887,560	23,380,373	19,082,755
Net position - ending	<u>11,115,973</u>	<u>\$9,673,374</u>	<u>\$17,510,674</u>	<u>\$13,706,999</u>	<u>\$28,626,647</u>	<u>\$23,380,373</u>

Governmental Activities. For the most part, it is difficult to correlate the revenues and expenses reported in governmental activities on a year to year basis, as charges for services and operating grants and contributions can be irregular or non-recurring revenue sources. The HRA also pools revenues to acquire capital assets or provide financing for development. Accordingly, revenues that are received in one fiscal year are often carried forward and then utilized in subsequent fiscal years depending on the development activities being undertaken or planned.

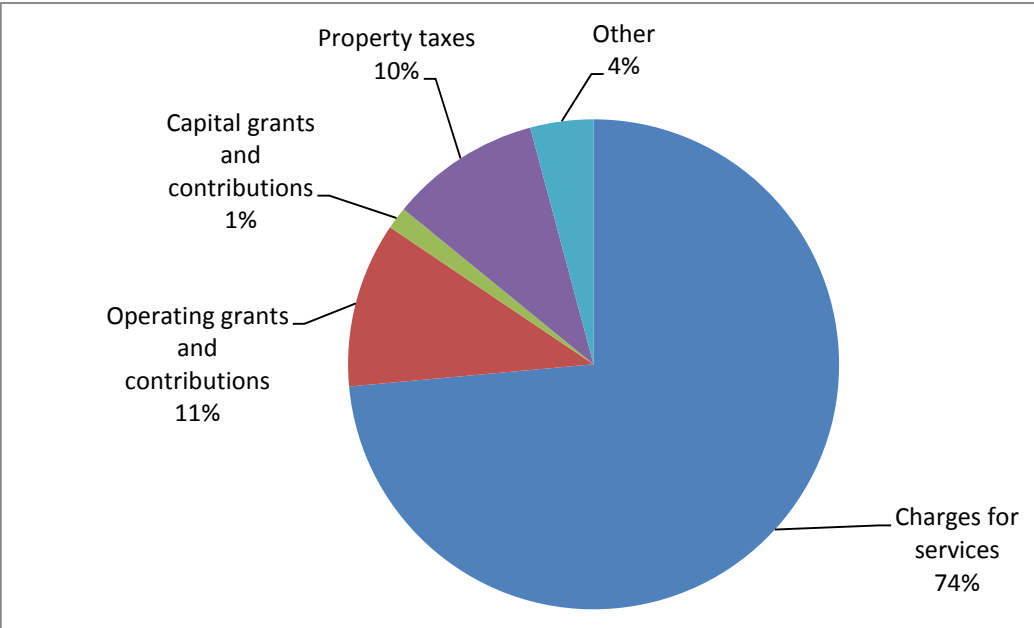
**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

Revenues by Source – Governmental Activities



Business-Type Activities. The increase in net position of business-type activities accounted for \$3,803,675 or 72.5 percent of the total growth of the HRA’s net position. High occupancy rates and a reduction in debt service payments, due to prior years refunding, had the biggest impact on the increase in net position.

Revenues by Source – Business-Type Activities



**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

Financial Analysis of the Government's Funds

Governmental funds. The focus of the HRA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the HRA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the HRA itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the HRA's Board of Commissioners.

Governmental fund balance is reported in five separate categories: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include prepaid items and long-term receivables. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted by grantors. Committed fund balance includes amounts that may be set aside by the HRA's Board of Commissioners for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside for a specific purpose. Unassigned fund balance includes all remaining amounts.

As of December 31, 2015, the HRA's governmental funds reported combined fund balances of \$10,556,951, an increase of \$1,892,083 in comparison with the prior year. Of this fund balance, \$32,101 was in nonspendable fund balances comprised of prepaid items, non-current advances to other funds and long-term notes receivable. Another \$1,971,589 is restricted by grant agreements, contracts and laws and regulations. Of the remaining fund balance, \$9,269,969 is committed for specific purposes and a deficit of \$716,708 unassigned.

The HRA's General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. As of December 31, 2015, the General Fund had a fund balance of \$5,591,896, which represents approximately 53 percent of all governmental fund balances. Of this amount, \$19,063 relates to prepaid items and is nonspendable, \$1,834,202 is restricted by external parties, \$1,480,861 has been committed by the HRA's Board of Commissioners and \$2,257,770 is unassigned.

The HRA has established two reserve funds to preserve adequate financial flexibility for the HRA. First, a minimum unassigned fund balance has been established which as of December 31, 2015 totals \$1,938,120. This represents three months of the next fiscal year's budget operating expenses for the proprietary funds plus 50% of the next fiscal year's budgeted General Fund expenditures. In addition, the HRA has a Long-Term Capital Reserve Fund of \$3,051,408 to fund needed future capital improvements at the properties.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

During the fiscal year ended December 31, 2015, the General Fund's fund balance increased by \$458,154. This increase is comprised of revenues in excess of expenditures of \$591,688 and net transfer out of \$133,534 relates to the transfer of surplus cash flows from the properties net of capital expenditures at the properties reimbursed from the General Fund.

The Housing Assistance Fund accounts for the receipt and expenditure of restricted grant proceeds under the U.S. Department of Housing and Urban Development (HUD) Section 8 Choice Voucher program, along with other miscellaneous state programs with similar missions. The activity in this fund are mostly expenditure driven, therefore revenues are generally recognized when qualifying grant expenditures are made. The year end fund balance of the Housing Assistance Fund increased \$44,563 from prior year to \$139,252, of which \$2,498 is nonspendable, \$136,780 is restricted and a deficit of \$26 is unassigned.

The Community Development Fund primarily accounts for activities related to future HRA constructed housing developments or other housing programs which will assist private developers or municipalities create new affordable housing developments. As of December 31, 2015 the fund balance for the Community Development Fund was \$7,584,392. The Community Development Fund had an increase in fund balance of \$1,423,307 during the fiscal year ended December 31, 2015.

The Home Ownership Fund accounts for the receipt and expenditure of restricted grant proceeds from HUD and the State of Minnesota for foreclosure and home ownership counseling. As of December 31, 2015 the fund balance for the Home Ownership Fund was \$624.

The year-end Tax Increment Fund deficit was \$2,759,213, a decrease of \$23,329 from prior year. Future TIF revenues received will be used to reduce the fund deficit.

The Community Land Trust, LLC Fund was created to account for consulting services provided by the HRA to an unrelated nonprofit organization that specializes in land development and affordable housing. There was no fund balance as of December 31, 2015.

Proprietary funds. The HRA's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Public Housing Fund at the end of the year amounted to \$629,178 and total net position decreased by \$146,112. This decrease was primarily related to operating results.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

Unrestricted net position of the Senior Housing Fund at the end of the year was a deficit of \$988,529 and total net position increased by \$587,226. Of this increase, \$907,716 relates to an increase in net position from operations and the remainder relates to nonoperating revenues, expenses and transfers between funds.

Unrestricted net position of the Family Housing Fund at the end of the year was a deficit of \$647,732 and total net position increased by \$1,574,705. Of this increase, \$658,213 relates to an increase in net position from operations and the remainder relates to nonoperating revenues, expenses and transfers between funds.

Unrestricted net position of Briar Pond, LLC, at the end of the year amounted to \$798,402 and total net position increased by \$426,956. Of this increase, \$823,715 relates to an increase in net position from operations and the remainder relates to nonoperating revenues, expenses and transfers between funds.

Unrestricted net position of Managing Member Partnership Fund, at the end of the year amounted to \$3,112,836 and total net position increased by \$1,360,900. Of this increase, \$54,841 relates to an increase in net position from operations and the remainder relates to nonoperating revenues, expenses and transfers between funds. This includes a transfer in of land and cash of \$1,312,434, which was used to invest in the Piccadilly Square of Mahtomedi, LLC project.

Other factors concerning the finances of these funds have already been addressed in the discussion of the HRA's business-type activities.

General Fund Budgetary Highlights

During the year there was no need for any amendments to increase either the original estimated revenues or the original budgeted appropriations. The budget for the fiscal year anticipated a net increase in fund balance of \$153,800. The actual net change in fund balance was an increase of \$458,154 for a positive variance of \$304,354. The variance is primarily attributed to the following factors:

- Revenues were under budget by \$26,654. This was primarily attributable to the over budgeting of tax levy monies and charges for services to be received within the general fund.
- Expenditures were under budget by \$216,542. This was primarily attributable to lower than expected salary and benefit costs and less fees related to outside professional services than expected.
- Net transfers were over budget by \$114,466 due to property tax levy being transferred to the properties to reimburse them for capital improvements.

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

Capital Asset and Debt Administration

Capital assets. The HRA's investment in capital assets for its governmental and business type activities as of December 31, 2015 amounts to \$47,097,518 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, furniture and fixtures, and construction in progress. The HRA's total investment in capital assets during the current fiscal year was \$1,159,791.

Major capital asset events during the current fiscal year included the following:

- Replacement of roof and windows at Brick pond totaling \$153,194.
- Exterior rehabilitation project at Park Place Apartments I and II totaling \$880,693

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$424,186	\$424,186	\$4,559,053	\$4,559,053	\$4,983,239	\$4,983,239
Buildings and structures	1,828,425	1,877,842	39,122,416	40,459,736	40,950,841	42,337,578
Furniture and fixtures	153,780	166,595	53,797	71,518	207,577	238,113
Construction in progress	-	-	955,861	208,481	955,861	208,481
	<u>\$2,406,391</u>	<u>\$2,468,623</u>	<u>\$44,691,127</u>	<u>\$45,298,788</u>	<u>\$47,097,518</u>	<u>\$47,767,411</u>

The amount of outstanding construction commitments at December 31, 2015 was \$108,744. Additional information on the HRA's capital assets can be found in Note 6.

Long-term debt. At the end of the current fiscal year, the HRA had total debt outstanding of \$61,801,100. Of this amount, \$45,015,000 is debt backed by the full faith and credit of Washington County, Minnesota. At December 31, 2015, the County had an Aaa bond rating from Moody's Investor Services and AAA from Standard & Poor's. These bonds are also secured by the pooled gross rent receipts and other operating revenues of the properties and by pledged tax levy and tax increment revenues.

**Outstanding Debt (notes, loans mortgages and bonds payable)
December 31**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Notes, loans and mortgages	\$4,716,856	\$5,060,694	\$10,879,244	\$10,541,449	\$15,596,100	\$15,602,143
Bonds payable	-	-	46,205,000	37,320,000	46,205,000	37,320,000
	<u>\$4,716,856</u>	<u>\$5,060,694</u>	<u>\$57,084,244</u>	<u>\$47,861,449</u>	<u>\$61,801,100</u>	<u>\$52,922,143</u>

**Washington County Housing and Redevelopment Authority
Management's Discussion and Analysis
Year Ended December 31, 2015**

The HRA's total debt increased by \$8,878,957 (16.8 percent) during the current fiscal year. The reason for the increase was due to the issuance of the Series 2015A bonds in the amount of \$10,955,000, which were used for the Piccadilly Square of Mahtomedi, LLC project, net of regularly scheduled principal reductions on the existing outstanding debt.

Additional information on the HRA's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets. Federal appropriation levels will continue to have an impact on the HRA's economic position. The HRA received \$3,318,277 in federal funding for the fiscal year ending December 31, 2015. Funding for the HRA's federal programs is affected by the Congressional legislation and the federal budget deficits. If federal funding is enacted it may be necessary to further reduce costs and/or services.

Requests for information. This financial report is designed to provide a general overview of the HRA's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director of the Washington County Housing Redevelopment Authority, 7645 Currell Boulevard, Woodbury, Minnesota 55125.

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BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION

Statement 1

December 31, 2015

With Comparative Totals for December 31, 2014

	Primary Government				Discretely Presented Component Units 2015
	Governmental Activities	Business-Type Activities	Total		
			2015	2014	
Assets:					
Cash, cash equivalents and investments	\$5,457,357	\$1,886,191	\$7,343,548	\$6,703,695	\$398,900
Accounts receivable - net	18,120	6,884	25,004	22,131	66
Interest receivable	73,011	198,285	271,296	78,588	-
Property taxes receivable	71,161	-	71,161	76,022	-
Internal balances	500,000	(500,000)	-	-	-
Due from other governmental units	165,006	23,081	188,087	346,422	-
Prepaid items	32,101	368,761	400,862	369,532	21,487
Property held for resale	130,598	-	130,598	1,704,097	-
Notes and mortgages receivable:					
Current	-	386,261	386,261	371,477	-
Long-term	5,011,549	16,926,983	21,938,532	9,187,789	-
Investment in limited partnerships	-	1,844,750	1,844,750	500,621	-
Restricted cash and investments	2,350,703	11,297,744	13,648,447	12,754,861	11,378,814
Capital assets (net of accumulated depreciation):					
Land	424,186	4,559,053	4,983,239	4,983,239	1,984,967
Construction in progress	-	955,861	955,861	208,481	3,348,198
Building and structures	1,828,425	39,122,416	40,950,841	42,337,578	8,393,215
Furniture and fixtures	153,780	53,797	207,577	238,113	148,668
Other assets	-	-	-	-	360,459
Total assets	<u>16,215,997</u>	<u>77,130,067</u>	<u>93,346,064</u>	<u>79,882,646</u>	<u>26,034,774</u>
Deferred outflows of resources:					
Unamortized loss on refunding	-	925,014	925,014	1,030,182	-
Total deferred outflows of resources	<u>0</u>	<u>925,014</u>	<u>925,014</u>	<u>1,030,182</u>	<u>0</u>
Liabilities:					
Accounts, wages and benefits payable	142,724	233,407	376,131	322,554	32,118
Accrued interest payable	46,147	685,610	731,757	618,177	196,804
Security deposits payable	15,714	406,155	421,869	462,491	21,397
Contracts payable	-	86,731	86,731	13,894	1,298,399
Due to other governmental units	40,000	402,411	442,411	464,066	30,689
Unearned revenue	52,937	6,717	59,654	1,079,393	1,241
Accrued developer fee	-	-	-	-	456,738
Compensated absences payable:					
Due within one year	8,565	-	8,565	7,644	-
Due in more than one year	77,081	-	77,081	68,795	-
Deferred gain on sale of property	-	463,628	463,628	513,039	-
Due to primary government:					
Due within one year	110,486	-	110,486	99,683	-
Due in more than one year	1,824,868	-	1,824,868	1,935,354	-
Notes, mortgages, and bonds payable:					
Due within one year	192,903	2,365,045	2,557,948	2,961,846	17,923
Due in more than one year	2,588,599	55,386,897	57,975,496	48,360,533	15,382,961
Total liabilities	<u>5,100,024</u>	<u>60,036,601</u>	<u>65,136,625</u>	<u>56,907,469</u>	<u>17,438,270</u>
Deferred inflows of resources:					
Unamortized gain on refunding	-	507,806	507,806	624,986	-
Total deferred inflows of resources	<u>0</u>	<u>507,806</u>	<u>507,806</u>	<u>624,986</u>	<u>0</u>
Net position:					
Net investment in capital assets	738,936	3,308,775	4,047,711	2,709,697	8,193,164
Restricted for:					
Bond indenture purposes	1,834,826	11,297,744	13,132,570	12,388,409	-
Grant funded housing purposes	2,389,819	-	2,389,819	1,998,914	-
Unrestricted	6,152,392	2,904,155	9,056,547	6,283,353	403,340
Total net position	<u>\$11,115,973</u>	<u>\$17,510,674</u>	<u>\$28,626,647</u>	<u>\$23,380,373</u>	<u>\$8,596,504</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

Statement 2

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Discretely Presented Component Units 2015
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Primary Government		
							2015	2014	
Governmental activities:									
General government	\$1,141,670	\$419,508	\$4,277	\$ -	(\$717,885)	\$ -	(\$717,885)	(\$792,241)	\$ -
Housing assistance	4,080,358	331,899	3,792,798	-	44,339	-	44,339	(15,992)	-
Community development	1,547,059	696,537	2,025,606	-	1,175,084	-	1,175,084	(370,811)	-
Home ownership	160,565	3,248	146,705	-	(10,612)	-	(10,612)	(5,983)	-
Tax increment financing	1,339	-	-	-	(1,339)	-	(1,339)	(1,119)	-
Community land trust	95,127	95,127	-	-	-	-	-	-	-
Interest on debt	147,813	-	-	-	(147,813)	-	(147,813)	(175,945)	-
Total governmental activities	<u>7,173,931</u>	<u>1,546,319</u>	<u>5,969,386</u>	<u>0</u>	<u>341,774</u>	<u>0</u>	<u>341,774</u>	<u>(1,362,091)</u>	<u>0</u>
Business-type activities:									
Housing	8,692,258	8,105,621	1,200,106	162,068	-	775,537	775,537	628,788	-
Total primary government	<u>\$15,866,189</u>	<u>\$9,651,940</u>	<u>\$7,169,492</u>	<u>\$162,068</u>	<u>341,774</u>	<u>775,537</u>	<u>1,117,311</u>	<u>(733,303)</u>	<u>0</u>
Discretely Presented Component Units	<u>\$1,012,009</u>	<u>\$696,170</u>	<u>\$ -</u>	<u>\$7,023,645</u>					<u>6,707,806</u>
General revenues:									
General property taxes					2,430,476	1,094,255	3,524,731	3,392,593	-
Tax increments					124,747	-	124,747	121,612	-
Unrestricted investment earnings					21,155	308,162	329,317	252,658	24
Gain on disposal of capital assets					-	49,412	49,412	1,042,050	-
Insurance recoveries					-	100,756	100,756	32,368	-
Extraordinary item - impairment gain					-	-	-	189,640	-
Transfers					(1,475,553)	1,475,553	-	-	-
Total general revenues and transfers					<u>1,100,825</u>	<u>3,028,138</u>	<u>4,128,963</u>	<u>5,030,921</u>	<u>24</u>
Change in net position					1,442,599	3,803,675	5,246,274	4,297,618	6,707,830
Net position - January 1					9,673,374	13,706,999	23,380,373	19,082,755	1,888,674
Net position - December 31					<u>\$11,115,973</u>	<u>\$17,510,674</u>	<u>\$28,626,647</u>	<u>\$23,380,373</u>	<u>\$8,596,504</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2015

With Comparative Totals For December 31, 2014

	<u>General Fund</u>	<u>Housing Assistance Fund</u>
Assets		
Cash, cash equivalents and investments	\$3,131,304	\$202,649
Restricted cash	2,345,703	-
Accounts receivable - net	14,903	-
Interest receivable	195	-
Property taxes receivable	71,161	-
Due from other funds	116,921	-
Due from other governmental units	-	96,768
Prepaid items	19,063	2,498
Advances to other funds	-	-
Property held for resale	-	-
Note receivable	-	-
Total assets	<u>\$5,699,250</u>	<u>\$301,915</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$36,518	\$16,741
Security deposits payable	-	15,714
Due to other funds	-	71,166
Due to other governmental units	-	-
Accrued wages and benefits payable	23,536	9,111
Advances from other funds	-	-
Unearned revenue - grants	-	49,931
Total liabilities	<u>60,054</u>	<u>162,663</u>
Deferred inflows of resources:		
Unavailable revenue	47,300	-
Total deferred inflows of resources	<u>47,300</u>	<u>-</u>
Fund balance:		
Nonspendable	19,063	2,498
Restricted	1,834,202	136,780
Committed	1,480,861	-
Unassigned	2,257,770	(26)
Total fund balance	<u>5,591,896</u>	<u>139,252</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$5,699,250</u>	<u>\$301,915</u>

Fund balance reported above

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

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

Community Development Fund	Home Ownership Counseling Fund	Tax Increment Fund	Community Land Trust LLC Fund	Intra-Activity Eliminations	Total Governmental Funds	
					2015	2014
\$2,109,455	\$4,777	\$9,172	\$ -	\$ -	\$5,457,357	\$5,461,398
5,000	-	-	-	-	2,350,703	2,353,791
3,217	-	-	13,548	(13,548)	18,120	9,558
72,816	-	-	-	-	73,011	59,028
-	-	-	-	-	71,161	76,022
-	-	-	-	(116,921)	-	39
56,362	11,876	-	-	-	165,006	162,407
10,499	41	-	-	-	32,101	14,015
3,268,385	-	-	-	(2,768,385)	500,000	500,000
130,598	-	-	-	-	130,598	1,704,097
5,011,549	-	-	-	-	5,011,549	3,329,545
<u>\$10,667,881</u>	<u>\$16,694</u>	<u>\$9,172</u>	<u>\$13,548</u>	<u>(\$2,898,854)</u>	<u>\$13,809,606</u>	<u>\$13,669,900</u>
\$39,482	\$323	\$ -	\$13,548	(\$13,548)	\$93,064	\$40,587
-	-	-	-	-	15,714	55,014
36,356	9,399	-	-	(116,921)	-	-
40,000	-	-	-	-	40,000	61,135
13,671	3,342	-	-	-	49,660	46,509
-	-	2,768,385	-	(2,768,385)	-	-
-	3,006	-	-	-	52,937	1,076,476
<u>129,509</u>	<u>16,070</u>	<u>2,768,385</u>	<u>13,548</u>	<u>(2,898,854)</u>	<u>251,375</u>	<u>1,279,721</u>
2,953,980	-	-	-	-	3,001,280	3,725,311
<u>2,953,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,001,280</u>	<u>3,725,311</u>
10,499	41	-	-	-	32,101	14,015
-	607	-	-	-	1,971,589	2,079,977
7,789,108	-	-	-	-	9,269,969	7,850,939
(215,215)	(24)	(2,759,213)	-	-	(716,708)	(1,280,063)
<u>7,584,392</u>	<u>624</u>	<u>(2,759,213)</u>	<u>0</u>	<u>0</u>	<u>10,556,951</u>	<u>8,664,868</u>
<u>\$10,667,881</u>	<u>\$16,694</u>	<u>\$9,172</u>	<u>\$13,548</u>	<u>(\$2,898,854)</u>	<u>\$13,809,606</u>	<u>\$13,669,900</u>
					\$10,556,951	\$8,664,868
					2,406,391	2,468,623
					3,001,280	3,725,311
					(4,848,649)	(5,185,428)
					<u>\$11,115,973</u>	<u>\$9,673,374</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

With Comparative Totals For The Year Ended December 31, 2014

	General Fund	Housing Assistance Fund	Community Development Fund
Revenues:			
General property taxes	\$1,382,573	\$ -	\$1,058,867
Intergovernmental	4,277	3,792,798	2,025,606
Tax increments	-	-	-
Charges for services:			
Administrative fees	514,635	328,662	169,047
Bond issuance, origination fees	-	-	3,809
Investment income	5,561	224	26,945
Other	-	3,237	220,839
Total revenues	<u>1,907,046</u>	<u>4,124,921</u>	<u>3,505,113</u>
Expenditures:			
Current:			
General government	1,165,358	-	-
Housing assistance	-	4,080,358	-
Community development	-	-	1,547,059
Home ownership counseling	-	-	-
Tax increment financing	-	-	-
Community land trust	-	-	-
Debt service:			
Principal	129,002	-	176,263
Interest and other	20,998	-	46,465
Total expenditures	<u>1,315,358</u>	<u>4,080,358</u>	<u>1,769,787</u>
Revenues over (under) expenditures	<u>591,688</u>	<u>44,563</u>	<u>1,735,326</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Proceeds from sale of land held for resale	-	-	1,030,000
Transfer from other funds	794,814	-	-
Transfer to other funds	(928,348)	-	(1,342,019)
Total other financing sources (uses)	<u>(133,534)</u>	<u>0</u>	<u>(312,019)</u>
Net change in fund balance	458,154	44,563	1,423,307
Fund balance (deficit) - January 1	<u>5,133,742</u>	<u>94,689</u>	<u>6,161,085</u>
Fund balance (deficit) - December 31	<u><u>\$5,591,896</u></u>	<u><u>\$139,252</u></u>	<u><u>\$7,584,392</u></u>

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

Home Ownership Counseling Fund	Tax Increment Fund	Community Land Trust LLC Fund	Intra-Activity Eliminations	Total Governmental Funds	
				2015	2014
\$ -	\$ -	\$ -	\$ -	\$2,441,440	\$2,314,464
146,705	-	-	-	5,969,386	4,031,870
-	124,747	-	-	124,747	121,612
3,248	-	95,127	(95,127)	1,015,592	876,314
-	-	-	-	3,809	4,626
-	-	-	(25,666)	7,064	35,624
-	-	-	-	224,076	149,752
<u>149,953</u>	<u>124,747</u>	<u>95,127</u>	<u>(120,793)</u>	<u>9,786,114</u>	<u>7,534,262</u>
-	-	-	(95,127)	1,070,231	1,171,367
-	-	-	-	4,080,358	4,010,120
-	-	-	-	1,547,059	662,738
160,565	-	-	-	160,565	185,839
-	1,339	-	-	1,339	1,119
-	-	95,127	-	95,127	84,294
-	38,573	-	-	343,838	280,309
-	108,164	-	(25,666)	149,961	188,308
<u>160,565</u>	<u>148,076</u>	<u>95,127</u>	<u>(120,793)</u>	<u>7,448,478</u>	<u>6,584,094</u>
<u>(10,612)</u>	<u>(23,329)</u>	<u>0</u>	<u>0</u>	<u>2,337,636</u>	<u>950,168</u>
-	-	-	-	-	234,494
-	-	-	-	1,030,000	-
-	-	-	(41,300)	753,514	811,366
-	-	-	41,300	(2,229,067)	(1,649,782)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(445,553)</u>	<u>(603,922)</u>
(10,612)	(23,329)	-	-	1,892,083	346,246
<u>11,236</u>	<u>(2,735,884)</u>	<u>-</u>	<u>-</u>	<u>8,664,868</u>	<u>8,318,622</u>
<u>\$624</u>	<u>(\$2,759,213)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,556,951</u>	<u>\$8,664,868</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS**

Statement 5

For The Year Ended December 31, 2015

With Comparative Amounts For The Year Ended December 31, 2014

	<u>2015</u>	<u>2014</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$1,892,083	\$346,246
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
- Current year depreciation	(62,232)	(62,232)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.	-	(63,894)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
- Property taxes	(10,964)	(16,126)
- Interest accrued on long term receivable	860,432	(27,488)
- Sale of property held for resale	(1,573,499)	-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. These amounts are the net effect of these differences in the treatment of long-term debt and related items.		
- Principal payment on long-term debt	343,838	280,309
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
- Other expenses	(7,059)	21,364
Change in net position of governmental activities (Statement 2)	<u>\$1,442,599</u>	<u>\$478,179</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2015
 With Comparative Totals For December 31, 2014

Statement 6
 Page 1 of 2

	Public Housing Fund	Senior Housing Fund	Family Housing Fund	Briar Pond LLC	Managing Member Partnership	Total Proprietary Funds	
						2015	2014
Assets:							
Current assets:							
Cash and cash equivalents	\$664,712	\$85,389	\$178,616	\$957,328	\$146	\$1,886,191	\$1,242,297
Restricted cash and investments	55,360	5,928,499	4,006,984	1,081,372	225,529	11,297,744	10,401,070
Accounts receivable - tenants	11,145	5,604	2,711	878	-	20,338	22,525
Accounts receivable - other	-	-	-	-	324	324	48
Allowance for doubtful accounts	(10,600)	(600)	(1,700)	(878)	-	(13,778)	(10,000)
Due from other governments	73	10,693	7,926	4,389	-	23,081	184,015
Interest receivable	-	-	-	-	198,285	198,285	19,560
Prepaid items	34,579	139,564	92,681	101,937	-	368,761	355,517
Capital lease receivable	-	-	386,261	-	-	386,261	371,477
Total current assets	<u>755,269</u>	<u>6,169,149</u>	<u>4,673,479</u>	<u>2,145,026</u>	<u>424,284</u>	<u>14,167,207</u>	<u>12,586,509</u>
Noncurrent assets:							
Other assets:							
Capital lease receivable - long term	-	-	4,002,983	-	-	4,002,983	4,389,244
Due from component unit	-	-	-	-	12,924,000	12,924,000	1,469,000
Investment in limited partnerships	-	-	-	-	1,844,750	1,844,750	500,621
Total other assets	<u>0</u>	<u>0</u>	<u>4,002,983</u>	<u>0</u>	<u>14,768,750</u>	<u>18,771,733</u>	<u>6,358,865</u>
Capital assets:							
Land	1,242,004	1,970,768	898,413	447,868	-	4,559,053	4,559,053
Projects in process	-	23,301	932,560	-	-	955,861	208,481
Buildings and structures	9,118,836	28,787,074	16,678,521	12,591,780	-	67,176,211	66,881,217
Furniture and fixtures	-	251,120	125,916	138,666	-	515,702	515,702
Total capital assets	<u>10,360,840</u>	<u>31,032,263</u>	<u>18,635,410</u>	<u>13,178,314</u>	<u>0</u>	<u>73,206,827</u>	<u>72,164,453</u>
Less: Accumulated depreciation	<u>(3,488,149)</u>	<u>(10,154,064)</u>	<u>(8,072,815)</u>	<u>(6,800,672)</u>	<u>-</u>	<u>(28,515,700)</u>	<u>(26,865,665)</u>
Net capital assets	<u>6,872,691</u>	<u>20,878,199</u>	<u>10,562,595</u>	<u>6,377,642</u>	<u>0</u>	<u>44,691,127</u>	<u>45,298,788</u>
Total noncurrent assets	<u>6,872,691</u>	<u>20,878,199</u>	<u>14,565,578</u>	<u>6,377,642</u>	<u>14,768,750</u>	<u>63,462,860</u>	<u>51,657,653</u>
Total assets	<u>7,627,960</u>	<u>27,047,348</u>	<u>19,239,057</u>	<u>8,522,668</u>	<u>15,193,034</u>	<u>77,630,067</u>	<u>64,244,162</u>
Deferred outflows of resources:							
Unamortized loss on refunding	-	467,092	189,853	268,069	-	925,014	1,030,182
Total deferred outflows of resources	<u>0</u>	<u>467,092</u>	<u>189,853</u>	<u>268,069</u>	<u>0</u>	<u>925,014</u>	<u>1,030,182</u>

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2015
 With Comparative Totals For December 31, 2014

Statement 6
 Page 2 of 2

	Public Housing Fund	Senior Housing Fund	Family Housing Fund	Briar Pond LLC	Managing Member Partnership	Total Proprietary Funds	
						2015	2014
Liabilities:							
Current liabilities:							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$39
Accounts payable	10,750	75,057	104,802	42,342	472	233,423	235,458
Due to other governmental units	16,079	160,573	127,298	98,445	-	402,395	402,931
Unearned revenue - rent	823	3,272	1,382	1,240	-	6,717	2,917
Advances from other funds	-	500,000	-	-	-	500,000	500,000
Current liabilities payable from restricted assets:							
Accrued interest payable	66	310,521	207,327	34,436	133,260	685,610	569,882
Security deposits payable	43,013	179,756	94,597	88,789	-	406,155	407,477
Contracts payable	-	-	86,731	-	-	86,731	13,894
Current portion of long-term debt	444	1,094,860	1,074,676	195,065	-	2,365,045	2,232,206
Total current liabilities payable from restricted assets	43,523	1,585,137	1,463,331	318,290	133,260	3,543,541	3,223,459
Total current liabilities	71,175	2,324,039	1,696,813	460,317	133,732	4,686,076	4,364,804
Noncurrent liabilities:							
Deferred gain on sale of property	-	-	463,628	-	-	463,628	513,039
Long-term debt	5,762	16,771,487	16,442,289	342,222	11,220,937	44,782,697	35,685,272
Notes and mortgages payable	389,291	-	197,010	9,517,899	500,000	10,604,200	10,379,244
Total noncurrent liabilities	395,053	16,771,487	17,102,927	9,860,121	11,720,937	55,850,525	46,577,555
Total liabilities	466,228	19,095,526	18,799,740	10,320,438	11,854,669	60,536,601	50,942,359
Deferred inflows of resources:							
Unamortized gain on refunding	-	-	507,806	-	-	507,806	624,986
Total deferred inflows of resources	0	0	507,806	0	0	507,806	624,986
Net position:							
Net investment in capital assets	6,477,194	3,478,944	(3,237,888)	(3,409,475)	-	3,308,775	2,037,531
Restricted for bond indenture purposes	55,360	5,928,499	4,006,984	1,081,372	225,529	11,297,744	10,401,070
Unrestricted	629,178	(988,529)	(647,732)	798,402	3,112,836	2,904,155	1,268,398
Total net position	\$7,161,732	\$8,418,914	\$121,364	(\$1,529,701)	\$3,338,365	\$17,510,674	\$13,706,999

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

Statement 7

	Public Housing Fund	Senior Housing Fund	Family Housing Fund	Briar Pond LLC	Managing Member Partnership	Total Proprietary Funds	
						2015	2014
Operating revenues:							
Rental income	\$352,627	\$2,849,569	\$2,542,470	\$2,150,035	\$ -	\$7,894,701	\$8,011,968
Service income	4,779	21,546	4,721	-	-	31,046	38,302
HUD rent subsidies	284,284	687,342	-	-	-	971,626	1,071,028
Other	9,653	30,911	68,164	16,303	54,843	179,874	147,188
Total operating revenues	651,343	3,589,368	2,615,355	2,166,338	54,843	9,077,247	9,268,486
Operating expenses:							
Marketing	940	15,869	14,397	11,442	-	42,648	50,866
Management fee	74,759	357,911	258,356	189,915	-	880,941	969,010
Legal	8,651	3,256	20,802	6,364	-	39,073	49,608
Administrative	8,166	96,303	29,776	22,361	2	156,608	171,125
Operating	121,446	51,429	51,610	29,212	-	253,697	266,151
Maintenance	276,520	849,811	660,475	424,615	-	2,211,421	2,608,916
Utilities	48,866	256,127	257,543	184,929	-	747,465	900,280
Insurance	28,086	142,913	92,601	59,961	-	323,561	301,802
Property taxes	14,413	174,030	156,637	99,030	-	444,110	404,722
Depreciation	303,710	734,003	414,945	314,794	-	1,767,452	1,794,690
Total operating expenses	885,557	2,681,652	1,957,142	1,342,623	2	6,866,976	7,517,170
Operating income (loss)	(234,214)	907,716	658,213	823,715	54,841	2,210,271	1,751,316
Nonoperating revenues (expenses):							
Investment income	433	434	128,302	888	178,105	308,162	164,522
Intergovernmental	-	203,930	177,869	8,749	-	390,548	334,090
Gain (loss) on asset disposition	-	-	49,412	-	-	49,412	871,450
Insurance recoveries	6,793	58,357	35,606	-	-	100,756	32,368
Financial expense	(1,464)	(24,637)	(11,660)	(45,057)	(54,843)	(137,661)	(78,266)
Amortization of bond premium	-	15,373	37,916	-	3,623	56,912	53,289
Amortization of deferred gain (loss) on refunding	-	(75,825)	96,507	(8,671)	-	12,011	9,845
Interest expense	(373)	(661,678)	(529,121)	(378,413)	(133,260)	(1,702,845)	(1,687,819)
Property tax revenue	107,698	605,860	354,076	26,621	-	1,094,255	1,094,255
Developer fees	-	-	-	-	-	-	319,000
Other	(40,167)	(11,279)	(1,377)	(876)	-	(53,699)	(72,667)
Total nonoperating revenues (expenses)	72,920	110,535	337,530	(396,759)	(6,375)	117,851	1,040,067
Income (loss) before contributions and transfers	(161,294)	1,018,251	995,743	426,956	48,466	2,328,122	2,791,383
Extraordinary item - impairment gain, net	-	-	-	-	-	-	189,640
Transfers:							
Transfers from other funds	15,182	58,989	842,462	-	1,312,434	2,229,067	3,300,404
Transfers to other funds	-	(490,014)	(263,500)	-	-	(753,514)	(2,461,988)
Total transfers	15,182	(431,025)	578,962	0	1,312,434	1,475,553	838,416
Change in net position	(146,112)	587,226	1,574,705	426,956	1,360,900	3,803,675	3,819,439
Net position - January 1	7,307,844	7,831,688	(1,453,341)	(1,956,657)	1,977,465	13,706,999	9,887,560
Net position - December 31	\$7,161,732	\$8,418,914	\$121,364	(\$1,529,701)	\$3,338,365	\$17,510,674	\$13,706,999

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

Statement 8

	Public	Senior	Family	Briar Pond	Managing	Total Proprietary Funds	
	Housing Fund	Housing Fund	Housing Fund	LLC	Member Partnership	2015	2014
Cash flows from operating activities:							
Receipts from customers and users	\$640,286	\$3,673,249	\$2,547,745	\$2,157,116	\$54,567	\$9,072,963	\$8,973,017
Payment to suppliers for goods and services	(589,884)	(2,004,131)	(1,505,601)	(1,018,361)	(11,255)	(5,129,232)	(5,895,308)
Miscellaneous income (loss)	(30,514)	19,632	66,787	15,427	-	71,332	74,521
Net cash flows from operating activities	19,888	1,688,750	1,108,931	1,154,182	43,312	4,015,063	3,152,230
Cash flows from noncapital financing activities:							
Transfers in	-	-	-	-	237,834	237,834	22,001
Transfers out	-	(490,014)	(263,500)	-	(269,560)	(1,023,074)	(1,311,988)
Due to/from other funds - net change	-	-	-	-	(39)	(39)	39
Net cash flows from noncapital financing activities	0	(490,014)	(263,500)	0	(31,765)	(785,279)	(1,289,948)
Cash flows from capital and related financing activities:							
Property taxes	107,698	605,860	354,076	26,621	-	1,094,255	1,094,255
Transfers in	15,182	58,989	842,462	-	-	916,633	1,627,782
Proceeds from sale of capital assets	-	-	-	-	-	-	2,345,000
Federal recovery zone credits	2	204,185	178,058	56,657	-	438,902	334,578
Insurance proceeds on damage to capital assets	6,793	58,357	35,606	-	-	100,756	279,721
Principal receipts on capital lease receivable	-	-	341,477	-	-	341,477	356,095
Fiscal agent costs and other debt related fees	(1,464)	(20,038)	25,217	(44,835)	(51,220)	(92,340)	(57,845)
Purchase of capital assets	(16,994)	(102,665)	(953,407)	-	-	(1,073,066)	(1,887,085)
Interest paid on long-term debt	(374)	(670,981)	(536,726)	(379,035)	-	(1,587,116)	(1,759,865)
Principal payments on long-term debt	(443)	(1,071,197)	(963,658)	(188,825)	-	(2,224,123)	(4,496,198)
Net proceeds from long-term debt	-	-	-	-	11,720,937	11,720,937	-
Issuance of loans receivable	-	-	-	-	(11,455,000)	(11,455,000)	-
Net cash flows from capital and related financing activities	110,400	(937,490)	(676,895)	(529,417)	214,717	(1,818,685)	(2,163,562)
Cash flows from investing activities:							
Investment income	433	434	128,303	888	(589)	129,469	144,990
Net increase (decrease) in cash and cash equivalents	130,721	261,680	296,839	625,653	225,675	1,540,568	(156,290)
Cash and cash equivalents - January 1	589,351	5,752,208	3,888,761	1,413,047	-	11,643,367	11,799,657
Cash and cash equivalents - December 31	\$720,072	\$6,013,888	\$4,185,600	\$2,038,700	\$225,675	\$13,183,935	\$11,643,367
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	(\$234,214)	\$907,716	\$658,213	\$823,715	\$54,841	\$2,210,271	\$1,751,316
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	303,710	734,003	414,945	314,794	-	1,767,452	1,794,690
Miscellaneous income (loss)	(40,167)	(11,279)	(1,377)	(876)	-	(53,699)	(72,667)
Changes in assets and liabilities:							
Decrease (increase) in receivables	2,884	111,451	1,266	2,944	(276)	118,269	(143,783)
Decrease (increase) prepaid items	(9,393)	(673)	(2,289)	(889)	-	(13,244)	6,275
Increase (decrease) accounts payable	(325)	(60,172)	36,776	7,354	463	(15,904)	(165,537)
Increase (decrease) security deposits payable	(4,022)	1,621	(1,933)	3,012	-	(1,322)	(5,065)
Increase (decrease) due to other governments	1,681	4,363	2,109	3,003	(11,716)	(560)	(13,566)
Increase (decrease) unearned revenue	(266)	1,720	1,221	1,125	-	3,800	567
Total adjustments	254,102	781,034	450,718	330,467	(11,529)	1,804,792	1,400,914
Net cash provided by operating activities	\$19,888	\$1,688,750	\$1,108,931	\$1,154,182	\$43,312	\$4,015,063	\$3,152,230
Noncash investing, capital and financing activities:							
Assumption of Note Payable by Buyer on sale of Parkside	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$175,000
Note Receivable received on sale of Parkside	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,150,000
Note Receivable transferred to Managing Member Partnership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,150,000

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges to external customers for support.

B. REPORTING ENTITY

The Washington County Housing and Redevelopment Authority, Woodbury, Minnesota, (HRA) operates as a local government unit for the purpose of providing housing and redevelopment services to the Washington County, Minnesota area. The governing body of the HRA consists of a seven member board of commissioners (Board) appointed by the county commissioners to serve three-year terms.

Several of the HRA's bond issues have been backed by the full faith and credit of the County. This general obligation pledge has allowed the HRA to obtain lower borrowing costs for the purpose of financing the construction of housing facilities within the County. As such, the HRA is considered a discretely presented component unit of the County and is included in the County's basic financial statements.

Blended component units. The HRA has established several legally separate entities that are required to be included in the financial reporting entity as blended component units. In each instance, the HRA is the sole member of the LLC and the HRA's Board of Commissioners is also the Board of Governors of the LLC. In accordance with generally accepted accounting principles, Briar Pond, LLC, Community Land Trust, LLC, The Groves Managing Member, LLC and WCHRA Piccadilly Square, LLC have been included in the financial reporting entity as blended component units of the HRA. Briar Pond, LLC does separately issue financial statements, a copy can be obtained from the Finance Director of the Washington County Housing and Redevelopment Authority, 7645 Currell Boulevard, Woodbury, MN 55125, and is reported as an enterprise fund in the HRA's financial statement. The Groves Managing Member, LLC and The WCHRA Piccadilly Square, LLC do not separately issue financial statements and are reported as enterprise funds in the HRA's financial statements. The Community Land Trust, LLC does not separately issue financial statements and is reported as a governmental fund in the HRA's financial statements.

Discretely presented component units. The HRA is the general partner and managing member of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, low income housing tax credit limited partnerships. The limited partnerships were formed to construct and operate or rehabilitate and operate family and senior housing property in Washington County. The projects are financed, in part, with low income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. The HRA's ownership percentage in the limited partnerships is .01%, respectively. As general partner, the HRA controls the day-to-day operations of the partnerships. The limited partners have limited rights regarding the operations of the partnerships. See Note 17 for additional information on the discretely presented component units. Separate financial statements for the limited partnership can be obtained by contacting the Finance Director of the

Washington County Housing and Redevelopment Authority, 7645 Currell Boulevard, Woodbury, MN 55125.

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while the business-type activities column incorporates data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The primary government is reported separately from the discretely presented component units for which the primary government is financially accountable.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the HRA. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There are no remaining governmental and enterprise funds to be aggregated and reported as nonmajor funds.

The HRA reports the following major governmental funds:

The *General Fund* accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Housing Assistance Fund* is used to account for the administration of 520 units of rental assistance through the HUD-funded Housing Choice Voucher program and several smaller federal and state funded programs.

The *Community Development Fund* is used to account for related expenses to the HRA for land purchases, constructed housing developments, assisting developers with new affordable housing developments, various housing programs of the HRA, or other expenses related to assisting cities with affordable housing developments. Revenues for this program are derived from state and federal grants, special financing programs available to the HRA and property taxes.

The *Home Ownership Counseling Fund* is used to account for related expenses to provide counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The program also assists homeowners in need of foreclosure assistance. Federal and state grants fund this program.

The *Tax Increment Fund* accounts for the eligible expenses under state law for tax increment financing districts. It currently includes the Whispering Oaks TIF District, which is a redevelopment district. Whispering Oaks is the name of the once HRA-owned manufactured

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

home park. The City of Oakdale approved a redevelopment plan in 2006 for the property for a mixed housing type, mixed income development known as Red Oak Preserve.

The *Community Land Trust LLC Fund* accounts for the HRA's Community Land Trust LLC, a blended component unit, which provides consulting services to an unrelated nonprofit organization that specializes in land development and affordable housing. Revenues for this activity are administrative fees.

The *Home Ownership Counseling Fund, Tax Increment Fund, and Community Land Trust, LLC Fund*, are presented as major funds for public purpose interest.

The HRA reports the following major proprietary funds:

Public Housing Fund – was established to account for the operation of 96 units of rental housing within Washington County through the HUD funded Low-Rent Housing Program and Capital Fund Program. These units are owned and operated by the HRA but are subject to HUD's program rules and regulations. HUD provides subsidies for the operation, maintenance and improvement of these units.

Senior Housing Fund – was established to account for the resources accumulated and payments made for the acquisition, construction, improvement and operation of 401 units of bond-financed senior housing intended for seniors 55 years of age or older within the County.

Family Housing Fund – was established to account for the resources accumulated and payments made for the acquisition, construction, improvement and operation of 337 units of bond-financed, or other, family housing within the County.

Briar Pond, LLC – was established to account for operations of Briar Pond LLC, a blended component unit, which is comprised of four buildings and a total of 196 units. Unit styles are available in 1 bedroom and 2 bedroom apartments and 2 bedroom and 3 bedroom townhomes.

Managing Member Partnership – was established to account for the Authority's investment in and any transactions related to performing the duties of general partner and managing member of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in governmental activities (i.e. the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the HRA considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the HRA.

F. BUDGETARY INFORMATION

1. Budgetary basis of accounting

Budget requests are submitted by the HRA's Finance Director to the Board. The budget is adopted at a public meeting by the Board after sending certification of tax levies to the County Auditor. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for all funds, except for the Community Land Trust, LLC Fund.

Budgeted expenditure appropriations lapse at year end. The Executive Director and Finance Director are authorized to transfer appropriations within any fund budget. Interdepartmental or interfund appropriations and deletions are authorized by the Board with fund contingency reserves or additional revenues. The legal level of budgetary control is at the fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services; materials and supplies; contractual services; and capital outlay) within each program. All amounts over budget have been approved by the Board through the disbursement process.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
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Encumbrances represent outstanding purchase orders and unfulfilled commitments that are issued to outside vendors and budgeted in the current year but do not include amounts that are set up as liabilities, amounts for personal services to be performed by HRA employees and purchase orders applicable to the subsequent year's budget. Encumbrances lapse at year end.

As of December 31, 2015, no outstanding encumbrances existed.

G. ASSETS, LIABILITIES, DEFERRED OUTFLOW/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. Cash and cash equivalents

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

2. Investments

The HRA's investment policy requires compliance with State statutes which allow investments in obligations guaranteed by the U.S. Treasury or its agencies, mutual funds, general obligations of state and local governments, bankers' acceptances, commercial paper, repurchase agreements, and the Minnesota Association of Governments Investing for Counties. Investments are stated at fair value, based upon quoted market prices, except for investments that operate in conformity with all of the requirements of the Securities and Exchange Commission (SEC) rule 2a7. Rule 2a7, like external investment pools, are stated at amortized cost which approximates fair value. Investment income is accrued at the balance sheet date.

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

4. Restricted assets

Certain proceeds of the HRA's enterprise fund bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. For the purpose of the statement of cash flows, the proprietary funds treat restricted cash and cash equivalents the same as investments.

5. Capital assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the HRA as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	
Buildings and structures	40 years
Buildings and structures – HUD	30 years
Furniture and fixtures	7–15 years
Data processing	7 years

6. Tenant receivables

Tenant receivables are shown net of an allowance for doubtful accounts. Tenant receivables in excess of 60 days comprise the tenant receivable allowance. The amount at December 31, 2015 was \$13,778.

7. Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as “due to/from other funds.” All short-term interfund receivables and payables at December 31, 2015 are planned to be eliminated in 2015. Long-term interfund loans are classified as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources.

Property taxes and tenant receivables have been reported net of estimated uncollectible accounts. (See Note 1.H.2 and Note 1.G.6). Uncollectible amounts are not material for other receivables and have not been reported.

8. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The HRA has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the proprietary fund balance sheet and the government-wide statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The HRA has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes and notes receivable. In addition, in both the government-wide - governmental activities statement of net position and the governmental funds balance sheet, the HRA reports a deferred inflow for grants received in advance of meeting time requirements. The HRA has one item that is considered a deferred inflow of resources, which arises only under the full accrual basis of accounting. In the proprietary funds, gains that arose from the refunding of debt are considered a deferred inflow of resources and are amortized over the life of the bond. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Classification of net position

Net position in the government-wide and proprietary fund financial statements are classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that do not meet the definition of restricted or invested in capital assets, net of related debt.

11. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the HRA's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Fund balance flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the HRA's policy to consider restricted fund balance to be depleted before using any other components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Fund balance classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the Board.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the Board's intended use. These constraints are established by the Executive Director, who has been delegated through the Board's approved fund balance policy.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the Board's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the Board's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

H. REVENUES AND EXPENDITURES/EXPENSES

1. Program revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Property taxes

The Board annually adopts a tax levy request and submits it to the County in December for final certification (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the HRA, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the HRA at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the HRA on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The HRA has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

The HRA recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

Governmental Fund Financial Statements

The HRA recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the HRA in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the HRA the following January) and taxes and credits not received at year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the HRA in January is fully offset by deferred inflow of resources because they are not available to finance current expenditures.

3. Compensated absences

It is the HRA's policy to permit employees to accumulate earned but unused Paid Time Off (PTO) benefits. All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The HRA converted to the PTO system, combining the former vacation and sick leave benefits, in 2005. As part of that conversion, employees with sick leave balances as of December 31, 2005 were permitted to convert time accrued to an Extended Sick Leave Bank (ESLB). New hires after this date do not have this benefit. In accordance with the provisions of the Statements of Government Accounting Standards, no liability is recorded for nonvesting accumulating rights to receive ESLB benefits.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are tenant rents. Operating expenses for enterprise funds include the cost of maintenance services, utilities and insurance costs, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

I. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

J. USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect the amounts reported within financial statements during the reporting period. Actual results could differ from such estimates.

K. COMPARATIVE TOTALS

Certain basic financial statements include prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the HRA's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

L. RECLASSIFICATION

Certain prior year numbers have been reclassified to conform to current year presentation.

M. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION.

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$4,848,649) difference are as follows:

	<u>2015</u>
Due to primary government	(\$1,935,354)
Interest payable	(46,147)
Other long term payables	(2,781,502)
Compensated absences	<u>(85,646)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>(\$4,848,649)</u></u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets is to decrease net position”. The details of these (\$62,232) differences are as follows:

	<u>2015</u>
In the Statement of Activities, only the gain on sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the net book value of the capital asset sold.	\$ -
Depreciation expense	<u>(62,232)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$62,232)</u></u>

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Another element of that reconciliation states that “revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The detail of this (\$724,031) difference is as follows:

	<u>2015</u>
Unavailable revenue - general property taxes:	
At beginning of year	(\$58,264)
At end of year	47,300
Unavailable revenue - property held for resale:	
At beginning of year	(1,704,097)
At end of year	130,598
Unavailable revenue - note receivable:	
At beginning of year	(1,962,950)
At end of year	<u>2,823,382</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$724,031)</u></u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this (\$7,059) difference is as follows:

	<u>2015</u>
Interest expense	\$2,148
Compensated absences	<u>(9,207)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$7,059)</u></u>

N. DEFICIT FUND EQUITY

At December 31, 2015, the Tax Increment Fund, a major governmental fund, has a fund deficit of \$2,759,213. The reason for the deficit was an advance that was received from the Community Development Fund in order to fund the project. It is expected that future TIF revenues will reduce the fund deficit. In addition, Briar Pond, LLC, a major proprietary fund, has a fund deficit of \$1,529,701. The fund deficit was caused by debt borrowings used to rehabilitate the properties that exceed the net value of the related asset. Future charges for services are expected to be used to pay down debt and eliminate the fund deficit.

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Note 2 DEPOSITS AND INVESTMENTS

For purpose of the statement of cash flows for the enterprise funds, the HRA considers unrestricted cash and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

The HRA invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under joint powers agreement pursuant to Minnesota Statute 471.59 and regulated by Minnesota State Statutes. The MAGIC fund is not registered with the Securities and Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Therefore, the value of the HRA's position in the pool is the same as the value of the pool shares. A copy of the fund's statement is available at www.magicfund.org.

A. DEPOSITS

Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance. Deposits include checking, savings and certificates of deposits.

The December 31, 2015 carrying amount of the HRA's deposits with financial institutions was \$337,470 all of which is covered by FDIC insurance or secured by pledged collateral or letter of credit.

B. INVESTMENTS

The HRA's investment policy requires compliance with State statutes which allow investments in obligation guaranteed by the U.S. Treasury or its agencies, mutual funds, general obligations of state and local governments, bankers' acceptances, commercial paper, repurchase agreements, and the Minnesota Association of Governments Investing for Counties.

As of December 31, 2015 the HRA had the following investments and maturities:

	Rating	Investment Maturities (in Years)			Fair Value
		Less than 1	1-5	Over 5	
Commercial paper	A1+	\$2,345,707	\$ -	\$ -	\$2,345,707
Escrow account	N/R	970,962	-	-	970,962
Mutual fund	AAAm	11,092,825	-	-	11,092,825
External investment pools	N/R	6,245,031	-	-	6,245,031
Total investments		<u>\$20,654,525</u>	<u>\$0</u>	<u>\$0</u>	20,654,525
Deposits	N/R				337,470
Total cash and investments					<u>\$20,991,995</u>

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These amounts are presented on the statement of net position as follows:

Cash and investments	\$7,343,548
Restricted cash and investments	<u>13,648,447</u>
Total cash and investments	<u><u>\$20,991,995</u></u>

C. DEPOSIT AND INVESTMENT RISKS

Custodial credit risk – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the HRA will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The HRA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to those listed in footnote 2.B. The HRA does not have a formal investment policy that further limits the ratings of their investments.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The HRA places no limit on the amount the HRA may invest in any one issuer. Investments in a single issuer exceeding 5% of the HRA’s overall cash and investment portfolio are as follows:

First American Government Obligations	34.6%
First American Treasury Obligations	18.2%
U.S. Bank Commercial Paper	11.2%

Note 3 RECEIVABLES

The Community Development Fund has receivable balances of \$5,011,549 which are not expected to be collected within one year of December 31, 2015. These receivables relate to several deferred loans the HRA has made to finance privately-owned affordable housing projects. A majority of the funding for the loans come from federal programs.

The Managing Member Partnership Fund has receivable balances of \$12,924,000 which are not expected to be collected within one year of December 31, 2015. These receivables are the developer fees and the seller note receivable from the Groves Apartments, LLC and the loan receivable and mortgage receivable from Piccadilly Square of Mahtomedi, LLC.

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Note 4 INVESTMENTS IN LIMITED PARTNERSHIPS

As explained in Note 1.B., the HRA is the general partner and managing member of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, low income housing tax credit limited partnerships. The limited partnerships were formed to construct and operate or rehabilitate and operate family and senior housing property in Washington County and were financed, in part, with low-income housing tax credits which place certain restrictions on rental rates and require tenants to qualify for occupancy based on income levels. Contributions and distributions, if any, are recorded as direct adjustments to the investment in limited partnerships on the statement of net position. Any income or loss from the operation of this limited partnership is also recorded as a direct adjustment to the investment in limited partnerships based on the HRA's ownership percentage, which is .01%.

Additional information on the limited partnerships is provided as follows:

	Year Built	Units	Beginning Balance	Additions	Reductions	Allocation of Gains/(Loss)	Ending Balance
The Groves Apartments, LLC	2014	67	\$500,621	\$ -	\$ -	(\$31)	\$500,590
Piccadilly Square of Mahtomedi, LLC	2015-2016	79	-	1,344,160	-	-	1,344,160

As General Partner, the HRA has an obligation to provide funds for any development and operating deficits that may occur for The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC, up to \$294,456 and \$200,000, respectively. This obligation will lapse three years after the lease up of the property. A guaranty of housing tax credits and development fees is also provided.

Note 5 UNAVAILABLE REVENUE

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Notes Receivable	Accrued Interest	Land held for resale
Major Funds:				
General Fund	\$47,300	\$ -	\$ -	\$ -
Community Development Fund	-	2,750,566	72,816	130,598
Total	<u>\$47,300</u>	<u>\$2,750,566</u>	<u>\$72,816</u>	<u>\$130,598</u>

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Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$424,186	\$ -	\$ -	\$424,186
Capital assets, being depreciated:				
Buildings and structures	1,976,676	-	-	1,976,676
Furniture and fixtures	192,225	-	-	192,225
Total capital assets, being depreciated	<u>2,168,901</u>	<u>0</u>	<u>0</u>	<u>2,168,901</u>
Less accumulated depreciation for:				
Buildings and structures	98,834	49,417	-	148,251
Furniture and fixtures	25,630	12,815	-	38,445
Total accumulated depreciation	<u>124,464</u>	<u>62,232</u>	<u>0</u>	<u>186,696</u>
Total capital assets being depreciated - net	<u>2,044,437</u>	<u>(62,232)</u>	<u>-</u>	<u>1,982,205</u>
Governmental activities capital assets - net	<u><u>\$2,468,623</u></u>	<u><u>(\$62,232)</u></u>	<u><u>\$0</u></u>	<u><u>\$2,406,391</u></u>
	Beginning Balance	Increase	Decrease	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$4,559,053	\$ -	\$ -	\$4,559,053
Construction in progress	208,481	920,667	(173,287)	955,861
Total capital assets, not being depreciated	<u>4,767,534</u>	<u>920,667</u>	<u>(173,287)</u>	<u>5,514,914</u>
Capital assets, being depreciated:				
Buildings and structures	66,881,219	412,411	(117,419)	67,176,211
Furniture and fixtures	515,702	-	-	515,702
Total capital assets, being depreciated	<u>67,396,921</u>	<u>412,411</u>	<u>(117,419)</u>	<u>67,691,913</u>
Less accumulated depreciation for:				
Buildings and structures	26,421,483	1,749,731	(117,419)	28,053,795
Furniture and fixtures	444,184	17,721	-	461,905
Total accumulated depreciation	<u>26,865,667</u>	<u>1,767,452</u>	<u>(117,419)</u>	<u>28,515,700</u>
Total capital assets being depreciated - net	<u>40,531,254</u>	<u>(1,355,041)</u>	<u>0</u>	<u>39,176,213</u>
Business-type activities capital assets - net	<u><u>\$45,298,788</u></u>	<u><u>(\$434,374)</u></u>	<u><u>(\$173,287)</u></u>	<u><u>\$44,691,127</u></u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government		\$62,232
Total depreciation expense - governmental activities		<u>\$62,232</u>
Business-type activities:		
Housing		\$1,767,452
Total depreciation expense - business-type activities		<u>\$1,767,452</u>

Note 7 INTERFUND RECEIVABLES, PAYABLES, LOANS AND TRANSFERS

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Housing Assistance	\$71,166
General	Community Development	36,356
General	Home Ownership	<u>9,399</u>
Total		<u>\$116,921</u>

The above balances are representative of lending/borrowing arrangements to cover deficit cash balances and interfund receivables/payables due to routine activity at the end of the fiscal year. The above balances are expected to be eliminated within one year of December 31, 2015.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	Tax Increment	\$2,768,385
Community Development	Senior Housing	<u>500,000</u>
Total		<u>\$3,268,385</u>

The above balances are for preliminary funding of development costs prior to reimbursement. The funds will be repaid as tax increment receipts and developer contributions are received. These advances are not expected to be eliminated within one year of December 31, 2015.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
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Interfund transfers:

	Transfers out				Total
	General Fund	Community Development	Senior Housing	Family Housing	
Transfers in:					
General Fund	\$ -	\$41,300	\$490,014	\$263,500	\$794,814
Public Housing	15,182	-	-	-	15,182
Senior Housing	58,989	-	-	-	58,989
Family Housing	842,462	-	-	-	842,462
Managing Member Partnership	11,715	1,300,719	-	-	1,312,434
Total	<u>\$928,348</u>	<u>\$1,342,019</u>	<u>\$490,014</u>	<u>\$263,500</u>	<u>\$3,023,881</u>

Interfund transfers allow the HRA to allocate financial resources. The HRA's special benefit property taxes are required to be deposited in a Special Tax Fund held by a Deposit Agent (currently the HRA's bond trustee). Portions of the special benefit property tax levy are pledged to debt service, operating expenses and reserves for certain properties, and are transferred from the Special Tax Fund to the appropriate trust accounts for the applicable properties. The balance of the special benefit property taxes in the Special Tax Fund, and amounts, if any, remaining after the various trust account requirements for the applicable properties have been met, are released by the bond trustee and transferred to the General Fund.

In the year ended December 31, 2015, the HRA made the following one-time transfers:

- A transfer of \$11,715 from the General Fund to the Managing Member Partnership fund to ensure compliance with bond and reserve requirements.
- A transfer of \$916,633 from the General Fund to various proprietary funds for capital projects done in 2015 and to long-term capital improvement fund for future capital projects.
- A transfer of undesignated cash balances of \$368,500 from the Senior Housing Fund and \$263,500 from the Family Housing Fund to the General Fund for future use.
- A transfer of \$121,514 for FEMA grants received for capital projects from the Senior Housing Fund to the General Fund.
- A transfer of \$41,300 from the Community Development Fund to the General Fund for payroll budgeted to the projects but not expended during the year.
- A transfer of \$1,030,000 for land purchase and \$44,600 for TBRA grant from the Community Development Fund to the Managing Member Partnership Fund for the partner capital contribution to Piccadilly Square, LLC. Transfer of assets as required by the operating agreement.
- A transfer of \$226,116 from the Community Development Fund to the Managing Member Partnership Fund in order to establish the debt service reserve as required by the bond document.

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Note 8 LEASES

A. CAPITAL LEASE RECEIVABLE - LANDFALL

The HRA disposed of its Landfall capital assets in exchange for a capital lease receivable. In conjunction with Landfall debt refunding in 2010, the terms of the lease were updated to these reflected here. The lease bears an effective interest rate of 3.45% and has monthly principal and interest payments of \$36,000 through January 1, 2024. Future minimum lease payments receivable for each of the years ending December 31 are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$432,000
2017	432,000
2018	432,000
2019	432,000
2020	432,000
2021	432,000
2022	432,000
2023	432,000
2024	<u>22,034</u>
Total minimum lease payments	3,478,034
Amounts representing interest	<u>(276,290)</u>
Present value of net minimum lease payments	<u><u>\$3,201,744</u></u>

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B. CAPITAL LEASE RECEIVABLE – WASHINGTON CONSERVATION DISTRICT

The HRA entered into a lease with Washington Conservation District. Under terms of the lease, monthly payments are equal to (i) one-sixth of the amount of interest due on the Series 2013 bonds on the next succeeding interest payment date, plus (ii) one-twelfth of the amount of principal due on the Series 2013 Bonds on the next principal payment date. Future minimum lease payments receivable for each of the years ending December 31, are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$67,066
2017	67,108
2018	71,295
2019	70,665
2020	70,452
2021	74,374
2022	73,791
2023	77,364
2024	76,227
2025	75,384
2026	78,696
2027	77,704
2028	81,192
2029	84,100
2030	82,567
2031	85,590
2032	87,883
2033	85,835
2034	88,195
2035	90,350
2036	92,134
2037	<u>85,800</u>
Total minimum lease payments	1,743,772
Amounts representing interest	<u>(556,272)</u>
Present value of net minimum lease payments	<u><u>\$1,187,500</u></u>

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Note 9 LONG-TERM DEBT

A. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance 12/31/14	Additions	Reductions	Balance 12/31/15	Due Within One Year
Governmental activities:					
Compensated absences	\$76,439	\$136,879	(\$127,672)	\$85,646	\$8,565
Notes payable	5,060,694	-	(343,838)	4,716,856	303,391
Total	<u>\$5,137,133</u>	<u>\$136,879</u>	<u>(\$471,510)</u>	<u>\$4,802,502</u>	<u>\$311,956</u>
Business-type activities:					
Notes payable	\$692,901	\$500,000	\$ -	\$1,192,901	\$106,600
Mortgage payable	9,848,548	-	(162,205)	9,686,343	168,445
Bonds payable	37,320,000	10,955,000	(2,070,000)	46,205,000	2,090,000
Total	<u>\$47,861,449</u>	<u>\$11,455,000</u>	<u>(\$2,232,205)</u>	<u>\$57,084,244</u>	<u>\$2,365,045</u>

Compensated absences are generally liquidated by the General Fund. It is not practicable to determine the specific year for payment of long-term accrued compensated absences.

The notes, mortgages and bonds issued contain various covenants and escrow requirements. As of December 31, 2015, the HRA was in compliance with all such covenants and reserve requirements.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
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B. NOTES AND MORTGAGE PAYABLE

Details of the notes and mortgages payable, excluding compensated absences are as follows:

Governmental Activities:	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
\$500,000 Community Development Fund (LAAND Initiative), mortgage note payable to the Metropolitan Council. This non-interest bearing note is dated April 29, 2010 and it provided funds used to buy land for future development. The note is payable upon the earlier of the sale of the property held for resale or December 31, 2047.	0.000%	12/31/2047	\$500,000
\$1,619,726 Community Development Fund (Tax Increment), Tax Increment Revenue note payable to Washington County, issued November 19, 2009. The proceeds were used to refinance a loan with Prosperan Bank. Principal and interest payable in semiannual installments ranging from \$9,088 to \$65,905.	5.000%	1/15/2035	1,619,726
\$315,625 Community Development Fund (Red Oak Preserve-Oakdale), note payable to Washington County, issued November 19, 2009. The proceeds were used to refinance a loan with Prosperan Bank. Principal and interest payable in semiannual installments of \$39,597.	5.000%	1/15/2035	315,625
\$614,050 Community Development Fund (Red Oak Preserve-Oakdale), note payable to the City of Oakdale. The City of Oakdale issued \$2,385,000 G.O. Improvement Bonds, Series 2007A. The HRA is responsible for 50% of the debt service after City special assessments are applied, and a portion related to tax increment. Principal and interest payable annually.	4.371%	2/1/2023	614,050
\$1,667,445 General Fund, note payable to US Bank. On June 27, 2012, the HRA and US Bank entered into a collateral assignment of cash. The proceeds were used to purchase and renovate HRA offices. Principal and interest payable in monthly installments of \$12,500. All unpaid principal is due on June 27, 2017, the maturity date.	1% + Libor	6/27/2017	<u>1,667,455</u>
Total notes payable			<u><u>\$4,716,856</u></u>

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Business-type Activities:	<u>Interest Rate</u>	<u>Maturity</u>	<u>Amount</u>
\$76,000 Family Housing Fund (Transitional Housing), Publicly Owned Transitional Housing (POTH) note payable to the Minnesota Housing Finance Agency (MHFA). MHFA provided funds in the form of an interest free, deferred loan for a term of twenty years. There is no amortization requirement on the loan. If the HRA continues to own and operate the property, the loan will be forgiven on December 6, 2016.	0.000%	12/6/2016	\$76,000
\$30,600 Family Housing Fund (Transitional Housing), POTH note payable to MHFA. MHFA provided funds in the form of an interest free, deferred loan for a term of twenty years. There is no amortization requirement on the loan. If the HRA continues to own and operate the property, the loan will be forgiven on December 17, 2016.	0.000%	12/17/2016	30,600
\$197,010 Family Housing Fund (Transitional Housing), mortgage note payable to MHFA. MHFA provided funds in the form of an interest free, deferred loan for a term of thirty years. There is no amortization requirement on the loan. All unpaid principal is due on June 28, 2040, the maturity date.	0.000%	6/28/2040	197,010
\$389,291 Family Housing Fund (Whispering Pines), Preservation Affordable Rental Investment Fund (PARIF) mortgage note payable to MHFA. MHFA provided funds in the form of an interest free, deferred loan for a term of thirty years. There is no amortization requirement on the loan. All unpaid principal is due on May 2, 2042, the maturity date.	0.000%	5/2/2042	389,291
\$500,000 Managing Member Fund, Affordable Housing Program (AHP) note payable to FHLB. FHLB provided funds in the form of an interest free loan that may be forgiven if all requirements are met upon the completion of the Piccadilly Square project. The requirements must be met before September 1, 2031 for the loan to be forgiven, otherwise it must be repaid.	0.000%	11/1/2031	<u>500,000</u>
Total notes payable			1,192,901
\$9,686,343 Briar Pond Fund, U.S. Department of Housing and Urban Development (HUD) mortgage payable under Section 223(f) of the Housing Act. Principal and interest payable in monthly installments of \$44,307.	3.780%	11/1/2046	<u>9,686,343</u>
Total notes and mortgage payable			<u><u>\$10,879,244</u></u>

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The annual debt service requirements to maturity for notes and mortgage payable are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$303,391	\$155,110	\$275,045	\$363,245
2017	1,746,649	142,460	174,922	356,767
2018	207,944	106,393	181,650	350,039
2019	221,637	98,069	188,637	343,052
2020	192,704	89,235	195,892	335,797
2021-2025	557,345	328,972	1,098,444	1,560,002
2026-2030	461,865	197,186	1,326,569	1,331,876
2031-2035	525,321	67,825	2,102,075	1,056,372
2036-2040	-	-	2,131,807	723,651
2041-2045	-	-	2,725,910	321,827
2046-2047	500,000	-	478,293	9,087
Total	<u>\$4,716,856</u>	<u>\$1,185,250</u>	<u>\$10,879,244</u>	<u>\$6,751,715</u>

C. REVENUE BONDS

The HRA issues long-term debt to finance the acquisition and construction of housing developments. These bonds are secured by and payable from the gross rent receipts and other operating revenues related to the operation of housing developments financed by these bonds. In some cases, a portion of the HRA's tax levy may also be allocated for payment of these bonds. Bonds currently outstanding are as follows:

Property	Description of Note	Maturity Date	Interest Rates %	Original Amount	Balance 12/31/15
Landfall	G.O. Housing Revenue Refunding Bonds, Series 2010C	2/1/2025	2.00 - 3.30	\$4,545,000	\$3,200,000
Trailside	Government Housing Revenue Bonds, Series 2010A	1/1/2018	2.00 - 2.75	685,000	390,000
Trailside	Government Taxable Housing Revenue Bonds, Series 2010B	1/1/2040	2.10 - 6.10	7,770,000	7,595,000
2012A Pooled ⁽¹⁾	G.O. Housing Revenue Refunding Bonds, Series 2012A	2/1/2031	2.00 - 3.13	12,355,000	9,805,000
2012B Pooled - QECP ⁽²⁾	G.O. Taxable Qualified Energy Conservation Revenue Bonds Series 2012B	2/1/2029	0.60 - 3.40	2,375,000	1,955,000
2012C Pooled ⁽³⁾	G.O. Housing Revenue Refunding Bonds, Series 2012C	2/1/2031	2.00 - 4.00	12,105,000	11,115,000
2013 Washington Conservation District	Governmental Facility Lease Revenue Bonds, Series 2013	12/1/2037	1.25 - 4.00	1,260,000	1,190,000
Piccadilly Square	G.O. Multi-Family Housing Revenue Bonds, Series 2015 A	2/1/2046	2.00-4.00	10,955,000	10,955,000
Total bonds				<u>\$52,050,000</u>	46,205,000
				Less: unamortized discount	(295,276)
				Plus: unamortized premium	962,974
				Total bonds, net	<u>\$46,872,698</u>

⁽¹⁾Ann Bodlovick, Muller Manor, Park Place I, John Jergens Estates, Cobble Hill, Oakhill Cottages, Raymie Johnson Estates.

⁽²⁾Woodland Park, Ann Bodlovick, Briar Pond, Whispering Pines, Muller Manor, Cobble Hill, Pioneer Elderly, Raymie Johnson Estates.

⁽³⁾Woodland Park, Brick Pond.

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The annual debt service requirements to maturity for business-type activities revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$2,090,000	\$1,502,932	\$3,592,932
2017	3,510,000	1,458,318	4,968,318
2018	4,165,000	1,370,764	5,535,764
2019	2,375,000	1,288,341	3,663,341
2020	2,265,000	1,222,184	3,487,184
2021-2025	11,330,000	5,080,936	16,410,936
2026-2030	9,525,000	3,379,899	12,904,899
2031-2035	4,625,000	1,949,236	6,574,236
2036-2040	3,965,000	993,503	4,958,503
2041-2045	1,925,000	284,056	2,209,056
2046-2050	430,000	8,600	438,600
Total	<u>\$46,205,000</u>	<u>\$18,538,769</u>	<u>\$64,743,769</u>

Prior Refunding

In prior years, the HRA refunded certain bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the bonds are considered defeased for financial reporting purposes. The trust account assets and the liabilities for the refunded bonds are not included in the HRA's financial statements. On December 31, 2015, the bonds considered defeased were as follows:

<u>Bond Issue</u>	<u>Balance on Defeased Debt As of 12/31/15</u>	<u>Schedule Maturity/ Call Date</u>
Series 1994B - CAB Portion	\$150,000	1/1/17

The amount of outstanding defeased debt for the above bond issues continue to be held in escrow.

D. REVENUES PLEDGED

The HRA and Washington County (the County) entered into an agreement dated July 24, 2007 relating to the refinancing of a bank loan. Pursuant to Section 3.2 of the agreement, the County issued the \$1,587,577 Tax Increment Revenue Note and the \$612,423 loan. The proceeds of which were used to retire the bank loan. The HRA has pledged future tax increment revenues from TIF District 2.1 for the repayment of the loan. TIF collections in 2015 totaled \$124,747.

The HRA has allocated property tax revenues and a portion of future tax increment revenues, if any, from TIF District 2.1 to repay the \$1,192,500 payable to the City of Oakdale. Tax increment revenues were projected to provide \$114,002 for debt service. The total principal and interest remaining on the payable to the City of Oakdale is \$757,448. For the current year, principal and interest paid totaled \$71,651 and \$28,383 and property tax revenues and tax increment revenues were \$173,485 and \$0, respectively.

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The 2010A and 2010B Government Housing Revenue Bonds are special obligations of the HRA, payable solely from project revenues and tax rebates. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the HRA and County entered into a Custodial Agreement, dated July 1, 2010. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by project revenues of the Trailside Senior Living facility and which are to be used for principal and interest payments on the 2010 Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to the project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bonds is \$11,493,728. For the current year, principal and interest paid, total gross operating revenues, tax rebate revenues, property tax revenues and account balances held in trust were \$449,265, \$614,905, \$173,679, \$351,000 and \$1,560,187, respectively.

The 2010C Government Housing Revenue Refunding Bonds are general obligations of the HRA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the HRA and County entered into a Custodial Agreement, dated November 1, 1997, amended August 1, 2010. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by lease payments from the Landfall Village Housing and Redevelopment Authority and which are to be used for principal and interest payments on the 2010C Bonds and establishing and maintaining required reserve accounts. Principal and interest remaining to be paid on the bond is \$3,688,138. For the current year, principal and interest paid, total lease payments received and account balances held in trust were \$380,305, \$396,000, and \$1,041,982, respectively.

The 2012A Government Housing Revenue Refunding Bonds are general obligations of the HRA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the HRA and County entered into a Custodial Agreement, dated March 1, 2012. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by all project revenues of Oakhill Cottages, Muller Manor, Park Place I, Ann Bodlovick, John Jergens Estates, Cobble Hill, and Raymie Johnson Estates facilities and which are to be used for principal and interest payments on the 2012A Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to a project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$11,586,747. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$1,086,031, \$3,131,674, \$252,000 and \$4,511,768, respectively.

The 2012B Taxable Qualified Energy Conservation Revenue Bonds are special obligations of the HRA, payable from allocated property tax revenues and tax rebates. As additional security, the County has provided a general obligation pledge. The Authority includes in its annual budget, which is submitted to the County, property tax revenues in an amount sufficient to pay principal and interest on the 2012B Bonds. Property tax revenues are deposited in trust until time of payment. Principal and interest remaining to be paid on the bond is \$2,354,505. For the current year, principal and interest paid, tax rebate revenues, property tax revenues and account balances held in trust were \$190,230, \$46,013, \$140,000 and \$140,009, respectively.

The 2012C Government Housing Revenue Bonds are general obligations of the HRA, payable solely from project revenues. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the HRA and County entered into a Custodial Agreement, dated October 1, 2012. The Custodial Agreement requires the establishment of debt service and reserve accounts, held in trust, funded by all project revenues of Woodland Park and Brick Pond facilities and

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which are to be used for principal and interest payments on the 2012C Bonds and establishing and maintaining required reserve accounts. Property tax revenues may also be allocated to a project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$14,098,250. For the current year, principal and interest paid, total gross operating revenues, property tax revenues and account balances held in trust were \$926,250, \$2,258,080, \$244,000 and \$2,605,006, respectively.

The 2013 Governmental Facility Lease Revenue Bonds are limited obligations of the HRA. The bonds are secured by rent payments, additional rent, and if any, rents derived from the building after the termination of the lease. Rent payments are deposited into trust until time of payment. Principal and interest remaining to be paid on the bonds is \$1,749,362. For the current year, principal and interest paid, total rent payments received and account balances held in trust were \$67,473, \$61,819 and \$6,270 respectively.

The 2015A Multifamily Housing Revenue Bonds are general obligations of the HRA, payable solely from project revenues and surplus cash. As additional security, the County has provided a general obligation pledge. In exchange for the County's pledge, the HRA and County entered into a Reserve Agreement, dated August 1, 2015. The Reserve agreement requires the establishment of a debt service reserve account, held in an account as determined by the HRA. The reserve shall be maintained as long as the bonds are outstanding. In addition, the bond indenture requires the establishment of a debt service account, held in trust, funded by loan payments from the Piccadilly Square of Mahtomedi, LLC and which are to be used for principal and interest payments on the 2015A bonds. Property tax revenues may also be allocated to the project in order to supplement operations and ensure compliance with debt service coverage requirements. Principal and interest remaining to be paid on the bond is \$16,744,379. For the current year, principal and interest paid, total lease payments received, property tax revenues and account balances held in reserve were \$0, \$0, \$0 and \$225,529, respectively.

Note 10 EMPLOYEE RETIREMENT PLANS

The HRA and its full-time employees do not participate in social security. The HRA does provide a defined contribution pension plan to substantially all of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

Employees are not required to contribute to the plan. The HRA contributes 9% of annual base salary. Plan provisions and contribution requirements are established and may be amended by the HRA's Board of Commissioners. For the year ended December 31, 2015, employee contributions totaled \$79,191 and the HRA recognized pension expense of \$116,881. Employees are immediately vested in all contributions and earnings.

The HRA's Personnel Policies and Procedures manual and the Labor Agreement with AFSCME Union Local 517 requires participation in the Minnesota State Retirement System Health Care Savings Plan program. The Health Care Savings Plan is an employer-sponsored program that allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses. The collective bargaining agreement requires each employee to contribute \$20/month to his/her individual account. Non-bargaining unit employees are mandated to contribute to the program based on the amount of sick leave accrued at the end of the previous fiscal year.

Note 11 MUNICIPAL SERVICE CHARGE AGREEMENTS

Under Minnesota Statutes, the HRA is required to make payments in lieu of taxes (P.I.L.O.T.) on the rental properties accounted for in enterprise funds equal to 5% of net sheltered rents. These expenses are included in the HRA annual operating budget and financial statements as operating expenses. In addition, the HRA executed an agreement with the City of St. Paul Park to pay the amount of property taxes which would be charged if the property were not tax exempt. This amount is deferred until the time of sale of the property and is not to exceed 50 percent of the net proceeds from the sale of the property. As the payment of these deferred charges is contingent upon a future event (i.e., the sale of the property) and the availability, if any, of net proceeds sufficient to repay the deferred charges, deferred amounts are not recorded in the accompanying financial statements. As of December 31, 2015, approximately \$134,663 has been deferred under this agreement pertaining to the properties of Park Place I and Park Place II.

Note 12 RISK MANAGEMENT

The HRA is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The HRA purchases commercial insurance for all risks of loss. There were no significant reductions in insurance from the previous year. Settled claims have not exceeded this commercial coverage for the last three years.

Note 13 COMMITMENTS AND CONTINGENCIES

A. ARBITRAGE REBATE LIABILITY

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986.

Management does not expect to incur significant arbitrage rebate liability on any outstanding debt.

B. PROGRAM COMPLIANCE

Federal program activities are subject to financial and compliance regulation. To the extent that any expenditures are disallowed or other compliance features are not met, a liability to the respective grantor agency could result.

C. LEGAL CLAIMS

The HRA is subject to certain legal claims in the normal course of business. Management does not expect the ultimate resolution of these claims will have a material impact on the HRA's financial condition or results of operations.

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D. FEDERAL AND STATE FUNDS

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the HRA expects such amounts, if any, to be immaterial.

E. COMMITTED CONTRACTS

The HRA has entered into several contracts for various improvements at the rental properties. Construction commitments at December 31, 2015 were composed of the following:

<u>Property</u>	<u>Contract Authorized</u>	<u>Expended as of 12/31/15</u>	<u>Remaining Contract Commitment</u>
Raymie	\$24,197	\$10,978	\$13,219
Park Place I	750,821	668,886	81,935
Park Place II	124,478	110,888	13,590

F. NET DEBT SERVICE COMMITMENT

During 2007, the City of Oakdale, Minnesota issued its \$2,385,000 G.O. Improvement Bonds, Series 2007A relating to the Red Oak Preserve Project. In conjunction with this bond issue, the HRA and the City of Oakdale, Minnesota entered into a financing agreement dated June 12, 2007. Pursuant to Section 3.4(1) of the agreement, the HRA is responsible for 50% of the debt service less special assessments received by the City. This amount is reported as long-term debt of the HRA. Section 3.4(4) of the agreement states that when the bonds are paid in full, the City shall calculate the City's net debt service over the term of the bonds. If the net debt service is a sum greater than \$600,000, the HRA shall pay the City the amount of net debt service in excess of \$600,000. The amount of net debt service in excess of \$600,000, if any, is not determinable and therefore is not reflected in these financial statements.

G. TAX INCREMENT DISTRICTS

The HRA's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

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Note 14 FUND BALANCE CLASSIFICATIONS

A. CLASSIFICATIONS

At December 31, 2015, a summary of the governmental fund balance classifications are as follows:

	General Fund	Housing Assistance Fund	Community Development Fund	Home Ownership Counseling Fund	Tax Increment Fund	Total
Nonspendable:						
Prepaid items	\$19,063	\$2,498	\$10,499	\$41	\$ -	\$32,101
Total Nonspendable	19,063	2,498	10,499	41	0	32,101
Restricted for:						
Debt collateral	1,834,202	-	-	-	-	1,834,202
Grant program	-	136,780	-	607	-	137,387
Total restricted	1,834,202	136,780	0	607	0	1,971,589
Committed to:						
Development activities	-	-	7,789,108	-	-	7,789,108
Capital reserve	1,480,861	-	-	-	-	1,480,861
Total committed	1,480,861	0	7,789,108	0	0	9,269,969
Unassigned	2,257,770	(26)	(215,215)	(24)	(2,759,213)	(716,708)
Total	\$5,591,896	\$139,252	\$7,584,392	\$624	(\$2,759,213)	\$10,556,951

B. MINIMUM UNASSIGNED FUND BALANCE

The HRA has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The General Fund is the only fund that should report a positive unassigned fund balance as the remaining balance after all other amounts have been classified. The aggregate unassigned fund balance must have a minimum balance of 50% of the annual expenditures of the General Fund plus three months operating expenses of the HRA properties.

At December 31, 2015, the unassigned fund balance of the General Fund was \$2,257,770, compared to its targeted unassigned fund balance of \$1,938,120 on the above policy.

Note 15 CONDUIT DEBT OBLIGATIONS

From time to time, the HRA has issued Revenue Bonds to provide financial assistance to private-sector and other governmental entities for the acquisition and construction of industrial, commercial and housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The HRA is not obligated, in any manner, for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2015, there were three series of Revenue Bonds outstanding, the aggregate principal amount payable is \$37,495,000.

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Note 16 CHANGE IN REPORTING ENTITY

The Groves Apartments, LLC began operations in 2014. The HRA is the managing member of the LLC. Prior to 2015, the HRA's 0.01% ownership was treated as an investment in joint venture. Upon further consideration, the HRA has determined the LLC should be reported as a discretely presented component unit. The January 1, 2015 net position of the LLC is \$1,888,674. The LLC is reported as a discretely presented component unit in these financial statements.

Note 17 DISCRETELY PRESENTED COMPONENT UNITS

A. THE GROVES APARTMENTS, LLC

1. Property and Equipment

Property and equipment consisted of the following:

	<u>2015</u>	<u>Depreciation lives - years</u>
Land	\$954,967	
Land improvements	211,109	15
Buildings	2,896,312	40
Building improvements	5,559,316	40
Furnishings and equipment	<u>189,789</u>	5
	<u><u>\$9,811,493</u></u>	

2. Debt

Debt consists of the following:

	<u>2015</u>
U.S Bank construction loan	<u><u>\$ -</u></u>
U.S. Bank permanent loan	\$1,362,940
Family Housing Fund loan	175,000
WCHRA seller loan	1,150,000
WCHRA GROW Program loan	<u>75,000</u>
	<u><u>\$2,762,940</u></u>

US Bank construction loan – Construction loan payable to U.S. Bank National Association, dated June 16, 2014, in the amount of \$4,740,309 with interest at the one-month LIBOR rate plus 2.06%. Interest only payments are due monthly from August 1, 2014 through March 16, 2016 (the maturity date). The construction loan was paid in full during 2015.

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US Bank permanent loan – Loan payable to U.S. Bank National Association dated June 16, 2014, in the amount of \$1,370,000 with interest at 5.64%. Interest only payments were due monthly from August 1, 2014 through July 1, 2015. Beginning on August 1, 2015, monthly principal and interest payments of \$7,967 are due through June 16, 2030 (the maturity date). Secured by the Project.

Family Housing Fund Loan – Loan payable to the Family Housing Fund in the amount of \$175,000 dated June 16, 2014, without interest. Principal is due on June 16, 2030. Secured by a second mortgage on the Project. The mortgage was assumed upon purchase of the property.

WCHRA seller Loan – Loan payable to WCHRA in the amount of \$1,150,000 dated June 16, 2014, with interest at 3.14% compounded annually. Principal and interest are payable in annual installments beginning April 15, 2015, solely from net cash flow in the priority set forth in the Operating Agreement. Remaining principal and interest are due on December 31, 2044. Secured by a third mortgage on the Project.

WCHRA GROW program Loan – Loan payable to WCHRA in the amount of \$75,000 dated June 16, 2014, without interest. Principal is due on December 31, 2044. Secured by a fourth mortgage on the Project.

Maturities of long-term debt are as follows:

2016	\$17,923
2017	19,198
2018	20,325
2019	21,518
2020	22,572
Thereafter	<u>2,661,404</u>
	<u><u>\$2,762,940</u></u>

The mortgage agreements require that the debt be repaid if the Project is sold, refinanced, not used as low income housing, in violation of laws, or in default.

The following restrictions, among others, exist under the terms of various debt and related agreements:

- Tenants must meet income limitations to qualify for occupancy in the Project
- Lease terms must be not more than one year
- Various escrows and reserves are required as previously described

Interest expense has been recorded using the stated rates of the various mortgage notes. Certain mortgage notes have stated interest rates that are less than the prevailing market rates. Interest on these mortgage notes has not been imputed because the rate is at the lender’s customary lending rate.

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Accrued interest at December 31, 2015 consists of the following:

	<u>2015</u>
U.S Bank construction loan	\$ -
U.S. Bank permanent loan	<u>7,260</u>
	<u>\$7,260</u>
WCHRA Seller loan	<u>\$56,284</u>

3. Related Party Transactions

Developer Fee – The Company has entered into an Amended and Restated Development Fee Agreement with WCHRA and Shelter Corporation (the Co-Developers). The Co-Developers are to receive a fee in the amount of \$1,219,000 for development services relating to the Project. At December 31, 2015, \$325,324 remains to be paid. The deferred portion bears interest at 2.74%, the long-term applicable federal rate in effect at the completion date, compounding annually, and will be payable from available cash flow, as defined in the Operating Agreement; however it must be paid in full by the thirteenth anniversary of construction completion (December 2027). The Managing Member will be required to advance funds to pay any remaining balance due on that date. Interest expensed and accrued was \$8,914 in 2015.

Company Management Fee – The Company has agreed to pay the Managing Member a company management fee for its supervisory management and oversight services. The fee is in the amount of the lesser of (1) 10% of gross collected rents, or (2) \$25,000 payable solely from 25% of cash flow after certain other payments as defined in the Operating Agreement. No fee was due in 2015.

WCHRA has made loans to the Company (see 2. Debt). Accrued interest on one of these loans is \$56,284 at December 31, 2015.

WCHRA is the allocating agency for the housing tax credits.

The Project was purchased from WCHRA for \$3,750,000.

The Managing Member must repurchase the Investor Member’s interest upon demand under certain specified circumstances.

The Project is adjacent to a building owned by the Managing Member. The properties share administrative and maintenance employees and certain expenses.

The Operating Agreement provides for various obligations of the Managing Member including its obligation to provide funds for construction completion, operating deficits, deferred development fee payment and reduction in tax credits. Advances under these guarantees are unsecured, without interest and are repayable from cash flow. The Managing Member’s obligation under the operating deficit guaranty is limited to \$294,456 and continues until the end of the fiscal year of the last to occur of the following:

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

- Third anniversary of the end of the lease-up period (Project achieves 100% qualified occupancy and 93% physical occupancy) (December 2017)
- Third anniversary of the end of the stabilization period (achievement of the required debt service coverage ratio of 1.46)

B. PICCADILLY SQUARE OF MAHTOMEDI, LLC

1. Bond Funds

Construction account – Proceeds from the sale of the bonds in the amount of \$10,746,507 were deposited to the construction account. The construction account is to be used to pay costs to construct the Project and interest during the construction period if no funds remain in the capitalized interest account. Upon completion of construction, any balance remaining must be deposited to the redemption account and applied to redemption of the bonds.

2. Debt

Debt consists of the following:

	<u>Commitment</u>	<u>Funded Balance</u>
Series 2015A bond loan - development	<u>\$3,210,000</u>	<u>\$3,210,000</u>
Series 2015A bond loan - permanent	\$7,745,000	\$7,745,000
WCHRA GROW loan	835,700	835,700
WCHRA AHP loan	500,000	500,000
WCHRA CDBG loan	352,709	317,438
WCHRA HOME loan	<u>\$198,013</u>	<u>\$29,806</u>
	<u>\$9,631,422</u>	<u>\$9,427,944</u>

In connection with the Bonds, the Company has two loans payable to the bond Trustee in the original amounts of \$3,210,000 (Development Loan) and \$7,745,000 (Permanent Loan).

Development – Interest on the note is 2% through February 1, 2018 (the maturity date). Principal and interest payments are due through that date according to the following schedule:

	<u>Principal</u>	<u>Interest</u>
January 24, 2016	\$ -	\$28,890
July 24, 2016	-	32,100
January 24, 2017	1,380,000	32,100
July 24, 2017	-	18,300
January 24, 2018	<u>1,830,000</u>	<u>18,300</u>
	<u>\$3,210,000</u>	<u>\$129,690</u>

The loan is expected to be repaid from proceeds of the Investor Member’s capital contributions.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Permanent – Interest only payments are due through February 24, 2017 according to the following schedule:

	<u>Amount</u>	<u>Interest Rate</u>
January 24, 2016	\$127,052	3.65%
July 24, 2016	141,169	3.65%
December 24, 2016	-	0.00%
January 24, 2017	12,908	2.00%
February 24, 2017	<u>12,908</u>	
	<u><u>\$294,037</u></u>	

Beginning the seventh month following the issuance of a final certificate of occupancy (expected March 2017), the interest rate is 2% and the Company will make monthly payments on the 24th day of each month in the amount of \$28,685 through February 1, 2047 (the maturity date).

The bond loans are secured by a mortgage on the Project.

The loan may not be prepaid in whole or in part prior to February 1, 2026.

WCHRA GROW loan – Loan payable to WCHRA in the amount of \$835,700, dated October 6, 2015, without interest. Principal is payable annually on April 15 from cash flow as defined in the Operating Agreement. Remaining principal is due on December 31, 2048. Secured by the Project.

WCHRA AHP loan – Loan payable to WCHRA in the amount of \$500,000, dated October 6, 2015, without interest. Principal is due on December 31, 2047. Secured by the Project.

WCHRA CDBG loan – Loan payable to WCHRA in the amount of \$352,709, dated October 6, 2015, without interest. Principal is payable annually on April 15 from cash flow as defined in the Operating Agreement. Remaining principal is due on December 31, 2048. Secured by the Project.

WCHRA HOME loan – Loan payable to WCHRA in the amount of \$198,013, dated October 6, 2015, without interest. Principal is payable annually on April 15 from cash flow as defined by the Operating Agreement. Remaining principal is due on December 31, 2048. Secured by the Project.

Maturities of the permanent loans, when fully funded, are as follows:

2016	\$ -
2017	158,958
2018	194,276
2019	198,198
2020	202,198
Thereafter	<u>8,877,792</u>
	<u><u>\$9,631,422</u></u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Bond documents and mortgage agreements require that the debt be repaid if the Project is sold or transferred without the lender’s approval; no longer used as low income housing; in violation of any federal, state or local law, statute or ordinance; or if the Company is in default or declares bankruptcy, unless the lender permits the debt to remain outstanding.

The following restrictions, among others, exist under the terms of various debt and related regulatory agreements:

- Tenants must meet income limitations to qualify for occupancy in the Project.
- Lease terms must be not more than one year.
- Various reserves are required as previously described.

Interest capitalized to construction in progress consists of the following:

Interest cost	\$133,260
Interest earned on bond funds	<u>(186)</u>
Net interest cost capitalized	<u><u>\$133,074</u></u>

3. Related Party Transactions

Developer Fee – The Company has entered into a Development Services Agreement with WCHRA (the Developer). The Developer is to be paid \$1,850,000 for development services relating to the Project. At December 31, 2015, \$210,000 has been earned and \$87,500 has been paid.

The Company expects to pay \$925,000 of the fee from capital contributions and the remaining \$925,000 is expected to be deferred. The deferred portion will bear interest at 5% and will be payable from available cash flow as defined in the Operating Agreement. The entire fee must be paid in full by December 31, 2030. If the Company has not paid all amounts due by that time, the Managing Member will be required to make an additional capital contribution in the amount of the outstanding balance plus any accrued interest.

The land was contributed by WCHRA for \$1,030,000, WCHRA’s cost, which approximates fair value.

WCHRA has made interest free loans to the Company (see 2. Debt).

WCHRA is the allocating agency for the tax credits.

The Operating Agreement provides various obligations of the Managing Member including their obligation to provide funds for construction completion, operating deficits, deferred development fee payment and a guaranty of housing tax credits. After the Project has achieved stabilized occupancy, as defined in the Operating Agreement, the Managing Member’s obligation under the operating deficit guaranty is limited to \$200,000. The obligation will terminate when the Project has operated at a debt service coverage ratio of 1.10 to 1.0 for at least two consecutive years, of which two consecutive years cannot begin earlier than three years after stabilized occupancy has been achieved. Such advances are unsecured, without interest and are repayable from cash flow, as defined in the Operating Agreement. WCHRA has guaranteed the Managing Members’ obligations.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

The Managing Member must repurchase the Investor Member's interest upon demand under certain specified circumstances.

Note 18 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 72 *Fair Value Measurement and Application*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

Statement No. 77 *Tax Abatement Disclosures*. The provisions of this Statement are effective for reporting periods beginning after December 31, 2015.

Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 79 *Certain External Investment Pools and Pool Participants*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for reporting periods beginning after December 15, 2015.

Statement No. 80 *Blending Requirements for Certain Component Units*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81 *Irrevocable Split-Interest Agreements*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016

The effect these standards may have on future financial statements is not determinable at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Statement 9

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2015

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$1,396,100	\$1,396,100	\$1,382,573	(\$13,527)
Intergovernmental	-	-	4,277	4,277
Administrative fees:				
CLT	105,000	105,000	110,992	5,992
Other	431,100	431,100	403,643	(27,457)
Investment income	1,500	1,500	5,561	4,061
Total revenues	<u>1,933,700</u>	<u>1,933,700</u>	<u>1,907,046</u>	<u>(26,654)</u>
Expenditures:				
Current:				
Administrative salaries and benefits	918,300	918,300	849,892	68,408
Administrative travel and per diems	32,900	32,900	15,662	17,238
Administrative legal	62,000	62,000	47,732	14,268
Administrative sundry	64,400	64,400	51,180	13,220
Accounting and auditing	64,000	64,000	58,335	5,665
General insurance	6,400	6,400	6,262	138
Professional services	138,800	138,800	45,591	93,209
Other utilities and maintenance	69,100	69,100	48,772	20,328
Equipment leases	24,000	24,000	25,127	(1,127)
Financing fee	1,000	1,000	5,106	(4,106)
Other	1,000	1,000	11,699	(10,699)
Debt service:				
Principal	113,600	113,600	129,002	(15,402)
Interest	36,400	36,400	20,998	15,402
Total expenditures	<u>1,531,900</u>	<u>1,531,900</u>	<u>1,315,358</u>	<u>216,542</u>
Revenues over (under) expenditures	<u>401,800</u>	<u>401,800</u>	<u>591,688</u>	<u>189,888</u>
Other financing sources (uses):				
Transfers from other funds	-	-	794,814	794,814
Transfers to other funds	(248,000)	(248,000)	(928,348)	(680,348)
Total other financing sources (uses)	<u>(248,000)</u>	<u>(248,000)</u>	<u>(133,534)</u>	<u>114,466</u>
Net change in fund balance	<u>\$153,800</u>	<u>\$153,800</u>	458,154	<u>\$304,354</u>
Fund balance - January 1			<u>5,133,742</u>	
Fund balance - December 31			<u>\$5,591,896</u>	

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - HOUSING ASSISTANCE FUND
For The Year Ended December 31, 2015

Statement 10

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$3,680,700	\$3,680,700	\$3,792,798	\$112,098
Charges for services:				
Administrative fees	297,000	297,000	328,662	31,662
Investment income	-	-	224	224
Other	300	300	3,237	2,937
Total revenues	<u>3,978,000</u>	<u>3,978,000</u>	<u>4,124,921</u>	<u>146,921</u>
Expenditures:				
Administrative salaries and benefits	286,700	286,700	303,570	(16,870)
Administrative legal	6,000	6,000	5,580	420
Administrative sundry	20,100	20,100	17,611	2,489
Professional services	48,400	48,400	61,232	(12,832)
Housing assistance payments	3,601,200	3,601,200	3,684,647	(83,447)
Other	15,600	15,600	7,718	7,882
Total expenditures	<u>3,978,000</u>	<u>3,978,000</u>	<u>4,080,358</u>	<u>(102,358)</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	44,563	<u>\$44,563</u>
Fund balance - January 1			<u>94,689</u>	
Fund balance - December 31			<u>\$139,252</u>	

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - COMMUNITY DEVELOPMENT FUND
For The Year Ended December 31, 2015

Statement 11

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$1,058,900	\$1,058,900	\$1,058,867	(\$33)
Intergovernmental	2,059,100	2,059,100	2,025,606	(33,494)
Charges for services:				
Administrative fees	270,800	270,800	169,047	(101,753)
Bond issuance, origination fees	5,000	5,000	3,809	(1,191)
Investment income	32,000	32,000	26,945	(5,055)
Other	598,900	598,900	220,839	(378,061)
Total revenues	<u>4,024,700</u>	<u>4,024,700</u>	<u>3,505,113</u>	<u>(519,587)</u>
Expenditures:				
Community Development:				
Administrative salaries and benefits	399,200	399,200	341,997	57,203
Administrative travel and per diems	5,700	5,700	3,978	1,722
Administrative legal	138,300	138,300	93,597	44,703
Administrative sundry	172,000	172,000	28,467	143,533
Professional services	174,200	174,200	114,562	59,638
Project costs	-	-	964,274	(964,274)
Other	807,000	807,000	184	806,816
Debt Service:				
Principal	961,600	961,600	176,263	785,337
Interest	4,700	4,700	46,465	(41,765)
Total expenditures	<u>2,662,700</u>	<u>2,662,700</u>	<u>1,769,787</u>	<u>892,913</u>
Revenues over (under) expenditures	1,362,000	1,362,000	1,735,326	373,326
Other financing sources:				
Proceeds from sale of land held for resale	-	-	1,030,000	1,030,000
Transfers from other funds	248,000	248,000	-	(248,000)
Transfers to other funds	-	-	(1,342,019)	(1,342,019)
Total other financing sources (uses)	<u>248,000</u>	<u>248,000</u>	<u>(312,019)</u>	<u>(560,019)</u>
Net change in fund balance	<u>\$1,610,000</u>	<u>\$1,610,000</u>	1,423,307	<u>(\$186,693)</u>
Fund balance - January 1			<u>6,161,085</u>	
Fund balance - December 31			<u>\$7,584,392</u>	

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - HOME OWNERSHIP COUNSELING FUND
For The Year Ended December 31, 2015

Statement 12

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$175,300	\$175,300	\$146,705	(\$28,595)
Charges for services:				
Administrative fees	4,100	4,100	3,248	(852)
Other	3,500	3,500	-	(3,500)
Total revenues	<u>182,900</u>	<u>182,900</u>	<u>149,953</u>	<u>(32,947)</u>
Expenditures:				
Home ownership counseling:				
Administrative salaries and benefits	156,600	156,600	144,692	11,908
Administrative travel and per diems	600	600	209	391
Administrative sundry	25,700	25,700	15,437	10,263
Administrative legal	-	-	227	(227)
Total expenditures	<u>182,900</u>	<u>182,900</u>	<u>160,565</u>	<u>22,335</u>
Revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	(10,612)	<u>(\$10,612)</u>
Fund balance - January 1			<u>11,236</u>	
Fund balance - December 31			<u>\$624</u>	

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - TAX INCREMENT FUND
 For The Year Ended December 31, 2015

Statement 13

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Tax increment	\$102,000	\$102,000	\$124,747	\$22,747
Total revenues	<u>102,000</u>	<u>102,000</u>	<u>124,747</u>	<u>22,747</u>
Expenditures:				
Administrative sundry	-	-	1,339	(1,339)
Debt service:				
Principal	27,200	27,200	38,573	(11,373)
Interest	121,100	121,100	108,164	12,936
Total expenditures	<u>148,300</u>	<u>148,300</u>	<u>148,076</u>	<u>224</u>
Revenues over (under) expenditures	<u>(\$46,300)</u>	<u>(\$46,300)</u>	(23,329)	<u>\$22,971</u>
Fund balance - January 1			<u>(2,735,884)</u>	
Fund balance - December 31			<u><u>(\$2,759,213)</u></u>	

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2015

Note A BUDGETS

The General, Housing Assistance, Community Development, Home Ownership Counseling, and Tax Increment Fund's budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level for all Funds.

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COMBINING SCHEDULES

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HOUSING ASSISTANCE FUND

The Housing Assistance Fund is used to account for the administration of 520 units of rental assistance through the HUD-funded Housing Choice Voucher program and several smaller federal and state funded programs. The Washington County Housing and Redevelopment Authority maintains the following Housing Assistance Fund:

210 - Section 8 Portability - was established to account for the transactions associated with those households that “port” into Washington County with a Section 8 Housing Choice Voucher. Revenues are from the Housing Authorities that own that voucher and whom participate in HUD’s Housing Choice Vouchers Program.

212 - Section 8 Housing Choice Vouchers - to account for the Section 8 Housing Choice Voucher and Family Self Sufficiency programs. Revenues are from HUD’s Housing Choice Voucher Program.

213 - Bridges I - to account for the Bridges program which provides assistance specifically to individuals with mental health issues. This program is funded by MHFA.

215 - Bridges II - to account for the Bridges II program which provides assistance specifically to individuals with mental health issues. This program is funded by Washington County.

217 - Bridges-Long Term Homeless - to account for the program that provides rental assistance to individuals with mental health issues that have been homeless for more than a year. This program is funded by MHFA.

218 - Shelter Plus Care - to account for the federal funded program that provides rental assistance to homeless adults with mental or chemical health disabilities.

263 - Resident Opportunities and Self Sufficiency Program Grant (FSS - Public Housing) - to account for the federal grant to assist Public Housing residents in gaining stability and self-sufficiency.

268 - Raymie Service Coordinator - to account for the federal funded program that provides service coordination at Raymie Johnson senior property.

411 Continuum of Care Program (SMAC Planning Grant) – to account for the federal funded program, used in collaboration with third parties, to develop a long-term strategic plan and manage a year-round planning effort that addresses identified needs of homeless individuals and households

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET -
HOUSING ASSISTANCE FUND
December 31, 2015

	<u>210 - Section 8 Portability</u>	<u>212 - Section 8 Housing Choice Vouchers</u>	<u>213 - Bridges I</u>
Assets			
Cash, cash equivalents and investments	\$58,797	\$88,914	\$ -
Due from other governmental units	5,085	-	14,777
Prepaid items	1,976	496	-
Total assets	<u>\$65,858</u>	<u>\$89,410</u>	<u>\$14,777</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts payable	\$132	\$403	\$2,310
Security deposits payable	-	15,714	-
Due to other funds	-	-	7,335
Accrued wages and benefits payable	4,771	2,672	79
Unearned revenue - grants	-	-	-
Total liabilities	<u>4,903</u>	<u>18,789</u>	<u>9,724</u>
Fund balance:			
Nonspendable	1,976	496	-
Restricted	58,979	70,125	5,053
Unassigned	-	-	-
Total fund balance	<u>60,955</u>	<u>70,621</u>	<u>5,053</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$65,858</u>	<u>\$89,410</u>	<u>\$14,777</u>

<u>215 - Bridges II</u>	<u>217 - Bridges - Long Term Homeless</u>	<u>218 - Shelter Plus Care</u>	<u>263 - FSS - Public Housing</u>	<u>268 - Raymie Service Coordinator</u>	<u>411 - SMAC Planning Grant</u>	<u>Total Housing Assistance Fund</u>
\$53,646	\$ -	\$ -	\$1,292	\$ -	\$ -	\$202,649
-	10,910	38,167	-	19,613	8,216	96,768
-	-	-	26	-	-	2,498
<u>\$53,646</u>	<u>\$10,910</u>	<u>\$38,167</u>	<u>\$1,318</u>	<u>\$19,613</u>	<u>\$8,216</u>	<u>\$301,915</u>
\$900	\$ -	\$ -	\$ -	\$4,780	\$8,216	\$16,741
-	-	-	-	-	-	15,714
-	10,910	38,088	-	14,833	-	71,166
218	-	79	1,292	-	-	9,111
49,905	-	-	26	-	-	49,931
<u>51,023</u>	<u>10,910</u>	<u>38,167</u>	<u>1,318</u>	<u>19,613</u>	<u>8,216</u>	<u>162,663</u>
-	-	-	26	-	-	2,498
2,623	-	-	-	-	-	136,780
-	-	-	(26)	-	-	(26)
<u>2,623</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>139,252</u>
<u>\$53,646</u>	<u>\$10,910</u>	<u>\$38,167</u>	<u>\$1,318</u>	<u>\$19,613</u>	<u>\$8,216</u>	<u>\$301,915</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
HOUSING ASSISTANCE FUND
For The Year Ended December 31, 2015

	<u>210 - Section 8 Portability</u>	<u>212 - Section 8 Housing Choice Vouchers</u>	<u>213 - Bridges I</u>
Revenues:			
Intergovernmental	\$2,632,092	\$617,740	\$121,385
Charges for services:			
Administrative fees	205,874	97,961	13,748
Investment income	138	67	-
Other	290	2,947	-
Total revenues	<u>2,838,394</u>	<u>718,715</u>	<u>135,133</u>
Expenditures:			
Current:			
Administrative salaries and benefits	154,229	69,833	9,118
Administrative legal	436	1,547	2,267
Administrative sundry	14,658	2,176	60
Professional services	9,055	6,841	2,309
Housing assistance payments	2,632,092	613,974	121,385
Other	5,288	596	1,662
Total expenditures	<u>2,815,758</u>	<u>694,967</u>	<u>136,801</u>
Revenues over (under) expenditures	<u>22,636</u>	<u>23,748</u>	<u>(1,668)</u>
Fund balance (deficit) - January 1	<u>38,319</u>	<u>46,873</u>	<u>6,721</u>
Fund balance (deficit) - December 31	<u><u>\$60,955</u></u>	<u><u>\$70,621</u></u>	<u><u>\$5,053</u></u>

<u>215 - Bridges II</u>	<u>217 - Bridges - Long Term Homeless</u>	<u>218 - Shelter Plus Care</u>	<u>263 - FSS - Public Housing</u>	<u>268 - Raymie Service Coordinator</u>	<u>411 - SMAC Planning Grant</u>	<u>Total Housing Assistance Fund</u>
\$57,691	\$59,808	\$215,671	\$46,155	\$34,040	\$8,216	\$3,792,798
5,400	5,679	-	-	-	-	328,662
19	-	-	-	-	-	224
-	-	-	-	-	-	3,237
<u>63,110</u>	<u>65,487</u>	<u>215,671</u>	<u>46,155</u>	<u>34,040</u>	<u>8,216</u>	<u>4,124,921</u>
4,872	3,136	15,802	46,155	425	-	303,570
-	1,330	-	-	-	-	5,580
54	34	-	-	629	-	17,611
646	1,179	-	-	32,986	8,216	61,232
57,691	59,808	199,697	-	-	-	3,684,647
-	-	172	-	-	-	7,718
<u>63,263</u>	<u>65,487</u>	<u>215,671</u>	<u>46,155</u>	<u>34,040</u>	<u>8,216</u>	<u>4,080,358</u>
<u>(153)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,563</u>
<u>2,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,689</u>
<u>\$2,623</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,252</u>

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COMMUNITY DEVELOPMENT FUND

The Community Development Fund is used to account for related expenses to the HRA for land purchases, constructed housing developments, assisting developers with new affordable housing developments, various housing programs of the HRA, or other expenses related to assisting cities with affordable housing developments. Revenues for this program are derived from state and federal grants, special financing programs available to the HRA and property taxes. The Washington County Housing and Redevelopment Authority maintains the following Community Development Fund:

230 - Multi Family Projects-LIHTC - to account for the Low Income Housing Tax Credit Program and for conduit bond projects.

231 and 232 - TCAP Kilkenny/Granada - (Tax Credit Assistance Program) accounts for funds allocated by the United States Department of Housing and Urban Development (HUD) under Title XII of the American Recovery and Reinvestment Act of 2009 (ARRA). TCAP funds were allocated by HUD to Minnesota Housing, who in turn allocated \$1,243,913 of TCAP funds to the HRA as a suballocator of housing tax credits for allocation of TCAP funds to eligible projects in Washington County.

243 - Red Oak Preserve - Oakdale - to account for the non-TIF activity of the Red Oak Preserve Development. Expenses include payments to the City of Oakdale for public improvements (the City issued a special assessment bond) and to the developer for reimbursement of expenses for site improvements as regulated by the Contract for Private Redevelopment dated June 2007. Revenues are from property taxes and interest income on loans.

255 - Newport/Red Rock - to account for pre-development expenses for potential project expenses in the City of Newport.

256 - Mahtomedi - Piccadilly - to account for the pre-development expenses for potential project expenses in the City of Mahtomedi.

270 - Development Fund - was established to account for related expenses to the HRA constructed housing developments, assisting developers with new affordable housing developments, various housing programs of the HRA, or other expenses related to assisting cities with affordable housing developments. Revenues are from property taxes and interest income on loans.

271 - GAP Financing Fund - to account for funds loaned or granted to developers to finance the capital costs for the construction of affordable housing and municipal development, referred to as the GROW Fund (Gap Financing for Redevelopment and Rental and Owner Occupied Housing Opportunities in Washington County).

274 - Forest Lake - Trailside Senior Living TIF - to account for expenditures related to the Housing Tax Increment Financing District, which includes TrailSide Senior Living, a 70 unit affordable senior housing development in Forest Lake.

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277 - LAAND Initiative - Metropolitan Council funded loans which provide 0% interest loans to jurisdictions to acquire property for future affordable housing development (either affordable rental or affordable home ownership).

280 - HOME - to account for federal funds provided for land acquisition, site improvement, and other eligible activities.

407 - Community Development Block Grant - to account for the receipt and disbursement of funds related to the U.S. Department of Housing and Urban Development funded Community Development Block Grant program.

408 - Community Services Development - to account for State funds provided for installation of grab bars in the senior units and other eligible activities.

412 - Red Rock TIF - to account for expenditures related to the Red Rock Tax Increment Financing District, which includes pre-development expenses for potential eligible project expense in the City of Newport.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 COMBINING BALANCE SHEET -
 COMMUNITY DEVELOPMENT FUND
 December 31, 2015

	230 - Multi Family Projects - LIHTC	231 - TCAP Kilkenny	232 - TCAP Granada	243 - Red Oak Preserve - Oakdale	255 - Newport/ Red Rock	256 - Mahtomedi - Piccadilly
Assets						
Cash, cash equivalents and investments	\$252,488	\$ -	\$3,000	\$135,757	\$673,168	\$145,330
Restricted cash and investments	-	-	-	-	-	-
Accounts receivable - net	-	-	-	-	-	3,217
Interest receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	208,357	-
Due from other governmental units	-	-	-	-	-	14,422
Prepaid items	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Property held for resale	-	-	-	-	-	-
Note receivable	-	521,101	722,812	-	-	-
Total assets	\$252,488	\$521,101	\$725,812	\$135,757	\$881,525	\$162,969
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities:						
Accounts payable	\$945	\$ -	\$3,000	\$ -	\$18,513	\$1,467
Due to other funds	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-
Accrued wages and benefits payable	872	-	-	-	1,683	609
Total liabilities	1,817	0	3,000	0	20,196	2,076
Deferred inflows of resources:						
Unavailable revenue	-	521,101	722,812	-	-	-
Total deferred inflows of resources	0	521,101	722,812	0	0	0
Fund balance:						
Nonspendable	-	-	-	-	-	-
Committed	250,671	-	-	135,757	861,329	160,893
Unassigned	-	-	-	-	-	-
Total fund balance	250,671	0	0	135,757	861,329	160,893
Total liabilities, deferred inflows of resources and fund balance	\$252,488	\$521,101	\$725,812	\$135,757	\$881,525	\$162,969

270 - Development Fund	271 - GAP Financing Fund	274 - Forest Lake Trailside Senior Living TIF	277 - LAAND Initiative	280 - HOME	407 - CDBG	408 - Community Services Development	412 - Red Rock - TIF	Intra-Activity Eliminations	Total Community Development Fund
\$501,693	\$360,176	\$ -	\$37,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,109,455
5,000	-	-	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	-	-	3,217
-	72,816	-	-	-	-	-	-	-	72,816
-	-	-	-	-	-	-	-	(208,357)	-
-	-	-	-	31,782	10,050	108	-	-	56,362
10,462	-	-	-	-	37	-	-	-	10,499
2,768,385	500,000	-	-	-	-	-	-	-	3,268,385
-	-	-	-	-	-	-	130,598	-	130,598
-	2,261,020	-	500,000	689,178	317,438	-	-	-	5,011,549
<u>\$3,285,540</u>	<u>\$3,194,012</u>	<u>\$0</u>	<u>\$537,843</u>	<u>\$720,960</u>	<u>\$327,525</u>	<u>\$108</u>	<u>\$130,598</u>	<u>(\$208,357)</u>	<u>\$10,667,881</u>
\$8,566	\$ -	\$ -	\$ -	\$130	\$6,861	\$ -	\$ -	\$ -	\$39,482
-	-	4,665	-	31,445	138	108	208,357	(208,357)	36,356
-	-	-	40,000	-	-	-	-	-	40,000
7,250	-	-	-	207	3,050	-	-	-	13,671
<u>15,816</u>	<u>0</u>	<u>4,665</u>	<u>40,000</u>	<u>31,782</u>	<u>10,049</u>	<u>108</u>	<u>208,357</u>	<u>(208,357)</u>	<u>129,509</u>
-	72,816	-	500,000	689,178	317,476	-	130,597	-	2,953,980
0	72,816	-	500,000	689,178	317,476	0	130,597	0	2,953,980
10,462	-	-	-	-	37	-	-	-	10,499
3,259,262	3,121,196	-	-	-	-	-	-	-	7,789,108
-	-	(4,665)	(2,157)	-	(37)	-	(208,356)	-	(215,215)
<u>3,269,724</u>	<u>3,121,196</u>	<u>(4,665)</u>	<u>(2,157)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(208,356)</u>	<u>0</u>	<u>7,584,392</u>
<u>\$3,285,540</u>	<u>\$3,194,012</u>	<u>\$0</u>	<u>\$537,843</u>	<u>\$720,960</u>	<u>\$327,525</u>	<u>\$108</u>	<u>\$130,598</u>	<u>(\$208,357)</u>	<u>\$10,667,881</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
COMMUNITY DEVELOPMENT FUND
For The Year Ended December 31, 2015

	230 - Multi Family Projects - LIHTC	231 - TCAP Kilkenny	232 - TCAP Granada	243 - Red Oak Preserve - Oakdale	255 - Newport/ Red Rock	256 - Mahtomedi - Piccadilly	270 - Development Fund
Revenues:							
General property taxes	\$ -	\$ -	\$ -	\$173,485	\$396,404	\$65,000	\$ -
Intergovernmental	-	-	-	-	-	1,044,422	-
Charges for services:							
Administrative fees	45,175	-	3,000	-	-	-	2,414
Bond issuance, origination fees	3,809	-	-	-	-	-	-
Investment income	152	-	-	38	8,129	33	26,063
Other	81,497	-	-	-	-	90,300	5,542
Total revenues	130,633	0	3,000	173,523	404,533	1,199,755	34,019
Expenditures:							
Current:							
Administrative salaries and benefits	36,284	-	-	-	53,930	17,477	142,632
Administrative travel and per diems	153	-	-	-	338	370	1,510
Administrative legal	61,855	-	-	-	11,474	1,570	8,601
Administrative sundry	1,771	-	-	-	2,081	2,491	15,834
Professional services	6,981	-	3,000	-	43,668	3,634	29,917
Project costs	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	184
Debt service:							
Principal	-	-	-	132,763	-	-	-
Interest	-	-	-	46,465	-	-	-
Total expenditures	107,044	0	3,000	179,228	111,491	25,542	198,678
Revenues over (under) expenditures	23,589	0	0	(5,705)	293,042	1,174,213	(164,659)
Other financing sources (uses):							
Proceeds from sale of land held for resale	-	-	-	-	-	1,030,000	-
Transfers from other funds	-	-	-	-	200,542	-	-
Transfers to other funds	-	-	-	-	(15,600)	(1,120,300)	(251,819)
Total other financing sources (uses)	-	-	-	-	184,942	(90,300)	(251,819)
Net change in fund balance	23,589	0	0	(5,705)	477,984	1,083,913	(416,478)
Fund balance (deficit) - January 1	227,082	-	-	141,462	383,345	(923,020)	3,686,202
Fund balance (deficit) - December 31	<u>\$250,671</u>	<u>\$0</u>	<u>\$0</u>	<u>\$135,757</u>	<u>\$861,329</u>	<u>\$160,893</u>	<u>\$3,269,724</u>

271 - GAP Financing Fund	274 - Forest Lake Trailside Senior Living TIF	277 - LAAND Initiative	280 - HOME	407 - CDBG	408 - Community Services Development	412 - Red Rock - TIF	Intra-Activity Eliminations	Total Community Development Fund
\$423,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,058,867
-	-	-	148,922	827,850	4,412	-	-	2,025,606
500	-	-	16,557	101,401	-	-	-	169,047
-	-	-	-	-	-	-	-	3,809
339	-	5	-	-	-	-	(7,814)	26,945
-	-	43,500	-	-	-	-	-	220,839
<u>424,817</u>	<u>0</u>	<u>43,505</u>	<u>165,479</u>	<u>929,251</u>	<u>4,412</u>	<u>0</u>	<u>(7,814)</u>	<u>3,505,113</u>
-	-	-	9,362	82,312	-	-	-	341,997
-	-	-	165	1,442	-	-	-	3,978
-	-	-	6,591	3,506	-	-	-	93,597
-	-	-	27	1,851	4,412	-	-	28,467
-	-	2,162	412	24,788	-	-	-	114,562
-	-	-	148,922	815,352	-	-	-	964,274
-	-	-	-	-	-	-	-	184
-	-	43,500	-	-	-	-	-	176,263
-	-	-	-	-	-	7,814	(7,814)	46,465
<u>0</u>	<u>0</u>	<u>45,662</u>	<u>165,479</u>	<u>929,251</u>	<u>4,412</u>	<u>7,814</u>	<u>(7,814)</u>	<u>1,769,787</u>
<u>424,817</u>	<u>0</u>	<u>(2,157)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,814)</u>	<u>0</u>	<u>1,735,326</u>
-	-	-	-	-	-	-	-	1,030,000
45,700	-	-	-	-	-	-	(246,242)	-
-	-	-	-	-	-	(200,542)	246,242	(1,342,019)
<u>45,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,542)</u>	<u>-</u>	<u>(312,019)</u>
470,517	0	(2,157)	0	0	0	(208,356)	0	1,423,307
<u>2,650,679</u>	<u>(4,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,161,085</u>
<u>\$3,121,196</u>	<u>(\$4,665)</u>	<u>(\$2,157)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$208,356)</u>	<u>\$0</u>	<u>\$7,584,392</u>

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HOME OWNERSHIP COUNSELING FUND

The Home Ownership Counseling Fund is used to account for related expenses to provide counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The program also assists homeowners in need of foreclosure assistance. Federal and state grants fund this program. The Washington County Housing and Redevelopment Authority maintains the following Home Ownership Counseling Fund:

272 - National Foreclosure Mitigation Counseling - to account for the federally funded program that funds the HRA's Foreclosure Counseling Program.

273 - HECAT Homebuyer Education - to account for State grant funds and expenditures related to the implementation of homebuyer education and pre-purchase counseling activities

292 - HECAT Foreclosure Program - to account for expenses related to the foreclosure and pre-purchase counseling and administration activities funded by the Homeownership Education and Training (HECAT) program, which is a program funded by the state.

294 - HUD-Comprehensive Counseling - to account for expenditures to provide foreclosure and pre-purchase housing counseling services and administration related to the Comprehensive Counseling program, a federally funded program through the U.S. Department of Housing and Urban Development.

276 - Foreclosure Counseling and Grant - to account for expenditures to provide foreclosure counseling prevention services to homeowners. The sources of funding for this program are grants from the St. Paul and Bigelow Foundations and fee for service agreements with Fannie Mae and Wells Fargo.

401 - NFMC – Counseling Round 7 - to account for the federally funded program that funds the HRA's Foreclosure Counseling Program.

403 - HECAT Homebuyer Counseling - to account for expenses related to the homebuyer counseling and administration activities funded by the Homeownership Education and Training (HECAT) program, which is a program funded by the state.

404 - EHLP Extended - to account for expenditures to provide counseling to participants of the Emergency Homeowners Loan Program. This is a federal program with funding received by the State.

405 - NFMC Counseling Round 8 - to account for the federally funded program that funds the HRA's Foreclosure Counseling Program.

406 - NFMC Program Related Support Round 8 - to account for the portion of funds from the federally funded program used to pay costs associated with training, administration, marketing, outreach and other efforts to support the HRA's Foreclosure Counseling Program.

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409 - NFMC Counseling Round 9 - to account for the federally funded program that funds the HRA's Foreclosure Counseling Program.

410 - NFMC Program Related Support Round 9 - to account for the portion of funds from the federally funded program used to pay costs associated with training, administration, marketing, outreach and other efforts to support the HRA's Foreclosure Counseling Program.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING BALANCE SHEET -
HOME OWNERSHIP COUNSELING FUND
December 31, 2015

	272 - National Foreclosure Mitigation Counseling	273 - HECAT Homebuyer Education	292 - HECAT Foreclosure Program
Assets			
Cash, cash equivalents and investments	\$44	\$1,011	\$ -
Due from other governmental units	-	-	2,444
Prepaid items	-	9	14
	<u>\$44</u>	<u>\$1,020</u>	<u>\$2,458</u>
Total assets			
	<u>\$44</u>	<u>\$1,020</u>	<u>\$2,458</u>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$41	\$ -
Due to other funds	-	-	1,240
Accrued wages and benefits payable	44	363	1,204
Unearned revenue - grants	-	-	14
Total liabilities	<u>44</u>	<u>404</u>	<u>2,458</u>
Fund balance:			
Nonspendable	-	9	14
Restricted	-	607	-
Unassigned	-	-	(14)
Total fund balance	<u>0</u>	<u>616</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balance			
	<u>\$44</u>	<u>\$1,020</u>	<u>\$2,458</u>

<u>276 - Foreclosure Counseling and Grant</u>	<u>403 - HECAT Homebuyer Counseling</u>	<u>405 - NFMC - Counseling Round 8</u>	<u>409 - NFMC - Counseling Round 9</u>	<u>410 - NFMC - Program Related Support Round 9</u>	<u>Total Home Ownership Counseling Fund</u>
\$503	\$3,219	\$ -	\$ -	\$ -	\$4,777
-	-	2,348	6,334	750	11,876
<u>8</u>	<u>3</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>41</u>
<u>\$511</u>	<u>\$3,222</u>	<u>\$2,348</u>	<u>\$6,341</u>	<u>\$750</u>	<u>\$16,694</u>
\$74	\$55	\$ -	\$153	\$ -	\$323
-	-	2,348	5,243	568	9,399
429	182	-	938	182	3,342
-	2,985	-	7	-	3,006
<u>503</u>	<u>3,222</u>	<u>2,348</u>	<u>6,341</u>	<u>750</u>	<u>16,070</u>
8	3	-	7	-	41
-	-	-	-	-	607
-	(3)	-	(7)	-	(24)
<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>624</u>
<u>\$511</u>	<u>\$3,222</u>	<u>\$2,348</u>	<u>\$6,341</u>	<u>\$750</u>	<u>\$16,694</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

COMBINING SCHEDULE OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE -
 HOME OWNERSHIP COUNSELING FUND
 For The Year Ended December 31, 2015

	272 - National Foreclosure Mitigation Counseling	273 - HECAT Homebuyer Education	292 - HECAT Foreclosure Program	294 - HUD Comprehensive Counseling	276 - Foreclosure Counseling and Grant
Revenues:					
Intergovernmental	\$10,385	\$13,500	\$30,254	\$33,000	\$4,700
Charges for services:					
Administrative fees	-	3,248	-	-	-
Total revenues	<u>10,385</u>	<u>16,748</u>	<u>30,254</u>	<u>33,000</u>	<u>4,700</u>
Expenditures:					
Current:					
Administrative salaries and benefits	7,292	17,135	27,210	32,835	9,088
Administrative travel and per diems	71	101	10	-	27
Administrative legal	227	-	-	-	-
Administrative sundry	2,795	4,976	3,034	165	733
Total expenditures	<u>10,385</u>	<u>22,212</u>	<u>30,254</u>	<u>33,000</u>	<u>9,848</u>
Revenues over (under) expenditures	<u>0</u>	<u>(5,464)</u>	<u>0</u>	<u>0</u>	<u>(5,148)</u>
Fund balance (deficit) - January 1	<u>-</u>	<u>6,080</u>	<u>-</u>	<u>-</u>	<u>5,156</u>
Fund balance (deficit) - December 31	<u>\$0</u>	<u>\$616</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8</u>

401 - NFMC - Counseling Round 7	403 - HECAT Homebuyer Counseling	404 - EHELP Extended	405 - NFMC - Counseling Round 8	406 - NFMC - Program Related Support Round 8	409 - NFMC - Counseling Round 9	410 - NFMC - Program Related Support Round 9	Total Home Ownership Counseling Fund
\$1,380	\$18,070	\$811	\$20,430	\$1,477	\$11,543	\$1,155	\$146,705
-	-	-	-	-	-	-	3,248
<u>1,380</u>	<u>18,070</u>	<u>811</u>	<u>20,430</u>	<u>1,477</u>	<u>11,543</u>	<u>1,155</u>	<u>149,953</u>
1,380	16,149	811	19,761	1,217	11,007	807	144,692
-	-	-	-	-	-	-	209
-	-	-	-	-	-	-	227
-	1,921	-	669	260	536	348	15,437
<u>1,380</u>	<u>18,070</u>	<u>811</u>	<u>20,430</u>	<u>1,477</u>	<u>11,543</u>	<u>1,155</u>	<u>160,565</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(10,612)</u>
-	-	-	-	-	-	-	11,236
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$624</u>

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PUBLIC HOUSING FUND

The Public Housing Fund is used to account for the operation of 96 units of rental housing within Washington County through the HUD funded Low-Rent Housing Program and Capital Fund Program. These units are owned and operated by the HRA but are subject to HUD's program rules and regulations. HUD provides subsidies for the operation, maintenance and improvement of these units. The Washington County Housing and Redevelopment Authority maintains the following Public Housing Fund:

635 - HUD - Scattered Site - to account for the operation of the HRA's Metropolitan Housing Opportunity Program (MHOP) which consists of 56 scattered site units throughout Washington County and they consist of single family homes, townhomes and duplexes.

636 - Whispering Pines - to account for the operations of a 40 unit four-story public housing building. Residents must meet income and eligibility criteria and preference is given to applicants 62 or older and disabled households.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF NET POSITION -
PUBLIC HOUSING FUND
December 31, 2015

Statement 20

	635 - HUD Scattered Site	636 - Whispering Pines	Total Public Housing Fund
Assets:			
Current assets:			
Cash and cash equivalents	\$260,672	\$404,040	\$664,712
Restricted cash and investments	44,628	10,732	55,360
Accounts receivable - tenants	10,619	526	11,145
Allowance for doubtful accounts	(10,600)	-	(10,600)
Due from other governments	-	73	73
Prepaid items	24,665	9,914	34,579
Total current assets	329,984	425,285	755,269
Capital assets:			
Land	927,004	315,000	1,242,004
Buildings and structures	6,830,904	2,287,932	9,118,836
Total capital assets	7,757,908	2,602,932	10,360,840
Less: Accumulated depreciation	(3,216,006)	(272,143)	(3,488,149)
Net capital assets	4,541,902	2,330,789	6,872,691
Total noncurrent assets	4,541,902	2,330,789	6,872,691
Total assets	\$4,871,886	\$2,756,074	\$7,627,960
Liabilities:			
Current liabilities:			
Accounts payable	\$3,478	\$7,272	\$10,750
Due to other governmental units	10,257	5,822	16,079
Unearned revenue - rent	823	-	823
Current liabilities payable from restricted assets:			
Accrued interest payable	-	66	66
Security deposits payable	32,725	10,288	43,013
Current portion of long-term debt	-	444	444
Total current liabilities payable from restricted assets	32,725	10,798	43,523
Total current liabilities	47,283	23,892	71,175
Noncurrent liabilities:			
Long-term debt	-	5,762	5,762
Notes and mortgages payable	-	389,291	389,291
Total noncurrent liabilities	0	395,053	395,053
Total liabilities	47,283	418,945	466,228
Net position:			
Net investment in capital assets	4,541,902	1,935,292	6,477,194
Restricted for bond indenture purposes	44,628	10,732	55,360
Unrestricted	238,073	391,105	629,178
Total net position	\$4,824,603	\$2,337,129	\$7,161,732

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION -
PUBLIC HOUSING FUND
For The Year Ended December 31, 2015

Statement 21

	635 - HUD Scattered Site	636 - Whispering Pines	Total Public Housing Fund
Operating revenues:			
Rental income	\$193,070	\$159,557	\$352,627
Service income	-	4,779	4,779
HUD rent subsidies	222,322	61,962	284,284
Other	9,332	321	9,653
Total operating revenues	<u>424,724</u>	<u>226,619</u>	<u>651,343</u>
Operating expenses:			
Marketing	-	940	940
Management fee	51,819	22,940	74,759
Legal	6,110	2,541	8,651
Administrative	1,980	6,186	8,166
Operating	120,130	1,316	121,446
Maintenance	198,231	78,289	276,520
Utilities	1,463	47,403	48,866
Insurance	22,049	6,037	28,086
Property taxes	14,293	120	14,413
Depreciation	227,446	76,264	303,710
Total operating expenses	<u>643,521</u>	<u>242,036</u>	<u>885,557</u>
Operating income (loss)	<u>(218,797)</u>	<u>(15,417)</u>	<u>(234,214)</u>
Nonoperating revenues (expenses):			
Investment income	278	155	433
Insurance recoveries	6,793	-	6,793
Financial expense	-	(1,464)	(1,464)
Interest expense	(215)	(158)	(373)
Property tax revenue	107,254	444	107,698
Other	(33,201)	(6,966)	(40,167)
Total nonoperating revenues (expenses)	<u>80,909</u>	<u>(7,989)</u>	<u>72,920</u>
Income (loss) before contributions and transfers	<u>(137,888)</u>	<u>(23,406)</u>	<u>(161,294)</u>
Transfers:			
Transfers from other funds	15,182	-	15,182
Total transfers	<u>15,182</u>	<u>0</u>	<u>15,182</u>
Change in net position	(122,706)	(23,406)	(146,112)
Net position - January 1	<u>4,947,309</u>	<u>2,360,535</u>	<u>7,307,844</u>
Net position - December 31	<u><u>\$4,824,603</u></u>	<u><u>\$2,337,129</u></u>	<u><u>\$7,161,732</u></u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 COMBINING SCHEDULE OF CASH FLOWS -
 PUBLIC HOUSING FUND
 For The Year Ended December 31, 2015

Statement 22

	635 - HUD Scattered Site	636 - Whispering Pines	Total Public Housing Fund
Cash flows from operating activities:			
Receipts from customers and users	\$414,280	\$226,006	\$640,286
Payment to suppliers for goods and services	(419,528)	(170,356)	(589,884)
Miscellaneous income (loss)	(23,869)	(6,645)	(30,514)
Net cash flows from operating activities	<u>(29,117)</u>	<u>49,005</u>	<u>19,888</u>
Cash flows from capital and related financing activities:			
Property taxes	107,254	444	107,698
Transfers in	15,182	-	15,182
Federal recovery zone credits	-	2	2
Insurance proceeds on damage to capital assets	6,793	-	6,793
Fiscal agent costs and other debt related fees	-	(1,464)	(1,464)
Purchase of capital assets	(16,994)	-	(16,994)
Interest paid on long-term debt	(215)	(159)	(374)
Principal payments on long-term debt	-	(443)	(443)
Net cash flows from capital and related financing activities	<u>112,020</u>	<u>(1,620)</u>	<u>110,400</u>
Cash flows from investing activities:			
Investment income	<u>278</u>	<u>155</u>	<u>433</u>
Net increase (decrease) in cash and cash equivalents	83,181	47,540	130,721
Cash and cash equivalents - January 1	<u>222,119</u>	<u>367,232</u>	<u>589,351</u>
Cash and cash equivalents - December 31	<u><u>\$305,300</u></u>	<u><u>\$414,772</u></u>	<u><u>\$720,072</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>(\$218,797)</u>	<u>(\$15,417)</u>	<u>(\$234,214)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	227,446	76,264	303,710
Miscellaneous income (loss)	(33,201)	(6,966)	(40,167)
Changes in assets and liabilities:			
Decrease (increase) in receivables	3,110	(226)	2,884
Decrease (increase) prepaid items	(5,377)	(4,016)	(9,393)
Increase (decrease) accounts payable	1,211	(1,536)	(325)
Increase (decrease) security deposits payable	(4,214)	192	(4,022)
Increase (decrease) due to other governments	713	968	1,681
Increase (decrease) unearned revenue	(8)	(258)	(266)
Total adjustments	<u>189,680</u>	<u>64,422</u>	<u>254,102</u>
Net cash provided by operating activities	<u><u>(\$29,117)</u></u>	<u><u>\$49,005</u></u>	<u><u>\$19,888</u></u>

SENIOR HOUSING FUND

The Senior Housing Fund is used to account for the resources accumulated and payments made for the acquisition, construction, improvement and operation of 401 units of bond-financed senior housing intended for seniors 55 years of age or older within the County. The Washington County Housing and Redevelopment Authority maintains the following Senior Housing Fund:

609 - Ann Bodlovick - to account for the operation of a 3 story building with 50 apartments. There are one and two bedroom styles with six different floor plans.

614 - Cobble Hill - to account for the operation of a 3 story building with 45 apartments. The unit types include both one and two bedroom units.

612 - John Jergens Estates - to account for the operation of six one story buildings totaling 30 units. The units are cottage style apartments, each with its own entrance. There are five units in each building.

602 - Muller Manor - to account for operation of a one story manor style building with 28 units.

601 - Oakhill Cottages - to account for operation of three one story buildings with 40 units. The units are cottage style apartments, each with its own entrance.

613 - Pioneer Elderly - to account for operation of a portion of a 1926 school building, renovated and redesigned for seniors 55 years of age and older. The community has a total of 17 1-bedroom unit and a single 2-bedroom unit.

610 - Trailside - to account for operations of a three story building with 70 units.

617 - Raymie Johnson Estates - to account for operation of 120 apartment and townhome units. This project based section 8 subsidized community has 96 apartments in the 5 story high-rise building, which include one and two bedroom units, available to those 62 and older and/or to people with disabilities. There are also 24 two and three bedroom town homes that are available for families.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

COMBINING SCHEDULE OF NET POSITION -

SENIOR HOUSING FUND

December 31, 2015

	609 - Ann Bodlovick	614 - Cobble Hill	612 - John Jergens Estates
Assets:			
Current assets:			
Cash and cash equivalents	\$14,833	\$5,771	\$6,125
Restricted cash and investments	779,216	653,494	364,055
Accounts receivable - tenants	500	1,008	-
Allowance for doubtful accounts	-	-	-
Due from other governments	166	253	-
Prepaid items	15,570	17,691	11,422
Total current assets	<u>810,285</u>	<u>678,217</u>	<u>381,602</u>
Capital assets:			
Land	62,732	122,090	115,000
Projects in process	-	-	-
Buildings and structures	3,171,646	2,486,562	2,531,870
Furniture and fixtures	20,101	15,654	-
Total capital assets	<u>3,254,479</u>	<u>2,624,306</u>	<u>2,646,870</u>
Less: Accumulated depreciation	<u>(1,560,727)</u>	<u>(1,216,698)</u>	<u>(1,060,272)</u>
Net capital assets	<u>1,693,752</u>	<u>1,407,608</u>	<u>1,586,598</u>
Total noncurrent assets	<u>1,693,752</u>	<u>1,407,608</u>	<u>1,586,598</u>
Total assets	<u>2,504,037</u>	<u>2,085,825</u>	<u>1,968,200</u>
Deferred outflows of resources:			
Unamortized loss on refunding	45,252	70,256	36,336
Total deferred outflows of resources	<u>45,252</u>	<u>70,256</u>	<u>36,336</u>

602 - Muller Manor	601 - Oakhill Cottages	613 - Pioneer Elderly	610 - Trailside	617 - Raymie Johnson Estates	Total Senior Housing Fund
\$7,970	\$7,706	\$13,200	\$9,760	\$20,024	\$85,389
649,790	552,384	8,412	1,559,309	1,361,839	5,928,499
-	-	-	-	4,096	5,604
-	-	-	-	(600)	(600)
76	-	56	-	10,142	10,693
9,091	10,863	5,516	23,081	46,330	139,564
<u>666,927</u>	<u>570,953</u>	<u>27,184</u>	<u>1,592,150</u>	<u>1,441,831</u>	<u>6,169,149</u>
110,946	115,000	50,000	885,000	510,000	1,970,768
6,409	-	-	-	16,892	23,301
1,812,847	2,952,358	1,039,953	8,194,291	6,597,547	28,787,074
15,460	11,870	10,173	124,048	53,814	251,120
1,945,662	3,079,228	1,100,126	9,203,339	7,178,253	31,032,263
(963,420)	(1,226,757)	(517,723)	(889,680)	(2,718,787)	(10,154,064)
982,242	1,852,471	582,403	8,313,659	4,459,466	20,878,199
982,242	1,852,471	582,403	8,313,659	4,459,466	20,878,199
1,649,169	2,423,424	609,587	9,905,809	5,901,297	27,047,348
38,120	79,781	-	-	197,347	467,092
<u>38,120</u>	<u>79,781</u>	<u>0</u>	<u>0</u>	<u>197,347</u>	<u>467,092</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF NET POSITION -
SENIOR HOUSING FUND
December 31, 2015

	<u>609 - Ann Bodlovick</u>	<u>614 - Cobble Hill</u>	<u>612 - John Jergens Estates</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$12,545	\$8,464	\$8,386
Due to other governmental units	20,192	19,231	11,538
Unearned revenue - rent	627	122	-
Advances from other funds	-	-	-
Current liabilities payable from restricted assets:			
Accrued interest payable	18,579	20,662	10,659
Security deposits payable	26,121	23,477	15,000
Current portion of long-term debt	<u>101,009</u>	<u>106,537</u>	<u>55,000</u>
Total current liabilities payable from restricted assets	<u>145,709</u>	<u>150,676</u>	<u>80,659</u>
Total current liabilities	<u>179,073</u>	<u>178,493</u>	<u>100,583</u>
Noncurrent liabilities:			
Long-term debt	<u>1,704,431</u>	<u>1,863,750</u>	<u>962,031</u>
Total noncurrent liabilities	<u>1,704,431</u>	<u>1,863,750</u>	<u>962,031</u>
Total liabilities	<u>1,883,504</u>	<u>2,042,243</u>	<u>1,062,614</u>
Net position:			
Net investment in capital assets	(66,436)	(492,423)	605,903
Restricted for bond indenture purposes	779,216	653,494	364,055
Unrestricted	<u>(46,995)</u>	<u>(47,233)</u>	<u>(28,036)</u>
Total net position	<u>\$665,785</u>	<u>\$113,838</u>	<u>\$941,922</u>

<u>602 - Muller Manor</u>	<u>601 - Oakhill Cottages</u>	<u>613 - Pioneer Elderly</u>	<u>610 - Trailside</u>	<u>617 - Raymie Johnson Estates</u>	<u>Total Senior Housing Fund</u>
\$6,339	\$4,733	\$6,705	\$8,705	\$19,180	\$75,057
9,694	16,586	5,287	28,714	49,331	160,573
316	316	6	311	1,574	3,272
-	-	-	500,000	-	500,000
11,157	7,313	50	212,403	29,698	310,521
15,361	20,373	8,075	36,132	35,217	179,756
55,460	125,000	337	225,000	426,517	1,094,860
81,978	152,686	8,462	473,535	491,432	1,585,137
98,327	174,321	20,460	1,011,265	561,517	2,324,039
1,008,209	729,338	4,362	7,663,447	2,835,919	16,771,487
1,008,209	729,338	4,362	7,663,447	2,835,919	16,771,487
1,106,536	903,659	24,822	8,674,712	3,397,436	19,095,526
(43,307)	1,077,914	577,704	425,212	1,394,377	3,478,944
649,790	552,384	8,412	1,559,309	1,361,839	5,928,499
(25,730)	(30,752)	(1,351)	(753,424)	(55,008)	(988,529)
\$580,753	\$1,599,546	\$584,765	\$1,231,097	\$2,701,208	\$8,418,914

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION -
SENIOR HOUSING FUND
For The Year Ended December 31, 2015

	<u>609 - Ann Bodlovick</u>	<u>614 - Cobble Hill</u>	<u>612 - John Jergens Estates</u>
Operating revenues:			
Rental income	\$460,179	\$427,552	\$275,793
Service income	5,690	5,892	-
HUD rent subsidies	-	-	-
Other	17,210	1,668	800
Total operating revenues	<u>483,079</u>	<u>435,112</u>	<u>276,593</u>
Operating expenses:			
Marketing	1,038	2,876	2,619
Management fee	43,435	42,658	25,876
Legal	83	22	1,221
Administrative	28,107	25,686	1,957
Operating	11,479	10,184	3,524
Maintenance	119,782	93,072	54,981
Utilities	36,979	26,984	32,521
Insurance	16,462	18,404	12,214
Property taxes	32,177	19,366	12,119
Depreciation	78,752	62,164	60,441
Total operating expenses	<u>368,294</u>	<u>301,416</u>	<u>207,473</u>
Operating income (loss)	<u>114,785</u>	<u>133,696</u>	<u>69,120</u>
Nonoperating revenues (expenses):			
Investment income	48	49	100
Intergovernmental	332	505	8,934
Insurance recoveries	58,357	-	-
Financial expense	(2,104)	(2,213)	(1,069)
Amortization of bond premium	1,658	1,585	829
Amortization of deferred gain (loss) on refunding	(3,320)	(4,441)	(2,297)
Interest expense	(44,756)	(49,755)	(25,665)
Property tax revenue	21,009	10,537	20,000
Other	(224)	(420)	(146)
Total nonoperating revenues (expenses)	<u>31,000</u>	<u>(44,153)</u>	<u>686</u>
Income (loss) before contributions and transfers	<u>145,785</u>	<u>89,543</u>	<u>69,806</u>
Transfers:			
Transfers from other funds	6,293	-	29,395
Transfers to other funds	(31,500)	(65,500)	(207,014)
Total transfers	<u>(25,207)</u>	<u>(65,500)</u>	<u>(177,619)</u>
Change in net position	120,578	24,043	(107,813)
Net position - January 1	<u>545,207</u>	<u>89,795</u>	<u>1,049,735</u>
Net position - December 31	<u><u>\$665,785</u></u>	<u><u>\$113,838</u></u>	<u><u>\$941,922</u></u>

602 - Muller Manor	601 - Oakhill Cottages	613 - Pioneer Elderly	610 - Trailside	617 - Raymie Johnson Estates	Total Senior Housing Fund
\$222,792	\$356,800	\$133,099	\$612,980	\$360,374	\$2,849,569
-	-	-	-	9,964	21,546
-	-	-	-	687,342	687,342
565	630	235	1,925	7,878	30,911
<u>223,357</u>	<u>357,430</u>	<u>133,334</u>	<u>614,905</u>	<u>1,065,558</u>	<u>3,589,368</u>
3,680	5,005	641	10	-	15,869
22,550	33,846	14,256	64,249	111,041	357,911
14	-	-	841	1,075	3,256
3,278	3,034	3,020	14,158	17,063	96,303
7,112	5,082	4,664	2,804	6,580	51,429
52,494	94,327	43,484	123,281	268,390	849,811
20,627	8,064	27,381	44,410	59,161	256,127
8,339	11,299	5,938	21,062	49,195	142,913
9,778	16,706	5,341	28,924	49,619	174,030
45,321	73,809	25,999	222,578	164,939	734,003
<u>173,193</u>	<u>251,172</u>	<u>130,724</u>	<u>522,317</u>	<u>727,063</u>	<u>2,681,652</u>
50,164	106,258	2,610	92,588	338,495	907,716
46	31	35	17	108	434
151	-	111	173,679	20,218	203,930
-	-	-	-	-	58,357
(1,974)	(1,497)	(84)	(10,507)	(5,189)	(24,637)
873	2,662	-	312	7,454	15,373
(2,410)	(9,755)	-	-	(53,602)	(75,825)
(26,867)	(17,775)	(119)	(424,805)	(71,936)	(661,678)
56,460	50,000	337	351,000	96,517	605,860
(156)	(210)	(749)	(1,960)	(7,414)	(11,279)
26,123	23,456	(469)	87,736	(13,844)	110,535
<u>76,287</u>	<u>129,714</u>	<u>2,141</u>	<u>180,324</u>	<u>324,651</u>	<u>1,018,251</u>
6,409	-	-	-	16,892	58,989
(29,000)	(21,500)	(22,500)	(28,000)	(85,000)	(490,014)
<u>(22,591)</u>	<u>(21,500)</u>	<u>(22,500)</u>	<u>(28,000)</u>	<u>(68,108)</u>	<u>(431,025)</u>
53,696	108,214	(20,359)	152,324	256,543	587,226
527,057	1,491,332	605,124	1,078,773	2,444,665	7,831,688
<u>\$580,753</u>	<u>\$1,599,546</u>	<u>\$584,765</u>	<u>\$1,231,097</u>	<u>\$2,701,208</u>	<u>\$8,418,914</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS -
SENIOR HOUSING FUND
For The Year Ended December 31, 2015

	<u>609 - Ann Bodlovick</u>	<u>614 - Cobble Hill</u>	<u>612 - John Jergens Estates</u>
Cash flows from operating activities:			
Receipts from customers and users	\$467,129	\$433,335	\$388,368
Payment to suppliers for goods and services	(288,646)	(242,865)	(163,821)
Miscellaneous income (loss)	16,986	1,248	654
Net cash flows from operating activities	<u>195,469</u>	<u>191,718</u>	<u>225,201</u>
Cash flows from noncapital financing activities:			
Transfers out	<u>(31,500)</u>	<u>(65,500)</u>	<u>(207,014)</u>
Net cash flows from noncapital financing activities	<u>(31,500)</u>	<u>(65,500)</u>	<u>(207,014)</u>
Cash flows from capital and related financing activities:			
Property taxes	21,009	10,537	20,000
Transfers in	6,293	-	29,395
Federal recovery zone credits	336	511	8,934
Insurance proceeds on damage to capital assets	58,357	-	-
Fiscal agent costs and other debt related fees	(866)	(881)	(376)
Purchase of capital assets	(64,650)	-	(14,712)
Interest paid on long-term debt	(45,593)	(50,594)	(26,082)
Principal payments on long-term debt	<u>(101,008)</u>	<u>(101,537)</u>	<u>(50,000)</u>
Net cash flows from capital and related financing activities	<u>(126,122)</u>	<u>(141,964)</u>	<u>(32,841)</u>
Cash flows from investing activities:			
Investment income	<u>48</u>	<u>49</u>	<u>100</u>
Net increase (decrease) in cash and cash equivalents	37,895	(15,697)	(14,554)
Cash and cash equivalents - January 1	<u>756,154</u>	<u>674,962</u>	<u>384,734</u>
Cash and cash equivalents - December 31	<u><u>\$794,049</u></u>	<u><u>\$659,265</u></u>	<u><u>\$370,180</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$114,785</u>	<u>\$133,696</u>	<u>\$69,120</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	78,752	62,164	60,441
Miscellaneous income (loss)	(224)	(420)	(146)
Changes in assets and liabilities:			
Decrease (increase) in receivables	(500)	(1,008)	112,600
Decrease (increase) prepaid items	(67)	(13)	(194)
Increase (decrease) accounts payable	708	(4,108)	(16,856)
Increase (decrease) security deposits payable	1,192	801	(25)
Increase (decrease) due to other governments	255	508	261
Increase (decrease) unearned revenue	568	98	-
Total adjustments	<u>80,684</u>	<u>58,022</u>	<u>156,081</u>
Net cash provided by operating activities	<u><u>\$195,469</u></u>	<u><u>\$191,718</u></u>	<u><u>\$225,201</u></u>

<u>602 - Muller Manor</u>	<u>601 - Oakhill Cottages</u>	<u>613 - Pioneer Elderly</u>	<u>610 - Trailside</u>	<u>617 - Raymie Johnson Estates</u>	<u>Total Senior Housing Fund</u>
\$223,017	\$356,156	\$133,028	\$613,953	\$1,058,263	\$3,673,249
(127,570)	(213,145)	(101,658)	(303,977)	(562,449)	(2,004,131)
409	420	(514)	(35)	464	19,632
<u>95,856</u>	<u>143,431</u>	<u>30,856</u>	<u>309,941</u>	<u>496,278</u>	<u>1,688,750</u>
(29,000)	(21,500)	(22,500)	(28,000)	(85,000)	(490,014)
<u>(29,000)</u>	<u>(21,500)</u>	<u>(22,500)</u>	<u>(28,000)</u>	<u>(85,000)</u>	<u>(490,014)</u>
56,460	50,000	337	351,000	96,517	605,860
6,409	-	-	-	16,892	58,989
153	-	112	173,679	20,460	204,185
-	-	-	-	-	58,357
(1,251)	(413)	(82)	(14,526)	(1,643)	(20,038)
(6,410)	-	-	-	(16,893)	(102,665)
(27,327)	(18,900)	(120)	(427,130)	(75,235)	(670,981)
<u>(55,460)</u>	<u>(135,000)</u>	<u>(338)</u>	<u>(201,337)</u>	<u>(426,517)</u>	<u>(1,071,197)</u>
<u>(27,426)</u>	<u>(104,313)</u>	<u>(91)</u>	<u>(118,314)</u>	<u>(386,419)</u>	<u>(937,490)</u>
46	31	35	17	108	434
39,476	17,649	8,300	163,644	24,967	261,680
618,284	542,441	13,312	1,405,425	1,356,896	5,752,208
<u>\$657,760</u>	<u>\$560,090</u>	<u>\$21,612</u>	<u>\$1,569,069</u>	<u>\$1,381,863</u>	<u>\$6,013,888</u>
<u>\$50,164</u>	<u>\$106,258</u>	<u>\$2,610</u>	<u>\$92,588</u>	<u>\$338,495</u>	<u>\$907,716</u>
45,321	73,809	25,999	222,578	164,939	734,003
(156)	(210)	(749)	(1,960)	(7,414)	(11,279)
-	-	-	891	(532)	111,451
(68)	(192)	681	(668)	(152)	(673)
165	(35,851)	2,080	(4,794)	(1,516)	(60,172)
(91)	(960)	(77)	(229)	1,010	1,621
205	261	306	1,224	1,343	4,363
316	316	6	311	105	1,720
<u>45,692</u>	<u>37,173</u>	<u>28,246</u>	<u>217,353</u>	<u>157,783</u>	<u>781,034</u>
<u>\$95,856</u>	<u>\$143,431</u>	<u>\$30,856</u>	<u>\$309,941</u>	<u>\$496,278</u>	<u>\$1,688,750</u>

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FAMILY HOUSING FUND

The Family Housing Fund is used to account for the resources accumulated and payments made for the acquisition, construction, improvement and operation of 333 units of bond-financed, or other, family housing within the County. The Washington County Housing and Redevelopment Authority maintains the following Family Housing Fund:

604 - Woodland Park - to account for operations of a six building, 180 unit community. There are 64 townhome style units and 116 apartments. The units are available in 1 bedroom, 2 bedroom and 3 bedroom styles.

607 - Park Place I - to account for operations of a six building, 36 unit community that includes both 1 bedroom and 2 bedroom styles.

616 - Transitional Housing - to account for operations of three townhomes owned by the HRA through the state “transitional housing program”. The units are available to households with members that have a serious and persistent mental illness.

618 - Washington Conservation District - to account for operations related to the Washington Conservation District capital lease receivable held by the HRA.

619 - Landfall - to account for operations related to the Landfall capital lease receivable held by the HRA.

620 - Park Place II - to account for operations of a 6 unit building that includes both 1 bedroom and 2 bedroom styles.

626 - Brick Pond - to account for operations of a 30 unit three-story building. The units are available in 1 bedroom and 2 bedroom units. There is also another building with 10 attached efficiency townhomes.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF NET POSITION -
FAMILY HOUSING FUND
December 31, 2015

	<u>604 - Woodland Park</u>	<u>607 - Park Place I</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$36,591	\$86,018
Restricted cash and investments	2,537,079	325,093
Accounts receivable - tenants	368	-
Allowance for doubtful accounts	-	-
Due from other governments	7,926	-
Prepaid items	62,470	9,892
Capital lease receivable	-	-
Total current assets	<u>2,644,434</u>	<u>421,003</u>
Noncurrent assets:		
Other assets:		
Capital lease receivable - long term	-	-
Total other assets	<u>0</u>	<u>0</u>
Capital assets:		
Land	422,638	72,000
Projects in process	-	796,718
Buildings and structures	13,147,585	1,495,034
Furniture and fixtures	114,943	-
Total capital assets	<u>13,685,166</u>	<u>2,363,752</u>
Less: Accumulated depreciation	<u>(6,627,287)</u>	<u>(847,449)</u>
Net capital assets	<u>7,057,879</u>	<u>1,516,303</u>
Total noncurrent assets	<u>7,057,879</u>	<u>1,516,303</u>
Total assets	<u>9,702,313</u>	<u>1,937,306</u>
Deferred outflows of resources:		
Unamortized loss on refunding	42,612	28,652
Total deferred outflows of resources	<u>42,612</u>	<u>28,652</u>

616 - Transitional Housing	618 - Washington Conservation District	619 - Landfall	620 - Park Place II	626 - Brick Pond	Total Family Housing Fund
\$5,902	\$ -	\$36	\$13,894	\$36,175	\$178,616
39,737	6,270	1,041,982	2,122	54,701	4,006,984
-	-	-	1,736	607	2,711
-	-	-	(1,700)	-	(1,700)
-	-	-	-	-	7,926
1,084	-	-	1,537	17,698	92,681
-	30,000	356,261	-	-	386,261
<u>46,723</u>	<u>36,270</u>	<u>1,398,279</u>	<u>17,589</u>	<u>109,181</u>	<u>4,673,479</u>
-	1,157,500	2,845,483	-	-	4,002,983
<u>0</u>	<u>1,157,500</u>	<u>2,845,483</u>	<u>0</u>	<u>0</u>	<u>4,002,983</u>
31,775	-	-	12,000	360,000	898,413
-	-	-	135,842	-	932,560
451,848	-	-	208,807	1,375,247	16,678,521
-	-	-	-	10,973	125,916
<u>483,623</u>	<u>0</u>	<u>0</u>	<u>356,649</u>	<u>1,746,220</u>	<u>18,635,410</u>
(121,068)	-	-	(106,706)	(370,305)	(8,072,815)
<u>362,555</u>	<u>0</u>	<u>0</u>	<u>249,943</u>	<u>1,375,915</u>	<u>10,562,595</u>
<u>362,555</u>	<u>1,157,500</u>	<u>2,845,483</u>	<u>249,943</u>	<u>1,375,915</u>	<u>14,565,578</u>
<u>409,278</u>	<u>1,193,770</u>	<u>4,243,762</u>	<u>267,532</u>	<u>1,485,096</u>	<u>19,239,057</u>
-	-	74,229	-	44,360	189,853
<u>0</u>	<u>0</u>	<u>74,229</u>	<u>0</u>	<u>44,360</u>	<u>189,853</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF NET POSITION -
FAMILY HOUSING FUND
December 31, 2015

	<u>604 - Woodland Park</u>	<u>607 - Park Place I</u>
Liabilities:		
Current liabilities:		
Accounts payable	\$53,395	\$11,906
Due to other governmental units	84,319	12,187
Unearned revenue - rent	1,125	256
Current liabilities payable from restricted assets:		
Accrued interest payable	151,087	8,354
Security deposits payable	67,550	11,306
Contracts payable	-	74,397
Current portion of long-term debt	<u>548,076</u>	<u>40,000</u>
Total current liabilities payable from restricted assets	<u>766,713</u>	<u>134,057</u>
Total current liabilities	<u>905,552</u>	<u>158,406</u>
Noncurrent liabilities:		
Deferred gain on sale of property	-	-
Long-term debt	11,065,404	756,604
Notes and mortgages payable	-	-
Total noncurrent liabilities	<u>11,065,404</u>	<u>756,604</u>
Total liabilities	<u>11,970,956</u>	<u>915,010</u>
Deferred inflows of resources:		
Unamortized gain on refunding	<u>507,806</u>	<u>-</u>
Total deferred inflows of resources	<u>507,806</u>	<u>0</u>
Net position:		
Net investment in capital assets	(5,020,795)	673,954
Restricted for bond indenture purposes	2,537,079	325,093
Unrestricted	<u>(250,121)</u>	<u>51,901</u>
Total net position	<u><u>(\$2,733,837)</u></u>	<u><u>\$1,050,948</u></u>

<u>616 - Transitional Housing</u>	<u>618 - Washington Conservation District</u>	<u>619 - Landfall</u>	<u>620 - Park Place II</u>	<u>626 - Brick Pond</u>	<u>Total Family Housing Fund</u>
\$ -	\$ -	\$ -	\$2,401	\$37,100	\$104,802
654	-	-	2,076	28,062	127,298
-	-	-	-	1	1,382
-	3,092	36,419	-	8,375	207,327
393	-	-	2,122	13,226	94,597
-	-	-	12,334	-	86,731
<u>106,600</u>	<u>30,000</u>	<u>295,000</u>	<u>-</u>	<u>55,000</u>	<u>1,074,676</u>
<u>106,993</u>	<u>33,092</u>	<u>331,419</u>	<u>14,456</u>	<u>76,601</u>	<u>1,463,331</u>
<u>107,647</u>	<u>33,092</u>	<u>331,419</u>	<u>18,933</u>	<u>141,764</u>	<u>1,696,813</u>
-	-	463,628	-	-	463,628
-	1,160,000	2,907,405	-	552,876	16,442,289
<u>197,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197,010</u>
<u>197,010</u>	<u>1,160,000</u>	<u>3,371,033</u>	<u>0</u>	<u>552,876</u>	<u>17,102,927</u>
<u>304,657</u>	<u>1,193,092</u>	<u>3,702,452</u>	<u>18,933</u>	<u>694,640</u>	<u>18,799,740</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>507,806</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>507,806</u>
58,945	-	-	237,609	812,399	(3,237,888)
39,737	6,270	1,041,982	2,122	54,701	4,006,984
5,939	(5,592)	(426,443)	8,868	(32,284)	(647,732)
<u>\$104,621</u>	<u>\$678</u>	<u>\$615,539</u>	<u>\$248,599</u>	<u>\$834,816</u>	<u>\$121,364</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION -
FAMILY HOUSING FUND
For The Year Ended December 31, 2015

	<u>604 - Woodland Park</u>	<u>607 - Park Place I</u>
Operating revenues:		
Rental income	\$1,853,028	\$273,621
Service income	-	-
Other	37,415	16,924
Total operating revenues	<u>1,890,443</u>	<u>290,545</u>
Operating expenses:		
Marketing	6,575	1,788
Management fee	184,523	31,280
Legal	6,612	9,677
Administrative	20,791	2,247
Operating	35,010	5,222
Maintenance	467,106	77,108
Utilities	178,792	37,021
Insurance	61,519	9,748
Property taxes	86,286	39,405
Depreciation	328,586	37,376
Total operating expenses	<u>1,375,800</u>	<u>250,872</u>
Operating income (loss)	<u>514,643</u>	<u>39,673</u>
Nonoperating revenues (expenses):		
Investment income	154	64
Intergovernmental	15,801	138,915
Gain (loss) on asset disposition	-	-
Insurance recoveries	-	-
Financial expense	(10,060)	(860)
Amortization of bond premium	31,234	652
Amortization of deferred gain (loss) on refunding	114,355	(1,811)
Interest expense	(363,482)	(20,117)
Property tax revenue	282,076	62,000
Other	(658)	(128)
Total nonoperating revenues (expenses)	<u>69,420</u>	<u>178,715</u>
Income (loss) before contributions and transfers	<u>584,063</u>	<u>218,388</u>
Transfers:		
Transfers from other funds	6,250	616,529
Transfers to other funds	(68,500)	(41,000)
Total transfers	<u>(62,250)</u>	<u>575,529</u>
Change in net position	521,813	793,917
Net position - January 1	<u>(3,255,650)</u>	<u>257,031</u>
Net position - December 31	<u><u>(\$2,733,837)</u></u>	<u><u>\$1,050,948</u></u>

<u>616 - Transitional Housing</u>	<u>618 - Washington Conservation District</u>	<u>619 - Landfall</u>	<u>620 - Park Place II</u>	<u>626 - Brick Pond</u>	<u>Total Family Housing Fund</u>
\$15,864	\$ -	\$ -	\$45,739	\$354,218	\$2,542,470
-	-	-	366	4,355	4,721
-	-	2,000	2,761	9,064	68,164
<u>15,864</u>	<u>0</u>	<u>2,000</u>	<u>48,866</u>	<u>367,637</u>	<u>2,615,355</u>
-	-	-	339	5,695	14,397
2,776	-	-	2,528	37,249	258,356
2	-	-	-	4,511	20,802
-	-	2,003	399	4,336	29,776
3,206	-	-	2,548	5,624	51,610
2,326	-	-	15,519	98,416	660,475
2,473	-	-	4,496	34,761	257,543
1,167	-	-	1,688	18,479	92,601
670	-	-	2,094	28,182	156,637
11,296	-	-	5,220	32,467	414,945
<u>23,916</u>	<u>0</u>	<u>2,003</u>	<u>34,831</u>	<u>269,720</u>	<u>1,957,142</u>
<u>(8,052)</u>	<u>0</u>	<u>(3)</u>	<u>14,035</u>	<u>97,917</u>	<u>658,213</u>
39	37,443	90,526	11	65	128,302
-	-	-	23,153	-	177,869
-	-	49,412	-	-	49,412
-	-	-	-	35,606	35,606
-	-	-	-	(740)	(11,660)
-	-	265	-	5,765	37,916
-	-	(8,172)	-	(7,865)	96,507
-	(37,442)	(87,888)	-	(20,192)	(529,121)
-	-	-	-	10,000	354,076
<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(511)</u>	<u>(77)</u>	<u>(1,377)</u>
36	1	44,143	22,653	22,562	337,530
<u>(8,016)</u>	<u>1</u>	<u>44,140</u>	<u>36,688</u>	<u>120,479</u>	<u>995,743</u>
-	-	-	102,095	117,588	842,462
-	-	-	(21,500)	(132,500)	(263,500)
<u>0</u>	<u>0</u>	<u>0</u>	<u>80,595</u>	<u>(14,912)</u>	<u>578,962</u>
(8,016)	1	44,140	117,283	105,567	1,574,705
112,637	677	571,399	131,316	729,249	(1,453,341)
<u>\$104,621</u>	<u>\$678</u>	<u>\$615,539</u>	<u>\$248,599</u>	<u>\$834,816</u>	<u>\$121,364</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF CASH FLOWS -
FAMILY HOUSING FUND
For The Year Ended December 31, 2015

	604 - Woodland Park	607 - Park Place I	616 - Transitional Housing
Cash flows from operating activities:			
Receipts from customers and users	\$1,853,108	\$275,280	\$15,867
Payment to suppliers for goods and services	(1,037,208)	(214,380)	(12,591)
Miscellaneous income (loss)	36,757	16,796	(3)
Net cash flows from operating activities	<u>852,657</u>	<u>77,696</u>	<u>3,273</u>
Cash flows from noncapital financing activities:			
Transfers out	(68,500)	(41,000)	-
Net cash flows from noncapital financing activities	<u>(68,500)</u>	<u>(41,000)</u>	<u>0</u>
Cash flows from capital and related financing activities:			
Property taxes	282,076	62,000	-
Transfers in	6,250	616,529	-
Federal recovery zone credits	15,990	138,915	-
Insurance proceeds on damage to capital assets	-	-	-
Principal receipts on capital lease receivable	-	-	-
Fiscal agent costs and other debt related fees	25,811	(314)	-
Purchase of capital assets	(6,250)	(681,049)	-
Interest paid on long-term debt	(367,849)	(20,451)	-
Principal payments on long-term debt	(578,658)	(40,000)	-
Net cash flows from capital and related financing activities	<u>(622,630)</u>	<u>75,630</u>	<u>0</u>
Cash flows from investing activities:			
Investment income	154	65	39
Net increase (decrease) in cash and cash equivalents	161,681	112,391	3,312
Cash and cash equivalents - January 1	2,411,989	298,720	42,327
Cash and cash equivalents - December 31	<u>\$2,573,670</u>	<u>\$411,111</u>	<u>\$45,639</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$514,643	\$39,673	(\$8,052)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation	328,586	37,376	11,296
Miscellaneous income (loss)	(658)	(128)	(3)
Changes in assets and liabilities:			
Decrease (increase) in receivables	831	1,038	-
Decrease (increase) prepaid items	(2,402)	(40)	79
Increase (decrease) accounts payable	9,831	(1,453)	-
Increase (decrease) security deposits payable	(1,831)	385	3
Increase (decrease) due to other governments	2,577	609	(50)
Increase (decrease) unearned revenue	1,080	236	-
Total adjustments	<u>338,014</u>	<u>38,023</u>	<u>11,325</u>
Net cash provided by operating activities	<u>\$852,657</u>	<u>\$77,696</u>	<u>\$3,273</u>

618 - Washington Conservation District	619 - Landfall	620 - Park Place II	626 - Brick Pond	Total Family Housing Fund
\$ -	\$ -	\$46,010	\$357,480	\$2,547,745
-	(2,003)	(28,450)	(210,969)	(1,505,601)
-	2,000	2,250	8,987	66,787
<u>0</u>	<u>(3)</u>	<u>19,810</u>	<u>155,498</u>	<u>1,108,931</u>
-	-	(21,500)	(132,500)	(263,500)
<u>0</u>	<u>0</u>	<u>(21,500)</u>	<u>(132,500)</u>	<u>(263,500)</u>
-	-	-	10,000	354,076
-	-	102,095	117,588	842,462
-	-	23,153	-	178,058
-	-	-	35,606	35,606
-	341,477	-	-	341,477
-	-	-	(280)	25,217
-	-	(112,913)	(153,195)	(953,407)
(37,473)	(90,303)	-	(20,650)	(536,726)
-	(290,000)	-	(55,000)	(963,658)
<u>(37,473)</u>	<u>(38,826)</u>	<u>12,335</u>	<u>(65,931)</u>	<u>(676,895)</u>
37,443	90,526	11	65	128,303
(30)	51,697	10,656	(42,868)	296,839
6,300	990,321	5,360	133,744	3,888,761
<u>\$6,270</u>	<u>\$1,042,018</u>	<u>\$16,016</u>	<u>\$90,876</u>	<u>\$4,185,600</u>
\$ -	(\$3)	\$14,035	\$97,917	\$658,213
-	-	5,220	32,467	414,945
-	-	(511)	(77)	(1,377)
-	-	(36)	(567)	1,266
-	-	3	71	(2,289)
-	-	985	27,413	36,776
-	-	(49)	(441)	(1,933)
-	-	173	(1,200)	2,109
-	-	(10)	(85)	1,221
<u>0</u>	<u>0</u>	<u>5,775</u>	<u>57,581</u>	<u>450,718</u>
<u>\$0</u>	<u>(\$3)</u>	<u>\$19,810</u>	<u>\$155,498</u>	<u>\$1,108,931</u>

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MANAGING MEMBER PARTNERSHIP

The Managing Member Partnership was established to account for the Authority's investment in and any transactions related to performing the duties of general partner and managing member of the Groves Apartment, LLC and Piccadilly Square of Mahtomedi, LLC, low income housing tax credit limited partnerships. To manage this activity, the Washington County Housing and Redevelopment Authority maintains the following Managing Member Partnership Fund:

850 - The Groves Apartments Managing Member, LLC - to account for the investment in and any transactions related to performing the duties of general partner and managing member of The Groves Apartments, LLC. The Groves Apartments, LLC is a low income housing tax credit limited partnership created to own, develop, rehabilitate, lease, manage and operate an apartment complex consisting of 67 units in 17 building located in Cottage Grove, Minnesota.

851 - WCHRA Piccadilly Square, LLC - to account for the investment in and any transactions related to performing the duties of general partner and managing member of Piccadilly Square of Mahtomedi, LLC. Piccadilly Square of Mahtomedi, LLC is a low income housing tax credit limited partnership created to own, develop, construct, lease, manage and operate an apartment complex consisting of 79 units in one building located in Mahtomedi, Minnesota.

852 - Piccadilly Square Lender - to account for the debt financing related to the Piccadilly Square of Mahtomedi, LLC project.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 COMBINING SCHEDULE OF NET POSITION -
 MANAGING MEMBER PARTNERSHIP
 December 31, 2015

Statement 29

	850 - The Groves Apartments Managing Member, LLC	851 - WCHRA Piccadilly Square, LLC	852 - Piccadilly Square Lender	Total Managing Member Partnership
Assets:				
Current assets:				
Cash and cash equivalents	\$146	\$ -	\$ -	\$146
Restricted cash and investments	-	-	225,529	225,529
Accounts receivable - other	324	-	-	324
Interest receivable	65,025	-	133,260	198,285
Total current assets	<u>65,495</u>	<u>0</u>	<u>358,789</u>	<u>424,284</u>
Noncurrent assets:				
Other assets:				
Due from component unit	1,469,000	-	11,455,000	12,924,000
Investment in limited partnerships	500,590	1,344,160	-	1,844,750
Total noncurrent assets	<u>1,969,590</u>	<u>1,344,160</u>	<u>11,455,000</u>	<u>14,768,750</u>
Total assets	<u>2,035,085</u>	<u>1,344,160</u>	<u>11,813,789</u>	<u>15,193,034</u>
Liabilities:				
Current liabilities:				
Accounts payable	470	-	2	472
Current liabilities payable from restricted assets:				
Accrued interest payable	-	-	133,260	133,260
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>133,260</u>	<u>133,260</u>
Total current liabilities	<u>470</u>	<u>0</u>	<u>133,262</u>	<u>133,732</u>
Noncurrent liabilities:				
Long-term debt	-	-	11,220,937	11,220,937
Notes and mortgages payable	-	-	500,000	500,000
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>11,720,937</u>	<u>11,720,937</u>
Total liabilities	<u>470</u>	<u>0</u>	<u>11,854,199</u>	<u>11,854,669</u>
Net position:				
Restricted for bond indenture purposes	-	-	225,529	225,529
Unrestricted	2,034,615	1,344,160	(265,939)	3,112,836
Total net position	<u>\$2,034,615</u>	<u>\$1,344,160</u>	<u>(\$40,410)</u>	<u>\$3,338,365</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION -
MANAGING MEMBER PARTNERSHIP
For The Year Ended December 31, 2015

Statement 30

	850 - The Groves Apartments Managing Member, LLC	851 - WCHRA Piccadilly Square, LLC	852 - Piccadilly Square Lender	Intra-Activity Eliminations	Total Managing Member Partnership
Operating revenues:					
Other	\$ -	\$ -	\$54,843	\$ -	\$54,843
Total operating revenues	<u>0</u>	<u>0</u>	<u>54,843</u>	<u>0</u>	<u>54,843</u>
Operating expenses:					
Administrative	-	-	2	-	2
Total operating expenses	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
Operating income (loss)	<u>0</u>	<u>0</u>	<u>54,841</u>	<u>0</u>	<u>54,841</u>
Nonoperating revenues (expenses):					
Investment income	45,435	-	132,670	-	178,105
Financial expense	-	-	(54,843)	-	(54,843)
Amortization of bond premium	-	-	3,623	-	3,623
Interest expense	-	-	(133,260)	-	(133,260)
Total nonoperating revenues (expenses)	<u>45,435</u>	<u>0</u>	<u>(51,810)</u>	<u>0</u>	<u>(6,375)</u>
Income (loss) before contributions and transfers	<u>45,435</u>	<u>-</u>	<u>3,031</u>	<u>-</u>	<u>48,466</u>
Transfers:					
Transfers from other funds	11,715	1,344,160	226,119	(269,560)	1,312,434
Transfers to other funds	-	-	(269,560)	269,560	-
Total transfers	<u>11,715</u>	<u>1,344,160</u>	<u>(43,441)</u>	<u>0</u>	<u>1,312,434</u>
Change in net position	<u>57,150</u>	<u>1,344,160</u>	<u>(40,410)</u>	<u>0</u>	<u>1,360,900</u>
Net position - January 1	<u>1,977,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,977,465</u>
Net position - December 31	<u><u>\$2,034,615</u></u>	<u><u>\$1,344,160</u></u>	<u><u>(\$40,410)</u></u>	<u><u>\$0</u></u>	<u><u>\$3,338,365</u></u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 COMBINING SCHEDULE OF CASH FLOWS -
 MANAGING MEMBER PARTNERSHIP
 For The Year Ended December 31, 2015

Statement 31

	850 - The Groves Apartments Managing Member, LLC	851 - WCHRA Piccadilly Square, LLC	852 - Piccadilly Square Lender	Total Managing Member Partnership
Cash flows from operating activities:				
Receipts from customers and users	(\$276)	\$ -	\$54,843	\$54,567
Payment to suppliers for goods and services	(11,255)	-	-	(11,255)
Net cash flows from operating activities	<u>(11,531)</u>	<u>0</u>	<u>54,843</u>	<u>43,312</u>
Cash flows from noncapital financing activities:				
Transfers in	11,715	-	226,119	237,834
Transfers out	-	-	(269,560)	(269,560)
Due to/from other funds - net change	(39)	-	-	(39)
Net cash flows from noncapital financing activities	<u>11,676</u>	<u>0</u>	<u>(43,441)</u>	<u>(31,765)</u>
Cash flows from capital and related financing activities:				
Fiscal agent costs and other debt related fees	-	-	(51,220)	(51,220)
Net proceeds from long-term debt	-	-	11,720,937	11,720,937
Issuance of loans receivable	-	-	(11,455,000)	(11,455,000)
Net cash flows from capital and related financing activities	<u>0</u>	<u>0</u>	<u>214,717</u>	<u>214,717</u>
Cash flows from investing activities:				
Investment income	1	-	(590)	(589)
Net increase (decrease) in cash and cash equivalents	146	0	225,529	225,675
Cash and cash equivalents - January 1	-	-	-	-
Cash and cash equivalents - December 31	<u>\$146</u>	<u>\$0</u>	<u>\$225,529</u>	<u>\$225,675</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ -	\$54,841	\$54,841
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Changes in assets and liabilities:				
Decrease (increase) in receivables	(276)	-	-	(276)
Increase (decrease) accounts payable	461	-	2	463
Increase (decrease) due to other governments	(11,716)	-	-	(11,716)
Total adjustments	<u>(11,531)</u>	<u>0</u>	<u>2</u>	<u>(11,529)</u>
Net cash provided by operating activities	<u>(\$11,531)</u>	<u>\$0</u>	<u>\$54,843</u>	<u>\$43,312</u>

III. STATISTICAL SECTION (UNAUDITED)

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III. STATISTICAL SECTION (UNAUDITED)

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about overall financial health. The following are the categories of the various schedules that are included in this section.

	Pages
Financial Trends These schedules contain trend information to help the reader understand how the HRA's financial performance and well-being have changed over time.	148 – 159
Revenue Capacity These schedules contain information to help the reader assess the HRA's most significant revenue source.	160 – 162
Debt Capacity These schedules present information to help the reader assess the affordability of the HRA's current levels of outstanding debt and the HRA's ability to issue additional debt in the future.	163 – 164
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the HRA's financial activities take place.	165 – 166
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the HRA's financial report relates to the services the HRA provides and the activities it performs.	167 - 168

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities net position:			
Net investment in capital assets	\$122,907	\$112,181	\$101,454
Restricted	526,772	608,556	361,655
Unrestricted	7,062,872	3,779,863	3,508,989
Total governmental activities net position	<u>\$7,712,551</u>	<u>\$4,500,600</u>	<u>\$3,972,098</u>
Business-type activities net position:			
Net investment in capital assets	(\$11,964,747)	(\$10,160,152)	(\$9,658,692)
Restricted	10,238,225	10,475,407	10,968,769
Unrestricted	(2,064,365)	(1,893,324)	(1,733,611)
Total business-type activities net position	<u>(\$3,790,887)</u>	<u>(\$1,578,069)</u>	<u>(\$423,534)</u>
Primary government net position:			
Net investment in capital assets	(\$11,841,840)	(\$10,047,971)	(\$9,557,238)
Restricted	10,764,997	11,083,963	11,330,424
Unrestricted	4,998,507	1,886,539	1,775,378
Total primary government net position	<u>\$3,921,664</u>	<u>\$2,922,531</u>	<u>\$3,548,564</u>

Note: GASB 65 was implemented in 2013. Net position was restated for 2012 to reflect the expense of bond issue costs in the year of issuance. Net position for years prior to 2012 was not restated.

Table 1

2009	2010	2011	2012	2013	2014	2015
\$92,064	\$82,674	\$73,284	\$517,135	\$595,320	\$672,166	\$738,936
375,535	344,544	326,225	2,481,452	2,460,826	3,986,253	4,224,645
5,218,414	7,500,115	8,040,888	5,277,515	6,139,049	5,014,955	6,152,392
<u>\$5,686,013</u>	<u>\$7,927,333</u>	<u>\$8,440,397</u>	<u>\$8,276,102</u>	<u>\$9,195,195</u>	<u>\$9,673,374</u>	<u>\$11,115,973</u>
(\$7,931,331)	(\$6,734,819)	(\$3,590,767)	\$728,201	\$441,762	\$2,037,531	\$3,308,775
9,974,712	10,811,204	11,212,488	10,061,199	10,073,145	10,401,070	11,297,744
(2,070,440)	(1,045,510)	(1,229,289)	(1,458,641)	(627,347)	1,268,398	2,904,155
<u>(\$27,059)</u>	<u>\$3,030,875</u>	<u>\$6,392,432</u>	<u>\$9,330,759</u>	<u>\$9,887,560</u>	<u>\$13,706,999</u>	<u>\$17,510,674</u>
(\$7,839,267)	(\$6,652,145)	(\$3,517,483)	\$1,245,336	\$1,037,082	\$2,709,697	\$4,047,711
10,350,247	11,155,748	11,538,713	12,542,651	12,533,971	14,387,323	15,522,389
3,147,974	6,454,605	6,811,599	3,818,874	5,511,702	6,283,353	9,056,547
<u>\$5,658,954</u>	<u>\$10,958,208</u>	<u>\$14,832,829</u>	<u>\$17,606,861</u>	<u>\$19,082,755</u>	<u>\$23,380,373</u>	<u>\$28,626,647</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses			
Governmental activities:			
General government	\$535,514	\$556,278	\$618,931
Housing assistance	-	-	-
Community development	-	-	-
Home ownership	-	-	-
Housing and redevelopment	4,367,862	5,224,623	5,334,861
Tax increment financing	216,549	1,915,367	384,456
Community land trust	-	-	-
Interest on long-term debt	-	93,731	168,460
Total governmental activities expenses	<u>5,119,925</u>	<u>7,789,999</u>	<u>6,506,708</u>
Program revenues			
Governmental activities:			
Charges for services:			
Administrative fees	512,421	575,019	666,140
Conduit financing fees	7,729	61,294	10,729
Other activities	26,628	139,023	58,508
Operating grants and contributions	<u>3,910,744</u>	<u>4,092,780</u>	<u>3,584,879</u>
Total governmental activities program revenues	<u>4,457,522</u>	<u>4,868,116</u>	<u>4,320,256</u>
Net (expense) revenue	<u>(662,403)</u>	<u>(2,921,883)</u>	<u>(2,186,452)</u>
General revenues and other changes in net position			
General property taxes	872,217	1,206,467	1,667,370
Tax increments	-	-	-
Investment earnings	276,066	342,433	172,187
Miscellaneous	-	-	-
Special items	-	(2,200,000)	-
Transfers	<u>129,167</u>	<u>361,032</u>	<u>(181,607)</u>
Total general revenues and other changes	<u>1,277,450</u>	<u>(290,068)</u>	<u>1,657,950</u>
Change in net position - government activities	\$615,047	(\$3,211,951)	(\$528,502)
Change in net position - business type activities (table 3)	<u>451,165</u>	<u>2,212,818</u>	<u>1,154,535</u>
Total Change in Net Position	<u>\$1,066,212</u>	<u>(\$999,133)</u>	<u>\$626,033</u>

Table 2

2009	2010	2011	2012	2013	2014	2015
\$574,137	\$581,671	\$676,888	\$1,042,312	\$1,236,725	\$1,224,598	\$1,141,670
-	-	-	4,046,610	4,027,156	4,010,120	4,080,358
-	-	-	400,977	582,823	662,738	1,547,059
-	-	-	320,614	225,334	185,839	160,565
5,033,709	5,326,201	5,005,437	-	-	-	-
266,082	10,045	119,277	777	3,323	1,119	1,339
-	-	-	-	22,020	84,294	95,127
173,885	180,597	160,084	223,010	200,628	175,945	147,813
<u>6,047,813</u>	<u>6,098,514</u>	<u>5,961,686</u>	<u>6,034,300</u>	<u>6,298,009</u>	<u>6,344,653</u>	<u>7,173,931</u>
738,984	729,909	649,454	722,424	740,090	876,314	1,015,592
5,729	3,500	-	-	-	-	-
52,497	162,483	174,837	93,386	61,070	74,378	530,727
<u>4,316,524</u>	<u>5,445,784</u>	<u>4,083,621</u>	<u>4,011,946</u>	<u>4,029,074</u>	<u>4,031,870</u>	<u>5,969,386</u>
<u>5,113,734</u>	<u>6,341,676</u>	<u>4,907,912</u>	<u>4,827,756</u>	<u>4,830,234</u>	<u>4,982,562</u>	<u>7,515,705</u>
<u>(934,079)</u>	<u>243,162</u>	<u>(1,053,774)</u>	<u>(1,206,544)</u>	<u>(1,467,775)</u>	<u>(1,362,091)</u>	<u>341,774</u>
1,718,150	1,700,691	1,531,115	1,604,366	2,088,252	2,298,338	2,430,476
2,509	23,142	35,436	68,595	102,001	121,612	124,747
85,308	53,373	59,788	60,982	57,656	88,136	21,155
-	-	-	-	-	170,600	-
-	-	-	-	-	-	-
<u>1,135,000</u>	<u>220,952</u>	<u>(59,501)</u>	<u>(691,694)</u>	<u>138,959</u>	<u>(838,416)</u>	<u>(1,475,553)</u>
<u>2,940,967</u>	<u>1,998,158</u>	<u>1,566,838</u>	<u>1,042,249</u>	<u>2,386,868</u>	<u>1,840,270</u>	<u>1,100,825</u>
\$2,006,888	\$2,241,320	\$513,064	(\$164,295)	\$919,093	\$478,179	\$1,442,599
<u>396,475</u>	<u>3,057,934</u>	<u>3,361,557</u>	<u>2,765,578</u>	<u>1,685,210</u>	<u>3,819,439</u>	<u>3,803,675</u>
<u>\$2,403,363</u>	<u>\$5,299,254</u>	<u>\$3,874,621</u>	<u>\$2,601,283</u>	<u>\$2,604,303</u>	<u>\$4,297,618</u>	<u>\$5,246,274</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES

Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2006	2007	2008
Operating revenue:			
Rental income	\$6,090,318	\$6,535,497	\$6,852,309
Service income	40,732	39,805	46,369
HUD rent subsidies	792,213	797,493	770,971
Other	243,790	237,917	201,452
Total operating revenue	<u>7,167,053</u>	<u>7,610,712</u>	<u>7,871,101</u>
Operating expenses:			
Marketing	109,238	203,478	194,399
Management fee	679,273	686,377	711,804
Legal	96,553	29,105	38,479
Salaries and wages	406	330	326
Medicare and pension contributions	42	25	-
Administrative	98,360	140,774	132,558
Operating	253,486	264,502	288,668
Maintenance	2,161,063	1,942,413	2,043,785
Utilities	820,645	870,506	881,769
Insurance	332,559	294,394	282,309
Property taxes	310,676	334,260	344,977
Bad debts	121,617	149,135	-
Depreciation	1,343,384	1,366,785	1,391,611
Total operating expenses	<u>6,327,302</u>	<u>6,282,084</u>	<u>6,310,685</u>
Operating income (loss)	<u>839,751</u>	<u>1,328,628</u>	<u>1,560,416</u>
Nonoperating revenue (expenses):			
Investment income	698,028	742,802	487,922
Gain (loss) on asset disposition	20,448	(1,073,298)	22,695
Insurance recoveries	73,048	15,979	131,220
Financial expense	(115,009)	(113,568)	(101,628)
Amortization of bond premium	-	-	-
Amortization of deferred gain (loss) on refunding	(10,218)	(3,176)	3,866
Interest expense	(2,820,029)	(2,718,050)	(2,571,459)
Property taxes	1,924,778	1,789,386	1,472,093
Intergovernmental	-	-	-
Contributions	-	-	-
Developer fees	-	-	-
Other	(30,465)	(34,853)	(32,197)
Total nonoperating revenue (expenses)	<u>(259,419)</u>	<u>(1,394,778)</u>	<u>(587,488)</u>
Income (loss) before contributions and transfers	<u>580,332</u>	<u>(66,150)</u>	<u>972,928</u>
Capital contributions	-	440,000	-
Special item	-	2,200,000	-
Transfers:			
Transfers in	495,833	2,704,854	681,607
Transfers out	(625,000)	(3,065,886)	(500,000)
Total transfers	<u>(129,167)</u>	<u>(361,032)</u>	<u>181,607</u>
Change in net position - business type activities	\$451,165	\$2,212,818	\$1,154,535
Change in net position - governmental activities (table 2)	615,047	(3,211,951)	(528,502)
Total	<u>\$1,066,212</u>	<u>(\$999,133)</u>	<u>\$626,033</u>

Note: GASB 65 was implemented in 2013. Net position was restated for 2012 to reflect the expense of bond issue costs in the year of issuance. Net position for years prior to 2012 was not restated.

Table 3

2009	2010	2011	2012	2013	2014	2015
\$6,864,931	\$7,092,435	\$7,517,492	\$8,207,859	\$8,221,845	\$8,011,968	\$7,894,701
44,747	44,142	60,948	55,710	48,378	38,302	31,046
788,159	899,650	943,519	1,135,433	953,273	1,071,028	971,626
166,729	215,946	180,231	196,886	207,289	147,188	179,874
<u>7,864,566</u>	<u>8,252,173</u>	<u>8,702,190</u>	<u>9,595,888</u>	<u>9,430,785</u>	<u>9,268,486</u>	<u>9,077,247</u>
142,210	192,173	125,025	81,542	63,908	50,866	42,648
729,060	717,142	775,252	903,115	948,192	969,010	880,941
65,779	51,709	68,965	52,991	40,714	49,608	39,073
1,739	-	-	-	-	-	-
-	-	-	-	-	-	-
133,489	130,362	145,722	161,649	176,162	171,125	156,608
284,004	255,702	260,589	274,848	281,799	266,151	253,697
2,173,400	2,097,066	2,386,938	2,534,933	2,668,283	2,608,916	2,211,421
775,078	754,597	826,053	795,178	860,360	900,280	747,465
286,165	211,801	278,076	306,271	306,674	301,802	323,561
354,806	370,894	383,716	430,544	426,662	404,722	444,110
-	-	-	-	-	-	-
1,402,367	1,443,973	1,486,644	1,774,074	1,844,064	1,794,690	1,767,452
<u>6,348,097</u>	<u>6,225,419</u>	<u>6,736,980</u>	<u>7,315,145</u>	<u>7,616,818</u>	<u>7,517,170</u>	<u>6,866,976</u>
<u>1,516,469</u>	<u>2,026,754</u>	<u>1,965,210</u>	<u>2,280,743</u>	<u>1,813,967</u>	<u>1,751,316</u>	<u>2,210,271</u>
345,442	312,082	191,884	142,222	158,543	164,522	308,162
23,976	29,554	40,195	42,558	56,847	871,450	49,412
199,561	5,869	11,798	97,747	23,861	32,368	100,756
(110,507)	(114,830)	(157,075)	(250,964)	(89,172)	(78,266)	(137,661)
-	-	-	577	54,597	53,289	56,912
3,866	1,064	(3,696)	(104,738)	7,905	9,845	12,011
(2,511,415)	(2,403,628)	(2,316,506)	(2,198,344)	(1,789,441)	(1,687,819)	(1,702,845)
1,583,093	1,637,093	1,774,093	1,699,093	1,216,255	1,094,255	1,094,255
-	-	-	229,882	225,934	334,090	390,548
-	-	251,661	-	-	-	-
-	-	-	-	-	319,000	-
(40,451)	(47,983)	(53,364)	(50,584)	(55,127)	(72,667)	(53,699)
<u>(506,435)</u>	<u>(580,779)</u>	<u>(261,010)</u>	<u>(392,551)</u>	<u>(189,798)</u>	<u>1,040,067</u>	<u>117,851</u>
<u>1,010,034</u>	<u>1,445,975</u>	<u>1,704,200</u>	<u>1,888,192</u>	<u>1,624,169</u>	<u>2,791,383</u>	<u>2,328,122</u>
<u>521,441</u>	<u>1,832,911</u>	<u>1,597,856</u>	<u>185,692</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,640</u>	<u>-</u>
425,000	1,358,772	1,199,501	1,903,694	778,041	3,300,404	2,229,067
(1,560,000)	(1,579,724)	(1,140,000)	(1,212,000)	(917,000)	(2,461,988)	(753,514)
<u>(1,135,000)</u>	<u>(220,952)</u>	<u>59,501</u>	<u>691,694</u>	<u>(138,959)</u>	<u>838,416</u>	<u>1,475,553</u>
\$396,475	\$3,057,934	\$3,361,557	\$2,765,578	\$1,685,210	\$3,819,439	\$3,803,675
2,006,888	2,241,320	513,064	(164,295)	919,093	478,179	1,442,599
<u>\$2,403,363</u>	<u>\$5,299,254</u>	<u>\$3,874,621</u>	<u>\$2,601,283</u>	<u>\$2,604,303</u>	<u>\$4,297,618</u>	<u>\$5,246,274</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
CHANGES IN CASH AND CASH EQUIVALENTS - BUSINESS-TYPE ACTIVITIES

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	2006	2007	2008
Cash flows from operating activities:			
Receipts from customers and users	\$6,929,402	\$7,396,624	\$7,870,950
Payment to suppliers for goods and services	(4,621,074)	(4,693,829)	(4,810,129)
Miscellaneous income (loss)	(30,461)	(34,851)	(32,197)
Net cash flows from operating activities	<u>2,277,867</u>	<u>2,667,944</u>	<u>3,028,624</u>
Cash flows from noncapital financing activities:			
Transfers in	495,833	2,704,854	681,607
Transfers out	(625,000)	(3,065,886)	(500,000)
Advances to/from other funds - net change	(335,637)	(138,930)	(86,793)
Due to/from other funds - net change	-	-	-
Contributions	-	-	-
Net cash flows from noncapital financing activities	<u>(464,804)</u>	<u>(499,962)</u>	<u>94,814</u>
Cash flows from capital and related financing activities:			
Property taxes	1,924,829	1,788,136	1,482,179
Transfers in	-	-	-
Proceeds from sale of capital assets	-	-	-
Proceeds from debt	-	-	-
Federal recovery zone credits	-	-	-
Insurance proceeds on damage to capital assets	73,048	15,979	131,220
Principal receipts on capital lease receivable	141,314	148,960	157,020
Interest receipts on capital lease receivable	290,686	283,040	-
Fiscal agent costs and other debt related fees	(49,086)	(48,789)	(36,850)
Net proceeds from long-term debt	-	895,332	-
Capital contributions	-	440,000	-
Purchase of capital assets	(363,618)	(1,767,330)	(822,063)
Interest paid on long-term debt	(2,834,672)	(2,738,464)	(2,606,968)
Principal payments on notes payable	(5,000)	-	-
Principal payments on long-term debt	(1,000,004)	(1,545,000)	(1,665,000)
Issuance of loans receivable	-	-	-
Net cash flows from capital and related financing activities	<u>(1,822,503)</u>	<u>(2,528,136)</u>	<u>(3,360,462)</u>
Cash flows from investing activities:			
Investment income	<u>392,948</u>	<u>436,027</u>	<u>507,376</u>
Net increase (decrease) in cash and cash equivalents	<u>\$383,508</u>	<u>\$75,873</u>	<u>\$270,352</u>

Table 4

2009	2010	2011	2012	2013	2014	2015
\$7,604,101	\$7,978,293	\$8,638,552	\$9,214,996	\$9,392,704	\$8,973,017	\$9,072,963
(4,835,384)	(4,802,663)	(5,288,045)	(5,307,915)	(6,279,158)	(5,895,308)	(5,129,232)
155,356	167,963	126,867	146,302	152,162	74,521	71,332
<u>2,924,073</u>	<u>3,343,593</u>	<u>3,477,374</u>	<u>4,053,383</u>	<u>3,265,708</u>	<u>3,152,230</u>	<u>4,015,063</u>
425,000	913,772	335,000	803,326	273,000	22,001	237,834
(1,560,000)	(1,579,724)	(1,140,000)	(1,212,000)	(917,000)	(1,311,988)	(1,023,074)
279,000	236,811	38,505	73,709	(13,898)	-	-
-	-	-	-	-	39	(39)
-	-	251,661	-	(114,127)	-	-
<u>(856,000)</u>	<u>(429,141)</u>	<u>(514,834)</u>	<u>(334,965)</u>	<u>(772,025)</u>	<u>(1,289,948)</u>	<u>(785,279)</u>
1,564,453	1,637,093	1,774,093	1,699,093	1,216,255	1,094,255	1,094,255
-	445,000	864,501	1,100,368	505,041	1,627,782	916,633
-	-	-	-	-	2,520,000	-
-	13,237,627	10,300,000	27,644,853	-	-	-
-	-	-	188,668	243,029	334,578	438,902
199,561	5,869	11,798	97,747	23,861	279,721	100,756
165,516	204,241	277,783	294,113	312,760	356,095	341,477
-	-	-	-	-	-	-
(45,725)	(415,363)	(234,895)	(60,904)	(34,579)	(57,845)	(92,340)
-	-	-	-	-	-	11,720,937
445,682	1,898,449	34,456	185,692	-	(175,000)	-
(1,418,048)	(5,298,564)	(6,294,396)	(4,498,993)	(495,112)	(1,887,085)	(1,073,066)
(2,535,524)	(2,487,762)	(2,865,855)	(2,262,089)	(1,730,574)	(1,759,865)	(1,587,116)
-	-	-	-	-	-	-
(1,525,000)	(6,030,000)	(12,074,999)	(29,374,841)	(1,608,409)	(4,496,198)	(2,224,123)
-	-	-	-	-	-	(11,455,000)
<u>(3,149,085)</u>	<u>3,196,590</u>	<u>(8,207,514)</u>	<u>(4,986,293)</u>	<u>(1,567,728)</u>	<u>(2,163,562)</u>	<u>(1,818,685)</u>
<u>383,920</u>	<u>312,201</u>	<u>194,407</u>	<u>145,182</u>	<u>158,584</u>	<u>144,990</u>	<u>129,469</u>
<u>(\$697,092)</u>	<u>\$6,423,243</u>	<u>(\$5,050,567)</u>	<u>(\$1,122,693)</u>	<u>\$1,084,539</u>	<u>(\$156,290)</u>	<u>\$1,540,568</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years⁽¹⁾

(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009
General fund:				
Reserved	\$5,649	\$4,948	\$5,297	\$5,205
Unreserved:				
Designated for general contingency	1,151,632	1,208,559	1,248,222	1,239,407
Undesignated	1,327,731	1,216,034	1,372,134	1,598,936
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$2,485,012</u>	<u>\$2,429,541</u>	<u>\$2,625,653</u>	<u>\$2,843,548</u>
All other governmental funds:				
Reserved	\$530,048	\$1,889,518	\$3,000,255	\$3,042,010
Unreserved:				
Designated for development purposes	1,521,593	1,998,612	1,517,138	1,595,246
Designated for capital purposes	1,870,924	981,251	1,000,239	1,292,426
Designated for grant programs	525,684	1,057,742	247,987	335,173
Designated for gap financing	636,105	933,783	796,954	1,535,219
Undesignated	(501,734)	(2,054,024)	(2,493,258)	(2,464,086)
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$4,582,620</u>	<u>\$4,806,882</u>	<u>\$4,069,315</u>	<u>\$5,335,988</u>

⁽¹⁾The HRA implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011.

Information for years prior to 2011 is presented in accordance with fund balance classifications in effect at that time.

Table 5

2010	2011	2012	2013	2014	2015
\$7,113	\$ -	\$ -	\$ -	\$ -	\$ -
1,240,600	-	-	-	-	-
1,424,138	-	-	-	-	-
-	7,442	11,751	14,985	11,964	19,063
-	-	333,554	2,116,068	1,976,103	1,834,202
-	-	-	870,596	762,169	1,480,861
-	2,594,218	2,342,123	2,155,377	2,383,506	2,257,770
<u>\$2,671,851</u>	<u>\$2,601,660</u>	<u>\$2,687,428</u>	<u>\$5,157,026</u>	<u>\$5,133,742</u>	<u>\$5,591,896</u>
\$4,396,651	\$ -	\$ -	\$ -	\$ -	\$ -
2,271,571	-	-	-	-	-
1,733,901	-	-	-	-	-
342,218	-	-	-	-	-
272,270	-	-	-	-	-
(2,534,880)	-	-	-	-	-
-	5,137	3,042	3,373	2,051	13,038
-	321,647	2,146,816	124,514	103,874	137,387
-	9,354,355	6,700,055	6,646,481	7,088,770	7,789,108
-	81,607	-	-	-	-
-	(2,717,234)	(2,771,137)	(3,612,772)	(3,663,569)	(2,974,478)
<u>\$6,481,731</u>	<u>\$7,045,512</u>	<u>\$6,078,776</u>	<u>\$3,161,596</u>	<u>\$3,531,126</u>	<u>\$4,965,055</u>

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2006	2007	2008
Revenues:			
General property taxes	\$863,570	\$1,178,661	\$1,642,092
Tax increment taxes	-	-	-
Intergovernmental	3,910,744	4,095,425	3,608,450
Charges for services:			
Conduit financing fees	7,729	61,294	10,729
Administrative fees	512,421	575,019	666,140
Bond issuance, origination fees	2,215	1,978	1,765
Investment income	276,066	328,117	172,187
Program income	-	-	-
Other	11,081	134,400	17,160
Total revenues	<u>5,583,826</u>	<u>6,374,894</u>	<u>6,118,523</u>
Expenditures:			
Current:			
General government	507,579	525,914	590,594
Housing assistance	-	-	-
Community development	-	-	-
Home ownership counseling	-	-	-
Housing and redevelopment	4,367,862	5,224,623	5,404,673
Tax increment financing	216,549	1,915,367	314,644
Community land trust	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	93,731	168,460
Total expenditures	<u>5,091,990</u>	<u>7,759,635</u>	<u>6,478,371</u>
Revenues over (under) expenditures	<u>491,836</u>	<u>(1,384,741)</u>	<u>(359,848)</u>
Other financing sources (uses):			
Transfer from General Fund	1,120,216	-	-
Transfer from Special Revenue Funds	267,506	-	-
Transfer from Enterprise Funds	625,000	3,065,886	500,000
Transfer to Special Revenue Funds	(1,151,279)	-	-
Transfer to General Fund	(236,443)	-	-
Transfer to Enterprise Funds	(495,833)	(2,704,854)	(681,607)
Sale of capital assets	-	-	-
Debt issuance	-	1,192,500	-
Sale of land held for resale	-	-	-
Total other financing sources (uses)	<u>129,167</u>	<u>1,553,532</u>	<u>(181,607)</u>
Net change in fund balance	<u>\$621,003</u>	<u>\$168,791</u>	<u>(\$541,455)</u>
Debt service as a percentage of noncapital expenditures	0.0%	1.2%	2.6%
Debt service as a percentage of total expenditures	0.0%	1.2%	2.6%

Table 6

2009	2010	2011	2012	2013	2014	2015
\$1,695,064	\$1,673,006	\$1,582,486	\$1,626,030	\$2,088,239	\$2,314,464	\$2,441,440
2,509	21,731	36,847	68,595	102,001	121,612	124,747
4,322,548	5,290,559	4,083,621	3,931,946	4,029,074	4,031,870	5,969,386
5,729	3,500	-	-	-	-	-
738,984	729,909	649,454	722,424	740,090	876,314	1,015,592
1,547	23,270	76,095	9,763	5,976	4,626	3,809
63,254	32,026	33,934	30,033	31,428	35,624	7,064
-	162,750	-	-	-	-	-
44,926	131,688	98,742	83,623	33,074	149,752	224,076
6,874,561	8,068,439	6,561,179	6,472,414	7,029,882	7,534,262	9,786,114
562,508	569,217	659,973	969,207	1,153,752	1,171,367	1,070,231
-	-	-	4,046,610	4,027,156	4,010,120	4,080,358
-	-	-	400,977	1,743,419	662,738	1,547,059
-	-	-	320,614	225,334	185,839	160,565
5,148,648	6,997,675	5,005,437	-	-	-	-
266,082	10,045	119,277	777	3,323	1,119	1,339
-	-	-	-	22,020	84,294	95,127
-	-	-	2,620,257	-	-	-
2,360,000	189,165	107,658	163,851	251,371	280,309	343,838
162,308	92,743	115,743	239,395	190,048	188,308	149,961
8,499,546	7,858,845	6,008,088	8,761,688	7,616,423	6,584,094	7,448,478
(1,624,985)	209,594	553,091	(2,289,274)	(586,541)	950,168	2,337,636
2,103,746	1,417,039	690,090	-	75,000	(1,649,782)	(928,348)
2,320,862	779,213	-	-	-	-	(1,300,719)
1,560,000	1,579,724	1,140,000	1,212,000	917,000	-	-
(4,424,608)	(1,532,145)	(690,090)	(613,326)	-	-	-
-	(664,107)	-	-	-	811,366	753,514
(425,000)	(1,358,772)	(1,199,501)	(1,290,368)	(853,041)	-	-
-	-	S	-	-	234,494	-
2,200,000	543,500	-	2,100,000	-	-	-
-	-	-	-	-	-	1,030,000
3,335,000	764,452	(59,501)	1,408,306	138,959	(603,922)	(445,553)
\$1,710,015	\$974,046	\$493,590	(\$880,968)	(\$447,582)	\$346,246	\$1,892,083
29.7%	3.6%	3.7%	4.6%	5.8%	7.1%	6.6%
29.7%	3.6%	3.7%	4.6%	5.8%	7.1%	6.6%

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

RENTAL RATES BY PROPERTY

Table 7

Last Ten Fiscal Years

(Unaudited)

Property	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ann Bodlovick	\$756	\$772	\$780	\$803	\$803	\$803	\$803	\$811	\$823	\$831
Briar Pond	871	884	893	902	902	902	902	911	925	934
Brick Pond	762	770	778	786	786	786	786	794	806	814
Cobble Hill	797	805	813	821	821	821	821	829	841	849
HUD-Scattered Site	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
John Jergens	748	755	763	771	771	771	771	779	791	799
Muller Manor	606	612	618	624	624	624	624	630	639	645
Oakhill Cottages	691	698	705	712	712	712	712	719	730	737
Park Place I	636	642	648	661	661	661	649	655	665	672
Park Place II	636	642	648	661	661	661	649	655	665	672
Parkside	865	808	797	805	805	799	799	807	819	N/A
Pioneer Elderly	599	605	611	617	617	617	617	623	632	638
Raymie Johnson	733	733	733	747	747	764	790	790	790	790
Woodland Park	839	852	861	870	870	859	859	868	881	899
Whispering Pines	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Trailside	N/A	N/A	N/A	N/A	N/A	709	709	716	723	732

Source: Washington County HRA Finance Department

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
 OPERATING REVENUE BY PROPERTY
 Last Ten Fiscal Years
 (Unaudited)

Table 8

Property	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ann Bodlovick	\$426,784	\$441,660	\$436,863	\$455,469	\$453,994	\$462,965	\$466,855	\$467,639	\$475,082	\$483,079
Briar Pond	1,692,239	1,946,490	2,033,845	2,055,720	2,064,899	2,081,587	2,135,001	2,117,278	2,139,504	2,166,338
Brick Pond	276,352	272,569	301,591	298,805	334,211	350,670	358,784	359,523	365,897	367,637
Cobble Hill	386,249	389,518	386,874	410,760	404,044	407,968	419,835	419,379	428,532	435,112
Transitional Housing	-	15,300	16,604	14,850	15,535	15,864	26,366	32,164	28,364	15,864
HUD-Scattered Site	305,390	340,720	301,632	290,973	393,164	380,030	408,360	382,366	400,767	424,724
John Jergens	247,920	236,544	257,873	263,743	264,200	263,368	268,716	284,807	274,459	276,593
Landfall	-	-	-	18,904	18,973	2,700	6,000	2,000	2,000	2,000
Muller Manor	195,452	198,722	205,372	200,483	205,556	202,166	214,094	216,878	219,917	223,357
Oakhill Cottages	301,165	297,091	333,448	335,729	328,914	331,761	345,345	347,195	352,698	357,430
Park Place I	222,290	255,122	260,538	224,983	258,488	272,130	271,821	284,682	281,618	290,545
Park Place II	45,576	43,166	45,444	45,834	44,645	46,876	47,607	49,135	47,962	48,866
Parkside	354,625	499,904	591,543	565,108	645,025	674,292	702,559	671,344	309,848	-
Pioneer Elderly	110,173	117,018	123,855	124,513	120,067	126,468	129,326	129,382	132,066	133,334
Raymie Johnson	961,856	962,802	972,641	973,074	989,598	1,037,807	1,039,929	1,021,820	1,040,398	1,065,558
Trailside	-	-	-	-	-	150,730	594,872	598,539	604,118	614,905
Whispering Oaks	169,327	45,180	-	-	-	-	-	-	-	-
Whispering Pines	-	-	-	-	-	68,343	334,958	180,475	320,795	226,619
Woodland Park	1,448,727	1,541,254	1,600,485	1,585,618	1,710,860	1,819,453	1,825,460	1,866,179	1,844,461	1,890,443
Total	\$7,144,125	\$7,603,060	\$7,868,608	\$7,864,566	\$8,252,173	\$8,695,178	\$9,595,888	\$9,430,785	\$9,268,486	\$9,022,404

Source: Washington County HRA Finance Department

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

VACANCY BY PROPERTY

Last Ten Fiscal Years

(Unaudited)

Table 9

Property	Number of Units	Number of Months Units Available	Total Months of Vacancies									
			2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Ann Bodlovick	50	600	19	19	19	12	10	2	-	1	-	2
Briar Pond	196	2,352	265	111	40	45	70	28	16	29	15	6
Brick Pond	40	480	78	89	53	62	21	16	10	6	-	6
Cobble Hill	45	540	16	26	27	7	19	14	3	6	-	2
HUD-MHOP Homes	56	672	36	22	11	18	6	9	27	23	5	8
John Jergens	30	360	11	29	5	2	4	6	1	-	1	2
Muller Manor	28	336	7	17	5	16	13	16	3	3	1	-
Oakhill Cottages	40	480	21	39	-	4	16	16	1	2	-	1
Park Place I	36	432	97	61	32	94	33	19	15	8	15	6
Park Place II	6	72	1	5	2	4	5	1	-	-	2	-
Parkside***	72	864	415	281	153	150	72	41	12	24	17	N/A
Pioneer Elderly	18	216	14	12	1	6	12	6	1	1	-	1
Raymie Johnson	120	1,440	37	28	18	18	26	16	12	32	27	9
Woodland Park	180	2,160	360	332	271	297	177	62	45	26	26	36
Whispering Pines*	40	480	N/A	N/A	N/A	N/A	N/A	8	48	13	5	4
Trailside**	70	350	N/A	N/A	N/A	N/A	N/A	109	4	2	5	1
Total	1,027	11,834	1,377	1,071	637	735	484	369	198	176	119	84

Source: Washington County HRA Finance Department

*Took over September 1, 2011

**Opened August 1, 2011

***Sold June 16, 2014

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

RATIOS OF OUTSTANDING DEBT BY TYPE

Table 10

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Business Type Activities				Governmental Activities			
	Revenue Bonds	Notes	Total	Per Unit	Loans	Percentage of estimated taxable market value	Per Capita	Percent of personal income
2006	\$54,040,000	\$516,600	\$54,556,600	\$54,016	\$2,200,000	0.0092%	10	21.4%
2007	52,500,000	511,600	53,011,600	53,547	-	0.0000%	-	0.0%
2008	50,840,000	506,600	51,346,600	55,994	-	0.0000%	-	0.0%
2009	49,320,000	501,600	49,821,600	54,331	2,200,000	0.0076%	9	20.5%
2010	56,295,000	693,610	56,988,610	62,147	2,224,231	0.0080%	9	19.9%
2011	44,220,000	10,988,610	55,208,610	55,936	2,218,545	0.0086%	9	18.4%
2012	41,835,000	11,194,201	53,029,201	51,635	2,182,502	0.0091%	9	17.5%
2013	41,660,000	10,872,647	52,532,647	51,152	5,341,003	0.0238%	22	41.8%
2014	37,320,000	10,541,449	47,861,449	46,603	5,060,694	0.0218%	20	37.7%
2015	46,205,000	10,879,244	57,084,244	55,583	4,716,856	0.0180%	19	33.6%

Notes: Details regarding the HRA's outstanding debt can be found in the notes to the financial statements. The debt of the Business-Type Activities is specifically related to construction and renovation projects. The personal income of the County residence would not be a meaningful ratio related to this debt.

Source: Washington County HRA Finance Department

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years
 (Unaudited)

Table 11

Fiscal Year	Gross Revenue				Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
	Operating Revenue	Property Tax Revenue	Investment Income	Total			Principal ⁽²⁾	Interest ⁽²⁾	Total	
2006	\$7,167,053	\$1,924,778	\$698,028	\$9,789,859	\$4,983,918	\$4,805,941	\$1,000,000	\$2,820,029	\$3,820,029	1.26
2007	7,461,577	1,789,386	742,802	9,993,765	4,766,164	5,227,601	1,545,000	2,718,050	4,263,050	1.23
2008	7,871,101	1,472,093	487,922	9,831,116	4,919,074	4,912,042	1,660,000	2,571,459	4,231,459	1.16
2009	7,864,566	1,583,093	345,442	9,793,101	4,945,730	4,847,371	1,580,000	2,429,190	4,009,190	1.21
2010	8,252,173	1,637,093	312,082	10,201,348	4,781,448	5,419,900	1,685,000	2,673,208	4,358,208	1.24
2011	8,702,190	1,774,093	191,884	10,668,167	5,250,336	5,417,831	1,580,000	2,613,376	4,193,376	1.29
2012	9,595,888	1,699,093	142,222	11,437,203	5,541,071	5,896,132	1,425,000	1,848,504	3,273,504	1.80
2013	9,430,785	1,216,255	158,543	10,805,583	5,776,945	5,028,638	1,995,000	1,388,263	3,383,263	1.49
2014	9,268,486	1,094,255	164,522	10,527,263	5,722,480	4,804,783	2,070,000	1,382,835	3,452,835	1.39
2015	9,077,247	1,094,255	308,162	10,479,664	5,099,524	5,380,140	2,070,000	1,217,419	3,287,419	1.64

Notes:

⁽¹⁾Operating expenses excludes depreciation.

⁽²⁾Principal and interest is presented on the cash basis.

Source: Washington County HRA Finance Department

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Table 12

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Population (a)	Area (Sq. Mi.)	Density (Person/Sq. Mi.)	Number of Households (a)	Personal Income (b) (amounts expressed in thousands)	Per Capita Personal Income (b)	Unemployment Rate (c)
2006	228,103	423	539	83,762	\$10,302,396	\$45,770	3.5%
2007	233,104	423	551	85,632	10,798,860	47,001	4.1%
2008	234,348	423	554	86,709	11,291,052	48,396	6.0%
2009	236,917	423	560	88,120	10,747,148	45,600	7.0%
2010	238,136	423	563	87,859	11,183,836	46,814	6.1%
2011	240,640	423	569	88,921	12,080,774	50,016	5.0%
2012	243,313	423	575	89,875	12,453,983	51,017	4.6%
2013	248,095	423	587	91,292	12,782,924	51,819	3.8%
2014	249,109	423	589	91,710	13,419,583	53,833	2.9%
2015	250,123 *	423	591	92,128 *	14,056,242 *	55,847 *	2.8%

Sources:

(a) Metropolitan Council

(b) US Department of Commerce - Bureau of Economic Analysis

(c) US Department of Labor - Bureau of Labor Statistics

*Indicates estimates based on the two previous years or percent change from prior year.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

PRINCIPAL EMPLOYERS

Table 13

Current Year and Nine Years Ago

(Unaudited)

Employer	2015		2006	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Andersen Corporation	5,700	4.24%	4,268	3.45%
Independent School District 833 - South Washington County	2,513	1.87%	2,400	1.94%
Bailey Nurseries, Inc	1,800	1.34%	-	0.00%
Independent School District 662	1,550	1.15%	-	0.00%
Imation Corporation	1,500	1.12%	1,500	1.21%
Wal-Mart	1,169	0.87%	-	0.00%
Washington County, Government	1,127	0.84%	1,243	1.01%
Independent School District 831 - Forest Lake Area	1,085	0.81%	1,225	0.99%
Independent School District 834 - Stillwater Area	1,029	0.77%	1,003	0.81%
Target	883	0.66%	-	0.00%
Woodwinds Health Campus	-	0.00%	485	0.81%
3M	-	0.00%	1,000	0.68%
Minnesota Correctional Facility	-	0.00%	525	0.42%
The Hartford	-	0.00%	840	0.39%
Total	18,356	13.67%	14,489	11.71%

Sources: (a) Washington County, Minnesota

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
FULL-TIME EQUIVALENT HRA EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

Table 14

Function/Program	Full-Time Equivalent Employees as of December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration	2	2	2	2	2	2	3	5	5	5
Finance	3	3	3	3	3	3	3	4	4	4
Housing Programs	3	3	3	4	4	4	4	4	4	4
Community Development	1	1	1	2	2	2	3	6	6	6
Home Ownership Counseling	-	-	1	3	3	3	3	3	3	3
Property Management ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	9	9	10	14	14	14	16	22	22	22

⁽¹⁾Effective 1/1/98, the HRA contracted with a private company for property management services.

WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
HOUSING UNITS ASSISTED
 Last Ten Fiscal Years
 (Unaudited)

Table 15

Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Section 8 - Vouchers	90	88	85	85	86	90	91	88	89	90
Section 8 - Portables	397	403	397	382	372	360	355	365	365	375
RAFS	-	-	-	-	-	-	-	-	-	-
Bridges I	12	14	18	20	19	18	18	19	17	26
Bridges II	10	10	14	12	12	8	12	10	14	12
Shelter Plus Care	4	6	9	10	16	18	21	25	27	28
Bridges-Long Term Homeless	6	8	9	8	8	10	10	9	8	9
Average units assisted per month	<u>519</u>	<u>529</u>	<u>532</u>	<u>517</u>	<u>513</u>	<u>504</u>	<u>507</u>	<u>516</u>	<u>520</u>	<u>540</u>

Source: Washington County HRA Finance Department.

IV. SINGLE AUDIT AND OTHER REQUIRED REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Commissioners
Washington County Housing and Redevelopment Authority
(a component unit of Washington County)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Washington County Housing and Redevelopment Authority, a component unit of Washington County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Washington County Housing and Redevelopment Authority's basic financial statements, and have issued our report thereon dated May 6, 2016. The financial statements of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC were not audited in accordance with Government Auditing Standards. Our report includes a reference to other auditors who audited the financial statements of The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC (discretely presented component units), as described in our report on Washington County Housing and Redevelopment Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County Housing and Redevelopment Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington County Housing and Redevelopment Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County Housing and Redevelopment Authority's internal control.

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

Report on Internal Control over Financial Reporting
And on Compliance and Other Matters

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County Housing and Redevelopment Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 6, 2016



MINNESOTA LEGAL COMPLIANCE REPORT

To The Board of Commissioners
Washington County Housing and Redevelopment Authority
(a component unit of Washington County)

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Washington County Housing and Redevelopment Authority, a component unit of Washington County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 6, 2016. Our report includes a reference to other auditors who audited the financial statements of the The Groves Apartments, LLC and Piccadilly Square of Mahtomedi, LLC (discretely presented component units), as described in our report on Washington County Housing and Redevelopment Authority's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for claims and disbursement, as the statute is not applicable to housing and redevelopment authorities.

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

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

A handwritten signature in black ink that reads "Redpath and Company, LTD." in a cursive script.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 6, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Board of Commissioners
Washington County Housing and Redevelopment Authority
(a component unit of Washington County)

Report on Compliance for Each Major Federal Program

We have audited Washington County Housing and Redevelopment Authority's, a component unit of Washington County, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington County Housing and Redevelopment Authority's major federal programs for the year ended December 31, 2015. Washington County Housing and Redevelopment Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Washington County Housing and Redevelopment Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington County Housing and Redevelopment Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance required by the Uniform Guidance

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

Opinion on Each Major Federal Program

In our opinion, Washington County Housing and Redevelopment Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control over
Compliance required by the Uniform Guidance

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

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 6, 2016

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:				
Direct:				
Section 8 New Construction and Substantial Rehabilitation	14.182	n/a	\$687,342	\$ -
Section 8 Housing Choice Vouchers	14.871	n/a	694,967	-
Resident Opportunity and Support Services - Service Coordinators	14.870	n/a	12,186	-
Family Self-Sufficiency Program	14.896	n/a	33,969	-
Multifamily Housing Services Coordinators	14.191	n/a	34,040	-
Shelter Plus Care - Home Free	14.238	n/a	215,671	-
Housing Counseling Assistance Program	14.169	n/a	33,000	-
Continuum of Care Program	14.267	n/a	8,216	-
Public and Indian Housing	14.850	n/a	197,120	18,710
Public Housing Capital Fund	14.872	n/a	87,194	-
Community Development Block Grants/Entitlement Grants	14.218	n/a	1,091,319	510,412
Subtotal Department of Housing and Urban Development direct programs			3,095,024	529,122
Passed through Dakota County Community Development Agency:				
Home Investment Partnerships Program	14.239	None Noted	165,478	119,116
Passed through Minnesota Housing Finance Agency:				
Emergency Homeowners Loan Program	14.323	None Noted	811	-
Subtotal Department of Housing and Urban Development pass-through programs			166,289	119,116
Total U.S. Department of Housing and Urban Development			3,261,313	648,238
U.S. Department of the Treasury:				
Passed through Minnesota Housing Finance Agency:				
National Foreclosure Mitigation Counseling	21.000	None Noted	48,030	-
U.S. Department of Homeland Security:				
Passed through City of Forest Lake, Minnesota:				
Hazard Mitigation Grant	97.039	None Noted	8,934	-
Total Expenditures of Federal Awards			\$3,318,277	\$648,238

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

Notes to the schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Washington County Housing and Redevelopment Authority under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance.) Because the Schedule presents only a selected portion of the operations of the Washington County Housing and Redevelopment Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Washington County Housing and Redevelopment Authority.

Note 2. Summary of Significant Accounting Principles

- a.) Expenditures reported on the Schedule are reported on the modified accrual basics of accounting. Such expenditures are recognized following as applicable, either the cost principles in OMB Circular A-87, cost principles for Federal, State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b.) The Washington County Housing and Redevelopment Authority has not charged indirect costs to any of the federal programs. Therefore the election of the de minimus cost rate is not applicable.

Note 3. Section 8 Housing Choice Voucher Portability

As part of its Section 8 Housing Choice Vouchers Program, WCHRA administered portable vouchers totaling \$2,632,092 and related administration fees totaling \$205,874, as the receiving public housing authority (PHA) for various other initial PHAs throughout the United States. WCHRA does not consider these amounts received from the initial PHAs to be subrecipient payments, and therefore are excluded from the Section 8 Housing Choice Vouchers Program amount above.

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- A. Type of auditors' report issued: Unmodified
- B. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported
- C. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

- D. Internal control over major programs:
- Material weakness(es) identified? _____ Yes X No
 - Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None reported
- E. Type of auditors' report issued on compliance for major programs: Unmodified
- F. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes X None reported

G. Identification of major programs:

Name of Federal Program	CFDA Number
Community Development Block Grants/Entitlement Grants	14.218

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

I. Auditee qualified as a low-risk auditee X Yes _____ No

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WASHINGTON COUNTY HOUSING AND REDEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – PRIOR YEAR FINDINGS

None noted.

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