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2015 Operating Costs Report

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DATE: February 12, 2016

SUBJECT:

TO:	The Honorable Pat Garofalo State Representative 485 State Office Building	The Honorable David Tomassoni State Senator 3401 Minnesota Senate Building
	The Honorable Jim Knobloch State Representative 453 State Office Building	The Honorable Richard Cohen State Senator 3235 Minnesota Senate Bldg.
CC:	Henriet Hendriks, Fiscal Analyst 370 State Office Building Marianne Conboy, Exec. Budget Officer	Dan Mueller, Fiscal Analyst 549C Centennial Office Building Allison Jones, Policy Advisor
FROM:	658 Cedar Mary Tingerthal, Commissioner	Office of the Governor – Veterans Service Building

I am submitting the attached Operating Costs Report For FY 2015 and Budget Plan For FY 2016 for the Minnesota Housing Finance Agency (MHFA), pursuant to Minn. Stat. § 462A.20, subd. 4. Two elements of the report are worth noting. First, the difference in year-to-year expenditures for salaries and benefits can be attributed primarily to an increase in FTEs, cost of living increases and progression increases for those that are eligible. Second, the in year-over-year expenditures for professional and technical services is directly related to the contractors hired for various IT projects.

In FY2015 Minnesota Housing provided \$1.037 billion in assistance to Minnesota households. The ratio of operating expenses to assistance provided in FY2015 is 2.88%.

Also enclosed is the Agency's FY2015 Financial Report, which includes the audited financial statements for all of the Agency's funds. An independent certified public accounting firm audits the Agency's financial statements every year. The procedures used to audit the Agency's administrative expenses are primarily analytical in nature. For the larger individual amounts included in the salaries and benefits and other general operating expense lines, comparisons are made to the prior year. Large fluctuations, if any, are identified, reviewed and assessed for reasonableness. The total amount of payroll is consistent with the Agency's payroll records. The FY2015 Financial Report fulfills the statutory requirement that the financial statement include information on expenditures and receipts relating to debt issuance and administration, and loan origination and administration.

If you have any questions, please contact me at (651) 296-5738 or mary.tingerthal@state.mn.us or Ryan Baumtrog at (651) 296-9820 or ryan.baumtrog@state.mn.us



## **OPERATING COSTS REPORT FOR F.Y. 2015 AND BUDGET PLAN FOR F.Y. 2016** SUBMITTED PURSUANT TO M.S. 462A.20, Subd. 4 - DATED: FEBRUARY 12, 2015

Minnesota	(Dollars in Thousands)									
	FY 2015		FY 2016					E	Estimated	
Housing ——— Finance Agency	_	_			Actua Expend	its Ex	timated opendits		I	r over Yr ncrease
Operating Costs	Budgete <u>Expend</u>		ctual endits	Budgeted <u>Expendits</u>	through <u>12/31/201</u>		for the <u>ull Year</u>	Under (Over <u>Budget</u>	•	ecrease) Expendits
Salaries and Benefits (NOTE A)	22,8	364	22,605	23,793	10	,862	23,850	(57	7)	1,245
Rents and Utilities	1,2	234	1,268	1,284		629	1,269	1	5	1
Repairs, Alterations, Maintenance		89	87	95		2	31	6	4	(56)
Printing and Advertising	2	L73	131	224		44	147	7	7	16
Professional/Technical Services (NOTE B)	2,4	104	1,891	3,846		682	3,346	50	0	1,455
Computer and Systems Services	1,3	380	1,726	1,733		137	1,733		0	7
Communications	-	136	139	140		57	127	1	3	(12)
Travel and Subsistence, Instate	2	205	193	223		90	185	3	8	(8)
Travel and Subsistence, Out of State	2	194	142	227		62	157	7	0	15
Supplies	3	345	228	313		65	215	9	8	(13)
Equipment	3	393	130	401		56	277	12	4	147
Employee Development	4	100	283	484		107	375	10	9	92
Other Operating Costs	2	229	526	276		152	276		0	(250)
State Indirect Cost Billings	-	137	134	115		57	115		0	(19)
Attorney General Costs	3	355	355	355	177		208	147		(147)
Total, Agency Operating Costs	30,5	38 2	29,838	33,509	33,509 13,1		32,311	1,198		2,473
Assistance Provided		<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Total Assistance Provided by the Agency (NOTE C)		744,983	669,756	444,237	717,375	726,979	638,307	781,838	754,083	1,037,283
Operating Costs as a % of Assistance Provide	3.06%	3.58%	5.67%	3.41%	3.21%	3.73%	3.30%	3.55%	2.88%	

Footnotes: The following comparisons are between the estimated expenditures for FY 2016 and the actual expenditures for FY 2015. The expenditure categories noted are those for which the year-over-year change exceeds 0.5% of the current year's total budget.

NOTE A: Salaries and Benefits. The increase in salaries is due mainly to an increase in FTEs, a cost of living increase, and progression increases for those eligible. NOTE B: Professional & Technical Services. The increase in the Professional & Technical account is directly related to the contractors hired for various IT projects. NOTE C: Assistance Provided. The assistance provided figures are from the Agency's annual Program Assessment Report that is submitted to the Legislature each year. The assistance figures are for a federal fiscal year ended September 30.