

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
CROSBY, MINNESOTA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2019**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
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**YEAR ENDED MARCH 31, 2019**

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## **INTRODUCTORY SECTION**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
ORGANIZATION  
MARCH 31, 2019**

| NAME | POSITION | TERM EXPIRES |
|------|----------|--------------|
|------|----------|--------------|

**Board of Commissioners**

|                  |                     |                 |
|------------------|---------------------|-----------------|
| Linda Peeples    | Chair               | August 31, 2021 |
| Julie McGinnis   | Vice Chair          | August 31, 2019 |
| Renae Marsh      | Secretary/Treasurer | August 31, 2020 |
| Buzz Neprud      | Commissioner        | August 31, 2022 |
| William Small    | Commissioner        | August 31, 2021 |
|                  |                     |                 |
| Jennifer Bergman | Executive Director  |                 |

## **FINANCIAL SECTION**



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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Housing and Redevelopment Authority of Crosby  
Crosby, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Housing and Redevelopment Authority of Crosby (the Authority) as of and for the fiscal year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of March 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10, 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule and the statement and certification of actual capital fund grant costs are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial data schedule is the responsibility of management and was derived from and relates 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statement and certification of actual capital fund grant costs 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 it.

Board of Commissioners  
Housing and Redevelopment Authority of Crosby

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 23, 2019

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

As management of the Housing and Redevelopment Authority of Crosby, Minnesota (the Authority), we offer the following narrative overview and analysis of the Authority's financial statements and activities for the fiscal year that ended March 31, 2019:

## **FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by \$2,712,341 (net position). The Authority shows unrestricted net position of \$947,776 at year-end.
- The Authority's total net position decreased by \$131,204.
- At March 31, 2019, the Authority's governmental fund reported an ending fund balance of \$11,322, an increase of \$1,654 in comparison with the prior year. The full amount is restricted for Economic Development.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. This Authority's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to 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 Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two 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 Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority'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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority 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 Authority include only the economic development program area. The business-type activities of the Authority include Public Housing and Edgewood.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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 Authority, 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 Authority 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 the Authority's near-term financing requirements.

The Authority maintains only one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Augusta Housing Fund. There are no nonmajor governmental funds. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance are the same as the governmental activities statements because there are no long-term assets or liabilities in the current year.

The Authority does not adopt an annual appropriated budget for its Augusta Housing Fund. Therefore, budgetary comparison statements have not been provided.

***Proprietary Fund*** – The Authority 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 Authority uses enterprise funds to account for its Public Housing and Edgewood.

The proprietary fund provides 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 and Edgewood, which are all considered to be major funds of the Authority.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**The Statement of Net Position** presents information on all of the Authority's assets and liabilities with the difference between the two 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 Authority is improving or deteriorating.

|                              | Governmental Activities |                 | Business-Type Activities |                     | Total               |                     |
|------------------------------|-------------------------|-----------------|--------------------------|---------------------|---------------------|---------------------|
|                              | 2019                    | 2018            | 2019                     | 2018                | 2019                | 2018                |
| Current and Other Assets     | \$ 11,322               | \$ 9,668        | \$ 1,039,753             | \$ 1,045,706        | \$ 1,051,075        | \$ 1,055,374        |
| Capital Assets               | -                       | -               | 1,753,243                | 1,912,031           | 1,753,243           | 1,912,031           |
| Total Assets                 | 11,322                  | 9,668           | 2,792,996                | 2,957,737           | 2,804,318           | 2,967,405           |
| Long-Term Liabilities        |                         |                 |                          |                     |                     |                     |
| Outstanding                  | -                       | -               | 2,729                    | 3,284               | 2,729               | 3,284               |
| Other Liabilities            | -                       | -               | 89,248                   | 120,576             | 89,248              | 120,576             |
| Total Liabilities            | -                       | -               | 91,977                   | 123,860             | 91,977              | 123,860             |
| Net Position                 |                         |                 |                          |                     |                     |                     |
| Investment in Capital Assets | -                       | -               | 1,753,243                | 1,912,031           | 1,753,243           | 1,912,031           |
| Restricted                   | 11,322                  | 9,668           | -                        | -                   | 11,322              | 9,668               |
| Unrestricted                 | -                       | -               | 947,776                  | 921,846             | 947,776             | 921,846             |
| Total Net Position           | <u>\$ 11,322</u>        | <u>\$ 9,668</u> | <u>\$ 2,701,019</u>      | <u>\$ 2,833,877</u> | <u>\$ 2,712,341</u> | <u>\$ 2,843,545</u> |

**The Statement of Activities** presents information showing how the Authority's net position changed during the most recent fiscal year.

|                                    | Governmental Activities |                        | Business-Type Activities   |                            | Total                      |                            |
|------------------------------------|-------------------------|------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                    | 2019                    | 2018                   | 2019                       | 2018                       | 2019                       | 2018                       |
| Revenues:                          |                         |                        |                            |                            |                            |                            |
| Program Revenues:                  |                         |                        |                            |                            |                            |                            |
| Charges for Services               | \$ -                    | \$ -                   | \$ 435,410                 | \$ 427,103                 | \$ 435,410                 | \$ 427,103                 |
| Operating Grants and Contributions | -                       | -                      | 164,651                    | 176,782                    | 164,651                    | 176,782                    |
| Capital Grants and Contributions   | -                       | -                      | 51,881                     | 341,240                    | 51,881                     | 341,240                    |
| General Revenues:                  |                         |                        |                            |                            |                            |                            |
| Tax Increment                      | 17,020                  | 16,948                 | -                          | -                          | 17,020                     | 16,948                     |
| Unrestricted Investment Earnings   | 12                      | 7                      | 15,268                     | 497                        | 15,280                     | 504                        |
| Miscellaneous                      | -                       | -                      | 11,324                     | 17,160                     | 11,324                     | 17,160                     |
| Total Revenues                     | <u>17,032</u>           | <u>16,955</u>          | <u>678,534</u>             | <u>962,782</u>             | <u>695,566</u>             | <u>979,737</u>             |
| Expenses:                          |                         |                        |                            |                            |                            |                            |
| Economic Development               | 15,378                  | 20,757                 | -                          | -                          | 15,378                     | 20,757                     |
| Public Housing                     | -                       | -                      | 427,969                    | 403,264                    | 427,969                    | 403,264                    |
| Edgewood                           | -                       | -                      | 383,423                    | 376,292                    | 383,423                    | 376,292                    |
| Total Expenses                     | <u>15,378</u>           | <u>20,757</u>          | <u>811,392</u>             | <u>779,556</u>             | <u>826,770</u>             | <u>800,313</u>             |
| Change in Net Position             | <u>1,654</u>            | <u>(3,802)</u>         | <u>(132,858)</u>           | <u>183,226</u>             | <u>(131,204)</u>           | <u>179,424</u>             |
| Net Position - Beginning of Year   | <u>9,668</u>            | <u>13,470</u>          | <u>2,833,877</u>           | <u>2,650,651</u>           | <u>2,843,545</u>           | <u>2,664,121</u>           |
| Net Position - End of Year         | <u><u>\$ 11,322</u></u> | <u><u>\$ 9,668</u></u> | <u><u>\$ 2,701,019</u></u> | <u><u>\$ 2,833,877</u></u> | <u><u>\$ 2,712,341</u></u> | <u><u>\$ 2,843,545</u></u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

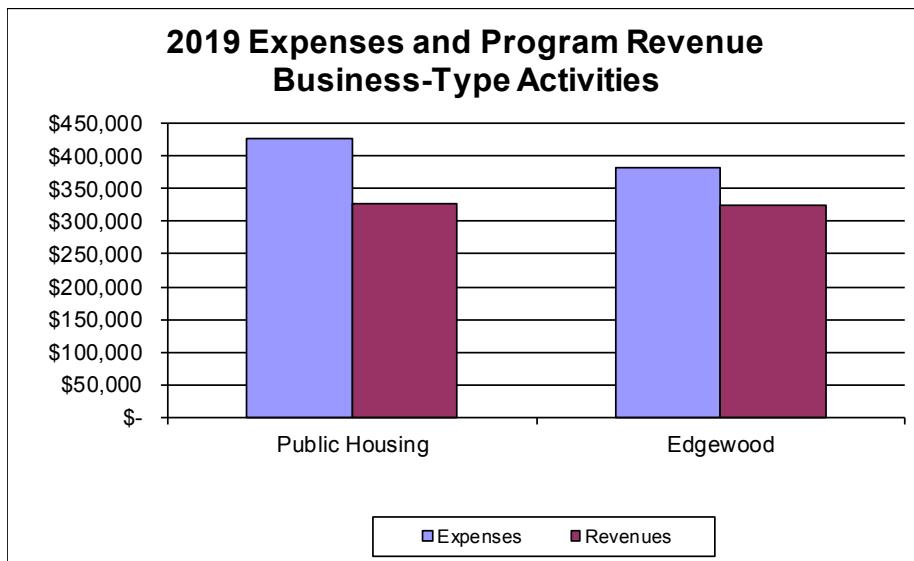
## **FINANCIAL ANALYSIS**

### **Governmental Activities**

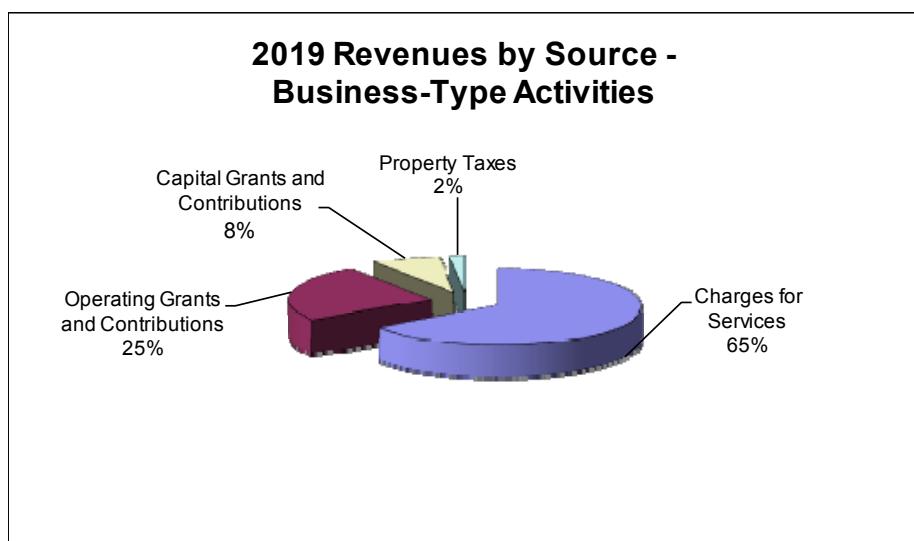
Governmental activities increased the Authority's net position by \$1,654, revenues exceeded expenses of governmental activities programs. The only revenues that support the governmental activities are tax increments and interest earnings. The only expenses that the governmental activities have are the economic development payments of developer fees, other miscellaneous TIF fees and the unspent tax increment was used to help finance a housing rehab project.

### **Business-Type Activities**

Business-type activities decreased the Authority's net position by \$132,858. This decrease is mainly due to an increase in expenses related to maintenance projects.



As shown below, business-type activities are primarily supported by federal grants and residential rental revenue.



**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

**FINANCIAL ANALYSIS OF THE AUTHORITY AT THE FUND LEVEL**

**Governmental Fund**

As the Authority completed the year, the Augusta Housing Fund reported a fund balance of \$11,322.

Revenues for the Augusta Housing Fund were \$17,032, while total expenditures were \$15,378.

The Augusta Housing Fund's fund balance increased \$1,654 from the prior year. This is due to the Authority not paying out as much unspent tax increment collections for a housing rehab project as in the prior year.

**CAPITAL ASSET ACTIVITY**

The Authority's capital assets, net of accumulated depreciation at March 31, 2019, amounted to \$1,753,243. This investment in capital assets includes land, buildings and improvements, and furniture, fixtures, and equipment. Net capital assets decreased in total by \$158,788. This decrease in capital assets is due to asset additions of \$45,787 and depreciation expense of \$204,575.

|                                    | <u>Business-Type<br/>Activities</u> |
|------------------------------------|-------------------------------------|
| Land                               | \$ 37,910                           |
| Construction-in-Progress           | 35,841                              |
| Buildings and Improvements         | 5,515,624                           |
| Furniture, Fixtures, and Equipment | 107,786                             |
| Less: Accumulated Depreciation     | <u>(3,943,918)</u>                  |
| Total                              | <u>\$ 1,753,243</u>                 |

Detailed information on the Authority's capital assets can be found in the notes to financial statements (Note 3.A.5, Capital Assets).

**ECONOMIC FACTORS AND NEXT YEAR'S ITEMS**

Calendar year 2019 Public Housing Operating Subsidy will be funded at approximately 96% with the final proration levels determined later in the year. This is an increase from the 2018 funding level of 94.74%.

The Authority applied for and was awarded \$453,366 from the Publicly Owned Housing Rehabilitation Program (POHP) through Minnesota Housing. The funds will be used for roof, apartment doors, closet doors, weatherization, and life safety systems at Dellwood Apartments. The Authority expects construction to begin in the summer of 2019.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2019**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions regarding this report or need additional information, please contact the Housing and Redevelopment Authority of Crosby's Accountant at 324 East River Road, Brainerd, Minnesota 56401 or call (218) 824-3423 or by e-mail at [karen@brainerdhra.org](mailto:karen@brainerdhra.org).

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2019**

| <b>ASSETS</b>                             | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>               |
|---|------------------------------------|-------------------------------------|----------------------------|
| <b>Current Assets:</b>                    |                                    |                                     |                            |
| Cash and Investments                      | \$ 18,700                          | \$ 993,905                          | \$ 1,012,605               |
| Net Accounts Receivable                   | -                                  | 6,510                               | 6,510                      |
| Internal Balances                         | (7,378)                            | 7,378                               | -                          |
| Inventory                                 | -                                  | 201                                 | 201                        |
| <b>Restricted Assets:</b>                 |                                    |                                     |                            |
| Cash and Cash Equivalents                 | -                                  | 31,759                              | 31,759                     |
| Total Current Assets                      | <u>11,322</u>                      | <u>1,039,753</u>                    | <u>1,051,075</u>           |
| <b>Noncurrent Assets:</b>                 |                                    |                                     |                            |
| <b>Capital Assets:</b>                    |                                    |                                     |                            |
| Land and Construction-in-Progress         | -                                  | 73,751                              | 73,751                     |
| Other Capital Assets, Net of Depreciation | -                                  | 1,679,492                           | 1,679,492                  |
| Total Noncurrent Assets                   | <u>-</u>                           | <u>1,753,243</u>                    | <u>1,753,243</u>           |
| <b>Total Assets</b>                       | <b>11,322</b>                      | <b>2,792,996</b>                    | <b>2,804,318</b>           |
| <b>LIABILITIES</b>                        |                                    |                                     |                            |
| <b>Current Liabilities:</b>               |                                    |                                     |                            |
| Accounts Payable                          | -                                  | 13,326                              | 13,326                     |
| Accrued Liabilities                       | -                                  | 25,876                              | 25,876                     |
| Tenant Security Deposits                  | -                                  | 31,362                              | 31,362                     |
| Due to Other Governments                  | -                                  | 14,783                              | 14,783                     |
| Unearned Revenue                          | -                                  | 3,901                               | 3,901                      |
| Total Current Liabilities                 | <u>-</u>                           | <u>89,248</u>                       | <u>89,248</u>              |
| <b>Noncurrent Liabilities:</b>            |                                    |                                     |                            |
| Due to Other Governments                  | <u>-</u>                           | <u>2,729</u>                        | <u>2,729</u>               |
| <b>Total Liabilities</b>                  | <b><u>-</u></b>                    | <b><u>91,977</u></b>                | <b><u>91,977</u></b>       |
| <b>NET POSITION</b>                       |                                    |                                     |                            |
| Investment in Capital Assets              | -                                  | 1,753,243                           | 1,753,243                  |
| Restricted for Economic Development       | 11,322                             | -                                   | 11,322                     |
| Unrestricted                              | -                                  | 947,776                             | 947,776                    |
| <b>Total Net Position</b>                 | <b><u>\$ 11,322</u></b>            | <b><u>\$ 2,701,019</u></b>          | <b><u>\$ 2,712,341</u></b> |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2019**

| Functions/Programs               | Expenses          | Program Revenues     |                                    |                                  |
|----------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
|                                  |                   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities:         |                   |                      |                                    |                                  |
| Primary Government:              |                   |                      |                                    |                                  |
| Governmental Activities:         |                   |                      |                                    |                                  |
| Economic Development             | \$ 15,378         | \$ -                 | \$ -                               | \$ -                             |
| Business-Type Activities:        |                   |                      |                                    |                                  |
| Public Housing                   | 427,969           | 205,854              | 69,825                             | 51,881                           |
| Edgewood                         | 383,423           | 229,556              | 94,826                             | -                                |
| Total Business-Type Activities   | <u>811,392</u>    | <u>435,410</u>       | <u>164,651</u>                     | <u>51,881</u>                    |
| Total Primary Government         | <u>\$ 826,770</u> | <u>\$ 435,410</u>    | <u>\$ 164,651</u>                  | <u>\$ 51,881</u>                 |
| General Revenues:                |                   |                      |                                    |                                  |
| Tax Increment                    |                   |                      |                                    |                                  |
| Unrestricted Investment Earnings |                   |                      |                                    |                                  |
| Miscellaneous                    |                   |                      |                                    |                                  |
| Total General Revenues           |                   |                      |                                    |                                  |
| Change in Net Position           |                   |                      |                                    |                                  |
| Net Position - Beginning of Year |                   |                      |                                    |                                  |
| Net Position - End of Year       |                   |                      |                                    |                                  |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED MARCH 31, 2019**

**Net (Expense) Revenue and Changes in Net Position**

| Governmental<br>Activities | Business-Type<br>Activities | Total               |
|----------------------------|-----------------------------|---------------------|
| \$ (15,378)                | \$ -                        | \$ (15,378)         |
| -                          | (100,409)                   | (100,409)           |
| -                          | (59,041)                    | (59,041)            |
| -                          | (159,450)                   | (159,450)           |
| <u>(15,378)</u>            | <u>(159,450)</u>            | <u>(174,828)</u>    |
| <br>17,020                 | <br>-                       | <br>17,020          |
| 12                         | 15,268                      | 15,280              |
| -                          | 11,324                      | 11,324              |
| <u>17,032</u>              | <u>26,592</u>               | <u>43,624</u>       |
| <br>1,654                  | <br>(132,858)               | <br>(131,204)       |
| 9,668                      | 2,833,877                   | 2,843,545           |
| <u>\$ 11,322</u>           | <u>\$ 2,701,019</u>         | <u>\$ 2,712,341</u> |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
BALANCE SHEET  
GOVERNMENTAL FUND  
MARCH 31, 2019**

Augusta  
Housing

**ASSETS**

|                           |                  |
|---------------------------|------------------|
| Cash and Cash Equivalents | \$ <u>18,700</u> |
|---------------------------|------------------|

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

|                    |          |
|--------------------|----------|
| Due to Other Funds | \$ 7,378 |
|--------------------|----------|

**FUND BALANCES**

|            |               |
|------------|---------------|
| Restricted | <u>11,322</u> |
|------------|---------------|

|                                     |                  |
|-------------------------------------|------------------|
| Total Liabilities and Fund Balances | \$ <u>18,700</u> |
|-------------------------------------|------------------|

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUND**  
**YEAR ENDED MARCH 31, 2019**

|                                   | <u>Augusta<br/>Housing</u> |
|-----------------------------------|----------------------------|
| <b>REVENUES</b>                   |                            |
| Tax Increment                     | \$ 17,020                  |
| Interest                          | 12                         |
| Total Revenues                    | <u>17,032</u>              |
| <b>EXPENDITURES</b>               |                            |
| Current:                          |                            |
| Economic Development              | <u>15,378</u>              |
| <b>NET CHANGE IN FUND BALANCE</b> | 1,654                      |
| Fund Balance - Beginning of Year  | <u>9,668</u>               |
| <b>FUND BALANCE - END OF YEAR</b> | <u><u>\$ 11,322</u></u>    |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**MARCH 31, 2019**

|   | <b>Business-Type Activities - Enterprise Funds</b> |                     |                     |
|---|--|---------------------|---------------------|
|   | <b>Public<br/>Housing</b>                          | <b>Edgewood</b>     | <b>Totals</b>       |
|   | <hr/>  |                     |                     |
| <b>ASSETS</b>                                 |  |                     |                     |
| Current Assets:                               |  |                     |                     |
| Cash and Cash Equivalents                     | \$ 121,970   | \$ 871,935          | \$ 993,905          |
| Net Accounts Receivable                       | 5,826  | 684                 | 6,510               |
| Due from Other Funds                          | 7,378  | -                   | 7,378               |
| Inventory                                     | 201  | -                   | 201                 |
| <b>Restricted Assets</b>                      |  |                     |                     |
| <b>Restricted - Cash and Cash Equivalents</b> | <b>10,423</b>                                      | <b>21,336</b>       | <b>31,759</b>       |
| <b>Total Current Assets</b>                   | <b>145,798</b>                                     | <b>893,955</b>      | <b>1,039,753</b>    |
| Capital Assets:                               |  |                     |                     |
| Land and CIP                                  | 73,751   | -                   | 73,751              |
| Other Capital Assets, Net of Depreciation     | 1,329,124  | 350,368             | 1,679,492           |
| <b>Total Noncurrent Assets</b>                | <b>1,402,875</b>                                   | <b>350,368</b>      | <b>1,753,243</b>    |
| <b>Total Assets</b>                           | <b>1,548,673</b>                                   | <b>1,244,323</b>    | <b>2,792,996</b>    |
| <b>LIABILITIES</b>                            |  |                     |                     |
| Current Liabilities:                          |  |                     |                     |
| Accounts Payable                              | 10,059   | 3,267               | 13,326              |
| Accrued Wages Payable                         | 1,568  | 1,863               | 3,431               |
| Accrued Utility Payments                      | 5,086  | 4,481               | 9,567               |
| Due to Other Governmental Units               | 6,501  | 8,282               | 14,783              |
| Tenants Security Deposits                     | 10,026   | 21,336              | 31,362              |
| Compensated Absences                          | 2,620  | 10,258              | 12,878              |
| Unearned Revenues                             | 3,108  | 793                 | 3,901               |
| <b>Total Current Liabilities</b>              | <b>38,968</b>                                      | <b>50,280</b>       | <b>89,248</b>       |
| Noncurrent Liabilities:                       |  |                     |                     |
| Due to Other Governmental Units               | 1,077  | 1,652               | 2,729               |
| <b>Total Liabilities</b>                      | <b>40,045</b>                                      | <b>51,932</b>       | <b>91,977</b>       |
| <b>NET POSITION</b>                           |  |                     |                     |
| Investment in Capital Assets                  | 1,402,875  | 350,368             | 1,753,243           |
| Unrestricted                                  | 105,753  | 842,023             | 947,776             |
| <b>Total Net Position</b>                     | <b>\$ 1,508,628</b>                                | <b>\$ 1,192,391</b> | <b>\$ 2,701,019</b> |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2019**

|  | Business-Type Activities - Enterprise Funds |                            |                            |
|--|---|----------------------------|----------------------------|
|  | Public<br>Housing                           | Edgewood                   | Totals                     |
|  |   |                            |                            |
| <b>OPERATING REVENUES</b>                |   |                            |                            |
| Intergovernmental:                       |   |                            |                            |
| HUD PHA Operating Grants                 | \$ 69,825                                   | \$ -                       | \$ 69,825                  |
| Other Government Grants                  | -   | 94,826                     | 94,826                     |
| Total Intergovernmental Revenues         | <u>69,825</u>                               | <u>94,826</u>              | <u>164,651</u>             |
| Rental Income:                           |   |                            |                            |
| Net Tenant Rental                        | 196,289                                     | 221,685                    | 417,974                    |
| Tenant Rental - Other                    | 9,565                                       | 7,871                      | 17,436                     |
| Total Rental Income                      | <u>205,854</u>                              | <u>229,556</u>             | <u>435,410</u>             |
| Other Miscellaneous Income:              |   |                            |                            |
| Laundry Income                           | 2,531                                       | 8,431                      | 10,962                     |
| Miscellaneous                            | 191   | 171                        | 362                        |
| Total Other Miscellaneous Income         | <u>2,722</u>                                | <u>8,602</u>               | <u>11,324</u>              |
| Total Operating Revenues                 | 278,401                                     | 332,984                    | 611,385                    |
| <b>OPERATING EXPENSES</b>                |   |                            |                            |
| Administration                           | 60,630                                      | 116,118                    | 176,748                    |
| Utilities                                | 66,479                                      | 59,704                     | 126,183                    |
| Ordinary Maintenance and Operations      | 105,073                                     | 129,952                    | 235,025                    |
| Tenant Services                          | 3,579                                       | 5,273                      | 8,852                      |
| General Expense                          | 29,739                                      | 30,270                     | 60,009                     |
| Depreciation                             | 162,469                                     | 42,106                     | 204,575                    |
| Total Operating Expenses                 | <u>427,969</u>                              | <u>383,423</u>             | <u>811,392</u>             |
| <b>OPERATING LOSS</b>                    | (149,568)                                   | (50,439)                   | (200,007)                  |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |   |                            |                            |
| Interest Income (Expense)                | <u>(19)</u>                                 | <u>15,287</u>              | <u>15,268</u>              |
| <b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b> | (149,587)                                   | (35,152)                   | (184,739)                  |
| <b>CAPITAL CONTRIBUTIONS</b>             | <u>51,881</u>                               | <u>-</u>                   | <u>51,881</u>              |
| <b>CHANGE IN NET POSITION</b>            | (97,706)                                    | (35,152)                   | (132,858)                  |
| Net Position - Beginning of Year         | <u>1,606,334</u>                            | <u>1,227,543</u>           | <u>2,833,877</u>           |
| <b>NET POSITION - END OF YEAR</b>        | <u><b>\$ 1,508,628</b></u>                  | <u><b>\$ 1,192,391</b></u> | <u><b>\$ 2,701,019</b></u> |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED MARCH 31, 2019**

| <b>Business-Type Activities - Enterprise Funds</b>  |                   |                    |                     |
|---|-------------------|--------------------|---------------------|
|   | <b>Public</b>     | <b>Edgewood</b>    | <b>Totals</b>       |
|   | <b>Housing</b>    | <b>Edgewood</b>    | <b>Totals</b>       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                    |                     |
| Cash Received from Rent   | \$ 194,671        | \$ 230,871         | \$ 425,542          |
| Cash Received from Other Sources  | 13,242            | 8,602              | 21,844              |
| Operating Subsidies - HUD   | 69,825            | 94,826             | 164,651             |
| Cash Paid to Other Suppliers of Goods or Services   | (149,126)         | (197,702)          | (346,828)           |
| Cash Payments to Employees for Services   | (123,659)         | (168,826)          | (292,485)           |
| Net Cash Provided (Used) by Operating Activities  | 4,953             | (32,229)           | (27,276)            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                             |                   |                    |                     |
| Capital Grants Received   | 71,777            | -                  | 71,777              |
| Interfund Borrowing   | (7,378)           | -                  | (7,378)             |
| Acquisition of Capital Assets   | (45,787)          | (1)                | (45,788)            |
| Net Cash Provided (Used) by Capital and Related Financing Activities                        | 18,612            | (1)                | 18,611              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                    |                     |
| Interest Received   | (19)              | 15,288             | 15,269              |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                 |                   |                    |                     |
|   | 23,546            | (16,942)           | 6,604               |
| Cash and Cash Equivalents - Beginning of Year   | 108,847           | 910,213            | 1,019,060           |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | <b>\$ 132,393</b> | <b>\$ 893,271</b>  | <b>\$ 1,025,664</b> |
| <b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION</b>              |                   |                    |                     |
| Cash and Cash Equivalents   | \$ 121,970        | \$ 871,935         | \$ 993,905          |
| Restricted Assets - Cash and Cash Equivalents   | 10,423            | 21,336             | 31,759              |
| Cash and Investments - Statement of Net Position  | <u>\$ 132,393</u> | <u>\$ 893,271</u>  | <u>\$ 1,025,664</u> |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b> |                   |                    |                     |
| Operating Loss  | \$ (149,568)      | \$ (50,439)        | \$ (200,007)        |
| Adjustment to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities: |                   |                    |                     |
| Depreciation  | 162,469           | 42,106             | 204,575             |
| (Increase) Decrease in Assets:  |                   |                    |                     |
| Accounts Receivable   | (1,618)           | 880                | (738)               |
| Inventory   | 772               | -                  | 772                 |
| Due from Other Governments  | -                 | 5                  | 5                   |
| Increase (Decrease) in Liabilities:   |                   |                    |                     |
| Accounts Payable  | (5,163)           | 2,868              | (2,295)             |
| Due to Other Governmental Units   | (283)             | 221                | (62)                |
| Unearned Revenue  | 955               | 430                | 1,385               |
| Tenants Security Deposits   | (181)             | 515                | 334                 |
| Accrued Expenses  | (2,430)           | (28,815)           | (31,245)            |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 4,953</u>   | <u>\$ (32,229)</u> | <u>\$ (27,276)</u>  |

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
MARCH 31, 2019**

|                                 | <u>Agency<br/>Fund</u> |
|---------------------------------|------------------------|
| <b>ASSETS</b>                   |                        |
| Cash and Investments            | <u>\$ 4,142</u>        |
| <b>LIABILITIES</b>              |                        |
| Cash Held for Tenant Activities | <u>\$ 4,142</u>        |

*See accompanying Notes to Financial Statements.*

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Housing and Redevelopment Authority of Crosby (the Authority) was created for the purpose of providing housing and redevelopment services to the local area. The Authority was formed and operates pursuant to applicable Minnesota laws. The governing board consists of a five-member board appointed by the city council.

The accounting policies of the Authority conform to generally accepted accounting principles.

**A. Financial Reporting Entity**

The Authority's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the Authority is considered to be financially accountable.

Component units are legally separate entities for which the Authority (Primary Government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the Primary Government misleading. The criteria used to determine if the Primary Government is financially accountable for a component unit include whether or not the Primary Government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Authority.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) include the financial activities of the overall Authority, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

The statement of activities demonstrates the degree to which the direct expenses of each function of the Authority's governmental activities and different business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activities. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activities; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activities. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus and Basis of Accounting**

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

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. The Authority considers all revenues to be available if they are collected within 60 days after the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Tax Increment and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

Augusta Housing Fund – The Augusta Housing Fund is used to account for the Augusta Housing tax increment financing activity. This fund collects restricted tax increments which are used to repay the developer and other TIF related expenditures.

The Authority reports the following major proprietary funds:

Public Housing – The Public Housing Fund is used to account for the renting of HUD rental units to eligible persons and for grant monies received for major improvements to HUD properties.

Edgewood – The Edgewood Fund is used to account for the rental and other income, housing assistance payments, and the expenses related to the operations and maintenance of low income housing units.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Additionally, the Authority reports the following fiduciary fund type:

Agency Fund – The Tenant Activities Account is used to account for receipts and disbursements for the tenant activities. The Agency Fund is custodial in nature (assets equal liabilities).

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 Authority's enterprise funds are charges to tenants for rent, operating subsidies, and housing assistance payments. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**D. Assets, Liabilities, and Net Position or Equity**

**1. Cash and Cash Equivalents**

Cash balances from all funds (including cash equivalents) are pooled and invested to the extent available in various securities as authorized by Minnesota Statutes. Investments are stated at fair value, except for nonparticipating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost. Investment earnings are allocated to all funds on the basis of average cash balances.

Cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

For the purposes of the statement of cash flows of the proprietary fund types, the Authority considers all cash and investments under the classifications current assets to be cash and cash equivalents. Cash and cash equivalents consist of checking and saving certificate accounts, cash on hand, and repurchase agreements.

**2. Restricted Assets**

The enterprise funds, based on certain laws, are required to establish and maintain prescribed amounts of resources (consisting of cash and investments). The Authority maintains separate account codes for required tenant security deposits.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Liabilities, and Net Position or Equity (Continued)

**3. Accounts Receivable**

Accounts receivable in excess of 90 days after move out date is written off as uncollectible. There was \$7,705 of bad debt expense written-off in the current year.

**4. Inventory**

The costs of inventory items are recognized as expenses in the proprietary funds when used. Inventories are presented at lower of cost or market, using first in/first out (FIFO) method.

**5. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the business-type activities column in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 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 acquisition 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. 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.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the individual assets, which range from one to forty years.

**6. Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave accrual varies from zero – 240 hours per year. Employees may accumulate up to a maximum of 240 hours at any given time for employees who work 40 hours and is prorated for those working less than that. Employees will forfeit any vacation leave in excess of the 240 hours. Sick days accumulate at the rate of 8 hours per month with no maximum for full-time employees hired before May 26, 2015 and a maximum accumulation of 960 hours (prorated) for those hired after that date.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (Continued)**

**7. Tenant Deposits**

Security deposits are collected from tenants and are held in interest bearing bank accounts. The related liability consists of actual deposits and includes any interest earned by tenants on deposits. Refunds are made when a tenant leaves. Any interest earned by the tenant is recorded as an increase of the tenant deposit interest liability.

**8. Equity**

Equity is divided into the following sections:

**Net Position** – Net Position represents the difference between assets and liabilities in the Government-Wide and Proprietary Fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the Government-Wide and Proprietary Fund financial statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

**Fund Balance** – In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. Unassigned fund balance is the residual classification for the Authority's general fund and includes all spendable amounts not contained in the other classifications. When restricted, committed, assigned, and unassigned fund balance are all available for an expenditure, it is the Authority's policy to first use restricted, then committed, assigned and finally unassigned fund balance.

**E. Tax Status**

The Authority is exempt from property taxes. In lieu of property taxes, the Public Housing and Edgewood enterprise funds pays to Crow Wing County 5% of the total annual public housing rents less the total utilities.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information

The Authority has not adopted a budget for the Augusta Housing Fund. Thus, there is no budgetary comparison schedule included in the required supplementary information.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

A. Assets

**1. Deposits**

The Authority maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Cash and Investments." In accordance with Minnesota Statutes, the Authority maintains deposits at financial institutions which are authorized by the Board of Commissioners.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The Authority's deposits in banks at March 31, 2019 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Investments**

The Authority has an investment policy and is permitted to invest its idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At March 31, 2019, the Authority had the following investments:

|                          | Amount                   |
|--------------------------|--------------------------|
| Money Market             | \$ 118,539               |
| Negotiable CD's          | 729,037                  |
| <b>Total Investments</b> | <b><u>\$ 847,576</u></b> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Investments (Continued)**

Interest rate risk – Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are categorized to give an indication of the level of interest rate risk assumed at year-end. Fair market values and maturities as of March 31, 2019 are as follows:

| Type                              | Total             | 12 Months or Less | 13 to 24 Months   | 25 to 60 Months   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| U.S. Government Money Market Fund | \$ 118,539        | \$ 118,539        | \$ -              | \$ -              |
| Negotiable CD's                   | 729,037           | 200,003           | 200,901           | 328,133           |
| <b>Total</b>                      | <b>\$ 847,576</b> | <b>\$ 318,542</b> | <b>\$ 200,901</b> | <b>\$ 328,133</b> |

Credit Risk – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit quality ratings for the Authority's investments as of March 31, 2019 are as follows:

|                 | Credit Quality Rating | Amount     |
|-----------------|-----------------------|------------|
| Money Market    | Not Rated             | \$ 118,539 |
| Negotiable CD's | Not Rated             | 729,037    |

Concentration of Credit Risk – Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments in any one issuer (other than U.S. Treasury) that represent 5% or more of total fund investments at March 31, 2019 are as follows:

| Issuer                        | Amount            | Percentage |
|-------------------------------|-------------------|------------|
| Ally Bk Midvale Utah          | \$ 126,055        | 14.87 %    |
| Ally Bk Midvale Utah          | 100,003           | 11.80      |
| Discover Bk Greenwood Del     | 100,330           | 11.84      |
| Eaglebank Bethesda MD         | 100,571           | 11.87      |
| Morgan Stanley Bk N A Utah CD | 100,000           | 11.80      |
| Sallie Mae Bk Slt Lake City   | 202,078           | 23.84      |
| <b>Total</b>                  | <b>\$ 729,037</b> |            |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Investments (Continued)**

Fair Value Measurements

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Authority follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Authority has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

- Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.
- Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.
- Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

| Type            | Level 1 | Level 2    | Level 3 | Total      |
|-----------------|---------|------------|---------|------------|
| Negotiable CD's | \$ -    | \$ 729,037 | \$ -    | \$ 729,037 |

Cash and investments are presented in these financial statements:

|  |                     |
|--|---------------------|
| Cash and Investments - Governmental Fund   | \$ 18,700           |
| Cash and Investments - Business Type Funds | 993,905             |
| Restricted Cash and Investments -          |                     |
| Business-Type Funds                        | 31,759              |
| Total Cash and Investments                 | <u>\$ 1,044,364</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**3. Receivables**

Revenues of the Public Housing Authority are reported net of uncollectible amounts. There was no allowance for uncollectible accounts related to Public Housing or Edgewood rent as of March 31, 2019.

**4. Interfund Activity**

Due to/from other funds for the year ended March 31, 2019, were as follows:

| Due from: | Due To:                                  |
|-----------|--|
| TIF Fund  | <u>Public Housing</u><br><u>\$ 7,378</u> |

This balance is due to expenditures allowed by a new agreement to be spent with TIF money, however, it was not transferred as of the end of the year.

**5. Capital Assets**

Capital asset activity for the Authority for the year ended March 31, 2019 is as follows:

|  | Beginning<br>Balance | Increases           | Decreases          | Ending<br>Balance   |
|--|----------------------|---------------------|--------------------|---------------------|
| <b>Business-Type Activities</b>                      |                      |                     |                    |                     |
| Capital Assets, Not Being Depreciated:               |                      |                     |                    |                     |
| Land   | \$ 37,910            | \$ -                | \$ -               | \$ 37,910           |
| Construction in Progress                             | 18,251               | 35,841              | (18,251)           | 35,841              |
| Total Capital Assets, Not Being Depreciated          | 56,161               | 35,841              | (18,251)           | 73,751              |
| Capital Assets, Being Depreciated:                   |                      |                     |                    |                     |
| Buildings and Improvements                           | 5,487,427            | 28,197              | -                  | 5,515,624           |
| Furniture, Equipment, and Machinery - Dwelling Units | 38,923               | -                   | -                  | 38,923              |
| Furniture, Equipment, and Machinery - Administration | 68,863               | -                   | -                  | 68,863              |
| Total Capital Assets, Being Depreciated              | 5,595,213            | 28,197              | -                  | 5,623,410           |
| Less: Accumulated Depreciation                       | (3,739,343)          | (204,575)           | -                  | (3,943,918)         |
| Total Capital Assets, Being Depreciated, Net         | 1,855,870            | (176,378)           | -                  | 1,679,492           |
| Business-Type Activities Capital Assets, Net         | <u>\$ 1,912,031</u>  | <u>\$ (140,537)</u> | <u>\$ (18,251)</u> | <u>\$ 1,753,243</u> |

Depreciation expense was charged to functions/programs of the Authority as follows:

Business-Type Activities:

|   |                   |
|---|-------------------|
| Public Housing  | \$ 162,469        |
| Edgewood  | 42,106            |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 204,575</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities**

**Compensated Absences Payable**

The Authority has the following changes in Compensated Absences for the year ended March 31, 2019:

| <b>Business-Type Activities</b>    | <b>Beginning</b> |                  |                   | <b>Ending</b>    |          | <b>Due Within</b> |
|------------------------------------|------------------|------------------|-------------------|------------------|----------|-------------------|
|                                    | <b>Balance</b>   | <b>Additions</b> | <b>Reductions</b> | <b>Balance</b>   |          | <b>One Year</b>   |
| Compensated Absences Payable:      |                  |                  |                   |                  |          |                   |
| Public Housing                     | \$ 5,306         | \$ 4,956         | \$ 7,642          | \$ 2,620         | \$ 2,620 |                   |
| Edgewood                           | 39,339           | 6,740            | 35,821            | 10,258           |          | 10,258            |
| Total Compensated Absences Payable | <u>\$ 44,645</u> | <u>\$ 11,696</u> | <u>\$ 43,463</u>  | <u>\$ 12,878</u> |          | <u>\$ 12,878</u>  |

**NOTE 4 DEFINED CONTRIBUTION PENSION PLAN**

**Plan Description**

Qualified employees of the Authority belong to the Lincoln Financial Group Retirement Plan, which is a defined contribution retirement plan. The retirement plan is a national plan with local or regional housing authorities and commissions, urban renewal agencies and other organizations eligible to participate. The Plan and Trust are qualified under Section 401(a) of the Internal Revenue Code and their income is exempt from taxation under Section 501(a) of the Code. Plan provisions and contribution requirements are established and amended by the Board of Trustees.

Terminated or retiring participants are entitled to certain benefits including the full amount of their contributions to the Plan as well as earnings on their contributions. In addition to the amount of their contribution, each participant is entitled to the portion of the employer's contributions in which he or she has a vested interest.

Detailed information concerning the Authority's pension plan is presented in its publicly available annual report for the year ended March 31, 2019. That report may be obtained by contacting the Authority.

**Plan Funding**

The Plan is funded by employer and employee contributions (8.5% and 6.5% of gross wages, respectively). The employee may also elect to contribute additional amounts as governed by the Plan. The Authority's and employees' contributions for the years ended March 31, 2019, 2018, and 2017 were as follows:

|                                    | <b>2019</b> | <b>2018</b> | <b>2017</b> |
|------------------------------------|-------------|-------------|-------------|
| Total Payroll                      | \$ 177,040  | \$ 135,048  | \$ 114,588  |
| Covered Payroll                    | 128,880     | 117,159     | 114,588     |
| Employer Contributions 401(a) Plan | 10,948      | 9,953       | 9,740       |
| Employee Contributions 401(a) Plan | 7,728       | 7,025       | 6,876       |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; public official liability; and natural disasters for which the Authority carries commercial insurance policies. The Authority retains risk for the deductible portions of the insurance policies and for any exclusion from the insurance policies. These amounts are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**NOTE 6 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

Grants

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustments. 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 Authority expects such amounts, if any, to be immaterial.

## **SUPPLEMENTARY INFORMATION**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE**  
**MARCH 31, 2019**

| Line<br>Item #                          | Account Description  | Public<br>Housing Low<br>Rent | Edgewood                   |
|---|--|-------------------------------|----------------------------|
| <b>ASSETS</b>                           |  |                               |                            |
| <b>CURRENT ASSETS</b>                   |  |                               |                            |
| <b>CASH</b>                             |  |                               |                            |
| 111                                     | Cash - Unrestricted  | \$ 121,970                    | \$ 871,935                 |
| 113                                     | Cash - Other Restricted                                    | -                             | -                          |
| 114                                     | Cash - Tenant Security Deposits                            | 10,423                        | 21,336                     |
| 100                                     | Total Cash   | <u>132,393</u>                | <u>893,271</u>             |
| <b>ACCOUNTS AND ACCOUNTS RECEIVABLE</b> |  |                               |                            |
| 124                                     | Accounts Receivable - Other Government                     | 7,378                         | -                          |
| 125                                     | Accounts Receivable - Miscellaneous                        | -                             | 1                          |
| 126                                     | Accounts Receivable - Tenants                              | 3,072                         | 9                          |
| 127                                     | Notes, Loans, and Mortgages Receivable - Current           | 2,754                         | 674                        |
| 120                                     | Total Receivables, Net of Allowances for Doubtful Accounts | <u>13,204</u>                 | <u>684</u>                 |
| 143                                     | Inventory  | 201                           | -                          |
| 150                                     | Total Current Assets                                       | <u>145,798</u>                | <u>893,955</u>             |
| <b>NONCURRENT ASSETS</b>                |  |                               |                            |
| <b>FIXED ASSETS</b>                     |  |                               |                            |
| 161                                     | Land   | 37,910                        | -                          |
| 162                                     | Building and Improvements                                  | 4,582,597                     | 933,027                    |
| 163                                     | Furniture, Equipment and Machinery - Dwellings             | 22,025                        | 15,564                     |
| 164                                     | Furniture, Equipment and Machinery - Administration        | 6,242                         | 63,955                     |
| 166                                     | Accumulated Depreciation                                   | (3,281,740)                   | (662,178)                  |
| 167                                     | Construction in Progress                                   | 35,841                        | -                          |
| 160                                     | Total Capital Assets, Net of Accumulated Depreciation      | <u>1,402,875</u>              | <u>350,368</u>             |
| 290                                     | Total Assets   | <u><u>\$ 1,548,673</u></u>    | <u><u>\$ 1,244,323</u></u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**MARCH 31, 2019**

| <u>Economic<br/>Development<br/>and Supporting<br/>Services</u> | <u>Fiduciary<br/>Fund<br/>Agency</u> | <u>Total</u>        |
|---|--------------------------------------|---------------------|
| \$ -  | \$ 4,142                             | \$ 998,047          |
| 18,700  | -                                    | 18,700              |
| -   | -                                    | 31,759              |
| <u>18,700</u>   | <u>4,142</u>                         | <u>1,048,506</u>    |
| <br>  | <br>                                 | <br>                |
| -   | -                                    | 7,378               |
| -   | -                                    | 1                   |
| -   | -                                    | 3,081               |
| -   | -                                    | 3,428               |
| -   | -                                    | <u>13,888</u>       |
| <br>  | <br>                                 | <br>                |
| -   | -                                    | 201                 |
| 18,700  | 4,142                                | <u>1,062,595</u>    |
| <br>  | <br>                                 | <br>                |
| -   | -                                    | 37,910              |
| -   | -                                    | 5,515,624           |
| -   | -                                    | 37,589              |
| -   | -                                    | 70,197              |
| -   | -                                    | (3,943,918)         |
| -   | -                                    | 35,841              |
| -   | -                                    | <u>1,753,243</u>    |
| <br>  | <br>                                 | <br>                |
| <u>\$ 18,700</u>  | <u>\$ 4,142</u>                      | <u>\$ 2,815,838</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**MARCH 31, 2019**

| Line<br>Item #                      | Account Description                            | Public<br>Housing Low<br>Rent | Edgewood                   |
|-------------------------------------|--|-------------------------------|----------------------------|
| <b>LIABILITIES AND NET POSITION</b> |  |                               |                            |
| <b>CURRENT LIABILITIES</b>          |  |                               |                            |
| 312                                 | Accounts Payable < 90 Days                     | \$ 10,059                     | \$ 3,267                   |
| 321                                 | Accrued Wage/Payroll Taxes Payable             | 1,568                         | 1,863                      |
| 322                                 | Accrued Compensated Absences - Current Portion | 2,620                         | 10,258                     |
| 333                                 | Accounts Payable - Other Government            | 6,501                         | 8,282                      |
| 341                                 | Tenant Security Deposits                       | 10,026                        | 21,336                     |
| 342                                 | Unearned Revenue                               | 3,108                         | 793                        |
| 345                                 | Other Current Liabilities                      | -                             | -                          |
| 346                                 | Accrued Liabilities - Other                    | 5,086                         | 4,481                      |
| 310                                 | Total Current Liabilities                      | <u>38,968</u>                 | <u>50,280</u>              |
| <b>NONCURRENT LIABILITIES</b>       |  |                               |                            |
| 353                                 | Noncurrent Liabilities - Other                 | <u>1,077</u>                  | <u>1,652</u>               |
| 300                                 | Total Liabilities                              | 40,045                        | 51,932                     |
| <b>NET POSITION</b>                 |  |                               |                            |
| 508.4                               | Investment in Capital Assets                   | 1,402,875                     | 350,368                    |
| 511.4                               | Restricted Net Position                        | -                             | -                          |
| 512.4                               | Unrestricted Net Position                      | <u>105,753</u>                | <u>842,023</u>             |
| 513                                 | Total Net Position                             | <u>1,508,628</u>              | <u>1,192,391</u>           |
| 600                                 | Total Liabilities and Net Position             | <u><u>\$ 1,548,673</u></u>    | <u><u>\$ 1,244,323</u></u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**MARCH 31, 2019**

| <u>Economic<br/>Development<br/>and Supporting<br/>Services</u> | <u>Fiduciary<br/>Fund<br/>Agency</u> | <u>Total</u>        |
|---|--------------------------------------|---------------------|
| \$ 7,378  | \$ -                                 | \$ 20,704           |
| -   | -                                    | 3,431               |
| -   | -                                    | 12,878              |
| -   | -                                    | 14,783              |
| -   | -                                    | 31,362              |
| -   | -                                    | 3,901               |
| -   | -                                    | -                   |
| -   | -                                    | <u>9,567</u>        |
| <u>7,378</u>  | <u>-</u>                             | <u>96,626</u>       |
| <br>  | <br>                                 | <br>                |
| -   | <u>4,142</u>                         | <u>6,871</u>        |
| <u>7,378</u>  | <u>4,142</u>                         | <u>103,497</u>      |
| <br>  | <br>                                 | <br>                |
| -   | -                                    | 1,753,243           |
| 11,322  | -                                    | 11,322              |
| -   | -                                    | <u>947,776</u>      |
| <u>11,322</u>   | <u>-</u>                             | <u>2,712,341</u>    |
| <br>  | <br>                                 | <br>                |
| <u>\$ 18,700</u>  | <u>\$ 4,142</u>                      | <u>\$ 2,815,838</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**YEAR ENDED MARCH 31, 2019**

| Line<br>Item #                            | Account Description                                       | Public<br>Housing<br>Low Rent | Public<br>Housing<br>Capital Fund<br>Program |
|---|---|-------------------------------|--|
| <b>REVENUE</b>                            |   |                               |  |
| 70300                                     | Net Tenant Rental Revenue                                 | \$ 196,289                    | \$ -   |
| 70400                                     | Tenant Revenue - Other                                    | 9,565                         | -  |
| 70500                                     | Total Tenant Revenue                                      | 205,854                       | -  |
| 70600                                     | HUD PHA Operating Grants                                  | 69,825                        | 10,000                                       |
| 70610                                     | Capital Grants  | -                             | 13,942                                       |
| 70700                                     | Total Fee Revenue   | 69,825                        | 23,942                                       |
| 70800                                     | Other Government Grants                                   | 27,939                        | -  |
| 71100                                     | Investment Income - Unrestricted                          | (19)                          | -  |
| 71500                                     | Other Revenue   | 2,722                         | -  |
| 70000                                     | Total Revenue   | 306,321                       | 23,942                                       |
| <b>EXPENSES</b>                           |   |                               |  |
| <u>Administrative</u>                     |   |                               |  |
| 91100                                     | Administrative Salaries                                   | 23,457                        | -  |
| 91200                                     | Auditing Fees   | 3,125                         | -  |
| 91300                                     | Outside Management Fees                                   | 26,000                        | -  |
| 91400                                     | Advertising and Marketing                                 | 608                           | -  |
| 91500                                     | Employee Benefit Contributions - Administrative           | 5,659                         | -  |
| 91600                                     | Office Expenses   | 2,666                         | -  |
| 91700                                     | Legal Expense   | -                             | -  |
| 91800                                     | Travel  | 556                           | -  |
| 91000                                     | Total Operating - Administrative                          | 62,071                        | -  |
| <u>Tenant Services</u>                    |   |                               |  |
| 92100                                     | Tenant Services - Salaries                                | 3,273                         | -  |
| 92300                                     | Employee Benefit Contributions - Tenant Services          | 111                           | -  |
| 92400                                     | Tenant Services - Other                                   | 193                           | -  |
| 92500                                     | Total Tenant Services                                     | 3,577                         | -  |
| <u>Utilities</u>                          |   |                               |  |
| 93100                                     | Water   | 12,454                        | -  |
| 93200                                     | Electricity   | 20,995                        | -  |
| 93300                                     | Gas   | 11,964                        | -  |
| 93600                                     | Sewer   | 21,066                        | -  |
| 93000                                     | Total Utilities   | 66,479                        | -  |
| <u>Ordinary Maintenance and Operation</u> |   |                               |  |
| 94100                                     | Ordinary Maintenance and Operations - Labor               | 36,927                        | -  |
| 94200                                     | Ordinary Maintenance and Operations - Materials and Other | 11,234                        | -  |
| 94300                                     | Ordinary Maintenance and Operations - Contract Costs      | 38,969                        | -  |
| 94500                                     | Employee Benefit Contributions - Ordinary Maintenance     | 18,934                        | -  |
| 94000                                     | Total Maintenance   | 106,064                       | -  |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**YEAR ENDED MARCH 31, 2019**

| Edgewood       | Economic<br>Development<br>and<br>Supporting<br>Services | Total          |
|----------------|--|----------------|
| \$ 221,685     | \$ -   | \$ 417,974     |
| 7,871          | - -  | 17,436         |
| <u>229,556</u> | <u>-</u>   | <u>435,410</u> |
|                |  | 79,825         |
|                | - -  | 13,942         |
|                | - -  | 93,767         |
| 94,826         | - -  | 122,765        |
| 15,287         | 12   | 15,280         |
| <u>8,602</u>   | <u>17,020</u>  | <u>28,344</u>  |
| <u>348,271</u> | <u>17,032</u>  | <u>695,566</u> |
| 37,536         | - -  | 60,993         |
| 3,125          | - -  | 6,250          |
| 64,000         | - -  | 90,000         |
| 685            | - -  | 1,293          |
| 8,669          | - -  | 14,328         |
| 2,647          | - -  | 5,313          |
| 599            | - -  | 599            |
| 498            | - -  | 1,054          |
| <u>117,759</u> | <u>- -</u>   | <u>179,830</u> |
| 4,910          | - -  | 8,183          |
| 167            | - -  | 278            |
| <u>193</u>     | <u>- -</u>   | <u>386</u>     |
| <u>5,270</u>   | <u>- -</u>   | <u>8,847</u>   |
| 6,262          | - -  | 18,716         |
| 27,760         | - -  | 48,755         |
| 14,083         | - -  | 26,047         |
| <u>11,599</u>  | <u>- -</u>   | <u>32,665</u>  |
| <u>59,704</u>  | <u>- -</u>   | <u>126,183</u> |
| 65,106         | - -  | 102,033        |
| 12,896         | - -  | 24,130         |
| 55,503         | - -  | 94,472         |
| <u>23,623</u>  | <u>- -</u>   | <u>42,557</u>  |
| <u>157,128</u> | <u>- -</u>   | <u>263,192</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
FINANCIAL DATA SCHEDULE (CONTINUED)  
YEAR ENDED MARCH 31, 2019**

| Line<br>Item #                        | Account Description   | Public<br>Housing<br>Low Rent | Public<br>Housing<br>Capital Fund<br>Program |
|---------------------------------------|---|-------------------------------|--|
| <b>EXPENSES (CONTINUED)</b>           |   |                               |  |
| <u>General Expenses</u>               |   |                               |  |
| 96110                                 | Property Insurance  | \$ 11,451                     | \$ -   |
| 96120                                 | Liability Insurance   | 2,780                         | -  |
| 96130                                 | Workmen's Compensation  | 2,088                         | -  |
| 96140                                 | All Other Insurance   | 1,791                         | -  |
| 96100                                 | Total Insurance Premiums  | <u>18,110</u>                 | <u>-</u>                                     |
| 96200                                 | Other General Expenses  | -                             | -  |
| 96210                                 | Compensated Absences  | (2,430)                       | -  |
| 96300                                 | Payments in Lieu of Taxes   | 6,400                         | -  |
| 96400                                 | Bad Debt - Tenant Rents   | <u>5,229</u>                  | <u>-</u>                                     |
| 96000                                 | Total Other General Expenses  | <u>9,199</u>                  | <u>-</u>                                     |
| 96900                                 | Total Operating Expenses  | <u>265,500</u>                | <u>-</u>                                     |
| 97000                                 | <b>EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER<br/>(UNDER) OPERATING EXPENSES</b> | 40,821                        | 23,942                                       |
| <u>Other Expenses</u>                 |   |                               |  |
| 97400                                 | Depreciation Expense  | 162,469                       | -  |
| 90000                                 | Total Expenses  | <u>427,969</u>                | <u>-</u>                                     |
| <u>Other Financing Sources (Uses)</u> |   |                               |  |
| 10010                                 | Operating Transfer In   | 23,942                        | -  |
| 10020                                 | Operating Transfer Out  | -                             | (23,942)                                     |
| 10100                                 | Financing   | <u>23,942</u>                 | <u>(23,942)</u>                              |
| 10000                                 | <b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER<br/>(UNDER) TOTAL EXPENSES</b>         | <u>\$ (97,706)</u>            | <u>\$ -</u>                                  |
| <b>Memo Account Information</b>       |   |                               |  |
| 11030                                 | Beginning Equity  | \$ 1,606,334                  | \$ -   |
| 11040                                 | Prior Period Adjustments and Correction of Errors                                   | -                             | -  |
| 11190                                 | Unit Months Available   | 708                           | -  |
| 11210                                 | Number of Unit Months Leased  | 698                           | -  |
| 11270                                 | Excess Cash   | 84,504                        | -  |
| 11620                                 | Building Purchases  | -                             | -  |

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**YEAR ENDED MARCH 31, 2019**

|                    |                 | Economic<br>Development<br>and<br>Supporting<br>Services |  | Total |
|--------------------|-----------------|--|--|-------|
| Edgewood           |                 |  |  |       |
| \$ 13,485          | \$ -            | \$ 24,936  |  |       |
| 2,392              | -               | 5,172  |  |       |
| 2,088              | -               | 4,176  |  |       |
| 1,760              | -               | 3,551  |  |       |
| <u>19,725</u>      | <u>-</u>        | <u>37,835</u>  |  |       |
|                    |                 |  |  |       |
| -                  | 15,378          | 15,378   |  |       |
| (28,814)           | -               | (31,244)   |  |       |
| 8,069              | -               | 14,469   |  |       |
| 2,476              | -               | 7,705  |  |       |
| <u>(18,269)</u>    | <u>15,378</u>   | <u>6,308</u>   |  |       |
|                    |                 |  |  |       |
| <u>341,317</u>     | <u>15,378</u>   | <u>622,195</u>   |  |       |
|                    |                 |  |  |       |
| 6,954              | 1,654           | 73,371   |  |       |
|                    |                 |  |  |       |
| <u>42,106</u>      | <u>-</u>        | <u>204,575</u>   |  |       |
| <u>383,423</u>     | <u>15,378</u>   | <u>826,770</u>   |  |       |
|                    |                 |  |  |       |
| -                  | -               | 23,942   |  |       |
| -                  | -               | (23,942)   |  |       |
| -                  | -               | -  |  |       |
|                    |                 |  |  |       |
| <u>\$ (35,152)</u> | <u>\$ 1,654</u> | <u>\$ (131,204)</u>                                      |  |       |
|                    |                 |  |  |       |
| \$ 1,227,543       | \$ 9,668        | \$ 2,843,545   |  |       |
| -                  | -               | -  |  |       |
| 732                |                 | 1,440  |  |       |
| 721                | -               | 1,419  |  |       |
| -                  | -               | 84,504   |  |       |
| -                  | -               | -  |  |       |

## **OTHER INFORMATION**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS  
YEAR ENDED MARCH 31, 2019  
(UNAUDITED)**

|  | <u>MN46P08250116</u> | <u>MN46P08250117</u> | <u>MN46P982501-18</u> |
|--|----------------------|----------------------|-----------------------|
| The Actual Modernization Costs are as Follows: |                      |                      |                       |
| Funds Approved - Total Grant                   | \$ 61,885            | \$ 63,400            | \$ 97,865             |
| Funds Expended - Grant Expenditures to Date    | <u>61,885</u>        | <u>-</u>             | <u>-</u>              |
| Excess of Funds Approved                       | <u>\$ -</u>          | <u>\$ 63,400</u>     | <u>\$ 97,865</u>      |
| Funds Advanced - FY 19                         | \$ -                 | \$ -                 | \$ -                  |
| Funds Expended - FY 19                         | <u>-</u>             | <u>-</u>             | <u>-</u>              |
| Excess of Funds Advanced                       | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>           |
| Funds Received During Current Year             | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>           |
| Status   | Complete             | Not Complete         | Not Complete          |

## **REPORTS RELATED TO GOVERNMENT AUDITING STANDARDS**



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

Board of Commissioners  
Housing and Redevelopment Authority of Crosby  
Crosby, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting 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 the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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



**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 23, 2019



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners  
Housing and Redevelopment Authority of Crosby  
Crosby, Minnesota

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 23, 2019.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statutes § 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.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. 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 the Authority's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 23, 2019