

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## **INTRODUCTORY SECTION**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
ORGANIZATION  
MARCH 31, 2023**

NAME	POSITION	TERM EXPIRES
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**Board of Commissioners**

Paula Traylor	Commissioner	August 31, 2026
Marna Paron	Chair	August 31, 2026
Renae Marsh	Secretary/Treasurer	August 31, 2025
Buzz Neprud	Commissioner	August 31, 2027
Maxine Fisher	Vice Chair	August 31, 2024

Eric Charpentier	Executive Director
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## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the financial statements of the business-type activities, each major fund, and fiduciary activities of the Housing and Redevelopment Authority of Crosby (the Authority) as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and fiduciary activities of the Authority, as of March 31, 2023, 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.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 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 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the financial data schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

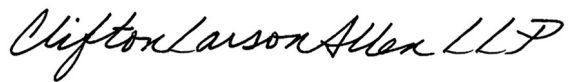
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statement and certification of actual capital fund grant costs but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023, 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 results 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 14, 2023

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2023**

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, 2023:

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceed its liabilities at the close of the most recent fiscal year by \$3,040,263 (net position). The Authority shows unrestricted net position of \$1,153,289 at year-end.
- The Authority's total net position decreased by \$143,990.

**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 two components: 1) basic financial statements, and 2) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Basic Financial Statements**

The basic 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 Authority consists of exclusively enterprise funds, which use full accrual basis of accounting.

The statements of net position presents information on all of the Authority's assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference between them 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 statements of revenues, expenses, and changes in net position 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).

The statements of cash flows discloses net cash provided by or used for operating activities, noncapital financing activities, from capital and related financing activities, and investing activities.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2023**

**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.

	2023	2022
Current and Other Assets	\$ 1,215,723	\$ 1,178,359
Capital Assets	1,889,294	2,065,911
Total Assets	<u>3,105,017</u>	<u>3,244,270</u>
Long-Term Liabilities		
Outstanding	4,862	2,629
Other Liabilities	59,892	57,388
Total Liabilities	<u>64,754</u>	<u>60,017</u>
Net Position		
Investment in Capital Assets	1,886,974	2,065,911
Unrestricted	1,153,289	1,118,342
Total Net Position	<u>\$ 3,040,263</u>	<u>\$ 3,184,253</u>

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

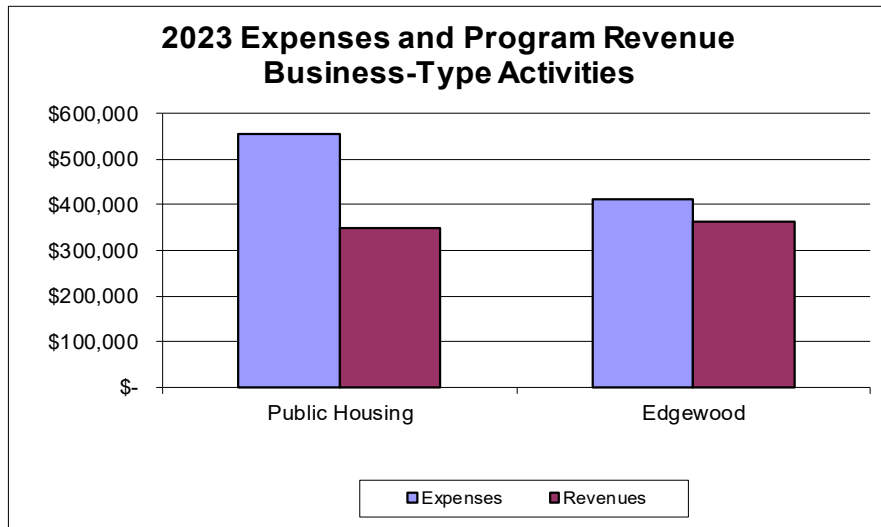
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services	\$ 490,820	\$ 452,329
Operating Grants and Contributions	204,578	259,561
Capital Grants and Contributions	110,410	7,975
General Revenues:		
Unrestricted Investment Earnings	2,278	(17,592)
Miscellaneous	14,213	25,557
Total Revenues	<u>822,299</u>	<u>727,830</u>
Expenses:		
Public Housing	554,388	518,269
Edgewood	411,901	384,182
Total Expenses	<u>966,289</u>	<u>902,451</u>
Change in Net Position	<u>(143,990)</u>	<u>(174,621)</u>
Net Position - Beginning of Year	3,184,253	3,358,874
Net Position - End of Year	<u>\$ 3,040,263</u>	<u>\$ 3,184,253</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED MARCH 31, 2023**

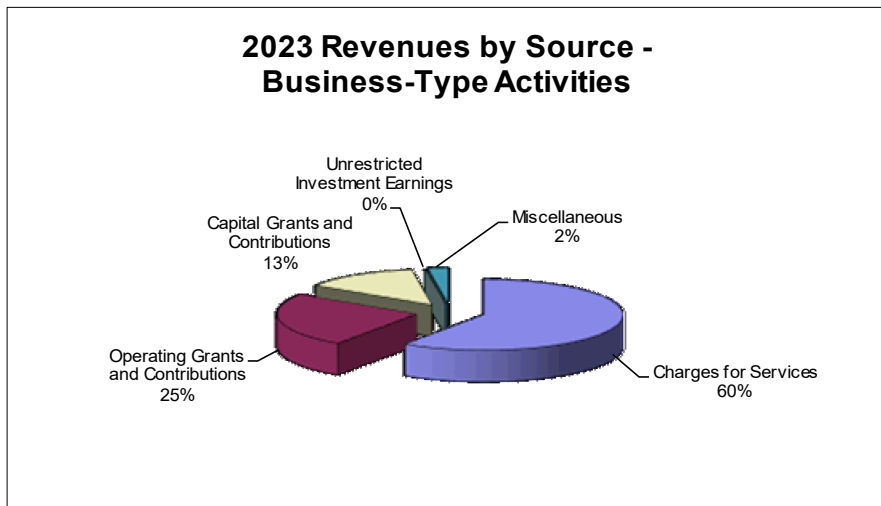
**FINANCIAL ANALYSIS**

**Business-Type Activities**

Business-type activities decreased the Authority's net position by \$143,990. This decrease is mainly due to expenses continuing to be over revenues for the year. Ordinary Maintenance and Operations expense increased from the prior year by \$29,725.



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, 2023**

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

**CAPITAL ASSET ACTIVITY**

The Authority's capital assets, net of accumulated depreciation/amortization at March 31, 2023, amounted to \$1,889,294. This investment in capital assets includes land, buildings and improvements, and furniture, fixtures, equipment, and right-to-use assets. Net capital assets decreased in total by \$176,617. This decrease in capital assets is due to depreciation/amortization expense of \$194,481.

Land	\$ 37,910
Construction-in-Progress	40
Buildings and Improvements	6,460,511
Furniture, Fixtures, and Equipment	64,794
Right-to-Use Asset	3,022
Less: Accumulated Depreciation/Amortization	(4,676,983)
Total	<u><u>\$ 1,889,294</u></u>

Detailed information on the Authority's capital assets can be found in the notes to financial statements (Note 2.A.4, Capital Assets).

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

Calendar year 2023 Public Housing Operating Subsidy will be funded at approximately 95% with the final proration levels determined later in the year. Calendar year 2023 Public Housing Capital Fund Program will be funded at approximately 102% of prior year funding and at an all-time high funding level.

Two large projects will be procured for 2023, which include concrete at Dellwood and Edgewood Apartments, along with keyless entry installation at all properties. Staff also plan to go out for bid for multiple service contracts.

**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, 2023**

	Public Housing	Edgewood	Total Business-Type Activities
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 284,424	\$ 888,792	\$ 1,173,216
Net Accounts Receivable	9,301	1,116	10,417
Accrued Interest Receivable	-	764	764
Due from Other Governmental Units	75	12	87
Restricted Assets			
Restricted - Cash and Investments	11,529	19,710	31,239
Total Current Assets	<u>305,329</u>	<u>910,394</u>	<u>1,215,723</u>
Capital Assets:			
Land and CIP	37,926	24	37,950
Other Capital Assets, Net of Depreciation	1,586,085	265,259	1,851,344
Total Noncurrent Assets	<u>1,624,011</u>	<u>265,283</u>	<u>1,889,294</u>
Total Assets	<u>1,929,340</u>	<u>1,175,677</u>	<u>3,105,017</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	1,884	607	2,491
Accrued Wages Payable	2,855	3,393	6,248
Due to Other Governmental Units	6,567	7,874	14,441
Tenants Security Deposits	10,886	19,705	30,591
Compensated Absences	1,846	2,170	4,016
Unearned Revenues	542	1,563	2,105
Total Current Liabilities	<u>24,580</u>	<u>35,312</u>	<u>59,892</u>
Noncurrent Liabilities:			
Due to Other Governmental Units	1,262	1,280	2,542
Due Within One Year	363	363	726
Long Term Liabilities Due in More than One Year	797	797	1,594
Total Noncurrent Liabilities	<u>2,422</u>	<u>2,440</u>	<u>4,862</u>
Total Liabilities	<u>27,002</u>	<u>37,752</u>	<u>64,754</u>
<b>NET POSITION</b>			
Investment in Capital Assets	1,622,851	264,123	1,886,974
Unrestricted	<u>279,487</u>	<u>873,802</u>	<u>1,153,289</u>
Total Net Position	<u><u>\$ 1,902,338</u></u>	<u><u>\$ 1,137,925</u></u>	<u><u>\$ 3,040,263</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED MARCH 31, 2023**

	Public Housing	Edgewood	Total Business-Type Activities
<b>OPERATING REVENUES</b>			
Intergovernmental:			
HUD PHA Operating Grants	\$ 95,570	\$ -	\$ 95,570
Other Government Grants	-	109,008	109,008
Total Intergovernmental Revenues	95,570	109,008	204,578
Rental Income:			
Net Tenant Rental	226,334	233,198	459,532
Tenant Rental - Other	20,508	10,780	31,288
Total Rental Income	246,842	243,978	490,820
Other Miscellaneous Income:			
Laundry Income	3,692	8,389	12,081
Miscellaneous	2,209	2,500	4,709
Total Other Miscellaneous Income	5,901	10,889	16,790
Total Operating Revenues	348,313	363,875	712,188
<b>OPERATING EXPENSES</b>			
Administration	78,254	109,643	187,897
Utilities	78,630	79,150	157,780
Ordinary Maintenance and Operations	169,331	142,211	311,542
Tenant Services	4,949	7,328	12,277
General Expense	57,972	44,250	102,222
Depreciation/Amortization	165,207	29,274	194,481
Total Operating Expenses	554,343	411,856	966,199
<b>OPERATING GAIN (LOSS)</b>	(206,030)	(47,981)	(254,011)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income (Expense)	(3)	2,281	2,278
Interest Expense	(45)	(45)	(90)
Gain/(Loss) on Sale of Asset	(1,536)	(1,041)	(2,577)
Total Nonoperating Revenues (Expenses)	(1,584)	1,195	(389)
<b>GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	(207,614)	(46,786)	(254,400)
<b>CAPITAL CONTRIBUTIONS</b>	110,410	-	110,410
<b>CHANGE IN NET POSITION</b>	(97,204)	(46,786)	(143,990)
Net Position - Beginning of Year	1,999,542	1,184,711	3,184,253
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,902,338</u>	<u>\$ 1,137,925</u>	<u>\$ 3,040,263</u>

See accompanying Notes to Financial Statements.



**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2023**

	Public Housing	Edgewood	Total Business-Type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Rent	\$ 210,147	\$ 237,706	\$ 447,853
Cash Received from Other Sources	26,416	10,889	37,305
Operating Subsidies - HUD	95,570	109,008	204,578
Cash Paid to Other Suppliers of Goods or Services	(241,689)	(231,391)	(473,080)
Cash Payments to Employees for Services	(121,399)	(140,112)	(261,511)
Net Cash Used by Operating Activities	(30,955)	(13,900)	(44,855)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital Grants Received	110,335	-	110,335
Acquisition of Capital Assets	(4,252)	(16,190)	(20,442)
Interest and Fiscal Charges Paid	(45)	-	(45)
Repayment of Lease Liability	797	-	797
Net Cash Provided (Used) by Capital and Related Financing Activities	106,835	(16,190)	90,645
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Investments	-	(477,981)	(477,981)
Interest Received	(3)	2,986	2,983
Net Cash Used by Investing Activities	(3)	(474,995)	(474,998)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	75,877	(505,085)	(429,208)
Cash and Cash Equivalents - Beginning of Year	220,076	934,854	1,154,930
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 295,953</u>	<u>\$ 429,769</u>	<u>\$ 725,722</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and Cash Equivalents	\$ 284,424	\$ 410,059	\$ 694,483
Restricted Assets - Cash and Cash Equivalents	11,529	19,710	31,239
Other Investments not Meeting the Definition of Cash Equivalents	-	478,733	478,733
Total Cash and Investments	<u>\$ 295,953</u>	<u>\$ 908,502</u>	<u>\$ 1,204,455</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Operating Loss	\$ (206,030)	\$ (47,981)	\$ (254,011)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation/Amortization	165,207	29,274	194,481
Bad Debts	23,717	10,610	34,327
(Increase) Decrease in Assets:			
Accounts Receivable	(16,187)	(6,785)	(22,972)
Inventory	-	189	189
Due from Other Governments	-	(12)	(12)
Increase (Decrease) in Liabilities:			
Accounts Payable	1,818	89	1,907
Due to Other Governmental Units	622	(283)	339
Unearned Revenue	7	525	532
Tenants Security Deposits	61	575	636
Accrued Expenses	(533)	(464)	(997)
Net Cash Used by Operating Activities	<u>\$ (30,955)</u>	<u>\$ (13,900)</u>	<u>\$ (44,855)</u>

See accompanying Notes to Financial Statements.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
MARCH 31, 2023**

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$ 5,058</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 5,058</u>

*See accompanying Notes to Financial Statements.*

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
YEAR ENDED MARCH 31, 2023**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Investment Earnings:	
Interest, Dividends and Other	\$ 2
<b>DEDUCTIONS</b>	
Miscellaneous Expenses	<u>111</u>
<b>NET DECREASE IN FIDUCIARY NET POSITION</b>	(109)
Fiduciary Net Position - Beginning of Year	<u>5,167</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<u><u>\$ 5,058</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**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 accounting principles generally accepted in the United States of America.

**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. Measurement Focus and Basis of Accounting**

Public Housing and Edgewood as well as the 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.

The Authority reports the following major 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, 2023**

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

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

Additionally, the Authority reports the following fiduciary fund type:

Custodial Fund – The Tenant Activities Account is used to account for receipts and disbursements for the tenant activities. The Custodial Fund is used to report fiduciary activities that are not required to be reported in pension or OPEB trust funds, investment trust funds, or private purpose trust funds.

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, HUD PHA 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.

**C. 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, 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, 2023**

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

C. 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 \$34,327 of bad debt expense written-off in the current year.

**4. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported 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.

**5. Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation 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.

**6. 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.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

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

**7. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted are amounts that do not meet the definition of restricted or net investment in capital assets.

**8. Leases**

For lease receivables, the Authority determines if an arrangement is a lease at inception. Leases in excess of twelve months are included in lease receivables and deferred inflows of resources.

Lease receivables represent the Authority's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

For lease payables, the Authority determines if an arrangement is a lease at inception. Leases in excess of twelve months are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Authority's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

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

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

**8. Leases (Continued)**

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Entity will exercise that option.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Authority has elected to use its incremental borrowing rate to calculate the present value of expected lease payments.

D. 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.

E. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use-lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Authority adopted the requirements of the guidance effective April 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. Beginning fund balance net/position was not restated due to the implementation of GASB 87. The implementation of this standard resulted in the Authority reporting a right-to-use asset and a lease liability as disclosed in Note 2.

**NOTE 2 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.



**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**1. Deposits (Continued)**

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, 2023 were entirely covered by federal depository insurance and collateral in accordance with Minnesota Statutes.

**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.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**2. Investments (Continued)**

- 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, 2023, the Authority had the following investments:

Money Market	\$ 110,390
Treasury Notes	139,249
Negotiable CDs	633,722
Total Investments	<u>\$ 883,361</u>

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, 2023 are as follows:

Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Money Market Fund	\$ 110,390	\$ 110,390	\$ -	\$ -
Treasury Notes	139,249	-	139,249	-
Negotiable CD's	633,722	294,238	339,484	-
Total	<u>\$ 883,361</u>	<u>\$ 404,628</u>	<u>\$ 478,733</u>	<u>\$ -</u>

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, 2023 are as follows:

	Credit Quality Rating	Amount
Money Market	Not Rated	\$ 110,390
Treasury Notes	AAA	139,249
Negotiable CD's	Not Rated	633,722

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, 2023 are as follows:

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Investments (Continued)**

<u>Issuer</u>	<u>Amount</u>	<u>Percentage</u>
New York Community Bank	\$ 189,200	21.42 %
Bank Sierra Calif	197,614	22.37
BMW BK North Amer Salt Lake	96,624	10.94
Synchrony Bank	150,284	17.01

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.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

**2. Investments (Continued)**

Type	Level 1	Level 2	Level 3	Total
Negotiable CDs	\$ -	\$ 633,722	\$ -	\$ 633,722
Treasury Notes	139,249	-	-	139,249
Total	<u>\$ 139,249</u>	<u>\$ 633,722</u>	<u>\$ -</u>	<u>772,971</u>
Investments Measured at Amortized Cost				110,390
Total				<u><u>\$ 883,361</u></u>

Cash and investments are presented in these financial statements:

Cash and Investments - Business Type Funds	\$ 1,173,216
Restricted Cash and Investments - Business-Type Funds	31,239
Cash and Investments - Fiduciary Funds	<u>5,058</u>
Total Cash and Investments	<u><u>\$ 1,209,513</u></u>

**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, 2023.

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Assets (Continued)**

**4. Capital Assets**

Capital asset activity for the Authority for the year ended March 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 37,910	\$ -	\$ -	\$ 37,910
Construction in Progress	-	40	-	40
Total Capital Assets, Not Being Depreciated	37,910	40	-	37,950
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,457,587	14,655	(11,731)	6,460,511
Furniture, Equipment, and Machinery - Dwelling Units	27,912	2,725	-	30,637
Furniture, Equipment, and Machinery - Administration	34,157	-	-	34,157
Total Capital Assets, Being Depreciated	6,519,656	17,380	(11,731)	6,525,305
Less: Accumulated Depreciation	(4,491,655)	(193,741)	9,153	(4,676,243)
Total Capital Assets, Being Depreciated, Net	2,028,001	(176,361)	(2,578)	1,849,062
Business-Type Activities Capital Assets, Net	<u>\$ 2,065,911</u>	<u>\$ (176,321)</u>	<u>\$ (2,578)</u>	<u>\$ 1,887,012</u>
Right-to-Use Assets:				
Equipment	\$ -	\$ 3,022	\$ -	\$ 3,022
Less: Accumulated Amortization	-	(740)	-	(740)
Net Right-to-Use Assets	<u>\$ -</u>	<u>\$ 2,282</u>	<u>\$ -</u>	<u>\$ 2,282</u>

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

Business-Type Activities:	
Public Housing	\$ 165,207
Edgewood	29,274
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 194,481</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Liabilities**

**Long-term Liabilities**

The Authority has the following changes in long-term debt for the year ended March 31, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-Type Activities</b>					
Lease Liability:					
Public Housing	\$ -	\$ 1,511	\$ 351	\$ 1,160	\$ 363
Edgewood	-	1,511	351	1,160	363
Compensated Absences Payable:					
Public Housing	2,696	1,689	2,539	1,846	1,846
Edgewood	2,971	2,073	2,874	2,170	2,170
Total Compensated Absences Payable	<u>\$ 5,667</u>	<u>\$ 6,784</u>	<u>\$ 6,115</u>	<u>\$ 6,336</u>	<u>\$ 4,742</u>

On April 1, 2022, the Authority issued a 60-month lease for equipment with payments due monthly with a discount rate of 3.30%.

Right-to-use assets acquired through outstanding leases are shown below by underlying asset class.

Business-Type Activities:

Equipment	\$ 3,022
Less: Accumulated Amortization	(740)
Total	<u>\$ 2,282</u>

Annual debt service requirements to maturity for bonds and notes of the Authority are as follows:

	Lease Liability Business-Type Activities	
	Principal	Interest
2024	\$ 726	\$ 66
2025	751	41
2026	776	16
2027	67	-
Total	<u>\$ 2,320</u>	<u>\$ 123</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2023**

**NOTE 3    DEFINED CONTRIBUTION PENSION PLAN**

Plan Description

Qualified employees of the Authority belong to the Housing and Redevelopment Authority of Crosby Minnesota Retirement Plan, which is a defined contribution retirement plan. 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. The Plan also qualifies as a governmental plan under Code section 414(d). Plan provisions and contribution requirements are established and amended by the Authority Board Members.

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.

Plan Funding

The Plan is funded by employer and employee contributions (8.5% and 6.5% of gross wages, respectively). The employee may not elect to contribute additional amounts to this Plan, but may elect to contribute to the Authority's 457 plan. The Authority's and employees' contributions for the years ended March 31, 2023 was as follows:

	<u>2023</u>
Total Payroll	\$ 138,443
Covered Payroll	115,965
Employer Contributions 401(a) Plan	9,857
Employee Contributions 401(a) Plan	6,958

**NOTE 4    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 5    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, 2023**

Line Item #	Account Description	Public Housing Low Rent	Edgewood	Fiduciary Fund Agency	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
<b>CASH</b>					
111	Cash - Unrestricted	\$ 284,424	\$ 888,792	\$ 5,058	\$ 1,178,274
114	Cash - Tenant Security Deposits	11,529	19,710	-	31,239
100	Total Cash	295,953	908,502	5,058	1,209,513
<b>ACCOUNTS AND ACCOUNTS RECEIVABLE</b>					
124	Accounts Receivable - Other Government	75	738	-	813
126	Accounts Receivable - Tenants	1,198	10	-	1,208
127	Notes, Loans, and Mortgages Receivable - Current	8,103	380	-	8,483
129	Accrued Interest Receivable	-	764	-	764
120	Total Receivables, Net of Allowances for Doubtful Accounts	9,376	1,892	-	11,268
150	Total Current Assets	305,329	910,394	5,058	1,220,781
<b>NONCURRENT ASSETS</b>					
<b>FIXED ASSETS</b>					
161	Land	37,910	-	-	37,910
162	Building and Improvements	5,494,635	965,876	-	6,460,511
163	Furniture, Equipment and Machinery - Dwellings	13,178	8,505	-	21,683
164	Furniture, Equipment and Machinery - Administration	13,725	29,387	-	43,112
166	Accumulated Depreciation	(3,936,594)	(739,650)	-	(4,676,244)
167	Construction in Progress	16	24	-	40
160	Total Capital Assets, Net of Accumulated Depreciation	1,622,870	264,142	-	1,887,012
174	Other Assets	1,141	1,141	-	2,282
180	Total Noncurrent Assets	1,624,011	265,283	-	1,889,294
290	Total Assets	\$ 1,929,340	\$ 1,175,677	\$ 5,058	\$ 3,110,075

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**MARCH 31, 2023**

Line Item #	Account Description	Public Housing Low Rent	Edgewood	Fiduciary Fund Agency	Total
<b>LIABILITIES AND NET POSITION</b>					
<b>CURRENT LIABILITIES</b>					
312	Accounts Payable < 90 Days	\$ 1,884	\$ 607	\$ -	\$ 2,491
321	Accrued Wage/Payroll Taxes Payable	2,855	3,393	-	6,248
322	Accrued Compensated Absences - Current Portion	1,846	2,170	-	4,016
333	Accounts Payable - Other Government	6,567	7,874	-	14,441
341	Tenant Security Deposits	10,886	19,705	-	30,591
342	Unearned Revenue	542	1,563	-	2,105
345	Other Current Liabilities	363	363	-	726
310	Total Current Liabilities	24,943	35,675	-	60,618
<b>NONCURRENT LIABILITIES</b>					
353	Noncurrent Liabilities - Other	2,059	2,077	-	4,136
300	Total Liabilities	27,002	37,752	-	64,754
<b>NET POSITION</b>					
508.4	Investment in Capital Assets	1,622,851	264,123	-	1,886,974
511.4	Restricted Net Position	-	-	5,058	5,058
512.4	Unrestricted Net Position	279,487	873,802	-	1,153,289
513	Total Net Position	1,902,338	1,137,925	5,058	3,045,321
600	Total Liabilities and Net Position	\$ 1,929,340	\$ 1,175,677	\$ 5,058	\$ 3,110,075

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**YEAR ENDED MARCH 31, 2023**

Line Item #	Account Description	Public Housing Low Rent	Public Housing Capital Fund Program	Edgewood	Fiduciary	Total
<b>REVENUE</b>						
70300	Net Tenant Rental Revenue	\$ 226,334	\$ -	\$ 233,198	\$ -	\$ 459,532
70400	Tenant Revenue - Other	20,508	-	10,780	-	31,288
70500	Total Tenant Revenue	246,842	-	243,978	-	490,820
70600	HUD PHA Operating Grants	95,570	-	-	-	95,570
70610	Capital Grants	-	110,410	-	-	110,410
70700	Total Fee Revenue	95,570	110,410	-	-	205,980
70800	Other Government Grants	-	-	109,008	-	109,008
71100	Investment Income - Unrestricted	(3)	-	2,281	2	2,280
71500	Other Revenue	5,901	-	10,888	-	16,789
71600	Gain or Loss on Sale of Fixed Assets	(1,536)	-	(1,041)	-	(2,577)
70000	Total Revenue	346,774	110,410	365,114	2	822,300
<b>EXPENSES</b>						
<u>Administrative</u>						
91100	Administrative Salaries	19,954	-	32,731	-	52,685
91200	Auditing Fees	3,675	-	3,675	-	7,350
91300	Outside Management Fees	36,000	-	54,000	-	90,000
91400	Advertising and Marketing	1,294	-	1,277	-	2,571
91500	Employee Benefit Contributions - Administrative	9,412	-	14,070	-	23,482
91600	Office Expenses	3,439	-	2,892	-	6,331
91700	Legal Expense	3,680	-	121	-	3,801
91800	Travel	670	-	676	-	1,346
91900	Other	-	-	-	111	111
91000	Total Operating - Administrative	78,124	-	109,442	111	187,677
<u>Tenant Services</u>						
92100	Tenant Services - Salaries	4,417	-	6,626	-	11,043
92300	Employee Benefit Contributions - Tenant Services	338	-	507	-	845
92400	Tenant Services - Other	190	-	190	-	380
92500	Total Tenant Services	4,945	-	7,323	-	12,268
<u>Utilities</u>						
93100	Water	14,058	-	7,826	-	21,884
93200	Electricity	25,643	-	37,838	-	63,481
93300	Gas	17,716	-	20,295	-	38,011
93600	Sewer	21,213	-	13,191	-	34,404
93000	Total Utilities	78,630	-	79,150	-	157,780
<u>Ordinary Maintenance and Operation</u>						
94100	Ordinary Maintenance and Operations - Labor	37,357	-	37,358	-	74,715
94200	Ordinary Maintenance and Operations - Materials and Other	12,824	-	10,456	-	23,280
94300	Ordinary Maintenance and Operations - Contract Costs	99,781	-	75,029	-	174,810
94500	Employee Benefit Contributions - Ordinary Maintenance	20,035	-	20,036	-	40,071
94000	Total Maintenance	169,997	-	142,879	-	312,876

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
**YEAR ENDED MARCH 31, 2023**

Line Item #	Account Description	Public Housing Low Rent	Public Housing Capital Fund Program	Edgewood	Business Activities	Total
	<b>EXPENSES (CONTINUED)</b>					
	<u>General Expenses</u>					
96110	Property Insurance	\$ 18,822	\$ -	\$ 15,299	\$ -	\$ 34,121
96120	Liability Insurance	3,772	-	3,649	-	7,421
96130	Workmen's Compensation	2,725	-	2,725	-	5,450
96140	All Other Insurance	1,802	-	1,743	-	3,545
96100	Total Insurance Premiums	27,121	-	23,416	-	50,537
96200	Other General Expenses	370	-	3,024	-	3,394
96210	Compensated Absences	(532)	-	(465)	-	(997)
96300	Payments in Lieu of Taxes	7,134	-	7,570	-	14,704
96400	Bad Debt - Tenant Rents	23,717	-	10,610	-	34,327
96000	Total Other General Expenses	30,689	-	20,739	-	51,428
96720	Interest on Notes Payable (Short and Long Term)	45	-	45	-	90
96700	Total Interest Expense and Amortization Cost	45	-	45	-	90
96900	Total Operating Expenses	389,551	-	382,994	111	772,656
97000	<b>EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER (UNDER) OPERATING EXPENSES</b>	(42,777)	110,410	(17,880)	(109)	49,644
	<u>Other Expenses</u>					
97400	Depreciation Expense	164,837	-	28,904	-	193,741
90000	Total Expenses	554,388	-	411,898	111	966,397
	<u>Other Financing Sources (Uses)</u>					
10010	Operating Transfer In	110,410	-	-	-	110,410
10020	Operating Transfer Out	-	(110,410)	-	-	(110,410)
10100	Financing	110,410	(110,410)	-	-	-
10000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b>	\$ (97,204)	\$ -	\$ (46,784)	\$ (109)	\$ (144,097)
	<b>Memo Account Information</b>					
11030	Beginning Equity	\$ 1,999,542	\$ -	\$ 1,184,709	\$ 5,167	\$ 3,189,418
11190	Unit Months Available	708	-	732	-	1440
11210	Number of Unit Months Leased	699	-	722	-	1421
11270	Excess Cash	247,917	-	-	-	247,917
11610	Land Purchases	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-
11640	Furniture & Equipment- Dwelling Purchases	-	-	-	-	-

## **OTHER INFORMATION**

**HOUSING AND REDEVELOPMENT AUTHORITY OF CROSBY**  
**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS**  
**YEAR ENDED MARCH 31, 2023**  
**(UNAUDITED)**

	<u>MN46P08250119</u>	<u>MN46P08250120</u>	<u>MN46P08250121</u>	<u>MN46P08250122</u>
The Actual Modernization Costs are as Follows:				
Funds Approved - Total Grant	\$ 95,392	\$ 102,396	\$ 106,850	\$ 129,891
Funds Expended - Grant Expenditures to Date	<u>95,392</u>	<u>92,396</u>	<u>106,850</u>	<u>-</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 129,891</u>
Funds Advanced - FY 23	\$ 3,560	\$ -	\$ 106,850	\$ -
Funds Expended - FY 23	<u>3,560</u>	<u>-</u>	<u>106,850</u>	<u>-</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Received During Current Year	<u>\$ 3,560</u>	<u>\$ -</u>	<u>\$ 106,850</u>	<u>\$ -</u>
Status	Complete	Not Complete	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 business-type activities, each major fund, and fiduciary activities of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2023, 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 14, 2023.

***Report on 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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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 or significant deficiencies may exist that were not identified.

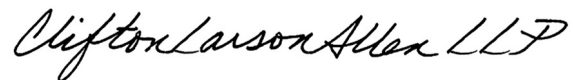


***Report on Compliance and Other Matters***

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Brainerd, Minnesota  
July 14, 2023



## 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 business-type activities, each major fund, and fiduciary activities of the Housing and Redevelopment Authority of Crosby (the Authority), as of and for the year ended March 31, 2023, 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 14, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that Authority failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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 14, 2023



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