

**Canby Housing and  
Redevelopment Authority  
Canby, Minnesota  
Financial Report  
December 31, 2024**

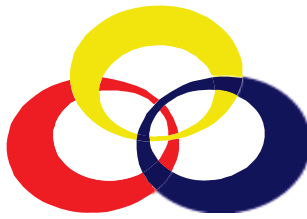
# CANBY HOUSING AND REDEVELOPMENT AUTHORITY

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DECEMBER 31, 2024

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# **Kinner & Company Ltd**

## **Certified Public Accountants**

### **INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
Canby Housing and Redevelopment Authority  
Canby, MN 56220

#### **Unmodified Opinion**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Canby Housing and Redevelopment Authority (the Canby HRA) a discretely presented component unit of the City of Canby, Minnesota, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Canby HRA'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 governmental activities, each major fund of the Canby HRA as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the General, Apartment, Duplex and Townhomes Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Unmodified Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Canby HRA and to meet our 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 unmodified audit opinion.

#### **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 Canby HRA'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.

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## **Auditor's 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 auditor's 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 generally accepted auditing standards 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 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 generally accepted auditing standards 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 Canby HRA'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 Canby HRA'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 Government 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Canby HRA's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Canby HRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Canby HRA's internal control over financial reporting and compliance.



Kinner & Company Ltd  
Certified Public Accountants

June 17, 2025

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2024**

This discussion and analysis is intended to be an easily readable analysis of the Canby HRA's financial activities based on currently known facts, decisions or conditions. Since this information is designed to focus on the current year's activities, it should be read in conjunction with the Financial Statements which begin on page 11.

**FINANCIAL HIGHLIGHTS**

**GENERAL FUND:** The General Fund revenues are from grants to the Authority. The expenditures are the expenses of the Authority which are not related to the funds listed below. The general fund balance decreased \$659 in 2024.

**DUPLEX FUND:** The Duplex Fund records the revenues and expenses related to the Authority's duplexes. The duplex fund increased \$3,105 in 2024.

**APARTMENT FUND:** The Apartment Fund records the revenues and expenses related to the Authority's apartment complex. The apartment fund balance decreased \$24,495 in 2024.

**TOWNHOMES FUND:** The Townhome Fund records the revenues and expenses related to the Authority's townhomes. The townhome fund balance increased \$12,646 in 2024.

**TIF 1-1:** The TIF 1-1 Fund was established in 2010 and consists of property which has become a public parking lot. The TIF 1-1 fund balance decreased \$13,697 in 2024.

**TIF 1-2:** The TIF 1-2 Fund was established in 2011 and consists of property that will be sold for development in the future. The TIF 1-2 fund balance increased \$715 in 2024.

**TIF 1-3:** The TIF 1-3 Fund was established in 2012 for certain public improvements. The TIF 1-3 fund balance decreased \$5,040 in 2024.

**TIF 1-4:** The TIF 1-4 Fund was established in 2012 for certain public improvements. The TIF 1-4 fund balance increased \$3,591 in 2024.

**TIF 1-5:** The TIF 1-5 Fund was established in 2013 for certain public improvements. The TIF 1-5 fund balance decreased \$2,399 in 2024.

**TIF 1-8:** The TIF 1-8 Fund was established in 2015 for certain public improvements. The TIF 1-8 fund balance increased \$1,552 in 2024.

**TIF 1-9:** The TIF 1-9 Fund was established in 2015 for certain public improvements. The TIF 1-9 fund balance increased \$4,346 in 2024.

**TIF 1-10:** The TIF 1-10 Fund was established in 2016 for certain public improvements. The TIF 1-10 increased \$216 in 2024. It was decertified.

**TIF 1-11:** The TIF 1-11 Fund was established in 2019 for certain public improvements. The TIF 1-11 fund balance decreased \$2,071 in 2024.

# **CANBY HOUSING AND REDEVELOPMENT AUTHORITY MANAGEMENT’S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024**

***TIF 1-12:*** The TIF 1-12 Fund was established in 2020 for certain public improvements. The TIF 1-12 fund balance decreased \$378 in 2024. It was decertified.

***TIF 1-13:*** The TIF 1-13 Fund was established in 2023 for certain public improvements. The TIF 1-13 fund balance decreased \$5,787 in 2024.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority’s finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority’s operations in more detail than the government-wide statements by providing information about the most significant funds.

## **REPORTING THE AUTHORITY AS A WHOLE**

One of the most important questions asked about the Authority’s finances is “Is the Authority as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority’s net position and changes in them. You can think of the Authority’s net position - the difference between assets and liabilities-as one way to measure the Authority’s financial health, or financial position. Over time, increases and decreases in the Authority’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, such as changes in the Authority’s property tax base and the condition of buildings and other facilities, to assess the overall health of the Authority.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information, which includes the management’s discussion and analysis (this section), the basic financial statements, and supplementary information. These basic financial statements include two kinds of statements that present different views of the Authority:

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2024**

- \* The first two statements are *entity-wide financial statements* that provide both *short-term* and *long-term* information about the Authority’s overall financial status.
- \* The remaining statements are *fund-financial statements* that focus on individual parts of the Authority, reporting the Authority’s operations in more detail than the entity-wide statements.
- \* The *governmental funds statements* tell how basic services were financed in the short-term as well as what remains for future spending.

The major features of the Authority’s financial statements, including the portion of the Authority’s activities they cover and the types of information they contain, are summarized below. The remainder of the overview section of the MD&A highlights the structure and content of each of the statements.

		Fund Financial Statements
	Entity-Wide Statements	Governmental Funds
Scope	Entire entity	All activities of the entity
Required financial statements	Statement of net position and Statement of activities	Balance sheet and Statement of revenues, expenditures, and changes in fund balance
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of assets/ Liability information	All assets and liabilities, deferred inflows and outflows, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable



# CANBY HOUSING AND REDEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### YEAR ENDED DECEMBER 31, 2024

#### Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's funds – focusing on its most significant or “major” funds – not the Authority as a whole. Funds are accounting devices the Authority uses to keep track of specific sources of funding and spending on particular programs:

- \* Some funds are required by State law and by bond covenants.
- \* The Authority establishes other funds to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal grants).

The Authority has one kind of fund:

- \* Governmental funds – Most of the Authority's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the entity-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.

## THE AUTHORITY AS A WHOLE

#### Net Position

The Authority's combined net position was \$1,433 on December 31, 2024 (see details in Table A-1). This was an increase from (\$15,936) at December 31, 2023.

Table A-1

	2024	2023
Current and other assets	\$ 246,271	\$ 272,778
Capital assets	574,097	586,121
Other long-term assets	17,149	17,422
Total assets	837,517	876,321
Deferred Outflows	-	-
Other liabilities	71,379	5,914
Long-term liabilities	764,705	886,343
Total liabilities	836,084	892,257
Deferred Inflows	-	-
Net position		
Net investment in capital assets	574,097	586,119
Unrestricted	(572,654)	(602,055)
Total net position	\$ 1,443	\$ (15,936)

# CANBY HOUSING AND REDEVELOPMENT AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### YEAR ENDED DECEMBER 31, 2024

A summary of the revenues and expenses is presented in Table A-2 below.

Table A-2

	2024	2023
Revenues:		
Program revenues		
Charges for services	\$ 106,373	\$ 99,472
Operating Grants and contributions	-	-
General Revenues		
Property Tax	105,276	105,090
Interest income	1,872	2,785
Other sources	21,553	3,001
Total revenues	235,074	210,348
Expenses:		
Administration	64,306	73,978
Insurance	13,455	10,402
Professional fees	35,919	33,303
Redevelopment	3,028	3,782
Interest	40,162	44,581
Taxes	4,937	4,784
Depreciation	55,898	58,065
Total expenses	217,705	228,895
Change in net position	17,369	(18,547)
Net position- Beginning	(15,936)	2,611
Net position- End of year	\$ 1,433	\$ (15,936)

The Authority's total net position increased by \$17,369 and decreased by \$18,547 for 2024 and 2023. Most of this decrease was related to TIF expenses, interest payments, professional fees and depreciation expenses incurred during the year.

#### Fund Balance

The financial performance of the Authority as a whole is reflected in its governmental funds as well. As the Authority completed the year, its governmental funds reported a combined fund balance of \$236,763. This was a decrease of \$28,355 from \$265,118 at the end of the prior year. This decrease relates to professional fees.

# CANBY HOUSING AND REDEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

## Revenue and Expenditures

Revenues of the Authority's governmental funds totaled \$236,067 while total expenditures were \$264,422. A summary of the revenues and expenditures reported on the governmental fund financial statements appears in Table A-3 below:

Table A-3

Revenues and Expenditures-Governmental Funds

	Revenue	Expenditures	Fund Balance Increase (Decrease)
General fund	\$ 19,161	\$ 19,820	\$ (659)
Duplex fund	21,906	18,801	3,105
Apartment Project fund	70,732	95,227	(24,495)
Townhomes fund	30,275	17,629	12,646
TIF 1-1 fund	11,990	25,687	(13,697)
TIF 1-2 fund	12,369	11,654	715
TIF 1-3 fund	5,043	10,083	(5,040)
TIF 1-4 fund	45,392	41,801	3,591
TIF 1-5 fund	3,295	5,694	(2,399)
TIF 1-8 fund	5,890	4,338	1,552
TIF 1-9 fund	9,797	5,451	4,346
TIF 1-10 fund	216	-	216
TIF 1-11 fund	1	2,072	(2,071)
TIF 1-12 fund	-	378	(378)
TIF 1-13 fund	-	5,787	(5,787)
Totals	<u>\$ 236,067</u>	<u>\$ 264,422</u>	<u>\$ (28,355)</u>

## General Fund Budgetary Highlights

The Authority made several budget amendments during 2024. Their final general fund budget anticipated that expenses would exceed revenues by \$2,110, the actual results for the year showed \$659 excess expenditures over revenues

# CANBY HOUSING AND REDEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2024

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

In 2024 and 2023, the Authority has \$574,097 and \$586,121 invested in a broad range of capital assets. Additions during the year included improvements.

Table A-4 Capital Assets as Year End

	2024	2023
Land	\$ 144,753	\$ 144,753
Buildings & Improvements	1,587,874	1,556,390
Equipment	62,230	66,104
Totals	1,794,857	1,767,247
Less Accumulated Depreciation	(1,220,760)	(1,181,126)
Net Capital Assets	<u>\$ 574,097</u>	<u>\$ 586,121</u>

More detailed information about the Authority's capital assets is presented in Note 1 and Note 3.

### Due to primary government

As shown in table A-5, the Authority has \$827,830 in debt versus \$886,342 last year due to the City of Canby for the following:

	2024	2023
US Bank TIF 1-2	\$ 84,625	\$ 90,670
US Bank TIF 1-3	78,375	83,970
US Bank TIF 1-1	177,500	192,500
US Bank TIF 1-5	38,466	41,715
US Bank TIF 1-4	360,920	383,681
US Bank TIF 1-8	38,452	41,015
US Bank TIF 1-9	49,492	52,792
Totals	<u>\$ 827,830</u>	<u>\$ 886,342</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority's elected and appointed officials considered many factors when setting the fiscal year 2025 budget, tax rates and fees that will be charged for the special revenue funds. The Board expects operations to remain consistent with 2024.

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Authority's citizens, taxpayers, customers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or would like additional information, contact Canby Housing and Redevelopment Authority, 110 Oscar Avenue North, Canby, Minnesota, 56220.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements:

Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**Canby Housing and Redevelopment Authority**  
**Statement of Net Position**  
**December 31, 2024**

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 229,152	\$ 229,152
Accounts Receivable	11,929	11,929
Notes Receivable - Due within One Year	805	805
Taxes Receivable	4,385	4,385
<b>Total Current Assets</b>	<b>246,271</b>	<b>246,271</b>
<i>Noncurrent Assets</i>		
Non-Depreciable	144,753	144,753
Depreciable, net	429,344	429,344
Notes Receivable - Due After One Year	17,149	17,149
<i>Internal Balances*</i>	616,175	--
<b>Total Assets</b>	<b>1,453,692</b>	<b>837,517</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts Payable	1,573	1,573
Security Deposit Payable	6,681	6,681
City of Canby-Due Within One Year	63,125	63,125
<b>Total Current Liabilities</b>	<b>71,379</b>	<b>71,379</b>
<i>Noncurrent Liabilities</i>		
City of Canby - Due after one year	764,705	764,705
<i>Internal Balances*</i>	616,175	--
<b>Total Liabilities</b>	<b>1,452,259</b>	<b>836,084</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	574,097	574,097
Unrestricted	(572,654)	(572,654)
<b>Total Net Position</b>	<b>\$ 1,433</b>	<b>\$ 1,433</b>

\* Amounts have been eliminated in total column

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Activities**  
**For the Year Ended December 31, 2024**

Functions/Programs	Program Revenues			Net (Expense) Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General and Administrative	\$ 64,306	\$ 106,373	\$ --	\$ 42,067	\$ --	\$ 42,067
Insurance	13,455	--	--	(13,455)	--	(13,455)
Professional Fees	35,919	--	--	(35,919)	--	(35,919)
Demolition/Acquisition	442	--	--	(442)	--	(442)
Redevelopment	2,586	--	--	(2,586)	--	(2,586)
Taxes	4,937	--	--	(4,937)	--	(4,937)
Depreciation	55,898	--	--	(55,898)	--	(55,898)
Interest and Other Charges	40,162	--	--	(40,162)	--	(40,162)
<b>Total Governmental Activities</b>	<b>217,705</b>	<b>106,373</b>	<b>--</b>	<b>(111,332)</b>	<b>--</b>	<b>(111,332)</b>
<b>General Purpose Revenues:</b>						
<b>Revenues</b>						
Interest Income				1,872	--	1,872
Miscellaneous Income				14,785	--	14,785
Gain (Loss) on Sale of Assets				6,768	--	6,768
Property Tax				105,276	--	105,276
<b>Total General Revenues</b>				<b>128,701</b>	<b>--</b>	<b>128,701</b>
<b>Change in Net Position</b>				<b>17,369</b>	<b>--</b>	<b>17,369</b>
<i>Net Position at Beginning of Period</i>				<i>(15,936)</i>	<i>--</i>	<i>(15,936)</i>
<b>Net Position at End of Period</b>				<b>\$ 1,433</b>	<b>\$ --</b>	<b>\$ 1,433</b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2024**

	Special Revenue			Debt Service			Non Major Governmental Funds	Total Governmental Funds
	General	Duplex	Apartment Projects	Townhomes	TIF 1-1 Parking Lot	TIF 1-4 Trailer Park	TIF 1-9 Custer	
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 3,242	\$ 64,923	\$ 107,349	\$ 44,733	\$ --	\$ 2,023	\$ 4,346	\$ 229,152
Accounts Receivable	--	11,929	--	--	--	--	--	11,929
Notes Receivable - Due within One Year	805	--	--	--	--	--	--	805
Taxes Receivable	4,098	--	--	--	287	--	--	4,385
Notes Receivable - Due After One Year	17,149	--	--	--	--	--	--	17,149
Advance to Other Funds	102,446	34,686	187,026	85,685	63,000	135,869	7,463	616,175
<i>Total Assets</i>	<i>127,740</i>	<i>111,538</i>	<i>294,375</i>	<i>130,418</i>	<i>63,287</i>	<i>137,892</i>	<i>4,346</i>	<i>879,595</i>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Aggregated deferred outflows	--	--	--	--	--	--	--	--
<i>Total Assets and Deferred Outflows of Resources</i>	<i>\$ 127,740</i>	<i>\$ 111,538</i>	<i>\$ 294,375</i>	<i>\$ 130,418</i>	<i>\$ 63,287</i>	<i>\$ 137,892</i>	<i>\$ 4,346</i>	<i>\$ 879,595</i>
<b>LIABILITIES</b>								
Accounts Payable	\$ --	\$ 117	\$ 56	\$ 1,400	\$ --	\$ --	\$ --	\$ 1,573
Security Deposit Payable	--	301	4,153	2,227	--	--	--	6,681
Advance from Other Funds	180,000	--	--	--	187,047	--	106,874	616,175
<i>Total Liabilities</i>	<i>180,000</i>	<i>418</i>	<i>4,209</i>	<i>3,627</i>	<i>187,047</i>	<i>--</i>	<i>106,874</i>	<i>624,429</i>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue-Notes Receivable	17,954	--	--	--	--	--	--	17,954
Unavailable Revenue-Property Taxes	449	--	--	--	--	--	--	449
<i>Total Liabilities and Deferred Inflows of Resources</i>	<i>198,403</i>	<i>418</i>	<i>4,209</i>	<i>3,627</i>	<i>187,047</i>	<i>--</i>	<i>106,874</i>	<i>642,832</i>
<b>FUND BALANCE</b>								
Restricted	--	--	--	--	--	137,892	--	137,892
Assigned	--	111,120	290,166	126,791	--	--	--	528,077
Unassigned	(70,663)	--	--	--	(123,760)	--	(102,528)	(429,206)
<i>Total Fund Balance</i>	<i>(70,663)</i>	<i>111,120</i>	<i>290,166</i>	<i>126,791</i>	<i>(123,760)</i>	<i>137,892</i>	<i>(102,528)</i>	<i>236,763</i>
<i>Total Liabilities, Deferred Inflows of Resources and F</i>	<i>\$ 127,740</i>	<i>\$ 111,538</i>	<i>\$ 294,375</i>	<i>\$ 130,418</i>	<i>\$ 63,287</i>	<i>\$ 137,892</i>	<i>\$ 4,346</i>	<i>\$ 879,595</i>

The notes to the financial statements are an integral part of this statement.



**Canby Housing and Redevelopment Authority**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2024**

Total Fund Balance - Governmental Funds	\$ 236,763
Revenue deferred in governmental fund statements if not received within sixty days	18,403
Capital assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance	574,097
Long- term debt reflected on Statement of Net Position not in governmental funds balance sheet	(827,830)
<b>Total Net Position-Governmental Funds</b>	<b>\$ <u>1,433</u></b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	Special Revenue			Debt Service			Non Major Governmental Funds	Total Governmental Funds
	General	Duplex	Apartment Projects	Townhomes	TIF 1-1 Parking Lot	TIF 1-4 Trailer Park	TIF 1-9 Custer	
<b>Revenues</b>								
Program Income	\$ 702	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 702
Rent Income	--	9,361	66,917	30,095	--	--	--	106,373
Property Tax	18,342	--	--	--	11,990	45,392	9,797	105,334
Miscellaneous Income	--	12,229	2,556	--	--	--	--	14,785
Interest Income	117	316	1,259	180	--	--	--	1,872
Sale of Asset	--	--	--	--	--	--	--	1
<b>Total Revenues</b>	<b>19,161</b>	<b>21,906</b>	<b>70,732</b>	<b>30,275</b>	<b>11,990</b>	<b>45,392</b>	<b>9,797</b>	<b>229,067</b>
<b>Expenditures</b>								
General and Administrative	1,236	10,689	41,858	10,387	17	17	17	64,306
Insurance	118	1,130	8,406	3,801	--	--	--	13,455
Professional Fees	18,466	1,994	2,330	2,022	720	627	482	35,919
Demolition/Acquisition	--	--	--	--	--	--	--	442
Redevelopment	--	--	--	--	1,075	--	--	2,586
Capital Outlay	--	4,460	39,643	--	--	--	--	44,103
Taxes	--	528	2,990	1,419	--	--	--	4,937
Principal	--	--	--	--	--	--	--	--
Interest and Other Charges	--	--	--	--	15,000	22,761	3,299	58,512
<b>Total Expenditures</b>	<b>19,820</b>	<b>18,801</b>	<b>95,227</b>	<b>17,629</b>	<b>8,875</b>	<b>18,396</b>	<b>1,653</b>	<b>40,162</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(659)</b>	<b>3,105</b>	<b>(24,495)</b>	<b>12,646</b>	<b>(13,697)</b>	<b>3,591</b>	<b>4,346</b>	<b>(35,355)</b>
<b>Other Financing Sources (Uses)</b>								
Gain (Loss) on Sale of Assets	--	--	--	--	--	--	--	7,000
<b>Net Change in Fund Balance</b>	<b>(659)</b>	<b>3,105</b>	<b>(24,495)</b>	<b>12,646</b>	<b>(13,697)</b>	<b>3,591</b>	<b>4,346</b>	<b>(28,355)</b>
<b>Fund Balance at Beginning of Period</b>	<b>(70,004)</b>	<b>108,015</b>	<b>314,661</b>	<b>114,145</b>	<b>(110,063)</b>	<b>134,301</b>	<b>(106,874)</b>	<b>265,118</b>
<b>Fund Balance at End of Period</b>	<b>\$ (70,663)</b>	<b>\$ 111,120</b>	<b>\$ 290,166</b>	<b>\$ 126,791</b>	<b>\$ (123,760)</b>	<b>\$ 137,892</b>	<b>\$ (102,528)</b>	<b>\$ 236,763</b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Reconciliation of Governmental Funds Statement of Revenues,**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended December 31, 2024**

Total Net Change in Fund Balances - Governmental Funds	\$ (28,355)
Principal payments on long-term debt expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements	58,513
Capital assets expensed as capital outlay in governmental fund statements, capitalized as capital assets in Statement of Net Position	44,103
Revenues earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities	(760)
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements	(55,898)
The net effect of various transactions involving capital assets (i.e. Sales, trade-ins, and contributions) is to increase net position	(233)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$ <u>17,369</u></b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Grant Loan Income	\$ 1,000	\$ 1,000	\$ --	\$ (1,000)
Program Income	--	--	702	702
Revenue Note Reimbursement	1,300	1,300	--	(1,300)
Property Tax	15,000	15,000	18,342	3,342
Interest Income	650	650	117	(533)
<b>Total Revenues</b>	<b>17,950</b>	<b>17,950</b>	<b>19,161</b>	<b>1,211</b>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<b>17,950</b>	<b>17,950</b>	<b>19,161</b>	<b>1,211</b>
<b>Expenditures</b>				
General and Administrative	250	250	80	170
Insurance	10	10	118	(108)
Professional Fees	11,000	18,500	18,466	34
Supplies	200	300	211	89
Repairs and Miscellaneous	3,500	1,000	945	55
<b>Total Expenditures</b>	<b>14,960</b>	<b>20,060</b>	<b>19,820</b>	<b>240</b>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<b>14,960</b>	<b>20,060</b>	<b>19,820</b>	<b>240</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,990</b>	<b>(2,110)</b>	<b>(659)</b>	<b>1,451</b>
<b>Net Change in Fund Balance</b>	<b>2,990</b>	<b>(2,110)</b>	<b>(659)</b>	<b>1,451</b>
<b>Fund Balance at Beginning of Period</b>	<b>(70,004)</b>	<b>(70,004)</b>	<b>(70,004)</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ (67,014)</b>	<b>\$ (72,114)</b>	<b>\$ (70,663)</b>	<b>\$ 1,451</b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Apartment Projects**  
**For the Year Ended December 31, 2024**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Revenues</b>				
Rent Income	\$ 60,000	\$ 60,000	\$ 66,917	\$ 6,917
Laundry Income	1,500	1,500	2,424	924
Miscellaneous Income	1,000	1,000	132	(868)
Interest Income	300	300	1,259	959
<b>Total Revenues</b>	<b>62,800</b>	<b>62,800</b>	<b>70,732</b>	<b>7,932</b>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<b>62,800</b>	<b>62,800</b>	<b>70,732</b>	<b>7,932</b>
<b>Expenditures</b>				
General and Administrative	500	500	499	1
Insurance	5,500	7,028	8,406	(1,378)
Professional Fees	2,500	2,500	2,330	170
Supplies	850	850	610	240
Utilities	21,300	21,300	18,329	2,971
Real Estate Taxes	3,000	3,000	2,990	10
Repairs and Miscellaneous	23,000	23,000	22,420	580
Capital Outlay	3,000	39,673	39,643	30
<b>Total Expenditures</b>	<b>59,650</b>	<b>97,851</b>	<b>95,227</b>	<b>2,624</b>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<b>59,650</b>	<b>97,851</b>	<b>95,227</b>	<b>2,624</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>3,150</b>	<b>(35,051)</b>	<b>(24,495)</b>	<b>10,556</b>
<b>Net Change in Fund Balance</b>	<b>3,150</b>	<b>(35,051)</b>	<b>(24,495)</b>	<b>10,556</b>
<b>Fund Balance at Beginning of Period</b>	<b>314,661</b>	<b>314,661</b>	<b>314,661</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 317,811</b>	<b>\$ 279,610</b>	<b>\$ 290,166</b>	<b>\$ 10,556</b>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Duplex**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Rent Income	\$ 10,550	\$ 10,550	\$ 9,361	\$ (1,189)
Refunds and Reimbursements	--	--	12,229	12,229
Interest Income	100	100	316	216
<b>Total Revenues</b>	<u>10,650</u>	<u>10,650</u>	<u>21,906</u>	<u>11,256</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>10,650</u>	<u>10,650</u>	<u>21,906</u>	<u>11,256</u>
<b>Expenditures</b>				
Insurance	900	1,102	1,130	(28)
Professional Fees	2,000	2,000	1,994	6
Supplies	400	450	188	262
Utilities	--	360	481	(121)
Real Estate Taxes	600	600	528	72
Repairs and Miscellaneous	2,450	9,450	10,020	(570)
Capital Outlay	1,000	4,500	4,460	40
Depreciation	2,500	2,500	--	2,500
<b>Total Expenditures</b>	<u>9,850</u>	<u>20,962</u>	<u>18,801</u>	<u>2,161</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>9,850</u>	<u>20,962</u>	<u>18,801</u>	<u>2,161</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>800</u>	<u>(10,312)</u>	<u>3,105</u>	<u>13,417</u>
<b>Net Change in Fund Balance</b>	<u>800</u>	<u>(10,312)</u>	<u>3,105</u>	<u>13,417</u>
<b>Fund Balance at Beginning of Period</b>	<u>108,015</u>	<u>108,015</u>	<u>108,015</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 108,815</u>	<u>\$ 97,703</u>	<u>\$ 111,120</u>	<u>\$ 13,417</u>

The notes to the financial statements are an integral part of this statement.

**Canby Housing and Redevelopment Authority**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Townhomes**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Rent Income	\$ 28,336	\$ 28,336	\$ 30,095	\$ 1,759
Interest Income	100	100	180	80
<b>Total Revenues</b>	<b>28,436</b>	<b>28,436</b>	<b>30,275</b>	<b>1,839</b>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<b>28,436</b>	<b>28,436</b>	<b>30,275</b>	<b>1,839</b>
<b>Expenditures</b>				
Insurance	2,300	2,741	3,801	(1,060)
Professional Fees	2,200	2,200	2,022	178
Supplies	200	250	188	62
Utilities	2,700	350	316	34
Real Estate Taxes	1,600	1,600	1,419	181
Repairs and Miscellaneous	13,000	9,500	9,883	(383)
Capital Outlay	5,000	1,000	--	1,000
<b>Total Expenditures</b>	<b>27,000</b>	<b>17,641</b>	<b>17,629</b>	<b>12</b>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<b>27,000</b>	<b>17,641</b>	<b>17,629</b>	<b>12</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>1,436</b>	<b>10,795</b>	<b>12,646</b>	<b>1,851</b>
<b>Net Change in Fund Balance</b>	<b>1,436</b>	<b>10,795</b>	<b>12,646</b>	<b>1,851</b>
<b>Fund Balance at Beginning of Period</b>	<b>114,145</b>	<b>114,145</b>	<b>114,145</b>	<b>--</b>
<b>Fund Balance at End of Period</b>	<b>\$ 115,581</b>	<b>\$ 124,940</b>	<b>\$ 126,791</b>	<b>\$ 1,851</b>

The notes to the financial statements are an integral part of this statement.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Canby Housing and Redevelopment Authority's (the Authority) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

**A. REPORTING ENTITY**

The Canby Housing and Redevelopment Authority is a quasi-governmental governing authority established by the City of Canby, under Minnesota Law, to promote and develop the business entities and low-income housing within the City of Canby. The Canby HRA is presented in the City of Canby's financials as a discretely presented component unit. The Authority's governing board as of year end is listed as follows:

Mark Whittier	Chairman
Pat Stanley	Member
Frank Maas	Member
Marisa Kack	Member
Michael Stutelberg	Member
Ex-Officio Members:	
Bonnie Merritt	Executive Director and Secretary

**B. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government –wide financial statements (i.e., the statement of net position and statement of activities) report information on all activities of the Authority. For the most part, the effect of inter-fund activity has been removed from these statements. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for good and services. There are no fiduciary or business-type activities for the Authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity.



**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide 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 provided have been met.

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues subject to accrual are interest on investments, and intergovernmental revenues. Intergovernmental revenues that are reimbursements for specific expenditures are recognized when all eligibility requirements are met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The emphasis in fund financial statements is on major funds in the governmental categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental combined) for the determination of major funds. The non-major funds are combined in a column on the fund financial statements.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the primary operating fund of the Authority and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. Currently the authority maintains Apartment Project Fund, Duplex Fund, Townhome fund as special revenue funds.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Debt Service Funds: - Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The City maintains TIF Districts 1-1, 1-2, 1-3, 1-4, 1-5, 1-8, 1-9, 1-10, 1-11, 1-12 and 1-13 debt service funds.

Major Funds:

The funds are further classified as major and non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
-------------	--------------------------

Major

Governmental:

General Fund

See description above

Special Revenue Funds:

Apartment Project Fund

Accounts for authority's apartment operations

Duplex

Accounts for authority's housing operations

Townhomes

Accounts for authority's housing operations

Debt Service

TIF Funds

Accounts for authority's TIF 1-1, TIF 1-4  
and TIF 1-9 operations.

Non-Major

Debt Service Funds- TIF 1-2, TIF 1-3, TIF 1-5, TIF 1-8, TIF 1-10(decertified), TIF 1-11, 1-12 and TIF 1-13.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources of uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

*Fund Financial Statements:*

Under this basis of accounting and measurement focus, the Authority applies (a) all GASB pronouncements and (b) FASB Statements and Interpretations, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989 except those that conflict with a GASB pronouncement.

**D. ASSETS, LIABILITIES, AND FUND BALANCE**

**Cash and Investments**

For purposes of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits for the Authority. For purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased to be cash equivalents.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances for uncollectible accounts are deemed necessary at year end.

**Due from Other Entity**

Due from other entity consists of amounts due from the City of Canby related to debt expenditures in the TIF funds.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND FUND BALANCE (Continued)**

Donated assets are valued at their fair market value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. The HRA has not set a capitalization policy.

Subsequent to initial capitalization, improvements or betterments that are significant and extend the useful life of a capital asset are also capitalized. Repairs and maintenance are recorded as expenses. Interest has not been capitalized during the construction period on property, plant and equipment. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations in the government-wide financial statements.

Depreciation of all exhaustible capital assets is charged as an allocated expense against operations in the government-wide financial statements, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as unallocated depreciation. Accumulated depreciation is reported on the government-wide financial Statement of Net Position and on each proprietary fund's Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Land	Not Depreciated
Buildings	10-50 Years
Improvements	15-50 Years
Machinery and Equipment	3-25 Years

Governmental activities capital assets and related depreciation expenses are only reported in the Governmental Activities columns on the government-wide financial statements. Because their measurement focus is on "current financial resources", capital assets and related depreciation expenses are not recorded in the governmental fund type fund financial statements, capital asset acquisitions are reported as capital outlay expenditures.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND FUND BALANCE (Continued)**

**Fund Balance Classifications**

The Authority implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – consists of amounts that cannot be spent because it is not in spendable form, such as inventory; or are legally or contractually required to be maintained intact.
- Restricted fund balance – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, bondholders, laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the Authority’s Board of Directors. To be reported as committed, amounts cannot be used for any other purpose unless the Board removes or changes that specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance – consists of amounts intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.
- Unassigned fund balance – consists of amounts that are available for any purpose. Positive amounts are reported only in the general fund. It also reflects negative residual amounts in other funds.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Authority has formally adopted a fund balance policy for the General Fund. Its policy is to maintain a minimum unassigned fund balance between the range of 35%-50% of budgeted operating expenditures for cash flow timing needs. At December 31, 2024, the unassigned fund balance of the General Fund was 0% of the subsequent year’s budgeted expenditures.

The Authority complies with all state and local laws and regulations requiring the use of separate funds.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. ASSETS, LIABILITIES, AND FUND BALANCE (Continued)**

**Net Position Classifications**

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- Net investment in capital assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- Restricted net position – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- Unrestricted net position – Net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**Deferred Outflows/Inflows of Resources**

The Canby HRA implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The HRA currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until that time. The items that qualify for reporting in this category are unearned property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

By its nature as a local government unit, the Authority and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority’s compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. BUDGETARY INFORMATION**

**Budgets**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all funds. The budget can be amended upon action by the governing board. The general fund budget was amended during the current year.

**Encumbrances**

The Authority does not utilize encumbrance accounting.

**B. FUND BALANCE CLASSIFICATION**

At December 31, 2024, a summary of the governmental fund balance classifications are as follows:

	General Fund	Apartment Fund	Duplex Fund	Townhomes Fund	TIF 1-1 Fund	TIF 1-4 Fund	TIF 1-9 Fund	Governmental Funds - Other	Total Fund Balance
Restricted						137,892		-	137,892
Assigned		290,166	111,120	126,791				-	528,077
Unassigned	(70,663)				(123,760)		(102,528)	(132,255)	(429,206)
Total	<u>(\$70,663)</u>	<u>\$290,166</u>	<u>\$111,120</u>	<u>\$126,791</u>	<u>(\$123,760)</u>	<u>\$137,892</u>	<u>(\$102,528)</u>	<u>(\$132,255)</u>	<u>\$236,763</u>

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following major funds had excess expenditures over appropriations as of December 31, 2024:

TIF 1-1	\$14,187
TIF 1-4	16,540

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. DEFICIT FUND BALANCES**

The following funds had deficit fund balances as of December 31, 2024:

General	\$70,663
TIF 1-1	123,760
TIF 1-2	22,725
TIF 1-3	13,920
TIF 1-5	30,152
TIF 1-9	102,528
TIF 1-10 (Decertified)	8,639
TIF 1-11	43,703
TIF 1-12 (Decertified)	11,317
TIF 1-13 (Decertified)	10,813

**NOTE 3. DETAIL NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Minnesota Statutes require that all deposits with financial institutions be collateralized in an amount equal to 110% of deposits in excess of FDIC or FSLIC insurance (140% if collateralized with notes secured by first mortgages). The Authority complies with such laws.

The may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that 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 13 months or less; general obligations rated “A” or better; bankers’ acceptances of the United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United State commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with 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. The Authority does not have any investment policies that would further limit investment choices.



**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**A. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS (Continued)**

In accordance with Minnesota Statutes, the Canby HRA maintains deposits at those depository banks authorized by the HRA Board, all of which are members of the Federal Reserve System. Minnesota Statutes require that insurance, surety bond, or collateral protect all HRA deposits. The market value of the bonds or collateral pledged must equal 110% of the deposits not covered by insurance.

Authorized collateral includes investments, identified by Minnesota Statute §118.A.03.subd.2. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account in a financial institution not owned or controlled by the depository.

According to Minnesota Statutes, government depositors receive \$250,000 FDIC coverage for their demand accounts and separate \$250,000 FDIC coverage for their time/savings accounts if the bank is located in the same state as the government entity. If the depository bank is located in a different state, there is just one \$250,000 coverage available for all demand and time/savings accounts combined.

*Custodial Credit Risk – Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$239,992 at December 31, 2024, that was fully insured by depository insurance or secured with collateral held by the Authority's agent in its name. The carrying amount of these deposits at December 31, 2024 was \$229,152.

*Investment Interest Rate Risk* – The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority has no investments.

Reconciliation to Statement of Net Position:

Cash and Cash Equivalents	<u>\$229,152</u>
Total	<u>\$229,152</u>

**B. ACCOUNTS RECEIVABLE**

The accounts receivable balance in the governmental activities as of December 31, 2024 is \$11,929. The receivable is an insurance reimbursement for the Duplex fire expenses. No allowance for uncollectible accounts is deemed necessary at year-end.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**C. NOTES RECEIVABLE**

	Balance 12/31/23	New Loans	Collections	Balance 12/31/24	Int Rate
General fund	<u>\$18,656</u>	<u>\$0</u>	<u>\$702</u>	<u>\$17,954</u>	2%
Totals	<u>\$18,656</u>	<u>\$0</u>	<u>\$702</u>	<u>\$17,954</u>	

The notes receivable consists of home improvement and economic development loans. No allowance for uncollectible notes is deemed necessary at year-end.

**D. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2024 is as follows:

	Balance 12/31/23	Additions	Deletions	Balance 12/31/24
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$87,108	-	-	\$87,108
Land Held for Investment	<u>57,645</u>	<u>-</u>	<u>-</u>	<u>57,645</u>
Total Capital Assets Not Being Depreciated	<u>144,753</u>	<u>-</u>	<u>-</u>	<u>144,753</u>
Capital Assets Being Depreciated				
Duplex Building	119,889	4,460	7,176	117,173
Townhomes	389,168		105	389,063
Oak Court Apartments	890,005	36,473		926,478
Furnishings	15,093			15,093
Equipment	68,272	3,170	9,212	62,230
Other	5,001			5,001
Infrastructure	<u>135,065</u>	<u></u>	<u></u>	<u>135,065</u>
Total Capital Assets Being Depreciated	<u>1,622,493</u>	<u>44,103</u>	<u>16,493</u>	<u>1,650,104</u>
Less Accumulated Depreciation for:				
Duplex Building	89,792	2,847	7,176	85,463
Townhomes	301,516	15,081	105	316,492
Oak Court Apartments	671,273	29,465		700,738
Furnishings	17,842	127		17,969
Equipment	62,152	2,443		64,595
Other	2,743	1,433	8,983	(4,807)
Infrastructure	<u>35,808</u>	<u>4,502</u>	<u></u>	<u>40,310</u>
Total Capital Assets Being Depreciated	<u>1,181,126</u>	<u>55,898</u>	<u>16,264</u>	<u>1,220,760</u>
Total Capital Assets Being Depreciated (Net)	<u>\$586,120</u>	<u>(\$11,795)</u>	<u>229</u>	<u>\$574,096</u>

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**D. CAPITAL ASSETS (Continued)**

Depreciation Expense was charged to functions as follows:

Governmental Activities:	
Housing & Economic Development	<u>\$55,898</u>
Total Depreciation Expense-	
Governmental Activities	<u>\$55,898</u>

**E. PROPERTY TAX RECOGNITION**

Property tax increment revenue is received in January, June and November.

**F. ACCOUNTS PAYABLE**

Payables in the general and major governmental funds are almost entirely of payables to vendors.

**G. SECURITY DEPOSITS PAYABLE**

This account consists of security deposits and accrued interest on the deposits.

**H. UNEARNED REVENUE**

Unearned revenue consists of the un-collected portion of notes receivable. Revenue is recognized as payments are collected.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter (within sixty days) to be used to pay liabilities of the current period. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

**I. PROGRAM REVENUES**

Program revenues are derived directly from the program itself or from parties other than the HRA's renters, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for Services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-Specific Operating Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-Specific Capital Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organization, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

**J. LONG-TERM DEBT-DUE TO PRIMARY GOVERNMENT**

The Note Payable to the City of Canby is for the HRA's share of the debt of the City's GOIB 2012B at an interest rate of 5.75% as well as the GOIB 2014C at 3.25%, the GOIB 2015A at 2.5-5.25% and GOIB of 2020 at 3.0-3.25%. As payments are due on the bonds, the HRA will remit its share to the City and the City will issue one check to the bonding company. Payments are made from the TIF funds that received the proceeds.

The following is a summary of the changes in long-term debt obligations for the year ended December 31, 2024:

	Balance 12/31/23	New Loans	Payments	Balance 12/31/24	Due In One Year
City of Canby	\$886,342	\$0	\$58,513	\$827,830	\$63,125
Totals	<u>\$886,342</u>	<u>\$0</u>	<u>\$58,513</u>	<u>\$827,830</u>	<u>\$63,125</u>

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. DETAIL NOTES ON ALL FUNDS (Continued)**

Annual Debt Service Requirements

The annual requirements to amortize long-term debt due to primary government obligations outstanding at December 31, 2024 are summarized as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	63,125	39,607	102,732
2026	65,125	36,893	102,018
2027	65,125	33,831	98,956
2028	65,125	30,670	95,795
2029	68,377	27,429	95,806
2030-2034	367,057	84,753	451,810
2035-2039	133,896	8,373	142,269
2040-2044	0	191	191
Totals	827,830	261,747	1,089,577

**K. INTER-FUND TRANSACTIONS**

**Inter-fund Transfers**

There were no transfers between funds of the primary government for the year ended December 31, 2024. At December 31, 2024, the following inter-fund balances were owed between funds:

<u>Advance to</u>	<u>Advance from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Apartment Fund	\$180,000	To supplement general fund
TIF 1-1	Apartment Fund	2,000	To cover TIF expenses
TIF 1-1	General Fund	86,090	To cover TIF expenses
TIF 1-1	Townhomes Fund	68,485	To cover TIF expenses
TIF 1-1	TIF 1-4	23,010	To cover TIF expenses
TIF 1-1	TIF 1-8	7,462	To cover TIF expenses
TIF 1-2	TIF 1-4	23,494	To cover TIF expenses
TIF 1-3	General Fund	5,040	To cover TIF expenses
TIF 1-3	TIF 1-4	8,880	To cover TIF expenses
TIF 1-5	TIF 1-4	11,253	To cover TIF expenses
TIF 1-5	Duplex	18,899	To cover TIF expenses
TIF 1-9	TIF 1-1	63,000	To cover TIF expenses
TIF 1-9	TIF 1-4	25,174	To cover TIF expenses
TIF 1-9	Duplex Fund	10,000	To cover TIF expenses
TIF 1-9	Townhomes	8,700	To cover TIF expenses
TIF 1-10	TIF 1-4	355	To cover TIF expenses
TIF 1-10	Townhomes Fund	8,500	To cover TIF expenses
TIF 1-11	TIF 1-4	43,703	To cover TIF expenses
TIF 1-12	General Fund	11,317	To cover TIF expenses
TIF 1-13	Apartment	5,026	To cover TIF expenses
TIF 1-13	Duplex	5,787	To cover TIF expenses
Totals		<u>\$616,175</u>	

These balances are not expected to be repaid within one year.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4. OTHER NOTES**

**A. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. To manage these risks, the Authority purchases commercial insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

**B. COMMITMENTS AND CONTINGENCIES**

*Grant Program Involvement*

In the normal course of operations, the Authority participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning authority, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as the result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**C. FEDERAL AID – SINGLE AUDIT ACT**

The Authority did not expend more than \$750,000 of federal financial assistance and is not subject to audit requirements of the Single Audit Act.

**D. GASB STANDARDS IMPLEMENTED**

GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**E. SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 17, 2025, which is the date the financial statements were available to be issued. No significant, unusual or infrequent events or transactions have occurred after the financial statement date but before the issuance of the financial statements.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4. OTHER NOTES (Continued)**

**F. TAX INCREMENT FINANCING DISTRICTS**

The Canby HRA is the administering authority for the following tax increment finance districts which were established in various years. During 2024, the Canby HRA received \$105,334 from these districts in tax revenue.

Tax Increment Financing District No. 1-30 County (TIF 1-1)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2010	
Duration – not to exceed twenty-five (25) years of increment-2037	
Original tax capacity –	200
Current tax capacity – Estimated	7,861
Captured tax capacity – Estimated	7,661
Retained by authority – Estimated	7,661
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	300,000

Tax Increment Financing District No. 1-31 County (TIF 1-2)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2011	
Duration – not to exceed twenty-five (25) years of increment-2038	
Original tax capacity –	540
Current tax capacity – Estimated	3,977
Captured tax capacity – Estimated	3,437
Retained by authority – Estimated	3,437
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	135,000

Tax Increment Financing District No. 1-35 County (TIF 1-3)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2012	
Duration – not to exceed twenty-five (25) years of increment-2038	
Original tax capacity –	198
Current tax capacity – Estimated	3,379
Captured tax capacity – Estimated	3,181
Retained by authority – Estimated	3,181
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	125,000



**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4. OTHER NOTES (Continued)**

**D. TAX INCREMENT FINANCING DISTRICTS (Continued)**

Tax Increment Financing District No. 1-36 County (TIF 1-4)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2012	
Duration – not to exceed twenty-five (25) years of increment-2038	
Original tax capacity –	1,886
Current tax capacity – Estimated	30,519
Captured tax capacity – Estimated	28,633
Retained by authority – Estimated	28,633
Shared with other authorities – Estimated	-0-
Total bonds issued	530,000
Total loans incurred	-0-

Tax Increment Financing District No. 1-39 County (TIF 1-5)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2013	
Duration – not to exceed twenty-five (25) years of increment-2039	
Original tax capacity –	1,143
Current tax capacity – Estimated	3,112
Captured tax capacity – Estimated	1,969
Retained by authority – Estimated	1,969
Shared with other authorities – Estimated	-0-
Total bonds issued	65,000
Total loans incurred	-0-

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4. OTHER NOTES (Continued)**

**D. TAX INCREMENT FINANCING DISTRICTS (Continued)**

Tax Increment Financing District No. 1-42 County (TIF 1-8)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2015	
Duration – not to exceed twenty-five (25) years of increment-2041	
Original tax capacity –	118
Current tax capacity – Estimated	3,833
Captured tax capacity – Estimated	3,715
Retained by authority – Estimated	3,715
Shared with other authorities – Estimated	-0-
Total bonds issued	50,500
Total loans incurred	-0-

Tax Increment Financing District No. 1-44 County (TIF 1-9)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2015	
Duration – not to exceed twenty-five (25) years of increment-2041	
Original tax capacity –	289
Current tax capacity – Estimated	6,469
Captured tax capacity – Estimated	6,180
Retained by authority – Estimated	6,180
Shared with other authorities – Estimated	-0-
Total bonds issued	65,000
Total loans incurred	-0-

Tax Increment Financing District No. 1-45 County (TIF 1-10) Decertified

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2016	
Duration – not to exceed twenty-five (25) years of increment-2042	
Original tax capacity –	336
Current tax capacity – Estimated	472
Captured tax capacity – Estimated	136
Retained by authority – Estimated	136
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	-0-

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 4. OTHER NOTES (Continued)**

**D. TAX INCREMENT FINANCING DISTRICTS (Continued)**

Tax Increment Financing District No. 1-48 County ( TIF 1-11)

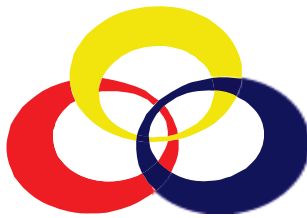
Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2020	
Duration – not to exceed twenty-five (25) years of increment-2043	
Original tax capacity –	527
Current tax capacity – Estimated	225
Captured tax capacity – Estimated	-0-
Retained by authority – Estimated	-0-
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	-0-

Tax Increment Financing District No. 1-12 Decertified

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2021	
Duration – not to exceed twenty-five (25) years of increment-2047	
Original tax capacity –	-0-
Current tax capacity – Estimated	-0-
Captured tax capacity – Estimated	-0-
Retained by authority – Estimated	-0-
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	-0-

Tax Increment Financing District No. 1-13

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469.174	
Year established – 2023	
Duration – not to exceed twenty-five (25) years of increment-2047	
Original tax capacity –	-0-
Current tax capacity – Estimated	-0-
Captured tax capacity – Estimated	-0-
Retained by authority – Estimated	-0-
Shared with other authorities – Estimated	-0-
Total bonds issued	-0-
Total loans incurred	-0-



## Kinner & Company Ltd

Certified Public Accountants

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

To The Board of Directors  
Canby Housing and Redevelopment Authority  
Canby, MN 56220

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the remaining fund information of the Canby Housing and Redevelopment Authority (Canby HRA), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Canby HRA's basic financial statements and have issued our report thereon dated June 17, 2025.

### **Report on Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Findings and Responses, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Prior and Current Findings and Responses, as item 2024-001 to be a material weakness.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Canby HRA's financial statements are free of 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*.

## Canby HRA's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Canby HRA's response to the findings identified in our audit is described in the accompanying Schedule of Prior and Current Findings and Responses, Canby HRA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## Minnesota Legal Compliance

In connection with our audit, we noted that Canby HRA failed to comply with provisions of the tax increment financing of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Prior and Current Findings as item 2024-002. Also, in connection with our audit, nothing came to our attention that caused us to believe that Canby HRA failed to comply with the provisions of contracting-bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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 Canby HRA's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

## Purpose of 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.



Kinner & Company Ltd  
Certified Public Accountants

June 17, 2025

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF PRIOR AND CURRENT**  
**FINDINGS AND RESPONSES**  
**DECEMBER 31, 2024**

**PRIOR YEAR FINANCIAL FINDINGS**

**Finding 2023-001:** A material weakness was reported due to the lack of segregation of duties within the entity. The finding continues to exist and has been restated as Finding 2024-001.

**Finding 2023-002:** According to the Minnesota Legal Compliance Manual, the city is not compliant with Minnesota Statute 469.178, subd. 7. The finding continues to exist and has been restated as Finding 2024-002

**CURRENT YEAR FINANCIAL FINDINGS**

**2024-001: The HRA does not maintain an adequate segregation of duties among its accounting personnel.**

**Condition:** A lack of segregation of duties over revenues and expenditures exists which could result in errors not being found in a timely manner.

**Criteria:** Internal controls can help the Canby HRA achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the HRA complies with laws and regulations.

**Cause:** The HRA has a limited number of accounting personnel.

**Effect:** The Canby HRA has a limited number of employees who prepare all records for revenue and expenditures. This is undesirable from an internal control viewpoint and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

**Recommendation:** We recommend the board take a more active role in their oversight over revenue and expenditures.

**Corrective Action Plan and Council Response:**

The following compensating controls are presently in place:

- The board reviews and approves all bills
- The board and/or other personnel periodically review various expenditure reports for amounts, classifications and comparison to budget.

Due to limited personnel, it is not practical to implement a complete segregation of duties. However, the HRA will continue to review its procedures to determine if any improvements can be made using the limited personnel available.

**CANBY HOUSING AND REDEVELOPMENT AUTHORITY**  
**SCHEDULE OF PRIOR AND CURRENT**  
**FINDINGS AND RESPONSES**  
**DECEMBER 31, 2024**

**2024-002: Minnesota Interfund Loan Compliance** According to the Minnesota Legal Compliance Manual, the city is not compliant with Minnesota Statute 469.178, subd. 7.

**Condition:** The HRA does not have terms and conditions for repayment setup for its interfund loans.

**Criteria:** Without repayment terms and conditions, interfund loans can remain within funds indefinitely.

**Cause:** The HRA has a limited number of accounting personnel that are familiar with the TIF districts and the Minnesota Legal Compliance guide.

**Effect:** The HRA was not compliant with the Minnesota Legal Compliance guide and should review this guide for assistance each year.

**Recommendation:** We recommend the HRA setup resolutions and payment terms to comply with Minnesota statutes.

**Management Response:** The HRA will review the guide and statutes, and council will setup a resolution for each interfund loan and payment terms so the city is compliant. The board will review these and comply with the statutes in 2025.

**Updated Progress from Prior Year:** The HRA continues to improve their controls in this area.

**Canby Housing and Redevelopment Authority**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2024**

	Debt Service								Total Nonmajor Governmental Funds
	TIF 1-2 Schrunk	TIF 1-3 Syoboda	TIF 1-5 Fink	TIF 1-8 Merritt	TIF 1-10 Decertified	TIF 1-11 St Olaf	TIF 1-12 Maple Ave- Decertified	TIF 1-13 Maple Avenue 2 Decertified	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 769	\$ --	\$ --	\$ 1,551	\$ 216	\$ --	\$ --	\$ --	\$ 2,536
Advance to Other Funds	--	--	--	7,463	--	--	--	--	7,463
<b>Total Assets</b>	<b>769</b>	<b>--</b>	<b>--</b>	<b>9,014</b>	<b>216</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9,999</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
Aggregated deferred outflows	--	--	--	--	--	--	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>769</b>	<b>--</b>	<b>--</b>	<b>9,014</b>	<b>216</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9,999</b>
<b>LIABILITIES</b>									
Advance from Other Funds	\$ 23,494	\$ 13,920	\$ 30,152	\$ --	\$ 8,855	\$ 43,703	\$ 11,317	\$ 10,813	\$ 142,254
<b>Total Liabilities</b>	<b>23,494</b>	<b>13,920</b>	<b>30,152</b>	<b>--</b>	<b>8,855</b>	<b>43,703</b>	<b>11,317</b>	<b>10,813</b>	<b>142,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Aggregated deferred inflows	--	--	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>23,494</b>	<b>13,920</b>	<b>30,152</b>	<b>--</b>	<b>8,855</b>	<b>43,703</b>	<b>11,317</b>	<b>10,813</b>	<b>142,254</b>
<b>FUND BALANCE</b>									
Restricted	--	(12,971)	--	6,234	--	--	--	--	(6,737)
Unassigned	(22,725)	(949)	(30,152)	2,780	(8,639)	(43,703)	(11,317)	(10,813)	(125,518)
<b>Total Fund Balance</b>	<b>(22,725)</b>	<b>(13,920)</b>	<b>(30,152)</b>	<b>9,014</b>	<b>(8,639)</b>	<b>(43,703)</b>	<b>(11,317)</b>	<b>(10,813)</b>	<b>(132,255)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 769</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 9,014</b>	<b>\$ 216</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 9,999</b>

The notes to the financial statements are an integral part of this statement.



**Canby Housing and Redevelopment Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2024**

	Debt Service							Total Nonmajor Governmental Funds
	TIF 1-2 Schrunk	TIF 1-3 Svoboda	TIF 1-5 Fink	TIF 1-8 Merritt	TIF 1-10 Decertified	TIF 1-11 St Olaf	TIF 1-12 Maple Ave- Decertified	TIF 1-13 Maple Avenue 2 Decertified
<b>Revenues</b>								
Property Tax	\$ 5,369	\$ 5,043	\$ 3,295	\$ 5,890	\$ 216	\$ --	\$ --	\$ --
Sale of Asset	--	--	--	--	--	1	--	--
<b>Total Revenues</b>	<b>5,369</b>	<b>5,043</b>	<b>3,295</b>	<b>5,890</b>	<b>216</b>	<b>1</b>	<b>--</b>	<b>--</b>
<b>Expenditures</b>								
General and Administrative	17	17	17	17	--	17	--	--
Professional Fees	853	610	506	474	--	670	378	5,787
Demolition/Acquisition	288	--	--	--	--	154	--	--
Redevelopment	280	--	--	--	--	1,231	--	--
Principal	6,045	5,595	3,249	2,563	--	--	--	--
Interest and Other Charges	4,171	3,861	1,922	1,284	--	--	--	--
<b>Total Expenditures</b>	<b>11,654</b>	<b>10,083</b>	<b>5,694</b>	<b>4,338</b>	<b>--</b>	<b>2,072</b>	<b>378</b>	<b>5,787</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(6,285)</b>	<b>(5,040)</b>	<b>(2,399)</b>	<b>1,552</b>	<b>216</b>	<b>(2,071)</b>	<b>(378)</b>	<b>(5,787)</b>
<b>Other Financing Sources (Uses)</b>								
Gain (Loss) on Sale of Assets	7,000	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>7,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>715</b>	<b>(5,040)</b>	<b>(2,399)</b>	<b>1,552</b>	<b>216</b>	<b>(2,071)</b>	<b>(378)</b>	<b>(5,787)</b>
<i>Fund Balance at Beginning of Period</i>	<i>(23,440)</i>	<i>(8,880)</i>	<i>(27,753)</i>	<i>7,462</i>	<i>(8,855)</i>	<i>(41,632)</i>	<i>(10,939)</i>	<i>(5,026)</i>
<b>Fund Balance at End of Period</b>	<b>\$ (22,725)</b>	<b>\$ (13,920)</b>	<b>\$ (30,152)</b>	<b>\$ 9,014</b>	<b>\$ (8,639)</b>	<b>\$ (43,703)</b>	<b>\$ (11,317)</b>	<b>\$ (10,813)</b>
								<b>\$ (132,255)</b>

The notes to the financial statements are an integral part of this statement.