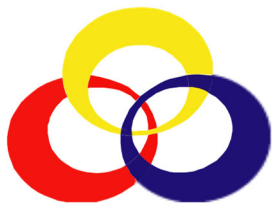
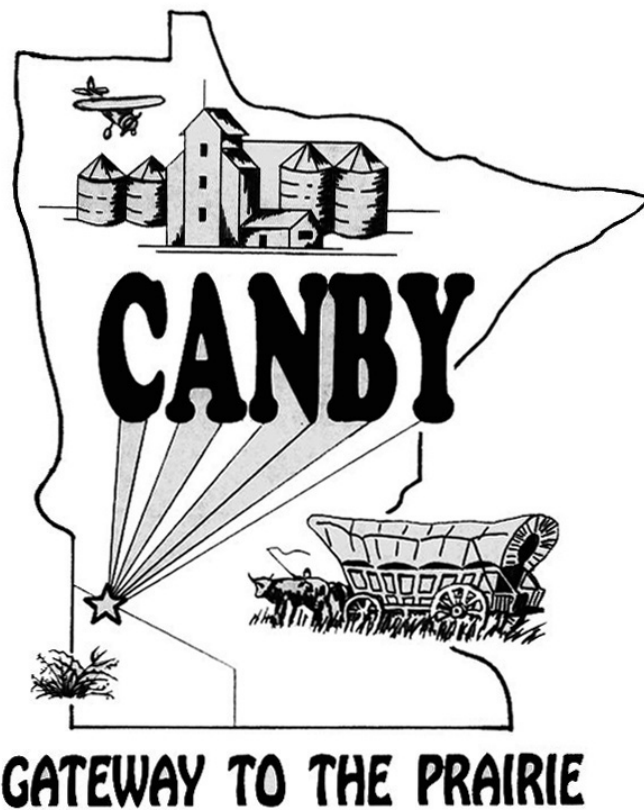


**City of Canby  
Audit Report  
For the Year Ended  
December 31, 2021**



**Kinner & Company Ltd**  
Certified Public Accountants  
Taxes, QuickBooks &  
Investments

# City of Canby

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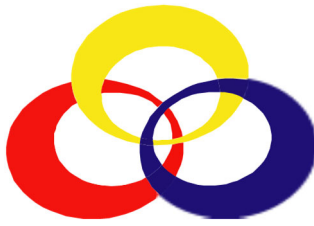
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## **INTRODUCTORY SECTION**



# **Kinner & Company Ltd**

## **Certified Public Accountants**

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Canby  
Canby, Minnesota 56220

#### **Unmodified Opinion**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Canby, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Canby, Minnesota'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, business-type activities, each major fund and the aggregate remaining fund information of the City of Canby, Minnesota as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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 City of Canby, Minnesota 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.

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Visit our website at [www.kinner.co](http://www.kinner.co)

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 City of Canby, Minnesota'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.

### **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 City of Canby, Minnesota'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 City of Canby, Minnesota'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 and the pension required supplementary information, as listed in the table of contents, 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 opinions on the financial statements that collectively comprise the City of Canby, Minnesota'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 Information

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of the City of Canby'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 City of Canby's internal control over financial reporting and compliance.



Kinner & Company Ltd  
Certified Public Accountants

May 25, 2022

# **CITY OF CANBY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **DECEMBER 31, 2021 AND 2020**

This section of the City of Canby's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2021 to meet the required reporting by the Government Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments. Statement No. 34 is designed to make the annual reports easier for the public to understand and more useful to stakeholders.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, and notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported on this statement for some items that will only result in cash flows in future fiscal periods, (e.g. uncollected taxed and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The government activities of the City include general government, public safety, public works, streets, parks, culture and recreation. The business-type activities of the City include water, wastewater, storm sewer and garbage.

The government-wide financial statements include not only the City itself (known as the primary government), but also water, wastewater, storm sewer and garbage. The water, wastewater, storm sewer and garbage, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021 AND 2020**

**Fund Financial Statements**

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

**Governmental Funds**

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

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

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Proprietary Funds**

The City maintains four business-type activities in the proprietary funds. These accounts are for the water, wastewater, storm sewer and garbage funds.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, storm sewer and garbage, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 16-18 of this report.



**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021 AND 2020**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$18,445,326 and \$18,767,336 at the close of fiscal years 2021 and 2020.

The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position for the City as a whole.

**Governmental activities**

The City's governmental activities net position increased by \$385,028 in 2021 and it increased by \$263,631 in 2020.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Current and other assets	3,763,194	4,120,287	7,612,797	8,571,004
Capital assets	7,699,277	7,521,735	27,963,488	29,315,929
Total assets	11,462,471	11,642,022	35,576,285	37,886,933
Deferred Outflows of Resources	308,369	118,819	82,910	22,185
Long-term liabilities outstanding	4,661,332	5,085,068	22,274,216	23,202,223
Other liabilities	383,067	581,769	1,075,063	1,787,777
Total liabilities	5,044,399	5,666,837	23,349,279	24,990,000
Deferred Inflows of Resources	484,471	237,062	106,560	8,724
Net Position				
Net investment in capital assets	3,155,566	2,819,885	5,416,094	5,898,200
Restricted	2,036,462	2,283,484	7,745	0
Unrestricted	1,049,942	753,573	6,779,517	7,012,194
Total Net Position	6,241,970	5,856,942	12,203,356	12,910,394

At the end of the current fiscal year, the City is able to report positive balances for governmental and business type activities for the city as a whole.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021 AND 2020**

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		2021
	2021	2020	2021	2020	Total
Revenues					
Program Revenues					
Charges for services	200,663	176,834	1,141,514	1,090,547	1,342,177
Operating grants and contributions	80,622	91,376	0	0	80,622
Capital grants and contributions	604,692	729,862	17,925	533,647	622,617
General Revenues					
Property taxes	889,866	734,031	455,065	445,352	1,344,931
Special Assessments	(325)	350	(1,067)	0	(1,392)
Intergovernmental Revenue	780,691	818,334	0	0	780,691
Fines and Forfeits	4,353	1,541	0	0	4,353
Licenses and Permits	2,995	1,615	0	0	2,995
Gain on asset	11,999	3,000	0	0	11,999
Unrestricted Investment					
Earnings	58,722	60,929	130,836	144,226	189,558
Miscellaneous	81,314	130,960	10,579	10,031	91,893
Total Revenues	<u>2,715,592</u>	<u>2,748,832</u>	<u>1,754,852</u>	<u>2,223,803</u>	<u>4,470,444</u>
Expenses					
Governmental activities	2,330,564	2,485,201			2,330,564
Business-type activities			2,461,890	2,313,944	2,461,890
Total Expenses	<u>2,330,564</u>	<u>2,485,201</u>	<u>2,461,890</u>	<u>2,313,944</u>	<u>4,792,454</u>
Transfers In (Out)	0	0	0	0	0
Increase (Decrease) in net position	385,028	263,631	(707,038)	(90,141)	(322,010)
Net position, January 1	<u>5,856,942</u>	<u>5,593,311</u>	<u>12,910,394</u>	<u>13,000,535</u>	<u>18,767,336</u>
Net position, December 31	<u>6,241,970</u>	<u>5,856,942</u>	<u>12,203,356</u>	<u>12,910,394</u>	<u>18,445,326</u>

The City's total net position decreased by \$322,010 in 2021 and increased by \$173,490 in 2020. The decrease in 2021 was mainly due to the proprietary funds. The increase in 2020 was mainly due to receiving donations and grants for infrastructure projects.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021 AND 2020**

**Business-type activities**

Business-type activities decreased the City's net position by \$707,038 in 2021 and decreased by \$90,141 in 2020.

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2021 and 2020, the City's governmental funds reported ending balances of \$3,189,441 and \$3,167,020. Thirty and twenty-nine percent of the total amount of \$966,620 and \$922,881 constitutes unassigned fund balances, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed to a specific area.

**Proprietary Funds**

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total Net Position in the proprietary funds decreased by \$707,038.

The Storm Sewer net position decreased by \$107,909 in 2021 and decreased \$110,770 in 2020.

Wastewater net position decreased by \$312,935 in 2021 and decreased by \$95,015 in 2020.

Water net position decreased by \$242,252 in 2021 and increased by \$144,162 in 2020.

Solid Waste net position decreased by \$43,492 in 2021 and decreased by \$28,588 in 2020.

The decreases are mainly due to operating deficits due to depreciation and debt service and the increases are mainly due to the infrastructure project funding.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2021 AND 2020**

**Capital Asset and Debt Administration**

**Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of December 31, 2021 and 2020 amounts to \$35,662,765 and \$36,837,664 (net of accumulated depreciation). The decrease is mainly due to new infrastructure projects depreciation. The investment in capital assets includes land, buildings, system improvements, machinery, equipment and park facilities.

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

**Long-Term Debt**

During 2021, the City had new debt of \$150,000 for a piece of fire equipment and added a small amount of proprietary debt from the infrastructure projects. In 2021 the city paid off \$308,140 of governmental debt and \$955,500 of proprietary debt. At the end of 2021 and 2020, the City had total bonded debt outstanding of \$27,239,954 and \$28,261,191.

**2021 General Fund Budget Variances to Actual**

Total general fund budgeted revenues for 2021, including the transfer in, is \$1,647,767. The actual revenues for 2021, including transfer in and loan proceeds, is \$2,512,139. The revenues were over budget by \$864,372. The majority of the variance is due to the extra federal and state grants, loan proceeds for fire equipment, more donations and property taxes not being included in the budget.

Total general fund budgeted expenses for 2021, including the transfer out, was \$2,295,950. The actual expenses for 2021 was \$2,473,650. The expenses were over budget by \$177,700. The city did not budget for the HRA passthrough expenses and other capital expenses to cause this budget variance.

**Economic Factor and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates and fees that will be charged for the business-type activities. The Council expects operations to remain consistent with 2021. Overall budget amounts for 2022 will be re-evaluated to make sure the revenues and expenses are consistent with the budget and operations.

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Canby, 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  
    Proprietary (Enterprise) 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.

**City of Canby**  
**Statement of Net Position**  
**December 31, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Canby HRA
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 2,073,268	\$ 2,573,762	\$ 4,647,030	\$ 333,672
Investments	--	1,592	1,592	--
Taxes Receivable	19,443	14,244	33,687	604
Delinquent Taxes Receivable	16,892	9,131	26,023	--
Due from Other Governments	24,191	--	24,191	--
Due from Primary Governments	--	--	--	252
Due from Component Unit- Current	57,927	--	57,927	--
Special Assessments Receivable	1,527	33,137	34,664	--
Accounts Receivable	7,229	93,585	100,814	--
Notes Receivable Current	13,202	--	13,202	5,321
Prepaid and Other Assets	43,135	25,365	68,500	2,579
Inventory	17,456	--	17,456	--
<b>Total Current Assets</b>	<b>2,274,270</b>	<b>2,750,816</b>	<b>5,025,086</b>	<b>342,428</b>
<i>Noncurrent Assets</i>				
Special Assessments - Deferred	71,457	4,783,150	4,854,607	--
Non-Depreciable	746,018	126,296	872,314	144,753
Depreciable, Net	6,953,259	27,837,192	34,790,451	521,727
Due from Component Unit - Non Current	944,856	--	944,856	--
Notes Receivable - Non Current	54,264	--	54,264	35,561
Net Pension Asset	277,902	--	277,902	--
<i>Internal Balances*</i>	140,445	78,831	--	--
<b>Total Noncurrent Assets</b>	<b>9,188,201</b>	<b>32,825,469</b>	<b>41,794,394</b>	<b>702,041</b>
<b>Total Assets</b>	<b>11,462,471</b>	<b>35,576,285</b>	<b>46,819,480</b>	<b>1,044,469</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related	308,369	82,910	391,279	--
<b>Total Deferred Outflows of Resources</b>	<b>308,369</b>	<b>82,910</b>	<b>391,279</b>	<b>--</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>11,770,840</b>	<b>35,659,195</b>	<b>47,210,759</b>	<b>1,044,469</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	15,977	4,762	20,739	2,774
Security Deposit Payable	--	--	--	5,280
Current Portion Lease Liability	45,307	--	45,307	--
LT Debt Due Within One Year	283,639	950,000	1,233,639	--
Accrued Interest Payable	38,144	120,049	158,193	--
Due to Component Unit	--	252	252	--
Due to Primary Government - Current	--	--	--	57,927
Unearned Revenue	--	--	--	26,882
<b>Total Current Liabilities</b>	<b>383,067</b>	<b>1,075,063</b>	<b>1,458,130</b>	<b>92,863</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences	74,951	25,203	100,154	--
Net Pension Liability	260,526	113,851	374,377	--
Retainage Payable	--	205,138	205,138	--
LT Debt Due Beyond One Yr.	4,214,765	21,791,550	26,006,315	--
Due to Primary Government - Noncurrent	--	--	--	944,856
Bond Premium	--	30,288	30,288	--
<i>Internal Balances*</i>	111,090	108,186	--	--
<b>Total Noncurrent liabilities</b>	<b>4,661,332</b>	<b>22,274,216</b>	<b>26,716,272</b>	<b>944,856</b>
<b>Total Liabilities</b>	<b>5,044,399</b>	<b>23,349,279</b>	<b>28,174,402</b>	<b>1,037,719</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	484,471	106,560	591,031	--
<b>Total Deferred Inflows of Resources</b>	<b>484,471</b>	<b>106,560</b>	<b>591,031</b>	<b>--</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,528,870</b>	<b>23,455,839</b>	<b>28,765,433</b>	<b>1,037,719</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,155,566	5,416,094	8,571,660	666,480
<i>Restricted for:</i>				
Prepays	43,135	--	43,135	2,579
Restricted	1,993,327	7,745	2,001,072	--
<i>Unrestricted</i>	1,049,942	6,779,517	7,829,459	( 662,309 )
<b>Total Net Position</b>	<b>\$ 6,241,970</b>	<b>\$ 12,203,356</b>	<b>\$ 18,445,326</b>	<b>\$ 6,750</b>

\* Amounts have been eliminated in total column

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

**City of Canby  
Statement of Activities  
For the Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Canby HRA
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government and Administration	\$ 462,943	\$ 11,582	\$ --	\$ 109,725	\$ (341,636)	\$ --	\$ (341,636)	
Public Safety	376,541	46,436	80,622	305,877	56,394	--	56,394	
Public Works	378,552	5,779	--	--	(372,773)	--	(372,773)	
Culture and Recreation	247,456	30,718	--	--	(216,738)	--	(216,738)	
Economic Development	12,128	--	--	--	(12,128)	--	(12,128)	
Rehabilitation Passthrough Expenses	132,825	--	--	--	(132,825)	--	(132,825)	
Miscellaneous	374,084	--	--	--	(374,084)	--	(374,084)	
Interest and Other Charges	235,880	--	--	--	(235,880)	--	(235,880)	
Airport	110,155	106,148	--	189,090	185,083	--	185,083	
<i>Total Governmental Activities</i>	<u>2,330,564</u>	<u>200,663</u>	<u>80,622</u>	<u>604,692</u>	<u>(1,444,587)</u>	<u>--</u>	<u>(1,444,587)</u>	
<b>Business-type Activities:</b>								
Solid Waste	165,325	121,382	--	--	--	(43,943)	(43,943)	
Storm Sewer	308,927	164,251	--	--	--	(144,676)	(144,676)	
Wastewater	950,920	351,689	--	6,054	--	(593,177)	(593,177)	
Water	1,036,718	504,192	--	11,871	--	(520,655)	(520,655)	
<i>Total Business-type Activities</i>	<u>2,461,890</u>	<u>1,141,514</u>	<u>--</u>	<u>17,925</u>	<u>--</u>	<u>(1,302,451)</u>	<u>(1,302,451)</u>	
<i>Total Primary Government</i>	<u>\$ 4,792,454</u>	<u>\$ 1,342,177</u>	<u>\$ 80,622</u>	<u>\$ 622,617</u>	<u>\$ (1,444,587)</u>	<u>\$ (1,302,451)</u>	<u>\$ (2,747,038)</u>	
<b>Component Unit</b>								
Canby HRA	\$ 231,880	\$ 96,501	\$ --	\$ --				\$ (135,379)

**General Purpose Revenues and Transfers:**

<b>Revenues</b>					
Interest Income		58,722	130,836	189,558	2,429
Miscellaneous		28,375	--	28,375	16,445
Property Taxes		889,866	455,065	1,344,931	84,907
Special Assessments(Forfeited)		(325)	(1,067)	(1,392)	--
License and Permits		2,995	--	2,995	--
Intergovernmental Revenues		780,691	--	780,691	--
Fines and Forfeits		4,353	--	4,353	--
Refunds and Reimbursements		10,265	701	10,966	--
Rental Income		--	9,878	9,878	--
Donations		42,674	--	42,674	--
Gain on Sale of Assets		11,999	--	11,999	--
<b>Transfers</b>		--	--	--	--
<i>Total General Revenues and Transfers</i>		<u>1,829,615</u>	<u>595,413</u>	<u>2,425,028</u>	<u>103,781</u>
<i>Change in Net Position</i>		<u>385,028</u>	<u>(707,038)</u>	<u>(322,010)</u>	<u>(31,598)</u>
<i>Net Position at Beginning of Period</i>		<u>5,856,942</u>	<u>12,910,394</u>	<u>18,767,336</u>	<u>38,348</u>
<i>Net Position at End of Period</i>		<u>\$ 6,241,970</u>	<u>\$ 12,203,356</u>	<u>\$ 18,445,326</u>	<u>\$ 6,750</u>

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

**City of Canby  
Balance Sheet  
Governmental Funds  
December 31, 2021**

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,064,682	\$ 1,008,586	\$ 2,073,268
Taxes Receivable	16,360	3,083	19,443
Delinquent Taxes Receivable	14,620	2,272	16,892
Due from Other Governments	24,191	--	24,191
Due from Component Unit- Current	--	57,927	57,927
Special Assessments Receivable	150	1,377	1,527
Accounts Receivable	6,105	1,124	7,229
Notes Receivable Current	--	13,202	13,202
Prepaid and Other Assets	43,135	--	43,135
Inventory	17,456	--	17,456
Special Assessments - Deferred	--	71,457	71,457
Due from Component Unit - Non Current	--	944,856	944,856
Notes Receivable - Non Current	--	54,264	54,264
Advances to Other Funds	69,255	71,190	140,445
<b>Total Assets</b>	<b>1,255,954</b>	<b>2,229,338</b>	<b>3,485,292</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,255,954</b>	<b>\$ 2,229,338</b>	<b>\$ 3,485,292</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 15,977	\$ --	\$ 15,977
Advances from Other Funds	--	111,090	111,090
<b>Total Liabilities</b>	<b>15,977</b>	<b>111,090</b>	<b>127,067</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue- Notes Receivable		67,466	67,466
Unavailable Revenue- Taxes	24,524	4,232	28,756
Unavailable Revenue- Special Assessments	150	72,413	72,563
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>40,651</b>	<b>255,200</b>	<b>295,851</b>
<b>FUND BALANCE</b>			
Nonspendable	43,135	--	43,135
Restricted	121,082	1,979,710	2,100,792
Assigned	-	78,894	78,894
Unassigned	1,051,086	( 84,466 )	966,620
<b>Total Fund Balance</b>	<b>1,215,303</b>	<b>1,974,138</b>	<b>3,189,441</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,255,954</b>	<b>\$ 2,229,338</b>	<b>\$ 3,485,292</b>

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



**City of Canby**  
**Reconciliation of Governmental Funds Balance Sheet to**  
**the Statement of Net Position**  
**December 31, 2021**

Total Fund Balance - Governmental Funds	\$ 3,189,441
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements, and reflected as liability on Statement of Net Position.	(74,951)
Fixed 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.	7,699,277
Tax revenue deferred in governmental fund statements if not received within sixty days	28,756
Long- term debt reflected on Statement of Net Position not in governmental funds balance sheet.	(4,543,711)
Deferred revenue on development loans in governmental funds are susceptible to full accrual on the government-wide statements	67,466
Special assessment revenue deferred in governmental fund statements if not received within sixty days	72,562
Net pension assets are not available to pay for current period expenditures and therefore are deferred in the funds.	277,902
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.	(260,526)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.	(484,471)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.	308,369
Accrued interest payable is accrued on Statement of Net Position and expensed on the Statement of Activities. Interest is expensed on a cash basis on the Statement of Revenues, Expenditures, and Changes in Fund Balance.	(38,144)
<b>Total Net Position-Governmental Funds</b>	<b>\$ <u>6,241,970</u></b>

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

**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2021**

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental Revenues	\$ 814,213	\$ --	\$ 814,213
Property Taxes	523,392	365,295	888,687
Federal Grants	305,877	--	305,877
Other MN and County Grants	189,090	--	189,090
Special Assessments(Forfeited)	112	8,067	8,179
License and Permits	2,995	--	2,995
Fines and Forfeits	4,353	--	4,353
Charges for Services	126,273	--	126,273
Refunds and Reimbursements	119,990	--	119,990
Miscellaneous	95,338	31,905	127,243
Donations	89,774	--	89,774
Interest Income	2,074	56,648	58,722
<b>Total Revenues</b>	<u>2,273,481</u>	<u>461,915</u>	<u>2,735,396</u>
<b>Expenditures</b>			
General Government and Administration	470,594	600	471,194
Public Safety	367,011	--	367,011
Public Works	268,998	--	268,998
Culture and Recreation	203,632	--	203,632
Economic Development	--	12,128	12,128
Rehabilitation Passthrough Expenses	132,825	--	132,825
Miscellaneous	65,723	27,048	92,771
Airport	110,155	--	110,155
Capital Outlay	710,374	--	710,374
Debt - Principal	61,141	247,000	308,141
Interest and Other Charges	6,538	191,198	197,736
<b>Total Expenditures</b>	<u>2,396,991</u>	<u>477,974</u>	<u>2,874,965</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>( 123,510 )</u>	<u>(16,059 )</u>	<u>( 139,569 )</u>
<b>Other Financing Sources (Uses)</b>			
Loan Proceeds	\$ 150,000	\$ --	\$ 150,000
Gain on Sale of Assets	11,999	--	11,999
Transfers from Other Funds	76,659	148,184	224,843
Transfers to Other funds	<u>(76,659)</u>	<u>(148,184)</u>	<u>(224,843)</u>
<b>Net Other Financing Sources (Uses)</b>	<u>161,999</u>	<u>--</u>	<u>161,999</u>
<b>Net Change in Fund Balance</b>	<b>38,489</b>	<b>(16,059)</b>	<b>22,430</b>
<i>Fund Balance at Beginning of Period</i>	<u>1,176,814</u>	<u>1,990,197</u>	<u>3,167,011</u>
<b>Fund Balance at End of Period</b>	<b>\$ 1,215,303</b>	<b>\$ 1,974,138</b>	<b>\$ 3,189,441</b>

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

**City of Canby**  
**Reconciliation of Governmental Funds Statement of Revenues**  
**Expenditures and Changes in Fund Balance with Statement of Activities**  
**For the Year Ended December 31, 2021**

Total Net Change in Fund Balances - Governmental Funds	\$	22,430
Tax revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.		1,179
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements.		308,142
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.		710,374
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.		(532,832)
Accrued leave is reported in the government-wide statement of activities and changes in net position, but does not required the use of current financial resources; therefore, accrued leave is not reported as an expenditure in the government funds.		(3,643)
The issuance of long-term debt (i.e. bonds) provides current resources to government funds, while the repayment of the principal of the long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(150,000)
Revenues from development loans in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		(24,478)
Special assessment revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.		(8,504)
In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.		100,504
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements.		(38,144)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>385,028</u></b>

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

**City of Canby**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2021**

	<b>Business-type Activities</b>				
	<b>Storm Sewer</b>	<b>Wastewater</b>	<b>Water</b>	<b>Non Major Solid Waste</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$ 409,992	\$ 437,422	\$ 1,721,209	\$ 5,139	\$ 2,573,762
Investments	--	798	497	297	1,592
Taxes Receivable	199	7,252	6,793	--	14,244
Delinquent Taxes Receivable	34	4,766	4,331	--	9,131
Special Assessments Receivable	3,867	14,905	14,365	--	33,137
Accounts Receivable	14,945	32,374	34,983	11,283	93,585
Prepaid and Other Assets	--	8,322	17,043	--	25,365
<b>Total Current Assets</b>	<b>429,037</b>	<b>505,839</b>	<b>1,799,221</b>	<b>16,719</b>	<b>2,750,816</b>
<i>Noncurrent Assets</i>					
Special Assessments - Deferred	459,924	2,157,906	2,165,320	--	4,783,150
Non-Depreciable	--	79,835	21,345	25,116	126,296
Depreciable, Net	2,872,937	12,325,598	12,638,657	--	27,837,192
Advances to Other Funds	--	78,831	--	--	78,831
<b>Total Assets</b>	<b>3,761,898</b>	<b>15,148,009</b>	<b>16,624,543</b>	<b>41,835</b>	<b>35,576,285</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related	--	31,845	41,212	9,853	82,910
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>31,845</b>	<b>41,212</b>	<b>9,853</b>	<b>82,910</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	59	51	2,239	2,413	4,762
LT Debt Due Within One Year	170,000	435,000	345,000	--	950,000
Accrued Interest Payable	43,985	43,645	32,419	--	120,049
Due to Component Unit	21	109	122	--	252
<b>Total Current Liabilities</b>	<b>214,065</b>	<b>478,805</b>	<b>379,780</b>	<b>2,413</b>	<b>1,075,063</b>
<i>Noncurrent Liabilities</i>					
Compensated Absences	--	9,872	11,477	3,854	25,203
Net Pension Liability	--	45,011	58,250	10,590	113,851
Retainage Payable	17,231	88,620	99,287	--	205,138
LT Debt Due Beyond One Yr.	3,085,000	10,388,859	8,317,691	--	21,791,550
Bond Premium	30,288	--	--	--	30,288
Advances from Other Funds	--	8,322	8,491	91,373	108,186
<b>Total Liabilities</b>	<b>3,346,584</b>	<b>11,019,489</b>	<b>8,874,976</b>	<b>108,230</b>	<b>23,349,279</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related	--	41,196	53,311	12,053	106,560
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>41,196</b>	<b>53,311</b>	<b>12,053</b>	<b>106,560</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	--	1,492,954	3,898,024	25,116	5,416,094
Restricted	--	--	7,745	--	7,745
Unrestricted	415,314	2,626,215	3,831,699	(93,711)	6,779,517
<b>Total Net Position</b>	<b>\$ 415,314</b>	<b>\$ 4,119,169</b>	<b>\$ 7,737,468</b>	<b>\$ (68,595)</b>	<b>\$ 12,203,356</b>

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

**City of Canby**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2021**

	<b>Business-type Activities</b>				
	<b>Storm Sewer</b>	<b>Wastewater</b>	<b>Water</b>	<b>Non Major Solid Waste</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>					
Charges for Services	\$ 164,251	\$ 351,689	\$ 504,192	\$ 121,382	\$ 1,141,514
<b>Total Operating Revenues</b>	<b>164,251</b>	<b>351,689</b>	<b>504,192</b>	<b>121,382</b>	<b>1,141,514</b>
<b>Operating Expenses</b>					
Labor	--	76,356	86,658	12,736	175,750
Employee Benefits	--	30,110	34,965	5,363	70,438
Supplies	1,162	5,337	23,880	1,789	32,168
Repairs	138	3,294	21,955	--	25,387
Utilities	--	2,745	19,819	--	22,564
Fuel	--	579	893	--	1,472
Telephone	--	460	2,668	--	3,128
Insurance	--	8,476	8,677	--	17,153
Auditing	--	2,000	2,000	1,300	5,300
Miscellaneous	2	1,189	4,008	1,760	6,959
Contracted Services	--	5,135	18,045	78,081	101,261
Tipping Expenses	--	--	--	24,048	24,048
Motor Fuel	--	1,477	854	--	2,331
Water Purchases	--	--	2,550	--	2,550
Truck Expense	--	102	574	--	676
Dues and License	--	495	8,850	--	9,345
Construction	--	--	--	4,117	4,117
Legal & Professional	5,421	--	--	25,626	31,047
Depreciation	155,070	646,991	672,039	--	1,474,100
<b>Total Operating Expenses</b>	<b>161,793</b>	<b>784,746</b>	<b>908,435</b>	<b>154,820</b>	<b>2,009,794</b>
<b>Operating Income (Loss)</b>	<b>2,458</b>	<b>(433,057)</b>	<b>(404,243)</b>	<b>(33,438)</b>	<b>(868,280)</b>
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	17,955	55,702	57,178	1	130,836
Property Taxes	6,346	231,692	217,027	--	455,065
Special Assessments(Forfeited)	12,466	(7,302)	(6,231)	--	(1,067)
Refunds and Reimbursements	--	150	551	--	701
Rental Income	--	--	9,878	--	9,878
State Grant Proceeds	--	6,054	11,871	--	17,925
Interest Expense	(147,134)	(166,174)	(123,019)	--	(436,327)
Sales Tax Expense	--	--	(5,264)	(10,505)	(15,769)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(110,367)</b>	<b>120,122</b>	<b>161,991</b>	<b>(10,504)</b>	<b>161,242</b>
<b>Income Before Contributions and Transfers</b>	<b>(107,909)</b>	<b>(312,935)</b>	<b>(242,252)</b>	<b>(43,942)</b>	<b>(707,038)</b>
<b>Change In Net Position</b>	<b>(107,909)</b>	<b>(312,935)</b>	<b>(242,252)</b>	<b>(43,942)</b>	<b>(707,038)</b>
<i>Net Position at Beginning of Period</i>	<i>523,223</i>	<i>4,432,104</i>	<i>7,979,720</i>	<i>(24,653)</i>	<i>12,910,394</i>
<b>Net Position at End of Period</b>	<b>\$ 415,314</b>	<b>\$ 4,119,169</b>	<b>\$ 7,737,468</b>	<b>\$ (68,595)</b>	<b>\$ 12,203,356</b>

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

**City of Canby**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

	Business-Type Activities				
	Storm Sewer	Wastewater	Water	Non Major Solid Waste	Total Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers	\$ 163,701	\$ 350,804	\$ 503,707	\$ 121,561	\$ 1,139,773
Other Receipts	-	150	551	-	701
Payments to Suppliers and Vendors	(6,733)	(31,621)	(128,981)	(146,358)	(313,693)
Payments to and on Behalf of Employees	-	(111,915)	(128,076)	(20,115)	(260,106)
<b>Net Cash Flows Provided (Used) by Operating Activities</b>	<b>156,968</b>	<b>207,418</b>	<b>247,201</b>	<b>(44,912)</b>	<b>566,675</b>
<b>Cash Flows From Noncapital Financing Activities:</b>					
General Property Taxes	-	312,421	216,787	-	529,208
Special Assessments	42,413	94,144	94,239	-	230,796
Rental Income	-	-	9,878	-	9,878
State Grant Proceeds	-	-	158,713	-	158,713
Cash Received from (paid on) Advances to Other Funds	-	(50,000)	-	50,000	-
Cash Received from (paid on) Advances from Other Funds	-	(45)	(64)	-	(109)
<b>Net Cash Flows Provided (Used) by Noncapital Financing Activities</b>	<b>42,413</b>	<b>356,520</b>	<b>479,553</b>	<b>50,000</b>	<b>928,486</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Bond Proceeds / (Costs)	(3,365)	324,856	295,934	-	617,425
Cash Paid for Principal on Debt	(185,000)	(430,000)	(340,500)	-	(955,500)
Cash Paid for Interest on Debt	(103,149)	(122,529)	(90,600)	-	(316,278)
Acquisition of Capital Assets	(78,886)	(405,800)	(486,087)	-	(970,773)
<b>Net Cash Flows from Capital and Related Financing Activities</b>	<b>(370,400)</b>	<b>(633,473)</b>	<b>(621,253)</b>	<b>-</b>	<b>(1,625,126)</b>
<b>Cash Flows From Investing Activities:</b>					
Interest Earned on Investments	17,955	55,702	57,178	1	130,836
<b>Net Cash Flows from Investing Activities</b>	<b>17,955</b>	<b>55,702</b>	<b>57,178</b>	<b>1</b>	<b>130,836</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (153,064)</b>	<b>\$ (13,833)</b>	<b>\$ 162,679</b>	<b>\$ 5,089</b>	<b>\$ 871</b>
Cash and Cash Equivalents - Beginning of Year	563,056	451,255	1,558,530	50	2,572,891
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 409,992</b>	<b>\$ 437,422</b>	<b>\$ 1,721,209</b>	<b>\$ 5,139</b>	<b>\$ 2,573,762</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 2,458	\$ (433,057)	\$ (404,243)	\$ (33,438)	\$ (868,280)
Other Income Related to Operations	-	150	551	-	701
Other Expense	-	-	(5,264)	(10,505)	(15,769)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and Amortization	155,070	646,991	672,039	-	1,474,100
Change in Pension Expense	-	(3,508)	(4,543)	(829)	(8,880)
Changes in Assets and Liabilities:					
Accounts Receivable	(550)	(885)	(485)	179	(1,741)
Prepaid Expense	-	154	(8,366)	-	(8,212)
Accounts Payable-Operating	(10)	(486)	(578)	1,697	623
Accrued Vacation	-	(1,941)	(1,910)	(2,016)	(5,867)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 156,968</b>	<b>\$ 207,418</b>	<b>\$ 247,201</b>	<b>\$ (44,912)</b>	<b>\$ 566,675</b>
<b>Noncash Capital and Related Financing Activities</b>					
Capital Asset Acquisition in Accounts/Retainage Payable	(72,224)	(371,436)	(405,478)	-	(849,138)

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

**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Over (Under)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
General Property Taxes	\$ 419,029	\$ 419,029	\$ 523,392	\$ 104,363
Special Assessments	2,000	2,000	112	(1,888)
Business	1,810	1,810	2,975	1,165
Liquor	1,100	1,100	--	(1,100)
Non-Business	120	120	20	(100)
Local Government Aid	742,315	742,315	742,315	--
Market Value Assistance	--	--	38,376	38,376
Local Performance Aid & PERA Aid	2,312	2,312	--	(2,312)
State Aid - Police	23,000	23,000	28,872	5,872
Public Safety - Canby & Porter	20,000	20,000	47,100	27,100
Other Grants	50,000	50,000	168,697	118,697
Federal Grant	82,000	82,000	330,920	248,920
Lot Sales	1,000	1,000	4,800	3,800
Perpetual Care	--	--	125	125
Fire Control Income	7,500	7,500	18,875	11,375
Traffic and Ordinance Fines	3,500	3,500	4,353	853
Interest Income	2,506	2,506	2,074	(432)
Rents	1,800	1,800	1,800	--
Airport Hanger Rent	22,000	22,000	24,770	2,770
Airport Farm Rent	15,811	15,811	15,811	--
Airport Gas, Gravel Sales, and Fly-in	65,514	65,514	60,642	(4,872)
Cable Franchise Fee	47,000	47,000	39,059	(7,941)
Insurance Refunds & Reimbursements	20,000	20,000	109,725	89,725
Pop Machine	7,450	7,450	1,479	(5,971)
Donations	10,000	10,000	42,674	32,674
Sale of Assets	25,000	25,000	11,999	(13,001)
Other Miscellaneous Revenue	138,315	75,000	64,515	(10,485)
<b>Total Revenues</b>	<b>1,711,082</b>	<b>1,647,767</b>	<b>2,285,480</b>	<b>637,713</b>
<b>Other Financing Sources</b>				
Proceeds from loans	--	--	150,000	150,000
Transfers from other funds	--	--	76,659	76,659
<b>Total Revenues and Other Financing Sources</b>	<b>1,711,082</b>	<b>1,647,767</b>	<b>2,512,139</b>	<b>864,372</b>

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

**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Continued)**  
**General Fund**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under) Final to Actual
<b>Expenditures</b>				
GENERAL GOVERNMENT				
<i>Mayor and Council:</i>				
Salaries	7,200	7,200	7,050	150
Payroll Taxes & Benefits	971	971	983	-12
Travel and Conference	875	350	350	--
Subscriptions and Memberships	60	735	735	--
General Insurance	100,000	130,500	109,674	20,826
Election	1,000	2,241	2,241	--
<i>Total Mayor and Council</i>	110,106	141,997	121,033	20,964
<i>Administration:</i>				
Salaries	140,378	164,378	163,945	433
Payroll Tax & Benefits	21,266	21,517	21,435	82
Insurance	31,100	29,100	28,905	195
Office Supplies	10,650	10,800	6,109	4,691
Maintenance and Repairs	500	--	--	--
Communications	6,000	6,050	6,024	26
Travel, Conference and Schools	3,000	1,400	1,467	(67)
Printing and Publishing	2,000	1,600	1,372	228
Contractual Services	2,500	5,600	9,192	(3,592)
Miscellaneous	3,000	2,650	2,966	(316)
Assessor	15,767	16,117	16,117	--
Accounting and Legal	30,500	30,500	27,534	2,966
Planning and Zoning	13,000	10,000	7,149	2,851
<i>Total Administration</i>	279,661	299,712	292,215	11,472
<i>Municipal Building:</i>				
Maintenance and Repair	4,500	32,300	32,060	240
Supplies	1,725	1,175	951	224
Utilities	16,000	12,100	12,140	(40)
Contractual Services	6,300	4,700	4,487	213
Miscellaneous	10	10	15	(5)
Equipment and Improvements	--	450	450	--
Public Restroom Service	--	600	511	89
Printing and Publishing	6,000	4,100	4,051	49
Utilities	2,500	2,300	2,468	(168)
Christmas Decorations Utilities	400	400	213	187
<i>Total Municipal Building</i>	37,435	58,135	57,346	1,002

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



**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual(Continued)**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>Over (Under)</b>
				<b>Final to Actual</b>
<b>PUBLIC SAFETY</b>				
<i>Police Protection:</i>				
Wages	172,578	177,578	177,245	333
Payroll Taxes/PERA	33,048	33,048	32,741	307
Insurance	38,621	34,621	34,279	342
Office/General Supplies	11,000	20,000	20,311	(311)
Motor Fuel and Lubes	7,000	6,000	5,842	158
Maintenance and Repair	5,000	3,500	2,146	1,354
Communications	4,800	4,800	4,468	332
Travel, Conference, and Schools	1,200	2,250	2,234	16
Subscription and Memberships	325	755	818	(63)
Contractual Services	6,000	6,400	7,497	(1,097)
Professional Services	20,000	13,000	14,916	(1,916)
<i>Total Police Protection</i>	<u>299,572</u>	<u>301,952</u>	<u>302,497</u>	<u>2,842</u>
<i>Fire Protection:</i>				
Wages	18,000	21,400	21,335	65
Payroll Taxes/PERA	1,377	1,632	1,632	--
Interest	3,576	3,576	6,538	(2,962)
Principal	17,291	17,291	61,141	(43,850)
Supplies	2,000	9,500	9,433	67
Motor Fuel and Lubes	2,000	4,000	3,266	734
Maintenance and Repair	11,500	14,000	13,541	459
Communications	750	460	460	--
Travel, Conference and Schools	3,500	4,650	4,650	--
Utilities	6,500	5,500	4,916	584
Contracted Services	2,000	2,700	2,635	65
Miscellaneous	500	1,750	1,650	100
Equipment and Improvements	10,000	454,312	454,312	--
<i>Total Fire Protection</i>	<u>59,617</u>	<u>517,739</u>	<u>562,542</u>	<u>2,009</u>
<i>Civil Defense:</i>				
Utilities	500	500	554	(54)
Supplies	1,000	1,000	442	558
<i>Total Civil Defense</i>	<u>95,867</u>	<u>1,002,611</u>	<u>1,045,702</u>	<u>3,775</u>

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

**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual(Continued)**  
**General Fund**  
**For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Over (Under)</b>
				<b>Final to Actual</b>
<b>PUBLIC WORKS</b>				
<i>Streets:</i>				
Wages	99,747	100,747	100,298	449
Payroll Taxes/PERA	12,112	14,062	14,024	38
Insurance	34,083	34,728	34,402	326
Motor Fuel and Lubes	15,000	7,500	8,048	(548)
Maintenance and Repair	120,000	42,000	43,102	(1,102)
Travel, Conferences and Schools	200	250	108	142
Utilities	700	700	382	318
Supplies	8,000	5,500	4,738	762
Capital Expenditures	109,061	105,493	58,170	47,323
Miscellaneous	7,000	1,200	1,169	31
<i>Total Streets</i>	<u>405,903</u>	<u>312,180</u>	<u>264,441</u>	<u>49,389</u>
<i>City Garage:</i>				
Utilities	6,300	4,900	4,956	(56)
Maintenance and Repair	2,000	100	81	19
Supplies	3,500	3,500	2,558	942
Miscellaneous	10	10	15	(5)
Dues and Licenses	10	10	10	--
Street Lighting	32,500	40,600	40,525	75
<i>Total City Garage</i>	<u>44,320</u>	<u>49,120</u>	<u>48,145</u>	<u>975</u>
<b>CULTURE &amp; REC</b>				
<i>Library:</i>				
Communications	1,405	1,405	1,405	--
Contracted Services	77,296	77,296	77,296	--
<i>Total Library</i>	<u>78,701</u>	<u>78,701</u>	<u>78,701</u>	<u>0</u>
<i>Recreation Council:</i>				
Wages	58,000	39,468	39,468	--
Payroll Taxes	4,436	3,019	3,019	--
Miscellaneous	--	2,620	2,622	(2)
Utilities	1,000	2,210	2,210	--
<i>Total Recreation Council</i>	<u>63,436</u>	<u>47,317</u>	<u>47,319</u>	<u>(2)</u>

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

**City of Canby**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual(Continued)**  
**General Fund**  
**For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under) Final to Actual
<i>Parks:</i>				
Salaries and Wages	23,325	18,372	18,372	--
Payroll Taxes/PERA	2,985	2,386	2,386	--
Insurance	5,663	5,673	5,647	26
Motor Fuels & Lubes	3,500	3,700	3,739	(39)
Maintenance and Repair Building	6,250	10,300	9,089	1,211
Utilities	2,000	3,300	3,297	3
Supplies	7,000	5,800	9,070	(3,270)
Contracted Services	600	600	45	555
Subscriptions and Memberships	250	300	257	43
Equipment Purchase	28,000	81,350	81,344	6
Miscellaneous	100	100	70	30
<i>Total Parks</i>	79,673	131,881	133,316	1,874
<i>Swimming Pool:</i>				
Communication	800	502	502	--
Utilities	10,000	9,553	9,553	--
Travel	500	600	598	2
Maintenance and Repair Equipment	2,000	3,500	2,814	686
Maintenance and Repair Building	500	3,600	3,600	--
Supplies	10,050	5,292	5,292	--
Miscellaneous	830	687	687	--
Communications	1,400	1,400	1,338	62
<i>Total Swimming Pool</i>	26,080	25,134	24,384	750
<i>Theatre:</i>				
Utilities	12,000	9,000	9,018	(18)
Supplies	1,000	--	--	--
Contracted Services	2,000	10,436	11,393	(957)
Maintenance and Repairs	5,000	628	628	--
Miscellaneous	2,700	2,950	2,716	234
Motor Fuels and Lubes	2,150	850	476	374
Maintenance and Repairs	6,000	11,900	13,340	(1,440)
Communications	3,000	2,600	2,586	14
Utilities	8,700	11,400	10,855	545
Supplies	2,000	2,100	4,301	(2,201)
License and Taxes	5,065	5,165	5,158	7
Capital Outlay	--	38,332	38,332	--
<i>Total Theatre</i>	49,615	95,361	98,803	1,174

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

City of Canby  
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual(Continued)  
General Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Over (Under) Final to Actual
<i>Cemetery:</i>				
Wages	14,944	9,943	9,943	--
Payroll Taxes/PERA	1,683	1,231	1,228	3
Utilities	160	260	256	4
Maintenance and Repair	200	900	853	47
Supplies	700	350	302	48
Insurance	2,837	2,837	2,825	12
Miscellaneous	15	15	15	--
<i>Total Cemetery</i>	<u>20,539</u>	<u>15,536</u>	<u>15,422</u>	<u>114</u>
<b>AIRPORT</b>				
<i>Airport:</i>				
Merchandise for Resale	55,000	55,000	47,993	7,007
Contracted Services	32,000	16,000	15,454	546
Miscellaneous	1,250	1,090	1,050	40
Expansion Project	--	64,530	8,942	55,588
Equipment and Improvements	6,250	32,473	95,392	(62,919)
<i>Total Airport</i>				
<i>Other Miscellaneous:</i>				
Canby Area Business Service	12,000	12,000	9,893	2,107
Insect and Pest Control	14,100	1,350	1,350	--
Grant Pass-through Expense	--	--	132,825	(132,825)
Miscellaneous	11,710	14,210	13,965	245
<i>Total Misc</i>	<u>132,310</u>	<u>196,653</u>	<u>326,864</u>	<u>65,533</u>
<b>Total Expenditures</b>	<u>1,707,845</u>	<u>2,295,950</u>	<u>2,396,991</u>	<u>(101,041)</u>
<b>Other Financing Uses</b>				
Transfers to other funds	--	--	76,659	(76,659)
<b>Total Expenditures and Other Financing Uses</b>	<u>1,707,845</u>	<u>2,295,950</u>	<u>2,473,650</u>	<u>(177,700)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
	<u>3,237</u>	<u>(648,183)</u>	<u>38,489</u>	<u>686,672</u>
<b>Net Change in Fund Balance</b>	<u>3,237</u>	<u>(648,183)</u>	<u>38,489</u>	<u>686,672</u>
<i>Fund Balance at Beginning of Period</i>	1,176,814	1,176,814	1,176,814	--
<b>Fund Balance at End of Period</b>	<u>\$ 1,180,051</u>	<u>\$ 528,631</u>	<u>\$ 1,215,303</u>	<u>\$ 686,672</u>

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

The City's 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. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

The more significant accounting policies established by GAAP and used by the City are discussed below.

**A. REPORTING ENTITY**

The City of Canby, Minnesota (the City) is a municipal corporation, incorporated under the laws of the State of Minnesota, and governed under a charter adopted. The City was formed and operates pursuant to applicable Minnesota laws and statutes. The City operates under an elected Mayor and four member council form of government. The council has control over all activities related to the City of Canby. The City provides the following services: sanitation, recreation, public improvements, planning and zoning, and general administrative services.

These financial statements present the City (the primary government) and have no component units. The City follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* to define the reporting entity. The City includes all component units of which the City appointed a voting majority of the unit's board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**Blended Component Unit**

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity to comprise the primary government presentation. Currently, the City has one blended component unit, the Economic Development Authority.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**A. REPORTING ENTITY (CONTINUED)**

**Discretely Presented Component Units**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has one discretely presented component unit, Canby Housing and Redevelopment Authority (HRA).

The HRA operates as a local government unit for the purpose of providing housing and redevelopment services to the Canby area. The HRA cannot issue bonds pledging as security the full-faith and credit of the City.

The complete audited financial statements of the HRA may be obtained from the HRA executive director at the following address:

Housing and Redevelopment Authority of Canby  
110 Oscar Avenue N  
Canby, MN 56220

**Related Organization**

A related organization is included in the financial reporting entity in accordance with GASB Statement No. 68. The City's accountability does not extend beyond the Mayor, Clerk-Treasurer and Fire Chief being ex officio members of the board. The related organization is as follows:

Canby Fire Relief Association – The Association is organized as a non-profit organization by its members to provide pension and other benefits to members in accordance with Minnesota statutes. The Association's Board of Directors consists of seven members elected by the membership of the Association and three ex officio members, the Mayor, Clerk-Treasurer and Fire Chief. All funding is obtained in accordance with Minnesota statutes whereby state aids and tax levies, which are determined by the Association, flow through PERA. The Canby Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan, an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). More information is included in the Note 4.G.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**B. GOVERNMENT-WIDE AND FUND 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 City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. They include all funds of the reporting entity except for fiduciary funds.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary 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, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

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 property taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor 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 City 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. The city maintains the economic development special revenue fund.

Debt Service Funds - The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Ad valorem taxes are used for the payment of principal and interest on the City's judgment. The city maintains multiple debt service funds.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

Capital Projects Funds - Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments). The City maintains capital project fund TIF 1-25 and Pool project fund.

Proprietary Funds:

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City maintains water, wastewater, storm sewer and solid waste enterprise funds.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for financial resources not accounted for and reported in another fund.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water system.

The *Wastewater Fund* accounts for the operations of the City's wastewater system.

The *Storm Sewer Fund* accounts for the operations of the City's storm sewer system.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The City has elected not to follow subsequent private sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE**

**Deposits and Investments**

For the purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

Investments are carried at fair value, based on quoted market price at the reporting date.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivable are assessable to the property taxes and are collectible upon sale of the assessed property.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE  
(CONTINUED)**

The City levies its property tax for the subsequent year during the month of October. Property taxes attach as an enforceable lien on property as of January 1. Revenues are accrued and recognized in the year collectible.

December 31 is the last day the City can certify a tax levy to the County Auditor for collection the following year. The County Auditor makes up the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City. Assessments receivable consist of the portion of improvements made by the City and charged against the properties affected.

These assessments are payable with interest over a period of years. The County Auditor remits a list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January each year. The County Treasurer mails copies of all real estate and personal property tax statements.

Real property taxes may be paid in two equal installments. The first payment is due on May 15 for both non-agricultural and agricultural property and the second payment is due on October 15 for non-agricultural property and November 15 for agricultural property. Personal property taxes may be paid on May 15 and October 15. The County is the collection agent for the levy. The County provides tax settlements to cities and other taxing districts three times a year in January, June, and December. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Portions of the tax levy paid by the state in the form of market value assistance are included in intergovernmental revenue. Only that portion collected directly from property owners is reflected in tax revenue. Delinquent property taxes are deferred and recognized when received or in the hands of the collection agency in the fund financial statements since they do not constitute "available spendable resources". In the government-wide financial statements, under the accrual basis of accounting, they are recognized as revenues since they are earned. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE  
(CONTINUED)**

**Inventories**

Inventory is valued at lower of cost or market using the first-in, first-out method. The City maintains inventory in the general fund for the airport fuel. The cost of other consumable materials and supplies on hand are immaterial to the financial statements and the City has therefore chosen to report these items as expenditures/expenses at the time of purchase.

**Restricted Assets**

Restricted assets are deposits held for specifically required purposes and are offset by fund balance reserve accounts.

**Capital Assets**

Capital assets are defined by the City in 2021 as assets with an initial individual cost of \$5,000 or more and an estimated life in excess of one year. Capital assets include property, plant, equipment, infrastructure assets (i.e., roads, bridges, sidewalks, drainage, and similar items), and intangible assets are reported in the application governmental or business-type activities column of the government-wide financial statements.

Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB No. 34 required that the City report and depreciate new infrastructure assets effective fiscal year ending December 31, 2004. Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to December 31, 2003, were not required to be capitalized by the City. These infrastructure assets are likely to be the largest asset class of the City. Neither the historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required for cities of this size. City has elected not to record infrastructure values retroactively as allowed by accounting principles generally accepted in the United States of America.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the City as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities' column of the government-wide statement of net position.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

Capital assets of the enterprise funds are capitalized in the funds.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets:

Land	Not Depreciated
Infrastructure	15-65 Years
Buildings	10-50 Years
Improvements	15-50 Years
Machinery and Equipment	3-20 Years

**Long-Term Obligations**

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

Bond premium and discounts, as well as issuance costs, are recognized as an outflow of resources and expensed in the period they are incurred. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported separately and expensed in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

**Compensated Absences**

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements and the proprietary fund types. In the governmental funds of the fund financial statements, vacation and sick pay are recorded as expenditures and accrued as a current liability only if they have matured, for example, as a result of employee’s resignations and retirements.

IBEW (International Brotherhood of Electrical Workers) Local 949 Union Contracts

Vacation leave - All regular employees who have been employed 10 years or less will accumulate one day’s credit for each month worked with a maximum of 10 days which can be earned each year. Any regular employee who has been employed more than ten but less than twenty years by the city will accumulate one and one-half day’s credit for each month worked with a maximum of 15 days which can be earned each year. Any regular employee who has been employed more than twenty years by the city will accumulate two day’s credit for each month worked with a maximum of 20 days which can be earned each year, and in addition thereto shall be entitled to one additional day for each year of employment over twenty years with a maximum of five additional days which can be earned each year. The maximum vacation leave which can be earned by an employee of more than twenty-five years shall be 25 days.

An employee may accrue up to a maximum of 20 days of vacation into the next year.

<u>Years of Service</u>	<u>Payment - % of Unused Vacation Leave</u>
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

Sick leave – Sick leave will be earned on the basis of one day for each month worked, for a total of 12 possible days per year. Sick leave may be accrued for a total of 90 days of work allowance. Sick leave may also be transferred from one employee to another as needed for an extended illness. Such situations would be approved by the city administrator when they arise. This would be a maximum of 5 days to be transferred by employees. This is charged to expense in the year paid.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

Severance pay, which is received upon termination of employment, consists of unused sick pay accrued through the date of termination. This is paid at the former employee's hourly pay rate. Severance pay may also include a portion of unpaid sick leave. In the event a regular employee terminates employment and has given proper notice, the regular employee shall be entitled to the following benefits:

Years of Service	Payment - % of Unused Sick Leave
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

Compensatory Time – Time over 40 hours per week and having received approval will be considered overtime at the rate of time and one-half which may be taken as pay or compensatory time at the employee's discretion. An employee may not exceed 120 hours of compensatory time. Any comp time above the 120 maximum will be dealt with by one of two ways. First, the employee may choose to have their accrued comp time over 120 hours paid out down to the maximum or two, the employee may choose to keep their accrued comp time and use it as time off until the amount reaches 120 hours.

MAPE (Minnesota Association of Professional Employees) Union Contract

Vacation leave - All regular employees who have been employed 10 years or less will accumulate one day's credit for each month worked with a maximum of 10 days which can be earned each year. Any regular employee who has been employed more than ten but less than twenty years by the city will accumulate one and one-half day's credit for each month worked with a maximum of 15 days which can be earned each year. Any regular employee who has been employed more than twenty years by the city will accumulate two day's credit for each month worked with a maximum of 20 days which can be earned each year, and in addition thereto shall be entitled to one additional day for each year of employment over twenty years with a maximum of five additional days which can be earned each year. The maximum vacation leave which can be earned by an employee of more than twenty-five years shall be 25 days.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

An employee may accrue up to a maximum of 20 days of vacation into the next year.

<u>Years of Service</u>	<u>Payment - % of Unused Vacation Leave</u>
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

Sick leave – Sick leave will be earned on the basis of one day for each month worked, for a total of 12 possible days per year. Sick leave may be accrued for a total of 90 days of work allowance. Sick leave may also be transferred from one employee to another as needed for an extended illness. Such situations would be approved by the city administrator when they arise. This would be a maximum of 5 days to be transferred by employees. This is charged to expense in the year paid.

Severance pay, which is received upon termination of employment, consists of unused sick pay accrued through the date of termination. This is paid at the former employee’s hourly pay rate. Severance pay may also include a portion of unpaid sick leave. In the event a regular employee terminates employment and has given proper notice, the regular employee shall be entitled to the following benefits:

<u>Years of Service</u>	<u>Payment - % of Unused Sick Leave</u>
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

Compensatory Time – Time over 40 hours per week and having received approval will be considered overtime at the rate of time and one-half which may be taken as pay or compensatory time at the employee’s discretion. An employee may not exceed 120 hours of compensatory time. Any comp time above the 120 maximum will be dealt with by one of two ways. First, the employee may choose to have their accrued comp time over 120 hours paid out down to the maximum or two, the employee may choose to keep their accrued comp time and use it as time off until the amount reaches 120 hours.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

Law Enforcement Labor Services, Inc. Union Contract

Vacation leave - All regular employees who have been employed 10 years or less will accumulate one day's credit for each month worked with a maximum of 12 days which can be earned each year. Any regular employee who has been employed more than ten but less than twenty years by the city will accumulate one and one-half day's credit for each month worked with a maximum of 18 days which can be earned each year. Any regular employee who has been employed more than twenty years by the city will accumulate two day's credit for each month worked with a maximum of 24 days which can be earned each year, and in addition thereto shall be entitled to one additional day for each year of employment over twenty years with a maximum of five additional days which can be earned each year. The maximum vacation leave which can be earned by an employee of more than twenty-five years shall be 25 days.

An employee may accrue up to five days beyond annual accrued unused vacation days may be bank and carried over from year to year. When an employee terminates employment with the City in good standing, he or she shall receive the value of 100% of vacation time earned but unused as severance.

Sick leave – Sick leave will be earned on the basis of one day for each month worked, for a total of 12 possible days per year. Sick leave may be accrued for a total of 90 days of work allowance. Sick leave may also be transferred from one employee to another as needed for an extended illness. Such situations would be approved by the city administrator when they arise. This would be a maximum of 24 days to be transferred by employees. This is charged to expense in the year paid.

Severance pay, which is received upon termination of employment, consists of unused sick pay accrued through the date of termination. This is paid at the former employee's hourly pay rate. Severance pay may also include a portion of unpaid sick leave. In the event a regular employee terminates employment and has given proper notice, the regular employee shall be entitled to the following benefits:

Years of Service	Payment - % of Unused Sick Leave
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

Compensatory Time – Time over 40 hours per week and having received approval will be considered overtime at the rate of time and one-half which may be taken as pay or compensatory time at the employee’s discretion. An employee may not exceed 120 hours of compensatory time. Any comp time above the 120 maximum will be dealt with by one of two ways. First, the employee may choose to have their accrued comp time over 120 hours paid out down to the maximum or two, the employee may choose to keep their accrued comp time and use it as time off until the amount reaches 120 hours.

**Fund Balance Classifications**

The City 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 City Council. To be reported as committed, amounts cannot be used for any other purpose unless the City Council 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 City 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 City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (CONTINUED)**

The City Council has formally adopted a fund balance policy for the General Fund. The City's 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, 2021, the unassigned fund balance of the General Fund was 49% of the subsequent year's budgeted expenditures.

**Net Position Classifications**

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is 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 position 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 City of Canby 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, 2013. 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 City of Canby currently recognizes deferred outflows relating to pensions for reporting in this category. The length of the expense recognition period for deferred amounts related is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

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 City of Canby has two types of items that qualify for reporting in this category; unearned property taxes and deferred inflows relating to pensions. These amounts are deferred and recognized as inflows of resources in the period that the amount is earned. Deferred amounts relating to pensions represent differences between projected and actual earnings on pension plan investments and are recognized over a five-year period.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE  
(CONTINUED)**

**Due from Other Governments**

Grant revenues from the federal and state government are recognized as awarded and received. Expenditures are recognized when incurred in accordance with the provisions of the grants and contracts. As of December 31, 2021, due from other governments totaled \$24,191. This amount includes federal and state dollars.

**Excess TIF Returned to County**

In March 2021, the city returned excess TIF from TIF 1-4 and 1-12 to the county. This amount is \$242,543.

**E. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Amounts are allocated in accordance with the employees wages, Administrative 25%, Street, 25%, Park 4%, Cemetery 3%, Water 22%, Sewer 17% and Garbage 4%.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**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 legally adopted by Council resolution for the General Fund.

The City follows these legal compliance procedures in establishing the budgetary data reflected in the financial statements:

1. The department heads submit to the city clerk a budget of estimated expenditures for the ensuing year after which the City Clerk subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.
2. Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. Information about the budget ordinance is then published in the official newspaper of the City.
3. At least ten days prior to October 1, the budget is legally enacted through the passage of an ordinance. The City Clerk is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts are as originally adopted by the City Council. All supplemental appropriations require the approval of the City Council. There were no amendments to the original appropriations. The City prepared and adopted a legal budget.
5. All budgeted appropriations lapse at the end of the year. The legal level of budgetary control is at the functional level.

All budget amounts presented reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). The General Fund utilized the same basis of accounting for both budgetary purposes and actual results.

**Encumbrances**

The City does not utilize encumbrance accounting.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**B. FUND BALANCE CLASSIFICATION**

At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

	General Fund	Non Major Gov't Funds	Total
Nonspendable:			
Prepaid Expenses	43,135		43,135
Restricted for:			
John Swenson			
Trust	53,884		53,884
ARPA	57,100		57,100
Debt Service		1,979,710	1,979,710
Humane Society	10,098		10,098
Assigned		78,894	78,894
Unassigned:	1,051,086	(84,466)	966,620
Total Fund			
Balances	<u>1,215,303</u>	<u>1,974,138</u>	<u>3,189,441</u>

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The general fund, a major fund, had excess expenditures over appropriations.

**D. DEFICIT FUND BALANCES**

The following funds had deficit fund balances as of December 31, 2021:

Debt Service Funds:	
GO Tax Increment Bonds - 1997	45,628
TIF 1-6	559
TIF 1-10-Decertified	3,092
TIF 1-18	294
TIF 1-28	2,654
TIF 1-29	7,819
TIF 1-31	12,229
TIF 1-32	12,191

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**E. DEBT RESTRICTIONS AND COVENANTS**

**General Obligation Debt**

Minnesota Statutes §475.53, subd. 3 limit the amount of outstanding general obligation bonded debt of the municipality. The City complies with such laws.

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

**A. DEPOSITS AND INVESTMENTS**

The City maintains a pooled cash and investment portfolio that is used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle monies while ensuring the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved.

Investment income derived from the pooled funds is allocated to respective funds on the basis of applicable cash balance participation by each fund.

**Deposits**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be insured, protected by surety bond or collateralized, and the market value of collateral pledged must equal 110% of the deposits not covered by insurance, surety bonds and letters of credit.

Authorized collateral includes all treasury bills, notes, and bonds; issues of U.S. governmental agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank and certificates of deposit. Minnesota statutes also require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City does not have any deposit policies that would further limit deposit choices.

According to Minnesota Statutes, the aggregate of a municipality's time/savings accounts, i.e., savings accounts, NOW accounts, and time deposits (CD's) with the same depository are insured up to a total of \$250,000. The aggregate of a municipality's demand accounts, i.e., non-interest and interest-bearing checking accounts, are insured up to a total of \$250,000 and are insured separately from the municipality's other deposits. This separate \$250,000 coverage for non-interest bearing accounts only applies if the depository is in the same state as the municipality.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Custodial Credit Risk – Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the City’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 \$4,737,755 at December 31, 2021, which was fully insured by depository insurance or secured with collateral held by the City’s agent in its name. The carrying amount of these deposits at December 31, 2021 was \$4,647,030.

**Investment Policy**

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a.) Direct obligations guaranteed by the United States or its agencies;
- b.) 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 of the State of Minnesota or its municipalities
- c.) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System
- d.) 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.
- e.) Repurchase or reverse repurchase 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.
- f.) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.
- g.) Guaranteed investment contract (GIC’s) issued or guaranteed by United States Commercial Banks or domestic branches of foreign banks or United State insurance company and with a credit quality in one of the top two highest categories.

The City does not have any investment policies that would further limit investment choice.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Interest Rate Risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needs for operation. The City only invests in certificates of deposits and the 4M Fund to limit its interest rate risk. Investments in certificates of deposit are made so maturities coincide with cash flow needs and investments in the 4M Fund are not subject to maturities so there is no interference with cash flows.

As of December 31, 2021, the City had the following investments:

<u>2021 Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
4M Fund	\$1,592	*

\*Is not subject to weighted average maturity policy.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The investment policy of the City limits their investment options to those authorized by the State of Minnesota as described above.

*Concentrations of Credit Risk:* The risk of loss attributed to the magnitude of the City's investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer. As of December 31, 2021, 100% of the City's investments are in the 4M Fund.

*Custodial Risk – Investments:* For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2021, all investments were insured or registered or the securities were held by the City or its agent in the City's name.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

A reconciliation of cash and investments as shown on the Statement of Net Position as of December 31, 2021:

Checking	\$ 1,679,522
Savings and Money Market	2,913,624
Certificates of Deposit	53,884
Investments	1,592
Total	\$ 4,648,622
Deposits	\$ 4,647,030
Investments	1,592
Total	\$ 4,648,622

**B. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consists of utilities receivable. No allowance for uncollectible accounts is deemed necessary at year end.

Accounts receivable of the governmental activities consists almost entirely of delinquent taxes and special assessments. Delinquent taxes and special assessments have been offset by deferred inflows of resources for delinquent taxes and special assessments not received within 60 days after year-end in the governmental fund financial statements. The deferred inflow amount as of December 31, 2021 is \$101,319 for taxes and special assessments.

**C. NOTES RECEIVABLE**

The Economic Development Authority of Canby has established the Economic Development Fund to provide low interest loans to assist business with economic development. The loans have been collateralized and call for periodic payments of principal and interest. In the fund financial statements, under the modified accrual basis of accounting, the loans have been completely offset by deferred inflows of resources. Therefore, no revenues will be recognized until the payments are actually received. In the government-wide financial statements, under the accrual basis of accounting, revenues are earned and therefore, recognized.

The Notes Receivable from the Canby HRA is for its share of the debt of the City's GOIB 2012B, 2014C, 2015A and 2019A. As payments are due on the bond, the HRA will remit its share to the City and the City will issue one check to the bonding company.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**C. NOTES RECEIVABLE (CONTINUED)**

The following is a summary of notes receivable transactions for the year ended December 31, 2021:

	Balance 1-1-21	Amount Advanced	Payments Received	Balance 12-31-201
EDA Loans	\$ 91,946	\$ 4,862	\$ 29,340	\$ 67,468
Canby HRA Note	288,962		18,268	270,694
Canby HRA Note	451,964		22,761	429,203
Canby HRA Note	205,680		7,760	197,920
Canby HRA Note	110,223		5,276	104,947
	<u>\$ 1,148,775</u>	<u>\$ 4,862</u>	<u>\$ 83,405</u>	<u>\$ 1,070,232</u>

The Economic Development Authority of Canby has established the Economic Development Fund to provide low interest loans to assist business with economic development. Payments are made to the city from the various businesses. The loans have been collateralized. Payment terms range from \$45.00 to \$300.00 per month. Interest Rates range from 5-6%.

The Canby HRA Note Receivables are setup to pay off the bond reimbursement. Since the City holds the debt, the HRA pays the city after the payment has been sent in. These include the GOIB Bonds of 2012B, 2014C, 2015A and 2019A.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated				
Land	700,878			700,878
Construction in Progress	-	45,140		45,140
Total Capital Assets Not Being Depreciated	<u>700,878</u>	<u>45,140</u>	<u>-</u>	<u>746,018</u>
Capital Assets Being Depreciated:				
Buildings	3,234,781			3,234,781
Improvements Other Than Buildings	6,626,941	128,102		6,755,043
Infrastructure	1,347,150			1,347,150
Machinery & Equipment	2,564,905	537,132	116,326	2,985,712
Total Capital Assets Being Depreciated	<u>13,773,777</u>	<u>665,234</u>	<u>116,326</u>	<u>14,322,685</u>
Less Accumulated Depreciation for:				
Buildings	2,426,411			2,426,411
Improvements Other Than Buildings	1,523,061			1,523,061
Infrastructure	1,250,978			1,250,978
Machinery & Equipment	1,752,470	532,832	116,326	2,168,976
Total Accumulated Depreciation	<u>6,952,920</u>	<u>532,832</u>	<u>116,326</u>	<u>7,369,426</u>
Total Capital Assets Being Depreciated, Net	<u>6,820,857</u>	<u>132,402</u>	<u>-</u>	<u>6,953,259</u>
Total Capital Assets	<u>7,524,735</u>	<u>177,542</u>	<u>-</u>	<u>7,699,277</u>
	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	126,295			126,296
Construction in Progress				
Total Capital Assets Not Being Depreciated	<u>126,295</u>	<u>-</u>	<u>-</u>	<u>126,296</u>
Capital Assets Being Depreciated:				
Projects	33,176,569	79,548		33,256,117
Buildings	2,088,194	36,290		2,124,484
Improvements other than Buildings	1,210,771			1,210,771
Equipment	3,045,712	5,821		3,051,533
Total Capital Assets Being Depreciated	<u>39,521,246</u>	<u>121,659</u>	<u>-</u>	<u>39,642,905</u>
Less Accumulated Depreciation for:				
Projects	5,750,004	801,981		6,551,985
Buildings	1,825,507	672,039		2,497,546
Improvements other than Buildings	988,375			988,375
Equipment	1,767,807			1,767,807
Total Accumulated Depreciation	<u>10,331,693</u>	<u>1,474,020</u>	<u>-</u>	<u>11,805,713</u>
Total Capital Assets Being Depreciated, Net	<u>29,189,634</u>	<u>(1,352,361)</u>	<u>-</u>	<u>27,837,192</u>
Business-Type Activity Capital Assets, Net	<u>29,315,929</u>	<u>(1,352,361)</u>	<u>-</u>	<u>27,963,488</u>

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**D. CAPITAL ASSETS (CONTINUED)**

Depreciation Expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 8,352
Public Safety	91,594
Public Works	106,922
Culture & Recreation	44,650
Miscellaneous	281,314
Total Depreciation Expense	281,314
Governmental Activities	\$ 532,832
Business-Type Activities:	
Water	\$ 672,039
Wastewater	646,991
Storm Sewer	155,070
Total Depreciation Expense	155,070
Business-Type Activities	\$ 1,474,100

**E. ACCOUNTS AND RETAINAGE PAYABLES**

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

**F. LONG-TERM DEBT**

The following is a summary of the changes in long-term debt obligations for the year ended December 31, 2021:

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**F. LONG-TERM DEBT (CONTINUED)**

	Original Issuance	Maturity Date	Interest Rate	Balance 1-1-21	Issuances/ Additions	Payments/ Reductions	Balance 12-31-21	Amounts Due in One Year
<u>Governmental Activities</u>								
Bonds Payable:								
1997 TIF Bonds	220,000	12/2023	6.95%	30,000		10,000	20,000	10,000
2001A TIF Note	35,000	8/2018	9.00%	16,000		2,000	14,000	2,000
2011 GO Parking Lot Bond	265,000	7/2023	3.00%	195,000		15,000	180,000	15,000
GO TIF Bond 2014C	600,000	11/2035	3.25%	475,000		30,000	445,000	30,000
2012A GO Tax Increment Bond	750,000	9/2034	3-5%	570,000		35,000	535,000	35,000
2012B GO Tax Increment Bond	335,000	12/2038	5.750%	265,000		10,000	255,000	15,000
2015B Tax Abatement Bond	695,000	12/2036	2.100%	645,000		30,000	615,000	35,000
2015A GO Tax Increment Bond	1,630,000	12/2036	2.500%	1,390,000		70,000	1,320,000	70,000
2019 GO Tax Increment Bond	985,000	12/2039	3-3.25%	940,000		45,000	895,000	45,000
Notes Payable:								
2008 GO Fire Truck	100,000	9/2017	4.125%	25,174		8,032	17,142	8,368
2011 GO Fire Truck	130,000	7/2026	4.125%	61,519		9,258	52,261	9,787
2021 USDA Truck Loan	150,000	8/2036	2.250%	-	150,000		150,000	8,484
Lease Payable:								
Kinetic Leasing	150,000	8/2023	3.290%	89,157		43,850	45,307	45,307
Other Long-Term Liabilities:								
Compensated Absences				<u>71,308</u>			<u>71,308</u>	<u>0</u>
Total Long Term Liabilities Governmental Activities				<u>4,773,158</u>	<u>150,000</u>	<u>308,140</u>	<u>4,615,018</u>	<u>328,946</u>
<u>Business-Type Activities</u>								
Bonds Payable:								
2014D GO Bond - Storm Sewer	1,630,000	2/2035	3.30%	1,295,000		70,000	1,225,000	75,000
2018A GO Revenue Bond-Storm Sewer	1,370,000	8/2018	3.62%	1,340,000		50,000	1,290,000	30,000
2020A GO Storm Sewer Revenue Refund Bonds	805,000	3/2020	2.50%	805,000		65,000	740,000	65,000
Loans Payable:								
2010 Drinking Water Revolving - Water	3,970,711	8/2039	1.088%	2,795,000		133,000	2,662,000	135,000
2014 Drinking Water Revolving - Water	2,667,171	8/2044	1.00%	2,252,000		83,000	2,169,000	84,000
2010 Clean Water Revolving - Wastewater	4,860,517	8/2039	1.349%	3,458,000		161,000	3,297,000	163,000
2014 Clean Water Revolving - Wastewater	4,266,964	8/2044	1.00%	3,608,000		134,000	3,474,000	135,000
2018 Drinking Water-B Water	36,718	8/2048	1.00%	35,218		1,500	33,718	2,000
2018 Drinking Water-C Water	3,357,834	8/2048	1.00%	3,897,718	23,256	123,000	3,797,974	124,000
2018 Clean Water-Wastewater	3,571,489	8/2048	1.00%	4,162,561	25,297	135,000	4,052,858	137,000
Other Long-Term Liabilities:								
Compensated Absences				<u>31,070</u>			<u>31,070</u>	<u>0</u>
Total Long-Term Liabilities Business-Type Activities				<u>23,679,567</u>	<u>48,553</u>	<u>955,500</u>	<u>22,772,620</u>	<u>950,000</u>

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**F. LONG-TERM DEBT (CONTINUED)**

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation revenue bonds have been issued for governmental activities. The bonds are direct obligations and pledge the full faith, credit and taxing power of the City.

General Tax Increment Bonds

In 1997, 2001, 2004, 2012, 2014, 2015 and 2019 the City issued taxable tax increment bonds. General obligation revenue bonds have been issued for governmental activities. These bonds are backed by the full faith, credit and taxing power of the City and are serviced by debt service funds.

Notes Payable

In 2008, 2011 and 2021 the City entered into promissory notes with USDA Rural Development for the acquisition of fire trucks. The notes provide for annual payments of \$9,073, \$11,795 and \$11,894 at 4.125%, 4.125% and 2.25% for 15 years. Payments are made out of the General Fund. The balances at December 31, 2021 were \$17,142, \$52,261 and \$150,000.

General Obligation Revenue and Revenue Refunding Bonds

General obligation revenue and revenue refunding bonds are recorded as liabilities in the water and wastewater funds. The bonds are payable from revenues derived from the operations of those utilities and are backed by the full faith, credit and taxing power of the City.

GO Storm Sewer Revenue Refunding Bonds, Series 2020A

The City refunded GO Storm Sewer Revenue Bond of 2010A in March 2020. Gross PV Debt Service Savings is \$67,120. The refunding had a total savings of \$73,848. Bond will end February 01, 2031. The average coupon is 2.51%

Minnesota Public Facilities Authority Loans

The loans are secured by the City's general obligation and revenue pledges.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**F. LONG-TERM DEBT (CONTINUED)**

Lease Payable

On January 17, 2018 the City entered into a Lease with option to purchase agreement with Kinetic Leasing Inc. for the new 2018 Pelican Street Sweeper. The future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 45,307	\$ 1,504	\$ 46,811
Totals	<u>\$ 45,307</u>	<u>\$ 1,504</u>	<u>\$ 46,811</u>

Annual Debt Service Requirements

The annual requirements to amortize long-term debt obligations outstanding at December 31, 2021, excluding compensated absences over the life of the debt, are summarized as follows:

	<u>Governmental-Type Activities</u>					
	<u>GO Bonds</u>		<u>GO Tax Increment Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 50,000	\$ 28,809	\$ 207,000	\$ 151,115	\$ 26,639	\$ 6,123
2023	50,000	27,455	212,000	143,358	27,629	5,183
2024	50,000	25,888	202,000	134,837	19,485	4,204
2025	50,000	24,163	212,000	126,582	29,977	3,565
2026	50,000	22,438	217,000	118,115	9,913	2,612
2027-2031	285,000	82,763	1,129,000	444,315	49,674	9,796
2032-2036	260,000	25,050	1,125,000	170,628	55,933	3,887
2037-2041	-	-	180,000	12,338	-	-
Totals	<u>\$795,000</u>	<u>\$236,564</u>	<u>\$3,484,000</u>	<u>\$1,301,288</u>	<u>\$219,250</u>	<u>\$ 35,370</u>

	<u>Business-Type Activities</u>			
	<u>GO Water Bonds</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 140,000	\$ 55,441	\$ 780,000	\$ 210,570
2023	140,000	51,804	788,000	202,083
2024	145,000	48,091	797,000	193,503
2025	155,000	43,873	806,000	184,826
2026	155,000	39,223	815,000	176,049
2027-2031	850,000	124,221	4,205,000	745,282
2032-2036	380,000	27,125	4,438,718	510,934
2037-2041	-	-	3,928,000	268,008
2042-2046			2,433,000	98,830
2047-2051			495,833	10,100
Totals	<u>\$1,965,000</u>	<u>\$389,778</u>	<u>\$19,486,551</u>	<u>\$2,600,184</u>



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**G. INTERFUND TRANSACTIONS**

**Interfund Transfers**

Transfers between funds of the primary government for the years ended December 31, 2021:

Transfers In	General	Transfers Out					Total
		TIF 1-8	TIF 1-9	TIF 1-11	TIF 1-12	TIF 1-14	
General		\$ 20,472	\$ 14,160	\$ 10,306	\$ 14,955	\$ 16,767	\$ 76,659
GOIB 2004	\$ 65,919						65,919
TIF 1-10	10,741		5,205			1,452	17,399
GOIB 2015A							\$ 64,866
Total	\$ 76,659	\$ 20,472	\$ 19,366	\$ 10,306	\$ 14,955	\$ 18,219	\$ 224,842

All transfers between funds were for operating expenses the following is December 31, 2021.

Reconciliation to Fund Financial Statements:	Transfer In	Transfer Out	Net
Governmental Funds	\$ 224,842	\$ (224,842)	\$ -
Enterprise Funds	-	-	-
Total Transfers	\$ 224,842	\$ (224,842)	\$ -

**Interfund Balances**

At December 31, 2021, the following interfund balances were owed between funds and not expected to be fully repaid within one year:

	General Fund	Non-Major Governmental	Total Governmental	Waste Water	Government Wide
Non-Major Governmental					
Business-Type:	\$ 39,900	\$ 71,190	\$ 111,090	\$	\$ 111,090
Water	8,491		8,491		8,491
Wastewater	8,322		8,322		8,322
Solid Waste	12,542		12,542		12,542
Total Business Type	29,355		29,355	78,831	108,186
Total Government Wide	\$ 69,255	\$ 71,190	\$ 140,445	\$ 78,831	\$ 219,276

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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

**G. INTERFUND TRANSACTIONS (CONTINUED)**

<u>Advances To</u>	<u>Advances From</u>	<u>Amount</u>	<u>Purpose</u>
Water Fund	General Fund	\$8,491	To cover operating
Wastewater Fund	General Fund	8,322	To cover operating
Solid Waste	General Fund	12,542	To cover deficit cash
TIF 1-10	General Fund	3,092	To reimburse TIF expense
TIF 1-29	General Fund	8,009	To cover TIF expense
GO Tax Inc 1997	General Fund	28,799	To cover debt service
GOIB 2012B	TIF 1-4	12,905	Bond payment
TIF 1-6	TIF 1-25	559	To cover deficit cash
TIF 1-18	TIF 1-25	294	To cover deficit cash
TIF 1-28	TIF 1-25	2,654	To cover deficit cash
TIF 1-31	TIF 1-25	12,229	To cover deficit cash
TIF 1-32	TIF 1-25	12,191	To cover deficit cash
GO Bond of 97	TIF 1-25	16,828	To cover TIF expense
GOIB 2015A	TIF 1-25	9,839	To cover debt service
GOIB 2014C	TIF 1-26	240	To cover debt service
GOIB 2019A	TIF 1-26	3,450	To cover debt service
Solid Waste	Wastewater	<u>78,831</u>	To cover deficit cash
Total Inter-fund Balances		<u>\$219,276</u>	

**NOTE 4. DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. PLAN DESCRIPTION**

The City participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

General Employees Retirement Plan

All full time and certain part time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**A. PLAN DESCRIPTION (CONTINUED)**

Public Employees Police and Fire Fund Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

**B. BENEFITS PROVIDED**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested terminated employees who are entitled to benefits, but are not receiving them yet, are bound by provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1.0 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**B. BENEFITS PROVIDED (CONTINUED)**

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. CONTRIBUTIONS**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members are required to contribute 6.50% of their annual covered salary in calendar year 2021. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2020. The City's contributions to the General Employee fund for the years ended December 31, 2021, 2020 and 2019 were \$33,623, \$33,244 and \$33,745, respectively. The City's contributions were equal to the required contributions as set by the state statute.

Police and Fire Fund Contributions

Police and Fire members contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, 2020 and 2019 were \$26,685, \$26,659 and \$21,648. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**D. PENSION COSTS**

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$264,768 for its proportionate share of the General Employees Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of the special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$8,099. The net pension was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2021, the City’s proportion was 0.0062%.

Entity’s proportionate share of the net pension liability	\$ 264,768	
State of Minnesota’s proportionate share of the net pension liability associated with the City		8,099
Total		\$ 272,867

For the year ended December 31, 2021, the City recognized pension expense of \$22,244 for its proportionate share of General Employees Plan’s pension expense. In addition, the City recognized an additional \$653 as pension expense (and grant revenue) for its proportionate share to of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of General Employee’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,600	\$ 8,102
Changes in Actuarial Assumptions	161,662	5,826
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	228,740
Changes in Proportion	8,312	-
Contributions Subsequent to the Measurement Date	16,093	-
Totals	\$ 187,668	\$ 242,669

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**D. PENSION COSTS (CONTINUED)**

\$16,093 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	(\$3,887)
2023	(\$2,602)
2024	(\$2,063)
2025	(\$62,542)

Police and Fire Pension Costs

At December 31, 2021, the City reported a liability of \$109,609 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2021, the City’s proportion was 0.0142 which was an decrease of .0006 percent from its proportion measured as of June 30, 2020. The City also recognized \$1,224 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan is 90 percent funded, whichever occurs later. October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

Entity’s proportionate share of the net pension liability	\$ 109,609
State of Minnesota’s proportionate share of the net pension liability associated with the City	<u>4,915</u>
Total	<u>\$ 114,524</u>

For the year ended December 31, 2021, the City recognized pension expense in the amount of \$5,455 for its proportionate share of the Police and Fire Plan’s pension expense.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**D. PENSION COSTS (CONTINUED)**

At December 31, 2021, the City reported its proportionate share of the Police and Fire Fund’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 21,092	\$ 0
Changes in Actuarial Assumptions	161,096	67,133
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	210,888
Changes in Proportion	6,591	12,755
Contributions Subsequent to the Measurement Date	14,832	-
Totals	<u>\$ 206,611</u>	<u>\$ 290,776</u>

\$14,832 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Pension Expense Amount
2022	(\$84,708)
2023	(\$17,440)
2024	(\$15,376)
2025	(\$21,058)
2026	\$36,585

**E. ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

	General	Police & Fire
Inflation	2.25 % per year	2.25 % per year
Active Member Payroll Growth	3.25% after 26 years of service	3.25% after 25 years of service
Investment Rate of Return	7.50%	7.50%

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**E. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four- year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2019. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**Police and Fire Fund**

- The mortality projection scale was changed from MP-2017 to MP-2018.
- There have been no changes since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**A. ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	5.10%
International Equity	17.5%	5.90%
Private Markets	25%	5.90%
Fixed Income	20%	.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	
	<u>100%</u>	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. PENSION LIABILITY SENSITIVITY**

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
1% Lower	5.50%	\$539,991	5.50%	\$347,990
Current Discount Rate	6.50%	\$264,768	6.50%	\$109,609
1% Higher	7.50%	\$ 38,930	7.50%	(\$85,804)

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND**

**Defined Benefit Pension Plan**

**A. PLAN DESCRIPTION**

The Canby Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2020, the plan covered 24 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

**B. BENEFITS PROVIDED**

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City of Canby. Members are eligible for a lump-sum retirement benefit at 50 years of age with 5 years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

**C. CONTRIBUTIONS**

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*. The State of Minnesota contributed \$26,139 in fire state aid to the plan for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City’s statutorily contributions to the Volunteer Firefighter Fund for the year ended December 31, 2020 was \$0. The City’s contributions were equal to the required contributions as set by state statute, if applicable.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (CONTINUED)**

**D. PENSION COSTS**

At December 31, 2020, the City of Canby reported a net pension asset of \$277,902 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
	(a)	(b)	(a-b)
Beginning Balance 12/31/19	\$ 411,677	\$ 661,820	\$ (250,143)
Changes for the Year			
Service Cost	26,822	-	26,822
Interest on Pension Liability	25,986	-	22,986
Projected Investment Earnings	0	39,709	(39,709)
Actuarial Experience (Gains)/Losses	(13,702)	-	(13,702)
Changes in Benefit Level	56,201	-	56,201
Contributions (ER/State)	-	26,139	(26,139)
Asset Gain/Loss	-	58,278	(58,278)
Benefit Payouts	(10,811)	(10,811)	-
PERA Administrative Fee	-	(1,060)	1,060
Net Changes	<u>84,496</u>	<u>112,255</u>	<u>(27,759)</u>
Balance End of Year 12/31/20	<u>\$ 496,173</u>	<u>\$ 774,075</u>	<u>\$ (277,902)</u>

There were no provision changes during the measurement period.

For the year ended December 31, 2020, the City of Canby recognized pension expense of \$55,963. At December 31, 2020, the City of Canby reported deferred inflows of resources if contributions were made after the measurement date and for state contributions received by PERA after the measurement date which can be found on a website that was supplied to the relief.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (CONTINUED)**

**D. PENSION COSTS (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial Experience Gains/Losses	\$ -	\$ 10,962
Difference between projected and actual investment earnings	-	46,622
Total	\$ -	\$ 57,584

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2021	\$23,029
2022	\$22,101
2023	\$14,632
2024	\$14,632

**E. ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension liability at December 31, 2020, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
FIREFIGHTERS FUND (CONTINUED)**

**G. PENSION ASSET SENSITIVITY**

The following presents the City of Canby’s net pension asset for the Volunteer Firefighter Fund, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Canby net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Asset	\$255,819	\$277,903	\$299,071

**Plan Investments**

**Investment Policy:**

The Minnesota State Board of Investment (SBI) established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 5. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (CONTINUED)**

**Asset Allocation:**

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.50%
International Stocks	15%	6.00%
Bonds	45%	1.45%
Cash	5%	0.50%
	100%	

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

**Description of significant investment policy changes during the year:** The SBI made no significant changes to their investment policy during 2021 for the Statewide Volunteer Firefighter Retirement Plan.

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund’s fiduciary net position as of June 30, 2020, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION**

**A. RISK MANAGEMENT**

The City 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. The City participates in the League of Minnesota Cities Intergovernmental Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for participating Minnesota cities. All cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to participating cities if a deficiency occurs. The LMCIT is self-sustaining through member premiums and re-insures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies.

As of December 31, 2021, the City did not have any claims which were probable and measurable and therefore no liability is recorded in the financial statements presented. The City has not had any claims which exceeded its deductible during the past three years.

In March 2020, the World Health Organization (“WHO”) declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter-in-place requirements have been or are being put in place. At this point, the City cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the City’s financial statements and future results of operations. The City will continue to monitor and evaluate the nature and extent of the impact on our ongoing activities and the potential effect on future contributions or funding and expenses, financial condition and liquidity.

**B. COMMITMENTS AND CONTINGENCIES**

*Grant Program Involvement*

In the normal course of operations, the City 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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION (CONTINUED)**

**B. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Litigation*

The City is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**C. LEASE AGREEMENT**

The City of Canby entered into a lease agreement with Tenant, Ferguson Entertainment. The Tenant operates the Canby Theatre's including concessions. This agreement will continue on a year to year basis unless terminated in writing. There is no rental revenue from this lease or will be in the future. The City has no operational revenue from the theatre.

The City of Canby entered into a lease agreement with Tenant, Deputy Registrar. The agreement will continue on a year to year basis unless terminated in writing. This agreement states that the lessor will pay monthly rent of \$150 for the use of some office space at 107 St. Olaf Avenue N. The city received \$1,800 of rent in 2021.

**D. TAX ABATEMENTS**

The City approved a property tax abatement on December 7, 2010, starting payable 2013 through 2022. The abatement terms shall be for a maximum of 10 years. This property tax abatement agreement is between the Canby Inn & Suites, LLC and the City. This abatement shall be for 100% of the City's share of the increased ad valorem property taxes generated by the property as a result of the proposed development of the property. The City's expense for 2021 is \$0.

The City approved a property tax abatement on May 3, 2011, starting payable 2013 and ending 2022. The abatement terms shall be for a maximum of 10 years. This property tax abatement agreement is between Farmers Cooperative Association and the City. This abatement shall be fore 100% of the City's share of the increased ad valorem property taxes generated by the property as a result of the proposed development of the property. The City's expense for 2021 is \$7,350.

**E. FEDERAL AIDS – SINGLE AUDIT ACT**

The City did not expend more than \$750,000 of federal financial assistance and is not required to do a Single Audit under Uniform Guidance.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION (CONTINUED)**

**F. SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 25, 2022, 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.

**G. TAX INCREMENT FINANCING DISTRICTS**

The City of Canby is the administering authority for the following tax increment finance districts which were established in various years. During 2021, the City of Canby received \$365,295 from these districts in tax revenue. This revenue is transferred to the General Fund on an annual basis. In 1997, the City created a new municipal development district and merged all existing Districts into the new District. All existing Districts were renamed. Detailed information on these districts is listed below.

The above estimates are because Minnesota now uses tax capacity instead of assessed value.

<u>Tax Increment Financing District No. 1-12 County (TIF 1-4)</u>	
Type of district – Redevelopment/Canby Farmers Grain	
Authorizing law – Minnesota Statute #469	
Year established – 1999	
Duration – not to exceed twenty-five (25) years of increment-2024	
Original tax capacity –	8,403
Current tax capacity –	59,647
Captured tax capacity –	51,244
Retained by authority –	51,244
Shared with other authorities –	-0-
Total bonds issued -	224,600
Total loans incurred -	-0-

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION (CONTINUED)**

**G. TAX INCREMENT FINANCING DISTRICTS (CONTINUED)**

Tax Increment Financing District No. 1-19 County (TIF 1-6)

Type of district – Redevelopment/Clark-Hanson VFW Post 117	
Authorizing law – Minnesota Statute #469	
Year established – 2000	
Duration – not to exceed twenty-five (25) years of increment-2024	
Original tax capacity –	33
Current tax capacity –	1,868
Captured tax capacity –	1,835
Retained by authority –	1,835
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	29,326

Tax Increment Financing District No. 1-26 County (TIF 1-18)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469	
Year established – 2004	
Duration – not to exceed twenty-five (25) years of increment-2028	
Original tax capacity –	200
Current tax capacity –	2,524
Captured tax capacity –	2,324
Retained by authority –	2,324
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

Tax Increment Financing District No. 1-34 County (TIF 1-24)

Type of district – Soils Condition	
Authorizing law – Minnesota Statute #469	
Year established – 2012	
Duration – twenty (20) years from receipt of the first tax increment	
Original tax capacity –	784
Current tax capacity –	31,540
Captured tax capacity –	30,756
Retained by authority –	30,756
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION (CONTINUED)**

**G. TAX INCREMENT FINANCING DISTRICTS (CONTINUED)**

Tax Increment Financing District No. 1-37 County (TIF 1-25)

Type of district – Economic Development	
Authorizing law – Minnesota Statute #469	
Year established – 2013	
Duration – eight (8) years from first receipt of tax increment	
Original tax capacity –	660
Current tax capacity –	46,914
Captured tax capacity –	46,254
Retained by authority –	46,254
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

Tax Increment Financing District No. 1-41 County (TIF 1-26)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469	
Year established – 2015	
Duration – twenty-five (25) years from the receipt of the first tax increment - 2040	
Original tax capacity –	3,602
Current tax capacity –	51,402
Captured tax capacity –	47,800
Retained by authority –	47,800
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

Tax Increment Financing District No. 1-43 County (TIF 1-27)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469	
Year established – 2015	
Duration – twenty-five (25) years from the receipt of the first tax increment - 2042	
Original tax capacity –	3,198
Current tax capacity –	9,643
Captured tax capacity –	6,445
Retained by authority –	6,445
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6. OTHER INFORMATION (CONTINUED)**

**G. TAX INCREMENT FINANCING DISTRICTS (CONTINUED)**

Tax Increment Financing District No. 1-46 County (TIF 1-28)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469	
Year established – 2018	
Duration – twenty-five (25) years from the receipt of the first tax increment - 2043	
Original tax capacity –	809
Current tax capacity –	3,070
Captured tax capacity –	2,261
Retained by authority –	2,261
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

Tax Increment Financing District No. 1-47 County (TIF 1-29)

Type of district – Redevelopment	
Authorizing law – Minnesota Statute #469	
Year established – 2018	
Duration – twenty-five (25) years from the receipt of the first tax increment - 2027	
Original tax capacity –	93
Current tax capacity –	360
Captured tax capacity –	267
Retained by authority –	267
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

CITY OF CANBY  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share (Amount) of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability (a+b)	Employer's Covered-Employee Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0066%	\$342,046	\$0	\$342,046	\$385,415	88.75%	78.20%
June 30, 2016	0.0061%	\$495,290	\$6,490	\$501,780	\$365,010	137.47%	68.90%
June 30, 2017	0.0056%	\$357,500	\$4,498	\$361,998	\$394,940	91.66%	75.90%
June 30, 2018	0.0057%	\$316,213	\$10,395	\$326,608	\$396,129	82.45%	79.50%
June 30, 2019	0.0061%	\$337,255	\$10,500	\$347,755	\$476,197	73.03%	80.20%
June 30, 2020	0.0062%	\$371,718	\$11,478	\$383,196	\$443,249	86.45%	79.10%
June 30, 2021	0.0062%	\$264,768	\$8,099	\$272,867	\$448,310	60.87%	87.00%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

CITY OF CANBY  
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES POLICE AND FIRE EMPLOYEES RETIREMENT FUND

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0170%	\$193,160	\$151,377	127.60%	86.60%
June 30, 2016	0.0160%	\$642,108	\$160,585	399.86%	63.90%
June 30, 2017	0.0160%	\$216,019	\$165,814	130.28%	85.40%
June 30, 2018	0.0151%	\$160,950	\$166,410	96.72%	88.80%
June 30, 2019	0.0140%	\$149,044	\$156,739	95.09%	89.30%
June 30, 2020	0.0136%	\$179,263	\$164,560	108.93%	87.20%
June 30, 2021	0.0142%	\$109,609	\$167,189	65.56%	93.70%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

**CITY OF CANBY  
SCHEDULE OF CITY'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered-Employee Payroll (d)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/d)</u>
December 31, 2015	\$28,491	\$28,906	(415)	\$385,415	7.50%
December 31, 2016	\$27,376	\$27,376	-	\$365,010	7.50%
December 31, 2017	\$28,120	\$28,120	-	\$374,877	7.50%
December 31, 2018	\$29,710	\$29,710	-	\$396,129	7.50%
December 31, 2019	\$33,746	\$33,746	-	\$449,942	7.50%
December 31, 2020	\$33,244	\$33,244	-	\$443,249	7.50%
December 31, 2021	\$32,957	\$32,957	-	\$439,431	7.50%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

**PUBLIC EMPLOYEES POLICE AND FIRE EMPLOYEES RETIREMENT FUND**

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered-Employee Payroll (d)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/d)</u>
December 31, 2015	\$24,885	\$24,523	362	\$151,377	16.20%
December 31, 2016	\$26,015	\$26,015	-	\$160,585	16.20%
December 31, 2017	\$25,548	\$25,548	-	\$157,702	16.20%
December 31, 2018	\$26,958	\$26,958	-	\$166,410	16.20%
December 31, 2019	\$21,648	\$21,649	(1)	\$133,629	16.20%
December 31, 2020	\$26,659	\$26,659	-	\$164,560	16.20%
December 31, 2021	\$27,688	\$27,688	(0)	\$170,912	16.20%

\* Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

\*\*For purposes of this schedule, covered employee payroll is defined as "pensionable wages".

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**General Employees Fund**

**2021 Changes**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020

**2020 Changes**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

***2019 Changes***

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

***2018 Changes***

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

***2017 Changes***

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

***2016 Changes***

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

***2015 Changes***

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.



**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**Police and Fire Fund**

***2021 Changes***

- No changes

***2020 Changes***

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

***2019 Changes***

- No changes

***2018 Changes***

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

***2017 Changes***

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

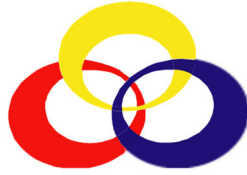
***2017 Changes(Continued)***

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

***2016 Changes***

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.



**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

Honorable Mayor and Members of the Council  
City of Canby  
Canby, Minnesota 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, the business-type activities, each major fund, and the remaining fund information of the City of Canby, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Canby, Minnesota's basic financial statements and have issued our report thereon dated May 25, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City of Canby, Minnesota's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financials statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canby, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Canby, Minnesota's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over 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 over financial reporting 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 2021-1 and 2021-3, to be a material weakness.

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Canby, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## City of Canby's Response to Findings

City of Canby's response to the findings identified in our audit is described in the accompanying Schedule of Prior and Current Findings and Responses. City of Canby's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

## Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Canby, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, except as described in the Schedule of Prior and Current Findings and Responses as item 2021-2. 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 City of Canby'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Kinner & Company Ltd  
Certified Public Accountants

May 25, 2022

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

FINDING 2020-1: The City does not maintain an adequate segregation of duties among its accounting personnel- This finding continues to exist and has been restated as finding 2021-1

STATUS: Duties are being separated as much as possible and alternate controls are being implemented to compensate for lack of segregation. The accounting department utilizes their staff to accommodate internal controls as much as possible.

FINDING 2020-2: The City did not follow MN Statutes for payment payoff and terms between TIF districts and the general fund. This finding continues to exist and has been restated as finding 2021-2

STATUS: The Council will setup a resolution for each Tax Increment Financing inter-fund loan and payment terms so the city is compliant with the Minnesota Legal Compliance Guide.

FINDING 2020-3: Material adjustments were required to prevent the financial statements to be materially misstated. This finding continues to exist and has been restated as finding 2021-3.

STATUS: The Council and bookkeeper will work together to get the financials ready for the auditor when the auditor is ready for them.

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

The current audit contains three financial statement audit findings.

**2021-1: The City 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 City of Canby achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the City complies with laws and regulations.

**Cause:** The City has a limited number of accounting personnel to perform financial reporting duties.

**Effect:** The City of Canby 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 City Council take a more active role in their oversight over revenue and expenditures.

**Management's Response:** Due to limited personnel, it is not practical to implement a complete segregation of duties. However, the City will continue to review its procedures to determine if any improvements can be made using the limited personnel available. The City council and/or other personnel periodically reviews various expenditure reports for amounts, classifications and comparison to budget.

**Updated Progress from Prior Year:** The City will continue trying to improve to take more of an active role in the oversight of the revenues and expenses.

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2021-2: 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 city 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 City has a limited number of accounting personnel that are familiar with the TIF districts and the Minnesota Legal Compliance guide.

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

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

**Management Response:** The city will review the guide and statutes, and council will setup a resolution for each interfund loan and payment terms so the city is compliant. A listing of interfund balances is on page 52 of the notes to the financials. The council will review these and comply with the statutes in 2022.

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

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**2021-3: Material Adjustments**

**Condition:** Material audit adjustments were required to prevent the City's financial statements from being materially misstated.

**Criteria:** Management is responsible for reconciling the accounts at the end of the year and making the proper adjustments.

**Cause:** The City has a limited number of personnel that could adjust the financials could result in undetected errors or irregularities and misstated interim financial reports.

**Effect:** The City has limited number of personnel that can make the adjustments

**Recommendation:** Improve internal controls to prevent these types of adjustments.

**Management Response:** The City of Canby will improve our internal controls to prevent these types of adjustments. The finance department and the administrator will review the financials before submitting to the audit for the 2022 audit. Kinner & Company will provide a listing of entries that was prepared in the prior year at the end of 2021 to make sure that the entries are in the system before the auditor receives the financials.



## **SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**City of Canby**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2021**

	Special Revenue				Debt Service							
	EDA	GOIB of 2001	TIF 1-24 GOIB of 2012A Helena 1	GOIB of 2012B	Parking Lot Bond	Tax Incr Bond 1997	TIF 1-4	TIF 1-6	TIF 1-8 Decertified	TIF 1-9 Decertified	TIF 1-10 Decertified	TIF 1-11 Decertified
<b>ASSETS</b>												
Cash and Cash Equivalents	\$ 78,894	\$ 23,478	\$ 59,353	\$ 6,644	\$ 29,160	\$ --	\$ 248,732	\$ --	\$ --	\$ --	\$ --	\$ --
Taxes Receivable	--	--	--	--	--	--	862	--	--	--	--	--
Delinquent Taxes Receivable	--	215	--	--	--	--	217	--	--	--	--	--
Due from Component Unit- Current	--	--	--	11,640	--	--	--	--	--	--	--	--
Special Assessments Receivable	--	--	--	--	978	--	--	--	--	--	--	--
Accounts Receivable	--	--	--	695	--	--	--	--	--	--	--	--
Notes Receivable Current	13,202	--	--	--	--	--	--	--	--	--	--	--
Special Assessments - Deferred	--	--	--	--	71,457	--	--	--	--	--	--	--
Due from Component Unit - Non Current	--	--	--	186,280	--	--	--	--	--	--	--	--
Notes Receivable - Non Current	54,264	--	--	--	--	--	--	--	--	--	--	--
Advances to Other Funds	--	--	--	--	--	--	12,905	--	--	--	--	--
<b>Total Assets</b>	<b>146,360</b>	<b>23,693</b>	<b>59,353</b>	<b>205,259</b>	<b>101,595</b>	<b>--</b>	<b>262,716</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>												
Advances from Other Funds	\$ --	\$ --	\$ --	\$ 12,905	\$ --	\$ 45,628	\$ --	\$ 559	\$ --	\$ --	\$ 3,092	\$ --
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12,905</b>	<b>--</b>	<b>45,628</b>	<b>--</b>	<b>559</b>	<b>--</b>	<b>--</b>	<b>3,092</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable Revenue- Notes Receivable	67,466	--	--	--	--	--	--	--	--	--	--	--
Unavailable Revenue- Taxes and Specials	--	215	--	--	72,013	--	690	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>67,466</b>	<b>215</b>	<b>--</b>	<b>12,905</b>	<b>72,013</b>	<b>45,628</b>	<b>690</b>	<b>559</b>	<b>--</b>	<b>--</b>	<b>3,092</b>	<b>--</b>
<b>FUND BALANCE</b>												
Restricted	--	23,478	59,353	191,958	29,582	--	262,027	--	--	--	--	--
Assigned	58,133	--	--	--	--	--	--	--	--	--	--	--
Unassigned	20,761	--	--	396	--	(45,628)	(1)	(559)	--	--	(3,092)	--
<b>Total Fund Balance</b>	<b>78,894</b>	<b>23,478</b>	<b>59,353</b>	<b>192,354</b>	<b>29,582</b>	<b>(45,628)</b>	<b>262,026</b>	<b>(559)</b>	<b>--</b>	<b>--</b>	<b>(3,092)</b>	<b>--</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 146,360</b>	<b>\$ 23,693</b>	<b>\$ 59,353</b>	<b>\$ 205,259</b>	<b>\$ 101,595</b>	<b>\$ --</b>	<b>\$ 262,716</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2021

Debt Service

	<u>TIF 1-12</u>	<u>TIF 1-14</u>	<u>TIF 1-18</u>	<u>GOIB of 2004</u>	<u>TIF 1-25</u>	<u>GOIB of 2014C</u>	<u>TIF 1-26</u>	<u>GOIB of 2015A</u>	<u>TIF 1-27</u>	<u>Pool-GO Tax</u>	<u>TIF 1-28</u>	<u>TIF 1-29</u>
	<u>Decertified</u>	<u>Decertified</u>								<u>2015B</u>		
<b>ASSETS</b>												
Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --	\$ 210,933	\$ --	\$ 151,683	\$ --	\$ 78,919	\$ 63,262	\$ --	\$ 190
Taxes Receivable	--	--	--	--	--	--	--	--	--	2,221	--	--
Delinquent Taxes Receivable	--	--	--	--	--	--	--	--	--	937	--	--
Due from Component Unit- Current	--	--	--	--	--	18,249	--	22,761	--	--	--	--
Special Assessments Receivable	--	--	--	--	--	--	--	--	--	--	--	--
Accounts Receivable	--	--	--	--	--	240	--	130	--	--	--	--
Notes Receivable Current	--	--	--	--	--	--	--	--	--	--	--	--
Special Assessments - Deferred	--	--	--	--	--	--	--	--	--	--	--	--
Due from Component Unit - Non Current	--	--	--	--	--	252,464	--	406,442	--	--	--	--
Notes Receivable - Non Current	--	--	--	--	--	--	--	--	--	--	--	--
Advances to Other Funds	--	--	--	--	54,595	--	3,690	--	--	--	--	--
<b>Total Assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>265,528</b>	<b>270,953</b>	<b>155,373</b>	<b>429,333</b>	<b>78,919</b>	<b>66,420</b>	<b>--</b>	<b>190</b>
<b>LIABILITIES</b>												
Advances from Other Funds	\$ --	\$ --	\$ 294	\$ --	\$ --	\$ 240	\$ --	\$ 9,839	\$ --	\$ --	\$ 2,654	\$ 8,009
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>294</b>	<b>--</b>	<b>--</b>	<b>240</b>	<b>--</b>	<b>9,839</b>	<b>--</b>	<b>--</b>	<b>2,654</b>	<b>8,009</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable Revenue- Notes Receivable	--	--	--	--	--	--	--	--	--	2,424	--	--
Unavailable Revenue- Taxes and Specials	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>294</b>	<b>--</b>	<b>--</b>	<b>240</b>	<b>--</b>	<b>9,839</b>	<b>--</b>	<b>2,424</b>	<b>2,654</b>	<b>8,009</b>
<b>FUND BALANCE</b>												
Restricted	--	--	--	--	265,528	270,713	155,373	419,364	78,919	63,996	--	7,831
Assigned	--	--	--	--	--	--	--	--	--	--	--	--
Unassigned	--	--	(294)	--	--	--	--	130	--	--	(2,654)	(15,650)
<b>Total Fund Balance</b>	<b>--</b>	<b>--</b>	<b>(294)</b>	<b>--</b>	<b>265,528</b>	<b>270,713</b>	<b>155,373</b>	<b>419,494</b>	<b>78,919</b>	<b>63,996</b>	<b>(2,654)</b>	<b>(7,819)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 265,528</b>	<b>\$ 270,953</b>	<b>\$ 155,373</b>	<b>\$ 429,333</b>	<b>\$ 78,919</b>	<b>\$ 66,420</b>	<b>\$ --</b>	<b>\$ 190</b>

**City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2021**

	<u>Debt Service</u>					<b>Total Nonmajor Governmental Funds</b>
	<u>GOIB of 2019A</u>	<u>TIF 1-31</u>	<u>TIF 1-32</u>	<u>2009 Impr Bond</u>	<u>Pool</u>	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 791	\$ --	\$ --	\$ 40,745	\$ 15,802	\$ 1,008,586
Taxes Receivable	--	--	--	--	--	3,083
Delinquent Taxes Receivable	--	--	--	903	--	2,272
Due from Component Unit- Current	5,277	--	--	--	--	57,927
Special Assessments Receivable	--	--	--	399	--	1,377
Accounts Receivable	59	--	--	--	--	1,124
Notes Receivable Current	--	--	--	--	--	13,202
Special Assessments - Deferred	--	--	--	--	--	71,457
Due from Component Unit - Non Current	99,670	--	--	--	--	944,856
Notes Receivable - Non Current	--	--	--	--	--	54,264
Advances to Other Funds	--	--	--	--	--	71,190
<b>Total Assets</b>	<u>105,797</u>	<u>--</u>	<u>--</u>	<u>42,047</u>	<u>15,802</u>	<u>2,229,338</u>
<b>LIABILITIES</b>						
Advances from Other Funds	\$ 3,450	\$ 12,229	\$ 12,191	\$ --	\$ --	\$ 111,090
<b>Total Liabilities</b>	<u>3,450</u>	<u>12,229</u>	<u>12,191</u>	<u>--</u>	<u>--</u>	<u>111,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue- Notes Receivable	--	--	--	--	--	67,466
Unavailable Revenue- Taxes and Specials	--	--	--	1,302	--	76,644
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>3,450</u>	<u>12,229</u>	<u>12,191</u>	<u>1,302</u>	<u>--</u>	<u>255,200</u>
<b>FUND BALANCE</b>						
Restricted	102,347	--	--	40,772	15,802	1,987,043
Assigned	--	--	--	--	--	58,133
Unassigned	--	(12,229)	(12,191)	(27)	--	(71,038)
<b>Total Fund Balance</b>	<u>102,347</u>	<u>(12,229)</u>	<u>(12,191)</u>	<u>40,745</u>	<u>15,802</u>	<u>1,974,138</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 105,797</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 42,047</u>	<u>\$ 15,802</u>	<u>\$ 2,229,338</u>

City of Canby  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021

	Special Revenue				Debt Service							
	EDA	GOIB of 2001	TIF 1-24 GOIB of 2012A Helena 1	GOIB of 2012B	Parking Lot Bond	Tax Incr Bond 1997	TIF 1-4	TIF 1-6	TIF 1-8 Decertified	TIF 1-9 Decertified	TIF 1-10 Decertified	TIF 1-11 Decertified
<b>Revenues</b>												
Interest Income	\$ 2,888	\$ --	\$ 28	\$ 12,135	\$ 4,111	\$ --	\$ 9	\$ --	\$ --	\$ --	\$ --	\$ --
Property Taxes	--	8	51,867	--	--	--	77,507	2,973	--	--	--	--
Special Assessments(Forfeited)	--	--	--	--	8,067	--	--	--	--	--	--	--
Miscellaneous	30,001	--	--	388	--	--	--	--	--	--	--	--
<b>Total Revenues</b>	<b>32,889</b>	<b>8</b>	<b>51,895</b>	<b>12,523</b>	<b>12,178</b>	<b>--</b>	<b>77,516</b>	<b>2,973</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Expenditures</b>												
General Government and Administration	--	--	--	--	--	--	--	--	--	--	--	--
Economic Development	12,128	--	--	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	1,115	--	--	170	4,608	335	220	219	--	219
Debt - Principal	--	--	35,000	7,760	15,000	1,900	9,040	1,300	--	--	--	--
Interest and Other Charges	--	--	25,125	12,518	9,164	422	4,923	289	--	--	--	--
<b>Total Expenditures</b>	<b>12,128</b>	<b>--</b>	<b>61,240</b>	<b>20,278</b>	<b>24,164</b>	<b>2,492</b>	<b>18,571</b>	<b>1,924</b>	<b>220</b>	<b>219</b>	<b>--</b>	<b>219</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>20,761</b>	<b>8</b>	<b>(9,345)</b>	<b>(7,755)</b>	<b>(11,986)</b>	<b>(2,492)</b>	<b>58,945</b>	<b>1,049</b>	<b>(220)</b>	<b>(219)</b>	<b>--</b>	<b>(219)</b>
<b>Other Financing Sources (Uses)</b>												
Transfers from Other Funds	--	--	--	--	--	--	--	--	--	--	17,399	--
Transfers to Other funds	--	--	--	--	--	--	--	--	(20,472)	(19,366)	--	(10,306)
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(20,472)</b>	<b>(19,366)</b>	<b>17,399</b>	<b>(10,306)</b>
<b>Net Change in Fund Balance</b>	<b>20,761</b>	<b>8</b>	<b>(9,345)</b>	<b>(7,755)</b>	<b>(11,986)</b>	<b>(2,492)</b>	<b>58,945</b>	<b>1,049</b>	<b>(20,692)</b>	<b>(19,585)</b>	<b>17,399</b>	<b>(10,525)</b>
Fund Balance at Beginning of Period	58,133	23,470	68,698	200,109	41,568	(43,136)	203,081	(1,608)	20,692	19,585	(20,491)	10,525
<b>Fund Balance at End of Period</b>	<b>\$ 78,894</b>	<b>\$ 23,478</b>	<b>\$ 59,353</b>	<b>\$ 192,354</b>	<b>\$ 29,582</b>	<b>\$ (45,628)</b>	<b>\$ 262,026</b>	<b>\$ (559)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ (3,092)</b>	<b>\$ --</b>

**City of Canby**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2021**

**Debt Service**

	<b>TIF 1-12 Decertified</b>	<b>TIF 1-14 Decertified</b>	<b>TIF 1-18</b>	<b>GOIB of 2004</b>	<b>TIF 1-25</b>	<b>GOIB of 2014C</b>	<b>TIF 1-26</b>	<b>GOIB of 2015A</b>	<b>TIF 1-27</b>	<b>Pool-GO Tax 2015B</b>	<b>TIF 1-28</b>	<b>TIF 1-29</b>
<b>Revenues</b>												
Interest Income	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 12,852	\$ 4	\$ 20,869	\$ --	\$ --	\$ --	\$ --
Property Taxes	--	--	3,919	--	73,285	--	71,301	--	10,223	70,177	3,612	423
Special Assessments(Forfeited)	--	--	--	--	--	--	--	--	--	--	--	--
Miscellaneous	--	--	--	--	--	848	1	609	--	--	--	--
<b>Total Revenues</b>	<b>--</b>	<b>--</b>	<b>3,919</b>	<b>--</b>	<b>73,285</b>	<b>13,700</b>	<b>71,306</b>	<b>21,478</b>	<b>10,223</b>	<b>70,177</b>	<b>3,612</b>	<b>423</b>
<b>Expenditures</b>												
General Government and Administration	--	--	--	--	--	--	--	600	--	--	--	--
Economic Development	--	--	--	--	--	--	--	--	--	--	--	--
Miscellaneous	219	219	220	--	1,465	848	1,078	--	311	--	257	219
Debt - Principal	--	--	2,000	--	47,239	18,249	39,847	22,761	8,223	30,000	3,404	--
Interest and Other Charges	--	--	1,440	--	43,318	12,852	26,536	20,869	5,345	22,755	2,212	--
<b>Total Expenditures</b>	<b>219</b>	<b>219</b>	<b>3,660</b>	<b>--</b>	<b>92,022</b>	<b>31,949</b>	<b>67,461</b>	<b>44,230</b>	<b>13,879</b>	<b>52,755</b>	<b>5,873</b>	<b>219</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(219)</b>	<b>(219)</b>	<b>259</b>	<b>--</b>	<b>(18,737)</b>	<b>(18,249)</b>	<b>3,845</b>	<b>(22,752)</b>	<b>(3,656)</b>	<b>17,422</b>	<b>(2,261)</b>	<b>204</b>
<b>Other Financing Sources (Uses)</b>												
Transfers from Other Funds	--	--	--	65,919	--	--	--	64,866	--	--	--	--
Transfers to Other funds	(14,955)	(18,219)	--	--	(64,866)	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>(14,955)</b>	<b>(18,219)</b>	<b>--</b>	<b>65,919</b>	<b>(64,866)</b>	<b>--</b>	<b>--</b>	<b>64,866</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>(15,174)</b>	<b>(18,438)</b>	<b>259</b>	<b>65,919</b>	<b>(83,603)</b>	<b>(18,249)</b>	<b>3,845</b>	<b>42,114</b>	<b>(3,656)</b>	<b>17,422</b>	<b>(2,261)</b>	<b>204</b>
<i>Fund Balance at Beginning of Period</i>	15,174	18,438	(553)	(65,919)	349,131	288,962	151,528	377,380	82,575	46,574	(393)	(8,023)
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ (294)</b>	<b>\$ --</b>	<b>\$ 265,528</b>	<b>\$ 270,713</b>	<b>\$ 155,373</b>	<b>\$ 419,494</b>	<b>\$ 78,919</b>	<b>\$ 63,996</b>	<b>\$ (2,654)</b>	<b>\$ (7,819)</b>

City of Canby  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021

<u>Debt Service</u>						
	<u>GOIB of 2019A</u>	<u>TIF 1-31</u>	<u>TIF 1-32</u>	<u>2009 Impr Bond</u>	<u>Pool</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>						
Interest Income	\$ 3,430	\$ --	\$ --	\$ 322	\$ --	\$ 56,648
Property Taxes	--	--	--	--	--	365,295
Special Assessments(Forfeited)	--	--	--	--	--	8,067
Miscellaneous	59	--	--	(1)	--	31,905
<b>Total Revenues</b>	<u>3,489</u>	<u>--</u>	<u>--</u>	<u>321</u>	<u>--</u>	<u>461,915</u>
<b>Expenditures</b>						
General Government and Administration	--	--	--	--	--	600
Economic Development	--	--	--	--	--	12,128
Miscellaneous	59	3,076	12,191	--	--	27,048
Debt - Principal	5,277	--	--	--	--	247,000
Interest and Other Charges	3,430	--	--	--	--	191,198
<b>Total Expenditures</b>	<u>8,766</u>	<u>3,076</u>	<u>12,191</u>	<u>--</u>	<u>--</u>	<u>477,974</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(5,277)</u>	<u>(3,076)</u>	<u>(12,191)</u>	<u>321</u>	<u>--</u>	<u>(16,059)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from Other Funds	--	--	--	--	--	148,184
Transfers to Other funds	--	--	--	--	--	(148,184)
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>(5,277)</u>	<u>(3,076)</u>	<u>(12,191)</u>	<u>321</u>	<u>--</u>	<u>(16,059)</u>
<i>Fund Balance at Beginning of Period</i>	107,624	(9,153)	--	40,424	15,802	1,990,197
<b>Fund Balance at End of Period</b>	<u>\$ 102,347</u>	<u>\$ (12,229)</u>	<u>\$ (12,191)</u>	<u>\$ 40,745</u>	<u>\$ 15,802</u>	<u>\$ 1,974,138</u>