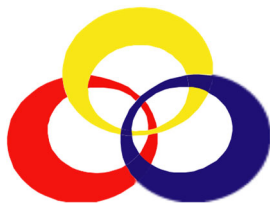


**City of Canby  
Audit Report  
For the Year Ended  
December 31, 2024**



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

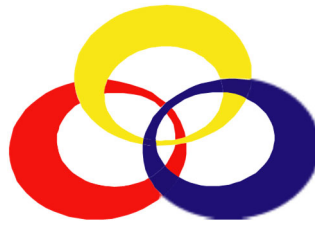
# City of Canby

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## **FINANCIAL 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 aggregate discretely presented component units, 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, 2024, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Canby, Minnesota as of December 31, 2024, 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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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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 June 17, 2025, 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*

Kinner & Company Ltd  
Certified Public Accountants

June 17, 2025

# **CITY OF CANBY**

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

### **DECEMBER 31, 2024 AND 2023**

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, 2024 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, 2024 AND 2023**

#### **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, 2024 AND 2023

#### Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator over time of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$17,477,331 and \$17,549,821 at the close of fiscal years 2024 and 2023.

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 \$463,994 in 2024 and it increased by \$96,960 in 2023.

**Table 1**

#### Net Position

	Governmental Activities		Business-Type Activities	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and other assets	3,656,765	3,298,706	6,935,833	7,271,416
Capital assets	<u>8,473,093</u>	<u>8,363,704</u>	<u>23,831,269</u>	<u>25,280,420</u>
Total assets	<u>12,129,858</u>	<u>11,662,410</u>	<u>30,767,102</u>	<u>32,551,836</u>
Deferred Outflows of Resources	<u>391,348</u>	<u>537,410</u>	<u>15,366</u>	<u>35,160</u>
Long-term liabilities outstanding	3,988,753	4,214,426	19,055,652	20,347,265
Other liabilities	<u>855,741</u>	<u>848,379</u>	<u>1,258,650</u>	<u>1,259,762</u>
Total liabilities	<u>4,844,494</u>	<u>5,062,805</u>	<u>20,314,302</u>	<u>21,607,027</u>
Deferred Inflows of Resources	<u>590,791</u>	<u>515,090</u>	<u>76,756</u>	<u>52,074</u>
Net Position				
Net investment in capital assets	4,408,268	4,258,466	4,053,836	4,354,479
Restricted	1,560,672	1,996,519	119,000	63,000
Unrestricted	<u>1,116,981</u>	<u>366,942</u>	<u>6,218,574</u>	<u>6,510,415</u>
Total Net Position	<u><u>7,085,921</u></u>	<u><u>6,621,927</u></u>	<u><u>10,391,410</u></u>	<u><u>10,927,894</u></u>

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, 2024 AND 2023**

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

	Governmental Activities		Business-Type Activities		2024
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>Total</u>
Revenues					
Program Revenues					
Charges for services	230,426	263,550	1,290,975	1,260,339	1,521,401
Operating grants and contributions	183,710	152,582	-	-	183,710
Capital grants and contributions	364,071	301,126	-	123,624	364,071
General Revenues					
Property taxes	1,069,828	919,612	376,375	375,947	1,446,203
Special Assessments	0	(1,718)	5,200	72	5,200
Intergovernmental Revenue	871,405	855,178	17,782	1,058	889,187
Fines and Forfeits	1,243	1,672	-	-	1,243
Licenses and Permits	3,245	3,075	-	-	3,245
Gain on sale of asset	62,881	55,539	16,425	-	79,306
Unrestricted Investment Earnings	51,657	50,830	115,793	125,686	167,450
Miscellaneous	<u>118,113</u>	<u>117,430</u>	<u>587</u>	<u>12,028</u>	<u>118,700</u>
Total Revenues	<u>2,956,579</u>	<u>2,718,876</u>	<u>1,823,137</u>	<u>1,898,754</u>	<u>4,779,716</u>
Expenses					
Governmental activities	2,492,585	2,621,903	-	-	2,492,585
Business-type activities	<u>-</u>	<u>-</u>	<u>2,359,621</u>	<u>2,405,517</u>	<u>2,359,621</u>
Total Expenses	<u>2,492,585</u>	<u>2,621,903</u>	<u>2,359,621</u>	<u>2,405,517</u>	<u>4,852,206</u>
Increase (Decrease) in net position	463,994	96,973	(536,484)	(506,766)	(72,490)
Net position, January 1,	<u>6,621,927</u>	<u>6,524,954</u>	<u>10,927,894</u>	<u>11,434,660</u>	<u>17,549,821</u>
Net position, December 31	<u><u>7,085,921</u></u>	<u><u>6,621,927</u></u>	<u><u>10,391,410</u></u>	<u><u>10,927,894</u></u>	<u><u>17,477,331</u></u>

The City's total net position decreased by \$72,490 in 2024 and decreased by \$409,806 in 2023.  
The decrease in 2024 and 2023 was mainly due to the proprietary funds.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2024 AND 2023**

**Business-type activities**

Business-type activities decreased the City's net position by \$536,484 in 2024 and decreased by \$506,766 in 2023.

**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 2024 and 2023, the City's governmental funds reported ending balances of \$2,724,125 and \$2,378,485. Thirty four percent and sixteen percent of the total amount of \$826,222 and \$381,996 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 \$536,484.

The Storm Sewer net position decreased by \$14,939 in 2024 and decreased \$31,787 in 2023.

Wastewater net position decreased by \$288,686 in 2024 and decreased by \$289,847 in 2023.

Water net position decreased by \$234,703 in 2024 and decreased by \$188,846 in 2023.

Solid Waste net position increased by \$1,844 in 2024 and increased by \$3,714 in 2023.

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, 2024 AND 2023**

#### **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, 2024 and 2023 amounts to \$32,304,282 and \$33,644,124 (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 2024, the City had new debt in the general fund from USDA for the fire truck. In 2024 the city paid off \$324,413 of governmental debt and \$1,321,313 of proprietary debt. At the end of 2024 and 2023, the City had total bonded debt outstanding of \$23,996,104 and \$25,032,701.

##### **2024 General Fund Budget Variances to Actual**

Total general fund budgeted revenues for 2024, including the USDA loan dollars, is \$2,509,520. The actual revenues for 2024, including transfer in and loan proceeds, is \$2,792,378. The revenues were over budget by \$282,858. The majority of the variance is due to under budgeting State aids and Local Government Aid.

Total general fund budgeted expenses for 2024, including the transfer out, was \$2,595,324. Actual expenses for 2024 were \$2,329,043. The expenses were under budget by \$266,281. This was due to not buying capital outlay that was budgeted and over budgeting the capital outlay and wage areas.

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2025 budget, tax rates and fees that will be charged for the business-type activities. The Council expects operations to remain consistent with 2024. Overall budget amounts for 2025 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, 2024**

	Primary Government			Component Unit Canby HRA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 2,029,816	\$ 2,138,912	\$ 4,168,728	\$ 229,152
Investments	--	1,785	1,785	--
Restricted Cash	--	119,000	119,000	--
Taxes Receivable	59,719	28,235	87,954	4,385
Delinquent Taxes Receivable	14,933	10,177	25,110	--
Due from Other Governments	122,831	--	122,831	--
Due from Component Unit- Current	63,125	--	63,125	--
Special Assessments Receivable	950	22,520	23,470	--
Accounts Receivable	11,802	107,070	118,872	11,929
Notes Receivable Current	14,009	--	14,009	805
Prepaid and Other Assets	16,295	15,930	32,225	--
Inventory	18,199	--	18,199	--
<b>Total Current Assets</b>	<b>2,351,679</b>	<b>2,443,629</b>	<b>4,795,308</b>	<b>246,271</b>
<i>Noncurrent Assets</i>				
Special Assessments - Deferred	52,916	4,034,691	4,087,607	--
Non-Depreciable	1,043,248	126,296	1,169,544	144,753
Depreciable, Net	7,429,845	23,704,896	31,134,741	429,344
Due from Component Unit - Non Current	764,705	--	764,705	--
Notes Receivable - Non Current	51,401	--	51,401	17,149
Net Pension Asset	276,068	--	276,068	--
<i>Internal Balances*</i>	159,996	457,591	--	--
<b>Total Assets</b>	<b>12,129,858</b>	<b>30,767,102</b>	<b>42,279,373</b>	<b>837,517</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related	391,348	15,366	406,714	--
<b>Total Deferred Outflows of Resources</b>	<b>391,348</b>	<b>15,366</b>	<b>406,714</b>	<b>--</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	20,746	2,818	23,564	1,573
Security Deposit Payable	--	--	--	6,681
LT Debt Due Within One Year	314,697	1,021,000	1,335,697	63,125
Accrued Interest Payable	33,954	103,589	137,543	--
<b>Total Current Liabilities</b>	<b>369,397</b>	<b>1,127,407</b>	<b>1,496,804</b>	<b>71,379</b>
<i>Noncurrent Liabilities</i>				
Unearned Revenue	--	98	98	--
Compensated Absences	59,330	47,881	107,211	--
Net Pension Liability	179,295	77,203	256,498	--
LT Debt Due Beyond One Yr.	3,750,128	18,910,277	22,660,405	764,705
Bond Premium	--	20,193	20,193	--
<i>Internal Balances*</i>	486,344	131,243	--	--
<b>Total Liabilities</b>	<b>4,844,494</b>	<b>20,314,302</b>	<b>24,541,209</b>	<b>836,084</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	590,791	76,756	667,547	--
<b>Total Deferred Inflows of Resources</b>	<b>590,791</b>	<b>76,756</b>	<b>667,547</b>	<b>--</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	4,408,268	4,053,836	8,462,104	574,097
Restricted	1,560,672	119,000	1,679,672	--
Unrestricted	1,116,981	6,218,574	7,335,555	(572,654)
<b>Total Net Position</b>	<b>\$ 7,085,921</b>	<b>\$ 10,391,410</b>	<b>\$ 17,477,331</b>	<b>\$ 1,433</b>

\* Amounts have been eliminated in total column

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

**City of Canby  
Statement of Activities  
For the Year Ended December 31, 2024**

Program Revenues					Net (Expense) Revenue			Component Unit Canby HRA
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
General Government and Administration	\$ 455,370	\$ 11,622	\$ --	\$ 26,185	\$ (417,563)	\$ --	\$ (417,563)	
Public Safety	375,846	60,816	183,710	50,000	(81,320)	--	(81,320)	
Public Works	492,506	7,095	--	--	(485,411)	--	(485,411)	
Culture and Recreation	278,992	30,801	--	--	(248,191)	--	(248,191)	
Economic Development	42,983	--	--	--	(42,983)	--	(42,983)	
Miscellaneous	453,590	--	--	--	(453,590)	--	(453,590)	
Interest and Other Charges	174,164	--	--	--	(174,164)	--	(174,164)	
Airport	155,484	120,092	--	287,886	252,494	--	252,494	
Excess TIF Returned to County	63,650	--	--	--	(63,650)	--	(63,650)	
<b>Total Governmental Activities</b>	<b>2,492,585</b>	<b>230,426</b>	<b>183,710</b>	<b>364,071</b>	<b>(1,714,378)</b>	<b>--</b>	<b>(1,714,378)</b>	
<b>Business-type Activities:</b>								
Solid Waste	175,706	175,782	--	--	--	76	76	
Storm Sewer	249,775	205,610	--	--	--	(44,165)	(44,165)	
Wastewater	921,217	387,015	--	--	--	(534,202)	(534,202)	
Water	1,012,923	522,568	--	--	--	(490,355)	(490,355)	
<b>Total Business-type Activities</b>	<b>2,359,621</b>	<b>1,290,975</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(1,068,646)</b>	<b>(1,068,646)</b>	
<b>Total Primary Government</b>	<b>\$ 4,852,206</b>	<b>\$ 1,521,401</b>	<b>\$ 183,710</b>	<b>\$ 364,071</b>	<b>\$ (1,714,378)</b>	<b>\$ (1,068,646)</b>	<b>\$ (2,783,024)</b>	
<b>Component Unit</b>								
Canby HRA	\$ 217,705	\$ 106,373	\$ --	\$ --	(111,332)			(111,332)
<b>Total Component Unit</b>	<b>\$ 217,705</b>	<b>\$ 106,373</b>	<b>\$ --</b>	<b>\$ --</b>	<b>(111,332)</b>			<b>(111,332)</b>
<b>General Purpose Revenues:</b>								
Interest Income					51,657	115,793	167,450	1,872
Miscellaneous					88,083	--	88,083	14,785
Property Taxes					1,069,828	376,375	1,446,203	105,276
Special Assessments(Forfeited)					--	5,200	5,200	--
License and Permits					3,245	--	3,245	--
Intergovernmental Revenues					871,405	17,782	889,187	--
Fines and Forfeits					1,243	--	1,243	--
Refunds and Reimbursements					4,769	587	5,356	--
Donations					25,261	--	25,261	--
Gain on Sale of Assets					62,881	16,425	79,306	6,768
<b>Total General Revenues</b>					<b>2,178,372</b>	<b>532,162</b>	<b>2,710,534</b>	<b>128,701</b>
<b>Change in Net Position</b>					<b>463,994</b>	<b>(536,484)</b>	<b>(72,490)</b>	<b>17,369</b>
<i>Net Position at Beginning of Period</i>					6,621,927	10,927,894	17,549,821	(15,936)
<b>Net Position at End of Period</b>					<b>\$ 7,085,921</b>	<b>\$ 10,391,410</b>	<b>\$ 17,477,331</b>	<b>\$ 1,433</b>

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

**City of Canby  
Balance Sheet  
Governmental Funds  
December 31, 2024**

	<b>General</b>	<b>Non Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,256,065	\$ 773,751	\$ 2,029,816
Taxes Receivable	54,748	4,971	59,719
Delinquent Taxes Receivable	13,370	1,563	14,933
Due from Other Governments	122,831	--	122,831
Due from Component Unit- Current	--	63,125	63,125
Special Assessments Receivable	--	950	950
Accounts Receivable	11,737	65	11,802
Notes Receivable Current	--	14,009	14,009
Prepaid and Other Assets	16,295	--	16,295
Inventory	18,199	--	18,199
Special Assessments - Deferred	--	52,916	52,916
Due from Component Unit - Non Current	--	764,705	764,705
Notes Receivable - Non Current	--	51,401	51,401
Advances to Other Funds	53,781	106,215	159,996
<b>Total Assets</b>	<b>\$ 1,547,026</b>	<b>\$ 1,833,671</b>	<b>\$ 3,380,697</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 20,296	\$ 450	\$ 20,746
Advances from Other Funds	354,820	131,524	486,344
<b>Total Liabilities</b>	<b>375,116</b>	<b>131,974</b>	<b>507,090</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue- Note Receivable, Taxes and Special Assessments	27,603	121,879	149,482
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>402,719</b>	<b>253,853</b>	<b>656,572</b>
<b>FUND BALANCE</b>			
Nonspendable	34,494	--	34,494
Restricted	191,662	1,581,688	1,773,350
Assigned	--	90,059	90,059
Unassigned	918,151	(91,929)	826,222
<b>Total Fund Balance</b>	<b>1,144,307</b>	<b>1,579,818</b>	<b>2,724,125</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,547,026</b>	<b>\$ 1,833,671</b>	<b>\$ 3,380,697</b>

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



**City of Canby**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2024**

Total Fund Balance - Governmental Funds	\$ 2,724,125
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.	(59,330)
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.	8,473,093
Tax revenue deferred in governmental fund statements if not received within sixty days	84,072
Long- term debt reflected on Statement of Net Position not in governmental funds balance sheet.	(4,064,825)
Deferred revenue on development loans in governmental funds are susceptible to full accrual on the government-wide statements	65,409
Net pension assets are not available to pay for current period expenditures and therefore are deferred in the funds.	276,068
Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.	(179,295)
Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.	(590,790)
Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.	391,348
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.	(33,954)
<b>Total Net Position-Governmental Funds</b>	<b>\$ <u>7,085,921</u></b>

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**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	<u>General</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Interest Income	\$ 5,765	\$ 45,892	\$ 51,657
Intergovernmental Revenues	880,827	--	880,827
Property Taxes	711,998	352,058	1,064,056
Special Assessments(Forfeited)	--	5,751	5,751
License and Permits	3,245	--	3,245
Fines and Forfeits	1,243	--	1,243
Charges for Services	150,067	--	150,067
Refunds and Reimbursements	24,225	--	24,225
Miscellaneous	131,244	37,198	168,442
USDA Federal Grant	50,000	--	50,000
Donations	182,359	--	182,359
Other MN and County Grants	26,664	--	26,664
Division of Aeronautics	285,141	--	285,141
<b>Total Revenues</b>	<u>2,452,778</u>	<u>440,899</u>	<u>2,893,677</u>
<b>Expenditures</b>			
General Government and Administration	469,118	145	469,263
Public Safety	259,660	--	259,660
Public Works	364,007	--	364,007
Culture and Recreation	221,768	--	221,768
Economic Development	--	9,975	9,975
Miscellaneous	101,181	11,729	112,910
Airport	155,484	--	155,484
Excess TIF Returned to County	--	63,650	63,650
Capital Outlay	734,136	--	734,136
Debt - Principal	19,413	305,000	324,413
Interest and Other Charges	4,276	168,098	172,374
<b>Total Expenditures</b>	<u>2,329,043</u>	<u>558,597</u>	<u>2,887,640</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>123,735</u>	<u>(117,698)</u>	<u>6,037</u>
<b>Other Financing Sources (Uses)</b>			
Gain on Sale of Assets	55,600	--	55,600
Loan Proceeds	284,000	--	284,000
<b>Net Other Financing Sources (Uses)</b>	<u>339,600</u>	<u>--</u>	<u>339,600</u>
<b>Net Change in Fund Balance</b>	<u>463,335</u>	<u>(117,698)</u>	<u>345,637</u>
<i>Fund Balance at Beginning of Period</i>	680,972	1,697,516	2,378,488
<b>Fund Balance at End of Period</b>	<u>\$ 1,144,307</u>	<u>\$ 1,579,818</u>	<u>\$ 2,724,125</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ 345,637
Tax revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.	5,772
Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements.	324,413
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.	734,136
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(659,254)
Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements.	(284,000)
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.	(13,858)
The net effect of various transactions involving capital assets (i.e. Sales, trade-ins, and contributions) is to increase net position.	7,281
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	(33,008)
Special assessment revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.	(5,751)
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.	44,418
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements.	(1,790)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$ <u>463,994</u></b>

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

**City of Canby**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2024**

	Business-type Activities - Enterprise Funds				
	Storm Sewer	Wastewater	Water	Non Major Enterprise Funds	Total Enterprise Funds
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and Cash Equivalents	\$ 158,641	\$ 315,848	\$ 1,656,969	\$ 7,454	\$ 2,138,912
Investments	--	893	558	334	1,785
Restricted Cash	--	59,500	59,500	--	119,000
Taxes Receivable	773	14,140	13,322	--	28,235
Delinquent Taxes Receivable	161	5,172	4,844	--	10,177
Special Assessments Receivable	3,141	9,771	9,608	--	22,520
Accounts Receivable	18,078	35,522	37,796	15,674	107,070
Prepaid and Other Assets	--	7,868	8,062	--	15,930
<b>Total Current Assets</b>	<b>180,794</b>	<b>448,714</b>	<b>1,790,659</b>	<b>23,462</b>	<b>2,443,629</b>
<i>Noncurrent Assets</i>					
Special Assessments - Deferred	339,165	1,844,707	1,850,819	--	4,034,691
Non-Depreciable	--	79,835	21,345	25,116	126,296
Depreciable, Net	2,516,078	10,436,642	10,752,176	--	23,704,896
Advances to Other Funds	--	102,771	354,820	--	457,591
<b>Total Assets</b>	<b>3,036,037</b>	<b>12,912,669</b>	<b>14,769,818</b>	<b>48,578</b>	<b>30,767,102</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Related	--	6,016	5,574	3,776	15,366
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>6,016</b>	<b>5,574</b>	<b>3,776</b>	<b>15,366</b>
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts Payable	92	--	114	2,612	2,818
LT Debt Due Within One Year	215,000	450,000	356,000	--	1,021,000
Accrued Interest Payable	36,399	38,629	28,561	--	103,589
<b>Total Current Liabilities</b>	<b>251,491</b>	<b>488,629</b>	<b>384,675</b>	<b>2,612</b>	<b>1,127,407</b>
<i>Noncurrent Liabilities</i>					
Unearned Revenue	--	98	--	--	98
Compensated Absences	--	18,616	22,394	6,871	47,881
Net Pension Liability	--	30,522	39,500	7,181	77,203
LT Debt Due Beyond One Yr.	2,455,000	9,171,278	7,283,999	--	18,910,277
Bond Premium	20,193	--	--	--	20,193
Advances from Other Funds	--	7,868	8,062	115,313	131,243
<b>Total Liabilities</b>	<b>2,726,684</b>	<b>9,717,011</b>	<b>7,738,630</b>	<b>131,977</b>	<b>20,314,302</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related	--	30,287	36,982	9,487	76,756
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>30,287</b>	<b>36,982</b>	<b>9,487</b>	<b>76,756</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	--	895,199	3,133,521	25,116	4,053,836
Restricted	--	59,500	59,500	--	119,000
<i>Unrestricted</i>	309,353	2,216,688	3,806,759	(114,226)	6,218,574
<b>Total Net Position</b>	<b>\$ 309,353</b>	<b>\$ 3,171,387</b>	<b>\$ 6,999,780</b>	<b>\$ (89,110)</b>	<b>\$ 10,391,410</b>

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

**City of Canby**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2024**

	Business-type Activities - Enterprise Funds				
	Storm Sewer	Wastewater	Water	Non Major Enterprise Funds	Total Enterprise Funds
<b>Operating Revenues</b>					
Charges for Services	\$ 205,610	\$ 387,015	\$ 512,909	\$ 175,782	\$ 1,281,316
<b>Total Operating Revenues</b>	<u>205,610</u>	<u>387,015</u>	<u>512,909</u>	<u>175,782</u>	<u>1,281,316</u>
<b>Operating Expenses</b>					
Labor	--	69,574	93,306	17,760	180,640
Employee Benefits	--	28,849	39,139	6,029	74,017
Supplies	1,896	20,048	29,688	3,742	55,374
Repairs	324	6,210	11,715	--	18,249
Utilities	--	4,363	20,837	--	25,200
Telephone	--	460	3,114	--	3,574
Insurance	--	12,803	12,803	--	25,606
Auditing	--	2,200	2,500	1,700	6,400
Miscellaneous	21	652	2,771	1,892	5,336
Contracted Services	--	9,531	6,854	85,050	101,435
Tipping Expenses	--	--	--	25,068	25,068
Travel	--	811	811	--	1,622
Motor Fuel	--	1,048	1,586	--	2,634
Water Purchases	--	--	5,249	--	5,249
Truck Expense	--	470	1,574	--	2,044
Dues and License	--	545	8,934	--	9,479
Legal & Professional	6,831	--	--	19,236	26,067
Depreciation	157,147	654,333	685,512	--	1,496,992
<b>Total Operating Expenses</b>	<u>166,219</u>	<u>811,897</u>	<u>926,393</u>	<u>160,477</u>	<u>2,064,986</u>
<b>Operating Income (Loss)</b>	<u>39,391</u>	<u>(424,882)</u>	<u>(413,484)</u>	<u>15,305</u>	<u>(783,670)</u>
<b>Non-Operating Revenues (Expenses)</b>					
Interest Income	14,511	49,643	51,525	114	115,793
Intergovernmental Revenues	--	7,030	9,098	1,654	17,782
Property Taxes	10,299	189,012	177,064	--	376,375
Special Assessments(Forfeited)	4,416	--	784	--	5,200
Refunds and Reimbursements	--	(169)	756	--	587
Rental Income	--	--	9,659	--	9,659
Interest Expense	(83,556)	(109,320)	(80,688)	--	(273,564)
Sales Tax Expense	--	--	(5,842)	(15,229)	(21,071)
<b>Net Non-Operating Revenues (Expenses)</b>	<u>(54,330)</u>	<u>136,196</u>	<u>162,356</u>	<u>(13,461)</u>	<u>230,761</u>
<b>Income Before Contributions and Transfers</b>	<u>(14,939)</u>	<u>(288,686)</u>	<u>(251,128)</u>	<u>1,844</u>	<u>(552,909)</u>
Gain on Sale of Assets	--	--	16,425	--	16,425
<b>Change In Net Position</b>	<u>(14,939)</u>	<u>(288,686)</u>	<u>(234,703)</u>	<u>1,844</u>	<u>(536,484)</u>
Net Position at Beginning of Period	324,292	3,460,073	7,234,483	(90,954)	10,927,894
<b>Net Position at End of Period</b>	<u>\$ 309,353</u>	<u>\$ 3,171,387</u>	<u>\$ 6,999,780</u>	<u>\$ (89,110)</u>	<u>\$ 10,391,410</u>

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

**City of Canby**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2024**

	Business-Type Activities				Total Proprietary Funds
	Storm Sewer	Wastewater	Water	Non Major Solid Waste	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 204,814	\$ 385,603	\$ 515,435	\$ 175,025	\$ 1,280,877
Other Receipts	-	-	756	-	756
Payments to Suppliers and Vendors	(27,862)	(58,771)	(104,441)	(152,959)	(344,033)
Payments to and on Behalf of Employees	-	(103,007)	(139,200)	(21,323)	(263,530)
Net Cash Flows Provided (Used) by Operating Activities	176,952	223,825	272,550	743	674,070
Cash Flows From Noncapital Financing Activities:					
General Property Taxes	9,865	181,301	169,762	-	360,928
Special Assessments	44,200	94,049	95,539	-	233,788
Rental Income	-	-	9,659	-	9,659
Cash Received from sale of asset	-	-	16,425	-	16,425
Cash Received from (paid on) Advances to Other Funds	-	-	-	1,653	1,653
Cash Received from (paid on) Advances from Other Funds	-	2,052	(5,180)	-	(3,128)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	54,065	284,432	295,303	1,653	635,453
Cash Flows from Capital and Related Financing Activities:					
Bond Proceeds / (Costs)	(3,367)	571	211	-	(2,585)
Cash paid to General fund for land acquisition	-	-	-	-	-
Cash Paid for Principal on Debt	(200,000)	(445,000)	(351,900)	-	(996,900)
Cash Paid for Interest on Debt	(86,145)	(110,811)	(82,012)	-	(278,968)
Acquisition of Capital Assets	-	-	(47,763)	-	(47,763)
Net Cash Flows from Capital and Related Financing Activities	(289,512)	(555,240)	(481,464)	-	(1,326,216)
Cash Flows From Investing Activities:					
Interest Earned on Investments	14,511	49,643	51,525	114	115,793
Purchase of Investments	-	(43)	(28)	(17)	(88)
Net Cash Flows from Investing Activities	14,511	49,600	51,497	97	115,705
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ (43,984)</b>	<b>\$ 2,617</b>	<b>\$ 137,886</b>	<b>\$ 2,493</b>	<b>\$ 99,012</b>
Cash and Cash Equivalents - Beginning of Year	202,625	372,731	1,578,583	4,961	2,158,900
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 158,641</b>	<b>\$ 375,348</b>	<b>\$ 1,716,469</b>	<b>\$ 7,454</b>	<b>\$ 2,257,912</b>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 39,391	\$ (424,882)	\$ (413,484)	\$ 15,305	\$ (783,670)
Other Income Related to Operations	-	-	756	-	756
Other Expense	-	-	(5,842)	(15,229)	(21,071)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and Amortization	157,147	654,333	685,512	-	1,496,992
Change in Pension Expense	-	(7,030)	(9,098)	(1,654)	(17,782)
Changes in Assets and Liabilities:					
Accounts Receivable	(796)	(1,412)	2,526	(757)	(439)
Prepaid Expense	-	4,935	4,741	-	9,676
Accounts Payable-Operating	(18,790)	(4,565)	5,096	612	(17,647)
Accrued Vacation	-	2,446	2,343	2,466	7,255
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 176,952</b>	<b>\$ 223,825</b>	<b>\$ 272,550</b>	<b>\$ 743</b>	<b>\$ 674,070</b>

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, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
General Property Taxes	\$ 678,235	\$ 678,235	\$ 711,998	\$ 33,763
Special Assessments	2,000	2,000	--	(2,000)
Business	600	600	880	280
Liquor	2,225	2,225	2,225	--
Non-Business	120	120	140	20
Local Government Aid	754,457	754,457	836,910	82,453
Fire PERA Aid	--	--	34,495	34,495
State Aid - Police	23,000	23,000	9,422	(13,578)
Public Safety - Canby & Porter	20,000	20,000	157,098	137,098
Other Grants	103,000	103,000	26,664	(76,336)
Federal and MN Grant	340,332	340,332	335,141	(5,191)
Cemetery Lot Sales	1,500	1,500	2,200	700
Fire Control Income	7,500	7,500	23,750	16,250
Traffic and Ordinance Fines	3,570	3,570	1,243	(2,327)
Interest Income	3,406	3,406	5,765	2,359
Rents	1,800	1,800	8,955	7,155
Airport Hangar Rent	27,000	27,000	26,645	(355)
Airport Farm Rent	15,811	15,811	16,114	303
Airport Gas, Gravel Sales, and Fly-in	68,514	68,514	75,133	6,619
Cable Franchise Fee	47,000	47,000	47,439	439
Insurance Refunds & Reimbursements	20,000	20,000	19,456	(544)
Pop Machine	7,450	7,450	6,649	(801)
Donations	10,000	10,000	25,261	15,261
Other Miscellaneous Revenue	88,000	88,000	79,195	(8,805)
<b>Total Revenues</b>	<u>2,225,520</u>	<u>2,225,520</u>	<u>2,452,778</u>	<u>227,258</u>
<b>Other Financing Sources</b>				
Loan Proceeds	284,000	284,000	284,000	-
Sale of Assets	--	--	55,600	55,600
<b>Total Revenues and Other Financing Sources</b>	<u>2,509,520</u>	<u>2,509,520</u>	<u>2,792,378</u>	<u>282,858</u>

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 (continued)**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Expenditures</b>				
GENERAL GOVERNMENT				
<i>Mayor and Council:</i>				
Salaries	7,200	7,200	6,650	550
Payroll Taxes & Benefits	1,051	1,051	963	88
Travel and Conference	350	350	--	350
Subscriptions and Memberships	250	250	205	45
General Insurance	130,000	130,000	134,939	(4,939)
Election	4,430	4,430	2,511	1,919
<i>Total Mayor and Council</i>	<u>143,281</u>	<u>143,281</u>	<u>145,268</u>	<u>(1,987)</u>
<i>Administration:</i>				
Salaries	146,000	146,000	116,746	29,254
Payroll Tax & Benefits	22,119	22,119	16,862	5,257
Insurance	32,763	32,763	23,722	9,041
Office Supplies	10,150	10,150	4,909	5,241
Maintenance and Repairs	500	500	--	500
Communications	8,000	8,000	8,651	(651)
Travel, Conference and Schools	3,000	3,000	422	2,578
Printing and Publishing	2,500	2,500	1,735	765
Contractual Services	15,000	15,000	6,893	8,107
Miscellaneous	3,000	3,000	3,084	(84)
Assessor	16,765	16,765	17,247	(482)
Accounting and Legal	33,000	33,000	36,350	(3,350)
Planning and Zoning	15,000	15,000	35,803	(20,803)
<i>Total Administration</i>	<u>307,797</u>	<u>307,797</u>	<u>272,424</u>	<u>35,373</u>
<i>Municipal Building:</i>				
Maintenance and Repair	4,000	4,000	10,323	(6,323)
Supplies	1,725	1,725	2,718	(993)
Utilities	19,000	19,000	12,795	6,205
Contractual Services	6,300	6,300	14,083	(7,783)
Miscellaneous	28	28	28	--
Equipment and Improvements	20,000	20,000	24,296	(4,296)
Public Restroom Service	850	850	129	721
Printing and Publishing	9,300	9,300	9,110	190
Utilities	3,000	3,000	2,738	262
Christmas Decorations Utilities	400	400	171	229
<i>Total Municipal Building</i>	<u>64,603</u>	<u>64,603</u>	<u>76,391</u>	<u>(11,788)</u>

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 (continued)**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>PUBLIC SAFETY</b>				
<i>Police Protection:</i>				
Wages	205,950	205,950	77,794	128,156
Payroll Taxes/PERA	39,439	39,439	14,002	25,437
Insurance	32,400	32,400	12,028	20,372
Office/General Supplies	14,000	14,000	13,228	772
Motor Fuel and Lubes	7,000	7,000	2,065	4,935
Maintenance and Repair	4,000	4,000	1,714	2,286
Communications	5,000	5,000	3,872	1,128
Travel, Conference, and Schools	2,500	2,500	472	2,028
Subscription and Memberships	1,500	1,500	625	875
Contractual Services	8,000	8,000	9,736	(1,736)
Professional Services	15,000	15,000	22,604	(7,604)
<i>Total Police Protection</i>	<u>334,789</u>	<u>334,789</u>	<u>158,140</u>	<u>176,649</u>
<i>Fire Protection:</i>				
Wages	18,000	18,000	25,765	(7,765)
Payroll Taxes/PERA	1,377	1,377	1,971	(594)
Interest	4,165	4,165	4,276	(111)
Principal	19,413	19,413	19,413	--
Supplies	5,000	5,000	3,964	1,036
Motor Fuel and Lubes	4,000	4,000	3,327	673
Maintenance and Repair	11,500	11,500	5,907	5,593
Communications	1,800	1,800	460	1,340
Travel, Conference and Schools	500	500	--	500
Utilities	7,000	7,000	5,533	1,467
Contracted Services	4,200	4,200	1,740	2,460
Miscellaneous	550	550	35,067	(34,517)
Equipment and Improvements	339,026	339,026	355,070	(16,044)
<i>Total Fire Protection</i>	<u>416,531</u>	<u>416,531</u>	<u>462,493</u>	<u>(45,962)</u>
<i>Civil Defense:</i>				
Utilities	700	700	627	73
Supplies	1,000	1,000	80	920
Supplies	10	10	--	10
<i>Total Civil Defense</i>	<u>1,710</u>	<u>1,710</u>	<u>707</u>	<u>1,003</u>

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 (continued)**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>PUBLIC WORKS</b>				
<i>Streets:</i>				
Wages	115,000	115,000	115,629	(629)
Payroll Taxes/PERA	17,423	17,423	16,334	1,089
Insurance	36,243	36,243	36,346	(103)
Motor Fuel and Lubes	15,000	15,000	8,694	6,306
Maintenance and Repair	132,350	132,350	127,487	4,863
Travel, Conferences and Schools	3,300	3,300	16,637	(13,337)
Utilities	700	700	384	316
Supplies	8,000	8,000	7,467	533
Capital Expenditures	62,650	62,650	94,542	(31,892)
Miscellaneous	500	500	128	372
Snow Removal	1,500	1,500	--	1,500
<i>Total Streets</i>	<u>392,666</u>	<u>392,666</u>	<u>423,648</u>	<u>(30,982)</u>
<i>City Garage:</i>				
Utilities	7,500	7,500	5,531	1,969
Maintenance and Repair	1,700	1,700	865	835
Supplies	2,500	2,500	3,101	(601)
Miscellaneous	28	28	28	--
Dues and Licenses	10	10	10	--
Street Lighting	35,000	35,000	29,272	5,728
<i>Total City Garage</i>	<u>46,738</u>	<u>46,738</u>	<u>38,807</u>	<u>7,931</u>
<b>CULTURE AND REC</b>				
<i>Library:</i>				
Communications	1,900	1,900	1,770	130
Contracted Services	78,842	78,842	78,842	--
<i>Total Library</i>	<u>80,742</u>	<u>80,742</u>	<u>80,612</u>	<u>130</u>
<i>Recreation Council:</i>				
Wages	48,000	48,000	35,227	12,773
Payroll Taxes	3,672	3,672	2,645	1,027
Utilities	1,500	1,500	1,945	(445)
<i>Total Recreation Council</i>	<u>53,172</u>	<u>53,172</u>	<u>39,817</u>	<u>13,355</u>

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 (continued)**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<i>Parks:</i>				
Salaries and Wages	28,772	28,772	28,909	(137)
Payroll Taxes/PERA	3,256	3,256	3,401	(145)
Insurance	4,555	4,555	5,433	(878)
Motor Fuels & Lubes	4,000	4,000	5,167	(1,167)
Maintenance and Repair Building	12,000	12,000	14,749	(2,749)
Utilities	3,000	3,000	3,896	(896)
Supplies	6,500	6,500	14,827	(8,327)
Contracted Services	800	800	144	656
Subscriptions and Memberships	250	250	262	(12)
Equipment Purchase	69,000	69,000	60,328	8,672
Miscellaneous	100	100	148	(48)
<i>Total Parks</i>	<u>132,233</u>	<u>132,233</u>	<u>137,264</u>	<u>(5,031)</u>
<i>Swimming Pool:</i>				
Communication	800	800	519	281
Utilities	10,000	10,000	9,986	14
Maintenance and Repair Equipment	1,000	1,000	927	73
Maintenance and Repair Building	1,000	1,000	910	90
Supplies	8,600	8,600	7,327	1,273
Miscellaneous	835	835	740	95
Communications	1,900	1,900	1,843	57
<i>Total Swimming Pool</i>	<u>24,135</u>	<u>24,135</u>	<u>22,252</u>	<u>1,883</u>
<i>Theatre:</i>				
Utilities	11,000	11,000	9,273	1,727
Supplies	1,000	1,000	--	1,000
Contracted Services	15,000	15,000	5,281	9,719
Maintenance and Repairs	1,000	1,000	7,880	(6,880)
Miscellaneous	2,700	2,700	2,340	360
Motor Fuels and Lubes	2,150	2,150	817	1,333
Maintenance and Repairs	16,000	16,000	8,459	7,541
Communications	3,200	3,200	3,087	113
Utilities	13,000	13,000	10,868	2,132
Supplies	7,000	7,000	4,801	2,199
License and Taxes	5,565	5,565	7,060	(1,495)
<i>Total Theatre</i>	<u>77,615</u>	<u>77,615</u>	<u>59,866</u>	<u>17,749</u>
<i>Airport:</i>				
Merchandise for Resale	55,000	55,000	63,524	(8,524)
Contracted Services	25,000	25,000	24,103	897
Miscellaneous	1,250	1,250	897	353
Expansion Project	--	--	31,868	(31,868)
Equipment and Improvements	325,000	325,000	216,398	108,602
<i>Total Airport</i>	<u>406,250</u>	<u>406,250</u>	<u>336,790</u>	<u>69,460</u>

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 (continued)**  
**For the Year Ended December 31, 2024**

	<b>Budgeted Amounts</b>			<b>Variance to</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<i>Cemetery:</i>				
Wages	22,000	22,000	20,799	1,201
Payroll Taxes/PERA	2,373	2,373	2,212	161
Utilities	180	180	220	(40)
Maintenance and Repair	300	300	168	132
Supplies	700	700	675	25
Insurance	3,034	3,034	3,001	33
Miscellaneous	15	15	28	(13)
<i>Total Cemetery</i>	<u>28,602</u>	<u>28,602</u>	<u>27,103</u>	<u>1,499</u>
<i>Other Miscellaneous:</i>				
Canby Area Business Service	10,000	10,000	7,000	3,000
Insect and Pest Control	9,100	9,100	7,361	1,739
Miscellaneous	25,360	25,360	33,100	(7,740)
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>--</u>	<u>40,000</u>
<i>Total Other Miscellaneous</i>	<u>84,460</u>	<u>84,460</u>	<u>47,461</u>	<u>36,999</u>
<b><i>Total Expenditures</i></b>	<u><b>2,595,324</b></u>	<u><b>2,595,324</b></u>	<u><b>2,329,043</b></u>	<u><b>266,281</b></u>
<b><i>Excess (Deficiency) of Revenues and</i></b>				
<b><i>Other Sources Over Expenditures</i></b>				
<b><i>and Other Uses</i></b>	<u><b>(85,804)</b></u>	<u><b>(85,804)</b></u>	<u><b>463,335</b></u>	<u><b>549,139</b></u>
<b><i>Net Change in Fund Balance</i></b>	<u><b>(85,804)</b></u>	<u><b>(85,804)</b></u>	<u><b>463,335</b></u>	<u><b>549,139</b></u>
<i>Fund Balance at Beginning of Period</i>	<u>680,972</u>	<u>680,972</u>	<u>680,972</u>	<u>--</u>
<b><i>Fund Balance at End of Period</i></b>	<u><b>\$ 595,168</b></u>	<u><b>\$ 595,168</b></u>	<u><b>\$ 1,144,307</b></u>	<u><b>\$ 549,139</b></u>

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 its 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, 2024**

**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.

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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.

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:

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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.

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.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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.

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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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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.

**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 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.

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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.

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.

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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.

**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  
( January 1, 2022-December 31, 2024)

**Vacation leave**

An employee may carry a maximum of one year's worth of their yearly accrual of vacation days plus an additional twenty (20) vacation days into the next year. In the event an employee terminates employment with the Employer, the employee shall receive the value of their vacation as severance pay.

<u>Years of Service</u>	<u>Yearly Accrual</u>
0 – 5	10 days
6-10	15 days
11-15	20 days
16 or more	25 days

**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, 2024**

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 current hourly pay rate. 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 comp time. Any time accrued as comp time must be paid out if the 120 hour max is reached.

American Federation of State, County and Municipal Employees Council 65 Union Contract AFSCME  
(January 1, 2022- December 31, 2024)

**Vacation leave**

Employees shall earn vacation based on the following schedule:

<u>Years of Service</u>	<u>Maximum</u>
Less than 10 years	10 days
Less than 20 years	15 days
20 years	20 days
21 years	21 days
22 years	22 days
23 years	23 days
24 years	24 days
25 or more	25 days

An employee may carry over a maximum of 20 days of vacation into the next year. An employee wishing to accrue a longer vacation may, with consent of the Council, allow his or her credits to accumulate for not more than two years.

**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.

**CITY OF CANBY**  
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Years of Service	Payment - % of Unused Vacation Leave
0 – 4	0 %
5 – 9	10 %
10 – 14	25 %
15 – 19	40 %
20 – 25	55 %
Over 25	70 %

**Compensatory Time**

An employee may not exceed 120 hours of compensatory time. Any time accrued as compensatory time must be paid out if the 120 hour maximum is reached

Law Enforcement Labor Services, Inc. Union Contract LELS(January 1, 2022-December 31, 2024)

**Vacation leave**

Vacation will be accrued at the following rates:

0-10 years	12 days/year
11-20 years	18 days/year
21+ years	24 days/year

Each year beyond 21 earns an additional 1 day per year, not to exceed 5 days beyond. Up to five days beyond annual accrued unused vacation days may be banked and carried over from year to year. When employee terminates, 100% of vacation time earned but not used will be paid as a severance pay.

**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.

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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.

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, 2024, the unassigned fund balance of the General Fund was 33% of the subsequent year’s budgeted expenditures.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

**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, 2024, due from other governments totaled \$122,831. This amount includes federal and state dollars.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**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%.

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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.

**B. FUND BALANCE CLASSIFICATION**

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

	<u>General Fund</u>	<u>Non Major Govt Funds</u>	<u>Total</u>
Nonspendable:			
Prepaid Expenses	34,494		34,494
Restricted for:			
John Swenson Trust	56,110		56,110
Bridges & Roads	30,036		30,036
Debt Service		1,581,688	1,581,688
Humane Society	10,098		10,098
Public Safety	95,418		95,418
Assigned		90,059	90,059
Unassigned:	<u>918,151</u>	<u>(91,929)</u>	<u>826,222</u>
Total Fund Balances	<u>1,144,307</u>	<u>1,579,818</u>	<u>2,724,125</u>

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The general fund, a major fund, did not have excess expenditures over appropriations.

**D. DEFICIT FUND BALANCES**

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

Debt Service Funds:	
GO Tax Increment Bonds - 1997	4,326
TIF 1-6	1,993
TIF 1-18	9,465
TIF 1-28	10,063
TIF 1-29	8,603
TIF 1-31	2,133
TIF 1-32	43,711
Parking Lot Bond	11,635

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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**  
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*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 \$4,486,794 at December 31, 2024, 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, 2024 was \$4,289,513.

**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**  
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*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, 2024, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
4M Fund	\$1,785	*

\*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, 2024, 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, 2024, all investments were insured or registered or the securities were held by the City or its agent in the City's name.

### **Restricted Cash**

Starting in 2023 the PFA requested a replacement fund restricted account based on the number of gallons billed for the year. At December 31, 2024, the minimum deposit for Water and Sewer was \$59,500 each.

Starting in 2021, the USDA requested a restricted account for equipment maintenance and replacement. At December 31, 2024 this balance is \$4,422 in the general fund.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

A reconciliation of cash and investments as shown on the Statement of Net Position as of December 31, 2024:

Checking	\$ 1,160,581
Savings and Money Market	2,952,036
Restricted Cash	119,000
Certificates of Deposit	56,110
Investments	1,785
Total	<u>\$ 4,289,513</u>
Deposits	\$ 4,287,728
Investments	1,785
Total	<u>\$ 4,289,513</u>

**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, 2024 is \$84,072 for taxes and special assessments and \$65,410 for notes receivable.

**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, 2024**

The following is a summary of notes receivable transactions for the year ended December 31, 2024:

	Balance 1-1-2024	Amount Advanced	Payments Received	Balance 12-31-2024
EDA Loans	\$ 98,417	\$ 3,168	\$ 36,176	\$ 65,409
Canby HRA Note	234,214		18,250	215,965
Canby HRA Note	383,681		22,761	360,921
Canby HRA Note	174,640		11,640	163,000
Canby HRA Note	93,807		5,863	87,944
	<u>\$ 984,760</u>	<u>\$ 3,168</u>	<u>\$ 94,690</u>	<u>\$ 893,238</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 to \$300 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.

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated				
Land	1,043,248			1,043,248
Construction in Progress	45,140		45,140	-
Total Capital Assets Not Being Depreciated	<u>1,088,388</u>	<u>-</u>	<u>45,140</u>	<u>1,043,248</u>
Capital Assets Being Depreciated:				
Buildings	3,234,781	45,140		3,279,921
Improvements Other Than Buildings	7,589,897	18,704		7,608,601
Infrastructure	1,347,150	25,653		1,372,803
Machinery & Equipment	3,395,062	730,278	626,760	3,498,581
Total Capital Assets Being Depreciated	<u>15,566,890</u>	<u>819,775</u>	<u>626,760</u>	<u>15,759,905</u>
Less Accumulated Depreciation for:				
Buildings	2,473,677	34,442		2,508,119
Improvements Other Than Buildings	2,336,341	329,522		2,665,863
Infrastructure	1,300,980	50,002		1,350,982
Machinery & Equipment	2,180,572	245,288	620,764	1,805,096
Total Accumulated Depreciation	<u>8,291,570</u>	<u>659,254</u>	<u>620,764</u>	<u>8,330,060</u>
Total Capital Assets Being Depreciated, Net	<u>7,275,320</u>	<u>160,521</u>	<u>5,996</u>	<u>7,429,845</u>
Total Capital Assets	<u>8,363,707</u>	<u>160,521</u>	<u>51,136</u>	<u>8,473,093</u>



**CITY OF CANBY**  
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<b>Business-Type Activities:</b>	<u>Balance</u> <u>12/31/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2024</u>
Capital Assets Not Being Depreciated:				
Land	<u>126,295</u>	<u>          </u>	<u>          </u>	<u>126,295</u>
Total Capital Assets Not Being Depreciated	<u>126,295</u>	<u>          -</u>	<u>          -</u>	<u>126,295</u>
Capital Assets Being Depreciated:				
Projects	33,439,311			33,439,311
Buildings	2,124,484			2,124,484
Improvements other than Buildings	1,223,193			1,223,193
Equipment	<u>3,149,113</u>	<u>47,763</u>	<u>22,070</u>	<u>3,174,806</u>
Total Capital Assets Being Depreciated	<u>39,936,101</u>	<u>47,763</u>	<u>22,070</u>	<u>39,961,794</u>
Less Accumulated Depreciation for:				
Projects	9,250,420	1,345,162		10,595,582
Buildings	2,548,731	51,699		2,600,430
Improvements other than Buildings	1,057,755	18,641		1,076,396
Equipment	<u>1,925,072</u>	<u>81,490</u>	<u>22,070</u>	<u>1,984,492</u>
Total Accumulated Depreciation	<u>14,781,978</u>	<u>1,496,992</u>	<u>22,070</u>	<u>16,256,900</u>
Total Capital Assets Being Depreciated, Net	<u>25,154,123</u>	<u>(1,449,229)</u>	<u>          -</u>	<u>23,704,894</u>
Business-Type Activity Capital Assets, Net	<u>25,280,418</u>	<u>(1,449,229)</u>	<u>          -</u>	<u>23,831,189</u>

**CITY OF CANBY**  
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Depreciation Expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 7,178
Public Safety	114,059
Public Works	138,459
Culture & Recreation	58,878
Miscellaneous	340,680
Total Depreciation Expense	
Governmental Activities	<u>\$ 659,254</u>
Business-Type Activities:	
Water	\$ 685,512
Wastewater	654,333
Storm Sewer	157,147
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,496,992</u>

**E. ACCOUNTS AND RETAINAGE PAYABLES**

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

**CITY OF CANBY**  
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**F. LONG-TERM DEBT**

The following is a summary of the changes in long-term debt obligations:

	<u>Original Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance 1-1-24</u>	<u>Issuances/ Additions</u>	<u>Payments/ Reductions</u>	<u>Balance 12-31-24</u>	<u>Amounts Due in One Year</u>
<u>Governmental Activities</u>								
Bonds Payable:								
2011 GO Parking Lot Bond	265,000	7/2023	3.00%	150,000		15,000	135,000	15,000
GO TIF Bond 2014C	600,000	11/2035	3.25%	385,000		30,000	355,000	30,000
2012A GO Tax Increment Bond	750,000	9/2034	3-5%	465,000		35,000	430,000	35,000
2012B GO Tax Increment Bond	335,000	12/2038	5.750%	225,000		60,000	165,000	15,000
2015B Tax Abatement Bond	695,000	12/2036	2.100%	545,000		35,000	510,000	35,000
2015A GO Tax Increment Bond	1,630,000	12/2036	2.500%	1,180,000		70,000	1,110,000	80,000
2019 GO Tax Increment Bond	985,000	12/2039	3-3.25%	800,000		50,000	750,000	50,000
2022A GO Tax Increment Bond	200,000	1/2022	3-3.25%	190,000		10,000	180,000	10,000
Notes Payable:								
2011 GO Fire Truck	130,000	7/2026	4.125%	32,399		10,539	21,860	20,901
2021 USDA Truck Loan	150,000	8/2036	2.250%	132,839		8,874	123,965	9,076
USDA	284,000	6/2039	3.500%	-	284,000		284,000	14,720
Other Long-Term Liabilities:								
Compensated Absences *				45,471	13,859		59,330	-
Total Long Term Liabilities Governmental Activities				<u>4,150,709</u>	<u>297,859</u>	<u>324,413</u>	<u>4,124,155</u>	<u>314,697</u>
<u>Business-Type Activities</u>								
Bonds Payable:								
2014D GO Bond - Storm Sewer	1,630,000	2/2035	3.30%	1,075,000		75,000	1,000,000	85,000
2018A GO Revenue Bond-Storm Sewer	1,370,000	8/2018	3.62%	1,185,000		55,000	1,130,000	60,000
2020A GO Storm Sewer Revenue Refund Bonds	805,000	3/2020	2.50%	610,000		70,000	540,000	70,000
Loans Payable:								
2010 Drinking Water Revolving - Water	3,970,711	8/2039	1.088%	2,391,000		138,000	2,253,000	139,000
2014 Drinking Water Revolving - Water	2,667,171	8/2044	1.00%	2,000,000		86,000	1,914,000	87,000
2010 Clean Water Revolving - Wastewater	4,860,517	8/2039	1.349%	2,968,000		168,000	2,800,000	170,000
2014 Clean Water Revolving - Wastewater	4,266,964	8/2044	1.00%	3,203,000		138,000	3,065,000	139,000
2018 Drinking Water-B Water	36,718	8/2048	1.00%	29,900		1,900	28,000	2,000
2018 Drinking Water-C Water	3,357,834	8/2048	1.00%	3,570,856	144	126,000	3,445,000	128,000
2018 Clean Water-Wastewater	3,571,489	8/2048	1.00%	3,894,707	571	139,000	3,756,278	141,000
Other Long-Term Liabilities:								
Compensated Absences *				40,626	7,255		47,881	-
Total Long-Term Liabilities Business-Type Activities				<u>20,968,089</u>	<u>7,970</u>	<u>996,900</u>	<u>19,979,159</u>	<u>1,021,000</u>

\* the changes in compensated absences is presented as a net change

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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 and 2022 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 2011, 2021 and 2024 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, 2024 were \$21,860, \$123,965 and \$284,000.

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 1, 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.

Annual Debt Service Requirements

The annual requirements to amortize long-term debt obligations outstanding at December 31, 2024, excluding compensated absences over the life of the debt, are summarized as follows:

**CITY OF CANBY**  
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Governmental-Type Activities

	GO Bonds		GO Tax Increment Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 50,000	\$ 24,163	\$ 220,000	\$ 129,575	\$ 44,697	\$ 13,505
2026	50,000	22,438	225,000	120,938	25,477	12,037
2027	50,000	20,713	225,000	111,375	25,262	11,292
2028	55,000	18,913	225,000	101,513	26,029	10,525
2029	55,000	16,838	235,000	91,400	26,821	9,733
2030-2034	285,000	47,350	1,270,000	290,969	146,890	35,880
2035-2039	100,000	4,000	560,000	48,522	134,650	12,756
2040-2044	-	-	30,000	1,575	-	-
Totals	<u>\$645,000</u>	<u>\$154,413</u>	<u>\$2,990,000</u>	<u>\$895,866</u>	<u>\$429,825</u>	<u>\$105,728</u>

Business-Type Activities

	GO Water Bonds		Loans Payable	
	Principal	Interest	Principal	Interest
2025	155,000	43,873	866,000	223,944
2026	155,000	39,223	880,000	212,668
2027	160,000	34,498	887,000	201,194
2028	170,000	29,480	898,000	189,887
2029	170,000	24,645	910,000	178,618
2030-2034	630,000	60,974	4,741,000	715,737
2035-2039	100,000	1,750	4,987,000	403,295
2040-2044	-	-	2,929,000	154,950
2045-2049	-	-	1,293,278	33,420
Totals	<u>\$1,540,000</u>	<u>\$ 234,441</u>	<u>\$ 18,391,278</u>	<u>\$2,313,713</u>

**CITY OF CANBY**  
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**G. INTERFUND TRANSACTIONS**

**Interfund Transfers**

There were no transfers between funds of the primary government for the year ended December 31, 2024:

**Interfund Balances**

At December 31, 2024, 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	Water	Non Major Business-type	Total Business-type	Government Wide
General				354,820		354,820	354,820
Non Major Governmental		131,525	131,525				131,525
Business Type:							
Water	8,062		8,062				8,062
Wastewater	7,868		7,868				7,868
Solid Waste	12,542		12,542		102,771	102,771	115,313
Total Government Wide	28,472	131,525	159,997	354,820	102,771	457,591	617,588

**CITY OF CANBY**  
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<u>Advances To</u>	<u>Advances From</u>	<u>Amount</u>	<u>Purpose</u>
Water Fund	General Fund	\$8,062	To cover operating
Wastewater Fund	General Fund	7,868	To cover operating
Solid Waste	General Fund	12,542	To cover deficit cash
TIF 1-29	General Fund	8,009	To cover TIF expense
Parking Lot	General Fund	17,300	To cover deficit cash
GO Tax Inc 1997	TIF 1-4	4,326	To cover debt service
GOIB 2012B	TIF 1-4	18,265	Bond payment
TIF 1-18	TIF 1-25	9,465	To cover deficit cash
TIF 1-28	TIF 1-25	10,063	To cover deficit cash
TIF 1-31	TIF 1-25	4,243	To cover deficit cash
TIF 1-32	TIF 1-25	43,711	To cover deficit cash
TIF 1-29	TIF 1-25	594	To cover TIF expense
GOIB 2015A	TIF 1-25	10,105	To cover debt service
GOIB 2019A	TIF 1-26	3,450	To cover debt service
General	Water	354,820	To cover cap purchase
Solid Waste	Wastewater	<u>102,772</u>	To cover deficit cash
Total Inter-fund Balances		<u>\$617,588</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.

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.

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**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.

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.

Benefit increases are provided to benefit recipients each January. 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.



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**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 2024. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2024. The City's contributions to the General Employee fund for the years ended December 31, 2024, 2023 and 2022 were \$30,827, \$32,843 and \$33,834, 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 to 11.8 percent and employer rates increased to 17.7 percent. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, 2023 and 2022 were \$14,337, \$10,234 and \$28,674. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$179,542 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 \$9,179. The net pension was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the City's proportion was 0.0049% decreasing by 0.0009% from 2023.

Entity's proportionate share of the net pension liability	\$ 179,542
State of Minnesota's proportionate share of the net pension liability associated with the City	9,179
Total	<u>\$ 188,721</u>

For the year ended December 31, 2024, the City recognized pension expense of \$124 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional (\$4,010) 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.

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At December 31, 2024, 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	\$ 17,989	\$ -
Changes in Actuarial Assumptions	1,065	77,594
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	54,175
Changes in Proportion	-	46,732
Contributions Subsequent to the Measurement Date	16,680	-
Totals	<u>\$ 35,735</u>	<u>\$178,501</u>

\$16,680 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, 2024. 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
2025	(\$86,367)
2026	(\$22,987)
2027	(\$36,332)
2028	(\$13,761)

**Police and Fire Pension Costs**

At December 31, 2024, the City reported a liability of \$76,957 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the City's proportion was 0.0058 which was a decrease of .0027 percent from its proportion measured as of June 30, 2024. The City also recognized \$124 for the year ended December 31, 2024 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.

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Entity's proportionate share of the net pension liability	\$ 76,957
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>9,525</u>
Total	<u>\$ 86,482</u>

For the year ended December 31, 2024, the City recognized pension expense in the amount of \$1,897 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2024, 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	\$ 47,519	\$ -
Changes in Actuarial Assumptions	204,367	164,879
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	15,192
Changes in Proportion	2,636	201,698
Contributions Subsequent to the Measurement Date	<u>5,216</u>	<u>-</u>
Totals	<u>\$ 259,739</u>	<u>\$ 381,769</u>

\$5,216 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, 2024. 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
2025	(\$23,398)
2026	\$34,246
2027	(\$42,740)
2028	(\$89,499)
2029	(\$5,855)

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**E. ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension liability in the June 30, 2024 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%

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan, 2.25 percent for the Police and Fire Plan, and 2.25 percent for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 2 percent for the Correction Plan through December 31, 2054 and 1.5 percent thereafter. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2020. The assumption changes were adopted by the Board and became effective with the July 1, 2021 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2021 were adopted by the Board and became effective with the July 1, 2022 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

**General Employees Fund**

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions

**Police and Fire Fund**

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

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, 2024**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Private Markets	25%	5.90%
Fixed Income	25%	.75%
Cash Equivalents	2.0%	
	100%	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2024 was 7.0%. 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

**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

	General Employees Fund	Police and Fire Fund
1.0% Lower	6.00%    \$392,149	4.40%    \$181,864
Current Discount Rate	7.00%    \$179,542	5.40%    \$76,937
1.0% Higher	8.00%    \$4,634	6.40%    (\$9,194)

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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, 2023, the plan covered 23 active firefighters and 11 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 \$28,214 in fire state aid to the plan for the year ended December 31, 2023. 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, 2024 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, 2024**

**D. PENSION COSTS**

At December 31, 2024, the City of Canby reported a net pension asset of \$276,068 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2023. 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 12/31/22	\$ 566,455	\$ 755,927	\$ (189,472)
Changes for the Year			
Service Cost	24,936	-	24,936
Interest on Pension Liability	33,023	-	33,023
Projected Investment Earnings	-	43,742	(43,742)
Actuarial Experience	(10,862)	-	(10,862)
(Gains)/Losses			
Changes in Benefit Level	-	-	-
Contributions (ER/State)	-	28,214	(28,214)
Asset Gain/Loss	-	61,737	(61,737)
Benefit Payouts	(82,000)	(82,000)	-
PERA Administrative Fee	-	-	-
Net Changes	(34,903)	51,693	(86,596)
Balance End of Year 12/31/23	\$ 531,552	\$ 807,620	\$ (276,068)

There were no provision changes during the measurement period.

For the year ended December 31, 2024, the City of Canby recognized pension expense of \$7,368. At December 31, 2024, 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.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial Experience Gains/Losses	\$ 108,491	\$ 72,301
Difference Between Projected and Actual Investment Earnings	2,750	34,974
Total	\$ 111,241	\$ 107,275



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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
2024	(\$3,767)
2025	10,629
2026	14,882
2027	(13,705)
2028	(1,358)
2029	(1,358)
2030	(1,358)

**E. ACTUARIAL METHODS AND ASSUMPTIONS**

The total pension liability at December 31, 2023, 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.

**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	(\$250,919)	(\$276,068)	(\$300,098)

# CITY OF CANBY

## NOTES TO BASIC FINANCIAL STATEMENTS

### DECEMBER 31, 2024

#### 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.

##### 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 2024 for the Statewide Volunteer Firefighter Retirement Plan.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2024, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**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, 2024, 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.

**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.

*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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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, Ferguson Entertainment. 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 2024.

**D. TAX ABATEMENTS**

There are currently no property tax abatement agreements.

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

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

**F. GASB STANDARDS IMPLEMENTED**

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

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

**G. SUBSEQUENT EVENTS**

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**H. 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 2024, the City of Canby received \$352,058 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.

Tax Increment Financing District No. 1-12 County (TIF 1-4)

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 –	8,586
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Current tax capacity –	50,952
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Captured tax capacity –	42,366
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Retained by authority –	42,366
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Shared with other authorities –	-0-
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Total bonds issued -	224,600
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Total loans incurred -	-0-
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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
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Current tax capacity –	1,868
------------------------	-------

Captured tax capacity –	1,835
-------------------------	-------

Retained by authority –	1,835
-------------------------	-------

Shared with other authorities –	-0-
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Total bonds issued -	-0-
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Total loans incurred -	29,326
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**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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 –	3,535
Captured tax capacity –	3,335
Retained by authority –	3,335
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 –	30,394
Captured tax capacity –	29,610
Retained by authority –	29,610
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

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 –	44,168
Captured tax capacity –	43,508
Retained by authority –	43,508
Shared with other authorities –	-0-
Total bonds issued -	-0-
Total loans incurred -	-0-

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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 – 51,698  
Captured tax capacity – 48,096  
Retained by authority – 48,096  
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 – 11,766  
Captured tax capacity – 8,567  
Retained by authority – 8,567  
Shared with other authorities – -0-  
Total bonds issued - -0-  
Total loans incurred - -0-

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 – 3,854  
Captured tax capacity – 3,045  
Retained by authority – 3,045  
Shared with other authorities – -0-  
Total bonds issued - -0-  
Total loans incurred - -0-

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

Tax Increment Financing District No. 1-49 County (TIF 1-31)

Type of district – Redevelopment

Authorizing law – Minnesota Statute #469

Year established – 2021

Duration – twenty-five (25) years from the receipt of the first tax increment - 2047

Original tax capacity –	246
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Current tax capacity –	4,550
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Captured tax capacity –	4,304
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Retained by authority –	4,304
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Shared with other authorities –	-0-
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Total bonds issued -	-0-
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Total loans incurred -	-0-
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Tax Increment Financing District No. 1-50 County (TIF 1-32)

Type of district – Redevelopment

Authorizing law – Minnesota Statute #469

Year established – 2022

Duration – twenty-five (25) years from the receipt of the first tax increment - 2048

Original tax capacity –	6,083
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Current tax capacity –	3,662
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Captured tax capacity –	3,662
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Retained by authority –	-0-
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Shared with other authorities –	-0-
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Total bonds issued -	-0-
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Total loans incurred -	-0-
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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%
June 30, 2022	0.0059%	\$467,282	\$13,760	\$481,042	\$441,293	109.01%	76.70%
June 30, 2023	0.0058%	\$324,330	\$9,001	\$333,331	\$461,549	72.22%	83.10%
June 30, 2024	0.0049%	\$179,542	\$4,643	\$184,185	\$411,025	44.81%	89.10%

\*\*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%
June 30, 2022	0.0141%	\$613,576	\$171,861	357.02%	70.50%
June 30, 2023	0.0085%	\$146,784	\$111,607	131.52%	86.50%
June 30, 2023	0.0058%	\$76,957	\$81,001	95.01%	90.20%

\*\*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>	Statutorily Required <u>Contribution (a)</u>	Contributions in Relation to the Statutorily Required <u>Contribution (b)</u>	Contribution Deficiency <u>(Excess) (a-b)</u>	Covered- Employee <u>Payroll (d)</u>	Contributions as a Percentage of Covered-Employee <u>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%
December 31, 2022	\$33,097	\$33,835	(738)	\$451,124	7.50%
December 31, 2023	\$32,842	\$32,842	-	\$437,893	7.50%
December 31, 2024	\$32,451	\$32,451	-	\$432,675	7.50%

\*\*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>	Statutorily Required <u>Contribution (a)</u>	Contributions in Relation to the Statutorily Required <u>Contribution (b)</u>	Contribution Deficiency <u>(Excess) (a-b)</u>	Covered- Employee <u>Payroll (d)</u>	Contributions as a Percentage of Covered-Employee <u>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%
December 31, 2022	\$30,419	\$31,329	(910)	\$177,001	17.70%
December 31, 2023	\$11,181	\$11,181	-	\$63,169	17.70%
December 31, 2024	\$12,384	\$12,384	-	\$69,966	17.70%

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

CITY OF CANBY  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS - FIRE RELIEF ASSOCIATION

<b>Total Pension Liability</b>	2023	2022	2021	2020	2019
Service Cost	24,936	24,936	26,326	26,822	22,857
Interest	33,023	34,208	30,898	25,986	26,250
Difference between expected and actual experience	(10,862)	(37,882)	6,876	(13,702)	(15,931)
Changes of assumptions	-	-	-	-	-
Changes of benefit terms	-	-	-	56,201	-
Benefit payments	(82,000)	-	(15,080)	(10,811)	(72,300)
Net change in total pension liability	(34,903)	21,262	49,020	84,496	(39,124)
Beginning of year	566,455	545,193	496,173	411,677	450,801
End of year	531,552	566,455	545,193	496,173	411,677
<b>Plan Fiduciary Net Position</b>					
Contributions - State and local	28,214	26,840	26,751	26,139	24,196
Contributions - donations and other income	-	-	-	-	-
Asset Transfer	-	-	-	-	-
Projected Investment Earnings	-	-	-	-	-
Net investment income	105,479	(129,257)	74,584	97,987	109,259
Benefit payments	(82,000)	-	(15,080)	(10,811)	(72,300)
Administrative expense		(960)	(974)	(1,060)	(1,058)
Other		(53)	-	-	-
Net change in plan fiduciary net position	51,693	(103,430)	85,281	112,255	60,097
Beginning of year	755,927	859,357	774,076	661,820	601,723
End of year	807,620	755,927	859,357	774,075	661,820
Net Pension Liability (Asset)	(276,068)	(189,472)	(314,164)	(277,902)	(250,143)
Plan Fiduciary Net Position as Percentage of the Total Pension Liability	151.9%	133.4%	158%	156.0%	160.8%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

**General Employees Fund**

**2024 Changes**

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions

**2023 Changes**

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

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

**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

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

***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.
- 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.

***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.

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

***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.

***Police and Fire Fund***

***2024 Changes***

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

***2023 Changes***

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

***2022 Changes***

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions

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

***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.

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2024**

***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.
- 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.



**City of Canby**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2024**

	EDA	TIF 1-24 GOIB of 2012A Helena 1	GOIB of 2012B	Parking Lot Bond	Tax Incr Bond 1997	TIF 1-4	TIF 1-6 Decertified	TIF 1-18	TIF 1-25	GOIB of 2014C
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 90,509	\$ 27,689	\$ 9,224	\$ 5,027	\$ --	\$ 203,692	\$ --	\$ --	\$ 115,772	\$ 307
Taxes Receivable	--	--	--	--	--	526	--	--	--	--
Delinquent Taxes Receivable	--	--	--	--	--	44	--	--	--	--
Due from Component Unit- Current	--	--	13,000	--	--	--	--	--	--	18,250
Special Assessments Receivable	--	--	--	950	--	--	--	--	--	--
Accounts Receivable	--	--	--	--	--	--	--	--	--	--
Notes Receivable Current	14,009	--	--	--	--	--	--	--	--	--
Special Assessments - Deferred	--	--	--	52,916	--	--	--	--	--	--
Due from Component Unit - Non Current	--	--	150,000	--	--	--	--	--	--	197,715
Notes Receivable - Non Current	51,401	--	--	--	--	--	--	--	--	--
Advances to Other Funds	--	--	--	--	--	22,591	--	--	80,174	--
<b>Total Assets</b>	<b>\$ 155,919</b>	<b>\$ 27,689</b>	<b>\$ 172,224</b>	<b>\$ 58,893</b>	<b>\$ --</b>	<b>\$ 226,853</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 195,946</b>	<b>\$ 216,272</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ 450	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Advances from Other Funds	--	--	18,265	17,300	4,326	--	1,993	9,465	--	--
<b>Total Liabilities</b>	<b>450</b>	<b>--</b>	<b>18,265</b>	<b>17,300</b>	<b>4,326</b>	<b>--</b>	<b>1,993</b>	<b>9,465</b>	<b>--</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue- Note Receivable, Taxes and Special Assessments	65,410	--	--	53,228	--	570	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>65,860</b>	<b>--</b>	<b>18,265</b>	<b>70,528</b>	<b>4,326</b>	<b>570</b>	<b>1,993</b>	<b>9,465</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCE</b>										
Restricted	--	27,689	153,959	--	--	226,283	--	--	195,946	216,272
Assigned	90,059	--	--	--	--	--	--	--	--	--
Unassigned	--	--	--	(11,635)	(4,326)	--	(1,993)	(9,465)	--	--
<b>Total Fund Balance</b>	<b>90,059</b>	<b>27,689</b>	<b>153,959</b>	<b>(11,635)</b>	<b>(4,326)</b>	<b>226,283</b>	<b>(1,993)</b>	<b>(9,465)</b>	<b>195,946</b>	<b>216,272</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 155,919</b>	<b>\$ 27,689</b>	<b>\$ 172,224</b>	<b>\$ 58,893</b>	<b>\$ --</b>	<b>\$ 226,853</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 195,946</b>	<b>\$ 216,272</b>

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

**City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2024**

	TIF 1-26	GOIB of 2015A	TIF 1-27	Pool-GO Tax 2015B	TIF 1-28	TIF 1-29 Decertified	GOIB of 2019A	TIF 1-31	TIF 1-32	Total Non Major Governmental Funds
<b>ASSETS</b>										
Cash and Cash Equivalents	\$ 163,748	\$ 182	\$ 69,434	\$ 85,984	\$ --	\$ --	\$ 73	\$ 2,110	\$ --	\$ 773,751
Taxes Receivable	--	--	--	4,445	--	--	--	--	--	4,971
Delinquent Taxes Receivable	--	--	--	1,519	--	--	--	--	--	1,563
Due from Component Unit- Current	--	26,012	--	--	--	--	5,863	--	--	63,125
Special Assessments Receivable	--	--	--	--	--	--	--	--	--	950
Accounts Receivable	--	--	--	--	--	--	65	--	--	65
Notes Receivable Current	--	--	--	--	--	--	--	--	--	14,009
Special Assessments - Deferred	--	--	--	--	--	--	--	--	--	52,916
Due from Component Unit - Non Current	--	334,908	--	--	--	--	82,082	--	--	764,705
Notes Receivable - Non Current	--	--	--	--	--	--	--	--	--	51,401
Advances to Other Funds	3,450	--	--	--	--	--	--	--	--	106,215
<b>Total Assets</b>	<b>\$ 167,198</b>	<b>\$ 361,102</b>	<b>\$ 69,434</b>	<b>\$ 91,948</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 88,083</b>	<b>\$ 2,110</b>	<b>\$ --</b>	<b>\$ 1,833,671</b>
<b>LIABILITIES</b>										
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 450
Advances from Other Funds	--	10,105	--	--	10,063	8,603	3,450	4,243	43,711	131,524
<b>Total Liabilities</b>	--	10,105	--	--	10,063	8,603	3,450	4,243	43,711	131,974
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable Revenue- Note Receivable, Taxes and Special Assessments	--	--	--	2,671	--	--	--	--	--	121,879
<b>Total Liabilities and Deferred Inflows of Resources</b>	--	10,105	--	2,671	10,063	8,603	3,450	4,243	43,711	253,853
<b>FUND BALANCE</b>										
Restricted	167,198	350,997	69,434	89,277	--	--	84,633	--	--	1,581,688
Assigned	--	--	--	--	--	--	--	--	--	90,059
Unassigned	--	--	--	--	(10,063)	(8,603)	--	(2,133)	(43,711)	(91,929)
<b>Total Fund Balance</b>	<b>167,198</b>	<b>350,997</b>	<b>69,434</b>	<b>89,277</b>	<b>(10,063)</b>	<b>(8,603)</b>	<b>84,633</b>	<b>(2,133)</b>	<b>(43,711)</b>	<b>1,579,818</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 167,198</b>	<b>\$ 361,102</b>	<b>\$ 69,434</b>	<b>\$ 91,948</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 88,083</b>	<b>\$ 2,110</b>	<b>\$ --</b>	<b>\$ 1,833,671</b>

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

**City of Canby**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**December 31, 2024**

	<u>Special Revenue</u>										
	EDA	TIF 1-24 GOIB of 2012A Helena 1	GOIB of 2012B	Parking Lot Bond	Tax Incr Bond 1997	TIF 1-4	TIF 1-6 Decertified	TIF 1-18	TIF 1-25	GOIB of 2014C	
<b>Revenues</b>											
Interest Income	\$ 2,741	\$ 142	\$ 8,103	\$ 2,763	\$ --	\$ --	\$ --	\$ --	\$ 3	\$ 10,797	
Property Taxes	--	46,942	--	--	--	74,359	--	--	68,934	--	
Special Assessments(Forfeited)	--	--	--	5,751	--	--	--	--	--	--	
Miscellaneous	36,176	--	440	--	--	--	--	--	--	335	
<b>Total Revenues</b>	<b>38,917</b>	<b>47,084</b>	<b>8,543</b>	<b>8,514</b>	<b>--</b>	<b>74,359</b>	<b>--</b>	<b>--</b>	<b>68,937</b>	<b>11,132</b>	
<b>Expenditures</b>											
General Government and Administration	--	--	--	--	--	--	--	--	--	--	
Economic Development	9,975	--	--	--	--	--	--	--	--	--	
Miscellaneous	--	1,446	--	--	--	1,342	2,683	20	1,226	602	
Excess TIF Returned to County	--	--	--	--	--	63,650	--	--	--	--	
Debt - Principal	--	35,000	11,640	15,000	--	48,360	--	--	47,239	18,249	
Interest and Other Charges	--	21,625	10,237	7,403	--	2,318	--	--	38,179	10,797	
<b>Total Expenditures</b>	<b>9,975</b>	<b>58,071</b>	<b>21,877</b>	<b>22,403</b>	<b>--</b>	<b>115,670</b>	<b>2,683</b>	<b>20</b>	<b>86,644</b>	<b>29,648</b>	
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>28,942</b>	<b>(10,987)</b>	<b>(13,334)</b>	<b>(13,889)</b>	<b>--</b>	<b>(41,311)</b>	<b>(2,683)</b>	<b>(20)</b>	<b>(17,707)</b>	<b>(18,516)</b>	
<b>Other Financing Sources (Uses)</b>											
Transfers from Other Funds	--	--	--	--	--	--	--	--	--	--	
Transfers to Other funds	--	--	--	--	--	--	--	--	--	--	
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	
<b>Net Change in Fund Balance</b>	<b>28,942</b>	<b>(10,987)</b>	<b>(13,334)</b>	<b>(13,889)</b>	<b>--</b>	<b>(41,311)</b>	<b>(2,683)</b>	<b>(20)</b>	<b>(17,707)</b>	<b>(18,516)</b>	
<i>Fund Balance at Beginning of Period</i>	61,117	38,676	167,293	2,254	(4,326)	267,594	690	(9,445)	213,653	234,788	
<b>Fund Balance at End of Period</b>	<b>\$ 90,059</b>	<b>\$ 27,689</b>	<b>\$ 153,959</b>	<b>\$ (11,635)</b>	<b>\$ (4,326)</b>	<b>\$ 226,283</b>	<b>\$ (1,993)</b>	<b>\$ (9,465)</b>	<b>\$ 195,946</b>	<b>\$ 216,272</b>	

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

**City of Canby**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**December 31, 2024**

	TIF 1-26	GOIB of 2015A	TIF 1-27	Pool-GO Tax 2015B	TIF 1-28	TIF 1-29 Decertified	GOIB of 2019A	TIF 1-31	TIF 1-32	Total Nonmajor Governmental Funds
<b>Revenues</b>										
Interest Income	\$ 10	\$ 18,396	\$ --	\$ --	\$ --	\$ --	\$ 2,937	\$ --	\$ --	\$ 45,892
Property Taxes	71,742	--	13,582	59,043	4,827	--	--	6,823	5,806	352,058
Special Assessments(Forfeited)	--	--	--	--	--	--	--	--	--	5,751
Miscellaneous	--	182	--	--	--	--	65	--	--	37,198
<b>Total Revenues</b>	<b>71,752</b>	<b>18,578</b>	<b>13,582</b>	<b>59,043</b>	<b>4,827</b>	<b>--</b>	<b>3,002</b>	<b>6,823</b>	<b>5,806</b>	<b>440,899</b>
<b>Expenditures</b>										
General Government and Administration	--	145	--	--	--	--	--	--	--	145
Economic Development	--	--	--	--	--	--	--	--	--	9,975
Miscellaneous	1,112	--	557	--	498	--	580	644	1,019	11,729
Excess TIF Returned to County	--	--	--	--	--	--	--	--	--	63,650
Debt - Principal	42,969	22,761	9,137	35,000	3,782	--	5,863	4,000	6,000	305,000
Interest and Other Charges	22,593	18,396	4,578	20,490	1,895	--	2,937	2,660	3,990	168,098
<b>Total Expenditures</b>	<b>66,674</b>	<b>41,302</b>	<b>14,272</b>	<b>55,490</b>	<b>6,175</b>	<b>--</b>	<b>9,380</b>	<b>7,304</b>	<b>11,009</b>	<b>558,597</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,078</b>	<b>(22,724)</b>	<b>(690)</b>	<b>3,553</b>	<b>(1,348)</b>	<b>--</b>	<b>(6,378)</b>	<b>(481)</b>	<b>(5,203)</b>	<b>(117,698)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers from Other Funds	--	--	--	--	--	--	--	--	--	--
Transfers to Other funds	--	--	--	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>5,078</b>	<b>(22,724)</b>	<b>(690)</b>	<b>3,553</b>	<b>(1,348)</b>	<b>--</b>	<b>(6,378)</b>	<b>(481)</b>	<b>(5,203)</b>	<b>(117,698)</b>
<i>Fund Balance at Beginning of Period</i>	162,120	373,721	70,124	85,724	(8,715)	(8,603)	91,011	(1,652)	(38,508)	1,697,516
<b>Fund Balance at End of Period</b>	<b>\$ 167,198</b>	<b>\$ 350,997</b>	<b>\$ 69,434</b>	<b>\$ 89,277</b>	<b>\$ (10,063)</b>	<b>\$ (8,603)</b>	<b>\$ 84,633</b>	<b>\$ (2,133)</b>	<b>\$ (43,711)</b>	<b>\$ 1,579,818</b>

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



## **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, 2024, 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 June 17, 2025.

### **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 financial 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 2024-1 and 2024-3, 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 2024-2 and 2024-4. 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*

Kinner & Company Ltd  
Certified Public Accountants

June 17, 2025

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**DECEMBER 31, 2024**

**PRIOR FINDINGS**

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

Finding 2023-002: A material weakness was reported due to lack of repayment setup of the interfund loans according to Minnesota Statutes. This finding continues to exist and has been restated as Finding-2024-002

Finding 2023-003: A material weakness was reported due to the auditor proposing material journal entries that resulted in significant changes to the financials. This finding continues to exist and has been restated as Finding 2024-003.

**2024-001: Segregation of Duties**

**Condition:** Due to the limited number of accounting office personnel within the City, segregation of the accounting functions necessary to ensure adequate internal accounting controls is not always possible. The City does not segregate the duties of cash receipting and disbursing from one employee. The same employee also maintains the general ledger and prepares bank reconciliations.

**Effect:** This could affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

**Cause:** The City has limited staff in the accounting department. The same employee is performing multiple accounting functions.

**Criteria:** One basic objective of internal control is to provide for segregation of incompatible duties. In other words, responsibilities should be separated among employees so that a single employee is not able to authorize a transaction, record the transaction in accounts, and maintain responsibility for custody of the asset resulting from the transaction.

**Recommendation:** Since we acknowledge that it is not economically feasible for the City to hire additional staff, we recommend the Mayor and City Council continue to monitor financial activity, and review and approve invoices. As an added control we would also recommend the Mayor or designated City Council Member continue to monitor and approve bank reconciliations. This review and approval should be evidenced by a signature on the bank reconciliation.

**Views of Responsible Officials:** Management agrees with the finding

**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**DECEMBER 31, 2024**

**2024-002: Minnesota Interfund Loan Compliance**

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

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

**2024-003: Preparation of Financial Statements and Footnotes and Proposed Material Audit Adjustments to the Financial Statements**

**Condition:** Material audit adjustments were required to prevent the City's financial statements from being materially misstated. Kinner & Company also prepared the necessary financial statements and footnotes.

**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.



**CITY OF CANBY**  
**SCHEDULE OF PRIOR AND CURRENT FINDINGS AND RESPONSES**  
**DECEMBER 31, 2024**

**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 2024 audit. Kinner & Company will provide a listing of entries that was prepared in the prior year at the end of 2024 to make sure that the entries are in the system before the auditor receives the financials.

**Views of Responsible Officials:** Management agrees with the finding

**2024-004 – Lack of Adequate Collateral for Deposits Minnesota Legal Compliance Finding**

**Condition:** During our audit, we noted that the City did not have sufficient collateral pledged by financial institutions to secure its deposits in excess of FDIC insurance coverage at one or more points during the year ended December 31, 2024.

**Criteria:** Minnesota Statutes§ 118A.03 requires that public funds not insured by the Federal Deposit Insurance Corporation (FDIC) must be secured by collateral with a market value of at least 10% more than the uninsured amount if the collateral is composed of certain government securities, and at least 20% more if composed of other allowable collateral types.

**Cause:** The City did not have procedures in place to monitor collateral coverage on a frequent basis to ensure compliance with statutory requirements.

**Effect:** The City was not in compliance with Minnesota Statutes§ 118A.03, which increases the risk of loss of public funds in the event of a bank failure.

**Recommendation:** We recommend that the City implement procedures to regularly monitor deposit balances and collateral pledged by financial institutions to ensure that all deposits in excess of FDIC coverage are fully collateralized in accordance with state statutes.

**Management Response:** The city will review the guide and statutes, and council will ensure the bank coverage is sufficient.