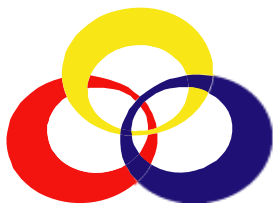


**City of Canby  
Audit Report  
For the Year Ended  
December 31, 2019**



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

# City of Canby

## Table of Contents

|  |       |
|--|-------|
| <b>Introductory Section</b>  |       |
| Elected and Appointed Officials  | 1     |
| <b>Financial Section</b>   |       |
| Independent Auditor's Report   | 2-3   |
| <b>Required Supplementary Information (unaudited)</b>                    |       |
| Management's Discussion and Analysis                                     | 4-9   |
| <b>Basic Financial Statements</b>  |       |
| <i>Government-Wide Financial Statements:</i>                             |       |
| Statement of Net Position  | 10    |
| Statement of Activities  | 11    |
| <i>Fund Financial Statements:</i>  |       |
| Balance Sheet - Governmental Funds                                       | 12    |
| Reconciliation of the Governmental Funds                                 |       |
| Balance Sheet to the Statement of Net Position                           | 13    |
| Statement of Revenues, Expenditures, and Changes                         |       |
| in Fund Balances - Governmental Funds                                    | 14    |
| Reconciliation of the Governmental Funds                                 |       |
| Statement of Revenues, Expenditures, and                                 |       |
| Changes in Fund Balances with the Statement                              |       |
| of Activities  | 15    |
| Statement of Net Position - Proprietary Funds                            | 16    |
| Statement of Revenues, Expenses, and Changes                             |       |
| in Net Position - Proprietary Funds                                      | 17    |
| Statement of Cash Flows - Proprietary Funds                              | 18    |
| General Fund - Statement of Revenues, Expenditures,                      |       |
| and Change in Fund Balance – Budget and Actual                           | 19-23 |
| Notes to Basic Financial Statements                                      | 24-73 |
| <b>Required Supplementary Information</b>                                |       |
| Schedule of City's Proportionate Share of Net Pension Liability          | 74    |
| Schedule of City's Contributions   | 75    |
| Notes to Required Supplementary Information                              | 76-78 |
| <b>Independent Auditor's Report on Internal Control over Financial</b>   |       |
| <b>Reporting on Compliance and Other Matters Based on an Audit</b>       |       |
| <b>of Financial Statements Performed in Accordance with</b>              |       |
| <i>Government Auditing Standards</i>                                     | 79-80 |
| <b>Independent Auditor's Report on Compliance for Each Major Federal</b> |       |
| <b>Program And Report on Internal Control Over Compliance</b>            |       |
| <b>Required by Uniform Guidance</b>                                      | 81-82 |

## **City of Canby Table of Contents**

|  |       |
|--|-------|
| Schedule of Expenditures of Federal Awards   | 83    |
| Notes to Schedule of Expenditures of Federal Awards  | 84    |
| Summary of Auditor's Results   | 85    |
| Schedule of Findings and Questioned Costs  | 86-88 |
| Corrective Action Plan   | 89    |
| <br><b>Supplemental Information</b>  |       |
| <i>Non-Major Governmental Funds:</i>   |       |
| Combining Balance Sheet  | 90-92 |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances Special Revenue | 93-95 |

## **INTRODUCTORY SECTION**

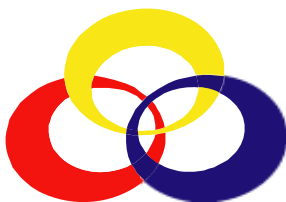
**CITY OF CANBY  
CANBY, MINNESOTA**

ELECTED AND APPOINTED OFFICIALS

| <u>ELECTED OFFICIALS</u> | <u>POSITION</u>                       |
|--------------------------|---------------------------------------|
| Nancy Bormann            | Mayor                                 |
| Eugene Bies              | Council Member                        |
| Ryan Feiock              | Council Member (through July 2, 2019) |
| Casey Namken             | Council Member (Aug-Dec 2019)         |
| Denise Hanson            | Council Member                        |
| Frank Maas               | Council Member                        |

CITY ADMINISTRATOR

Rebecca Schrupp



# Kinner & Company Ltd Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Canby  
Canby, Minnesota 56220

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining non-major fund information of the City of Canby, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining non-major fund information of the City of Canby, Minnesota as of December 31, 2019, 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 conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of City's Proportionate Share of Net Pension Liability, and Schedule of City's Contributions and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Canby's basic financial statements. The introductory section, combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the City of Canby's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Canby's internal control over financial reporting and compliance.



Kinner & Company Ltd  
Certified Public Accountants

June 17, 2020

212 3<sup>rd</sup> Street, Suite 1, Tracy, MN 56175  
507-629-3662 or 800-858-5410, fax 507-629-3446  
Visit our [website](http://www.kinner.co) at [www.kinner.co](http://www.kinner.co)

# **CITY OF CANBY**

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

### **DECEMBER 31, 2019 AND 2018**

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, 2019 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, 2019 AND 2018**

**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, 2019 AND 2018**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$18,593,846 and \$15,675,708 at the close of fiscal years 2019 and 2018.

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 decreased by \$485,718 in 2019 and it increased by \$213,622 in 2018.

**Table 1**

**Net Position**

|                                   | Governmental Activities |                         | Business-Type Activities |                         |
|-----------------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
|                                   | <u>2019</u>             | <u>2018</u>             | <u>2019</u>              | <u>2018</u>             |
| Current and other assets          | 4,125,026               | 4,046,811               | 7,974,641                | 6,567,305               |
| Capital assets                    | <u>7,291,842</u>        | <u>7,450,975</u>        | <u>28,951,131</u>        | <u>23,031,947</u>       |
| Total assets                      | <u>11,416,868</u>       | <u>11,497,786</u>       | <u>36,925,772</u>        | <u>29,599,252</u>       |
| Deferred Outflows of Resources    | <u>231,133</u>          | <u>337,144</u>          | <u>21,762</u>            | <u>44,773</u>           |
| Long-term liabilities outstanding | 5,337,639               | 4,821,831               | 22,896,995               | 19,064,207              |
| Other liabilities                 | <u>403,050</u>          | <u>430,711</u>          | <u>1,019,628</u>         | <u>921,360</u>          |
| Total liabilities                 | <u>5,740,689</u>        | <u>5,252,542</u>        | <u>23,916,623</u>        | <u>19,985,567</u>       |
| Deferred Inflows of Resources     | <u>314,001</u>          | <u>503,358</u>          | <u>30,376</u>            | <u>61,780</u>           |
| Net Position                      |                         |                         |                          |                         |
| Net investment in capital assets  | 2,556,042               | 3,242,058               | 5,525,557                | 4,493,092               |
| Restricted                        | 2,546,072               | 2,165,412               | 0                        | 0                       |
| Unrestricted                      | <u>491,197</u>          | <u>671,559</u>          | <u>7,474,978</u>         | <u>5,103,584</u>        |
| Total Net Position                | <u><u>5,593,311</u></u> | <u><u>6,079,029</u></u> | <u><u>13,000,535</u></u> | <u><u>9,596,676</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, 2019 AND 2018**

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

|                                     | Governmental Activities |                  | Business-Type Activities |                  | 2019              |
|-------------------------------------|-------------------------|------------------|--------------------------|------------------|-------------------|
|                                     | <u>2019</u>             | <u>2018</u>      | <u>2019</u>              | <u>2018</u>      | <u>Total</u>      |
| Revenues                            |                         |                  |                          |                  |                   |
| Program Revenues                    |                         |                  |                          |                  |                   |
| Charges for services                | 196,026                 | 223,640          | 1,008,429                | 1,016,264        | 1,204,455         |
| Operating grants and contributions  | 112,699                 | 46,096           | 0                        | 3,011            | 112,699           |
| Capital grants and contributions    | 290,367                 | 591,487          | 1,787,924                | 681,940          | 2,078,291         |
| General Revenues                    |                         |                  |                          |                  |                   |
| Property taxes                      | 757,353                 | 692,202          | 280,229                  | 277,514          | 1,037,582         |
| Special Assessments                 | 480                     | 3,952            | 2,288,287                | 0                | 2,288,767         |
| Intergovernmental Revenue           | 719,328                 | 736,136          | 0                        | 4,435            | 719,328           |
| Fines and Forfeits                  | 2,659                   | 3,866            | 0                        | 0                | 2,659             |
| Licenses and Permits                | 2,656                   | 2,790            | 0                        | 0                | 2,656             |
| Gain on asset                       | 15,500                  | 20,250           | 0                        | 0                | 15,500            |
| Unrestricted Investment Earnings    | 61,611                  | 63,752           | 97,327                   | 103,186          | 158,938           |
| Miscellaneous                       | 44,826                  | 129,615          | 17,554                   | 21,288           | 62,380            |
| Total Revenues                      | <u>2,203,505</u>        | <u>2,513,786</u> | <u>5,479,750</u>         | <u>2,107,638</u> | <u>7,683,255</u>  |
| Expenses                            |                         |                  |                          |                  |                   |
| Governmental activities             | 2,689,223               | 2,300,164        |                          |                  | 2,689,223         |
| Business-type activities            |                         |                  | 2,075,891                | 1,771,517        | 2,075,891         |
| Total Expenses                      | <u>2,689,223</u>        | <u>2,300,164</u> | <u>2,075,891</u>         | <u>1,771,517</u> | <u>4,765,114</u>  |
| Transfers In (Out)                  | 0                       | 0                | 0                        | 0                | 0                 |
| Increase (Decrease) in net position | (485,718)               | 213,622          | 3,403,859                | 336,121          | 2,918,141         |
| Net position, January 1             | <u>6,079,029</u>        | <u>5,865,407</u> | <u>9,596,676</u>         | <u>9,260,555</u> | <u>15,675,705</u> |
| Net position, December 31           | <u>5,593,311</u>        | <u>6,079,029</u> | <u>13,000,535</u>        | <u>9,596,676</u> | <u>18,593,846</u> |

The City's total net position increased by \$2,918,141 in 2019 and increased by \$549,743 in 2018. The increase was due to the large amount of grant dollars received from the State of MN for various projects in the water, wastewater and storm sewer funds.

**CITY OF CANBY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2019 AND 2018**

**Business-type activities**

Business-type activities increased the City's net position by \$3,403,859 in 2019 and increased by \$336,121 in 2018 , accounting for 100 percent of the city's total increase in 2019 and 61 percent of the increase in 2018.

**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 2019 and 2018, the City's governmental funds reported ending balances of \$3,406,219 and \$2,973,311. Twenty five and twenty seven percent of the total amount of \$860,147 and \$807,897 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 increased by \$3,403,859.

The Storm Sewer net position increased by \$157,334 in 2019 and decreased \$110,092 in 2018.

Wastewater net position increased by \$1,197,624 in 2019 and increased by \$47,989 in 2018.

Water net position increased by \$2,075,090 in 2019 and increased by \$416,489 in 2018.

Solid Waste net position decreased by \$26,189 in 2019 and decreased by \$18,274 in 2018.

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, 2019 AND 2018**

**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, 2019 and 2018 amounts to \$36,242,973 and \$30,482,922 (net of accumulated depreciation). The increase is mainly due to new infrastructure projects. 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 2019, the City issued new debt for TIF's and the infrastructure project and retired \$963,646 of debt. At the end of 2019 and 2018, the City had total bonded debt outstanding of \$28,071,340 and \$23,911,652.

**2019 General Fund Budget Variances to Actual**

Total general fund budgeted revenues for 2019, including the transfer in, is \$1,500,631. The actual revenues for 2019, including transfer in, is \$1,837,945. The revenues were over budget by \$337,314. The majority of the variance is due to the YMC airport road grant, other small grants and insurance reimbursements not being included in the budget.

Total general fund budgeted expenses for 2019, including the transfer out, was \$1,872,508. The actual expenses for 2019 were \$1,946,626. The expenses were over budget by \$74,118. The city underbudgeted equipment and improvement, repair and maintenance and insurance accounts to cause this budget variance.

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates and fees that will be charged for the business-type activities. The Council expects operations to remain consistent with 2019. Overall budget amounts for 2020 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, 2019**

|   | Primary Government         |                             |                      | Component            |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                | Unit<br>Canby<br>HRA |
| <b>ASSETS</b>                               |                            |                             |                      |                      |
| <i>Current Assets</i>                       |                            |                             |                      |                      |
| Cash and Cash Equivalents                   | \$ 2,274,941               | \$ 2,579,922                | \$ 4,854,863         | \$ 399,812           |
| Investments                                 | --                         | 1,586                       | 1,586                |                      |
| Taxes Receivable                            | 16,215                     | 9,662                       | 25,877               | 39                   |
| Delinquent Taxes Receivable                 | 20,379                     | 9,269                       | 29,648               | 124                  |
| Due from Other Governments                  | 50,194                     | --                          | 50,194               |                      |
| Due from Primary Government                 |                            |                             |                      | 17,818               |
| Due from Component Unit- Current            | 47,754                     | --                          | 47,754               |                      |
| Special Assessments Receivable              | 1,074                      | 34,986                      | 36,060               |                      |
| Accounts Receivable                         | 9,025                      | 93,444                      | 102,469              |                      |
| Notes Receivable- Current                   | 16,399                     | --                          | 16,399               | 10,568               |
| Prepaid and Other Assets                    | 29,669                     | 16,784                      | 46,453               | 2,579                |
| Inventory                                   | 21,974                     | --                          | 21,974               |                      |
| <b>Total Current Assets</b>                 | <b>2,487,624</b>           | <b>2,745,653</b>            | <b>5,233,277</b>     | <b>430,940</b>       |
| <i>Noncurrent Assets</i>                    |                            |                             |                      |                      |
| Special Assessments - Deferred              | 84,919                     | 5,228,988                   | 5,313,907            |                      |
| Non-Depreciable                             | 697,878                    | 126,296                     | 824,174              | 144,753              |
| Depreciable, Net                            | 6,593,964                  | 28,824,835                  | 35,418,799           | 570,390              |
| Due from Component Unit- Non Current        | 1,056,828                  | --                          | 1,056,828            |                      |
| Notes Receivable - Non Current              | 92,987                     | --                          | 92,987               | 46,169               |
| Net Pension Asset                           | 150,922                    | --                          | 150,922              |                      |
| <i>Internal Balances*</i>                   | 251,746                    | --                          | --                   |                      |
| <b>Total Assets</b>                         | <b>11,416,868</b>          | <b>36,925,772</b>           | <b>48,242,640</b>    | <b>1,192,252</b>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                      |                      |
| Pension Related                             | 231,133                    | 21,762                      | 252,895              | -                    |
| <b>Total Deferred Outflows of Resources</b> | <b>231,133</b>             | <b>21,762</b>               | <b>252,895</b>       | <b>-</b>             |
| <b>LIABILITIES</b>                          |                            |                             |                      |                      |
| <i>Current Liabilities</i>                  |                            |                             |                      |                      |
| Accounts Payable                            | 100,046                    | 62,128                      | 162,174              | 9,142                |
| Lease Liability-Current                     | 42,441                     | --                          | 42,441               |                      |
| LT Debt -Current                            | 242,745                    | 957,500                     | 1,200,245            |                      |
| Due to Component Unit                       | 17,818                     | --                          | 17,818               |                      |
| Unearned Revenue                            |                            |                             |                      | 38,738               |
| Due to Primary Government- Current          |                            |                             |                      | 47,754               |
| <b>Total Current Liabilities</b>            | <b>403,050</b>             | <b>1,019,628</b>            | <b>1,422,678</b>     | <b>95,634</b>        |
| <i>Noncurrent Liabilities</i>               |                            |                             |                      |                      |
| Lease Liability-Non Current                 | 89,157                     | --                          | 89,157               |                      |
| Compensated Absences                        | 76,227                     | 29,027                      | 105,254              |                      |
| Net Pension Liability                       | 341,280                    | 145,020                     | 486,300              |                      |
| Retainage Payable                           | --                         | 431,989                     | 431,989              |                      |
| LT Debt - Non Current                       | 4,608,555                  | 22,261,633                  | 26,870,188           |                      |
| Due to Primary Government- Non Current      |                            |                             |                      | 1,056,828            |
| <i>Internal Balances*</i>                   | 222,420                    | 29,326                      | --                   |                      |
| <b>Total Liabilities</b>                    | <b>5,740,689</b>           | <b>23,916,623</b>           | <b>29,405,566</b>    | <b>1,152,462</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                      |                      |
| Pension Related                             | 314,001                    | 30,376                      | 344,377              | -                    |
| <b>Total Deferred Inflows of Resources</b>  | <b>314,001</b>             | <b>30,376</b>               | <b>344,377</b>       | <b>-</b>             |
| <b>NET POSITION</b>                         |                            |                             |                      |                      |
| Net Investment in Capital Assets            | 2,556,042                  | 5,525,557                   | 8,081,599            | 715,143              |
| Restricted                                  | 2,546,072                  | --                          | 2,546,072            |                      |
| Unrestricted                                | 491,197                    | 7,474,978                   | 7,966,175            | ( 675,353 )          |
| <b>Total Net Position</b>                   | <b>\$ 5,593,311</b>        | <b>\$ 13,000,535</b>        | <b>\$ 18,593,846</b> | <b>\$ 39,790</b>     |

\* Amounts have been eliminated in the 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, 2019**

| Functions/Programs                             | Expenses            | Program Revenues        |  |  | Net (Expense) Revenue      |                             |                         | Canby HRA<br>Component<br>Unit |
|--|---------------------|-------------------------|--|--|----------------------------|-----------------------------|-------------------------|--------------------------------|
|  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities | Business-type<br>Activities | Total                   |                                |
| <b>Primary Government</b>                      |                     |                         |  |  |                            |                             |                         |                                |
| <b>Governmental Activities:</b>                |                     |                         |  |  |                            |                             |                         |                                |
| General Government and Administration \$       | 542,599             | \$ 10,341               | \$ --                                    | \$ 66,577                              | \$ (465,681)               | \$ --                       | \$ (465,681)            |                                |
| Public Safety                                  | 423,437             | 33,877                  | 77,265                                   | --                                     | (312,295)                  | --                          | (312,295)               |                                |
| Public Works                                   | 462,900             | 16,368                  | --                                       | --                                     | (446,532)                  | --                          | (446,532)               |                                |
| Culture and Recreation                         | 352,753             | 42,510                  | --                                       | --                                     | (310,243)                  | --                          | (310,243)               |                                |
| Economic Development                           | 28,161              | --                      | 5,980                                    | --                                     | (22,181)                   | --                          | (22,181)                |                                |
| Miscellaneous                                  | 523,345             | --                      | 29,454                                   | --                                     | (493,891)                  | --                          | (493,891)               |                                |
| Interest and Other Charges                     | 184,924             | --                      | --                                       | --                                     | (184,924)                  | --                          | (184,924)               |                                |
| Bond Issuance Costs                            | 23,449              | --                      | --                                       | --                                     | (23,449)                   | --                          | (23,449)                |                                |
| Airport  | 147,655             | 92,930                  | --                                       | 223,790                                | 169,065                    | --                          | 169,065                 |                                |
| <b>Total Governmental Activities</b>           | <b>2,689,223</b>    | <b>196,026</b>          | <b>112,699</b>                           | <b>290,367</b>                         | <b>(2,090,131)</b>         | <b>--</b>                   | <b>(2,090,131)</b>      |                                |
| <b>Business-type Activities:</b>               |                     |                         |  |  |                            |                             |                         |                                |
| Solid Waste                                    | 150,588             | 124,365                 | --                                       | --                                     | --                         | (26,223)                    | (26,223)                |                                |
| Storm Sewer                                    | 289,975             | 146,406                 | -  | --                                     | --                         | ( 143,569 )                 | ( 143,569 )             |                                |
| Wastewater                                     | 795,631             | 307,457                 | --                                       | 556,021                                | --                         | 67,847                      | 67,847                  |                                |
| Water  | 739,697             | 430,201                 | --                                       | 1,231,903                              | --                         | 822,407                     | 822,407                 |                                |
| <b>Total Business-type Activities</b>          | <b>2,075,891</b>    | <b>1,008,429</b>        | <b>0</b>                                 | <b>1,787,924</b>                       | <b>--</b>                  | <b>720,462</b>              | <b>720,462</b>          |                                |
| <b>Total Primary Government</b>                | <b>\$ 4,765,114</b> | <b>\$ 1,204,455</b>     | <b>\$ 112,699</b>                        | <b>\$ 2,078,291</b>                    | <b>\$ (2,090,131)</b>      | <b>\$ 720,462</b>           | <b>\$ ( 1,369,669 )</b> |                                |
| <b>Component Unit</b>                          |                     |                         |  |  |                            |                             |                         |                                |
| Canby HRA                                      | 295,318             | 98,166                  |  |  |                            |                             |                         | ( 197,152 )                    |
| <b>General Purpose Revenues and Transfers:</b> |                     |                         |  |  |                            |                             |                         |                                |
| <b>Revenues</b>                                |                     |                         |  |  |                            |                             |                         |                                |
| Interest Income                                |                     |                         |  |  | 61,611                     | 97,327                      | 158,938                 | 3,887                          |
| Miscellaneous                                  |                     |                         |  |  | 25,894                     | --                          | 25,894                  | 54,789                         |
| Property Taxes                                 |                     |                         |  |  | 757,353                    | 280,229                     | 1,037,582               | 74,667                         |
| Special Assessments                            |                     |                         |  |  | 480                        | 2,288,287                   | 480                     |                                |
| License and Permits                            |                     |                         |  |  | 2,656                      | --                          | 2,656                   |                                |
| Intergovernmental Revenues                     |                     |                         |  |  | 719,328                    | --                          | 719,328                 |                                |
| Fines and Forfeits                             |                     |                         |  |  | 2,659                      | --                          | 2,659                   |                                |
| Refunds and Reimbursements                     |                     |                         |  |  | 1,853                      | 8,146                       | 9,999                   |                                |
| Rental Income                                  |                     |                         |  |  | --                         | 9,408                       | 9,408                   |                                |
| Donations                                      |                     |                         |  |  | 17,079                     | --                          | 17,079                  |                                |
| Gain (Loss) on Sale of Assets                  |                     |                         |  |  | 15,500                     | --                          | 15,500                  | ( 44,712 )                     |
| <b>Total General Revenues and Transfers</b>    |                     |                         |  |  | <b>1,604,413</b>           | <b>2,683,397</b>            | <b>1,999,523</b>        | <b>88,631</b>                  |
| <b>Change in Net Position</b>                  |                     |                         |  |  | <b>(485,718)</b>           | <b>3,403,859</b>            | <b>2,903,141</b>        | <b>( 108,521 )</b>             |
| <i>Net Position at Beginning of Period</i>     |                     |                         |  |  | <i>6,079,029</i>           | <i>9,596,676</i>            | <i>15,675,705</i>       | <i>148,311</i>                 |
| <b>Net Position at End of Period</b>           |                     |                         |  |  | <b>\$ 5,593,311</b>        | <b>\$ 13,000,535</b>        | <b>\$ 18,578,846</b>    | <b>\$ 39,790</b>               |

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



**City of Canby  
Balance Sheet  
Governmental Funds  
December 31, 2019**

|  | <u>Debt Service</u> |                   |   | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|-------------------|---|---|
|  | <u>General</u>      | <u>TIF 1-26</u>   | <u>Other<br/>Governmental<br/>Funds</u> |   |
| <b>ASSETS</b>  |                     |                   |   |   |
| Cash and Cash Equivalents  | \$ 940,647          | \$ 167,969        | \$ 1,166,325                            | \$ 2,274,941                            |
| Taxes Receivable   | 13,767              | --                | 2,448                                   | 16,215                                  |
| Delinquent Taxes Receivable  | 17,896              | --                | 2,483                                   | 20,379                                  |
| Due from Other Governments   | 50,194              | --                | --                                      | 50,194                                  |
| Due from Component Unit- Current   | --                  | --                | 47,754                                  | 47,754                                  |
| Special Assessments Receivable   | 300                 | --                | 774                                     | 1,074                                   |
| Accounts Receivable  | 7,242               | --                | 1,783                                   | 9,025                                   |
| Notes Receivable Current   | --                  | --                | 16,399                                  | 16,399                                  |
| Prepaid and Other Assets   | 29,669              | --                | --                                      | 29,669                                  |
| Inventory  | 21,974              | --                | --                                      | 21,974                                  |
| Special Assessments - Deferred   | --                  | --                | 84,919                                  | 84,919                                  |
| Due from Component Unit- Non Current                                     | --                  | --                | 1,056,828                               | 1,056,828                               |
| Notes Receivable - Non Current   | --                  | --                | 92,987                                  | 92,987                                  |
| Advances to Other Funds  | 158,302             | 3,884             | 89,560                                  | 251,746                                 |
| <i>Total Assets</i>  | <u>1,239,991</u>    | <u>171,853</u>    | <u>2,562,260</u>                        | <u>3,974,104</u>                        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                     |                   |   |   |
| Aggregated deferred outflows   | --                  | --                | --                                      | --                                      |
| <i>Total Assets and Deferred Outflows of Resources</i>                   | <u>\$ 1,239,991</u> | <u>\$ 171,853</u> | <u>\$ 2,562,260</u>                     | <u>\$ 3,974,104</u>                     |
| <b>LIABILITIES</b>   |                     |                   |   |   |
| Accounts Payable   | \$ 100,046          | \$ --             | \$ --                                   | \$ 100,046                              |
| Due to Component Unit  | --                  | --                | 17,818                                  | 17,818                                  |
| Advances from Other Funds  | --                  | --                | 222,420                                 | 222,420                                 |
| <i>Total Liabilities</i>   | <u>100,046</u>      | <u>--</u>         | <u>240,238</u>                          | <u>340,284</u>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                     |                   |   |   |
| Unavailable Revenues-Taxes   | 27,325              | --                | 4,932                                   | 32,257                                  |
| Unavailable Revenues-Special Assessments                                 | 300                 | --                | 85,659                                  | 85,959                                  |
| Unavailable Revenues-Notes Receivable                                    | --                  | --                | 109,385                                 | 109,385                                 |
| <i>Total Liabilities and Deferred Inflows of Resources</i>               | <u>127,671</u>      | <u>--</u>         | <u>440,214</u>                          | <u>567,885</u>                          |
| <b>FUND BALANCE</b>  |                     |                   |   |   |
| Nonspendable   | 51,643              | --                | --                                      | 51,643                                  |
| Restricted   | 63,340              | 171,853           | 2,212,802                               | 2,447,995                               |
| Assigned   | --                  | --                | 46,434                                  | 46,434                                  |
| Unassigned   | 997,337             | --                | ( 137,190 )                             | 860,147                                 |
| <i>Total Fund Balance</i>  | <u>1,112,320</u>    | <u>171,853</u>    | <u>2,122,046</u>                        | <u>3,406,219</u>                        |
| <i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i> | <u>\$ 1,239,991</u> | <u>\$ 171,853</u> | <u>\$ 2,562,260</u>                     | <u>\$ 3,974,104</u>                     |

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

**City of Canby**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2019**

|   |                            |
|---|----------------------------|
| Total Fund Balance - Governmental Funds   | \$ 3,406,219               |
| 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.   | (76,227)                   |
| Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance. | 7,291,842                  |
| Tax revenue deferred in governmental fund statements if not received within sixty days  | 31,507                     |
| Long- term debt reflected on Statement of Net Position not in governmental funds balance sheet.   | (4,982,898)                |
| Deferred revenue on development loans in governmental funds are susceptible to full accrual on the government-wide statements   | 109,385                    |
| Special assessment revenue deferred in governmental fund statements if not received within sixty days   | 86,708                     |
| Net pension assets are not available to pay for current period expenditures and therefore are deferred in the funds.  | 150,922                    |
| Net pension liability is not due and payable in the current period from current financial resources, and therefore are not reported in the funds.   | (341,280)                  |
| Pension related deferred inflows are not due and payable in the current period from current financial resources, and therefore are not reported in funds.   | (314,000)                  |
| Pension related deferred outflows are not available to pay for current period expenditures and therefore are deferred in the funds.   | 231,133                    |
| <b>Total Net Position-Governmental Funds</b>  | <b>\$ <u>5,593,311</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, 2019**

|   | <u>Debt Service</u> |                   | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---------------------|-------------------|---|---|
|   | <u>General</u>      | <u>TIF 1-26</u>   |   |   |
| <b>Revenues</b>   |                     |                   |   |   |
| Interest Income   | \$ 3,060            | \$ 805            | \$ 57,746                               | \$ 61,611                               |
| Intergovernmental Revenues                              | 976,172             | --                | --                                      | 976,172                                 |
| Property Taxes  | 460,748             | 11,601            | 283,697                                 | 756,046                                 |
| Special Assessments                                     | 225                 | --                | 5,067                                   | 5,292                                   |
| License and Permits                                     | 2,656               | --                | --                                      | 2,656                                   |
| Fines and Forfeits                                      | 2,659               | --                | --                                      | 2,659                                   |
| Charges for Services                                    | 104,405             | --                | --                                      | 104,405                                 |
| Refunds and Reimbursements                              | 68,430              | --                | --                                      | 68,430                                  |
| Miscellaneous   | 113,346             | 1                 | 37,954                                  | 151,301                                 |
| Federal Grants  | 73,665              | --                | 5,980                                   | 79,645                                  |
| Donations   | 17,079              | --                | --                                      | 17,079                                  |
| <b>Total Revenues</b>                                   | <u>1,822,445</u>    | <u>12,407</u>     | <u>390,444</u>                          | <u>2,225,296</u>                        |
| <b>Expenditures</b>                                     |                     |                   |   |   |
| General Government and Administration                   | 406,814             | --                | 163                                     | 406,977                                 |
| Public Safety   | 322,581             | --                | --                                      | 322,581                                 |
| Public Works  | 358,966             | --                | --                                      | 358,966                                 |
| Culture and Recreation                                  | 202,403             | --                | --                                      | 202,403                                 |
| Economic Development                                    | --                  | --                | 48,161                                  | 48,161                                  |
| Miscellaneous   | 90,020              | 413,833           | 19,493                                  | 523,346                                 |
| Airport   | 147,655             | --                | --                                      | 147,655                                 |
| Capital Outlay  | 350,507             | --                | --                                      | 350,507                                 |
| Debt - Principal  | 56,918              | 9,793             | 157,208                                 | 223,919                                 |
| Interest and Other Charges                              | 10,762              | 8,911             | 165,251                                 | 184,924                                 |
| <b>Total Expenditures</b>                               | <u>1,946,626</u>    | <u>432,537</u>    | <u>390,276</u>                          | <u>2,769,439</u>                        |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <u>(124,181)</u>    | <u>(420,130)</u>  | <u>168</u>                              | <u>(544,143)</u>                        |
| <b>Other Financing Sources (Uses)</b>                   |                     |                   |   |   |
| Gain on Sale of Assets                                  | 15,500              | --                | --                                      | 15,500                                  |
| Bond Proceeds   | --                  | 615,000           | 370,000                                 | 985,000                                 |
| Bond Issuance Costs                                     | --                  | (14,642)          | (8,807)                                 | (23,449)                                |
| <b>Net Other Financing Sources (Uses)</b>               | <u>15,500</u>       | <u>600,358</u>    | <u>361,193</u>                          | <u>977,051</u>                          |
| <b>Net Change in Fund Balance</b>                       | <b>(108,681)</b>    | <b>180,228</b>    | <b>361,361</b>                          | <b>432,908</b>                          |
| <i>Fund Balance at Beginning of Period</i>              | <u>1,221,001</u>    | <u>(8,375)</u>    | <u>1,760,685</u>                        | <u>2,973,311</u>                        |
| <b>Fund Balance at End of Period</b>                    | <b>\$ 1,112,320</b> | <b>\$ 171,853</b> | <b>\$ 2,122,046</b>                     | <b>\$ 3,406,219</b>                     |

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

**City of Canby**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance with Statement of Activities**  
**For the Year Ended December 31, 2019**

|   |           |                           |
|---|-----------|---------------------------|
| Total Net Change in Fund Balances - Governmental Funds  | \$        | 432,908                   |
| Tax revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.  |           | 1,308                     |
| Principal payments on long-term expensed in governmental fund statements, treated as reductions of outstanding debt in Entity wide statements.  |           | 223,919                   |
| Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.  |           | 350,507                   |
| Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.  |           | (509,641)                 |
| Proceeds of long-term debt treated as revenue in the fund level statements, treated as increases to long-term debt in entity wide statements.   |           | (985,000)                 |
| 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. |           | 10,323                    |
| Deferred revenue on development loans in governmental funds are susceptible to full accrual on the government-wide statements   |           | 20,000                    |
| Revenues from development loans in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds   |           | (33,786)                  |
| Special assessment revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities.   |           | (4,812)                   |
| 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.                             |           | 8,556                     |
| <b>Changes in Net Position-Governmental Funds</b>   | <b>\$</b> | <b><u>( 485,718 )</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, 2019**

**Business-type Activities - Enterprise Funds**

|   | <b>Storm Sewer</b> | <b>Wastewater</b>   | <b>Water</b>        | <b>Non Major<br/>Solid Waste</b> | <b>Total<br/>Enterprise<br/>Funds</b> |
|---|--------------------|---------------------|---------------------|----------------------------------|---------------------------------------|
| <b>ASSETS</b>                               |                    |                     |                     |                                  |                                       |
| <i>Current Assets</i>                       |                    |                     |                     |                                  |                                       |
| Cash and Cash Equivalents                   | \$ 722,167         | \$ 494,636          | \$ 1,363,069        | \$ 50                            | \$ 2,579,922                          |
| Investments                                 | --                 | 795                 | 495                 | 296                              | 1,586                                 |
| Taxes Receivable                            | --                 | 4,686               | 4,976               | --                               | 9,662                                 |
| Delinquent Taxes Receivable                 | --                 | 4,386               | 4,883               | --                               | 9,269                                 |
| Special Assessments Receivable              | 3,564              | 14,293              | 17,129              | --                               | 34,986                                |
| Accounts Receivable                         | 13,535             | 29,691              | 39,053              | 11,165                           | 93,444                                |
| Prepaid and Other Assets                    | --                 | 8,325               | 8,459               | --                               | 16,784                                |
| <b>Total Current Assets</b>                 | <b>739,266</b>     | <b>556,812</b>      | <b>1,438,064</b>    | <b>11,511</b>                    | <b>2,745,653</b>                      |
| <i>Noncurrent Assets</i>                    |                    |                     |                     |                                  |                                       |
| Special Assessments - Deferred              | 514,144            | 2,355,485           | 2,359,359           | --                               | 5,228,988                             |
| Non-Depreciable                             | --                 | 79,835              | 21,345              | 25,116                           | 126,296                               |
| Depreciable, Net                            | 3,022,037          | 12,791,868          | 13,010,930          | --                               | 28,824,835                            |
| <b>Total Assets</b>                         | <b>4,275,447</b>   | <b>15,784,000</b>   | <b>16,829,698</b>   | <b>36,627</b>                    | <b>36,925,772</b>                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                    |                     |                     |                                  |                                       |
| Deferred Pension Resources                  | --                 | 7,670               | 9,927               | 4,165                            | 21,762                                |
| <b>Total Deferred Outflows of Resources</b> | <b>--</b>          | <b>7,670</b>        | <b>9,927</b>        | <b>4,165</b>                     | <b>21,762</b>                         |
| <b>LIABILITIES</b>                          |                    |                     |                     |                                  |                                       |
| <i>Current Liabilities</i>                  |                    |                     |                     |                                  |                                       |
| Accounts Payable                            | 5,236              | 26,742              | 30,105              | 45                               | 62,128                                |
| LT Debt Due Within One Year                 | 160,000            | 460,000             | 337,500             | --                               | 957,500                               |
| <b>Total Current Liabilities</b>            | <b>165,236</b>     | <b>486,742</b>      | <b>367,605</b>      | <b>45</b>                        | <b>1,019,628</b>                      |
| <i>Noncurrent Liabilities</i>               |                    |                     |                     |                                  |                                       |
| Compensated Absences                        | --                 | 10,965              | 12,251              | 5,811                            | 29,027                                |
| Net Pension Liability                       | --                 | 57,334              | 74,197              | 13,489                           | 145,020                               |
| Retainage Payable                           | 36,287             | 186,619             | 209,083             | --                               | 431,989                               |
| LT Debt Due Beyond One Yr.                  | 3,440,000          | 10,503,489          | 8,318,144           | --                               | 22,261,633                            |
| Advances from Other Funds                   | --                 | 8,325               | 8,459               | 12,542                           | 29,326                                |
| <b>Total Liabilities</b>                    | <b>3,641,523</b>   | <b>11,253,474</b>   | <b>8,989,739</b>    | <b>31,887</b>                    | <b>23,916,623</b>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                    |                     |                     |                                  |                                       |
| Deferred Pension Resources                  | --                 | 11,076              | 14,333              | 4,967                            | 30,376                                |
| <b>Total Deferred Inflows of Resources</b>  | <b>--</b>          | <b>11,076</b>       | <b>14,333</b>       | <b>4,967</b>                     | <b>30,376</b>                         |
| <b>NET POSITION</b>                         |                    |                     |                     |                                  |                                       |
| Net Investment in Capital Assets            | --                 | 1,538,702           | 3,961,739           | 25,116                           | 5,525,557                             |
| <i>Unrestricted</i>                         | 633,924            | 2,988,418           | 3,873,814           | (21,178)                         | 7,474,978                             |
| <b>Total Net Position</b>                   | <b>\$ 633,924</b>  | <b>\$ 4,527,120</b> | <b>\$ 7,835,553</b> | <b>\$ 3,938</b>                  | <b>\$ 13,000,535</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, 2019**

|  | <b>Business-type Activities - Enterprise Funds</b> |                     |                     |                                  |                                       |
|--|--|---------------------|---------------------|----------------------------------|---------------------------------------|
|  | <b>Storm Sewer</b>                                 | <b>Wastewater</b>   | <b>Water</b>        | <b>Non Major<br/>Solid Waste</b> | <b>Total<br/>Enterprise<br/>Funds</b> |
| <b>Operating Revenues</b>                    |  |                     |                     |                                  |                                       |
| Charges for Services                         | \$ 146,406   | \$ 307,457          | \$ 430,201          | \$ 124,365                       | \$ 1,008,429                          |
| <b>Total Operating Revenues</b>              | <b>146,406</b>                                     | <b>307,457</b>      | <b>430,201</b>      | <b>124,365</b>                   | <b>1,008,429</b>                      |
| <b>Operating Expenses</b>                    |  |                     |                     |                                  |                                       |
| Labor  | --   | 74,352              | 84,073              | 16,538                           | 174,963                               |
| Employee Benefits                            | --   | 32,796              | 36,957              | 6,474                            | 76,227                                |
| Supplies                                     | 790  | 2,449               | 21,940              | 1,891                            | 27,070                                |
| Repairs                                      | 27,517   | 1,392               | 14,003              | --                               | 42,912                                |
| Utilities                                    | --   | 4,050               | 20,534              | --                               | 24,584                                |
| Fuel   | --   | 817                 | 1,549               | --                               | 2,366                                 |
| Telephone                                    | --   | 460                 | 2,610               | --                               | 3,070                                 |
| Insurance                                    | --   | 8,164               | 8,278               | --                               | 16,442                                |
| Auditing                                     | --   | 1,750               | 1,750               | 1,300                            | 4,800                                 |
| Miscellaneous                                | 41   | 388                 | 666                 | 1,512                            | 2,607                                 |
| Contracted Services                          | --   | 5,738               | 2,876               | 72,117                           | 80,731                                |
| Tipping Expenses                             | --   | --                  | --                  | 23,131                           | 23,131                                |
| Travel                                       | --   | 711                 | 711                 | --                               | 1,422                                 |
| Motor Fuel                                   | --   | 988                 | 1,105               | --                               | 2,093                                 |
| Water Purchases                              | --   | --                  | 422                 | --                               | 422                                   |
| Truck Expense                                | --   | 333                 | 896                 | --                               | 1,229                                 |
| Dues and License                             | --   | 562                 | 5,905               | 15                               | 6,482                                 |
| Construction                                 | --   | --                  | --                  | 2,700                            | 2,700                                 |
| Legal & Professional                         | 5,113  | --                  | --                  | 14,316                           | 19,429                                |
| Assessment                                   | --   | --                  | --                  | 348                              | 348                                   |
| Depreciation                                 | 137,184  | 556,022             | 561,837             | --                               | 1,255,043                             |
| <b>Total Operating Expenses</b>              | <b>170,645</b>                                     | <b>690,972</b>      | <b>766,112</b>      | <b>140,342</b>                   | <b>1,768,071</b>                      |
| <b>Operating Income (Loss)</b>               | <b>(24,239)</b>                                    | <b>(383,515)</b>    | <b>( 335,911 )</b>  | <b>(15,977)</b>                  | <b>( 759,642 )</b>                    |
| <b>Non-Operating Revenues (Expenses)</b>     |  |                     |                     |                                  |                                       |
| Interest Income                              | 15,133   | 41,793              | 40,367              | 34                               | 97,327                                |
| Property Taxes                               | --   | 143,541             | 136,688             | --                               | 280,229                               |
| Special Assessments                          | 285,770  | 944,027             | 1,058,490           | --                               | 2,288,287                             |
| Refunds and Reimbursements                   | --   | 416                 | 7,730               | --                               | 8,146                                 |
| Rental Income                                | --   | --                  | 9,408               | --                               | 9,408                                 |
| State Grant Proceeds                         | --   | 556,021             | 1,231,903           | --                               | 1,787,924                             |
| Interest Expense                             | (119,330)  | (104,659)           | (69,066)            | --                               | (293,055)                             |
| Sales Tax Expense                            | --   | --                  | (4,519)             | (10,246)                         | (14,765)                              |
| <b>Net Non-Operating Revenues (Expenses)</b> | <b>181,573</b>                                     | <b>1,581,139</b>    | <b>2,411,001</b>    | <b>(10,212)</b>                  | <b>4,163,501</b>                      |
| <b>Change In Net Position</b>                | <b>157,334</b>                                     | <b>1,197,624</b>    | <b>2,075,090</b>    | <b>(26,189)</b>                  | <b>3,403,859</b>                      |
| <i>Net Position at Beginning of Period</i>   | 476,590  | 3,329,496           | 5,760,463           | 30,127                           | 9,596,676                             |
| <b>Net Position at End of Period</b>         | <b>\$ 633,924</b>                                  | <b>\$ 4,527,120</b> | <b>\$ 7,835,553</b> | <b>\$ 3,938</b>                  | <b>\$ 13,000,535</b>                  |

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, 2019**

|  | Business-Type Activities - Enterprise Funds |                    |                     |                          |                           |
|--|---|--------------------|---------------------|--------------------------|---------------------------|
|  | Storm Sewer                                 | Wastewater         | Water               | Non Major<br>Solid Waste | Total Enterprise<br>Funds |
| <b>Cash Flows from Operating Activities:</b>                             |   |                    |                     |                          |                           |
| Receipts from Customers  | \$ 145,636                                  | \$ 294,772         | \$ 409,974          | \$ 124,681               | \$ 975,063                |
| Other Receipts   | -   | 416                | 7,730               | -                        | 8,146                     |
| Payments to Suppliers and Vendors  | (37,151)                                    | (82,224)           | 3,258               | (10,789)                 | (126,906)                 |
| Payments to and on Behalf of Employees                                   | -   | (134,950)          | (209,767)           | (140,342)                | (485,059)                 |
| <b>Net Cash Flows Provided (Used) by Operating Activities</b>            | <b>108,485</b>                              | <b>78,014</b>      | <b>211,195</b>      | <b>(26,450)</b>          | <b>371,244</b>            |
| <b>Cash Flows From Noncapital Financing Activities:</b>                  |   |                    |                     |                          |                           |
| General Property Taxes   | -   | 700,596            | 168,956             | -                        | 869,552                   |
| Special Assessments  | 60,994                                      | 174,853            | 155,836             | -                        | 391,683                   |
| Rental Income  | -   | -                  | 9,408               | -                        | 9,408                     |
| State Grant Proceeds   | -   | -                  | 1,231,903           | -                        | 1,231,903                 |
| Cash Received from (paid on) Advances to Other Funds                     | -   | 165,000            | -                   | 12,542                   | 177,542                   |
| Cash Received from (paid on) Advances from Other Funds                   | -   | 161                | 181                 | -                        | 342                       |
| <b>Net Cash Flows Provided (Used) by Noncapital Financing Activities</b> | <b>60,994</b>                               | <b>1,040,610</b>   | <b>1,566,284</b>    | <b>12,542</b>            | <b>2,680,430</b>          |
| <b>Cash Flows from Capital and Related Financing Activities:</b>         |   |                    |                     |                          |                           |
| Bond Proceeds  | -   | 2,251,637          | 2,083,188           | -                        | 4,334,825                 |
| Cash Paid for Principal on Debt  | (125,000)                                   | (384,774)          | (270,923)           | -                        | (780,697)                 |
| Cash Paid for Interest on Debt   | (119,330)                                   | (104,659)          | (69,066)            | -                        | (293,055)                 |
| Acquisition of Capital Assets  | (543,679)                                   | (2,796,375)        | (3,370,760)         | -                        | (6,710,814)               |
| <b>Net Cash Flows from Capital and Related Financing Activities</b>      | <b>(788,009)</b>                            | <b>(1,034,171)</b> | <b>(1,627,561)</b>  | <b>-</b>                 | <b>(3,449,741)</b>        |
| <b>Cash Flows From Investing Activities:</b>                             |   |                    |                     |                          |                           |
| Interest Earned on Investments   | 15,133                                      | 41,793             | 40,367              | 34                       | 97,327                    |
| Purchase of Investments  | -   | (16)               | (10)                | (6)                      | (32)                      |
| <b>Net Cash Flows from Investing Activities</b>                          | <b>15,133</b>                               | <b>41,777</b>      | <b>40,357</b>       | <b>28</b>                | <b>97,295</b>             |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>              | <b>\$ (603,397)</b>                         | <b>\$ 126,230</b>  | <b>\$ 190,275</b>   | <b>\$ (13,880)</b>       | <b>\$ (300,772)</b>       |
| Cash and Cash Equivalents - Beginning of Year                            | 1,325,564                                   | 368,406            | 1,172,794           | 13,930                   | 2,880,694                 |
| <b>Cash and Cash Equivalents - End of Year</b>                           | <b>\$ 722,167</b>                           | <b>\$ 494,636</b>  | <b>\$ 1,363,069</b> | <b>\$ 50</b>             | <b>\$ 2,579,922</b>       |

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

|   |                   |                  |                   |                    |                   |
|---|-------------------|------------------|-------------------|--------------------|-------------------|
| Operating Income (Loss)   | \$ (24,239)       | \$ (383,515)     | \$ (335,911)      | \$ (15,977)        | \$ (759,642)      |
| Other Income Related to Operations  | -                 | 416              | 7,730             | -                  | 8,146             |
| Other Expense   | -                 | -                | (4,519)           | (10,246)           | (14,765)          |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                   |                  |                   |                    |                   |
| Depreciation and Amortization   | 137,184           | 556,022          | 561,837           | -                  | 1,255,043         |
| Change in Pension Expense   | -                 | 260              | (57)              | 61                 | 264               |
| Changes in Assets and Liabilities:  |                   |                  |                   |                    |                   |
| Accounts Receivable   | (770)             | (1,399)          | (7,586)           | 316                | (9,439)           |
| Due from other Governments  | -                 | (11,286)         | (12,641)          | -                  | (23,927)          |
| Prepaid Expense   | -                 | (161)            | (181)             | -                  | (342)             |
| Accounts Payable-Operating  | (3,690)           | (78,949)         | 7,958             | (787)              | (75,468)          |
| Accrued Vacation  | -                 | (3,374)          | (5,435)           | 183                | (8,626)           |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                 | <b>\$ 108,485</b> | <b>\$ 78,014</b> | <b>\$ 211,195</b> | <b>\$ (26,450)</b> | <b>\$ 371,244</b> |
| <b>Noncash Capital and Related Financing Activities</b>                                 |                   |                  |                   |                    |                   |
| Construction in Progress in accounts/retainage payable accounts                         | -                 | \$ 213,316       | \$ 238,993        | \$ -               | \$ 452,309        |

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, 2019**

|   | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance</u>         |
|---|-------------------------|------------------|------------------|-------------------------|
|   | <u>Original</u>         | <u>Final</u>     |                  | <u>Over<br/>(Under)</u> |
|   |                         |                  |                  | <u>Final to Actual</u>  |
| <b>Revenues</b>                                   |                         |                  |                  |                         |
| General Property Taxes                            | \$ 413,985              | \$ 413,985       | \$ 460,748       | \$ 46,763               |
| Special Assessments                               | 2,000                   | 2,000            | 225              | (1,775)                 |
| Business  | 1,810                   | 1,810            | 1,450            | (360)                   |
| Liquor  | 1,100                   | 1,100            | 1,100            | --                      |
| Non-Business                                      | 120                     | 120              | 106              | (14)                    |
| Local Government Aid                              | 717,016                 | 717,016          | 717,016          | --                      |
| Local Performance Aid & PERA Aid                  | 2,312                   | 2,312            | 2,312            | --                      |
| State Aid - Police                                | 22,000                  | 22,000           | 28,947           | 6,947                   |
| Public Safety - Canby & Porter                    | 50,000                  | 50,000           | 37,000           | (13,000)                |
| Other Grants                                      | --                      | --               | 179,579          | 179,579                 |
| Federal Grant                                     | 28,933                  | 28,933           | 84,983           | 56,050                  |
| Lot Sales   | 1,000                   | 1,000            | 1,625            | 625                     |
| Perpetual Care                                    | --                      | --               | 300              | 300                     |
| Fire Control Income                               | 7,500                   | 7,500            | 4,125            | (3,375)                 |
| Traffic and Ordinance Fines                       | 4,000                   | 4,000            | 2,659            | (1,341)                 |
| Interest Income                                   | 2,350                   | 2,350            | 3,060            | 710                     |
| Rents   | 2,000                   | 2,000            | 1,880            | (120)                   |
| Airport Hangar Rent                               | 18,960                  | 18,960           | 23,218           | 4,258                   |
| Airport Farm Rent                                 | 16,081                  | 16,081           | 15,811           | (270)                   |
| Airport Gas, Gravel Sales, and Fly-in             | 65,514                  | 65,514           | 51,976           | (13,538)                |
| Cable Franchise Fee                               | 42,500                  | 42,500           | 41,200           | (1,300)                 |
| Insurance Refunds & Reimbursements                | 15,000                  | 15,000           | 66,577           | 51,577                  |
| Pop Machine                                       | 7,450                   | 7,450            | 7,981            | 531                     |
| Donations   | 10,000                  | 10,000           | 17,079           | 7,079                   |
| Other Miscellaneous Revenue                       | 69,000                  | 69,000           | 71,488           | 2,488                   |
| <b>Total Revenues</b>                             | <b>1,500,631</b>        | <b>1,500,631</b> | <b>1,822,445</b> | <b>321,764</b>          |
| <b>Other Financing Sources</b>                    |                         |                  |                  |                         |
| Sale of Assets                                    | --                      | --               | 15,500           | 15,500                  |
| <b>Total Revenues and Other Financing Sources</b> | <b>1,500,631</b>        | <b>1,500,631</b> | <b>1,837,945</b> | <b>337,314</b>          |
| <b>Expenditures</b>                               |                         |                  |                  |                         |
| <b>GENERAL GOVERNMENT</b>                         |                         |                  |                  |                         |
| <i>Mayor and Council:</i>                         |                         |                  |                  |                         |
| Salaries  | 7,200                   | 7,200            | 7,050            | 150                     |
| Payroll Taxes & Benefits                          | 971                     | 971              | 932              | 39                      |
| Travel and Conference                             | 500                     | --               | --               | --                      |
| Subscriptions and Memberships                     | 60                      | 60               | 30               | 30                      |
| General Insurance                                 | 100,000                 | 118,900          | 98,676           | 20,224                  |
| Election  | 200                     | 1,080            | 1,042            | 38                      |

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, 2019**

|                                 | <u>Budgeted Amounts</u> |              | <u>Actual</u> | <b>Variance</b>         |
|---------------------------------|-------------------------|--------------|---------------|-------------------------|
|                                 | <u>Original</u>         | <u>Final</u> |               | <b>Over<br/>(Under)</b> |
|                                 |                         |              |               | <u>Final to Actual</u>  |
| <i>Administration:</i>          |                         |              |               |                         |
| Salaries                        | 105,797                 | 109,176      | 109,176       | --                      |
| Payroll Tax & Benefits          | 16,063                  | 15,214       | 15,163        | 51                      |
| Insurance                       | 39,816                  | 27,266       | 27,315        | (49)                    |
| Office Supplies                 | 14,100                  | 12,400       | 8,464         | 3,936                   |
| Maintenance and Repairs         | 500                     | 500          | 58            | 442                     |
| Communications                  | 5,000                   | 5,460        | 5,455         | 5                       |
| Travel, Conference and Schools  | 4,000                   | 3,900        | 4,004         | (104)                   |
| Printing and Publishing         | 2,100                   | 1,900        | 1,549         | 351                     |
| Contractual Services            | 3,000                   | 2,250        | 2,496         | (246)                   |
| Miscellaneous                   | 3,000                   | 2,650        | 2,617         | 33                      |
| Equipment and Improvements      | 10,000                  | 10,000       | 8,773         | 1,227                   |
| Assessor                        | 15,770                  | 15,770       | 15,770        | --                      |
| Accounting and Legal            | 29,500                  | 36,640       | 38,162        | (1,522)                 |
| Planning and Zoning             | 13,000                  | 31,000       | 30,280        | 720                     |
| <i>Municipal Building:</i>      |                         |              |               |                         |
| Maintenance and Repair          | 4,500                   | 6,700        | 7,006         | (306)                   |
| Supplies                        | 1,725                   | 1,325        | 1,194         | 131                     |
| Utilities                       | 12,750                  | 14,850       | 14,499        | 351                     |
| Contractual Services            | 4,500                   | 4,500        | 5,697         | (1,197)                 |
| Miscellaneous                   | 10                      | 10           | 10            | --                      |
| Public Restroom Service         | 1,200                   | 850          | 850           | --                      |
| Printing and Publishing         | 10,000                  | 7,000        | 6,768         | 232                     |
| Utilities                       | 2,500                   | 2,500        | 2,178         | 322                     |
| Christmas Decorations Utilities | 350                     | 350          | 373           | (23)                    |
| <b>PUBLIC SAFETY</b>            |                         |              |               |                         |
| <i>Police Protection:</i>       |                         |              |               |                         |
| Wages                           | 166,345                 | 149,345      | 148,445       | 900                     |
| Payroll Taxes/PERA              | 31,171                  | 24,971       | 24,735        | 236                     |
| Insurance                       | 43,904                  | 28,967       | 28,667        | 300                     |
| Office/General Supplies         | 11,000                  | 10,200       | 8,548         | 1,652                   |
| Motor Fuel and Lubes            | 7,000                   | 4,000        | 4,072         | (72)                    |
| Maintenance and Repair          | 5,000                   | 5,000        | 3,548         | 1,452                   |
| Communications                  | 4,650                   | 4,510        | 4,508         | 2                       |
| Travel, Conference, and Schools | 1,200                   | 1,000        | 445           | 555                     |
| Subscription and Memberships    | 325                     | 325          | 289           | 36                      |
| Contractual Services            | 6,000                   | 8,200        | 8,260         | (60)                    |
| Professional Services           | 20,000                  | 14,000       | 14,971        | (971)                   |
| Equipment and Improvements      | 45,000                  | 45,000       | --            | 45,000                  |

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, 2019**

|                                 | Budgeted Amounts |         | Actual  | Variance                           |
|---------------------------------|------------------|---------|---------|------------------------------------|
|                                 | Original         | Final   |         | Over<br>(Under)<br>Final to Actual |
| <i>Fire Protection:</i>         |                  |         |         |                                    |
| Wages                           | 18,000           | 14,900  | 14,858  | 42                                 |
| Payroll Taxes/PERA              | 1,377            | 1,137   | 1,137   | --                                 |
| Interest                        | 4,919            | 4,919   | 10,762  | (5,843)                            |
| Principal                       | 15,949           | 15,949  | 56,918  | (40,969)                           |
| Supplies                        | 2,500            | 5,500   | 5,565   | (65)                               |
| Motor Fuel and Lubes            | 2,000            | 2,000   | 1,125   | 875                                |
| Maintenance and Repair          | 6,500            | 4,500   | 4,199   | 301                                |
| Communications                  | 750              | 500     | 460     | 40                                 |
| Travel, Conference and Schools  | 3,500            | 10,500  | 10,230  | 270                                |
| Utilities                       | 5,550            | 6,550   | 6,366   | 184                                |
| Contracted Services             | 1,000            | 3,500   | 3,533   | (33)                               |
| Miscellaneous                   | 470              | 470     | 469     | 1                                  |
| Equipment and Improvements      | 100,000          | --      | --      | --                                 |
| <i>Civil Defense:</i>           |                  |         |         |                                    |
| Utilities                       | 500              | 500     | 441     | 59                                 |
| Supplies                        | 200              | 200     | --      | 200                                |
| Supplies                        | 10               | 10      | --      | 10                                 |
| <b>PUBLIC WORKS</b>             |                  |         |         |                                    |
| <i>Streets:</i>                 |                  |         |         |                                    |
| Wages                           | 145,133          | 138,433 | 138,318 | 115                                |
| Payroll Taxes/PERA              | 15,368           | 19,368  | 19,228  | 140                                |
| Insurance                       | 32,860           | 43,982  | 44,295  | (313)                              |
| Motor Fuel and Lubes            | 13,000           | 15,000  | 16,986  | (1,986)                            |
| Maintenance and Repair          | 70,000           | 31,000  | 34,631  | (3,631)                            |
| Travel, Conferences and Schools | 300              | 100     | 150     | (50)                               |
| Utilities                       | 600              | 700     | 585     | 115                                |
| Supplies                        | 8,000            | 7,000   | 8,048   | (1,048)                            |
| Capital Expenditures            | 49,061           | 69,245  | 19,834  | 49,411                             |
| Miscellaneous                   | --               | --      | 2,589   | (2,589)                            |
| Snow Removal                    | 2,500            | --      | --      | --                                 |
| <i>City Garage:</i>             |                  |         |         |                                    |
| Utilities                       | 6,000            | 6,300   | 6,132   | 168                                |
| Maintenance and Repair          | 4,000            | 20,600  | 20,244  | 356                                |
| Supplies                        | 1,000            | 12,000  | 15,675  | (3,675)                            |
| Miscellaneous                   | 10               | 10      | 10      | --                                 |
| Equipment                       | --               | 4,154   | --      | 4,154                              |
| Dues and Licenses               | 10               | 10      | 10      | --                                 |
| Street Lighting                 | 32,000           | 31,300  | 31,331  | (31)                               |
| Capital Outlay                  | 0                | 14,157  | 14,157  |                                    |

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, 2019**

|                                  | <u>Budgeted Amounts</u> |              | <u>Actual</u> | <b>Variance</b>         |
|----------------------------------|-------------------------|--------------|---------------|-------------------------|
|                                  | <u>Original</u>         | <u>Final</u> |               | <b>Over<br/>(Under)</b> |
|                                  |                         |              |               | <u>Final to Actual</u>  |
| <b>CULTURE AND RECREATION</b>    |                         |              |               |                         |
| <i>Library:</i>                  |                         |              |               |                         |
| Communications                   | 1,405                   | 1,405        | 1,405         | --                      |
| Contracted Services              | 75,780                  | 75,780       | 75,780        | --                      |
| <i>Recreation Council:</i>       |                         |              |               |                         |
| Wages                            | 58,000                  | 45,160       | 45,160        | --                      |
| Payroll Taxes                    | 4,500                   | 3,500        | 3,455         | 45                      |
| Utilities                        | 1,600                   | 1,100        | 1,055         | 45                      |
| <i>Parks:</i>                    |                         |              |               |                         |
| Salaries and Wages               | 23,000                  | 24,255       | 24,255        | --                      |
| Payroll Taxes/PERA               | 2,975                   | 2,918        | 2,918         | --                      |
| Insurance                        | 4,893                   | 4,193        | 4,193         | --                      |
| Motor Fuels & Lubes              | 3,500                   | 3,500        | 3,267         | 233                     |
| Maintenance and Repair Building  | 6,250                   | 6,800        | 5,593         | 1,207                   |
| Utilities                        | 2,000                   | 3,150        | 3,133         | 17                      |
| Supplies                         | 7,000                   | 3,000        | 2,564         | 436                     |
| Contracted Services              | 600                     | 600          | 529           | 71                      |
| Subscriptions and Memberships    | 231                     | 281          | 257           | 24                      |
| Equipment Purchase               | 28,000                  | 12,429       | 151,508       | (139,079)               |
| Miscellaneous                    | 100                     | 100          | 180           | (80)                    |
| <i>Swimming Pool:</i>            |                         |              |               |                         |
| Communication                    | 800                     | 561          | 561           | --                      |
| Utilities                        | 10,000                  | 11,150       | 11,121        | 29                      |
| Travel                           | 500                     | --           | --            | --                      |
| Maintenance and Repair Equipment | 2,000                   | 1,330        | 1,329         | 1                       |
| Maintenance and Repair Building  | 500                     | 550          | 513           | 37                      |
| Supplies                         | 7,050                   | 9,300        | 9,228         | 72                      |
| Miscellaneous                    | 820                     | 651          | 661           | (10)                    |
| <i>Theatre:</i>                  |                         |              |               |                         |
| Communications                   | 900                     | 1,400        | 1,329         | 71                      |
| Utilities                        | 11,000                  | 11,800       | 11,599        | 201                     |
| Supplies                         | --                      | 500          | 52            | 448                     |
| Contracted Services              | --                      | 13,595       | 14,988        | (1,393)                 |
| Maintenance and Repairs          | 1,000                   | 1,600        | 979           | 621                     |
| Miscellaneous                    | 2,400                   | 2,500        | 2,472         | 28                      |
| Motor Fuels and Lubes            | 1,150                   | 2,350        | 2,170         | 180                     |
| Maintenance and Repairs          | 3,000                   | 6,800        | 6,578         | 222                     |
| Communications                   | 3,000                   | 3,120        | 3,112         | 8                       |
| Utilities                        | 8,700                   | 11,050       | 10,424        | 626                     |
| Supplies                         | 2,000                   | 3,200        | 3,050         | 150                     |
| License and Taxes                | 5,065                   | 5,065        | 5,055         | 10                      |

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, 2019**

|   | <u>Budgeted Amounts</u>  |                          | <u>Actual</u>              | <b>Variance</b>          |
|---|--------------------------|--------------------------|----------------------------|--------------------------|
|   | <u>Original</u>          | <u>Final</u>             |                            | <b>Over<br/>(Under)</b>  |
|   |                          |                          |                            | <u>Final to Actual</u>   |
| <i>Airport:</i>   |                          |                          |                            |                          |
| Merchandise for Resale  | 55,000                   | 55,000                   | 40,996                     | 14,004                   |
| Contracted Services   | 25,000                   | 25,200                   | 25,221                     | (21)                     |
| Miscellaneous   | 1,250                    | 350                      | 311                        | 39                       |
| Expansion Project   | --                       | 38,604                   | 50,738                     | (12,134)                 |
| Equipment and Improvements  | --                       | 178,506                  | 178,506                    | --                       |
| <i>Cemetery:</i>  |                          |                          |                            |                          |
| Wages   | 16,000                   | 13,645                   | 13,645                     | --                       |
| Payroll Taxes/PERA  | 2,022                    | 1,535                    | 1,543                      | (8)                      |
| Utilities   | 1,500                    | 150                      | 136                        | 14                       |
| Maintenance and Repair  | 200                      | --                       | (94)                       | 94                       |
| Supplies  | 500                      | 650                      | 606                        | 44                       |
| Insurance   | 1,560                    | 1,560                    | 1,263                      | 297                      |
| Miscellaneous   | 10                       | 10                       | 62                         | (52)                     |
| Canby Area Business Service   | 10,667                   | 10,667                   | 10,389                     | 278                      |
| Insect and Pest Control   | 9,600                    | 16,314                   | 16,214                     | 100                      |
| Miscellaneous   | 34,690                   | 35,190                   | 46,256                     | (11,066)                 |
| <b>Total Expenditures</b>   | <u>1,730,492</u>         | <u>1,872,508</u>         | <u>1,946,626</u>           | <u>(74,118)</u>          |
| <b>Other Financing Uses</b>   |                          |                          |                            |                          |
| <b>Total Expenditures and Other Financing Uses</b>  | <u>1,730,492</u>         | <u>1,872,508</u>         | <u>1,946,626</u>           | <u>(74,118)</u>          |
| <b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b> |                          |                          |                            |                          |
|   | <u>(229,861)</u>         | <u>(357,720)</u>         | <u>( 108,681 )</u>         | <u>263,196</u>           |
| <b>Net Change in Fund Balance</b>   | <b>(229,861)</b>         | <b>(357,720)</b>         | <b>( 108,681 )</b>         | <b>263,196</b>           |
| <i>Fund Balance at Beginning of Period</i>  | <u>1,221,001</u>         | <u>1,221,001</u>         | <u>1,221,001</u>           | <u>--</u>                |
| <b>Fund Balance at End of Period</b>  | <b><u>\$ 991,140</u></b> | <b><u>\$ 863,281</u></b> | <b><u>\$ 1,112,320</u></b> | <b><u>\$ 263,196</u></b> |

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has not chosen to do so.

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

**A. REPORTING ENTITY**

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

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

**Blended Component Unit**

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**A. REPORTING ENTITY (Continued)**

**Discretely Presented Component Units**

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

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

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

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

**Related Organization**

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. They include all funds of the reporting entity except for fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**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:

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.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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.

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

Proprietary Funds:

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

The City reports the following major governmental funds:

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

TIF 1-26 is a debt service fund. It accounts for the financial resources for TIF 1-26.

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, 2019**

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

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

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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

**Deposits and Investments**

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

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

**Receivables and Payables**

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

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

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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

**Prepays**

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

**Inventories**

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

**Restricted Assets**

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

**Capital Assets**

Capital assets are defined by the City in 2019 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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

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

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      |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

**Long-Term Obligations**

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

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

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

**Compensated Absences**

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

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

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

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

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

MAPE (Minnesota Association of Professional Employees) Union Contract

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

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

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

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



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

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

Law Enforcement Labor Services, Inc. Union Contract

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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

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

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

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

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

There is also an administrative contract.

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

**Fund Balance Classifications (Continued)**

- 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, 2019, the unassigned fund balance of the General Fund was 48% of the subsequent year's budgeted expenditures.

**Net Position Classifications**

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

**Deferred Outflows/Inflows of Resources**

The City of Canby implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Reported as Assets and Liabilities for the year ended December 31, 2013. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City of Canby currently recognizes deferred outflows relating to pensions for reporting in this category. The length of the expense recognition period for deferred amounts related is equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan, determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflows of resources (revenue) until that time. The City of Canby has two types of items that qualify for reporting in this category; unearned property taxes and deferred inflows relating to pensions. These amounts are deferred and recognized as inflows of resources in the period that the amount is earned. Deferred amounts relating to pensions represent differences between projected and actual earnings on pension plan investments and are recognized over a five-year period.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**D. ASSETS, LIABILITIES, AND NET POSITION or FUND BALANCE (Continued)**  
**Due from Other Governments**

Grant revenues from the federal and state government are recognized as awarded and received. Expenditures are recognized when incurred in accordance with the provisions of the grants and contracts. As of December 31, 2019, due from other governments totaled \$50,194. This amount includes federal and state dollars.

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**A. BUDGETARY INFORMATION (CONTINUED)**

3. At least ten days prior to October 1, the budget is legally enacted through the passage of an ordinance. The City Clerk is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revision that alters the total expenditures of any fund must be approved by the City Council.
4. Budgeted amounts are as originally adopted by the City Council. All supplemental appropriations require the approval of the City Council. There were no amendments to the original appropriations. The City prepared and adopted a legal budget.
5. All budgeted appropriations lapse at the end of the year. The legal level of budgetary control is at the functional level.

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

**Encumbrances**

The City does not utilize encumbrance accounting.

**B. FUND BALANCE CLASSIFICATION**

At December 31, 2019, a summary of the governmental fund balance classifications are as follows:

|                     | <u>General<br/>Fund</u> | <u>TIF 1-26</u> | <u>Other Govt<br/>Funds</u> | <u>Total</u>     |
|---------------------|-------------------------|-----------------|-----------------------------|------------------|
| Nonspendable:       |                         |                 |                             |                  |
| Prepaid Expenses    | 29,669                  |                 |                             | 29,669           |
| Inventory           | 21,974                  |                 |                             | 21,974           |
| Restricted for:     |                         |                 |                             |                  |
| John Swenson Trust  | 53,242                  |                 |                             | 53,242           |
| Debt Service        |                         | 171,853         | 2,212,802                   | 2,384,655        |
| Humane Society      | 10,098                  |                 |                             | 10,098           |
| Assigned            |                         |                 | 46,434                      | 46,434           |
| Unassigned          | <u>997,337</u>          | <u>0</u>        | <u>(137,190)</u>            | <u>860,147</u>   |
| Total Fund Balances | <u>1,112,320</u>        | <u>171,853</u>  | <u>2,122,046</u>            | <u>3,406,219</u> |

**C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**D. DEFICIT FUND BALANCES**

The following funds had deficit fund balances as of December 31, 2019:

|                               |        |
|-------------------------------|--------|
| Debt Service Funds:           |        |
| TIF 1-10                      | 20,335 |
| TIF 1-6                       | 2,372  |
| TIF 1-29                      | 7,985  |
| GO Tax Increment Bonds - 1997 | 40,579 |
| GO Tax Increment Bonds - 2004 | 65,919 |

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

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.

*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 \$5,284,741 at December 31, 2019, 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, 2019 was \$4,854,863.

**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.



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

- 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.

*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, 2019, the City had the following investments:

| <u>2019 Investment</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|------------------------|-------------------|--|
| 4M Fund                | \$1,586           | *  |

\*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, 2019, 100% of the City’s investments are in the 4M Fund.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

*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, 2019, all investments were insured or registered or the securities were held by the City or its agent in the City’s name.

A reconciliation of cash and investments as shown on the Statement of Net Position as of 12/31/19:

|                          |                        |
|--------------------------|------------------------|
| Checking                 | \$2,436,818            |
| Savings and Money Market | 2,364,805              |
| Certificates of Deposit  | 53,242                 |
| Investments              | <u>1,585</u>           |
| <br>Total                | <br><u>\$4,856,449</u> |
| <br>Deposits             | <br>\$4,854,863        |
| Investments              | <u>1,585</u>           |
| <br>Total                | <br><u>\$4,856,449</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, 2019 is \$227,601 for taxes and special assessments.

**C. NOTES RECEIVABLE**

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**C. NOTES RECEIVABLE (Continued)**

The Notes Receivable from the Canby HRA is for its share of the debt of the City's GOIB 2012B, 2014C, 2015A and 2019. 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.

The following is a summary of notes receivable transactions for the year ended December 31, 2019:

|                | Balance<br><u>1-1-19</u> | Amount<br><u>Advanced</u> | Payments<br><u>Received</u> | Balance<br><u>12-31-19</u> |
|----------------|--------------------------|---------------------------|-----------------------------|----------------------------|
| EDA Loans      | \$123,171                | \$20,000                  | \$33,786                    | \$109,385                  |
| Canby HRA Note | 319,375                  | 0                         | 15,206                      | 304,169                    |
| Canby HRA Note | 490,982                  | 0                         | 19,509                      | 471,473                    |
| Canby HRA Note | 221,200                  | 0                         | 7,760                       | 213,440                    |
| Canby HRA Note | <u>0</u>                 | <u>115,500</u>            | <u>0</u>                    | <u>115,500</u>             |
|                | <u>\$1,154,728</u>       | <u>\$135,500</u>          | <u>\$76,261</u>             | <u>\$1,213,967</u>         |

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

Capital asset activity for the year ended December 31, 2019 was as follows:

|   | <u>Balance</u><br><u>1/1/2019</u> | <u>Additions</u> | <u>Adjustments</u> | <u>Deletions</u> | <u>Balance</u><br><u>12/31/2019</u> |
|---|-----------------------------------|------------------|--------------------|------------------|-------------------------------------|
| <b>Governmental Activities:</b>             |                                   |                  |                    |                  |                                     |
| Capital Assets Not Being Depreciated        |                                   |                  |                    |                  |                                     |
| Land  | 697,878                           |                  |                    |                  | 697,878                             |
| Construction in Progress                    | 372,244                           |                  | (372,244)          |                  | -                                   |
| Total Capital Assets Not Being Depreciated  | <u>1,070,122</u>                  | <u>-</u>         | <u>(372,244)</u>   | <u>-</u>         | <u>697,878</u>                      |
| Capital Assets Being Depreciated:           |                                   |                  |                    |                  |                                     |
| Buildings                                   | 3,234,781                         |                  |                    |                  | 3,234,781                           |
| Improvements Other Than Buildings           | 5,380,625                         | 138,744          | 648,896            |                  | 6,168,265                           |
| Infrastructure                              | 1,373,994                         | 550,749          | (648,896)          |                  | 1,275,847                           |
| Machinery & Equipment                       | 2,339,254                         | 33,259           |                    | 10,500           | 2,362,013                           |
| Total Capital Assets Being Depreciated      | <u>12,328,654</u>                 | <u>722,752</u>   | <u>-</u>           | <u>10,500</u>    | <u>13,040,906</u>                   |
| Less Accumulated Depreciation for:          |                                   |                  |                    |                  |                                     |
| Buildings                                   | 2,426,411                         |                  |                    |                  | 2,426,411                           |
| Improvements Other Than Buildings           | 1,523,061                         |                  |                    |                  | 1,523,061                           |
| Infrastructure                              | 235,359                           | 509,641          |                    |                  | 745,000                             |
| Machinery & Equipment                       | 1,762,970                         |                  |                    | 10,500           | 1,752,470                           |
| Total Accumulated Depreciation              | <u>5,947,801</u>                  | <u>509,641</u>   | <u>-</u>           | <u>10,500</u>    | <u>6,446,942</u>                    |
| Total Capital Assets Being Depreciated, Net | <u>6,380,853</u>                  | <u>213,111</u>   | <u>-</u>           | <u>-</u>         | <u>6,593,964</u>                    |
| Total Capital Assets                        | <u>7,450,975</u>                  | <u>213,111</u>   | <u>-</u>           | <u>-</u>         | <u>7,291,842</u>                    |
| <b>Business-Type Activities:</b>            |                                   |                  |                    |                  |                                     |
| Capital Assets Not Being Depreciated:       |                                   |                  |                    |                  |                                     |
| Land  | 126,295                           |                  |                    |                  | 126,295                             |
| Construction in Progress                    | 3,781,547                         |                  | (3,781,547)        |                  | -                                   |
| Total Capital Assets Not Being Depreciated  | <u>3,907,842</u>                  | <u>-</u>         | <u>(3,781,547)</u> | <u>-</u>         | <u>126,295</u>                      |
| Capital Assets Being Depreciated:           |                                   |                  |                    |                  |                                     |
| Projects                                    | 20,469,580                        | 7,125,428        | 3,781,547          |                  | 31,376,555                          |
| Buildings                                   | 2,088,194                         |                  |                    |                  | 2,088,194                           |
| Improvements other than Buildings           | 1,210,771                         |                  |                    |                  | 1,210,771                           |
| Equipment                                   | 2,996,813                         | 48,799           |                    |                  | 3,045,612                           |
| Total Capital Assets Being Depreciated      | <u>26,765,358</u>                 | <u>7,174,227</u> | <u>3,781,547</u>   | <u>-</u>         | <u>37,721,132</u>                   |
| Less Accumulated Depreciation for:          |                                   |                  |                    |                  |                                     |
| Projects                                    | 3,854,207                         | 1,112,554        |                    |                  | 4,966,761                           |
| Buildings                                   | 1,124,775                         | 48,578           |                    |                  | 1,173,353                           |
| Improvements other than Buildings           | 964,085                           | 24,291           |                    |                  | 988,376                             |
| Equipment                                   | 1,698,186                         | 69,621           |                    |                  | 1,767,807                           |
| Total Accumulated Depreciation              | <u>7,641,253</u>                  | <u>1,255,044</u> | <u>-</u>           | <u>-</u>         | <u>8,896,297</u>                    |
| Total Capital Assets Being Depreciated, Net | <u>19,124,105</u>                 | <u>5,919,183</u> | <u>-</u>           | <u>-</u>         | <u>28,824,835</u>                   |
| Business-Type Activity Capital Assets, Net  | <u>23,031,947</u>                 | <u>5,919,183</u> | <u>-</u>           | <u>-</u>         | <u>28,951,130</u>                   |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**D. CAPITAL ASSETS (CONTINUED)**

Depreciation Expense was charged to functions/programs as follows:

Governmental Activities:

|  |                  |
|--|------------------|
| General Government                                     | \$2,781          |
| Public Safety  | 88,682           |
| Public Works   | 102,250          |
| Culture & Recreation                                   | 52,096           |
| Miscellaneous  | <u>263,832</u>   |
| Total Depreciation Expense-<br>Governmental Activities | <u>\$509,641</u> |

Business-Type Activities:

|   |                    |
|---|--------------------|
| Water   | \$561,837          |
| Wastewater  | 556,022            |
| Storm Sewer   | <u>137,184</u>     |
| Total Depreciation Expense-<br>Business-Type Activities | <u>\$1,255,043</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**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. LONG-TERM DEBT**

The following is a summary of the changes in long-term debt obligations for the year ended December 31, 2019:

|  | <u>Original<br/>Issuance</u> | <u>Maturity<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>Balance<br/>12-31-18</u> | <u>Issuances/<br/>Additions</u> | <u>Payments/<br/>Reductions</u> | <u>Balance<br/>12-31-19</u> | <u>Amounts<br/>Due in<br/>One Year</u> |
|--|------------------------------|--------------------------|--------------------------|-----------------------------|---------------------------------|---------------------------------|-----------------------------|--|
| <u>Governmental Activities</u>                       |                              |                          |                          |                             |                                 |                                 |                             |  |
| Bonds Payable:                                       |                              |                          |                          |                             |                                 |                                 |                             |  |
| 1997 TIF Bonds                                       | 220,000                      | 12/2023                  | 6.95%                    | 50,000                      |                                 | 10,000                          | 40,000                      | 10,000                                 |
| 2001A TIF Note                                       | 35,000                       | 8/2018                   | 9.00%                    | 20,000                      |                                 | 2,000                           | 18,000                      | 2,000                                  |
| 2011 GO Parking Lot Bond                             | 265,000                      | 7/2023                   | 3.00%                    | 215,000                     |                                 | 10,000                          | 205,000                     | 10,000                                 |
| GO TIF Bond 2014C                                    | 600,000                      | 11/2035                  | 3.25%                    | 525,000                     |                                 | 25,000                          | 500,000                     | 25,000                                 |
| 2012A GO Tax Increment Bond                          | 750,000                      | 9/2034                   | 3-5%                     | 630,000                     |                                 | 30,000                          | 600,000                     | 30,000                                 |
| 2012B GO Tax Increment Bond                          | 335,000                      | 12/2038                  | 5.750%                   | 285,000                     |                                 | 10,000                          | 275,000                     | 10,000                                 |
| 2015B Tax Abatement Bond                             | 695,000                      | 12/2036                  | 2.100%                   | 695,000                     |                                 | 20,000                          | 675,000                     | 30,000                                 |
| 2015A GO Tax Increment Bond                          | 1,630,000                    | 12/2036                  | 2.500%                   | 1,510,000                   |                                 | 60,000                          | 1,450,000                   | 60,000                                 |
| 2019 GO Tax Increment Bond                           | 985,000                      | 12/2039                  | 3-3.25%                  | 0                           | 985,000                         | 0                               | 985,000                     | 49,000                                 |
| Notes Payable:                                       |                              |                          |                          |                             |                                 |                                 |                             |  |
| 2008 GO Fire Truck                                   | 100,000                      | 9/2017                   | 4.125%                   | 40,304                      |                                 | 7,413                           | 32,891                      | 7,719                                  |
| 2011 GO Fire Truck                                   | 130,000                      | 7/2026                   | 4.125%                   | 78,945                      |                                 | 8,536                           | 70,409                      | 9,026                                  |
| Other Long-Term Liabilities:                         |                              |                          |                          |                             |                                 |                                 |                             |  |
| Compensated Absences                                 |                              |                          |                          | 86,550                      | 24,306                          | 34,629                          | 76,227                      | 0                                      |
| Total Long Term Liabilities Governmental Activities  |                              |                          |                          | <u>4,135,799</u>            | <u>1,009,306</u>                | <u>217,578</u>                  | <u>4,927,527</u>            | <u>242,745</u>                         |
| <u>Business-Type Activities</u>                      |                              |                          |                          |                             |                                 |                                 |                             |  |
| Bonds Payable:                                       |                              |                          |                          |                             |                                 |                                 |                             |  |
| 2014D GO Bond - Storm Sewer                          | 1,630,000                    | 2/2035                   | 3.30%                    | 1,435,000                   |                                 | 70,000                          | 1,365,000                   | 70,000                                 |
| 2010 GO Revenue Bond - Storm Sewer                   | 1,280,000                    | 2/2031                   | 3.00%                    | 920,000                     |                                 | 55,000                          | 865,000                     | 60,000                                 |
| 2018A GO Revenue Bond-Storm Sewer                    | 1,370,000                    | 8/2018                   | 3.62%                    | 1,370,000                   |                                 | 0                               | 1,370,000                   | 30,000                                 |
| Loans Payable:                                       |                              |                          |                          |                             |                                 |                                 |                             |  |
| 2010 Drinking Water Revolving - Water                | 3,970,711                    | 8/2039                   | 1.088%                   | 3,057,000                   |                                 | 130,000                         | 2,927,000                   | 132,000                                |
| 2014 Drinking Water Revolving - Water                | 2,667,171                    | 8/2044                   | 1.00%                    | 2,417,000                   |                                 | 82,000                          | 2,335,000                   | 83,000                                 |
| 2004 GO Refunding Bonds - Wastewater                 | 540,000                      | 1/2021                   | 1.10%                    | 70,000                      |                                 | 35,000                          | 35,000                      | 35,000                                 |
| 2010 Clean Water Revolving - Wastewater              | 4,860,517                    | 8/2039                   | 1.349%                   | 3,774,000                   |                                 | 157,000                         | 3,617,000                   | 159,000                                |
| 2014 Clean Water Revolving - Wastewater              | 4,266,964                    | 8/2044                   | 1.00%                    | 3,871,000                   |                                 | 131,000                         | 3,740,000                   | 132,000                                |
| 2018 Drinking Water-B Water                          | 36,718                       | 8/2048                   | 1.00%                    | 5,465                       | 32,654                          | 1,402                           | 36,718                      | 1,500                                  |
| 2018 Drinking Water-C Water                          | 3,357,834                    | 8/2048                   | 1.00%                    | 1,377,462                   | 2,037,893                       | 57,521                          | 3,357,834                   | 121,000                                |
| 2018 Clean Water-Wastewater                          | 3,571,489                    | 8/2048                   | 1.00%                    | 1,392,910                   | 2,240,353                       | 61,774                          | 3,571,489                   | 134,000                                |
| Other Long-Term Liabilities:                         |                              |                          |                          |                             |                                 |                                 |                             |  |
| Compensated Absences                                 |                              |                          |                          | 37,653                      | 9,212                           | 17,838                          | 29,027                      | 0                                      |
| Total Long-Term Liabilities Business-Type Activities |                              |                          |                          | <u>19,727,490</u>           | <u>4,320,113</u>                | <u>798,535</u>                  | <u>23,249,068</u>           | <u>957,500</u>                         |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

General Obligation Bonds

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

General Tax Increment Bonds

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

Notes Payable

In 2008 and 2011 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 and \$11,795 each at 4.125% for 15 years. Payments are made out of the General Fund. The balances at December 31, 2019 were \$32,891 and \$70,409.

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.

Minnesota Public Facilities Authority Loans

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

Lease Payable

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

|        | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------|------------------|-----------------|------------------|
| 2020   | \$ 42,441        | \$ 4,369        | \$ 46,811        |
| 2021   | 43,850           | 2,961           | 46,811           |
| 2022   | <u>45,307</u>    | <u>1,504</u>    | <u>46,811</u>    |
| Totals | <u>\$131,598</u> | <u>\$ 8,834</u> | <u>\$140,433</u> |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

Annual Debt Service Requirements

The annual requirements to amortize long-term debt obligations outstanding at December 31, 2019, excluding compensated absences over the life of the debt, are summarized as follows:

Governmental-Type Activities

|           | <u>GO Bonds</u>  |                 | <u>GO Tax Increment Bonds</u> |                 | <u>Notes Payable</u> |                 |
|-----------|------------------|-----------------|-------------------------------|-----------------|----------------------|-----------------|
|           | <u>Principal</u> | <u>Interest</u> | <u>Principal</u>              | <u>Interest</u> | <u>Principal</u>     | <u>Interest</u> |
| 2020      | 40,000           | 31,153          | 186,000                       | 164,498         | 16,745               | 4,123           |
| 2021      | 45,000           | 30,054          | 202,000                       | 158,580         | 17,436               | 3,432           |
| 2022      | 50,000           | 28,809          | 207,000                       | 151,115         | 18,155               | 2,713           |
| 2023      | 50,000           | 27,455          | 212,000                       | 143,358         | 18,952               | 1,966           |
| 2024      | 50,000           | 0               | 202,000                       | 134,837         | 10,611               | 1,184           |
| 2025-2029 | 260,000          | 103,063         | 1,088,000                     | 541,538         | 20,901               | 747             |
| 2030-2034 | 285,000          | 47,350          | 1,220,000                     | 284,656         | 500                  | 0               |
| 2035-2039 | 100,000          | 4,000           | 555,000                       | 45,784          |                      | -               |
| 2040-2044 |                  | -               | -                             | -               | -                    | -               |
| Totals    | \$880,000        | \$271,883       | \$3,872,000                   | \$1,624,366     | 103,300              | 14,164          |

Business-Type Activities

|           | <u>GO Water Bonds</u> |                 | <u>Loans Payable</u> |                 |
|-----------|-----------------------|-----------------|----------------------|-----------------|
|           | <u>Principal</u>      | <u>Interest</u> | <u>Principal</u>     | <u>Interest</u> |
| 2020      | 165,000               | 72,004          | 762,500              | 227,250         |
| 2021      | 130,000               | 139,340         | 770,500              | 218,954         |
| 2022      | 140,000               | 131,197         | 780,000              | 210,570         |
| 2023      | 140,000               | 63,861          | 788,000              | 202,082         |
| 2024      | 140,000               | 59,939          | 797,000              | 193,503         |
| 2025-2029 | 785,000               | 228,753         | 3,276,000            | 835,424         |
| 2030-2034 | 710,000               | 88,306          | 4,298,000            | 459,694         |
| 2035-2039 | 806,941               | 6,913           | 4,538,100            | 206,608         |
| 2040-2044 |                       | 0               | 4,193,000            | 85,341          |
| Totals    | 3,016,941             | 790,311         | 20,203,100           | 2,639,427       |



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. INTERFUND TRANSACTIONS**

**Interfund Transfers**

There were no transfers between funds of the primary government for the year ended December 31, 2019.

**Interfund Balances**

At December 31, 2019, the following interfund balances were owed between funds and not expected to be fully repaid within one year:

| <u>Advances To</u>       | <u>Advances From</u> | <u>Amount</u>    | <u>Purpose</u>           |
|--------------------------|----------------------|------------------|--------------------------|
| Water Fund               | General Fund         | \$8,459          | To cover operating       |
| Wastewater Fund          | General Fund         | 8,325            | To cover operating       |
| Solid Waste              | General Fund         | 12,542           | To cover deficit cash    |
| TIF 1-6                  | General Fund         | 5,259            | To reimburse TIF expense |
| TIF 1-10                 | General Fund         | 21,000           | To reimburse TIF expense |
| GO Tax Inc 1997          | General Fund         | 28,790           | To cover debt service    |
| GOIB 2004                | General Fund         | 65,919           | To cover debt service    |
| GOIB 2012B               | TIF 1-4              | 12,905           | Bond payment             |
| GOIB 204C                | TIF 1-26             | 433              | To cover debt service    |
| GO Bond of 97            | TIF 1-25             | 11,789           | To cover TIF expense     |
| GOIB 2015A               | General Fund         | 64,866           | To cover debt service    |
| TIF1-29                  | General Fund         | 8,009            | To cover TIF expense     |
| TIF 1-26                 | GOIB 2019A           | <u>3,451</u>     | To cover debt service    |
| Total Interfund Balances |                      | <u>\$251,746</u> |                          |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. INTERFUND TRANSACTIONS (Continued)**

**Due to Canby HRA-Component Unit**

The City has amounts due to the Canby HRA for amount owed for debt proceeds and other related transfer items to the TIF's in the HRA. These are expected to be fully repaid within one year:

|                    | <u>Amount</u>   | <u>Purpose</u>                                  |
|--------------------|-----------------|---|
| Due to TIF 1-4 HRA | \$8,000         | To cover amount paid for expenses erroneously   |
| Due to TIF 1-4     | <u>9,718</u>    | To cover amount owed for debt and related items |
| Total Due to HRA   | <u>\$17,818</u> |   |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4. 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, 2019, 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, 2019**

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

**C. LEASE AGREEMENT**

The City of Canby entered into a lease agreement with Tenant, Michael Tesch. 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, Sherry Kern dba Deputy Registrar. The agreement will continue on a year to year basis unless terminated in writing. This agreement states that the lessor will pay monthly rent of \$150 for the use of some office space at 107 St. Olaf Avenue N. The city received \$1,800 of rent in 2019.

**D. TAX ABATEMENTS**

The City approved a property tax abatement on December 7, 2010, starting payable 2013 through 2022. The abatement terms shall be for a maximum of 10 years. This property tax abatement agreement is between the Canby Inn & Suites, LLC and the City. This abatement shall be for 100% of the City's share of the increased ad valorem property taxes generated by the property as a result of the proposed development of the property. The City's expense for 2019 is \$23,837.

The City approved a property tax abatement on May 3, 2011, starting payable 2013 and ending 2022. The abatement terms shall be for a maximum of 10 years. This property tax abatement agreement is between Farmers Cooperative Association and the City. This abatement shall be fore 100% of the City's share of the increased ad valorem property taxes generated by the property as a result of the proposed development of the property. The City's expense for 2019 is \$7,350.

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

The City expended more than \$750,000 of federal financial assistance and is required to do a Single Audit under Uniform Guidance.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**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 either Coordinated Plan or 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.

**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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (CONTINUED)**

1. General Employees Plan Benefits

General Employees 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 and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 and Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for the Coordinated Plan members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service and 2.7% for Basic members. The accrual rates for form MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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 of 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits, and survivor benefits are increased effective January 1. Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment announced by SSA, not less than 1.0 percent and not more than 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 increase will receive a 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. For retirements on or after January 1, 2024, the increase will be delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefits recipients, or survivors). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE(CONTINUED)**

**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 2019. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2019. The City's contributions to the General Employee fund for the years ended December 31, 2019, 2018 and 2017 were \$33,745, \$29,710 and \$28,120, respectively. The City's contributions were equal to the required contributions as set by the state statute.

Police and Fire Fund Contributions

Police and Fire members contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent January 1, 2019. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, 2018 and 2017 were \$21,648, \$26,958 and \$25,548. The City's contributions were equal to the required contributions as set by state statute.

**Pension Costs**

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$337,255 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 to the fund in 2019. 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 \$786. The net pension was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportion was 0.0061%.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of a 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2019, the City recognized pension expense of \$29,482 for its proportionate share of General Employees Plan’s pension expense. In addition, the City recognized an additional \$786 as pension expense (and grant revenue) for its proportionate share to of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2019, 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:

| <u>Description</u>  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Economic Experience                         | \$ 8,978                                  | \$ 0                                     |
| Changes in Actuarial Assumptions  | 0   | 24,917                                   |
| Net Difference Between Projected and Actual Earnings on<br>Pension Plan Investments | 0   | 30,086                                   |
| Changes in Proportion   | 19,835                                    | 10,149                                   |
| Contributions Subsequent to the Measurement Date                                    | 16,305                                    |  |
| Totals  | \$ 45,118                                 | \$ 65,152                                |

\$16,305 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Pension Expense<br/>Amount</u> |
|----------------------------|-----------------------------------|
| 2020                       | (\$18,209)                        |
| 2021                       | (\$17,932)                        |
| 2022                       | (\$741)                           |
| 2023                       | \$544                             |



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

Police and Fire Pension Costs

At December 31, 2019, the City reported a liability of \$149,044 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportion was 0.0140 which was an decrease of .0011 percent from its proportion measured as of June 30, 2018. The City also recognized \$1,890 for the year ended December 31, 2019 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. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense in the amount of \$1,890 for its proportionate share of the Police and Fire Plan’s pension expense.

At December 31, 2019, 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:

| <u>Description</u>  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Economic Experience                         | \$ 6,861                                  | \$ 26,296                                |
| Changes in Actuarial Assumptions  | 141,352                                   | 190,646                                  |
| Net Difference Between Projected and Actual Earnings on<br>Pension Plan Investments | 0   | 34,519                                   |
| Changes in Proportion   |   | 21,659                                   |
| Contributions Subsequent to the Measurement Date                                    | 11,692                                    | -  |
| Totals  | \$ 159,905                                | \$ 273,120                               |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

\$11,692 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Pension Expense</u><br><u>Amount</u> |
|----------------------------|---|
| 2020                       | (\$17,488)                              |
| 2021                       | (\$29,782)                              |
| 2022                       | (\$71,412)                              |
| 2023                       | (\$4,144)                               |
| 2024                       | (\$2,080)                               |

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

|                              | <u>General</u>                  | <u>Police &amp; Fire</u>        |
|------------------------------|---------------------------------|---------------------------------|
| Inflation                    | 2.50% per year                  | 2.50% 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%                           |

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

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four- year experience study in the General Employees Plan was completed in 2019. The most recent four year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

The following changes in actuarial assumptions occurred in 2019:

**General Employees Fund**

- The mortality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$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.

**Police and Fire Fund**

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**F. DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)**

**PENSION LIABILITY SENSITIVITY**

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

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

|                       | General Employees Fund |           | Police and Fire Fund |           |
|-----------------------|------------------------|-----------|----------------------|-----------|
| 1% Lower              | 6.50%                  | \$554,430 | 6.50%                | \$325,783 |
| Current Discount Rate | 7.50%                  | 337,255   | 7.50%                | 149,044   |
| 1% Higher             | 8.50%                  | 157,935   | 8.50%                | 3         |

**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).

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
FIREFIGHTERS FUND**

**Defined Benefit Pension Plan**

**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, 2018, the plan covered 24 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

**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%.

**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 \$24,170 in fire state aid to the plan for the year ended December 31, 2018. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2018 were \$20,376. 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, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
FIREFIGHTERS FUND**

**Pension Costs**

At December 31, 2019, the City of Canby reported a net pension asset of \$150,922 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2018. 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.

|                                     | <u><b>Total<br/>Pension<br/>Liability</b></u> | <u><b>Plan<br/>Fiduciary<br/>Net Position</b></u> | <u><b>Net Pension<br/>Liability/<br/>(Asset)</b></u> |
|-------------------------------------|---|---|--|
|                                     | (a)   | (b)   | (a-b)  |
| Beginning Balance 12/31/17          | \$366,674                                     | \$602,255   | (\$235,581)  |
| Changes for the Year                |   |   |  |
| Service Cost                        | 20,376  | 0   | 20,376   |
| Interest on Pension Liability       | 23,223  | 0   | 23,223   |
| Projected Investment Earnings       | 0   | 36,135  | (36,135)   |
| Actuarial Experience (Gains)/Losses | (7,631)                                       | 0   | (7,631)  |
| Changes in Benefit Level            | 48,159  | 0   | 48,159   |
| Contributions (ER/State)            | 0   | 24,170  | (24,170)   |
| Asset Gain/Loss                     | 0   | (59,842)  | 59,842   |
| Benefit Payouts                     | 0   | 0   | 0  |
| PERA Administrative Fee             | 0   | (995)   | 995  |
| Net Changes                         | 84,127  | (532)   | 47,931   |
| Balance End of Year 12/31/18        | \$450,801                                     | \$601,723   | (\$150,922)  |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
 FIREFIGHTERS FUND (Continued)**

There were no provision changes during the measurement period.

For the year ended December 31, 2019, the City of Canby recognized pension expense of \$67,060. At December 31, 2019, 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<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Actuarial Experience Gains/Losses                           | \$0                                  | \$6,105                             |
| Difference between projected and actual investment earnings | 47,874                               |                                     |
| Total   | \$47,874                             | \$6,105                             |

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

| Year ended December 31: | Pension Expense Amount |
|-------------------------|------------------------|
| 2019                    | \$8,631                |
| 2020                    | \$3,570                |
| 2021                    | \$4,498                |
| 2022                    | \$11,970               |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER FIREFIGHTERS FUND (Continued)**

**Actuarial Assumptions**

The total pension liability at December 31, 2018, 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%

**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.

**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<br>Discount Rate<br>(5.0%) | Discount Rate (6.0%) | 1% Increase in<br>Discount Rate<br>(7.0%) |
|-------------------|---|----------------------|---|
| Net Pension Asset | \$133,626                                 | \$150,922            | \$167,320                                 |



**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
 FIREFIGHTERS FUND (Continued)**

**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:

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

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.

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

**G. DEFINED BENEFIT PENSION PLANS – STATEWIDE VOLUNTEER  
 FIREFIGHTERS FUND (Continued)**

**Description of significant investment policy changes during the year:** The SBI made no significant changes to their investment policy during 2019 for the Statewide Volunteer Firefighter Retirement Plan.

**Pension Plan Fiduciary Net Position**

Detailed information about the Volunteer Firefighter Fund’s fiduciary net position as of June 30, 2019, 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).

**H. SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 17, 2020, 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.

**I. 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 2019, the City of Canby received \$295,298 from these districts in tax revenue. This revenue is transferred to the General Fund on an annual basis. In 1997, the City created a new municipal development district and merged all existing Districts into the new District. All existing Districts were renamed. Detailed information on these districts is listed below.

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

|   |         |
|---|---------|
| <u>Tax Increment Financing District No. 1-12 County (TIF 1-4)</u> |         |
| Type of district – Redevelopment/Canby Farmers Grain              |         |
| Authorizing law – Minnesota Statute #469                          |         |
| Year established – 1999   |         |
| Duration – not to exceed twenty-five (25) years of increment-2024 |         |
| Original tax capacity –   | 8,837   |
| Current tax capacity –  | 59,908  |
| Captured tax capacity –   | 51,070  |
| Retained by authority –   | 51,070  |
| Shared with other authorities –                                   | -0-     |
| Total bonds issued -  | 224,600 |
| Total loans incurred -  | -0-     |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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

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

Tax Increment Financing District No. 1-14 County (TIF 1-8)

|   |        |
|---|--------|
| Type of district – Redevelopment/Borderline                       |        |
| Authorizing law – Minnesota Statute #469                          |        |
| Year established – 2001   |        |
| Duration – not to exceed twenty-five (25) years of increment-2026 |        |
| Original tax capacity –   | 28     |
| Current tax capacity –  | 1,784  |
| Captured tax capacity –   | 1,756  |
| Retained by authority –   | 1,756  |
| Shared with other authorities –                                   | -0-    |
| Total bonds issued -  | -0-    |
| Total loans incurred -  | 19,000 |

Tax Increment Financing District No. 1-15 County (TIF 1-9)

|  |        |
|--|--------|
| Type of district – Redevelopment/Steve Grong Construction    |        |
| Authorizing law – Minnesota Statute #469                     |        |
| Year established – 1999                                      |        |
| Duration – not to exceed twenty-five (25) years of increment |        |
| Original tax capacity –                                      | 139    |
| Current tax capacity –                                       | 1,731  |
| Captured tax capacity –                                      | 1,592  |
| Retained by authority –                                      | 1,592  |
| Shared with other authorities –                              | -0-    |
| Total bonds issued -   | -0-    |
| Total loans incurred -                                       | 25,000 |

Tax Increment Financing District No. 1-17 County (TIF 1-11)

|   |        |
|---|--------|
| Type of district – Redevelopment/John Lair Redevelopment          |        |
| Authorizing law – Minnesota Statute #469                          |        |
| Year established – 2002   |        |
| Duration – not to exceed twenty-five (25) years of increment-2027 |        |
| Original tax capacity –   | 149    |
| Current tax capacity –  | 1,382  |
| Captured tax capacity –   | 1,233  |
| Retained by authority –   | 1,233  |
| Shared with other authorities –                                   | -0-    |
| Total bonds issued -  | -0-    |
| Total loans incurred -  | 24,500 |

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

Tax Increment Financing District No. 1-20 County (TIF1-12)

|   |        |
|---|--------|
| Type of district – Redevelopment/Janiszeski                       |        |
| Authorizing law – Minnesota Statute #469                          |        |
| Year established – 2002   |        |
| Duration – not to exceed twenty-five (25) years of increment-2027 |        |
| Original tax capacity –   | 41     |
| Current tax capacity –  | 1,675  |
| Captured tax capacity –   | 1,634  |
| Retained by authority –   | 1,634  |
| Shared with other authorities –                                   | -0-    |
| Total bonds issued -  | -0-    |
| Total loans incurred -  | 20,000 |

Tax Increment Financing District No. 1-22 County (TIF 1-14)

|   |       |
|---|-------|
| Type of district – Redevelopment/Janiszeski                       |       |
| Authorizing law – Minnesota Statute #469                          |       |
| Year established – 2002   |       |
| Duration – not to exceed twenty-five (25) years of increment-2027 |       |
| Original tax capacity –   | 25    |
| Current tax capacity –  | 1,462 |
| Captured tax capacity –   | 1,437 |
| Retained by authority –   | 1,437 |
| Shared with other authorities –                                   | -0-   |
| Total bonds issued -  | -0-   |
| Total loans incurred -  | -0-   |

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 –   | 261   |
| Current tax capacity –  | 3,294 |
| Captured tax capacity –   | 3,033 |
| Retained by authority –   | 3,033 |
| 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 –   | 29,478 |
| Captured tax capacity –  | 28,694 |
| Retained by authority –  | 28,694 |
| Shared with other authorities –                                      | -0-    |
| Total bonds issued -   | -0-    |
| Total loans incurred -   | -0-    |

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

|  |        |
|--|--------|
| Type of district – Redevelopment   |        |
| Authorizing law – Minnesota Statute #469   |        |
| Year established – 2015  |        |
| Duration – twenty-five (25) years from the receipt of the first tax increment - 2040 |        |
| Original tax capacity –  | 3,104  |
| Current tax capacity –   | 10,880 |
| Captured tax capacity –  | 7,776  |
| Retained by authority –  | 7,776  |
| Shared with other authorities –  | -0-    |
| Total bonds issued -   | -0-    |
| Total loans incurred -   | -0-    |

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

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

**CITY OF CANBY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

|  |        |
|--|--------|
| Type of district – Redevelopment   |        |
| Authorizing law – Minnesota Statute #469   |        |
| Year established – 2018  |        |
| Duration – twenty-five (25) years from the receipt of the first tax increment - 2027 |        |
| Original tax capacity –  | 62     |
| Current tax capacity –   | 62     |
| Captured tax capacity –  | 17,518 |
| Retained by authority –  | 17,518 |
| Shared with other authorities –  | -0-    |
| Total bonds issued -   | -0-    |
| Total loans incurred -   | -0-    |

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

| Fiscal Year<br>Ending | Employer's<br>Proportion<br>(Percentage) of the<br>Net Pension Liability<br>(Asset) | Employer's Proportionate<br>Share (Amount) of the Net<br>Pension Liability (Asset) (a) | Employer's<br>Covered-Employee<br>Payroll (b) | Employer's Proportionate<br>Share of the Net Pension<br>Liability (Asset) as a<br>Percentage of its Covered-<br>Employee Payroll (a/b) | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total Pension Liability |
|-----------------------|---|--|---|--|---|
| June 30, 2015         | 0.0066%   | \$342,046  | \$385,415                                     | 88.75%   | 78.20%  |
| June 30, 2016         | 0.0061%   | \$495,290  | \$365,010                                     | 135.69%  | 68.90%  |
| June 30, 2017         | 0.0056%   | \$357,500  | \$394,940                                     | 90.52%   | 75.90%  |
| June 30, 2018         | 0.0057%   | \$316,213  | \$396,129                                     | 79.83%   | 79.50%  |
| June 30, 2019         | 0.0061%   | \$337,255  | \$476,197                                     | 70.82%   | 80.20%  |

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

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

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

| Fiscal Year<br>Ending | Employer's<br>Proportion<br>(Percentage) of the<br>Net Pension Liability<br>(Asset) | Employer's Proportionate<br>Share (Amount) of the Net<br>Pension Liability (Asset) (a) | Employer's<br>Covered-Employee<br>Payroll (b) | Employer's Proportionate<br>Share of the Net Pension<br>Liability (Asset) as a<br>Percentage of its Covered-<br>Employee Payroll (a/b) | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total Pension Liability |
|-----------------------|---|--|---|--|---|
| June 30, 2015         | 0.0170%   | \$193,160  | \$151,377                                     | 127.60%  | 78.20%  |
| June 30, 2016         | 0.0160%   | \$642,108  | \$160,585                                     | 399.86%  | 63.90%  |
| June 30, 2017         | 0.0160%   | \$216,019  | \$165,814                                     | 130.28%  | 75.90%  |
| June 30, 2018         | 0.0151%   | \$160,950  | \$166,410                                     | 96.72%   | 79.50%  |
| June 30, 2019         | 0.0140%   | \$149,044  | \$156,739                                     | 95.09%   | 80.20%  |

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

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

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

**PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND**

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

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

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

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

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

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

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



**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**General Employees Fund**

**2019 Changes**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**2018 Changes**

Changes in Actuarial Assumptions:

-The mortality projection scale was changed from MP-2015 to MP-2017.

-The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

**2017 Changes**

Changes in Actuarial Assumptions:

-The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.

-The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

**2016 Changes**

Changes in Actuarial Assumptions:

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

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.

- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**2015 Changes**

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

**Police and Fire Fund**

***2019 Changes***

No changes

***2018 Changes***

Changes in Actuarial Assumptions:

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

***2017 Changes***

Changes in Actuarial Assumptions:

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

**CITY OF CANBY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2019**

***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.

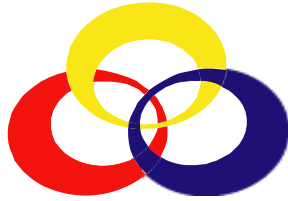
***2015 Changes***

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

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 2037 and 2.5% per year thereafter.



**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, 2019, 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, 2020.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* over financial reporting 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 misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control over financial reporting 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses, or significant deficiencies and, therefore, material weaknesses may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness, 2019-1 and 2019-3.

## **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 findings and questioned costs. 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 2019-2. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Canby's noncompliance with the above referenced provisions.

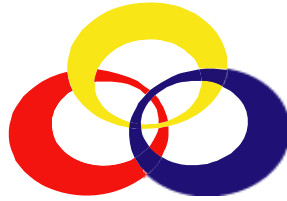
## **Purpose of Report**

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



Kinner & Company Ltd  
Certified Public Accountants

June 17, 2020



# **Kinner & Company Ltd**

## **Certified Public Accountants**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Canby's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Canby's major federal programs for the year ended December 31, 2019. The City of Canby's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Canby's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Canby's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Canby's compliance.

#### **Opinion on Each Major Federal Program**

In our opinion, the City of Canby complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2019.

#### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2019-1 and 2019-4. Our opinion on each major federal program is not modified with respect to these matters. City of Canby, Minnesota's responses to the noncompliance findings identified in our audit is described in the accompanying findings and questioned costs. City of Canby, Minnesota's response was not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the City of Canby is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Canby's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Canby's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the 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 and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Canby, Minnesota's basic financial statements. We issued our report thereon dated June 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Kinner & Company Ltd  
Certified Public Accountants  
June 17, 2020

**CITY OF CANBY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| Federal Grantor/Pass Through<br>Grantor and Program Title | Grant<br>Contract<br>Period | Federal<br>CFDA<br>Number | Loan/Grant Number  | Federal<br>Expenditures    |
|---|-----------------------------|---------------------------|--------------------|----------------------------|
| U.S. Environmental Protection Agency:                     |                             |                           |                    |                            |
| Passthrough Agency: Minnesota Public Facilities Authority |                             |                           |                    |                            |
| Clean Water State Revolving Fund                          | 09/27/18-12/31/19           | 66.458                    | * MPFA-0018-R-FY19 | \$ 2,278,333               |
| Drinking Water State Revolving Fund                       | 09/27/18-12/31/19           | 66.468                    | * MPFA-0022R-FY19  | 2,113,099                  |
| Total U.S. Environmental Protection Agency                |                             |                           |                    | <u>4,391,432</u>           |
| Disaster Grants Public Assistance                         |                             | 97.036                    | EMGP-20200429-2569 | <u>29,454</u>              |
| Total Department of Homeland Security                     |                             |                           |                    | <u>29,454</u>              |
| Grand Total   |                             |                           |                    | <b><u>\$ 4,420,886</u></b> |

\* donates Major Program

| Loan Numbers             | 12/31/18             | Principal<br>Payments | Loans Disbursed     | 12/31/2019           |
|--------------------------|----------------------|-----------------------|---------------------|----------------------|
| MPFA-14-0014-R-FY15      | \$ 3,871,000         | \$ 131,000            |                     | \$ 3,740,000         |
| MPFA-14-0032-R-FY15      | 2,417,000            | 82,000                |                     | 2,335,000            |
| MPFA-09-0096-R-FY10      | 3,774,000            | 157,000               |                     | 3,617,000            |
| MPFA-09-0083-R-FY10      | 3,057,000            | 130,000               |                     | 2,927,000            |
| MPFA-018 L FY 19         | 1,381,627            | 61,774                | 2,251,637           | 3,633,264            |
| MPFA-019 L FY 19         | 1,364,821            | 57,521                | 2,050,534           | 3,415,355            |
| MPFA-022 L FY 19         | 5,465                | 1,402                 | 32,654              | 36,717               |
| Totals Outstanding Loans | <u>\$ 15,870,913</u> | <u>\$ 620,697</u>     | <u>\$ 4,334,825</u> | <u>\$ 19,704,336</u> |

1) Major Programs were determined using loan and loan guarantee coverage rules.

2) All programs are Type A.

3) The 10% de-minimus indirect cost rate was not elected by the City of Canby.

4) Basis for Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Canby and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



**CITY OF CANBY**

**NOTES TO SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS**

**DECEMBER 31, 2019**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Canby and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. SUB-RECIPIENTS**

The City of Canby provided no federal awards to sub-recipients.

**3. INDIRECT COST RATE**

The City of Canby has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF CANBY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?      Yes
- Significant deficiencies identified?      No

Noncompliance material to financial statements noted?      No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?      Yes
- Significant deficiencies identified?      No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?      Yes

Major programs:

- 66.458      Environmental Protection Agency  
                    Pass-through Agency: Minnesota Public Facilities Authority
- 66.468      Environmental Protection Agency  
                    Pass-through Agency: Minnesota Public Facilities Authority

Dollar threshold used to distinguish between type A and type B programs:  
\$750,000.

Auditee qualified as low-risk auditee: No

**CITY OF CANBY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

The current audit contains four financial statement audit findings.

**2019-1: The City does not maintain an adequate segregation of duties among its accounting personnel.**

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

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

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

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

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

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

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

**2019-2: Minnesota Interfund Loan Compliance** According to the Minnesota Legal Compliance Manual, the city is not compliant with Minnesota Statute 469.178, subd. 7.

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

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

**CITY OF CANBY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**2019-2: Minnesota Interfund Loan Compliance(Continued)**

**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.

**Corrective Action Plan and 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 2020.

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

**2019-3: Material Adjustments**

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

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

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

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

**Corrective Action Plan and 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 2019 audit. Kinner & Company will provide a listing of entries that was prepared in the prior year at the end of 2019 to make sure that the entries are in the system before the auditor receives the financials.

**CITY OF CANBY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

FINDING 2018-1: The City does not maintain an adequate segregation of duties among its accounting personnel- This finding continues to exist and has been restated as finding 2019-1

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

FINDING 2018-2: The City did not follow MN Statutes for payment payoff and terms between TIF districts and the general fund. This finding continues to exist and has been restated as finding 2019-2

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

FINDING 2018-3: The City did not follow MN Statutes for the open meeting laws This finding does not continue to exist.

FINDING 2018-4: Material adjustments were required to prevent the financial statements to be materially misstated. This finding continues to exist and has been restated as finding 2019-3.

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

**CITY OF CANBY  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**FINDING 2019-1:**

**Name of Contact Person:** Rebecca Schrupp, Administrator

**Corrective Action:** Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of segregation. The council is becoming more involved in providing some of the controls and the accounting department is utilizing their staff to accommodate internal control as much as possible.

**Proposed Completion Date:** December 31, 2020

**FINDING 2019-2:**

**Name of Contact Person:** John Meyer and Rebecca Schrupp, Administrator

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

**Proposed Completion Date:** December 31, 2020

**FINDING 2019-3:**

**Name of Contact Person:** Rebecca Schrupp, Administrator and Bonnie Merritt, Accounting Department

**Corrective Action:** The accounting department will review the financials before presenting them to the auditor for next years audit. The accounting department will review the journal entries received for the December 31, 2019 audit to make the entries before the auditor receives the financials.

**Proposed Completion Date:** December 31, 2020

## **SUPPLEMENTARY INFORMATION**

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

City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

|  | Special Revenue   |                  |                 |                  |                   | Debt Service     |                   |                    |                   |                 |                  |                  |
|--|-------------------|------------------|-----------------|------------------|-------------------|------------------|-------------------|--------------------|-------------------|-----------------|------------------|------------------|
|  | EDA               | GOIB of 2001     | GOIB of 2000    | TIF 1-24         | GOIB of 2012B     | Municipal Bond   | Parking Lot Bond  | Tax Incr Bond 1997 | TIF 1-4           | TIF 1-6         | TIF 1-8          | TIF 1-9          |
| <b>ASSETS</b>  |                   |                  |                 |                  |                   |                  |                   |                    |                   |                 |                  |                  |
| Cash and Cash Equivalents  | \$ 46,434         | \$ 23,241        | \$ 3,798        | \$ 75,519        | \$ 7,222          | \$ 21,614        | \$ 51,610         | \$ --              | \$ 380,127        | \$ 2,887        | \$ 18,393        | \$ 17,469        |
| Taxes Receivable   | --                | --               | --              | --               | --                | --               | --                | --                 | 503               | --              | --               | --               |
| Delinquent Taxes Receivable  | --                | 317              | --              | --               | --                | --               | --                | --                 | 126               | --              | --               | --               |
| Due from Component Unit- Current   | --                | --               | --              | --               | 7,760             | --               | --                | --                 | --                | --              | --               | --               |
| Special Assessments Receivable   | --                | 35               | --              | --               | --                | --               | 156               | --                 | --                | --              | --               | --               |
| Accounts Receivable  | --                | --               | --              | --               | 500               | --               | --                | --                 | --                | --              | --               | --               |
| Notes Receivable Current   | 16,399            | --               | --              | --               | --                | --               | --                | --                 | --                | --              | --               | --               |
| Special Assessments - Deferred   | --                | --               | --              | --               | --                | --               | 84,919            | --                 | --                | --              | --               | --               |
| Due from Component Unit- Non Current                                     | --                | --               | --              | --               | 205,680           | --               | --                | --                 | --                | --              | --               | --               |
| Notes Receivable - Non Current   | 92,987            | --               | --              | --               | --                | --               | --                | --                 | --                | --              | --               | --               |
| Advances to Other Funds  | --                | --               | --              | --               | --                | --               | --                | --                 | 12,905            | --              | --               | --               |
| <b>Total Assets</b>  | <b>155,820</b>    | <b>23,593</b>    | <b>3,798</b>    | <b>75,519</b>    | <b>221,162</b>    | <b>21,614</b>    | <b>136,685</b>    | <b>--</b>          | <b>393,661</b>    | <b>2,887</b>    | <b>18,393</b>    | <b>17,469</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                   |                  |                 |                  |                   |                  |                   |                    |                   |                 |                  |                  |
| Aggregated deferred outflows   | --                | --               | --              | --               | --                | --               | --                | --                 | --                | --              | --               | --               |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b>\$ 155,820</b> | <b>\$ 23,593</b> | <b>\$ 3,798</b> | <b>\$ 75,519</b> | <b>\$ 221,162</b> | <b>\$ 21,614</b> | <b>\$ 136,685</b> | <b>\$ --</b>       | <b>\$ 393,661</b> | <b>\$ 2,887</b> | <b>\$ 18,393</b> | <b>\$ 17,469</b> |
| <b>LIABILITIES</b>   |                   |                  |                 |                  |                   |                  |                   |                    |                   |                 |                  |                  |
| Due to Component Unit  | \$ --             | \$ --            | \$ --           | \$ --            | \$ --             | \$ --            | \$ --             | \$ --              | \$ 8,100          | \$ --           | \$ --            | \$ --            |
| Advances from Other Funds  | --                | --               | --              | --               | 12,905            | --               | --                | 40,579             | --                | 5,259           | --               | --               |
| <b>Total Liabilities</b>   | <b>--</b>         | <b>--</b>        | <b>--</b>       | <b>--</b>        | <b>12,905</b>     | <b>--</b>        | <b>--</b>         | <b>40,579</b>      | <b>8,100</b>      | <b>5,259</b>    | <b>--</b>        | <b>--</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                   |                  |                 |                  |                   |                  |                   |                    |                   |                 |                  |                  |
| Unavailable Revenues-Taxes   | --                | 317              | --              | --               | --                | --               | --                | --                 | 629               | --              | --               | --               |
| Unavailable Revenues- Special Assessments                                | --                | --               | --              | --               | --                | --               | 85,075            | --                 | --                | --              | --               | --               |
| Unavailable Revenues-Notes Receivable                                    | 109,386           | --               | --              | --               | --                | --               | --                | --                 | --                | --              | --               | --               |
| <b>Total Liabilities and Deferred Inflows of Resources</b>               | <b>109,386</b>    | <b>317</b>       | <b>--</b>       | <b>--</b>        | <b>12,905</b>     | <b>--</b>        | <b>85,075</b>     | <b>40,579</b>      | <b>8,729</b>      | <b>5,259</b>    | <b>--</b>        | <b>--</b>        |
| <b>FUND BALANCE</b>  |                   |                  |                 |                  |                   |                  |                   |                    |                   |                 |                  |                  |
| Restricted   | --                | 23,276           | 3,798           | 75,519           | 208,257           | 21,614           | 51,610            | --                 | 384,932           | --              | 18,393           | 17,469           |
| Assigned   | 46,434            | --               | --              | --               | --                | --               | --                | --                 | --                | --              | --               | --               |
| Unassigned   | --                | --               | --              | --               | --                | --               | --                | (40,579)           | --                | (2,372)         | --               | 0                |
| <b>Total Fund Balance</b>  | <b>46,434</b>     | <b>23,276</b>    | <b>3,798</b>    | <b>75,519</b>    | <b>208,257</b>    | <b>21,614</b>    | <b>51,610</b>     | <b>(40,579)</b>    | <b>384,932</b>    | <b>(2,372)</b>  | <b>18,393</b>    | <b>17,469</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b> | <b>\$ 155,820</b> | <b>\$ 23,593</b> | <b>\$ 3,798</b> | <b>\$ 75,519</b> | <b>\$ 221,162</b> | <b>\$ 21,614</b> | <b>\$ 136,685</b> | <b>\$ --</b>       | <b>\$ 393,661</b> | <b>\$ 2,887</b> | <b>\$ 18,393</b> | <b>\$ 17,469</b> |



City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

Debt Service

|  | TIF 1-10        | TIF 1-11        | TIF 1-12         | TIF 1-14         | TIF 1-18      | TIF 1-19     | GOIB of 2004    | TIF 1-25          | GOIB of 2014C     | GOIB of 2015A     | TIF 1-27         | Pool-GO Tax<br>2015B |
|--|-----------------|-----------------|------------------|------------------|---------------|--------------|-----------------|-------------------|-------------------|-------------------|------------------|----------------------|
| <b>ASSETS</b>  |                 |                 |                  |                  |               |              |                 |                   |                   |                   |                  |                      |
| Cash and Cash Equivalents  | \$ 665          | \$ 9,030        | \$ 18,366        | \$ 16,544        | \$ 319        | \$ --        | \$ --           | \$ 285,362        | \$ --             | \$ --             | \$ 86,791        | \$ 43,150            |
| Taxes Receivable   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | 1,945                |
| Delinquent Taxes Receivable  | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | 707                  |
| Due from Component Unit- Current   | --              | --              | --               | --               | --            | --           | --              | --                | 15,208            | 19,509            | --               | --                   |
| Special Assessments Receivable   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Accounts Receivable  | --              | --              | --               | --               | --            | --           | --              | --                | 433               | --                | --               | --                   |
| Notes Receivable Current   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Special Assessments - Deferred   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Due from Component Unit- Non Current                                     | --              | --              | --               | --               | --            | --           | --              | --                | 288,962           | 451,963           | --               | --                   |
| Notes Receivable - Non Current   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Advances to Other Funds  | --              | --              | --               | --               | --            | --           | --              | 76,655            | --                | --                | --               | --                   |
| <b>Total Assets</b>  | <b>665</b>      | <b>9,030</b>    | <b>18,366</b>    | <b>16,544</b>    | <b>319</b>    | <b>--</b>    | <b>--</b>       | <b>362,017</b>    | <b>304,603</b>    | <b>471,472</b>    | <b>86,791</b>    | <b>45,802</b>        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                 |                 |                  |                  |               |              |                 |                   |                   |                   |                  |                      |
| Aggregated deferred outflows   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b>\$ 665</b>   | <b>\$ 9,030</b> | <b>\$ 18,366</b> | <b>\$ 16,544</b> | <b>\$ 319</b> | <b>\$ --</b> | <b>\$ --</b>    | <b>\$ 362,017</b> | <b>\$ 304,603</b> | <b>\$ 471,472</b> | <b>\$ 86,791</b> | <b>\$ 45,802</b>     |
| <b>LIABILITIES</b>   |                 |                 |                  |                  |               |              |                 |                   |                   |                   |                  |                      |
| Due to Component Unit  | \$ --           | \$ --           | \$ --            | \$ --            | \$ --         | \$ --        | \$ --           | \$ --             | \$ --             | \$ 9,718          | \$ --            | \$ --                |
| Advances from Other Funds  | 21,000          | --              | --               | --               | --            | --           | 65,919          | --                | 433               | 64,866            | --               | --                   |
| <b>Total Liabilities</b>   | <b>21,000</b>   | <b>--</b>       | <b>--</b>        | <b>--</b>        | <b>--</b>     | <b>--</b>    | <b>65,919</b>   | <b>--</b>         | <b>433</b>        | <b>74,584</b>     | <b>--</b>        | <b>--</b>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                 |                 |                  |                  |               |              |                 |                   |                   |                   |                  |                      |
| Unavailable Revenues-Taxes   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | 2,653                |
| Unavailable Revenues- Special Assessments                                | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Unavailable Revenues-Notes Receivable                                    | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| <b>Total Liabilities and Deferred Inflows of Resources</b>               | <b>21,000</b>   | <b>--</b>       | <b>--</b>        | <b>--</b>        | <b>--</b>     | <b>--</b>    | <b>65,919</b>   | <b>--</b>         | <b>433</b>        | <b>74,584</b>     | <b>--</b>        | <b>2,653</b>         |
| <b>FUND BALANCE</b>  |                 |                 |                  |                  |               |              |                 |                   |                   |                   |                  |                      |
| Restricted   | --              | 9,030           | 18,366           | 16,544           | 319           | --           | --              | 362,017           | 304,170           | 396,888           | 86,791           | 43,149               |
| Assigned   | --              | --              | --               | --               | --            | --           | --              | --                | --                | --                | --               | --                   |
| Unassigned   | (20,335)        | --              | --               | --               | --            | --           | (65,919)        | --                | --                | --                | --               | --                   |
| <b>Total Fund Balance</b>  | <b>(20,335)</b> | <b>9,030</b>    | <b>18,366</b>    | <b>16,544</b>    | <b>319</b>    | <b>--</b>    | <b>(65,919)</b> | <b>362,017</b>    | <b>304,170</b>    | <b>396,888</b>    | <b>86,791</b>    | <b>43,149</b>        |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b> | <b>\$ 665</b>   | <b>\$ 9,030</b> | <b>\$ 18,366</b> | <b>\$ 16,544</b> | <b>\$ 319</b> | <b>\$ --</b> | <b>\$ --</b>    | <b>\$ 362,017</b> | <b>\$ 304,603</b> | <b>\$ 471,472</b> | <b>\$ 86,791</b> | <b>\$ 45,802</b>     |

City of Canby  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019

|  | Debt Service    |                |                   |                  |                  | Total Nonmajor<br>Governmental<br>Funds |
|--|-----------------|----------------|-------------------|------------------|------------------|---|
|  | TIF 1-28        | TIF 1-29       | GOIB of 2019A     | 2009 Impr Bond   | Pool             |   |
| <b>ASSETS</b>  |                 |                |                   |                  |                  |   |
| Cash and Cash Equivalents  | \$ 2,241        | \$ 24          | \$ --             | \$ 39,717        | \$ 15,802        | \$ 1,166,325                            |
| Taxes Receivable   | --              | --             | --                | --               | --               | 2,448                                   |
| Delinquent Taxes Receivable  | --              | --             | --                | 1,333            | --               | 2,483                                   |
| Due from Component Unit- Current   | --              | --             | 5,277             | --               | --               | 47,754                                  |
| Special Assessments Receivable   | --              | --             | --                | 583              | --               | 774                                     |
| Accounts Receivable  | --              | --             | 850               | --               | --               | 1,783                                   |
| Notes Receivable Current   | --              | --             | --                | --               | --               | 16,399                                  |
| Special Assessments - Deferred   | --              | --             | --                | --               | --               | 84,919                                  |
| Due from Component Unit- Non Current                                     | --              | --             | 110,223           | --               | --               | 1,056,828                               |
| Notes Receivable - Non Current   | --              | --             | --                | --               | --               | 92,987                                  |
| Advances to Other Funds  | --              | --             | --                | --               | --               | 89,560                                  |
| <b>Total Assets</b>  | <b>2,241</b>    | <b>24</b>      | <b>116,350</b>    | <b>41,633</b>    | <b>15,802</b>    | <b>2,562,260</b>                        |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                 |                |                   |                  |                  |   |
| Aggregated deferred outflows   | --              | --             | --                | --               | --               | --                                      |
| <b>Total Assets and Deferred Outflows of Resources</b>                   | <b>\$ 2,241</b> | <b>\$ 24</b>   | <b>\$ 116,350</b> | <b>\$ 41,633</b> | <b>\$ 15,802</b> | <b>\$ 2,562,260</b>                     |
| <b>LIABILITIES</b>   |                 |                |                   |                  |                  |   |
| Due to Component Unit  | \$ --           | \$ --          | \$ --             | \$ --            | \$ --            | \$ 17,818                               |
| Advances from Other Funds  | --              | 8,009          | 3,450             | --               | --               | 222,420                                 |
| <b>Total Liabilities</b>   | <b>--</b>       | <b>8,009</b>   | <b>3,450</b>      | <b>--</b>        | <b>--</b>        | <b>240,238</b>                          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                     |                 |                |                   |                  |                  |   |
| Unavailable Revenues-Taxes   |                 |                |                   | 1,333            |                  |   |
| Unavailable Revenues- Special Assessments                                |                 |                |                   | 583              |                  |   |
| Unavailable Revenues-Notes Receivable                                    |                 |                |                   |                  |                  |   |
| <b>Total Liabilities and Deferred Inflows of Resources</b>               | <b>--</b>       | <b>8,009</b>   | <b>3,450</b>      | <b>1,916</b>     | <b>--</b>        | <b>440,214</b>                          |
| <b>FUND BALANCE</b>  |                 |                |                   |                  |                  |   |
| Restricted   | 2,241           | --             | 112,900           | 39,717           | 15,802           | 2,212,802                               |
| Assigned   | --              | --             | --                | --               | --               | 46,434                                  |
| Unassigned   | --              | (7,985)        | --                | --               | --               | (137,190)                               |
| <b>Total Fund Balance</b>  | <b>2,241</b>    | <b>(7,985)</b> | <b>112,900</b>    | <b>39,717</b>    | <b>15,802</b>    | <b>2,122,046</b>                        |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b> | <b>\$ 2,241</b> | <b>\$ 24</b>   | <b>\$ 116,350</b> | <b>\$ 41,633</b> | <b>\$ 15,802</b> | <b>\$ 2,562,260</b>                     |

City of Canby  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2019

|   | Special Revenue  |                  |                 |                  |                   | Debt Service     |                  |                    |                   |                   |                  |                  |
|---|------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|--------------------|-------------------|-------------------|------------------|------------------|
|   | EDA              | GOIB of 2001     | GOIB of 2000    | TIF 1-24         | GOIB of 2012B     | Municipal Bond   | Parking Lot Bond | Tax Incr Bond 1997 | TIF 1-4           | TIF 1-6           | TIF 1-8          | TIF 1-9          |
| <b>Revenues</b>                                     |                  |                  |                 |                  |                   |                  |                  |                    |                   |                   |                  |                  |
| Interest Income                                     | \$ 3,212         | \$ 84            | \$ --           | \$ 145           | \$ 12,733         | \$ 2             | \$ 5,017         | \$ --              | \$ --             | \$ --             | \$ 1             | \$ 1             |
| Property Taxes                                      | --               | 113              | --              | 47,531           | --                | --               | --               | --                 | 76,405            | 2,973             | 2,803            | 2,637            |
| Special Assessments                                 | --               | 83               | --              | --               | --                | --               | 4,812            | --                 | --                | --                | --               | --               |
| Miscellaneous                                       | 33,786           | 1                | --              | --               | 500               | --               | --               | --                 | --                | --                | --               | --               |
| Federal Grants                                      | 5,980            | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| <b>Total Revenues</b>                               | <b>42,978</b>    | <b>281</b>       | <b>--</b>       | <b>47,676</b>    | <b>13,233</b>     | <b>2</b>         | <b>9,829</b>     | <b>--</b>          | <b>76,405</b>     | <b>2,973</b>      | <b>2,804</b>     | <b>2,638</b>     |
| <b>Expenditures</b>                                 |                  |                  |                 |                  |                   |                  |                  |                    |                   |                   |                  |                  |
| General Government and Administration               | --               | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| Economic Development                                | 48,161           | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| Miscellaneous                                       | --               | --               | --              | 1,145            | --                | --               | --               | 274                | 10,634            | 270               | 207              | 206              |
| Debt - Principal                                    | --               | --               | --              | 30,000           | 7,760             | --               | 10,000           | 1,900              | 9,040             | 1,300             | --               | --               |
| Interest and Other Charges                          | --               | --               | --              | 26,925           | 13,656            | --               | 10,052           | 701                | 6,180             | 480               | --               | --               |
| <b>Total Expenditures</b>                           | <b>48,161</b>    | <b>--</b>        | <b>--</b>       | <b>58,070</b>    | <b>21,416</b>     | <b>--</b>        | <b>20,052</b>    | <b>2,875</b>       | <b>25,854</b>     | <b>2,050</b>      | <b>207</b>       | <b>206</b>       |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(5,183)</b>   | <b>281</b>       | <b>--</b>       | <b>(10,394)</b>  | <b>(8,183)</b>    | <b>2</b>         | <b>(10,223)</b>  | <b>(2,875)</b>     | <b>50,551</b>     | <b>923</b>        | <b>2,597</b>     | <b>2,432</b>     |
| <b>Other Financing Sources (Uses)</b>               |                  |                  |                 |                  |                   |                  |                  |                    |                   |                   |                  |                  |
| Bond Proceeds                                       | --               | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| Transfers from Other Funds                          | --               | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| Bond Issuance Costs                                 | --               | --               | --              | --               | --                | --               | --               | --                 | --                | --                | --               | --               |
| 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>--</b>        | <b>--</b>        |
| <b>Net Change in Fund Balance</b>                   | <b>(5,183)</b>   | <b>281</b>       | <b>--</b>       | <b>(10,394)</b>  | <b>(8,183)</b>    | <b>2</b>         | <b>(10,223)</b>  | <b>(2,875)</b>     | <b>50,551</b>     | <b>923</b>        | <b>2,597</b>     | <b>2,432</b>     |
| <i>Fund Balance at Beginning of Period</i>          | <i>51,617</i>    | <i>22,995</i>    | <i>3,798</i>    | <i>85,913</i>    | <i>216,440</i>    | <i>21,612</i>    | <i>61,833</i>    | <i>(37,704)</i>    | <i>334,381</i>    | <i>(3,295)</i>    | <i>15,796</i>    | <i>15,037</i>    |
| <b>Fund Balance at End of Period</b>                | <b>\$ 46,434</b> | <b>\$ 23,276</b> | <b>\$ 3,798</b> | <b>\$ 75,519</b> | <b>\$ 208,257</b> | <b>\$ 21,614</b> | <b>\$ 51,610</b> | <b>\$ (40,579)</b> | <b>\$ 384,932</b> | <b>\$ (2,372)</b> | <b>\$ 18,393</b> | <b>\$ 17,469</b> |

City of Canby  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2019

Debt Service

|   | TIF 1-10           | TIF 1-11        | TIF 1-12         | TIF 1-14         | TIF 1-18      | TIF 1-19     | GOIB of 2004       | TIF 1-25          | GOIB of 2014C     | GOIB of 2015A     | TIF 1-27         | Pool-GO Tax<br>2015B |
|---|--------------------|-----------------|------------------|------------------|---------------|--------------|--------------------|-------------------|-------------------|-------------------|------------------|----------------------|
| <b>Revenues</b>   |                    |                 |                  |                  |               |              |                    |                   |                   |                   |                  |                      |
| Interest Income   | \$ --              | \$ --           | \$ 1             | \$ 1             | \$ --         | \$ --        | \$ --              | \$ --             | \$ 13,839         | \$ 22,001         | \$ 233           | \$ --                |
| Property Taxes  | --                 | 2,042           | 2,707            | 2,380            | 5,024         | --           | --                 | 73,285            | --                | --                | 10,225           | 54,959               |
| Special Assessments                                     | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | --               | --                   |
| Miscellaneous   | --                 | --              | --               | --               | --            | --           | --                 | 310               | 2,507             | --                | --               | --                   |
| Federal Grants  | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | --               | --                   |
| <b>Total Revenues</b>                                   | <u>--</u>          | <u>2,042</u>    | <u>2,708</u>     | <u>2,381</u>     | <u>5,024</u>  | <u>--</u>    | <u>--</u>          | <u>73,595</u>     | <u>16,346</u>     | <u>22,001</u>     | <u>10,458</u>    | <u>54,959</u>        |
| <b>Expenditures</b>                                     |                    |                 |                  |                  |               |              |                    |                   |                   |                   |                  |                      |
| General Government and Administration                   | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | 163               | --               | --                   |
| Economic Development                                    | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | --               | --                   |
| Miscellaneous   | --                 | 206             | 206              | 205              | 206           | --           | --                 | 982               | 2,506             | --                | 361              | --                   |
| Debt - Principal  | --                 | --              | --               | --               | 2,000         | --           | --                 | 40,491            | 15,208            | 19,509            | --               | 20,000               |
| Interest and Other Charges                              | --                 | --              | --               | --               | 1,800         | --           | --                 | 45,662            | 13,839            | 22,002            | --               | 23,955               |
| <b>Total Expenditures</b>                               | <u>--</u>          | <u>206</u>      | <u>206</u>       | <u>205</u>       | <u>4,006</u>  | <u>--</u>    | <u>--</u>          | <u>87,135</u>     | <u>31,553</u>     | <u>41,674</u>     | <u>361</u>       | <u>43,955</u>        |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <u>--</u>          | <u>1,836</u>    | <u>2,502</u>     | <u>2,176</u>     | <u>1,018</u>  | <u>--</u>    | <u>--</u>          | <u>(13,540)</u>   | <u>(15,207)</u>   | <u>(19,673)</u>   | <u>10,097</u>    | <u>11,004</u>        |
| <b>Other Financing Sources (Uses)</b>                   |                    |                 |                  |                  |               |              |                    |                   |                   |                   |                  |                      |
| Bond Proceeds   | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | 180,000          | --                   |
| Transfers from Other Funds                              | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | --               | --                   |
| Bond Issuance Costs                                     | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | (4,284)          | --                   |
| Transfers to other funds                                | --                 | --              | --               | --               | --            | --           | --                 | --                | --                | --                | --               | --                   |
| <b>Net Other Financing Sources (Uses)</b>               | <u>--</u>          | <u>--</u>       | <u>--</u>        | <u>--</u>        | <u>--</u>     | <u>--</u>    | <u>--</u>          | <u>--</u>         | <u>--</u>         | <u>--</u>         | <u>175,716</u>   | <u>--</u>            |
| <b>Net Change in Fund Balance</b>                       | <u>--</u>          | <u>1,836</u>    | <u>2,502</u>     | <u>2,176</u>     | <u>1,018</u>  | <u>--</u>    | <u>--</u>          | <u>(13,540)</u>   | <u>(15,207)</u>   | <u>(19,673)</u>   | <u>185,813</u>   | <u>11,004</u>        |
| <b>Fund Balance at Beginning of Period</b>              | <u>(20,335)</u>    | <u>7,194</u>    | <u>15,864</u>    | <u>14,368</u>    | <u>(699)</u>  | <u>--</u>    | <u>(65,919)</u>    | <u>375,557</u>    | <u>319,377</u>    | <u>416,561</u>    | <u>(99,022)</u>  | <u>32,145</u>        |
| <b>Fund Balance at End of Period</b>                    | <u>\$ (20,335)</u> | <u>\$ 9,030</u> | <u>\$ 18,366</u> | <u>\$ 16,544</u> | <u>\$ 319</u> | <u>\$ --</u> | <u>\$ (65,919)</u> | <u>\$ 362,017</u> | <u>\$ 304,170</u> | <u>\$ 396,888</u> | <u>\$ 86,791</u> | <u>\$ 43,149</u>     |

**City of Canby**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

**Debt Service**

|   | TIF 1-28        | TIF 1-29          | GOIB of 2019A     | 2009 Impr Bond   | Pool             | Total<br>Nonmajor<br>Govt Funds |
|---|-----------------|-------------------|-------------------|------------------|------------------|---------------------------------|
| <b>Revenues</b>   |                 |                   |                   |                  |                  |                                 |
| Interest Income   | \$ 96           | \$ --             | \$ 150            | \$ 230           | \$ --            | \$ 57,746                       |
| Property Taxes  | --              | 138               | --                | 475              | --               | 283,697                         |
| Special Assessments                                     | --              | --                | --                | 172              | --               | 5,067                           |
| Miscellaneous   | --              | --                | 850               | --               | --               | 37,954                          |
| Federal Grants  | --              | --                | --                | --               | --               | 5,980                           |
| <b>Total Revenues</b>                                   | <b>96</b>       | <b>138</b>        | <b>1,000</b>      | <b>877</b>       | <b>--</b>        | <b>390,444</b>                  |
| <b>Expenditures</b>                                     |                 |                   |                   |                  |                  |                                 |
| General Government and Administration                   | --              | --                | --                | --               | --               | 163                             |
| Economic Development                                    | --              | --                | --                | --               | --               | 48,161                          |
| Miscellaneous   | 1,029           | 206               | 850               | --               | --               | 19,493                          |
| Debt - Principal  | --              | --                | --                | --               | --               | 157,208                         |
| Interest and Other Charges                              | --              | (1)               | --                | --               | --               | 165,251                         |
| <b>Total Expenditures</b>                               | <b>1,029</b>    | <b>205</b>        | <b>850</b>        | <b>--</b>        | <b>--</b>        | <b>390,276</b>                  |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> |                 |                   |                   |                  |                  |                                 |
|   | (933)           | (67)              | 150               | 877              | --               | 168                             |
| <b>Other Financing Sources (Uses)</b>                   |                 |                   |                   |                  |                  |                                 |
| Bond Proceeds   | 74,500          | --                | 115,500           | --               | --               | 370,000                         |
| Transfers from Other Funds                              | --              | --                | --                | --               | --               | --                              |
| Bond Issuance Costs                                     | (1,773)         | --                | (2,750)           | --               | --               | (8,807)                         |
| Transfers to other funds                                | --              | --                | --                | --               | --               | --                              |
| <b>Net Other Financing Sources (Uses)</b>               | <b>72,727</b>   | <b>--</b>         | <b>112,750</b>    | <b>--</b>        | <b>--</b>        | <b>361,193</b>                  |
| <b>Net Change in Fund Balance</b>                       | <b>71,794</b>   | <b>(67)</b>       | <b>112,900</b>    | <b>877</b>       | <b>--</b>        | <b>361,361</b>                  |
| <i>Fund Balance at Beginning of Period</i>              | (69,553)        | (7,918)           | --                | 38,840           | 15,802           | 1,760,685                       |
| <b>Fund Balance at End of Period</b>                    | <b>\$ 2,241</b> | <b>\$ (7,985)</b> | <b>\$ 112,900</b> | <b>\$ 39,717</b> | <b>\$ 15,802</b> | <b>\$ 2,122,046</b>             |