

**CITY OF CANTON,
MINNESOTA**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2021

CITY OF CANTON, MINNESOTA

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CITY OF CANTON, MINNESOTA

ORGANIZATION

Elected

Mayor

Nick Prestby

Council Members

Cindy Shanks
Josh Nordsving
Carl Ernst
Randy Gossman

Appointed

Clerk/Treasurer

Brock Bergey

Deputy Clerk

Barb Kerns

Public Works Supervisor

Jon Nordsving

P/T Street Maintenance

Jim Davis

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Canton, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the statements of balances arising from cash transactions and the statements of cash receipts, disbursements, and changes in cash fund balances and net cash position for governmental and proprietary funds, and, where applicable cash flows, of the City of Canton, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Canton's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the balances arising from cash transactions for governmental funds and proprietary funds of the City of Canton, as of December 31, 2021, and the cash receipts and disbursements, changes in cash fund balances and net cash position, and, where applicable, cash flows for the year then ended, in accordance with the financial reporting provisions of the State of Minnesota Office of the State Auditor as discussed in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Canton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As discussed in Note 1, the City of Canton prepares its financial statements using accounting practices prescribed or permitted by the State of Minnesota Office of the State Auditor to demonstrate compliance with the State of Minnesota Office of the State Auditor's regulatory basis of accounting and, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Our opinion is not modified with respect to this.

Responsibilities of Management for the Financial Statements

The City of Canton's management is responsible for the preparation of these financial statements in accordance with practices prescribed or permitted by the State of Minnesota Office of the State Auditor to demonstrate compliance with the State of Minnesota Office of the State Auditor's regulatory basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Canton's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

The regulatory requirements of the State of Minnesota's Office of the State Auditor require that the budgetary comparison schedule, schedule of indebtedness, other long-term liabilities, and contingent liabilities, and schedules of accounts receivable and accounts payable, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the State of Minnesota's Office of the State Auditor 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.

Management has omitted the management's discussion and analysis and the accrual basis proprietary fund statements that the State of Minnesota's Office of the State Auditor require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required the State of Minnesota's Office of the State Auditor 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. Our opinions on the basic financial statements are not affected by this missing information

Restrictions on Use

This report is intended solely for the information and use of the management of the City of Canton, Minnesota and the State of Minnesota's Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

La Crosse, Wisconsin
_____, 2022

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CITY OF CANTON, MINNESOTA
BASIC FINANCIAL STATEMENTS

CITY OF CANTON, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Major Funds		Nonmajor Fund	Total
	General Fund	Fire Department	Mitson Fund	Governmental Funds
ASSETS				
Cash & Cash Equivalents	\$ 198,445	\$ 33,042	\$ 1,262	\$ 232,749
Certificates of Deposit	236,806	-	21,592	258,398
Notes Receivable	5,000	-	-	5,000
TOTAL ASSETS	<u>\$ 440,251</u>	<u>\$ 33,042</u>	<u>\$ 22,854</u>	<u>\$ 496,147</u>
CASH FUND BALANCES				
Assigned	\$ -	\$ 33,042	\$ 22,854	\$ 55,896
Unassigned	440,251	-	-	440,251
TOTAL CASH FUND BALANCES	<u>\$ 440,251</u>	<u>\$ 33,042</u>	<u>\$ 22,854</u>	<u>\$ 496,147</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Fund	Fire Department	Mitson Fund	
RECEIPTS				
PROPERTY TAXES				
TOTAL PROPERTY TAXES	153,857	-	-	153,857
LICENSES AND PERMITS				
Business	921	-	-	921
Non-Business	1,356	-	-	1,356
TOTAL LICENSES AND PERMITS	2,277	-	-	2,277
INTERGOVERNMENTAL				
Federal Grants and Aids	18,797	-	-	18,797
Local Government Aid - State	95,773	-	-	95,773
Other - State	16,201	-	-	16,201
TOTAL INTERGOVERNMENTAL	130,771	-	-	130,771
CHARGES FOR SERVICES				
Hall Rental	2,563	-	-	2,563
Other General Government	493	-	-	493
Fire Department Services	-	28,303	-	28,303
TOTAL CHARGES FOR SERVICES	3,056	28,303	-	31,359
FINES AND FORFEITS				
Court Fines	27	-	-	27
Other Fines and Forfeits	773	-	-	773
TOTAL FINES AND FORFEITS	800	-	-	800
MISCELLANEOUS INCOME				
Interest Income	5,856	-	212	6,068
Contributions	11,075	50,885	-	61,960
Miscellaneous Income	6,460	2,800	80	9,340
TOTAL MISCELLANEOUS INCOME	23,391	53,685	292	77,368
TOTAL RECEIPTS	314,152	81,988	292	396,432

(Continued on page 8)

The accompanying notes are an integral part of the financial statements.

CITY OF CANTON, MINNESOTA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - Continued
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds		Nonmajor	Total Governmental Funds
	General Fund	Fire Department	Fund Mitson	
DISBURSEMENTS				
GENERAL GOVERNMENT				
Mayor & Council Salaries	\$ 3,300	\$ -	\$ -	\$ 3,300
City Clerk	30,461	-	-	30,461
Supplies	16,155	-	-	16,155
Professional Services	25,377	-	-	25,377
Insurance	17,465	-	-	17,465
Utilities	12,423	-	-	12,423
Repairs and Maintenance	26,642	-	315	26,957
Other	4,224	-	1,550	5,774
TOTAL GENERAL GOVERNMENT	<u>136,047</u>	<u>-</u>	<u>1,865</u>	<u>137,912</u>
PUBLIC SAFETY				
Police Expense	24,000	-	-	24,000
Ambulance Expense	3,113	-	-	3,113
Fire Expense	5,882	80,894	-	86,776
Other	94	-	-	94
TOTAL PUBLIC SAFETY	<u>33,089</u>	<u>80,894</u>	<u>-</u>	<u>113,983</u>
STREETS AND HIGHWAYS				
Salaries	56,754	-	-	56,754
Street Maintenance & Repair	27,269	-	-	27,269
TOTAL STREETS AND HIGHWAYS	<u>84,023</u>	<u>-</u>	<u>-</u>	<u>84,023</u>
CULTURE & RECREATION				
TOTAL CULTURE & RECREATION	<u>5,691</u>	<u>-</u>	<u>-</u>	<u>5,691</u>
DEBT SERVICE				
Principal Payments	-	29,360	-	29,360
Interest Payments	-	136	-	136
TOTAL DEBT SERVICE	<u>-</u>	<u>29,496</u>	<u>-</u>	<u>29,496</u>
TOTAL DISBURSEMENTS	<u>258,850</u>	<u>110,390</u>	<u>1,865</u>	<u>371,105</u>
NET CHANGE IN CASH FUND BALANCES	55,302	(28,402)	(1,573)	25,327
CASH FUND BALANCES - BEGINNING	<u>384,949</u>	<u>61,444</u>	<u>24,427</u>	<u>470,820</u>
CASH FUND BALANCES - ENDING	<u>\$ 440,251</u>	<u>\$ 33,042</u>	<u>\$ 22,854</u>	<u>\$ 496,147</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CANTON, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUNDS
DECEMBER 31, 2021

<u>ASSETS</u>	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Fund</u>	<u>Enterprise</u>
			<u>Garbage</u>	<u>Funds</u>
CURRENT ASSETS				
Cash & Cash Equivalents (Overdraft)	\$ 52,413	\$ 32,021	\$ (951)	\$ 83,483
Certificates of Deposit	-	55,510	-	55,510
TOTAL ASSETS	<u>\$ 52,413</u>	<u>\$ 87,531</u>	<u>\$ (951)</u>	<u>\$ 138,993</u>
 <u>NET CASH POSITION</u>				
Unrestricted	<u>\$ 52,413</u>	<u>\$ 87,531</u>	<u>\$ (951)</u>	<u>\$ 138,993</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN NET CASH POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds		Nonmajor Fund	Total Enterprise Funds
	Water	Sewer	Garbage	
OPERATING REVENUE				
Charges for Services	\$ 82,190	\$ 72,247	\$ 25,932	\$ 180,369
Less: Cost of Sales	-	-	(26,864)	(26,864)
TOTAL OPERATING REVENUE	<u>82,190</u>	<u>72,247</u>	<u>(932)</u>	<u>153,505</u>
OPERATING EXPENSES				
Salaries and Wages	29,342	35,194	-	64,536
Utilities	7,336	10,135	-	17,471
Repairs and Maintenance	39,597	1,886	-	41,483
Supplies	2,325	2,089	-	4,414
Insurance	354	2,642	-	2,996
Other Expenses	3,300	7,919	19	11,238
TOTAL OPERATING EXPENSES	<u>82,254</u>	<u>59,865</u>	<u>19</u>	<u>142,138</u>
NON-OPERATING INCOME				
Interest Income	414	561	-	975
Debt Proceeds	-	349,310	-	349,310
TOTAL NON-OPERATING INCOME	<u>414</u>	<u>349,871</u>	<u>-</u>	<u>350,285</u>
NONOPERATING EXPENSE				
Interest Expense	1,696	2,380	-	4,076
Debt Principal	14,000	346,500	-	360,500
TOTAL NONOPERATING EXPENSE	<u>15,696</u>	<u>348,880</u>	<u>-</u>	<u>364,576</u>
CHANGE IN NET POSITION	(15,346)	13,373	(951)	(2,924)
TOTAL CASH NET POSITION - BEGINNING	<u>67,759</u>	<u>74,158</u>	<u>-</u>	<u>141,917</u>
TOTAL CASH NET POSITION - ENDING	<u>\$ 52,413</u>	<u>\$ 87,531</u>	<u>\$ (951)</u>	<u>\$ 138,993</u>

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, MINNESOTA
STATEMENT OF CASH FLOWS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Major Funds		Nonmajor Fund	Total Enterprise Funds
	Water	Sewer	Garbage	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 82,190	\$ 72,247	\$ 25,932	\$ 180,369
Payments to Suppliers	(49,258)	(14,110)	(26,864)	(90,232)
Payments to Employees	(29,342)	(35,194)	-	(64,536)
Other (Payments)	(3,654)	(10,561)	(19)	(14,234)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(64)	12,382	(951)	11,367
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Long-Term Debt	-	349,310	-	349,310
Interest Paid on Capital Debt	(1,696)	(2,380)	-	(4,076)
Principal Paid on Capital Debt	(14,000)	(346,500)	-	(360,500)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(15,696)	430	-	(15,266)
CASH FLOWS FROM INVESTING ACTIVITIES				
Certificate of Deposit redeemed	54,402	-	-	54,402
Interest Income	414	561	-	975
NET CASH PROVIDED BY INVESTING ACTIVITIES	54,816	561	-	55,377
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,056	13,373	(951)	51,478
BALANCES - BEGINNING OF THE YEAR	13,357	18,648	-	32,005
BALANCES - END OF THE YEAR	\$ 52,413	\$ 32,021	\$ (951)	\$ 83,483

The accompanying notes are an integral part of these financial statements.

CITY OF CANTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Canton was incorporated by passage of an act by the Legislature of the State of Minnesota and ratified by an election of the voters of the City. The Charter established a Mayor-Council form of government. The governing body is composed of a mayor and four council members who are to be qualified electors and elected at large.

The Council may create departments and advisory boards and appoint officers, employees and agents for the City as it deems necessary for the proper management and operation of City affairs. The Council may prescribe the duties and fix the compensation of all officers, both appointive and elective, employees and agents, when not otherwise prescribed by law. The Council may require any officer or employee to furnish a bond conditioned for the faithful exercise of their duties and the proper application of, and payment upon demand of, all monies officially received by them. Unless otherwise prescribed by law, the amount of such bonds shall be fixed by the Council.

B. Basis of Presentation

The financial statements were prepared in conformity with the regulatory basis of accounting prescribed or permitted by the Office of Minnesota State Auditor and pursuant to Minnesota Statutes Section 471.698, which is a comprehensive basis of accounting other than generally accepted accounting principles. The regulatory basis is the modified cash basis, but does not include the government-wide statements. All funds are presented according to the regulatory basis. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Department Fund - accounts for activities related to the City's fire department.

The City reports the following major proprietary funds:

Water, Sewer, and Garbage Funds - All activities necessary to provide water, sewer, and garbage services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance, and financing.

CITY OF CANTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental funds and Proprietary funds are reported on modified cash basis of accounting. With certain exceptions, revenue and disbursements are only recognized when actually received or expended.

D. Assets or Cash Fund Balances

1. Cash or Cash Equivalents

The City considers all demand deposits and investments with an original maturity of three months or less to be considered cash equivalents.

Deposits

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

Minnesota Statutes require that all City deposits are protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by FDIC insurance or bonds (140% in the case of mortgage notes pledged).

At year end, all of the City's deposits were either insured by the FDIC or collateralized by securities held by the City or by its agent in the City's name.

2. Certificates of Deposit

Certificates of Deposit are stated at fair value based on the quote price. Interest is recorded when received at the certificate's maturity. The Certificates of Deposit range from 3-month to 12-month terms.

3. Risks

Interest Rate Risk

The City does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City does has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

CITY OF CANTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 1 - Summary of Significant Accounting Policies – Continued

3. Risks - Continued

Custodial Credit Risk

The risk that, in the event of bank failure, the City's deposits may not be returned to it. As of December 31, 2021, \$111,345 of the City's bank balance of \$611,345 was exposed to custodial credit risk is uninsured with collateral pledged by bank.

E. Estimates

The preparation of financial statements in conformity with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Defined Benefit Pension Plan - Statewide

Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (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.

1. General Employees Retirement Fund (GERF- General Employees Plan, accounted for in the General Employees Fund)

All full-time and certain part-time employees of the City of Canton are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

CITY OF CANTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 2 - Defined Benefit Pension Plan - Statewide - Continued

1. General Employees Plan Benefits

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. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2021. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2021. The City's contributions to the General Employers Fund for the year ended December 31, 2021 were \$11,289.

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.

NOTE 3 - Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Fillmore County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Fillmore County spreads all levies over taxable property. Such taxes become a lien on January 1 the following year, and are recorded as receivables by the City at that date. Revenue from property taxes are accrued and recognized in the year collectable, net of delinquencies.

Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing cities normally during the months of January, June, and December.

NOTE 4 - Risk Management

The City is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters for which the City carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. In addition, there have been no settlements in excess of coverage in any of the prior three fiscal years.

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CITY OF CANTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CANTON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
CASH FUND BALANCE - JANUARY 1	\$ 384,949	\$ 384,949	\$ 384,949	\$ -
RECEIPTS				
PROPERTY TAXES				
General Property Taxes	159,157	159,157	153,857	(5,300)
LICENSES AND PERMITS				
Business	1,000	1,000	921	(79)
Non-Business	-	-	1,356	1,356
TOTAL LICENSES AND PERMITS	1,000	1,000	2,277	1,277
INTERGOVERNMENTAL				
Federal Grants and Aids	-	-	18,797	18,797
Local Government Aid - State	95,773	95,773	95,773	-
Other - State	550	550	16,201	15,651
TOTAL INTERGOVERNMENTAL	96,323	96,323	130,771	34,448
CHARGES FOR SERVICES				
Hall Rental	1,000	1,000	2,563	1,563
Other General Government	-	-	493	493
TOTAL CHARGES FOR SERVICES	1,000	1,000	3,056	2,056
FINES AND FORFEITS				
Court Fines	-	-	27	27
Other Fines and Forfeits	500	500	773	273
TOTAL FINES AND FORFEITS	500	500	800	300
MISCELLANEOUS INCOME				
Interest Income	-	-	5,856	5,856
Contributions	-	-	11,075	11,075
Miscellaneous Income	2,200	2,200	6,460	4,260
TOTAL MISCELLANEOUS INCOME	2,200	2,200	23,391	21,191
TOTAL RECEIPTS	260,180	260,180	314,152	53,972

(Continued on page 17)

CITY OF CANTON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS - Continued
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		2021 Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
GENERAL GOVERNMENT				
Mayor & Council Salaries	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
City Clerk	45,895	45,895	30,461	15,434
Supplies	5,000	5,000	16,155	(11,155)
Professional Services	19,500	19,500	25,377	(5,877)
Insurance	17,500	17,500	17,465	35
Utilities	13,000	13,000	12,423	577
Repairs and Maintenance	18,000	18,000	26,642	(8,642)
Other	-	-	4,224	(4,224)
TOTAL GENERAL GOVERNMENT	<u>122,195</u>	<u>122,195</u>	<u>136,047</u>	<u>(13,852)</u>
PUBLIC SAFETY				
Police Expense	24,000	24,000	24,000	-
Ambulance Expense	3,114	3,114	3,113	1
Fire Expense	5,882	5,882	5,882	-
Other	-	-	94	(94)
TOTAL PUBLIC SAFETY	<u>32,996</u>	<u>32,996</u>	<u>33,089</u>	<u>(93)</u>
STREETS AND HIGHWAYS				
Salaries	56,754	56,754	56,754	-
Street Maintenance & Repair	44,000	44,000	27,269	16,731
TOTAL STREETS AND HIGHWAYS	<u>100,754</u>	<u>100,754</u>	<u>84,023</u>	<u>16,731</u>
CULTURE & RECREATION				
Culture & Recreation	2,000	2,000	5,691	(3,691)
TOTAL DISBURSEMENTS	<u>257,945</u>	<u>257,945</u>	<u>258,850</u>	<u>(905)</u>
NET CHANGE IN CASH FUND BALANCES	<u>2,235</u>	<u>2,235</u>	<u>55,302</u>	<u>54,877</u>
CASH FUND BALANCE - DECEMBER 31	<u>\$ 387,184</u>	<u>\$ 387,184</u>	<u>\$ 440,251</u>	<u>\$ 54,877</u>

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CITY OF CANTON, MINNESOTA
SCHEDULE OF INDEBTEDNESS, OTHER LONG-TERM LIABILITIES, AND CONTINGENT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Interest Rate	Issue Date	Final Maturity Date	Outstanding January 1, 2021	Issued In 2021	Paid In 2021	Outstanding December 31, 2021
BONDED INDEBTEDNESS							
General Obligation Revenue							
Sewer Revenue Bond Series 2005	4.25%	6/23/2005	1/1/2045	\$ 346,500	\$ -	\$ 346,500	\$ -
Sewer Revenue Refunding Note Series 2021	2.20%	3/1/2021	1/1/2045	-	362,000	-	362,000
Water Revenue Note Series 2017	2.65%	7/6/2017	2/1/2025	71,000	-	14,000	57,000
TOTAL BONDED INDEBTEDNESS				<u>417,500</u>	<u>362,000</u>	<u>360,500</u>	<u>419,000</u>
OTHER LONG-TERM INDEBTEDNESS							
Fire Truck Loan 2017	4.65%	4/13/2017	6/15/2024	29,360	-	29,360	-
TOTAL INDEBTEDNESS				<u>\$ 446,860</u>	<u>\$ 362,000</u>	<u>\$ 389,860</u>	<u>\$ 419,000</u>

CITY OF CANTON, MINNESOTA
SCHEDULES OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

Statement of Accounts Receivable

<u>Fund</u>	<u>Source of Revenue</u>	<u>Amount</u>
Water	Customer Usage Charges	\$ 7,305
Sewer	Customer Usage Charges	6,545
Garbage	Customer Usage Charges	2,260
Total		<u>\$ 16,110</u>

Statement of Accounts Payable

<u>Fund</u>	<u>Source of Payable</u>	<u>Amount</u>
Water	Utilites	\$ 534
Sewer	Sewer Project	14,900
Sewer	Utilites	1,467
Garbage	December Services	2,271
Total		<u>\$ 19,172</u>

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CITY OF CANTON, MINNESOTA

OTHER REPORT

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**INDEPENDENT AUDITORS' REPORT
ON MINNESOTA LEGAL COMPLIANCE**

To the Common Council
City of Canton, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the regulatory basis financial statements of the City of Canton, Minnesota (the "City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated _____, 2022.

The Minnesota Legal Compliance Audit Guide for Cities, promulgated by the State Auditor pursuant to Minn. Stat. §6.65, contains seven main 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 except that we did not test for compliance with the provisions for tax increment financing as they have no such districts.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. 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 Canton, Minnesota's noncompliance with the above referenced provisions.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor, and is not intended to be and should not be used by anyone other than those specified parties.

La Crosse, Wisconsin
_____, 2022