

# Annual Financial Report

## City of Byron

Byron, Minnesota

For the year ended December 31, 2022



### *Edina Office*

5201 Eden Avenue, Ste 250  
Edina, MN 55436  
P 952.835.9090

### *Mankato Office*

100 Warren Street, Ste 600  
Mankato, MN 56001  
P 507.625.2727

### *Scottsdale Office*

14500 N Northsight Blvd, Ste 233  
Scottsdale, AZ 85260  
P 480.864.5579

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Byron, Minnesota  
Annual Financial Report  
Table of Contents  
For the Year Ended December 31, 2022

	<u>Page No.</u>
<b>Introductory Section</b>	
Elected and Appointed Officials	7
<b>Financial Section</b>	
Independent Auditor’s Report	11
Management’s Discussion and Analysis	15
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds	
Balance Sheet	34
Reconciliation of the Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	37
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	38
Proprietary Funds	
Statement of Net Position	39
Statement of Revenues, Expenses and Changes in Net Position	40
Statement of Cash Flows	41
Notes to the Financial Statements	43
<b>Required Supplementary Information</b>	
Schedule of Employer’s Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	68
Schedule of Employer’s Public Employees Retirement Association Contributions - General Employees Retirement Fund	68
Notes to the Required Supplementary Information - General Employees Retirement Fund	69
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73
Nonmajor Special Revenue Funds	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Nonmajor Capital Projects Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	78
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	81
Debt Service Funds	
Combining Balance Sheet	86
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	88
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	89
<b>Other Required Report</b>	
Independent Auditor’s Report on Minnesota Legal Compliance	93

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

INTRODUCTORY SECTION

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Byron, Minnesota  
Elected and Appointed Officials  
For the Year Ended December 31, 2022

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Daryl Glassmaker	Mayor	12/31/24
Dan Messenburg	Council Member	12/31/22
Matt Brekke	Council Member	12/31/24
Steven Cook	Council Member	12/31/24
Justin Blom	Council Member	12/31/22

**APPOINTED**

<u>Name</u>	<u>Title</u>
Al Roder	City Administrator
Cami Reber	Finance Director
Tom Ricke	Public Works Superintendent

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

FINANCIAL SECTION

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

**INDEPENDENT AUDITOR’S REPORT**

Honorable Mayor and City Council  
 City of Byron, Minnesota

**Opinions**

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Byron, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City’s financial statements as listed in the table of contents.

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
General Fund	Unmodified
Other Major Funds	Unmodified
Enterprise Fund Water	Unmodified
Enterprise Fund Sewer	Unmodified
Aggregate Remaining Fund Information	Unmodified

**Basis for Qualified Opinions**

The City has not adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Public Employee Retirement Association related to the Volunteer Fire Relief Association in the governmental activities and, accordingly, has not shown activity related to this standard. Accounting principles generally accepted in the United States of America require that pension liabilities and balances be shown, which would report deferred outflows of resources, deferred inflows of resources and liabilities or assets, while changing the net position in the applicable statements.

**Qualified Opinions**

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinions”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major proprietary fund of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis for 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 opinions.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State auditor, as described in Note 1B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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'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.



## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Employer's Share of the Net Pension Liability and the Schedule of Employer's Contributions and the related disclosures starting on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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



**Abdo**  
Minneapolis, Minnesota  
June 15, 2023



THIS PAGE IS LEFT  
BLANK INTENTIONALLY

## **Management's Discussion and Analysis**

As management of the City of Byron, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in cash and investments and land and construction in progress and an overall decrease in long-term liabilities.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to a land sale in the Capital Reserves fund. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- Unassigned fund balance in the General Fund as shown in the Financial Analysis of the City's Funds section increased from the prior year.
- The City's total bonded debt decreased during the current fiscal year. The decrease was a result of scheduled debt service payments as shown in the outstanding debt table.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explain and support the information in the financial statements. Figure 1 show how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

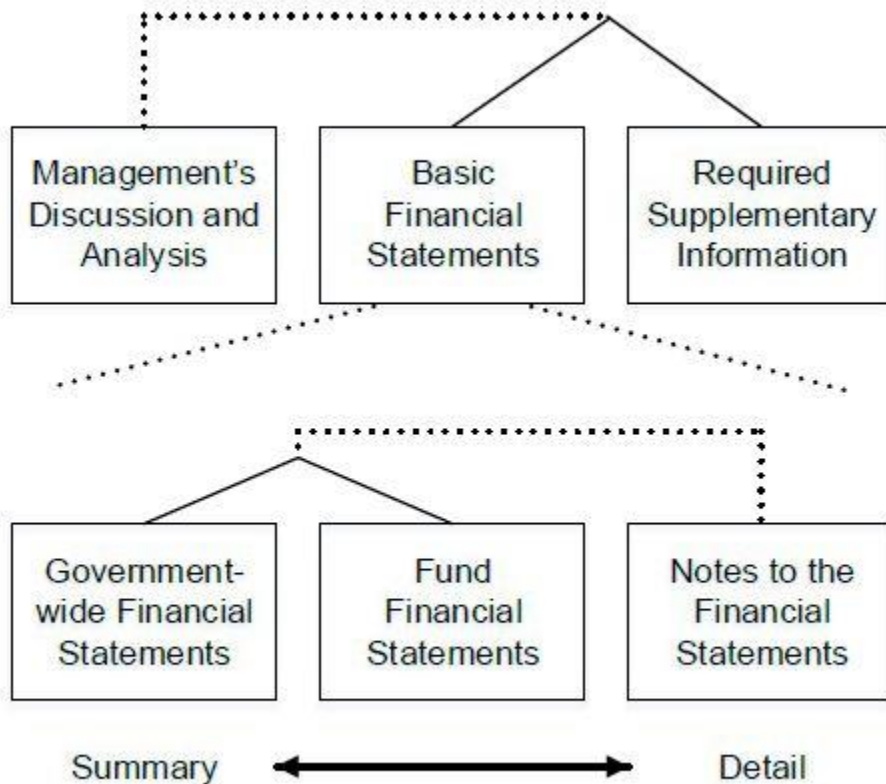


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statement of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes 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 revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, economic development, miscellaneous and interest on long-term debt. The business-type activities of the City include sewer and water.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. The EDA, 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. The government-wide financial statements start on page 29 of this report.

**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 three categories: governmental funds, proprietary funds and the fiduciary fund.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the 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 the 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 funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds, six of which are Debt Service funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Capital Reserves fund and the 20<sup>th</sup> Street Project are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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 start on page 34 of this report.

**Proprietary Fund.** The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer and water.

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 each of the enterprise funds. The basic proprietary fund financial statements starts on page 39 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 43 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 68 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 72 of this report.

**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 in the most recent fiscal year as shown below.

The largest portion of the City’s net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these 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.

**City of Byron’s Summary of Net Position**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 14,066,881	\$ 11,257,568	\$ 2,809,313	\$ 4,657,657	\$ 5,103,831	\$ (446,174)
Capital assets	22,892,964	22,387,254	505,710	13,069,256	11,759,576	1,309,680
Total Assets	<u>36,959,845</u>	<u>33,644,822</u>	<u>3,315,023</u>	<u>17,726,913</u>	<u>16,863,407</u>	<u>863,506</u>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	178,096	249,048	\$ (70,952)	119,379	148,774	\$ (29,395)
<b>Liabilities</b>						
Noncurrent liabilities outstanding	9,815,862	10,788,302	(972,440)	2,552,482	2,782,278	(229,796)
Other liabilities	833,112	532,291	300,821	324,088	87,773	236,315
Total Liabilities	<u>10,648,974</u>	<u>11,320,593</u>	<u>(671,619)</u>	<u>2,876,570</u>	<u>2,870,051</u>	<u>6,519</u>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	9,881	304,046	(294,165)	6,622	181,626	(175,004)
<b>Net Position</b>						
Net investment in capital assets	13,674,996	12,216,731	1,458,265	10,925,690	9,200,851	1,724,839
Restricted for						
Debt service	2,670,914	2,584,857	86,057	-	-	-
Charitable or public safety expenditures	-	41,263	(41,263)	-	-	-
Park dedication	312,893	284,772	28,121	-	-	-
Unrestricted	9,820,283	7,141,608	2,678,675	4,037,410	4,759,653	(722,243)
Total Net Position	<u>\$ 26,479,086</u>	<u>\$ 22,269,231</u>	<u>\$ 4,209,855</u>	<u>\$ 14,963,100</u>	<u>\$ 13,960,504</u>	<u>\$ 1,002,596</u>

An additional portion of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

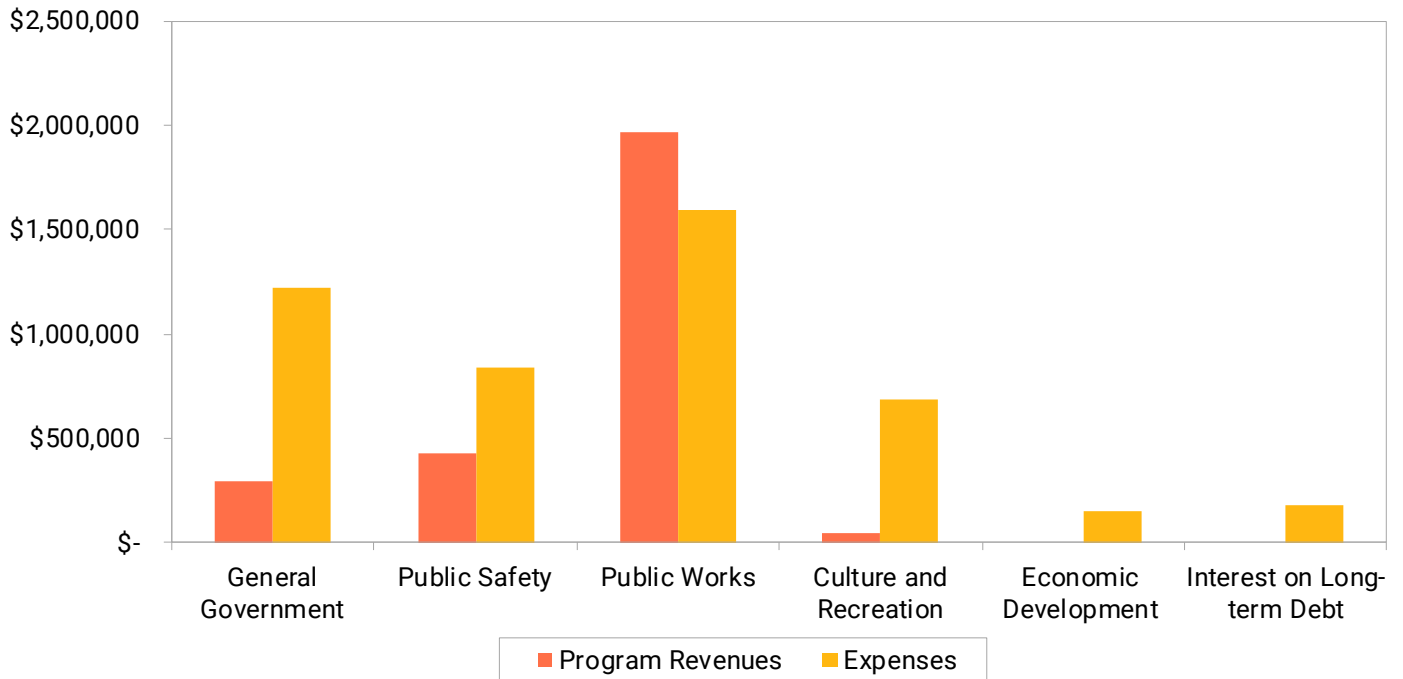
**Governmental Activities.** Governmental activities increased the City's net position, as shown below. This increase was mainly due to an increase in operating grants and charges for services. Key elements of this increase are as follows:

### City of Byron's Changes in Net Position

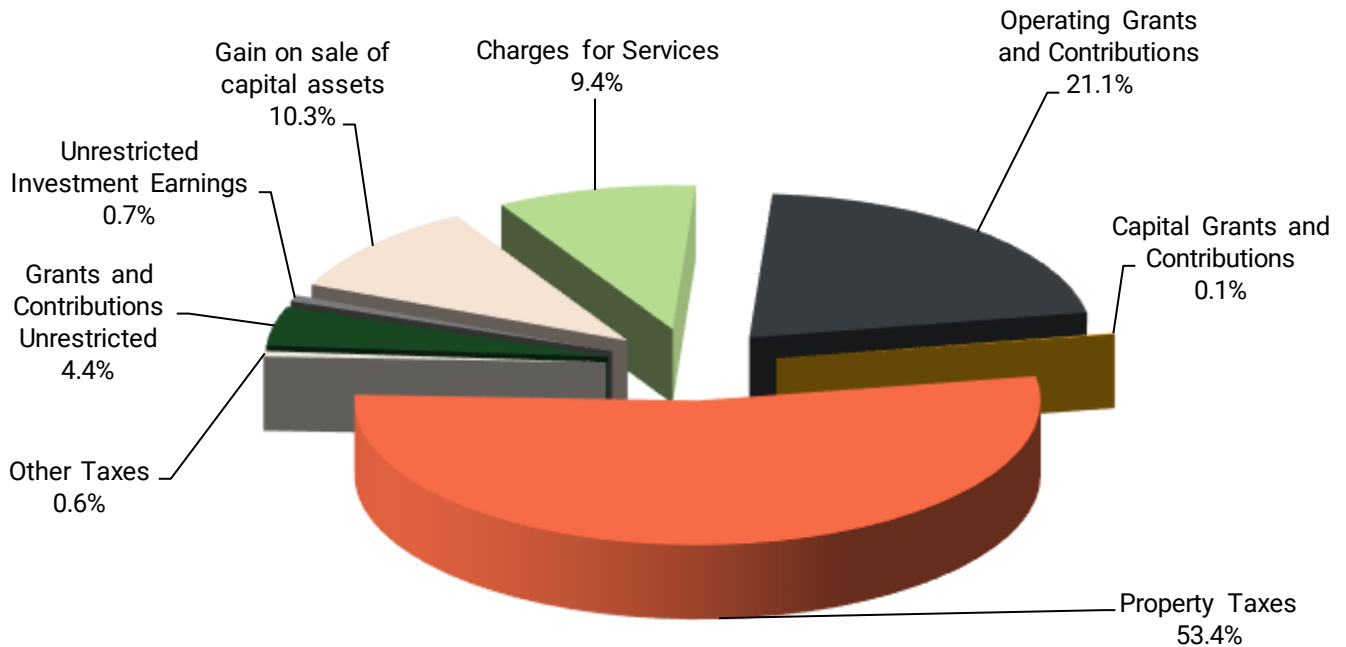
	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 837,032	\$ 673,775	\$ 163,257	\$ 2,247,805	\$ 2,141,858	\$ 105,947
Operating grants and contributions	1,878,002	222,113	1,655,889	584,799	2,562	582,237
Capital grants and contributions	10,373	657,012	(646,639)	359,305	244,859	114,446
General Revenues						
Taxes						
Property taxes	4,731,805	4,505,755	226,050	-	-	-
Franchise taxes	50,605	55,082	(4,477)	-	-	-
Grants and contributions not restricted to specific programs	387,349	380,112	7,237	-	-	-
Unrestricted investment earnings	66,180	25,631	40,549	20,675	21,068	(393)
Gain on sale of capital assets	920,101	21,528	898,573	-	-	-
Total Revenues	8,881,447	6,541,008	2,340,439	3,212,584	2,410,347	802,237
Expenses						
General government	1,224,251	334,615	889,636	-	-	-
Public safety	834,854	808,678	26,176	-	-	-
Public works	1,599,793	1,600,494	(701)	-	-	-
Culture and recreation	685,878	503,673	182,205	-	-	-
Economic development	146,726	427,205	(280,479)	-	-	-
Interest on long-term debt	180,090	178,026	2,064	-	-	-
Sewer	-	-	-	1,453,047	1,224,178	228,869
Water	-	-	-	756,941	762,854	(5,913)
Total Expenses	4,671,592	3,852,691	818,901	2,209,988	1,987,032	222,956
Change in Net Position	4,209,855	2,688,317	1,521,538	1,002,596	423,315	579,281
Net Position, January 1	22,269,231	19,580,914	2,688,317	13,960,504	13,537,189	423,315
Net Position, December 31	\$ 26,479,086	\$ 22,269,231	\$ 4,209,855	\$ 14,963,100	\$ 13,960,504	\$ 1,002,596

- Charges for services increased from the prior year mainly due to the revenue collected on the Golf Course Land sale.
- Operating grants and contributions increased from the prior year mainly due to a large MSA payment received, as the City borrowed ahead on State Aid to help pay for the 20<sup>th</sup> Street Project.
- General government expenses increased from the prior year mainly due to engineering and construction costs for the backage road project.
- Gain on sale of capital assets increased from the prior year mainly due to the sale of the Golf Course land.
- Capital grants and contributions decreased from the prior year mainly due to the City receiving less special assessment revenues.
- The following graph depicts various governmental activities and shows the program revenues and expenses directly related to those activities.

## Expenses and Program Revenues - Governmental Activities



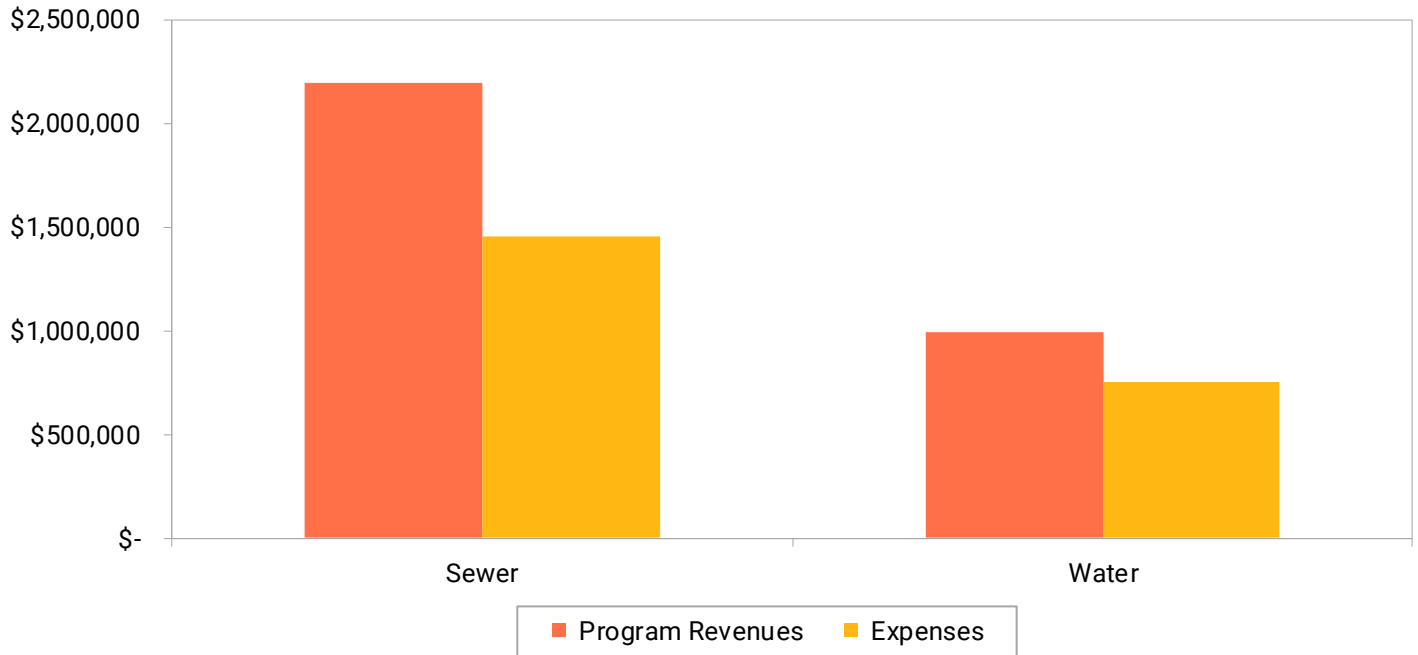
## Revenues by Source - Governmental Activities



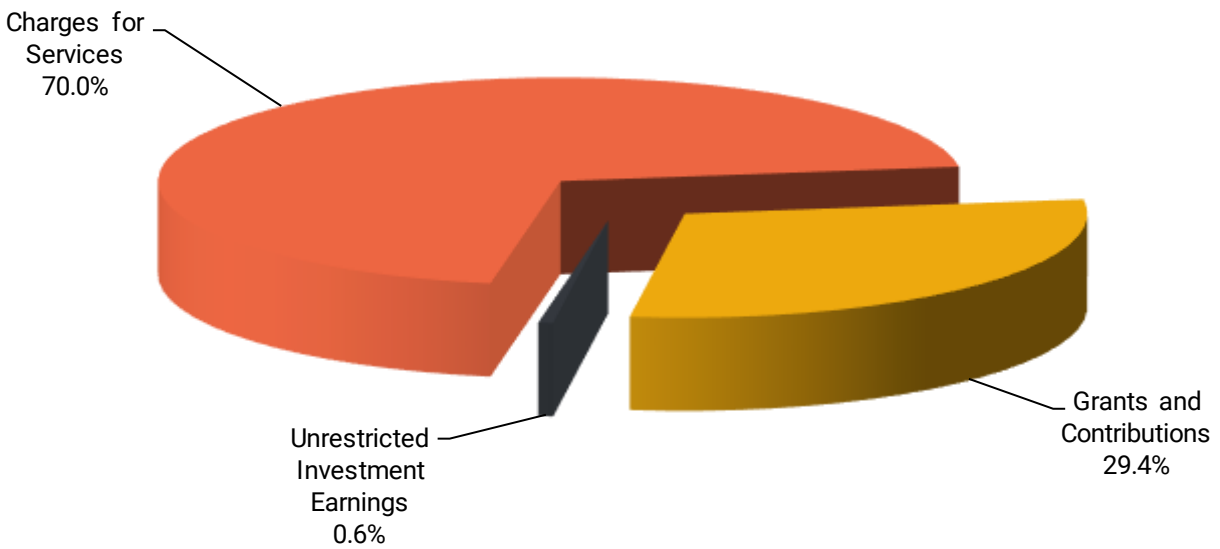
**Business-type Activities.** Business-type activities increased the City's net position, as shown in the changes in net position table.

- Operating grants and contributions for business-type activities increased due to the receipt of ARPA funds.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## 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 balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2022.

	General	Debt Service	Capital Reserves	20th Street Project	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 45,925	\$ -	\$ -	\$ -	\$ -	\$ 45,925	\$ 38,137	\$ 7,788
Restricted	-	2,392,321	-	-	312,893	2,705,214	2,856,589	(151,375)
Committed	-	-	-	-	611,512	611,512	386,518	224,994
Assigned	-	-	5,190,858	659,145	1,431,215	7,281,218	4,553,436	2,727,782
Unassigned	2,289,642	-	-	-	(102,305)	2,187,337	2,023,091	164,246
	<u>\$ 2,335,567</u>	<u>\$ 2,392,321</u>	<u>\$ 5,190,858</u>	<u>\$ 659,145</u>	<u>\$ 2,253,315</u>	<u>\$ 12,831,206</u>	<u>\$ 9,857,771</u>	<u>\$ 2,973,435</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 43 of this report.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percentage of total fund expenditures is shown in the chart below, along with total fund balances as a percentage of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 45,925	\$ 38,137	\$ 7,788
Unassigned	<u>2,289,642</u>	<u>2,135,591</u>	<u>154,051</u>
Total	<u>\$ 2,335,567</u>	<u>\$ 2,173,728</u>	<u>\$ 161,839</u>
General Fund expenditures	\$ 2,494,609	\$ 2,481,559	
Unassigned as a percent of expenditures	91.8%	86.1%	
Total Fund Balance as a percent of expenditures	93.6%	87.6%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to positive budget variances in both revenues and expenditures.

Other major governmental fund analysis is shown below:

	December 31, 2022	December 31, 2021	Increase (Decrease)
Debt Service fund	\$ 2,392,321	\$ 2,267,014	\$ 125,307
<i>The Debt Service fund increase in fund balance during the year was due to property tax revenues in excess of debt service payments.</i>			
Capital Reserves fund	5,190,858	3,325,899	1,864,959
<i>The Capital Reserves total fund balance increased during the year due to a land sale.</i>			
20th Street Project fund	659,145	(112,500)	771,645
<i>The 20th Street Project total fund balance increased during the year due to increased intergovernmental revenue.</i>			

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2022	Ending Net Position 2021	Increase/ (Decrease)
Water Utility	\$ 4,208,424	\$ 3,959,535	\$ 248,889
<i>The increase is primarily attributed to an increase in charges for services during the current year.</i>			
Sewer Utility	10,754,676	10,000,969	753,707
<i>The increase is due to an increase in nonoperating revenue, primarily attributed to ARPA funding recognized in the current year.</i>			

### General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,681,004	\$ 2,917,753	\$ 236,749
Expenditures	2,533,004	2,494,609	38,395
Excess of Revenues Over Expenditures	148,000	423,144	275,144
Other Financing Sources (Uses) Transfers out	(148,000)	(261,305)	(113,305)
Net Change in Fund Balances	-	161,839	161,839
Fund Balances, January 1	2,173,728	2,173,728	-
Fund Balances, December 31	<u>\$ 2,173,728</u>	<u>\$ 2,335,567</u>	<u>\$ 161,839</u>

The City's General fund final budget is shown above. Actual revenues were over the final budget and expenditures were under the final budget amounts, as shown above.

## 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, 2022, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, infrastructure and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year for governmental and business-type activities is due to an increase in construction in progress current projects for the year.

Major public project capital asset events during the current fiscal year were as follows:

- Disposal of land in the Golf Course Land sale to RMS
- 2021 Street and Utility Project
- 20<sup>th</sup> Street Improvement Project
- South Hwy 14 Sewer Extension Project

Additional information on the City's capital assets can be found in Note 3B starting on page 53 of this report.

### City of Byron's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land and Land Improvements	\$ 1,317,254	\$ 1,917,254	\$ (600,000)	\$ 52,300	\$ 52,300	\$ -
Construction in Progress	1,901,268	1,348,660	552,608	1,967,160	1,089,066	878,094
Buildings	6,670,793	6,782,123	(111,330)	73,992	136,461	(62,469)
Infrastructure	11,886,069	11,193,329	692,740	10,756,239	10,250,924	505,315
Machinery and Equipment	1,117,580	1,145,888	(28,308)	219,565	230,825	(11,260)
Total	<u>\$ 22,892,964</u>	<u>\$ 22,387,254</u>	<u>\$ 505,710</u>	<u>\$ 13,069,256</u>	<u>\$ 11,759,576</u>	<u>\$ 1,309,680</u>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of special assessment debt, revenue related debt, and general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Byron's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Improvement Bonds	\$ 6,596,040	\$ 7,499,500	\$ (903,460)	\$ 1,381,960	\$ 1,452,500	\$ (70,540)
General Obligation Revenue Bonds	-	-	-	690,000	1,005,000	(315,000)
General Obligation Tax Abatement Bond	2,005,000	2,205,000	(200,000)	-	-	-
General Obligation Equipment Certificates	280,000	345,000	(65,000)	-	-	-
Premium on Bonds	336,928	384,563	(47,635)	71,606	101,225	(29,619)
Total	<u>\$ 9,217,968</u>	<u>\$ 10,434,063</u>	<u>\$ (1,216,095)</u>	<u>\$ 2,143,566</u>	<u>\$ 2,558,725</u>	<u>\$ (415,159)</u>

The City's total long-term debt decreased during the current fiscal year, as shown above. The decrease can mainly be attributed to scheduled bond payments.

Additional information on the City's long-term debt can be found in Note 3E starting on page 55 of this report.

### **Economic Factors and Next Year's Budgets and Rates (2023)**

Byron, MN is less than 10 miles from Rochester, MN which is home to the world-famous Mayo Medical Facilities. In 2019, Mayo Medical was rated the number one medical facility in America as well as in the world. Mayo Medical facilities in Rochester employs over 36,000 people. The State of Minnesota and Mayo Clinic spearheaded the concept of Destination Medical Community (DMC) which is a robust 20-year \$5.6 billion economic development initiative that began in 2013. In March of 2019, DMC announced \$13.5 million in state public infrastructure funding since 2013. This has generated more than \$690 million in private investment. This initiative has spurred interest in land and commercial growth for Rochester and Byron.

A study completed by HR&A estimates that by the end of 2022 the Rochester area economy is going to be about 2 -7% below pre-COVID levels. The City of Byron has not been negatively impacted by delinquent properties taxes or utility bills due to COVID's impact on employment.

Byron, in collaboration with Olmsted County and the Minnesota Department of Transportation, has completed the analysis of TH 14 corridor accesses. The result of the analysis has determined future locations of interchanges/overpasses for Byron. This information will allow Byron to grow South of TH 14. The installation of the Sewer lift station south of TH 14 began in 2022 and is expected to be completed in 2023.

In 2022, residential new home construction permit values continued to climb and were approximately \$34,864,800. Byron continues issuing more home permits than neighboring communities. This is expected to continue into 2023 with new subdivisions being filled with single family homes and the completion of the Stonehaven Townhome developments.

The City continues to follow its Capital Financial Plan that was completed in 2021 and updated in 2022. The City started several capital projects such as 20<sup>th</sup> Street, TH 14 Lift Station and Force Main, and the County Club Backage Road. Byron is able to use cash reserves for the projects along with grants and state aid dollars. The City continues to maintain a steady tax rate.

For 2023, the City has several projects planned and will continue to monitor their cash reserves with the hope to continue to keep their tax rates steady.

### **Requests for Information**

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 Byron, 680 Main Court Northeast, Byron, Minnesota 55920.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Byron, Minnesota  
Statement of Net Position  
December 31, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and temporary investments	\$ 12,857,134	\$ 4,300,831	\$ 17,157,965
Restricted cash with fiscal agent	603,000	-	603,000
Receivables			
Accrued interest	3,010	-	3,010
Taxes	113,183	-	113,183
Accounts	69,757	337,097	406,854
Special assessments	374,872	-	374,872
Prepaid items	45,925	19,729	65,654
Capital assets			
Land and construction in progress	3,218,522	2,019,460	5,237,982
Depreciable assets (net of accumulated depreciation)	19,674,442	11,049,796	30,724,238
Total Assets	<u>36,959,845</u>	<u>17,726,913</u>	<u>54,686,758</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	<u>178,096</u>	<u>119,379</u>	<u>297,475</u>
<b>Liabilities</b>			
Accounts payable	390,694	290,292	680,986
Accrued salaries payable	34,393	18,640	53,033
Accrued interest payable	45,533	15,156	60,689
Deposits payable	10,684	-	10,684
Unearned revenue	351,808	-	351,808
Noncurrent liabilities			
Due within one year			
Long-term liabilities	1,332,002	476,586	1,808,588
Due in more than one year			
Long-term liabilities	7,900,635	1,684,957	9,585,592
Net pension liability	583,225	390,939	974,164
Total Liabilities	<u>10,648,974</u>	<u>2,876,570</u>	<u>13,525,544</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>9,881</u>	<u>6,622</u>	<u>16,503</u>
<b>Net Position</b>			
Net investment in capital assets	13,674,996	10,925,690	24,600,686
Restricted for			
Debt service	2,670,914	-	2,670,914
Park dedication	312,893	-	312,893
Unrestricted	<u>9,820,283</u>	<u>4,037,410</u>	<u>13,857,693</u>
Total Net Position	<u>\$ 26,479,086</u>	<u>\$ 14,963,100</u>	<u>\$ 41,442,186</u>

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

City of Byron, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,224,251	\$ 242,437	\$ 47,433	\$ -
Public safety	834,854	212,050	212,146	-
Public works	1,599,793	341,902	1,615,415	10,373
Culture and recreation	685,878	40,643	3,008	-
Economic development	146,726	-	-	-
Interest on long-term debt	180,090	-	-	-
Total Governmental Activities	<u>4,671,592</u>	<u>837,032</u>	<u>1,878,002</u>	<u>10,373</u>
<b>Business-type Activities</b>				
Sewer	1,453,047	1,403,564	584,056	206,934
Water	756,941	844,241	743	152,371
Total Business-type Activities	<u>2,209,988</u>	<u>2,247,805</u>	<u>584,799</u>	<u>359,305</u>
Total	<u>\$ 6,881,580</u>	<u>\$ 3,084,837</u>	<u>\$ 2,462,801</u>	<u>\$ 369,678</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (934,381)	\$ -	\$ (934,381)
(410,658)	-	(410,658)
367,897	-	367,897
(642,227)	-	(642,227)
(146,726)	-	(146,726)
(180,090)	-	(180,090)
<u>(1,946,185)</u>	<u>-</u>	<u>(1,946,185)</u>
-	741,507	741,507
-	240,414	240,414
<u>-</u>	<u>981,921</u>	<u>981,921</u>
<u>(1,946,185)</u>	<u>981,921</u>	<u>(964,264)</u>
3,303,357	-	3,303,357
1,428,448	-	1,428,448
50,605	-	50,605
387,349	-	387,349
66,180	20,675	86,855
918,698	-	918,698
1,403	-	1,403
<u>6,156,040</u>	<u>20,675</u>	<u>6,176,715</u>
4,209,855	1,002,596	5,212,451
<u>22,269,231</u>	<u>13,960,504</u>	<u>36,229,735</u>
<u>\$ 26,479,086</u>	<u>\$ 14,963,100</u>	<u>\$ 41,442,186</u>

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

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Byron, Minnesota

Balance Sheet

Governmental Funds

December 31, 2022

	<b>101</b>	<b>300's</b>	<b>401</b>	<b>413</b>	Other	
	General	Debt Service	Capital Reserves	20th Street Project	Governmental Funds	Total
<b>Assets</b>						
Cash and temporary investments	\$ 2,354,322	\$ 1,788,879	\$ 5,491,531	\$ 997,119	\$ 2,225,283	\$ 12,857,134
Restricted cash with fiscal agent	-	603,000	-	-	-	603,000
<b>Receivables</b>						
Accrued interest	3,010	-	-	-	-	3,010
Taxes	113,183	-	-	-	-	113,183
Accounts	13,724	442	-	-	55,591	69,757
Special assessments	34,465	324,126	16,281	-	-	374,872
Prepaid items	45,925	-	-	-	-	45,925
<b>Total Assets</b>	<b><u>\$ 2,564,629</u></b>	<b><u>\$ 2,716,447</u></b>	<b><u>\$ 5,507,812</u></b>	<b><u>\$ 997,119</u></b>	<b><u>\$ 2,280,874</u></b>	<b><u>\$ 14,066,881</u></b>
<b>Liabilities</b>						
Accounts payable	\$ 56,137	\$ -	\$ 300,673	\$ 7,586	\$ 26,298	\$ 390,694
Accrued salaries payable	33,132	-	-	-	1,261	34,393
Deposit payable	10,684	-	-	-	-	10,684
Unearned revenue	21,420	-	-	-	-	21,420
<b>Total Liabilities</b>	<b><u>121,373</u></b>	<b><u>-</u></b>	<b><u>300,673</u></b>	<b><u>7,586</u></b>	<b><u>27,559</u></b>	<b><u>457,191</u></b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - taxes	73,224	-	-	-	-	73,224
Unavailable revenues - special assessments	34,465	324,126	16,281	-	-	374,872
Unavailable revenues - MSA State aid	-	-	-	330,388	-	330,388
<b>Total Deferred Inflows of Resources</b>	<b><u>107,689</u></b>	<b><u>324,126</u></b>	<b><u>16,281</u></b>	<b><u>330,388</u></b>	<b><u>-</u></b>	<b><u>778,484</u></b>
<b>Fund Balances</b>						
Nonspendable	45,925	-	-	-	-	45,925
Restricted	-	2,392,321	-	-	312,893	2,705,214
Committed	-	-	-	-	611,512	611,512
Assigned	-	-	5,190,858	659,145	1,431,215	7,281,218
Unassigned	2,289,642	-	-	-	(102,305)	2,187,337
<b>Total Fund Balances</b>	<b><u>2,335,567</u></b>	<b><u>2,392,321</u></b>	<b><u>5,190,858</u></b>	<b><u>659,145</u></b>	<b><u>2,253,315</u></b>	<b><u>12,831,206</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 2,564,629</u></b>	<b><u>\$ 2,716,447</u></b>	<b><u>\$ 5,507,812</u></b>	<b><u>\$ 997,119</u></b>	<b><u>\$ 2,280,874</u></b>	<b><u>\$ 14,066,881</u></b>

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

City of Byron, Minnesota  
 Reconciliation of the Balance Sheet  
 to the Statement of Net Position  
 Governmental Funds  
 December 31, 2022

Amounts reported for the governmental activities in the statement of net position are different because

Total Fund Balances - Governmental	\$ 12,831,206
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	37,261,398
Less: accumulated depreciation	(14,368,434)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bonds payable	(8,881,040)
Unamortized premium on bonds	(336,928)
Net pension liability	(583,225)
Compensated absences payable	(14,669)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	73,224
Special assessments receivable	374,872
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	178,096
Deferred inflows of resources	(9,881)
Governmental funds do not report a liability for accrued interest until due and payable.	(45,533)
Total Net Position - Governmental Activities	\$ 26,479,086

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

City of Byron, Minnesota  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022

	101 General	300's Debt Service	401 Capital Reserves	413 20th Street Project	Other Governmental Funds	Total
<b>Revenues</b>						
Taxes	\$ 2,382,118	\$ 1,428,448	\$ 967,865	\$ -	\$ -	\$ 4,778,431
Licenses and permits	77,233	-	-	-	-	77,233
Intergovernmental	75,096	-	387,349	2,015,364	6,700	2,484,509
Charges for services	317,673	-	-	-	430,792	748,465
Special assessments	10,188	54,917	4,009	-	-	69,114
Interest on investments	13,567	9,848	26,549	5,707	10,509	66,180
Miscellaneous	41,878	-	87,838	-	78,410	208,126
<b>Total Revenues</b>	<u>2,917,753</u>	<u>1,493,213</u>	<u>1,473,610</u>	<u>2,021,071</u>	<u>526,411</u>	<u>8,432,058</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	444,936	-	-	-	-	444,936
Public safety	645,026	-	-	-	-	645,026
Public works	775,153	-	-	-	44,162	819,315
Culture and recreation	436,032	-	-	-	44,271	480,303
Economic development	146,726	-	-	-	-	146,726
<b>Capital outlay</b>						
General government	22,538	-	732,980	-	-	755,518
Public safety	796	-	-	-	92,948	93,744
Public works	1,182	-	310,236	1,249,426	446,433	2,007,277
Culture and recreation	22,220	-	84,133	-	75,030	181,383
<b>Debt service</b>						
Principal	-	1,145,060	-	-	23,400	1,168,460
Interest and other	-	222,846	-	-	11,787	234,633
<b>Total Expenditures</b>	<u>2,494,609</u>	<u>1,367,906</u>	<u>1,127,349</u>	<u>1,249,426</u>	<u>738,031</u>	<u>6,977,321</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>423,144</u>	<u>125,307</u>	<u>346,261</u>	<u>771,645</u>	<u>(211,620)</u>	<u>1,454,737</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	261,305	261,305
Land sale	-	-	1,518,698	-	-	1,518,698
Transfers out	(261,305)	-	-	-	-	(261,305)
<b>Total Other Financing Sources (Uses)</b>	<u>(261,305)</u>	<u>-</u>	<u>1,518,698</u>	<u>-</u>	<u>261,305</u>	<u>1,518,698</u>
<b>Net Change in Fund Balances</b>	161,839	125,307	1,864,959	771,645	49,685	2,973,435
<b>Fund Balances, January 1</b>	<u>2,173,728</u>	<u>2,267,014</u>	<u>3,325,899</u>	<u>(112,500)</u>	<u>2,203,630</u>	<u>9,857,771</u>
<b>Fund Balances, December 31</b>	<u>\$ 2,335,567</u>	<u>\$ 2,392,321</u>	<u>\$ 5,190,858</u>	<u>\$ 659,145</u>	<u>\$ 2,253,315</u>	<u>\$ 12,831,206</u>

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

City of Byron, Minnesota  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 to the Statement of Activities  
 Governmental Funds  
 For the Year Ended December 31, 2022

Amounts reported for governmental activities in the statement of activities are different because

Net Change in Fund Balances - Governmental Funds	\$ 2,973,435
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	2,410,749
Depreciation expense	(1,305,039)
<p>A gain or loss on the disposal of capital assets, including the difference between carrying value and any related sales proceeds, is included in net position. However, only the sales proceeds are included in the change in the change in fund balance.</p>	
	(600,000)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	1,168,460
Add: amortization of bond premium	47,635
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	6,908
<p>Certain revenues are recognized as soon as earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(58,741)
Property taxes	3,979
MSA state aid	(417,089)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(31,049)
Pension revenue	2,542
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences payable	8,065
	8,065
Change in Net Position - Governmental Activities	\$ 4,209,855

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

City of Byron, Minnesota  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual  
General Fund  
For the Year Ended December 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,383,385	\$ 2,383,385	\$ 2,382,118	\$ (1,267)
Licenses and permits	32,000	32,000	77,233	45,233
Intergovernmental	100,400	100,400	75,096	(25,304)
Charges for services	150,219	150,219	317,673	167,454
Special assessments	-	-	10,188	10,188
Interest on investments	5,000	5,000	13,567	8,567
Miscellaneous	10,000	10,000	41,878	31,878
Total Revenues	<u>2,681,004</u>	<u>2,681,004</u>	<u>2,917,753</u>	<u>236,749</u>
Expenditures				
Current				
General government	458,700	458,700	444,936	13,764
Public safety	666,376	666,376	645,026	21,350
Public works	748,363	748,363	775,153	(26,790)
Culture and recreation	413,709	413,709	436,032	(22,323)
Economic development	191,582	191,582	146,726	44,856
Capital outlay	54,274	54,274	46,736	7,538
Total Expenditures	<u>2,533,004</u>	<u>2,533,004</u>	<u>2,494,609</u>	<u>38,395</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,000	148,000	423,144	275,144
Other Financing Sources (Uses) Transfers out	<u>(148,000)</u>	<u>(148,000)</u>	<u>(261,305)</u>	<u>(113,305)</u>
Net Change in Fund Balances	-	-	161,839	161,839
Fund Balances, January 1	<u>2,173,728</u>	<u>2,173,728</u>	<u>2,173,728</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,173,728</u>	<u>\$ 2,173,728</u>	<u>\$ 2,335,567</u>	<u>\$ 161,839</u>

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

City of Byron, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 2,352,806	\$ 1,948,025	\$ 4,300,831
Receivables			
Accounts	184,761	152,336	337,097
Prepaid items	12,939	6,790	19,729
Total Current Assets	<u>2,550,506</u>	<u>2,107,151</u>	<u>4,657,657</u>
<b>Noncurrent Assets</b>			
<b>Capital assets</b>			
Land	26,000	26,300	52,300
Buildings	2,397,704	183,793	2,581,497
Infrastructure	14,615,464	6,240,536	20,856,000
Machinery and equipment	713,047	335,054	1,048,101
Construction in progress	1,716,795	250,365	1,967,160
Less accumulated depreciation	<u>(9,940,162)</u>	<u>(3,495,640)</u>	<u>(13,435,802)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>9,528,848</u>	<u>3,540,408</u>	<u>13,069,256</u>
Total Assets	<u>12,079,354</u>	<u>5,647,559</u>	<u>17,726,913</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	<u>67,353</u>	<u>52,026</u>	<u>119,379</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	276,549	13,743	290,292
Accrued salaries payable	9,811	8,829	18,640
Accrued interest payable	9,128	6,028	15,156
Compensated absences payable - current	7,765	3,021	10,786
Bonds payable - current	<u>291,000</u>	<u>174,800</u>	<u>465,800</u>
Total Current Liabilities	<u>594,253</u>	<u>206,421</u>	<u>800,674</u>
<b>Noncurrent Liabilities</b>			
Compensated absences payable	5,177	2,014	7,191
Net pension liability	220,564	170,375	390,939
Bonds payable	<u>568,301</u>	<u>1,109,465</u>	<u>1,677,766</u>
Total Noncurrent Liabilities	<u>794,042</u>	<u>1,281,854</u>	<u>2,075,896</u>
Total Liabilities	<u>1,388,295</u>	<u>1,488,275</u>	<u>2,876,570</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	<u>3,736</u>	<u>2,886</u>	<u>6,622</u>
<b>Net Position</b>			
Net investment in capital assets	8,669,547	2,256,143	10,925,690
Unrestricted	<u>2,085,129</u>	<u>1,952,281</u>	<u>4,037,410</u>
Net Position	<u>\$ 10,754,676</u>	<u>\$ 4,208,424</u>	<u>\$ 14,963,100</u>

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

City of Byron, Minnesota  
Statement of Revenues, Expenses and  
Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
Operating Revenues			
Charges for services	\$ 1,399,482	\$ 832,927	\$ 2,232,409
Operating Expenses			
Personal services	305,214	244,034	549,248
Supplies	70,270	51,738	122,008
Repairs and maintenance	56,184	43,738	99,922
Professional services	243,700	36,603	280,303
Contracted services	22,696	-	22,696
Insurance	22,710	11,293	34,003
Utilities	66,580	71,326	137,906
Depreciation	497,924	211,124	709,048
Other	165,120	68,175	233,295
Total Operating Expenses	<u>1,450,398</u>	<u>738,031</u>	<u>2,188,429</u>
Operating Income (Loss)	<u>(50,916)</u>	<u>94,896</u>	<u>43,980</u>
Nonoperating Revenues (Expenses)			
Interest on investments	12,200	8,475	20,675
Special assessments	360	240	600
Grants	583,094	-	583,094
Other income	4,684	11,817	16,501
Interest and other expenses	<u>(2,649)</u>	<u>(18,910)</u>	<u>(21,559)</u>
Total Nonoperating Revenues (Expenses)	<u>597,689</u>	<u>1,622</u>	<u>599,311</u>
Income Before Contributions	546,773	96,518	643,291
Capital Contributions	<u>206,934</u>	<u>152,371</u>	<u>359,305</u>
Change in Net Position	753,707	248,889	1,002,596
Net Position, January 1	<u>10,000,969</u>	<u>3,959,535</u>	<u>13,960,504</u>
Net Position, December 31	<u>\$ 10,754,676</u>	<u>\$ 4,208,424</u>	<u>\$ 14,963,100</u>

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

City of Byron, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	Sewer	Water	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,328,704	\$ 800,198	\$ 2,128,902
Payments to suppliers	(645,632)	(300,122)	(945,754)
Payments to employees	(280,272)	(225,054)	(505,326)
Net Cash Provided by Operating Activities	<u>402,800</u>	<u>275,022</u>	<u>677,822</u>
Cash Flows from Noncapital Financing Activities			
Intergovernmental grants received	<u>583,094</u>	<u>-</u>	<u>583,094</u>
Cash Flows from Capital and Related Financing Activities			
Permits and connection fees received	206,934	152,371	359,305
Acquisition of capital assets	(1,660,300)	(105,825)	(1,766,125)
Principal paid on revenue bonds	(267,450)	(118,090)	(385,540)
Interest paid on debt	(27,548)	(28,465)	(56,013)
Net Cash Used by Capital and Related Financing Activities	<u>(1,748,364)</u>	<u>(100,009)</u>	<u>(1,848,373)</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>12,200</u>	<u>8,475</u>	<u>20,675</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(750,270)	183,488	(566,782)
Cash and Cash Equivalents, January 1	<u>3,103,076</u>	<u>1,764,537</u>	<u>4,867,613</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,352,806</u>	<u>\$ 1,948,025</u>	<u>\$ 4,300,831</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ (50,916)	\$ 94,896	\$ 43,980
Adjustments to reconcile operating income to net cash provided by operating activities			
Other income related to operations	4,684	11,817	16,501
Depreciation	497,924	211,124	709,048
(Increase) decrease in assets and deferred outflows of resources			
Accounts receivable	(72,653)	(42,498)	(115,151)
Special assessments receivable	360	240	600
Prepaid items	(3,169)	(2,288)	(5,457)
Deferred pension resources	16,177	13,218	29,395
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable	1,628	1,976	3,604
Accrued salaries payable	1,754	2,414	4,168
Due to other governments	-	(19,225)	(19,225)
Compensated absences payable	(4,128)	(3,417)	(7,545)
Net pension liability	109,378	83,530	192,908
Deferred pension resources	(98,239)	(76,765)	(175,004)
Net Cash Provided by Operating Activities	<u>\$ 402,800</u>	<u>\$ 275,022</u>	<u>\$ 677,822</u>
Noncash Capital and Related Financing Activities			
Acquisition of capital assets on account	<u>\$ 252,603</u>	<u>\$ -</u>	<u>\$ 252,603</u>
Amortization of bond premium	<u>\$ 21,601</u>	<u>\$ 8,018</u>	<u>\$ 29,619</u>

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

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Byron, Minnesota (the City), operates under the “Optional Plan A” form of government as defined in the State of Minnesota (the State) statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are, in substance, part of the City’s operations and so data from these units are combined with data of the primary government. The City has the following component unit:

#### ***Blended Component Unit***

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of two City Council members and five at-large members appointed by City Council. Because the EDA costs are funded primarily through the primary government and the Council can significantly influence the activities, the EDA activities are blended and reported in a separate special revenue fund. Separate financial statements are not issued for this component unit.

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. *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. Likewise, the City is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted 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.

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Reserves fund* accounts for resources and costs associated with future capital purchases.

The *20th Street Project fund* accounts for the costs associated with the 20th street project completed within the City.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major proprietary funds:

The *Sewer fund* accounts for the activities of the City's sewer collection operations.

The *Water fund* accounts for the activities of the City's water distribution operations.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers which is rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

8. 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.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2022:

- Negotiable certificates of deposit of \$9,053,457 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

**Investment Policy**

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than \$2,000,000 or 30 percent of the total portfolio. At December 31, 2022, the City had zero investments (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investments.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

***Property Taxes***

The City Council annually adopts a tax levy in December and certifies it to the County for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the fund financial statements.

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

***Special Assessments***

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by deferred inflows of resources in the fund financial statements.

***Interfund Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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."

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land Improvements	15 - 30
Buildings	15 - 75
Infrastructure	20 - 60
Machinery and Equipment	3 - 15
Automotive Equipment	3 - 12

***Deferred Outflows of Resources***

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 has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

***Compensated Absences***

Employees are allowed to carry over each year a maximum of one year accrual of vacation. Upon termination, employees in good standing are entitled to any unused vacation and compensatory time. The accrual of these benefits is recorded as a liability in the proprietary fund types. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate compensated absences payable for governmental funds.

***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 except that PERA's fiscal year end is June 30. 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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP was \$151,408 in 2022.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Long-term Obligations***

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. The recognition of bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized 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.

### ***Deferred Inflows of Resources***

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, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and MSA. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

### **Unearned revenue**

The City's unearned revenue consists of grant revenue from the American Rescue Plan Act that has not yet met the revenue recognition criteria.

### ***Net Position***

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

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

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 Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers 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.

**Note 2: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In May of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30<sup>th</sup>, the proposed budget is presented to the City Council for review. The City Council adopts a preliminary maximum budget. Truth-in-taxation notices are mailed out to residents by Olmsted County. The City Council holds public hearings and adopts a budget and tax levy in December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Budgeted amounts are as originally adopted, or as amended by the City Council. The City did not amend the General fund budget in 2022.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**B. Deficit Fund Equity**

As of December 31, 2022, the following fund reported deficit fund equity:

Fund	Amount
Nonmajor	
2021 Street Improvements	\$ 102,305

The deficit will be funded by future transfers.

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

**Deposits**

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City’s deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

*Minnesota statutes* require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully insured by any federal agency.

**Investments**

*Minnesota statutes* require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the government entity. Investments are carried at fair value. Investment and dividend income are recognized as revenue when earned.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

At year end, the City's carrying amount of deposits was \$625,607 and the bank balance was \$758,392. Of the bank balance, \$500,000 was covered by federal depository insurance and \$500,000 was covered by the National Credit Union Share Insurance Fund (NCUSIF). The City also had \$603,000 of cash with fiscal agent for the debt service requirements of February 1, 2023.

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	Less than 6 months	\$ 7,478,901	\$ -	\$ -	\$ -
Non-pooled Investments at Fair Value						
Broker Certificates of Deposit	N/A	Less than 1 year	9,053,457	-	9,053,457	-
Total Investments			<u>\$ 16,532,358</u>	<u>\$ -</u>	<u>\$ 9,053,457</u>	<u>\$ -</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 625,607
Investments	<u>16,532,358</u>
<b>Total</b>	<u><b>\$ 17,157,965</b></u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 1,864,256	\$ -	\$ (600,000)	\$ 1,264,256
Land improvements	52,998	-	-	52,998
Construction in progress	1,348,660	2,234,470	(1,681,862)	1,901,268
Total Capital Assets not Being Depreciated	<u>3,265,914</u>	<u>2,234,470</u>	<u>(2,281,862)</u>	<u>3,218,522</u>
Capital Assets Being Depreciated				
Buildings	8,065,837	-	-	8,065,837
Infrastructure	20,137,016	1,681,861	-	21,818,877
Machinery and equipment	3,981,882	176,280	-	4,158,162
Total Capital Assets Being Depreciated	<u>32,184,735</u>	<u>1,858,141</u>	<u>-</u>	<u>34,042,876</u>
Less Accumulated Depreciation for				
Buildings	(1,283,714)	(111,330)	-	(1,395,044)
Infrastructure	(8,943,687)	(989,121)	-	(9,932,808)
Machinery and equipment	(2,835,994)	(204,588)	-	(3,040,582)
Total Accumulated Depreciation	<u>(13,063,395)</u>	<u>(1,305,039)</u>	<u>-</u>	<u>(14,368,434)</u>
Total Capital Assets Being Depreciated, Net	<u>19,121,340</u>	<u>553,102</u>	<u>-</u>	<u>19,674,442</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,387,254</u>	<u>\$ 2,787,572</u>	<u>\$ (2,281,862)</u>	<u>\$ 22,892,964</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 52,300	\$ -	\$ -	\$ 52,300
Construction in progress	1,089,066	1,983,014	(1,104,920)	1,967,160
Total Capital Assets not Being Depreciated	<u>1,141,366</u>	<u>1,983,014</u>	<u>(1,104,920)</u>	<u>2,019,460</u>
Capital Assets Being Depreciated				
Buildings	2,581,497	-	-	2,581,497
Infrastructure	19,751,080	1,104,920	-	20,856,000
Machinery and equipment	1,012,385	35,714	-	1,048,099
Total Capital Assets Being Depreciated	<u>23,344,962</u>	<u>1,140,634</u>	<u>-</u>	<u>24,485,596</u>
Less Accumulated Depreciation for				
Buildings	(2,445,036)	(62,469)	-	(2,507,505)
Infrastructure	(9,500,156)	(599,605)	-	(10,099,761)
Machinery and equipment	(781,560)	(46,974)	-	(828,534)
Total Accumulated Depreciation	<u>(12,726,752)</u>	<u>(709,048)</u>	<u>-</u>	<u>(13,435,800)</u>
Total Capital Assets Being Depreciated, Net	<u>10,618,210</u>	<u>431,586</u>	<u>-</u>	<u>11,049,796</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,759,576</u>	<u>\$ 2,414,600</u>	<u>\$ (1,104,920)</u>	<u>\$ 13,069,256</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental Activities</b>		
General government		\$ 79,715
Public safety		95,419
Public works		1,069,122
Culture and recreation		<u>60,783</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,305,039</u>
<b>Business-type Activities</b>		
Sewer		\$ 211,124
Water		<u>497,924</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 709,048</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Construction Commitments**

The City has active construction projects as of December 31, 2022. At year end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
20th Street Project	\$ 1,360,723	\$ 2,206,949
County Club Road Extension	209,976	834,515
<b>Total</b>	<b><u>\$ 1,570,699</u></b>	<b><u>\$ 3,041,464</u></b>

**D. Interfund Transfers**

<u>Fund</u>	<u>Transfers in Nonmajor Governmental</u>	<u>Total</u>
Transfers Out General	\$ 261,305	\$ 261,305
<b>Total</b>	<b><u>\$ 261,305</u></b>	<b><u>\$ 261,305</u></b>

In 2022, transfers were made for the following purpose:

- The General fund transferred \$28,128 to the nonmajor governmental Fire Equipment fund and First Responder fund for their portion of unused 2021 general operating budget funds to be used for capital improvements to the Fire Department and First Responder Department.
- The General fund transferred \$25,927 to the nonmajor governmental Park Dedication fund for their portion of unused park department general operating budget funds to be used for capital improvements to city parks.
- The General fund transferred \$59,250 to the nonmajor governmental EDA fund for their portion of unused EDA general operating budget funds to be used for economic development projects and to replenish funds for the revolving loan program.
- The General fund transferred to \$148,000 to the nonmajor governmental Fire Equipment fund and First Responder Equipment fund for their 2022 budget transfer as part of a yearly transfer for future capital equipment needs.

**E. Long-term Debt**

General Obligation Improvement Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The G.O. Improvement Bonds have been issued to finance improvements. They will be repaid with special assessment collections and ad valorem tax levies. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
<b>Governmental</b>					
G.O. Improvement Bond, Series 2015A	\$ 1,560,000	2.00 - 3.50 %	06/02/15	12/01/35	\$ 906,100
G.O. Improvement Bond, Series 2016A	620,000	2.00	08/23/16	01/01/31	480,000
G.O. Improvement Bond, Series 2018A	1,522,000	2.35	05/16/18	12/15/23	323,000
G.O. Improvement Bond, Series 2020A	2,311,000	2.00 - 3.00	08/27/20	02/01/36	2,067,600
G.O. Improvement Bond, Series 2020B	1,900,000	3.00	10/06/20	01/01/29	1,690,000
G.O. Improvement Bond, Series 2021A	1,156,000	1.35	05/25/21	02/01/32	<u>1,129,340</u>
Total Governmental					<u>6,596,040</u>
<b>Business-type</b>					
G.O. Improvement Bond, Series 2015A	280,800	2.00 - 3.50	06/02/15	12/01/35	198,900
G.O. Improvement Bond, Series 2020A	544,000	2.00 - 3.00	08/27/20	02/01/31	502,400
G.O. Improvement Bond, Series 2021A	697,000	1.35	05/25/21	02/01/32	<u>680,660</u>
Total Business-Type					<u>1,381,960</u>
Total General Obligation Improvement Bonds					<u>\$ 7,978,000</u>

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 1,048,200	\$ 154,855	\$ 125,800	\$ 26,357	\$ 1,355,212
2024	730,300	128,288	126,700	23,713	858,588
2025	749,100	108,951	130,900	20,995	858,051
2026	614,200	91,135	132,800	18,148	705,335
2027	636,200	75,014	133,800	15,264	711,214
2028 - 2032	2,361,140	175,237	678,860	38,205	2,536,377
2033 - 2036	456,900	25,827	53,100	3,749	482,727
Total	<u>\$ 6,596,040</u>	<u>\$ 759,307</u>	<u>\$ 1,381,960</u>	<u>\$ 146,431</u>	<u>\$ 7,507,504</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Revenue Bonds

The following bonds will be repaid solely from revenue derived from the activities of the fund. They are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Water and Sewer Bonds, 2020A	\$ 1,549,000	2.00 - 3.00 %	08/27/20	02/01/24	<u>\$ 690,000</u>

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2023	\$ 340,000	\$ 15,600	\$ 355,600
2024	<u>350,000</u>	<u>5,250</u>	<u>355,250</u>
Total	<u>\$ 690,000</u>	<u>\$ 20,850</u>	<u>\$ 710,850</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Operating Revenues	\$ 832,927	\$ 1,399,482
Principal and Interest	146,555	294,998
Percentage of Revenues	18 %	21 %

Equipment Certificates

The City has issued equipment certificates as a part of the Series 2016A bonds for purchase and construction of a concession stand. The following are the details of the issues:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificate Series 2016A	\$ 475,000	2.00 %	08/23/16	01/01/26	<u>\$ 280,000</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity for the equipment certificates are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 70,000	\$ 4,900	\$ 74,900
2024	70,000	3,500	73,500
2025	70,000	2,100	72,100
2026	70,000	700	70,700
Total	<u>\$ 280,000</u>	<u>\$ 11,200</u>	<u>\$ 291,200</u>

Tax Abatement Bonds

The City has issued tax abatement bonds as a part of the Series 2016A bonds for construction of the community center. The following are the details of the issues:

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Tax Abatement Bond Series 2016A	\$ 2,490,000	2.00 %	08/23/16	01/01/31	<u>\$ 2,005,000</u>

Annual debt service requirements to maturity for the tax abatement bonds are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 205,000	\$ 38,050	\$ 243,050
2024	210,000	33,900	243,900
2025	210,000	29,700	239,700
2026	220,000	25,400	245,400
2027	225,000	20,950	245,950
2028 - 2031	935,000	37,750	972,750
Total	<u>\$ 2,005,000</u>	<u>\$ 185,750</u>	<u>\$ 2,190,750</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds Payable					
G.O. improvement bonds	\$ 7,499,500	\$ -	\$ (903,460)	\$ 6,596,040	\$ 1,048,200
G.O. tax abatement bonds	2,205,000	-	(200,000)	2,005,000	205,000
Add					
Premium on bonds	384,563	-	(47,635)	336,928	-
Total Bonds Payable	<u>10,089,063</u>	<u>-</u>	<u>(1,151,095)</u>	<u>8,937,968</u>	<u>1,253,200</u>
Equipment Certificates	345,000	-	(65,000)	280,000	70,000
Compensated Absences Payable	<u>22,734</u>	<u>53,940</u>	<u>(62,005)</u>	<u>14,669</u>	<u>8,802</u>
Governmental Activity Long-term Liabilities	<u>\$ 10,456,797</u>	<u>\$ 53,940</u>	<u>\$ (1,278,100)</u>	<u>\$ 9,232,637</u>	<u>\$ 1,332,002</u>
<b>Business-type Activities</b>					
Bonds Payable					
G.O. revenue bonds	\$ 1,005,000	\$ -	\$ (315,000)	\$ 690,000	\$ 340,000
G.O. improvement bonds	1,452,500	-	(70,540)	1,381,960	125,800
Add					
Premium on bonds	101,225	-	(29,619)	71,606	-
Total Bonds Payable	<u>2,558,725</u>	<u>-</u>	<u>(415,159)</u>	<u>2,143,566</u>	<u>465,800</u>
Compensated Absences Payable	<u>25,522</u>	<u>21,072</u>	<u>(28,617)</u>	<u>17,977</u>	<u>10,786</u>
Business-type Activity Long-term Liabilities	<u>\$ 2,584,247</u>	<u>\$ 21,072</u>	<u>\$ (443,776)</u>	<u>\$ 2,161,543</u>	<u>\$ 476,586</u>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Components of Fund Balance**

At December 31, 2022, portions of the City's fund balance are not available for appropriation due to not being in spendable form (nonspendable), legal restrictions (restricted), City Council action (committed), policy and/or intent (assigned), and available for spending (unassigned). The following is a summary of the components of fund balance:

	General	Debt Service	Capital Reserves	20th Street Project	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 45,925	\$ -	\$ -	\$ -	\$ -	\$ 45,925
Restricted for						
Debt service	\$ -	\$ 2,392,321	\$ -	\$ -	\$ -	\$ 2,392,321
Park dedication	-	-	-	-	312,893	312,893
Total Restricted	\$ -	\$ 2,392,321	\$ -	\$ -	\$ 312,893	\$ 2,705,214
Committed to						
Economic development	\$ -	\$ -	\$ -	\$ -	\$ 64,218	\$ 64,218
Surface water maintenance	-	-	-	-	547,294	547,294
Total Committed	\$ -	\$ -	\$ -	\$ -	\$ 611,512	\$ 611,512
Assigned to						
Substandard roads	\$ -	\$ -	\$ -	\$ -	\$ 539,040	\$ 539,040
Capital projects	-	-	5,190,858	-	-	5,190,858
2021 12th & Byron Main Court	-	-	-	-	25,721	25,721
20th street project	-	-	-	659,145	46,588	705,733
Fire equipment	-	-	-	-	771,155	771,155
First responders equipment	-	-	-	-	48,711	48,711
Total Assigned	\$ -	\$ -	\$ 5,190,858	\$ 659,145	\$ 1,431,215	\$ 7,281,218
Unassigned	\$ 2,289,642	\$ -	\$ -	\$ -	\$ (102,305)	\$ 2,187,337

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide**

**A. 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.

General Employees Retirement Plan

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

**B. Benefits Provided**

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. 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 members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$71,359, \$68,059 and \$66,590, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$974,164 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$28,423. The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0123 percent which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 974,164
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>28,423</u>
<b>Total</b>	<b><u><u>\$ 1,002,587</u></u></b>

For the year ended December 31, 2022, the City recognized pension expense of \$147,161 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$4,247 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 8,137	\$ 10,469
Changes in Actuarial Assumptions	222,209	3,899
Net Difference Between Projected and Actual Earnings on Plan Investments	13,202	-
Changes in Proportion	16,905	2,135
Contributions Paid to PERA Subsequent to the Measurement Date	<u>37,022</u>	<u>-</u>
<b>Total</b>	<b><u><u>\$ 297,475</u></u></b>	<b><u><u>\$ 16,503</u></u></b>

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$37,022 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$	100,502
2024		87,404
2025		(32,053)
2026		88,097

**E. Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method.—The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 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 assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The following changes in actuarial assumptions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	<u>25.0</u>	5.90
Total	<u><u>100.00 %</u></u>	

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. 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 Plan 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.

**H. 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 one percentage point lower or one percentage point higher than the current discount rate:

	<u>1 Percent Decrease (5.50%)</u>	<u>Current (6.50%)</u>	<u>1 Percent Increase (7.50%)</u>
General Employees Fund	\$ 1,538,743	\$ 974,164	\$ 511,122

City of Byron, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**I. Pension Plan Fiduciary Net Position**

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

**Note 5: Other Information**

**A. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments.

**B. 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**C. Conduit Debt Obligations**

The City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of a subordinate senior housing facility deemed to be in the public interest for \$1,855,000 in 2014. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. At December 31, 2022, the balance of the bond outstanding was \$1,315,000. The City has issued an additional conduit debt of \$10,000,000 during 2015 for housing facilities. At December 31, 2022, the balance of the bond outstanding was \$7,961,152. Neither, the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Byron, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2022

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0123 %	\$ 974,164	\$ 28,423	\$ 1,002,587	\$ 919,328	106.0 %	76.7 %
6/30/2021	0.0124	529,536	16,198	545,734	899,434	58.9	87.0
6/30/2020	0.0121	725,450	22,419	747,869	859,252	84.4	79.0
6/30/2019	0.0113	624,752	19,332	644,084	799,205	78.2	80.2
6/30/2018	0.0111	615,782	20,262	636,044	748,264	82.3	79.5
6/30/2017	0.0112	715,001	9,011	724,012	695,362	102.8	75.9
6/30/2016	0.0108	876,906	11,514	888,420	700,787	125.1	68.9
6/30/2015	0.0096	497,522	-	497,522	554,061	89.8	78.2

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

**Schedule of Employer's PERA Contributions - General Employees Fund**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 71,359	\$ 71,359	\$ -	\$ 951,458	7.50 %
12/31/21	68,059	68,059	-	907,455	7.50
12/31/20	66,590	66,590	-	887,867	7.50
12/31/19	62,356	62,356	-	831,408	7.50
12/31/18	57,711	57,711	-	769,486	7.50
12/31/17	53,020	53,020	-	706,936	7.50
12/31/16	52,385	52,385	-	698,467	7.50
12/31/15	48,646	48,646	-	648,619	7.50

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

City of Byron, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - 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 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Byron, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2022

**Notes to the Required Supplementary Information - General Employees Fund (Continued)**

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - 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.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - 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.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Byron, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2022

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 595,232	\$ 1,630,051	\$ 2,225,283
Accounts receivable	17,541	38,050	55,591
Total Assets	<u>\$ 612,773</u>	<u>\$ 1,668,101</u>	<u>\$ 2,280,874</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 26,298	\$ 26,298
Accrued salaries payable	1,261	-	1,261
Total Liabilities	<u>1,261</u>	<u>26,298</u>	<u>27,559</u>
<b>Fund Balances</b>			
Restricted	-	312,893	312,893
Committed	611,512	-	611,512
Assigned	-	1,431,215	1,431,215
Unassigned	-	(102,305)	(102,305)
Total Fund Balances	<u>611,512</u>	<u>1,641,803</u>	<u>2,253,315</u>
Total Liabilities and Fund Balances	<u>\$ 612,773</u>	<u>\$ 1,668,101</u>	<u>\$ 2,280,874</u>

City of Byron, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total
Revenues			
Intergovernmental	\$ -	\$ 6,700	\$ 6,700
Charges for services	238,440	192,352	430,792
Interest on investments	3,134	7,375	10,509
Miscellaneous	3,008	75,402	78,410
Total Revenues	244,582	281,829	526,411
Expenditures			
Current			
Public works	44,162	-	44,162
Culture and recreation	44,271	-	44,271
Capital outlay			
Public safety	771	92,177	92,948
Public works	-	446,433	446,433
Culture and recreation	-	75,030	75,030
Debt service			
Principal	23,400	-	23,400
Interest and other	7,497	4,290	11,787
Total Expenditures	120,101	617,930	738,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	124,481	(336,101)	(211,620)
Other Financing Sources (Uses)			
Transfers in	59,250	202,055	261,305
Net Change in Fund Balances	183,731	(134,046)	49,685
Fund Balances, January 1	427,781	1,775,849	2,203,630
Fund Balances, December 31	\$ 611,512	\$ 1,641,803	\$ 2,253,315

City of Byron, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Balance Sheet  
 December 31, 2022

	<b>201</b> Economic Development Authority	<b>202</b> Gambling Donations	<b>203</b> Surface Water Management	<b>204</b> ARPA	Total
<b>Assets</b>					
Cash and temporary investments	\$ 64,218	\$ -	\$ 531,014	\$ -	\$ 595,232
Accounts receivable	-	-	17,541	-	17,541
<b>Total Assets</b>	<b><u>\$ 64,218</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 548,555</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 612,773</u></b>
<b>Liabilities</b>					
Accrued salaries payable	\$ -	\$ -	\$ 1,261	\$ -	\$ 1,261
<b>Fund Balances</b>					
Committed	64,218	-	547,294	-	611,512
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 64,218</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 548,555</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 612,773</u></b>

City of Byron, Minnesota  
 Nonmajor Special Revenue Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2022

	<b>201</b>	<b>202</b>	<b>203</b>	<b>204</b>	
	Economic Development Authority	Gambling Donations	Surface Water Management	ARPA	Total
<b>Revenues</b>					
Charges for services	\$ -	\$ -	\$ 238,440	\$ -	\$ 238,440
Interest on investments	431	-	2,703	-	3,134
Miscellaneous	-	3,008	-	-	3,008
Total Revenues	<u>431</u>	<u>3,008</u>	<u>241,143</u>	<u>-</u>	<u>244,582</u>
<b>Expenditures</b>					
<b>Current</b>					
Public works	-	-	44,162	-	44,162
Culture and recreation	-	44,271	-	-	44,271
<b>Capital outlay</b>					
Public safety	-	-	-	771	771
<b>Debt service</b>					
Principal	-	-	23,400	-	23,400
Interest and other	-	-	7,497	-	7,497
Total Expenditures	<u>-</u>	<u>44,271</u>	<u>75,059</u>	<u>771</u>	<u>120,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	431	(41,263)	166,084	(771)	124,481
<b>Other Financing Uses</b>					
Transfers in	<u>59,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,250</u>
Net Change in Fund Balances	59,681	(41,263)	166,084	(771)	183,731
Fund Balances, January 1	<u>4,537</u>	<u>41,263</u>	<u>381,210</u>	<u>771</u>	<u>427,781</u>
Fund Balances, December 31	<u>\$ 64,218</u>	<u>\$ -</u>	<u>\$ 547,294</u>	<u>\$ -</u>	<u>\$ 611,512</u>

City of Byron, Minnesota  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 December 31, 2022

	<b>403</b>	<b>405</b>	<b>409</b>	<b>410</b>
	<u>Substandard Roads</u>	<u>Park Dedication</u>	<u>Fire Equipment</u>	<u>First Responders Equipment</u>
<b>Assets</b>				
Cash and temporary investments	\$ 539,040	\$ 311,191	\$ 761,105	\$ 48,711
Accounts receivable	-	28,000	10,050	-
<b>Total Assets</b>	<u><u>\$ 539,040</u></u>	<u><u>\$ 339,191</u></u>	<u><u>\$ 771,155</u></u>	<u><u>\$ 48,711</u></u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 26,298	\$ -	\$ -
<b>Fund Balances</b>				
Restricted	-	312,893	-	-
Assigned	539,040	-	771,155	48,711
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u><u>539,040</u></u>	<u><u>312,893</u></u>	<u><u>771,155</u></u>	<u><u>48,711</u></u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 539,040</u></u>	<u><u>\$ 339,191</u></u>	<u><u>\$ 771,155</u></u>	<u><u>\$ 48,711</u></u>

<b>411</b>	<b>408</b>	<b>412</b>	
<u>2021 12th &amp; Byron Main Crt</u>	<u>2020 Street Improvements</u>	<u>2021 Street Project</u>	<u>Total</u>
\$ 25,721	\$ 46,588	\$ (102,305)	\$ 1,630,051
<u>-</u>	<u>-</u>	<u>-</u>	<u>38,050</u>
<u>\$ 25,721</u>	<u>\$ 46,588</u>	<u>\$ (102,305)</u>	<u>\$ 1,668,101</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,298</u>
-	-	-	312,893
25,721	46,588	-	1,431,215
<u>-</u>	<u>-</u>	<u>(102,305)</u>	<u>(102,305)</u>
<u>25,721</u>	<u>46,588</u>	<u>(102,305)</u>	<u>1,641,803</u>
<u>\$ 25,721</u>	<u>\$ 46,588</u>	<u>\$ (102,305)</u>	<u>\$ 1,668,101</u>

City of Byron, Minnesota  
 Nonmajor Capital Project Funds  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balances  
 For the Year Ended December 31, 2022

	<b>403</b>	<b>405</b>	<b>409</b>	<b>410</b>
	Substandard Roads	Park Dedication	Fire Equipment	First Responders Equipment
Revenues				
Intergovernmental	\$ -	\$ -	\$ 6,700	\$ -
Charges for services	103,462	75,750	13,140	-
Interest on investments	2,593	1,474	2,794	225
Miscellaneous	-	-	66,352	9,050
Total Revenues	<u>106,055</u>	<u>77,224</u>	<u>88,986</u>	<u>9,275</u>
Expenditures				
Capital outlay				
Public safety	-	-	90,937	1,240
Public works	-	-	-	-
Culture and recreation	-	75,030	-	-
Debt service				
Interest and other	-	-	-	-
Total Expenditures	<u>-</u>	<u>75,030</u>	<u>90,937</u>	<u>1,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,055	2,194	(1,951)	8,035
Other Financing Sources				
Transfers in	<u>-</u>	<u>25,927</u>	<u>162,592</u>	<u>13,536</u>
Net Change in Fund Balances	106,055	28,121	160,641	21,571
Fund Balances, January 1	<u>432,985</u>	<u>284,772</u>	<u>610,514</u>	<u>27,140</u>
Fund Balances, December 31	<u>\$ 539,040</u>	<u>\$ 312,893</u>	<u>\$ 771,155</u>	<u>\$ 48,711</u>

<b>411</b>	<b>408</b>	<b>412</b>	
2021 12th & Byron Main Crt	2020 Street Improvement	2021 Street Project	Total
\$ -	\$ -	\$ -	\$ 6,700
-	-	-	192,352
86	203	-	7,375
-	-	-	75,402
<u>86</u>	<u>203</u>	<u>-</u>	<u>281,829</u>
-	-	-	92,177
21,849	58,739	365,845	446,433
-	-	-	75,030
-	4,290	-	4,290
<u>21,849</u>	<u>63,029</u>	<u>365,845</u>	<u>617,930</u>
(21,763)	(62,826)	(365,845)	(336,101)
-	-	-	202,055
(21,763)	(62,826)	(365,845)	(134,046)
<u>47,484</u>	<u>109,414</u>	<u>263,540</u>	<u>1,775,849</u>
<u>\$ 25,721</u>	<u>\$ 46,588</u>	<u>\$ (102,305)</u>	<u>\$ 1,641,803</u>

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

City of Byron, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Continued on the Following Pages)  
For the Year Ended December 31, 2022  
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property	\$ 2,332,585	\$ 2,332,585	\$ 2,331,513	\$ (1,072)	\$ 2,587,021
Cable franchise	50,800	50,800	50,605	(195)	55,082
Total taxes	<u>2,383,385</u>	<u>2,383,385</u>	<u>2,382,118</u>	<u>(1,267)</u>	<u>2,642,103</u>
Licenses and permits					
Business	20,000	20,000	42,115	22,115	33,701
Nonbusiness	12,000	12,000	35,118	23,118	119,348
Total licenses and permits	<u>32,000</u>	<u>32,000</u>	<u>77,233</u>	<u>45,233</u>	<u>153,049</u>
Intergovernmental					
State					
Fire aid	53,000	53,000	62,976	9,976	55,071
Other state grants	47,400	47,400	12,120	(35,280)	23,338
Local	-	-	-	-	600
Total intergovernmental	<u>100,400</u>	<u>100,400</u>	<u>75,096</u>	<u>(25,304)</u>	<u>79,009</u>
Charges for services					
General government	5,000	5,000	153,870	148,870	57,450
Public safety	120,219	120,219	123,160	2,941	128,836
Culture and recreation	25,000	25,000	40,643	15,643	28,756
Total charges for services	<u>150,219</u>	<u>150,219</u>	<u>317,673</u>	<u>167,454</u>	<u>215,042</u>
Special assessments	-	-	10,188	10,188	12,438
Interest on investments	5,000	5,000	13,567	8,567	983
Miscellaneous					
Refunds and reimbursements	-	-	30,544	30,544	39,763
Other	10,000	10,000	11,334	1,334	19,854
Total miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>41,878</u>	<u>31,878</u>	<u>59,617</u>
Total Revenues	<u>2,681,004</u>	<u>2,681,004</u>	<u>2,917,753</u>	<u>236,749</u>	<u>3,162,241</u>

City of Byron, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 136,538	\$ 136,538	\$ 121,235	\$ 15,303	\$ 66,669
Supplies	4,000	4,000	1,054	2,946	1,724
Other services and charges	39,000	39,000	40,225	(1,225)	31,115
Total mayor and council	<u>179,538</u>	<u>179,538</u>	<u>162,514</u>	<u>17,024</u>	<u>99,508</u>
City hall					
Other services and charges	<u>51,000</u>	<u>51,000</u>	<u>41,819</u>	<u>9,181</u>	<u>35,634</u>
Finance					
Personal services	42,243	42,243	48,566	(6,323)	57,006
Supplies	20,496	20,496	18,578	1,918	6,657
Other services and charges	34,500	34,500	38,436	(3,936)	28,045
Total finance	<u>97,239</u>	<u>97,239</u>	<u>105,580</u>	<u>(8,341)</u>	<u>91,708</u>
Auditing and accounting					
Other services and charges	<u>39,743</u>	<u>39,743</u>	<u>34,891</u>	<u>4,852</u>	<u>76,359</u>
Legal					
Other services and charges	<u>6,000</u>	<u>6,000</u>	<u>13,180</u>	<u>(7,180)</u>	<u>4,667</u>
Planning and zoning					
Personal services	64,430	64,430	59,897	4,533	82,468
Supplies	2,500	2,500	2,563	(63)	1,525
Other services and charges	18,250	18,250	24,492	(6,242)	13,724
Total planning and zoning	<u>85,180</u>	<u>85,180</u>	<u>86,952</u>	<u>(1,772)</u>	<u>97,717</u>
Total general government	<u>458,700</u>	<u>458,700</u>	<u>444,936</u>	<u>13,764</u>	<u>405,593</u>
Public safety					
Police					
Other services and charges	<u>355,457</u>	<u>355,457</u>	<u>355,457</u>	<u>-</u>	<u>353,631</u>
Fire					
Personal services	51,000	51,000	58,887	(7,887)	53,173
Supplies	35,000	35,000	28,027	6,973	34,439
Other services and charges	58,000	58,000	49,633	8,367	46,121
Fire relief pension payment	68,000	68,000	77,976	(9,976)	70,071
Total fire	<u>212,000</u>	<u>212,000</u>	<u>214,523</u>	<u>(2,523)</u>	<u>203,804</u>

City of Byron, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
First responders					
Personal services	\$ 39,500	\$ 39,500	\$ 34,882	\$ 4,618	\$ 27,184
Supplies	8,639	8,639	8,044	595	5,603
Other services and charges	11,639	11,639	7,120	4,519	5,917
Total first responders	<u>59,778</u>	<u>59,778</u>	<u>50,046</u>	<u>9,732</u>	<u>38,704</u>
Animal control					
Personal services	-	-	-	-	3,834
Building inspections					
Personal services	32,141	32,141	24,611	7,530	19,578
Supplies	-	-	-	-	247
Other services and charges	7,000	7,000	389	6,611	59,140
Total building inspections	<u>39,141</u>	<u>39,141</u>	<u>25,000</u>	<u>14,141</u>	<u>78,965</u>
Total public safety	<u>666,376</u>	<u>666,376</u>	<u>645,026</u>	<u>21,350</u>	<u>678,938</u>
Public works					
Engineering					
Other services and charges	40,000	40,000	23,292	16,708	19,010
Streets and alleys					
Personal services	238,704	238,704	196,052	42,652	155,797
Supplies	29,500	29,500	30,779	(1,279)	28,428
Other services and charges	205,800	205,800	287,662	(81,862)	189,661
Total streets and alleys	<u>474,004</u>	<u>474,004</u>	<u>514,493</u>	<u>(40,489)</u>	<u>373,886</u>
Snow and ice removal					
Personal services	55,359	55,359	73,416	(18,057)	81,978
Supplies	22,500	22,500	28,805	(6,305)	16,192
Other services and charges	21,500	21,500	13,635	7,865	16,091
Total snow and ice removal	<u>99,359</u>	<u>99,359</u>	<u>115,856</u>	<u>(16,497)</u>	<u>114,261</u>

City of Byron, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Continued)  
For the Year Ended December 31, 2022  
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			Variance with Final Budget	2021
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street lighting					
Other services and charges	\$ 135,000	\$ 135,000	\$ 121,512	\$ 13,488	\$ 110,408
Total public works	<u>748,363</u>	<u>748,363</u>	<u>775,153</u>	<u>(26,790)</u>	<u>617,565</u>
Culture and recreation					
Municipal parks					
Personal services	205,077	205,077	237,915	(32,838)	202,596
Supplies	39,500	39,500	36,848	2,652	34,382
Other services and charges	70,350	70,350	62,981	7,369	54,484
Total municipal parks	<u>314,927</u>	<u>314,927</u>	<u>337,744</u>	<u>(22,817)</u>	<u>291,462</u>
Swimming pool					
Personal services	51,032	51,032	50,536	496	45,006
Supplies	13,000	13,000	7,593	5,407	7,656
Other services and charges	34,750	34,750	40,159	(5,409)	27,601
Total swimming pool	<u>98,782</u>	<u>98,782</u>	<u>98,288</u>	<u>494</u>	<u>80,263</u>
Cable					
Personal services	-	-	-	-	5,931
Total culture and recreation	<u>413,709</u>	<u>413,709</u>	<u>436,032</u>	<u>(22,323)</u>	<u>377,656</u>
Economic development					
Personal services	90,265	90,265	68,483	21,782	116,713
Supplies	35,400	35,400	24,225	11,175	24,029
Other services and charges	65,917	65,917	54,018	11,899	236,932
Total economic development	<u>191,582</u>	<u>191,582</u>	<u>146,726</u>	<u>44,856</u>	<u>377,674</u>
Total current	<u>2,478,730</u>	<u>2,478,730</u>	<u>2,447,873</u>	<u>30,857</u>	<u>2,457,426</u>

City of Byron, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Continued)  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
General government	\$ 21,260	\$ 21,260	\$ 22,538	\$ (1,278)	\$ 695
Public safety	2,514	2,514	796	1,718	553
Public works	3,000	3,000	1,182	1,818	-
Culture and recreation	27,500	27,500	22,220	5,280	22,885
Total capital outlay	<u>54,274</u>	<u>54,274</u>	<u>46,736</u>	<u>7,538</u>	<u>24,133</u>
Total Expenditures	<u>2,533,004</u>	<u>2,533,004</u>	<u>2,494,609</u>	<u>38,395</u>	<u>2,481,559</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,000	148,000	423,144	275,144	680,682
Other Financing Sources (Uses)					
Transfers out	<u>(148,000)</u>	<u>(148,000)</u>	<u>(261,305)</u>	<u>(113,305)</u>	<u>(133,172)</u>
Net Change in Fund Balances	-	-	161,839	161,839	547,510
Fund Balances, January 1	<u>2,173,728</u>	<u>2,173,728</u>	<u>2,173,728</u>	<u>-</u>	<u>1,626,218</u>
Fund Balances, December 31	<u>\$ 2,173,728</u>	<u>\$ 2,173,728</u>	<u>\$ 2,335,567</u>	<u>\$ 161,839</u>	<u>\$ 2,173,728</u>

City of Byron, Minnesota  
Debt Service Funds  
Combining Balance Sheet  
December 31, 2022

	<b>306</b> 2016A Improvement Bonds	<b>319</b> 2018 Public Works Building Debt	<b>320</b> 2020A Improvement Bonds	<b>304</b> 2020B Improvement Bonds
<b>Assets</b>				
Cash and temporary investments	\$ (58,726)	\$ 18,091	\$ 256,118	\$ 588,447
Cash with fiscal agent	352,650	-	-	250,350
Receivables				
Accounts	-	-	100	149
Special assessments receivable	-	-	80,486	67,749
<b>Total Assets</b>	<u><u>\$ 293,924</u></u>	<u><u>\$ 18,091</u></u>	<u><u>\$ 336,704</u></u>	<u><u>\$ 906,695</u></u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues - special assessments	\$ -	\$ -	\$ 80,486	\$ 67,749
<b>Fund Balances</b>				
Restricted for debt service	<u>293,924</u>	<u>18,091</u>	<u>256,218</u>	<u>838,946</u>
<b>Total Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ 293,924</u></u>	<u><u>\$ 18,091</u></u>	<u><u>\$ 336,704</u></u>	<u><u>\$ 906,695</u></u>

<b>305</b> 2015A Improvement Bonds	<b>312</b> 2021A Improvement Bonds	Total
\$ 845,707	139,242	\$ 1,788,879
-	-	603,000
-	193	442
-	175,891	324,126
<u>\$ 845,707</u>	<u>\$ 315,326</u>	<u>\$ 2,716,447</u>
\$ -	\$ 175,891	\$ 324,126
<u>845,707</u>	<u>139,435</u>	<u>2,392,321</u>
<u>\$ 845,707</u>	<u>\$ 315,326</u>	<u>\$ 2,716,447</u>

City of Byron, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended December 31, 2022

	<b>306</b> 2016A Improvement Bonds	<b>319</b> 2018 Public Works Building Debt	<b>320</b> 2020A Improvement Bonds	<b>304</b> 2020B Refunding Bond
Revenues				
Property taxes	\$ 377,050	\$ 331,017	\$ 257,303	\$ 265,000
Special assessments	-	-	9,560	16,510
Interest on investments	143	978	913	3,396
Total Revenues	<u>377,193</u>	<u>331,995</u>	<u>267,776</u>	<u>284,906</u>
Expenditures				
Debt service				
Principal	315,000	316,000	220,000	210,000
Interest and other	58,450	15,017	49,000	53,850
Total Expenditures	<u>373,450</u>	<u>331,017</u>	<u>269,000</u>	<u>263,850</u>
Net Change in Fund Balances	3,743	978	(1,224)	21,056
Fund Balances, January 1	<u>290,181</u>	<u>17,113</u>	<u>257,442</u>	<u>817,890</u>
Fund Balances, December 31	<u><u>\$ 293,924</u></u>	<u><u>\$ 18,091</u></u>	<u><u>\$ 256,218</u></u>	<u><u>\$ 838,946</u></u>

<b>305</b> 2015A Improvement Bonds	<b>312</b> 2021A Improvement Bonds	Total
\$ 86,014	\$ 112,064	\$ 1,428,448
-	28,847	54,917
3,913	505	9,848
<u>89,927</u>	<u>141,416</u>	<u>1,493,213</u>
57,400	26,660	1,145,060
<u>28,614</u>	<u>17,915</u>	<u>222,846</u>
<u>86,014</u>	<u>44,575</u>	<u>1,367,906</u>
3,913	96,841	125,307
<u>841,794</u>	<u>42,594</u>	<u>2,267,014</u>
<u><u>\$ 845,707</u></u>	<u><u>\$ 139,435</u></u>	<u><u>\$ 2,392,321</u></u>

City of Byron, Minnesota  
 Supplemental Information  
 Summary Financial Report  
 Revenues and Expenditures For General Operations  
 Governmental Funds  
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
<b>Revenues</b>			
Taxes	\$ 4,778,431	\$ 4,540,186	5.3 %
Licenses and permits	77,233	153,049	(49.5)
Intergovernmental	2,484,509	508,945	388.2
Charges for services	748,465	464,372	61.2
Special assessments	69,114	133,626	(48.3)
Interest on investments	66,180	25,631	158.2
Miscellaneous	208,126	166,873	24.7
	<u>\$ 8,432,058</u>	<u>\$ 5,992,682</u>	
Total Revenues			40.7 %
Per Capita	\$ 1,287	\$ 949	35.5 %
<b>Expenditures</b>			
<b>Current</b>			
General government	\$ 444,936	\$ 405,593	9.7 %
Public safety	645,026	678,938	(5.0)
Public works	819,315	657,933	24.5
Culture and recreation	480,303	390,656	23.0
Economic development	146,726	427,594	(65.7)
<b>Capital outlay</b>			
General government	755,518	456,693	65.4
Public safety	93,744	34,472	171.9
Public works	2,007,277	1,389,570	44.5
Culture and recreation	181,383	98,488	84.2
<b>Debt service</b>			
Principal	1,168,460	987,258	18.4
Interest and other charges	234,633	275,924	(15.0)
	<u>\$ 6,977,321</u>	<u>\$ 5,803,119</u>	
Total Expenditures			20.2 %
Per Capita	\$ 1,065	\$ 919	15.8 %
Total Long-term Indebtedness	\$ 8,881,040	\$ 10,049,500	(11.6) %
Per Capita	1,355	1,592	(14.9)
General Fund Balance - December 31	\$ 2,335,567	\$ 2,173,728	7.5 %
Per Capita	356	344	3.5

The purpose of this report is to provide a summary of financial information concerning the City of Byron to interested citizens. The complete financial statements may be examined at City Hall, 680 Main Court Northeast, Byron, Minnesota 55920. Questions about this report should be directed to Cami Reber, Finance Director at (507) 775-3417.

OTHER REQUIRED REPORT

CITY OF BYRON  
BYRON, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

THIS PAGE IS LEFT  
BLANK INTENTIONALLY

**INDEPENDENT AUDITOR’S REPORT  
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council  
City of Byron, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Byron, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 15, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Byron failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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 these specified parties.



**Abdo**  
Minneapolis, Minnesota  
June 15, 2023