NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.D. USE OF ESTIMATES

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 the reported amounts of assets, deferred outflows, liabilities and deferred inflows, and disclosure of contingencies related to these balances at the date of the financial statements. Estimates also affect reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY

Cash and Cash Equivalents

For purposes of the Statements of Net Position and proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand, savings and money market savings accounts for the City.

Investments

Investments are stated at their fair value as determined in accordance with the fair value hierarchy. Short-term investments are reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Certificates of deposit, if any, are stated at cost, plus accrued interest, which approximates fair market value.

Net appreciation (depreciation) in fair value of investments includes net unrealized and realized gains and losses. Purchases and sales of securities are recorded on a trade-date basis.

See Note 2.A. for additional information related to Cash, Cash Equivalents, and Investments.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities, as well as interfund receivables and payables between funds within business-type activities, are eliminated in the Statement of Net Position. See Note 2.E. for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable and are not deemed necessary at year end. Major receivable balances for the governmental activities include taxes, special assessments and charges for services. Business-type activities report utility charges and assessments as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, assessments, other intergovernmental revenues, fines and charges for services since they are usually both measurable and available. Revenues collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and assessments compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances are deemed necessary at year-end.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

Loans Receivable

Loans Receivable consists of two loans made to local entities. The first note was made in 2015, has a remaining balance of \$9,398 at December 31, 2021, and is payable to the City in monthly installments of \$184 through July 2026. The second note was made in 2019, has a remaining balance of \$152,296 at December 31, 2021, and is payable in annual installments of \$24,444 through March 2028.

Prepaids

Prepaids represent expenditures/expenses paid during the current year to be recognized in future periods.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) and intangible assets depends on whether the assets are used in governmental or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The City's capital assets at year-end also consist of tangible and intangible assets. Tangible assets are similar to those previously described and include buildings, infrastructure and machinery and equipment. Intangible assets consist of non-physical assets such as easements, software, and City land-use development plans.

Capital assets are defined by the City as assets, both tangible and intangible, with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Intangible assets follow the same capitalization policies as tangible assets and are reported similarly, except that such assets are considered to be amortized over time, not depreciated as further discussed below.

The range of estimated useful lives by type of asset is as follows:

Land Improvements	20 years
Intangible Assets	15 years
Infrastructure	25 years
Buildings and Structures	20-50 years
Distribution System	40-50 years
Lagoons	60 years
Machinery and Equipment	5-15 years

Government-wide Statements

In the government-wide financial statements, capital outlay expenditures are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation.

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

Accounts Payable

Payables in the governmental and proprietary funds are composed almost entirely of payables to vendors.

Accrued Vacation and Accrued Severance

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave. All vacation pay, compensatory pay and vested sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. Governmental activity accrued vacation and severance are generally funded through the General Fund.

Sick leave accumulates at the rate of one day per month of employment to a maximum accumulation of 1,240 hours. A permanent employee is entitled to a percentage of his or her sick leave as severance pay at separation from service in accordance with the vesting policies of the City's personnel policies. Such pay has been accrued in the government-wide and proprietary fund financial statements as accrued severance.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Pension Asset/Liability

The net pension asset represents the Foley Fire Relief Association's net pension asset as of the most recent actuarial measurement date. The net pension liability represents the City's allocation of its pro-rata share of the net pension liabilities of the Statewide pension plans administered by the Public Employees Retirement Association (PERA).

<u>PERA</u>

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This element represents a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources (expense) until that time. The City reports deferred outflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of the pension funds in which City employees participate.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

In addition to liabilities, the Statements of Net Position and Balance Sheet report a separate section for deferred inflows of resources. This element represents an acquisition of net position or fund balance that applies to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports taxes, special assessments and loans receivable as deferred inflows of resources in the governmental fund financial statements, in accordance with the modified accrual basis of accounting. Accordingly, such amounts are deferred and recognized as inflows of resources in the period that they become available. In addition, the City reports deferred inflows of resources in the government-wide and proprietary fund Statements of Net Position in relation to the activity of the pension fund plans in which City employees participate.

See Notes 3 and 4 for additional information pertaining to the deferred outflows and deferred inflows recorded to account for pension activities.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted – Remaining balance of net position that does not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy to consider restricted net position to its depletion before unrestricted net position is applied.

Fund Statements

Governmental Fund Financial Statements – In the fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2021 consist of prepaid expenditures and advances made to other funds.

Restricted – That portion of fund balance which is not available for appropriation, or which has been legally segregated for a specific purpose.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, which is the 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. The City had no committed fund balances at December 31, 2021.

Assigned – Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Administrator shall have the authority to assign fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND EQUITY (Continued)

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The City has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance of not less than 50-65% of annual General Fund budgeted operating expenditures.

See Note 2.F. for additional disclosures.

Proprietary Fund Financial Statements – Proprietary fund equity is classified the same as in the government-wide statements, as described on the previous page.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Benton County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

December 31 is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County also collects all special assessments, except for certain prepayments paid directly to the City. The County collects all taxes and assessments, except as noted above. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

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

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Current (further classified by Function)
Capital Outlay

Debt Service

Proprietary Funds - By Operating and Nonoperating

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. REVENUES, EXPENDITURES AND EXPENSES (Continued)

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds, as well as all interfund transfers between individual proprietary funds, have been eliminated. See additional information at Note 2.E.

1.G. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation in the City's Management's Discussion and Analysis. Such reclassifications have no impact on the change in net position.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, deferred outflows/inflows of resources, equity, revenues and expenditures/expenses.

2.A. CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws. 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;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard and Poor's; or
- Time deposits insured by any federal agency.

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 City.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At December 31, 2021, the City has the following deposits:

Cash in Checking and Savings Accounts Money Market Savings Accounts	\$ 397,291 7,659,162
Total Carrying Amount of Deposits Balance	\$ 8,056,453

Investments

The City may also invest idle funds as authorized by Minnesota Statutes as follows: direct obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that received the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase 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. The City does not have any investment policies that would further limit investment choices.

Investment balances at December 31, 2021 are as follows:

Type of Investments	Interest Rate	Credit Rating	Segmented Time Distribution	Fair Value	Percent of Total
Money Market Fund - U.S. Government Securities	N/A	N/A	Less than 1 year	\$ 38,302	1.75
U.S. Government Mortgage Securities	N/A	N/A	N/A	1,194,683	54.46
U.S. Government Securities	N/A	N/A	N/A	960,622	43.79
Total Investments				\$ 2,193,607	100.00

The investments of the City are subject to the following risks:

- <u>Credit risk</u> 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 as indicated in the table above. Minnesota Statutes limit the City's investments.
- <u>Custodial credit risk</u> is the risk that in the event of a 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 does not have a formal investment policy to address custodial credit risk but typically limits its exposure by purchasing insured or registered investments. At December 31, 2021, none of the underlying securities held by the City are subject to custodial credit risk because they are insured by the Securities Investor Protection Corporation (SIPC).

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- <u>Concentration of credit risk</u> is the risk associated with investing a significant portion of the City's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools and mutual funds. The City has no formal policy limiting the amounts that may be invested in any one issuer.
- <u>Interest rate risk</u> is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no formal policy to address interest rate risk.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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, 2021:

• U.S. Government securities of \$960,622, U.S. Government mortgage securities of \$1,194,683, and money market funds (consisting of U.S. Government securities) of \$38,302 are valued by using quoted market prices (level 1).

Deposits and Investments Summary

The following is a summary of total cash, cash equivalents and investments:

Carrying Amount of Cash and Cash Equivalents	\$ 8,056,453
Investments	2,193,607
Total Cash, Cash Equivalents and Investments	¢ 10.050.060
Total Cash, Cash Equivalents and investments	<u>\$ 10,250,060</u>
A	
A reconciliation of cash, cash equivalents and investments are as follows:	
Governmental Funds	
Cash and Cash Equivalents	\$ 4,296,433
Investments	1,367,849
Proprietary Funds	5,664,282
Cash and Cash Equivalents	3,760,020
Investments	825,758
	4,585,778
Total Cash, Cash Equivalents and Investments	\$ 10,250,060

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS

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

		Balance at 01/01/21		Additions	Disposals	Transfer	<u>s</u>		Balance at 12/31/21
Governmental Activities:									
Capital Assets not Being									
Depreciated	ф	22 (222							
Land	\$	326,323	\$	-	\$ -	\$	-	\$	326,323
Capital Assets Being					2 N.Y				
Depreciated									
Buildings		2,420,529		186,927		100	_		2,607,456
Infrastructure		8,773,927		45,586			_		8,819,513
Improvements		525,275		6,280)	_		531,555
Equipment		1,230,815		62,734)	_		1,293,549
Vehicles		2,331,483		282,684	36,711		_		2,577,456
Total Capital Assets Being			- 7	\ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\			_	_	
Depreciated		15,282,029	4 / j	584,211	36,711		_		15,829,529
		5 16	4						,,
Less: Accumulated Depreciation									
Buildings		1,310,211	٠,	63,741	-		_		1,373,952
Infrastructure	- 7 . ¹ %.	3,012,386		335,279	-		_		3,347,665
Improvements		337,817	2.	12,171	-		_		349,988
Equipment	W_{i}	471,374	i i	78,026	-		_		549,400
Vehicles		1,275,216	¥	136,051	31,204		-		1,380,063
Total Accumulated								_	
Depreciation	- Sy	6,407,004		625,268	31,204		_		7,001,068
								_	
Total Capital Assets Being		•							
Depreciated, Net	<i>.</i> /	8,875,025		(41,057)	5,507		_		8,828,461
								_	-,,.
Capital Assets, Net	\$	9,201,348	\$	(41,057)	\$ 5,507	\$	_	\$	9,154,784

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS (Continued)

Depreciation is charged to governmental	activities as follo	ows:				
General Government		\$ 44,94	-0			
Pool		14,88	8			
Parks and Recreation		17,19	5			
Police		14,16	54			
Public Works		391,04	0			
Fire		143,04	1			
Total Depreciation Expense		\$ 625,26	<u> </u>			
	Balance at				Balance at	
	01/01/21	Additions	Disposals	Transfers	12/31/21	
Governmental Activities:	01/01/21		Disposais	Tallstors	12/31/21	
Intangible Assets Being			- 경기 전 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			
Amortized		S				
Intangible Assets	\$ -	\$ 36,50	io \$ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \\ \	\$ -	\$ 36,500	
Less: Accumulated Amortization						
Intangible Assets		60	-	<u> </u>	608	
Total Intangible Assets Being						
Amortized, Net	<u>- (\) - </u>	35,89		-	35,892	
Intangible Assets, Net	\$	\$ 35,89	2 \$ -	\$ -	\$ 35,892	
Amortization is charged to governmental activities as follows:						
General Government	activities as Ione	sws. \$ 60	R			
Gonoral Government		Ψ	<u>u</u>			

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. CAPITAL ASSETS (Continued)

·	Balance at01/01/21	Additions	Disposals	Transfers	Balance at 12/31/21
Business-Type Activities:					
Capital Assets not Being					
Depreciated					
Land	\$ 41,262	\$ 7,825	\$ -	\$ -	\$ 49,087
Construction In Progress		730,306	_	-	730,306
Total Capital Assets not Being					
Depreciated	41,262	738,131	_	_	779,393
•	,	, , , , , , ,	2/4		119,393
Capital Assets Being					
Depreciated			347 P	4 4	
Buildings	203,773			_	203,773
Infrastructure	5,739,992	20,694) '	iy	5,760,686
Lagoons	1,918,257	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		_	1,918,257
Improvements	12,334	- /200	_ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	_	12,334
Lift Stations	352,394	- (d)s		_	352,394
Equipment	409,928		W.) _	_	409,928
Vehicles	180,000			-	180,000
Total Capital Assets Being		<u> </u>			
Depreciated	8,816,678	20,694	_	_	8,837,372
*		20,00		_	0,037,372
Less: Accumulated Depreciation	- N	3			
Buildings	167,151	4,101	_	_	171,252
Infrastructure	2,297,772	153,752	_	_	2,451,524
Lagoons	1,118,823	31,971	_	_	1,150,794
Improvements	12,334	- · · · · · · · · -	_	_	12,334
Lift Stations	163,747	7,048	_	-	170,795
Equipment	352,278	11,802	_	_	364,080
Vehicles	154,500	18,000	-	_	172,500
Total Accumulated					
Depreciation	4,266,605	226,674	_	_	4,493,279
_ . F					4,493,279
Total Capital Assets Being					
Depreciated, Net	4,550,073	(205,980)		-	4,344,093
Capital Assets, Net	\$ 4,591,335	<u>\$ 532,151</u>	\$ -	\$ -	\$ 5,123,486

2.C. ACCRUED SEVERANCE

Full time employees of the City are entitled to a percentage of their unused sick leave (maximum 1,240 hours) as severance at the time of their retirement. The percentages vary based on years of service with the City and are calculated using their current rate of pay. There are currently nine full time employees who qualify for the benefit.

See Note 2.D. for changes in accrued severance.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities (of which, the City has none). All bonds set forth below are direct obligations of the City and pledge the full faith and credit of the City.

Debt Detail

As of December 31, 2021, the long-term debt of the financial reporting entity, excluding the bond premium of \$51,027, consists of the following:

Governmental Activities

		General Ob	ligation Bonds	N ₂		
Type of Debt	Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
G.O. Bonds, 2015A	08/15	\$ 995,000	\$30,000-\$75,000	3.00-3.25%	02/31	\$ 705,000
G.O. Improvement Bonds, 2018A G.O. Improvement	08/18	\$ 2,340,000	\$20,000-\$330,000	3.00-3.25%	02/34	2,315,000
Refunding Bonds, 2020A	08/20	\$ 2,281,000	\$99,000-\$409,000	0.75 1.250/	00/00	1 000 000
restanting Bonds, 2020/1	00/20			0.75-1.35%	02/28	1,908,000
	Total Governmental Activities Bonds Payable					4,928,000
	Bonds Due Within One Year					485,000
	,	Bonds Due After	r One Year			\$ 4,443,000

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities, excluding the net pension liability, for the year ended December 31, 2021:

Type of Debt Governmental Activities:		Balance 1/1/2021	Additions		Balance 12/31/2021	Amounts Due Within One Year
G.O. Bonds G.O. Refunding Bonds Unamortized Bond Premium Accrued Severance	\$	3,110,000 2,281,000 60,066 29,589	2,895	\$ (90,000) (373,000) (9,039) (1,774)	, , , , , ,	\$ 85,000 400,000 -
Total	<u>\$</u>	5,480,655	\$ 2,895	\$ (473,813)	\$ 5,009,737	\$ 485,000
Business-Type Activities: Accrued Severance	\$	38,390	\$ 28	\$	\$ 38,418	\$ -

Governmental activity debt is typically funded through the Debt Service Funds. Accrued severance is funded through the funds to which the respective employees' wages are allocated.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2021, the estimated annual debt service requirements to maturity, including principal and interest, and excluding accrued severance and net pension liability, are as follows:

	 Governmen	tal Acti	vities		
Years Ending	 	G.	O. Bonds		
December 31,	 Principal		Interest		Total
2022	\$ 485,000	\$	108,355	\$	593,355
2023	489,000		102,335	Ž.	591,335
2024	489,000		95,844		584,844
2025	504,000		89,231		593,231
2026	385,000		80,914	3,	465,914
2027-2031	1,981,000		243,543	(1×10	2,224,543
2032-2034	 595,000		29,375	3(1)	624,375
		1 20	. <u>4</u>	N 1 + 1 7 	
Totals	\$ 4,928,000	<u>\$</u>	749,597	\$	5,677,597

Interest expense totals \$111,614 in the Statement of Activities (included in Debt Service line). Interest expenditures total \$112,872 for the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (included in the line Interest and Other Charges).

2.E. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2021:

			Transfers In	
		Nonmajor Fund	Major Fund	
	Transfers	Street	Equipment	
Major Funds	Out	Projects Fund	Fund	Total
General	\$ 340,000	\$ 115,000	\$ 225,000	\$ 340,000

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.E. INTERFUND TRANSACTIONS AND BALANCES (Continued)

The interfund balances at December 31, 2021 are as follows:

Long-Term Bal	ances		
Advance From Fund	Advance to Fund		
2008 Improvement Bond Fund	Water Fund	\$ 40,000	Long-term interfund loan
2015 Improvement Bond Fund	Water Fund	87,877	Long-term interfund loan
2018 Capital Improvement Fund	Water Fund	456,000	Long-term interfund loan
2008 Improvement Bond Fund	Sewer Fund	120,000	Long-term interfund loan
2015 Improvement Bond Fund	Sewer Fund	§ 87 , 877	Long-term interfund loan
2018 Capital Improvement Fund	Sewer Fund	324,000	Long-term interfund loan
General Fund	Fire Service Fund	120,000	Long-term interfund loan
Total Long-Term Interfund Balance	A	1,235,754	
Government Fund Elimination		(120,000)	
Government-wide Internal Balances		\$ 1,115,754	

It is the City's intent to remit \$20,000 per year from the Water Fund and \$61,000 per year from the Sewer Fund to the 2008 Improvement Bond Fund, as well as \$10,000 per year to the 2015 Improvement Bond Fund from both the Water Fund and Sewer Funds. The City also intends to remit \$38,000 per year from the Water Fund and \$27,000 per year from the Sewer Fund to the 2018 Capital Improvement Fund. Also, the City intends to remit \$40,000 each year for four years to the Fire Service Fund from the General Fund (via the expendable trust).

2.F. FUND EQUITY

At December 31, 2021, governmental fund equity consists of the following:

General Fund	
Nonspendable - Prepaids	\$ 47,975
Nonspendable - Advances to Other Funds	120,000
Restricted - American Rescue Plan Act Expenditures	146,056
Assigned	531,168
Unassigned	2,303,334
Total General Fund Balance	\$ 3,148,533
Fire Service Fund	
Nonspendable - Prepaids	\$ 17,759
Assigned	396,846
Total Fire Service Fund Balance	\$ 414,605
EDA Fund	
Assigned	\$ 90,044

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.F. FUND EQUITY (Continued)

2020 Improvement Bond Fund Nonspendable - Advances to Other Funds Restricted	\$ 160,000 665,457
Total 2020 Improvement Bond Fund	\$ 825,457
2018 Improvement Bond Fund	
Nonspendable - Advances to Other Funds Restricted	\$ 780,000 296,978
Total 2018 Improvement Bond Fund Balance	\$ 1,076,978
Equipment Fund Assigned Nonmajor Governmental Funds	\$ 153,149
Nonspendable - Prepaids	\$ 5,040
Nonspendable - Advances to Other Funds	175,754
Restricted for 2015 Improvement Bond Fund Restricted for TIF District 1-8	197,827
Restricted for TIF District 1-8 Restricted for TIF District 1-9	15,150
Restricted for Revolving Loan Fund	38,509
Restricted for Small Cities Development Grant Fund	82,070
Assigned for Swimming Pool Fund	143,509
Assigned for Street Projects Fund	392,563
	 38,877
Total Nonmajor Governmental Funds Balance	\$ 1,089,299

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE

Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

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 Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.20 percent for each of the first 10 years of service and 1.70 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70 percent 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 1.00 percent and a maximum of 1.50 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.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.00 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1.00 percent. Recipients that have been receiving the annuity or benefit for at least 36 months 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 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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 2021 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 year ended December 31, 2021 were \$33,412. The City's contributions were equal to the required contributions as set by State Statute.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021 were \$53,343. The City's contributions were equal to the required contributions as set by State Statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$256,227 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 \$7,846.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0060 percent at the end of the measurement period and 0.0061 percent for the beginning of the period.

City's proportionate share of the	he net pension liability	()	\$256,227
State of Minnesota's proportio liability associated with the C		n	7.046
naumty associated with the C	ny ()		<u>7,846</u>
Total			<u>\$264,073</u>

For the year ended December 31, 2021, the City recognized pension expense of \$20,027 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$633 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Plan.

At December 31, 2021, 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:

	Deferred Outflows of Resources			ed Inflows of esources
Differences Between Expected				
and Actual Economic Experience	\$	1,548	\$	7,856
Change in Actuarial Assumptions Difference Between Projected		156,447		5,703
and Actual Investment Earnings		-		221,255
Changes in Proportionate Share Contributions Paid to PERA Subsequent		6,916		4,497
to the Measurement Date		18,084	<u> </u>	
Total City Deferred Outflows/Inflows	\$	182,995	\$	239,311

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

The \$18,084 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,	Pensi	ion Expense
2022	\$	(8,039)
2023	\$	(2,486)
2024	\$	(3,350)
2025	\$	(60,525)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$186,798 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0242 percent at the end of the measurement period and 0.0234 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$11,054 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$1,530 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$2,178 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's onbehalf contributions to the Police and Fire Fund.

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

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

		ed Outflows of Resources		Inflows of ources
Differences Between Expected				
and Actual Economic Experience	\$	34,775	\$	_
Change in Actuarial Assumptions		274,545		74,081
Difference Between Projected	•	,		,
and Actual Investment Earnings		-		357,027
Changes in Proportionate Share		45,501		14,442
Contributions Paid to PERA Subsequent		a Sic		,
to the Measurement Date		29,356		-
Total City Deferred Outflows/Inflows	\$	384,177	\$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	445,550

The \$29,356 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
December 31,	Pension Expense
2022	\$ (95,867)
2023	\$ (8,791)
2024	\$ (17,559)
2025	\$ (30,373)
2026	\$ 61,861

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2021 was \$31,081.

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%	

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021 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 6.50 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 6.50 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 and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1.00 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.00 percent after 29 years of service and 6.00 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.00 percent after 24 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan were completed in 2020 and was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

NOTE 3 DEFINED BENEFIT PENSION PLANS - STATEWIDE (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

• There have been no changes since the prior valuation.

Discount Rate

The discount rate used to measure the total pension liability in 2021 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 positions of the General Employees Fund and the Police and Fire Fund were 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.

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> </u>	Sensit	ivity Aı	nalysis			
Net Pen	sion Liability	at Diff	erent Discount	Rates		
	General	Employ	ees Fund	Police	and Fir	e Fund
1% Increase in Discount Rate	7.50%	\$	37,674	7.50%	\$	(146,230)
Current Discount Rate	6.50%	\$	256,227	6.50%	\$	186,798
1% Decrease in Discount Rate	5.50%	\$	522,572	5.50%	\$	593,053

Pension Plan Fiduciary Net Position

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

NOTE 4 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION

Plan Description

Firefighters of the City of Foley are members of the Foley Fire Relief Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan operates under the provisions of Minnesota laws 1965 Ch. 446 as amended, and the applicable provisions of *Minnesota Statute* Chs. 69 and 424 and 424A. It is governed by a Board of Trustees consisting of six members elected by the members of the Association, and the Mayor, the City Administrator and Fire Chief, who serve as ex-officio members of the Board.

Benefits Provided

After the age of 50 and upon retirement, each member who has served as an active firefighter in the Association is eligible for varying levels of pension benefits, dependent upon the individual's years of service. In addition, members or their beneficiaries may qualify for death or disability benefits.

Contributions

The Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statute 1980) specifies minimum contributions required on an annual basis. The minimum support rates from the municipality and state aid are determined in the amount required to meet the normal cost plus amortizing any existing prior year service costs over a 10-year period. The City's contributions to the Association for the year ended December 31, 2021 total \$7,500.

Pension Costs

At December 31, 2021, the City of Foley reported a net pension asset of \$402,168 for the Fire Relief Association's plan. The net pension asset was measured as of December 31, 2020, as determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2021, the City recognized pension expense of negative \$61,777 for the Association. The City also recognized \$57,240 for the year ended December 31, 2021, as pension expense (and grant revenue) for the State of Minnesota's contributions to the Association.

The following table presents the changes in net pension asset during the year:

		Total Pension Liability		n Fiduciary et Position	et Pension ility (Asset)
Beginning Balance 1/1/2020		\$	861,049	\$ 1,099,867	\$ (238,818)
Service Cost			39,379	_	39,379
Interest Cost			44,547	-	44,547
Assumption Changes			(55,677)		(55,677)
Projected Investment Retu	ırn		-	56,091	(56,091)
Contributions (Employer)			_	12,395	(12,395)
Contributions (State)			-	57,240	(57,240)
Asset (Gain)/Loss			(40,850)	31,768	(72,618)
Benefit Payouts			(18,969)	(18,969)	
Administrative Fee				(6,745)	6,745
Net Changes			(31,570)	 131,780	(163,350)
Balance End of Year 12/31/2	0	\$	829,479	\$ 1,231,647	\$ (402,168)

NOTE 4 DEFINED BENEFIT PENSION PLANS – FIRE RELIEF ASSOCIATION (Continued)

At December 31, 2021, the City of Foley reported deferred outflows of resources and inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences Between Expected				
and Actual Economic Experience	\$	-	\$	74,877
Changes in Actuarial Assumptions		6,446		55,223
Difference Between Projected				
and Actual Investment Earnings		-		50,217
Contributions Paid to PERA Subsequent				
to the Measurement Date		7,500		_
Total City Deferred Outflows/Inflows	\$	13,946	<u>\$ (</u>	180,317

A total of \$7,500 reported as deferred outflows of resources related to the pension resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended	
December 31,	Pension Expense
2022	\$ (29,084)
2023	\$ (17,371)
2024	\$ (33,886)
2025	\$ (18,513)
2026	\$ (12,159)
2027 - 2031	\$ (48,007)
2032 - 2033	\$ (14.851)

Actuarial Assumptions

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

Assumptions	Rates
Investment Rate of Return (Discount)	5.00%
Expected Long-Term Rate of Return	5.00%
20-Year Municipal Bond Yield	N/A
Salary Increases	2.50%
Interest on Deferred Amounts	0.00%

There were no changes made to actuarial assumptions during 2020 except that the retirement assumption changed from age 50 to a graded schedule based on age.

There were no changes made to plan provisions since the prior valuation.

NOTE 4 DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION (Continued)

Pension Asset Sensitivity

The following presents the City's net pension asset for the Fire Relief Association's plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1% I	Decrease in			1%	6 Increase in
	Discoun	t Rate (4.00%)	Discou	nt Rate (5.00%)	Disco	unt Rate (6.00%)
Net Pension Asset	\$	(372,856)	\$	(402,168)	\$	(430,367)

Plan Investments

Asset Allocation

The long-term expected rate of return on pension plan investments is 5.00 percent. The asset allocation and best estimates of arithmetic real rates of return for each major asset class of the Association's pension fund investments are summarized in the following table:

Asset Class	Portfolio Weight	Long-Term Expected Real Rate of Return
Cash	4%	1.75%
Fixed Income	56%	3.50%
Equities	39%	7.25%
Other	1%	6.00%

Description of significant investment policy changes during the year

The Fire Relief Association made no significant changes to their investment policy during fiscal year 2020.

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City at 251 4th Avenue N, P.O. Box 709, Foley, MN 56329.

NOTE 5 OTHER NOTES

5.A. RISK MANAGEMENT

Claims and Judgements

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. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

NOTE 5 OTHER NOTES (Continued)

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. The City's management is not aware of any incurred but not reported claims.

Public Health Emergency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the City, to date, the City has not experienced any significant negative effects on its operations.

5.B. TAX INCREMENT FINANCING DISTRICTS

The City occasionally enters into tax increment financing arrangements with local businesses, for the purpose of stimulating economic growth within the City. Eligibility for businesses seeking tax abatements of this nature is determined in accordance the applicable Minnesota Statutes, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Any tax increment generated by the district and not retained by the City for administrative costs is returned to the business to finance the debt incurred for the related improvements.

The following is a summary of the City's current tax increment financing districts:

Name of District:	Housing District #1-8
	Prairie Cottages Assisted Living Project
75	Housing
Authorizing Law:	MN Statutes Sections 469.174
Year Established:	2012
Duration of District:	25 Years
Original Base Net Tax Capacity:	\$ 3,200
Current Net Tax Capacity:	\$ 5,120
Captured Net Tax Capacity:	
Retained by City	\$ 1,920
Shared with Other Taxing Districts	\$ -
Taxes Abated in 2021:	\$ -

NOTE 5 OTHER NOTES (Continued)

5.B. TAX INCREMENT FINANCING DISTRICTS (Continued)

Name of District: Economic Development District #1-9

Business Name: Silt Sock, Inc.

Purpose: Economic Development

Authorizing Law: MN Statutes Sections 469.174, Subd. 12

Year Established: 2018
Duration of District: 20 Years

Original Base Net Tax Capacity:

Current Net Tax Capacity:

\$ 8,105

\$ 48,186

Captured Net Tax Capacity:

Retained by City

Shared with Other Taxing Districts

Taxes Abated in 2021:

\$ 40,080 \$ -\$ 41,517

5.C. COMMITMENTS

As of December 31, 2021, the City is in negotiations to purchase land for a future industrial park. Future costs related to this purchase are estimated to total \$516,800.

5.D. OTHER EMPLOYEE BENEFITS

The City provides eligible employees future retirement benefits through a voluntary retirement savings plan (the Plan) authorized under Section 457 of the internal revenue code. The City has contracted with a private brokerage firm to establish the Plan, and plan assets are not held in a formal trust meeting the criteria defined by GASB No. 73, par 4. The City Council acts as the plan administrator, but the City is not involved with the investment decisions for plan assets. Eligible employees of the City may begin participating in the Plan commencing on the date of their employment by electing to have a percentage of their pay contributed to the Plan. The City does not make any contributions to the Plan.

5.E. SUBSEQUENT EVENTS

Vehicle Purchase

Subsequent to year-end and prior to the issuance of these financial statements, the City Council approved public works expenditures for the purchase of a used vacuum truck totaling \$297,000.

Construction Contracts

Subsequent to year end an prior to the issuance of these financial statements, the City approved construction and engineering service contracts for the City's wastewater expansion project at an estimated cost of \$17,979,831. Additionally, the City approved shared costs for the City's Highway 23 utility improvement project with the Minnesota Department of Transportation at an estimated cost of \$1,688,164.

5.F. NEW ACCOUNTING STANDARD

In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. GASB Statement No. 87 (GASB 87) increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB 87 replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. GASB 87 will be effective for the City's fiscal year ended December 31, 2022. The effect on net position will likely be significant.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOLEY, MINNESOTA BUDGETARY COMPARISON SCHEDULE – GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2021

	A	Budget Amounts - Original and Final		Actual Amounts Budgetary Basis	Va	riance with Budget Over (Under)
REVENUES						
Taxes						
Property Taxes	\$	671,836	\$	671,783	\$	(53)
Franchise Taxes	•	7,000	4	7,190	Ψ	190
Total Taxes	,	678,836		678,973		137
Special Assessments		3,000		4,748		1,748
Licenses and Permits		45,600°	S.	43,675		(1,925)
Intergovernmental Revenue Federal Revenue			B			
American Rescue Plan Act Funds	1	.)		146,056		146,056
State Revenue	4		(2)			
Local Government Aid	A 12 A	836,219	3	836,219		-
Market Value Credit Transportation				223		223
Police and Fire Aid	7	20.000		47,380		47,380
Other State Grants and Aids		30,000		36,770		6,770
County Revenue		· . •		9,273		9,273
Highways	sy A 🗼	6 260		14 250		7.000
Other County Grants and Aids		6,360 12,000		14,350		7,990
Total Intergovernmental Revenue				13,892		1,892
Total Intergovernmental Revenue		884,579		1,104,163		219,584
Charges for Services						
General Government		2,100		3,308		1,208
Police and Fire Contracts		41,300		47,434		6,134
Streets and Highways		500		250		(250)
Parks and Recreation		4,000		4,950		950
Total Charges for Services	•	47,900	-	55,942		8,042
Fines and Forfeitures		14,500		14,090		(410)
Miscellaneous Revenue						
Investment Earnings		26,600		(32,366)		(58,966)
Refunds and Reimbursements		6,000		5,796		(204)
Contributions and Donations		3,000		2,160		(840)
Other Miscellaneous		6,100		23,067		16,967
Total Miscellaneous Revenue		41,700		(1,343)		(43,043)
TOTAL REVENUES		1,716,115		1,900,248		184,133

CITY OF FOLEY, MINNESOTA BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued) FOR THE YEAR ENDED DECEMBER 31, 2021

		Budget Amounts - Original and Final		Actual Amounts udgetary Basis	V	ariance with Budget Over (Under)
EXPENDITURES						
General Government						
Mayor and Council	\$	16,850	\$	12,472	\$	(4,378)
Administration and Finance		114,650		116,886	•	2,236
Other General Government		459,450		503,580		44,130
Capital Outlay		18,000		56,968		38,968
Total General Government		608,950		689,906		80,956
Public Safety		4.38				
Police			12			
Current		457,000		442,266		(14,734)
Other Public Safety			· (` , ,
Current		36,400	۱۱ <u>۱۲ که</u> س	21,396		(15,004)
Total Public Safety	£.	493,400		463,662		(29,738)
Public Works	(* 13)	1.				
Street Maintenance and Storm Sewers	10. D	155,600		101 017		25.45
Snow and Ice Removal		69,000		181,217		25,617
Total Public Works		224,600		60,610		(8,390)
	, (°	224,000		241,827		17,227
Culture and Recreation	\mathcal{N}_{i}	/				
Parks and Recreation						
Current ()		44,665		50,681		6,016
Capital Outlay		5,000		1,389		(3,611)
Total Culture and Recreation		49,665		52,070		2,405
TOTAL EXPENDITIONS		105661				
TOTAL EXPENDITURES		1,376,615		1,447,465		70,850
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES		339,500		452,783		113,283
OTHER FINANCING SOURCES (USES)						
Sale of Assets		500				(500)
Transfers Out		(340,000)		(340,000)		(500)
TOTAL OTHER FINANCING SOURCES (USES)		(339,500)		(340,000)		(500)
(Colls)		(337,300)		(340,000)		(500)
NET CHANGE IN FUND BALANCE	\$			112,783	\$	112,783
FUND BALANCE - BEGINNING				3,035,750		
FUND BALANCE - ENDING			\$	3,148,533		

CITY OF FOLEY, MINNESOTA BUDGETARY COMPARISON SCHEDULE – FIRE SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2021

		Budget Amounts - Original and Final	-	Actual Amounts Budgetary Basis		iance with Budget Over Under)
REVENUES						
Taxes						
Property Taxes	\$	86,500	\$	86,502	\$	2
Intergovernmental Revenue						
Federal Revenue						
Other Federal Grants		-		1,578		1,578
State Revenue						
Police and Fire Aid		(A)		59,664		59,664
Other State Grants and Aids Local Revenue		7 (*)	*.7	300		300
Other Local Grants		2000				(* 0.00)
	_	3,000		()		(3,000)
Total Intergovernmental Revenue		3,000	7	61,542		58,542
Charges for Services	Ŋ	i vita i i i i i i i i i i i i i i i i i i				
Police and Fire Contracts		201,000	50	253,159		52,159
A - A - A		201,000		255,159		32,139
Miscellaneous Revenue						
Investment Earnings (Loss)		500		(8,300)		(8,800)
Refunds and Reimbursements	j. A	- ·		12,005		12,005
Contributions and Donations		<u> </u>		23,265		23,265
Total Miscellaneous Revenue		500		26,970		26,470
TOTAL REVENUES		291,000		428,173		137,173
EXPENDITURES						
Public Safety						
Fire						
Current		241,000		212,754		(28,246)
Capital Outlay		50,000		26,929		(23,071)
Total Public Safety		291,000		239,683		(51,317)
NET CHANGE IN FUND BALANCE	\$	-		188,490	\$	188,490
FUND BALANCE - BEGINNING				226,115		
FUND BALANCE - ENDING			\$	414,605		

CITY OF FOLEY, MINNESOTA SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY LAST TEN YEARS (Presented Prospectively)

For the Measurement Year Ended June 30 General Employee 2021	City's Proportion of the Net Pension Liability (Asset) es Retirement Pension 0.0060%	— ı Pl	City's Proportionate Share of the Net Pension Liability (Asset) (a)	Sl Pe	State's Proportionate hare of the Net ension Liability ssociated with the City (b)	S Pe S Pe A	City's Proportionate hare of the Net ension Liability and the State's Proportionate hare of the Net ension Liability ssociated with the City (a+b)		City's (Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.0061%	\$	365,723	\$	7,846 11,299	\$ -\$	264,073	\$	431,813	61.2%	87.0%
2019	0.0059%	\$	326,198	\$	10,166	\$	377,022 336,364	\$ \$	435,213	86.6%	79.1%
2018	0.0058%	\$	321,760	\$	10,100	\$	332,331	ъ \$	416,815	80.7%	80.2%
2017	0.0056%	\$	357,500	\$	4,494	Φ.	361,994	ъ \$	391,702	84.8%	79.5%
2016	0.0059%	\$	479,051	\$	7,727	ψ.	479,051	\$	358,933	100.9%	75.9%
2015	0.0066%		342,046	\$		Φ.	342,046	\$	363,507	131.8%	68.9%
	0.000070	Ψ	5-12,0-10	Ψ.		. Ф	342,040	Ф	414,145	82.6%	78.2%
Public Employees	Police and Fire Pens	ion	Plan								
2021	0.0242%		186,798	\$	8,402	\$	195,200	\$	285,463	68,4%	02.50/
2020	0.0234%	\$	308,437	\$	7,281	\$	315,718	\$	264,416	119,4%	93.7%
2019	0.0207%	\$	220,372	φ.	7,201	\$	220,372	\$,		87.2%
2018	0.0209%	\$	222,772	\$) i	\$	222,772	\$	217,825	101.2%	89.3%
2017	0.0170%	\$	229,520	¢.	-	φ	•	\$	219,889	101.3%	88.8%
2016	0.0190%	\$	762,503	d.		\$ \$	229,520	-	174,019	131.9%	85.4%
2015	0.0190%	\$	215,884	Ф \$	-	\$	762,503	\$	183,315	416.0%	63.9%
2010	0.019070	Φ	213,004	Φ	-	Ф	215,884	\$	172,478	125.2%	86.6%

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 (June 30, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF FOLEY, MINNESOTA SCHEDULE OF CITY PENSION CONTRIBUTIONS

LAST TEN YEARS (Presented Prospectively)

For the Fiscal Year Ended December 31		Statutorily Required Contribution	R	ontributions in delation to the Statutorily Required Contribution		Contribution City's Deficiency Covered (Excess) Payroll			Contributions as a Percentage of Covered Payroll
General Employee	s Retir	rement Pension	Plar	ı					
2021	\$	33,412	\$	33,412	\$	_	\$	445,493	7.5%
2020	\$	33,692	\$	33,692	\$	-	\$	449,227	7.5%
2019	\$	31,952	\$	31,952	\$	-	\$	426,021	7.5%
2018	\$	30,382	\$	30,382	\$	_	\$	405,096	7.5%
2017	\$	28,579	\$	28,579	\$	-	\$	381,053	7.5%
2016	\$	25,976	\$	25,976	\$	-	\$	346,347	7.5%
2015	\$	28,875	\$	28,875	\$	3 2 3	\$	392,909	7.3%
Public Employees	Police	and Fire Pensi	on P	lan			14 <i>)</i> 2	ϕN_{c}	
2021	\$	53,343	\$	53,343	\$	₹7.4. %	\$	301,373	17.7%
2020	\$	51,273	\$	51,273	\$		\$	289,678	17.7%
2019	\$	40,432	\$	40,432	\$	- 1	\$	238,536	17.0%
2018	\$	35,956	\$	35,956	\$	Na Paragraphy	\$	221,951	16.2%
2017	\$	30,452	\$	30,452	\$	\$	\$	187,975	16.2%
2016	\$	29,329	\$	29,329	\$		\$	181,043	16.2%
2015	\$	29,034	\$	29,034	\$		\$	179,221	16.2%
Volunteer Fire Rel	ias An	nasiation							
2021	s \$	sociation	ø	7,500	d)	(7.500)		>T/4	27/1
2021	\$	-	Φ		\$	(7,500)		N/A	N/A
2019	\$	_	q.	7,500 7,500	\$ \$	(7,500)		N/A	N/A
2019	\$		Φ.	7,500	· \$	(7,500)		N/A	N/A
2017	я \$		\$	7,500	\$ \$	(7,500)		N/A	N/A
2016	\$	- 3 7 5	Φ.	3.8 1.5 1.5 1.5		(7,500)		N/A	N/A
2015	\$ \$	- N	Φ.	7,500	\$	(7,500)		N/A	N/A
201 <i>3</i>	ψ	/ *	Ф	7,500	\$	(7,500)		N/A	N/A

Note: The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF FOLEY, MINNESOTA SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) FIRE RELIEF ASSOCIATION LAST TEN YEARS (Presented Prospectively)

	Measurement Year Ended December 31,											
		2020		2019		2018		2017		2016		2015
Changes in Total Pension Liability (TPL)												
Balance at January 1st	\$	861,049	\$	700,239	\$	653,311	\$	517,148	\$	500,316	\$	451,715
Service Cost		39,379		33,593		30,013		25,324		27,648		28,458
Interest on the TPL		44,547		36,692		32,458		25,767		29,038		24,718
Assumption Changes		(55,677)		-		((5,265)		-(11,051		21,710
Plan Changes		-		90,525	2		(85,072		, <u> </u>		-
Actuarial Experience (Gains)/Losses		(40,850)		-		(10,278)		·		(50,905)		_
Benefit Payments		(18,969)	_		. —	<u> </u>	Ľ					(4,575)
D.I. and and	•	200 400			\ 1.							
Balance at December 31st	\$	829,479	\$	861,049	. <u>\$</u>	700,239	\$	653,311	\$	517,148	\$	500,316
Plan Fiduciary Net Position (PFNP)				$= \sqrt{\langle \langle I \rangle \rangle}$	- 2	1) 11.7						-
Balance at January 1st	\$	1,099,867	e i	017 (25	di.	006055	Φ.					
Butance at Junuary 1st	Φ	1,099,007	Ð	917,635	\$	896,855	\$	743,270	\$	670,255	\$	626,807
Fire State Aid		57,240	4	53,830	2	52,434		51,416		51,569		50,835
Municipal Contributions		12,395	>	10,987		13,200		12,720		7,500		7,500
Projected Investment Income		56,091		47,333		44,010		36,691		38,472		35,937
Gain or Loss		31,768		76,863		(82,574)		58,568		(23,936)		(45,659)
Total Additions	>	157,494	`\	189,013		27,070		159,395		73,605		48,613
D. C. D.				7				,		,		10,015
Benefit Payments		(18,969)	3	-		-		-		-		(4,575)
Administrative Expenses		(6,745)		(6,781)		(6,290)		(5,810)		(590)		(590)
Total Reductions		(25,714)		(6,781)		(6,290)		(5,810)		(590)		(5,165)
Balance at December 31st	\$	1,231,647	\$	1,099,867	\$	917,635	\$	896,855	\$	743,270	\$	670,255
											—	5,0,200
Net Pension Liability (Asset) - December 31st	<u>\$</u>	(402,168)	\$	(238,818)	\$	(217,396)	\$	(243,544)	\$	(226,122)	\$	(169,939)
Plan Fiduciary Net Position as a Percentage of												
Total Pension Liability (Asset)		148%		128%		1210/		10.507		44		
Tom I diction Encounty (Asset)		140%		128%		131%		137%		144%		134%

Note: The schedule is provided prospectively with the City's fiscal year ended December 31, 2016 (December 31, 2015 measurement date) and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 1 BUDGETARY COMPARISON SCHEDULES

	Budgeted	Actual	
Fund	Expenditures	Expenditures	
General	\$ 1,376,615	\$ 1,447,465	

The expenditures in excess of budget for the General Fund are primarily due to unbudgeted equipment purchases and street and vehicle repair and maintenance costs during the year.

In aggregate, actual expenditures for the Fire Service Fund were within budgeted amounts.

The City did not budget for any revenues or expenditures in the EDA Fund in the current year. Because of this, a budgetary comparison schedule has not been presented for this major special revenue fund.

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- 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 percent 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 percent Joint & Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100 percent Joint & Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN - GENERAL EMPLOYEES FUND (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

• The employer supplemental contribution was changed prospectively, decreasing 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 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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 Changes

Changes in Actuarial Assumptions

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- 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.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 2 PUBLIC EMPLOYEES RETIREMENT PLAN – GENERAL EMPLOYEES FUND (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions

There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

• The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

• On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

NOTE 3 PUBLIC EMPLOYEES RETTREMENT PLAN – POLICE AND FIRE FUND

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall
 impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result
 in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN – POLICE AND FIRE FUND (Continued)

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- 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.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA
 has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 3 PUBLIC EMPLOYEES RETIREMENT PLAN - POLICE AND FIRE FUND (Continued)

- Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- 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.

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

• The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions

• The post-retirement benefit increase to be paid after attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

2020 Changes

Changes in Actuarial Assumptions

• The retirement assumption changed from age 50 to a graded schedule based on age.

Changes in Plan Provisions

• There have been no changes since the prior valuation.

CITY OF FOLEY, MINNESOTA NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2021

NOTE 4 DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION (Continued)

2019 Changes

Changes in Actuarial Assumptions

• There have been no changes since the prior valuation.

Changes in Plan Provisions

- A benefit increase from \$3,700 to \$4,100 was reflected in the active liability.
- The vesting schedule was updated to reflect the table in the current plan bylaws.

2018 Changes

Changes in Actuarial Assumptions

• The benefit level changed from 4.75 percent to 5.00 percent.

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2017 Changes

Changes in Actuarial Assumptions

• There have been no changes since the prior valuation.

Changes in Plan Provisions

• A benefit increase from \$3,200 to \$3,700 was reflected in the active liability.

2016 Changes

Changes in Actuarial Assumptions

• The discount rate changed from 5.50 percent to 4.75 percent.

Changes in Plan Provisions

• There have been no changes since the prior valuation.

2015 Changes

There were no significant changes made to actuarial assumptions or plan provisions during 2015.

SUPPLEMENTARY INFORMATION

CITY OF FOLEY, MINNESOTA COMBINING BALANCE SHEET ALL NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2021

	Debt	Nonmajor Service unds		tal Nonmajor cial Revenue Funds		najor Street ects Fund	al Nonmajor vernmental Funds
ASSETS							
Cash, Cash Equivalents, and Investments	\$	251,261	\$	617,940	\$	57,747	\$ 926,948
Property Taxes Receivable		638		611		-	1,249
Assessments Receivable		55,585		-		-	55,585
Prepaids		+		5,040		-	5,040
Loans Receivable		100 004		9,398		-	9,398
Advances to Other Funds		175,754		14		-	 175,754
TOTAL ASSETS	\$	483,238	\$	632,989	\$	57,747	\$ 1,173,974
LIABILITIES							
Accounts Payable	\$	-	\$		\$ {	18,870	\$ 18,870
DEFERRED INFLOWS OF RESOURCES					4.)		
Unavailable Revenue:				a, gi	1		
Property Taxes		413		409	Į.	-	822
Special Assessments		55,585		_ ^ ^ - `		-	55,585
Loans Receivable				9,398		M	9,398
Total Deferred Inflows of Resources		55,998		9,807		-	65,805
FUND BALANCES	$\mathcal{N}(\mathcal{S}_{\mathcal{A}})$	30.7%	7				
Nonspendable	>	175,754		5,040		-	180,794
Restricted	N.,	251,486		225,579		-	477,065
Assigned		_		392,563		38,877	 431,440
Total Fund Balances	7 - 12 	427,240		623,182		38,877	 1,089,299
TOTAL LIABILITIES, DEFERRED INFLOWS							
OF RESOURCES, AND FUND BALANCES	\$	483,238	<u>\$</u>	632,989	\$	57,747	\$ 1,173,974

CITY OF FOLEY, MINNESOTA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	Total Nonmajor Debt Service Funds	Total Nonmajor Special Revenue Funds	Nonmajor Street Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Property Taxes	\$ 33,977	\$ 20,136	\$ -	\$ 54,113
Tax Increment	60,090		-	60,090
Special Assessments	32,393	-		32,393
Charges for Services	-	62,912	-	62,912
Investment Income (Loss)	45	(3,906)	-	(3,861)
Loan Collections	-	2,208	_	2,208
Miscellaneous	-	3,184		3,184
TOTAL REVENUES	126,505	84,534	-	211,039
EXPENDITURES Current:				
Parks and Recreation	-	94,759		94,759
Economic Development	43,517		· ·	43,517
Capital Outlay		58,113	78,227	136,340
Debt Service:				
Principal	65,000	ny ji Mistor 🕶	-	65,000
Interest and Other Charges	23,349	<u> </u>		23,349
TOTAL EXPENDITURES	131,866	152,872	78,227	362,965
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,361)	(68,338)	(78,227)	(151,926)
OTHER FINANCING SOURCES (USES)	- Y 2 3 3 1			
Transfers In	-		115,000	115,000
NET CHANGE IN FUND BALANCES	(5,361)	(68,338)	36,773	(36,926)
FUND BALANCES - BEGINNING	432,601	691,520	2,104	1,126,225
FUND BALANCES - ENDING	\$ 427,240	\$ 623,182	\$ 38,877	\$ 1,089,299

CITY OF FOLEY, MINNESOTA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS DECEMBER 31, 2021

	Impr	2015 ovement nd Fund	Prair	1-8 Senior ie Cottages Fund		Silt Sock, . Fund	nl Nonmajor bt Service Funds
ASSETS							
Cash, Cash Equivalents, and Investments	\$	197,602	\$	15,150	\$	38,509	\$ 251,261
Property Taxes Receivable		638		-		-	638
Assessments Receivable		55,585		-		-	55,585
Advances to Other Funds		175,754		N			 175,754
TOTAL ASSETS	\$	429,579	\$	15,150	\$	38,509	\$ 483,238
DEFERRED INFLOWS OF RESOURCES				3 Th. 4			
Unavailable Revenue:					,		
Property Taxes	\$	413	\$	/ N >=	\$		\$ 413
Special Assessments		55,585		₹ (F =	-	<u> </u>	55,585
Total Deferred Inflows of Resources		55,998		<i>}</i>		-	55,998
FUND BALANCES		S.	, Às	$^{\prime\prime}=\phi_{i}(k)$			
Nonspendable		175,754		<u>``\</u> `\		-	175,754
Restricted		197,827	<u>)</u>	15,150		38,509	251,486
Total Fund Balances		373,581	<u> </u>	15,150		38,509	 427,240
	200	K. M					
TOTAL DEFERRED INFLOWS OF			a A				
RESOURCES AND FUND BALANCES	\$	429,579	\$	15,150	\$	38,509	\$ 483,238

CITY OF FOLEY, MINNESOTA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS – DEBT SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	2015		TIF 1-8 Senior		Total Nonmajor
	Improvement		Prairie Cottages	TIF 1-9 Silt	Debt Service
	Bond Fund		Fund	Sock, Inc. Fund	Funds
REVENUES					
Property Taxes	\$. 33,9	977	\$ -	\$ -	\$ 33,977
Tax Increment		-	2,879	57,211	60,090
Special Assessments	32,3	393	-	-	32,393
Investment Income	h	45		_	45
TOTAL REVENUES	66,4	415	2,879	57,211	126,505
EXPENDITURES					
Current:					
Economic Development		-	1,000	42,517	43,517
Debt Service:				1/3	
Principal	65,0	000	, (* (<i>)</i> -		65,000
Interest and Other Charges	23,3	<u> 349</u>	<u> </u>	<u> </u>	23,349
TOTAL EXPENDITURES	88,3	349	1,000	42,517	131,866
NET CHANGE IN FUND BALANCES	(21,9	934)	1,879	14,694	(5,361)
FUND BALANCES - BEGINNING	395,5	<u>515</u>	13,271	23,815	432,601
FUND BALANCES - ENDING	\$ 373,5	<u>581</u>	\$ 15,150	\$ 38,509	\$ 427,240

CITY OF FOLEY, MINNESOTA COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS DECEMBER 31, 2021

		ning Pool und	Rev	olving Loan Fund	De	mall Cities evelopment rant Fund		nl Nonmajor ial Revenue Funds
ASSETS								
Cash, Cash Equivalents, and Investments	\$	392,361	\$	82,070	\$	143,509	\$	617,940
Property Taxes Receivable		611		-		-		611
Prepaids		5,040		-		-		5,040
Loans Receivable				9,398			<u> </u>	9,398
TOTAL ASSETS	\$	398,012	\$	91,468	\$	143,509	\$	632,989
DEFERRED INFLOWS OF RESOURCES				703				
Unavailable Revenue:								
Property Taxes	\$	409	\$	- 4 / A - 1	\$. Y = 1	\$	409
Loans Receivable				9,398	- 42	-		9,398
Total Deferred Inflows of Resources		409		9,398		.)		9,807
FUND BALANCES		. 1						
Nonspendable		5,040	1	A 2		_		5,040
Restricted		7 % %-	7	82,070		143,509		225,579
Assigned		392,563	14) 16 (1	<u>, 47</u> -		, -		392,563
Total Fund Balances		397,603		82,070		143,509		623,182
TOTAL DEFERRED INFLOWS OF		., (
	· .	398,012	¢.	01 469	¢	142 500	dt.	622 000
RESOURCES AND FUND BALANCES	\$	390,012	<u> </u>	91,468	<u> </u>	143,509	\$	632,989

CITY OF FOLEY, MINNESOTA COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

	Swimming Pool Fund	Revolving Loan Fund	Small Cities Development Grant Fund	Total Nonmajor Special Revenue Funds
REVENUES				
Property Taxes	\$ 20,136	\$ -	\$ -	\$ 20,136
Charges for Services	62,912	-	~	62,912
Investment Income (Loss)	(3,997)	- 23	68	(3,906)
Loan Collections	-	2,208	-	2,208
Miscellaneous	-		3,184	3,184
TOTAL REVENUES	79,051	2,231	3,252	84,534
EXPENDITURES				
Current:		1999	$y' \in \mathbb{R}$	
Parks and Recreation	94,759	=		94,759
Capital Outlay	58,113		- (58,113
TOTAL EXPENDITURES	152,872			152,872
NET CHANGE IN FUND BALANCES	(73,821)	2,231	3,252	(68,338)
FUND BALANCES - BEGINNING	471,424	79,839	140,257	691,520
FUND BALANCES - ENDING	\$ 397,603	\$ 82,070	\$ 143,509	\$ 623,182

CITY OF FOLEY, MINNESOTA SCHEDULE OF INDEBTEDNESS FOR THE YEAR ENDED DECEMBER 31, 2021 (UNAUDITED)

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/21	Issued	Paid	Outstanding Balance 12/31/21	Principal Due Within One Year
GOVERNMENTAL INDEBTEDNESS G.O. Bonds, 2015A G.O. Improvement Bonds, 2018A G.O. Improvement Refunding Bonds, 2020A	8/4/2015 8/7/2018 8/18/2020	3.00 - 3.25% 3.00 - 3.25% 0.75 - 1.35%	2/1/2034	\$ 995,000 2,340,000 2,281,000	\$.770,000 2,340,000 2,281,000	\$ -	\$ 65,0 25,0 373,0	00 2,315,00	0 20,000
TOTAL GOVERNMENTAL DEBTS				\$ 5,616,000	\$ 5,391,000	<u>s</u>	\$ 463,0	90 \$ 4,928,00	0 \$ 485,000
			* (
	Į.								
		6)3							

OTHER REQUIRED REPORTS



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Council City of Foley, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Foley, Minnesota (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Foley's basic financial statements, and have issued our report thereon dated Report Date.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Foley's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses: 2012-001 and 2021-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency described in the accompanying *Schedule of Findings and Responses* to be a significant deficiency: 2012-002.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Foley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the City of Foley failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public 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.

City's Response to Findings

The City of Foley's response to the internal control findings identified in our audit have been included in the accompanying Schedule of Findings and Responses and Corrective Action Plans. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

SCHLENNER WENNER & CO.

St. Cloud, Minnesota Report Date

CITY OF FOLEY, MINNESOTA SCHEDULE OF FINDINGS AND RESPONSES DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

Condition:

The City has limited segregation of accounting duties.

Criteria:

The basic premise of proper segregation of duties is that no one employee should have access to both

physical assets and the related accounting records or to all phases of the transaction.

Cause:

There are a limited number of employees.

Effect:

The City's lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in

the financial statements.

Recommendation:

Although the number of employees may not be large enough to eliminate this deficiency, we recommend that the City evaluate current procedures and segregate where possible and implement compensating controls. It is important that the Council is aware of this condition and monitor all

financial information.

Views of Responsible Officials And Planned

Corrective Action:

Management agrees with our recommendation. See corresponding Corrective Action Plan.

Finding 2012-002 Financial Statement Preparation

Condition:

Schlenner Wenner & Co. drafts the financial statements for the City. These financial statements, including disclosures, were reviewed by management and management has taken responsibility for them. However, we believe that management would require additional training in accounting principles generally accepted in the United States of America to adequately apply such standards internally.

Criteria:

The City is required to report accurate financial information.

Cause:

The City's staff does not possess the expertise to prepare financial statements internally. This is not

unusual for a City of your size.

Effect:

The outsourcing of these services is not unusual in entities of the size of the City of Foley and is the result of management's cost benefit decision to rely on our expertise rather than incurring this internal resource cost. However, errors can occur in the financial statements that may not be detected by management.

Recommendation:

While the City may not have adequate controls in place to eliminate this finding, the City should document its annual review of the financial statements.

Views of Responsible Officials And Planned

Corrective Actions:

Management agrees with the recommendation. See corresponding Corrective Action Plan.

CITY OF FOLEY, MINNESOTA SCHEDULE OF FINDINGS AND RESPONSES (Continued) DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2021-001

Material Audit Adjustments

Condition:

Audit adjustments were required to correct material misstatements identified in the trial balance

presented for the audit.

Criteria:

The City is required to report financial information in accordance with accounting principles generally

accepted in the United States of America.

Cause:

The City failed to record certain year-end adjustments for the purpose of properly presenting accrual

balances required under generally accepted accounting principles.

Effect:

The misstatement in the trial balance presented for the audit resulted in the need to record audit

adjustments to achieve fair financial statement presentation under accounting principles generally

accepted in the United States of America.

Recommendation:

We recommend management perform a thorough review of the trial balance prior to the audit and

ensure all transactions have been properly recorded.

Views of Responsible Officials And Planned

Corrective Actions:

Management agrees with the recommendation. See corresponding Corrective Action Plan.

CITY OF FOLEY, MINNESOTA CORRECTIVE ACTION PLANS DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

- Explanation of Disagreement with Audit Finding
 There is no disagreement with the audit finding.
- 2. <u>Actions Planned in Response to the Finding</u>
 The City will review current procedures and implement additional controls where possible.
- 3. <u>Office Responsible</u>
 The City Administrator is the official responsible for ensuring corrective action.
- 4. <u>Planned Completion Date</u>
 The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
- Plan to Monitor Completion
 The City Council will be monitoring this Corrective Action Plan.

Finding 2012-002 Financial Statement Preparation

- 1. <u>Explanation of Disagreement with Audit Finding</u>
 There is no disagreement with the audit finding.
- 2. Actions Planned in Response to the Finding

 The City may continue to have the auditor prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures. The City will revisit this decision on an ongoing, annual basis.
- 3. Office Responsible
 The City Administrator is the official responsible for ensuring corrective action.
- 4. <u>Planned Completion Date</u>
 The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
- 5. Plan to Monitor Completion
 The City Council will be monitoring this Corrective Action Plan.

CITY OF FOLEY, MINNESOTA CORRECTIVE ACTION PLANS (Continued) DECEMBER 31, 2021

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2021-001 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding

The City will thoroughly review the trial balance prior to audit fieldwork and make any adjusting entries before submitting the trial balance to the auditors. Material adjustments related to general receivables, as well as reversing prior year accrual balances. The City will review these areas more thoroughly for fiscal year 2022.

3. Official Responsible

The City Administrator is the official responsible for ensuring corrective action.

4. <u>Planned Completion Date</u>

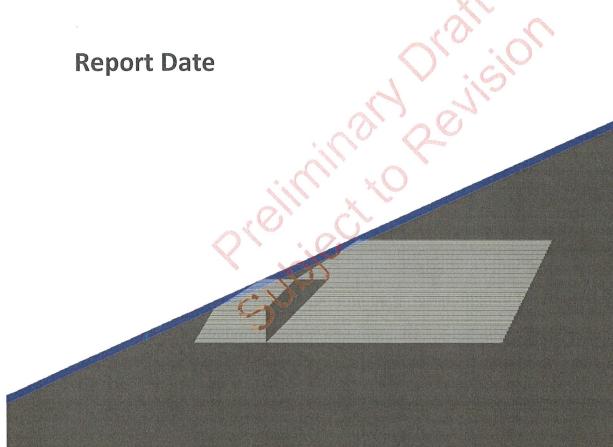
December 31, 2022.

5. Plan to Monitor Completion

The City Council will be monitoring this Corrective Action Plan.

City of Foley, Minnesota

Report to the Members of Governance





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Members of Governance City of Foley, Minnesota

We are pleased to present this report related to our audit of the basic financial statements of the City of Foley (the City) as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City of Foley's financial reporting process.

This report is intended solely for the information and use of the members of governance and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the City of Foley.

SCHLENNER WENNER & CO. St. Cloud, Minnesota Report Date

RSM US Alliance member firms, are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International

CITY OF FOLEY, MINNESOTA REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities With Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United State have been described to you in our arrangement letter dated January 14, 2022. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated April 11, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The only estimates we have deemed significant to the financial statements are the estimates included in the calculation of overall net pension asset/liability and deferred outflows/inflows of resources for the pension plans in which the City's employees participate.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments, other than those that are clearly trivial, have been proposed by us and recorded by the City for the purpose of adjusting year-end balances for accounts receivable, as well as adjusting prior year balances that remained in accrual accounts..

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

CITY OF FOLEY, MINNESOTA REQUIRED COMMUNICATIONS

Departure From the Auditor's Standard Report

Our Independent Auditor's Report includes several additional or non-standard paragraphs that you should be aware of as follows:

- Other Matters related to Required Supplementary Information, Supplementary Information, and Other Information
- Other Reporting Required by Government Auditing Standards

Observations About the Audit Process

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Internal Control and Compliance Matters

We have separately communicated the material weaknesses and significant deficiency in internal control over financial reporting identified during our audit of the basic financial statements, as required by *Government Auditing Standards*. This communication is included within the compliance section of the City's financial report for the year ended December 31, 2021.

Significant Written Communications Between Management and Our Firm

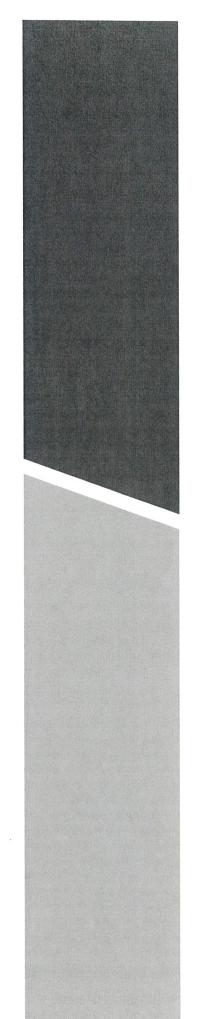
We have requested certain representations from management that are included in the management representation letter dated Report Date.



City of Foley, Minnesota

Presentation of the Audited Financial Statements

Fiscal Year Ended December 31, 2021



Audit Process and Opinion

General Procedures

Obtain Records

Analytical Procedures

Inquiries

Sampling

Detail Testing

Unmodified (Clean) Opinion





Audit went smoothly



Positive Working Relationship with Management



Nothing unusual noted in terms of recorded transactions or accounting policies/treatments



Significant estimates include the calculation of Net Pension
Asset/Liability and related balances

Controls and Compliance





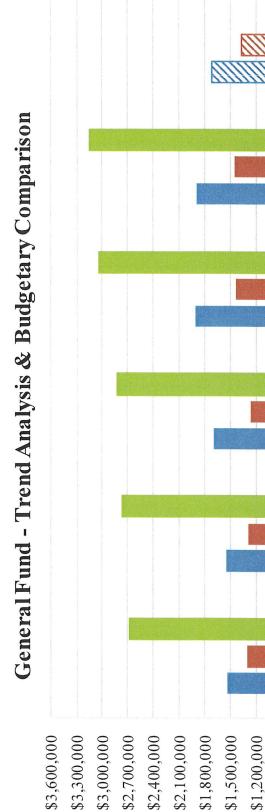


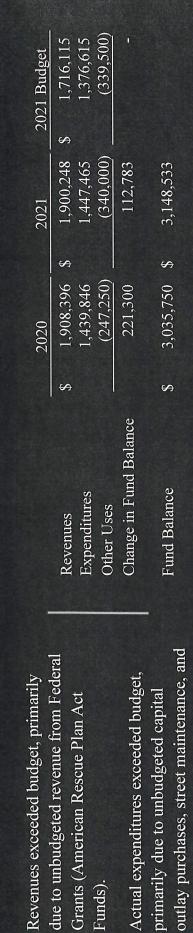
AUDIT ADJUSTMENT INTERNAL CONTROLS

- We proposed a current year receivable adjustment that was material to the financial statements
- Your City has a lack of proper segregation of duties, which is very common for a City of your size
 - Schlenner Wenner & Co. has drafted your City's financial statements

MINNESOTA LEGAL COMPLIANCE

No instances of noncompliance were identified as a result of our procedures





Funds).

other general government expenditures.

2021 Budget

2021

2020

2019

2018

2017

\$900,000

\$600,000

\$300,000

\$

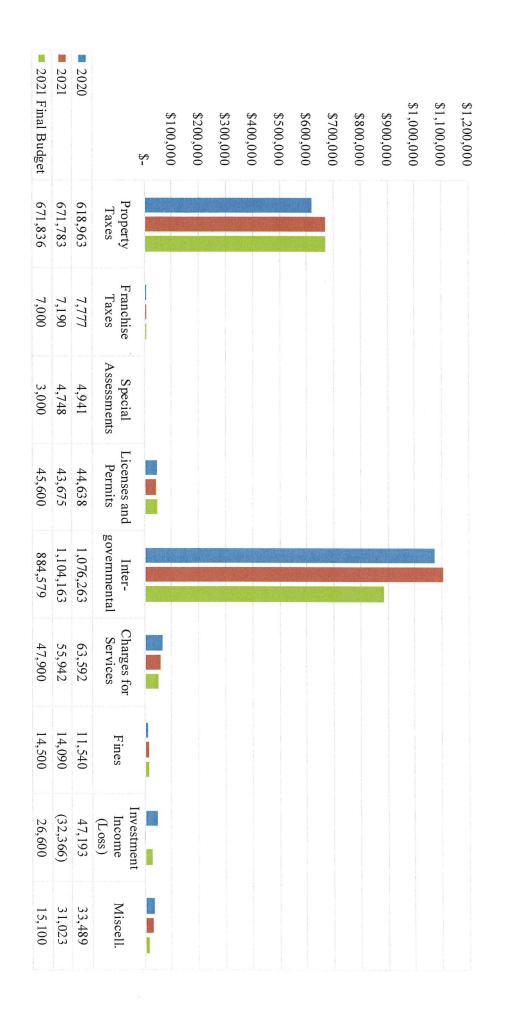
Fund Balance

Expenditures

Revenues

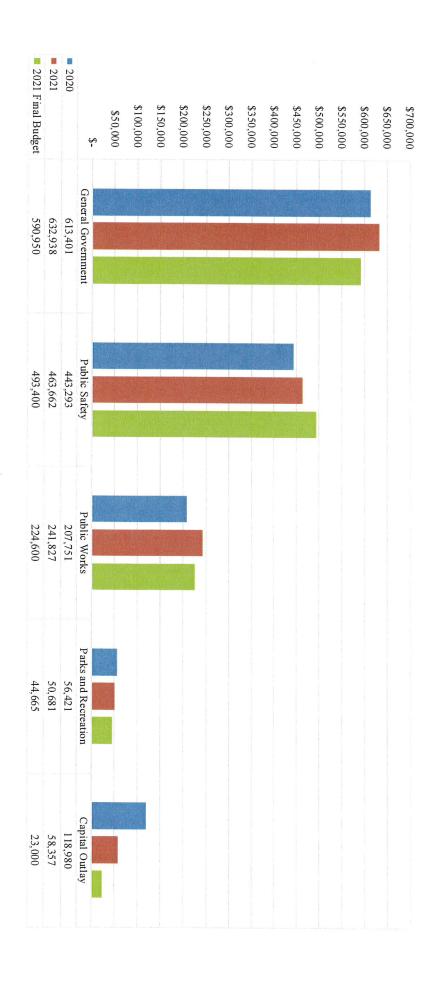
General Fund

Detailed Revenue Analysis

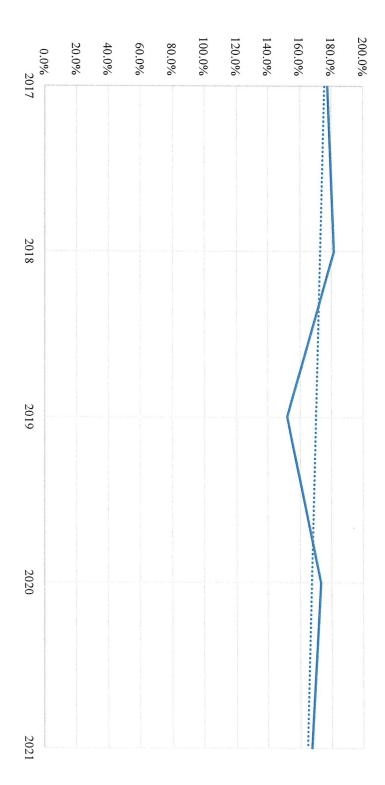


General Fund

Detailed Expenditure Analysis



Unassigned Fund Balance as a Percentage of the Annual Budget

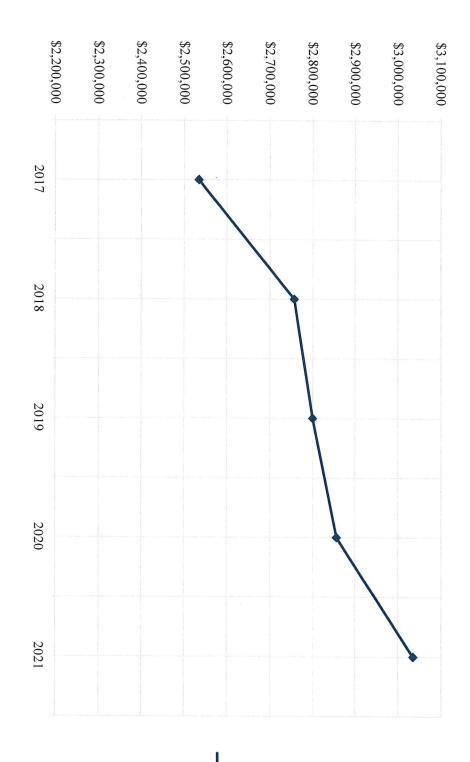


2(2(2(2(2(
2021	2020	2019	2018	2017	Year
					Pe
167.3%	173.3%	152.0%	181.4%	177.5%	Percentage
%	3%)%	₩ %	5%	tage

□ Fund balance policy sets a target fund balance of approximately 50% to 65% of annual budgeted operating expenditures.

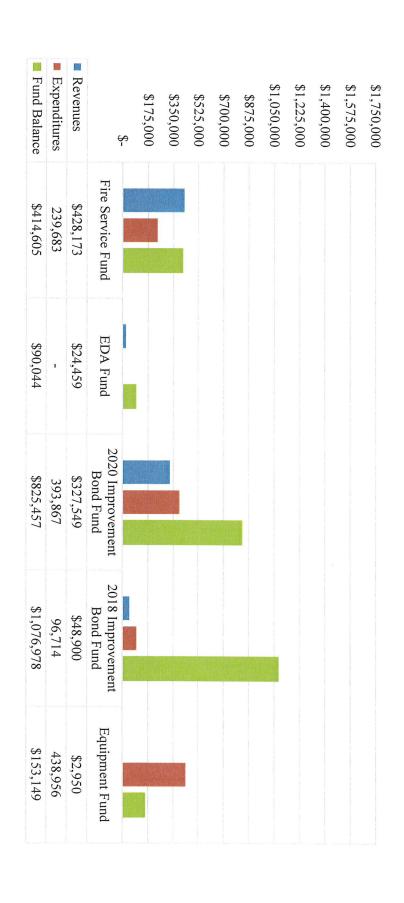
General Fund

Cash Trend Analysis





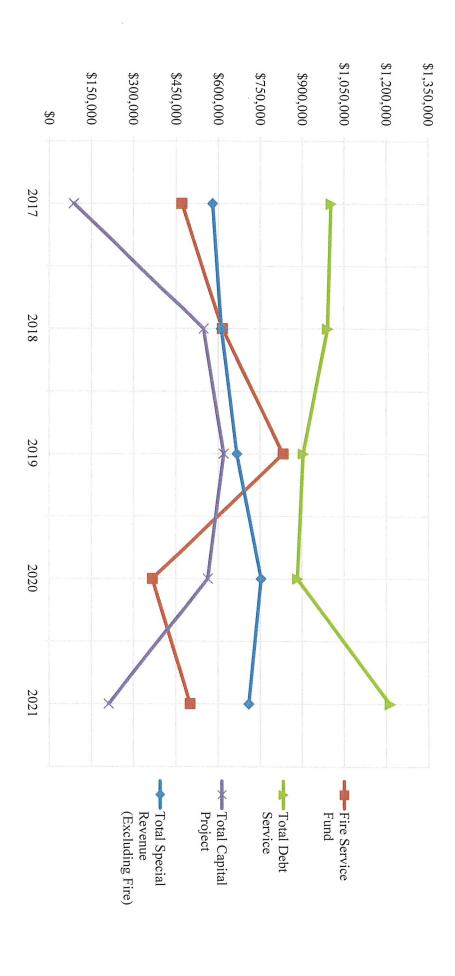
Remaining Governmental Funds Financial Highlights



^{*} Details for remaining nonmajor governmental funds can be found on pages 72-77 in the audited financial statements.

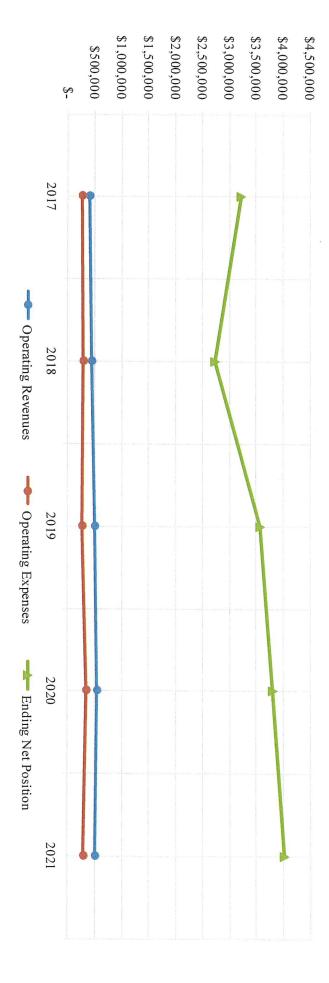
Remaining Governmental Funds

Cash Trend Analysis



Water Fund

Historical Trends

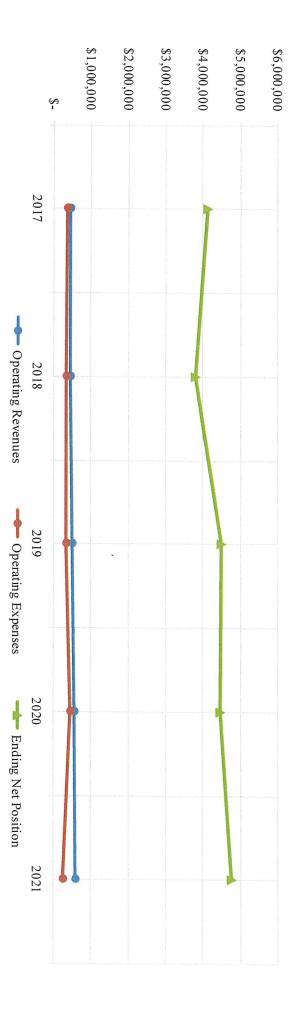


Ending Net Position

↔	↔					↔	ĺ
3,218,396	144,449	1	13,485	130,964	270,716	401,680	2017
↔	\$					↔	l
\$ 2,739,770	(478,626)	(641,000)	6,838	155,536	286,039	441,575	2018
↔	↔					\	
\$ 3,579,526	839,756	ı	597,921	241,835	260,361	502,196	2019
↔	↔				Ī	8	
\$ 3,797,029	217,503	ı	21,429	196,074	337,806	533,880	2020
↔	↔					8	ĺ
4,016,280	219,251	(6,563)	12,384	213,430	292,963	506,393	2021

Sewer Fund

Historical Trends



Change In Net Position	Nonoperating Expenses & Transfers Out	Nonoperating Revenues & Transfers In	Operating Income (Loss)	Operating Expenses	Operating Revenues
------------------------	---------------------------------------	--------------------------------------	-------------------------	--------------------	--------------------

Ending Net Position

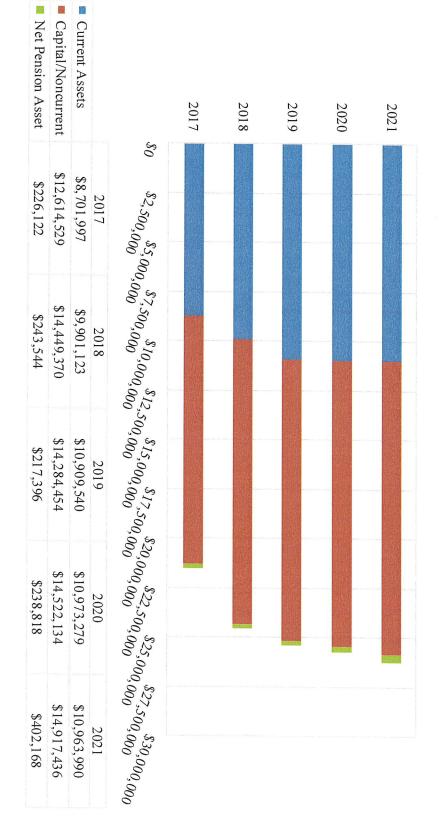
↔					↔	
116,873		41,356	75,517	357,128	432,645	2017
↔					↔	
(340,208)	(479,164)	20,671	118,285	329,301	447,586	2018
↔					↔	
690,523		513,527	176,996	327,705	504,701	2019
↔					↔	
		-	121,571			
↔					↔	1
320,503	(25,106)	11,203	334,406	257,601	592,007	2021

\$ 4,128,054 \$ 3,787,846 \$ 4,478,369 \$ 4,450,289 \$ 4,770,792

Enterprise Funds

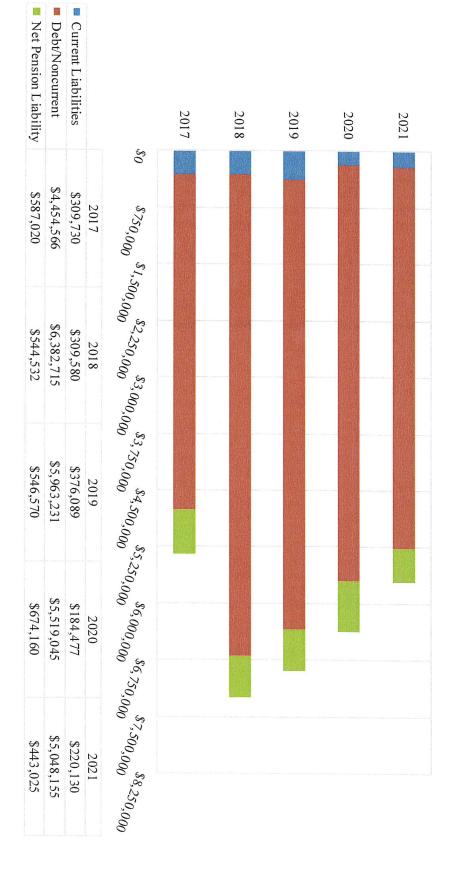
Cash Trend Analysis





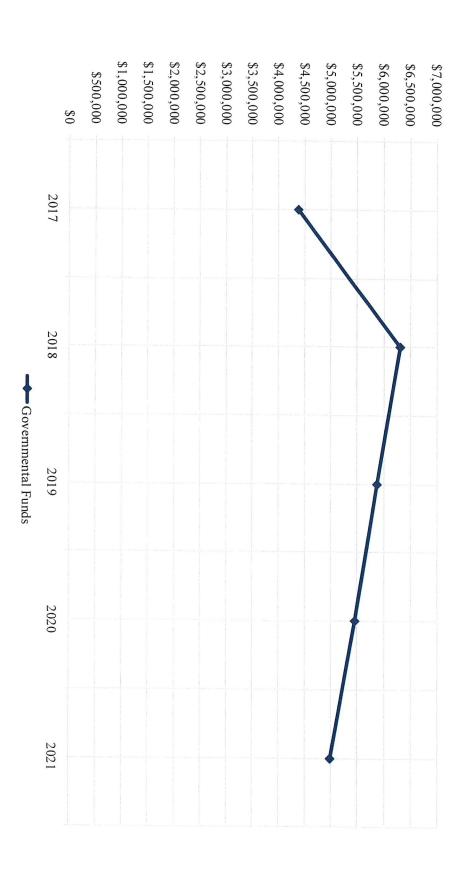
	Total	Fina
	Total Government-Wide	Financial Highlights
	ernm	l Hig
As	ent-W	ghlig
Assets	Vide	hts

 Increase in total assets is primarily due to various capital salt shed, etc.). plow truck chassis and body/plows, Chevrolet Tahoe, related equipment purchases in the current year (Mack



Financial Highlights Total Government-Wide Liabilities

 Your City's long-term liabilities decreased in the current year. More detail on this is shown on the next page.



Long Term Debt Outstanding

- G.O. Bonds, 2015A
- G.O. Improvement Bonds, 2018A
- G.O. Improvement Refunding Bonds, 2020A

Questions?

Ashley Meagher, CPA
Manager

ameagher@swcocpas.com
320-251-0286

Addresses with Sprinkers (21 Properties)

В
Broadwa
ac
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Ξ
y Ave. N. (Stoney B
6
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Brook
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2

Grand St. (Stony Brook East Sprinkler)

4th Ave. S. (Grand Tour Townhomes Sprinkler)

Poplar Pl. (Progressive Homes West Sprinkler)

Poplar Pl. (Progressive Homes East Sprinkler)

2nd Ave.

4th Ave. S.

Oak Dr.

Maple Dr.

Norman Ave. N.

Norman Ave. N.

Kathryn Ln.

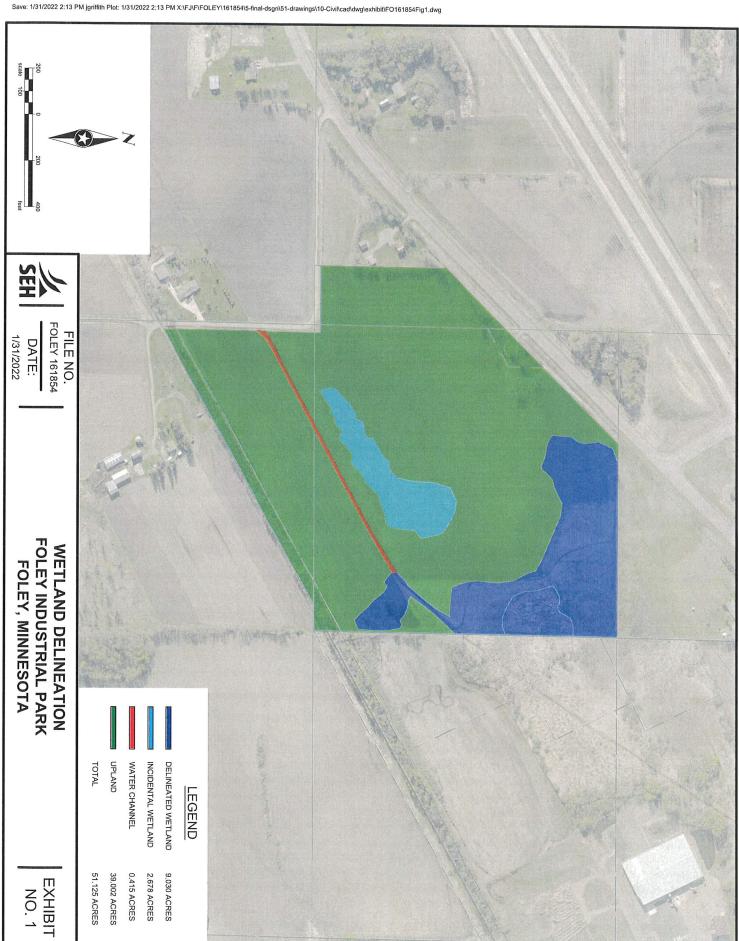
Kathryn Ln.

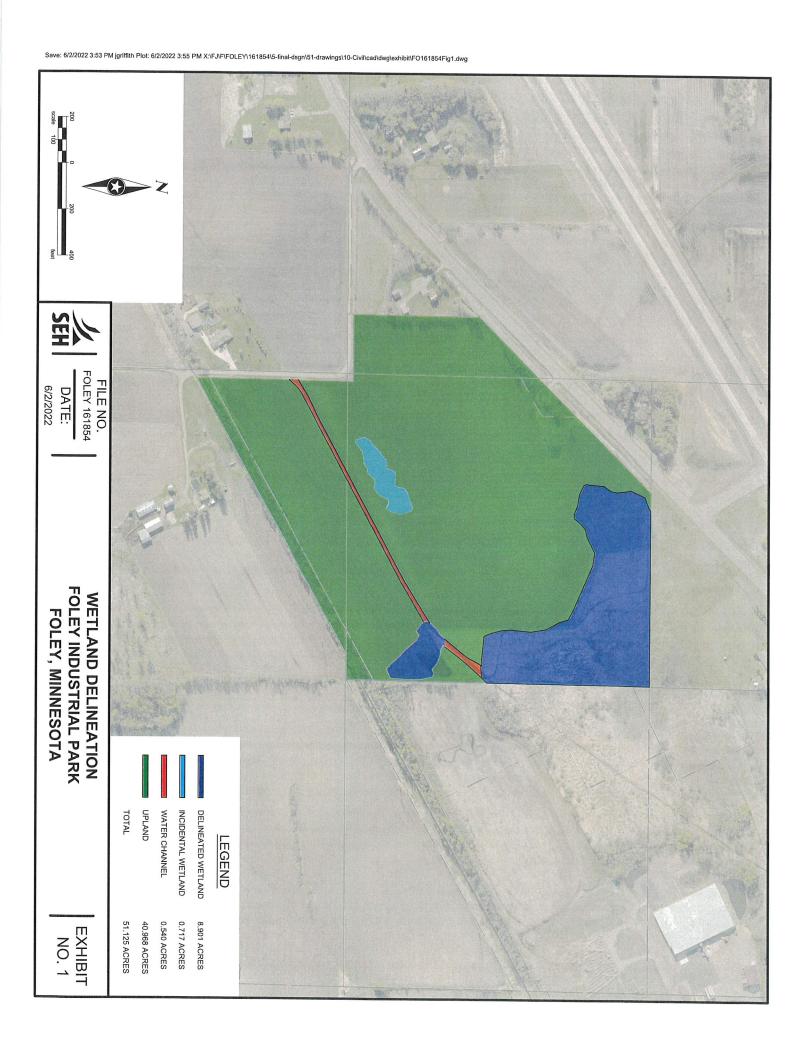
Norway Dr.

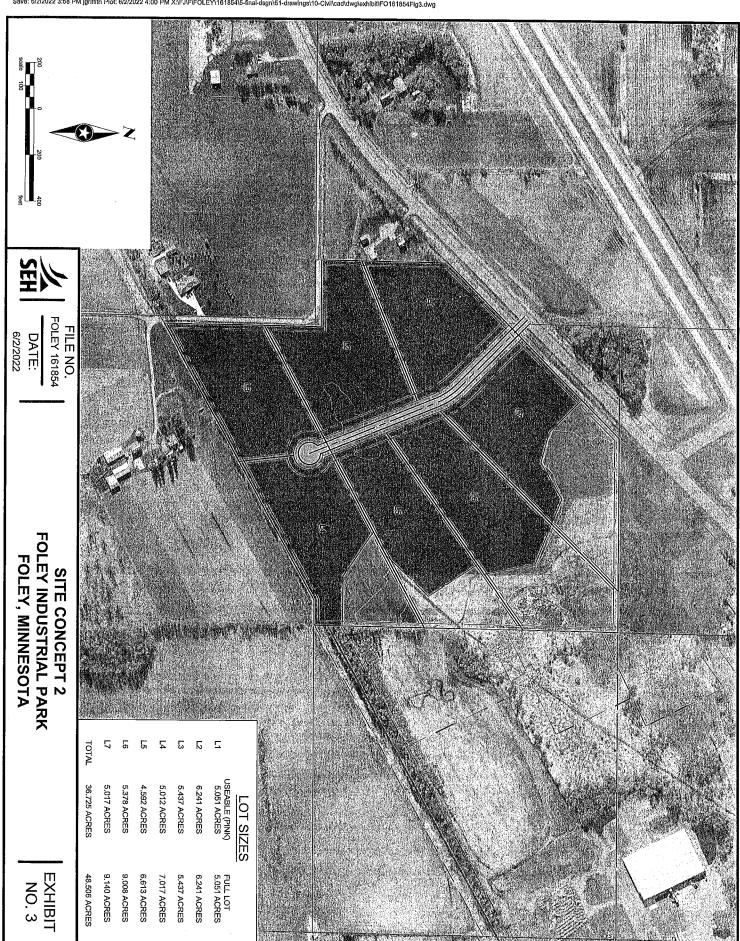
Morgan Dr.

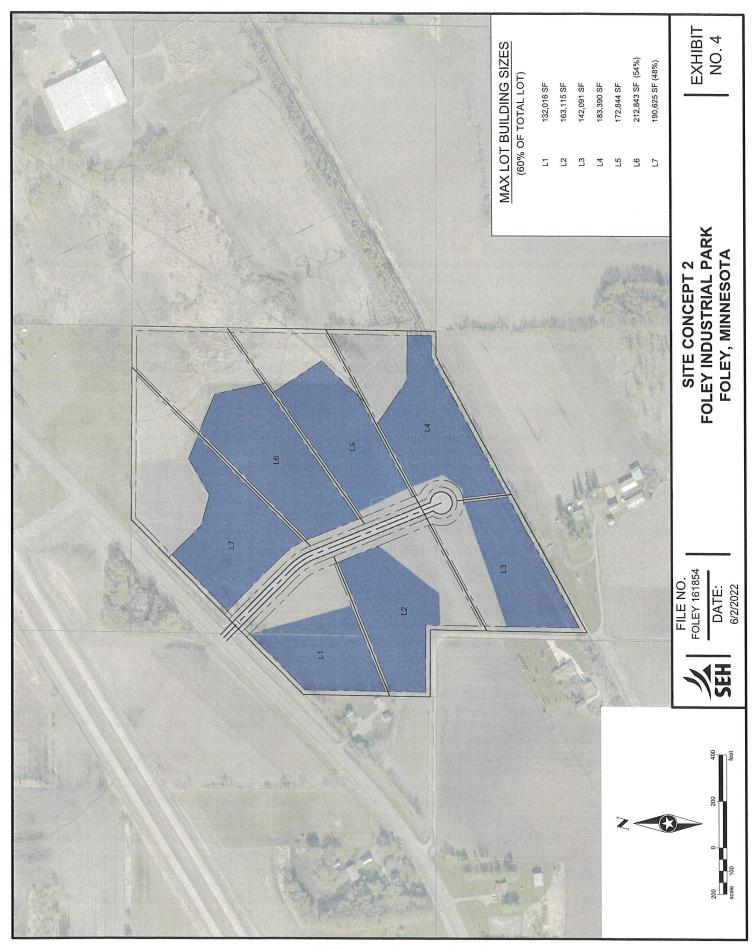
	7222	3650
	4943	2984
	12207	4736
	1779	264
	19037	3173
	8901	3463
	7984	3823
	914	844
	8273	5042
	12788	6912
	28666	0
	20236	692
	2890	1845
	26204	13483
	364	657
Monthly Summer Sprinkler Usage 2021	Monthly Summer Sprinkler Usage 2020	Monthly Summer Sprinkler Usage 2019

Morgan Dr.	1859	4806	6748
Golf Court	0	790	8789
Golf Court	1607	1945	3919
Golf Court	2477	1120	6118
Golf Court	2301	3376	16827
Golf Court	6659	8560	10544
Monthly Summer Sprinker Gallons	66472	183004	202516
Notes			
~Significant increases in sprinkler usage over past 3 years.	rs.		
~These accounts are estimated to be <u>about half</u> of all sprinklers in town.	prinklers in town.		
\sim Assuming 4 months of sprinkler usage (on these 21 accounts @ current rate):	counts @ current rate):		
\$2,633/month of sewer revenue lost			
\$10,532/year of sewer revenue lost			
Entire City Impact = Approximately \$21,000 less in sewer revenue.	ver revenue.		
~MN Rural Water recommends if any sprinkler adjustment be made to require a separate meter.	made to require a separate me	ter.	











MacQueen Equipment 1125 7th Street E St Paul, MN 55106

651-645-5726 • 800-832-6417

Ship To: Foley Pelican NP New 2022 5.19.22

Invoice To: CITY OF FOLEY

Po Box 709 Foley MN 56329

Branch		*************		***	
01 - ST PAUL MN					
Date	Time				Page
05/19/2022	27:04	(0)		1	
Account No	1		Est N	10 00	
FOLEY001	968726	50	Q02570		
Ship Via		Purchase Order			
Tax ID No					
		ľ			
			Sale	sperso	on .
AARON WINDSETH				171	

EQUIPMENT ESTIMATE - NOT AN INVOICE

Description

** Q U O T E **

EXPIRY DATE: 06/18/2022

Amount

NEW 2022 ELGIN PELICAN NP PER MINNESOTA "SWEEPER, 3 & 4 PICKUP STREET CONTRACT #190619 RELEASE #5-843(5) TO INCLUDE ALL STANDARD OPTIONS AND THE FOLLOWING ADDITIONAL FEATURES:

263912.58

*	
2.0 BASE PRICE	\$222,934.58
3.3 FRONT LIGHT MOUNTING RAIL (RAIL ONLY)	\$711.00
3.4 2 FORWARD FACING LIGHTS MOUNTED ON RAIL	
3.6 LED LIGHTS IN BATTERY COVER	
3.7 LIMB GUARD (RH SIDE)	
3.8 LED ARROWSTICK	\$1,792.00
6.1 DUAL GUTTER	
BROOM	\$12,746.00
6.3 HIGH BACK AIR RIDE SEAT \$1,090.00 EACH	
@ QTY 2	\$2,180.00
6.4 HEATED MOTORIZED MIRRORS	
6.6 AUTOLUBE MIDWEST DUAL INCLUDES GREASABLE	
DIRT SHOES	\$8,101.00
6.7 BROOM UPGRADE DOUBLE WRAP	\$1,101.00
6.8 CARBIDE DIRT SHOES	\$1,202.00
6.12 BROOM TILT WITH POSITION INDICATOR RIGHT	
HAND SIDE ONLY	
6.13 MAIN BROOM HOUR METER	\$413.00
2.2.7 DELIVERY \$5.50 PER LOADED MILE	
88 MILES TO SARTELL PUBLIC WORKS	\$484.00
*	
NON-CONTRACT ITEMS:	
ELGIN PARTS SURCHARGE	
BLOCK HEATER	
CONVEYOR STALL ALARM	\$840.00

TRAINING INCLUDED BY MACQUEEN EQUIPMENT

Subtotal:

263912.58



MacQueen Equipment 1125 7th Street E St Paul, MN 55106

651-645-5726 • 800-832-6417

Ship To: Foley 2012 Pelican NP 5.19.22

Invoice To: CITY OF FOLEY

Po Box 709 Foley MN 56329

Branch					
01 - ST PAUL	MN				
Date	Time				Page
05/19/2022	16:	10:06	(0)		1
Account No	Phone No			Est N	lo 00
FOLEY001	968726	0	Q02571		
Ship Via		Purchase	Order		
		PURCE	IASE	ORDI	ER
Tax ID No					
			Sale	sperso	n
AARON WINDSE	TH			171	

EQUIPMENT ESTIMATE - NOT AN INVOICE

Description

** O U O T E **

EXPIRY DATE: 06/30/2022

Amount

USED 2012 PELICAN NP SERIAL #NP2492D/ 4,800 HOURS, 20,500

TO BE MECHANICALLY REFURBISHED BY MACQUEEN EQUIPMENT. OEM

130000.00

MILES TO INCLUDE THE FOLLOWING:

DUAL GUTTER BROOMS

LOWER CONVEYOR WASHOUT

AIR RIDE SEAT RH

CARBIDE DIRT SHOES

LED STOP/TAIL/TURN LIGHTS

RADIO

A/C AND HEAT

PREMIUM RADIATOR HOSES

LED BATTERY LIGHTS OVAL

RH BROOM TILT

BATTERY DISCONNECT

HYDRAULIC MAIN BROOM AND GUTTER BROOMS

REARVIEW BACKUP CAMERA

PARTS TO BE INSTALLED AND WORK BACKED WITH 6 MONTH WARRANTY DELIVERY AND TRAINING INCLUDED

Trade Ins

Serial #: P1077D

1993 ELGIN PELICAN P DUAL GUTTER BROOM

5000.00-

Authorization: _____

Subtotal:

125000.00

Quote Total:

125000.00

QUOTED PRICES ARE BASED ON CURRENT COSTS AND THEREFORE SUBJECT TO CHANGE WITH WRITTEN NOTICE TO ACCOUNT FOR PRICING CHANGES BEYOND SELLER'S CONTROL



2012 Elgin Pelican NP

SKU: C038677

Serial #: NP2492D

• Engine: John Deere 4045

• Hours: 4,800 Miles: 20,500

• Dual Gutter Broom

- Lower Conveyor Washout
- Air Ride Seat RH
- LED Stop/Tail/Turn Lights
- Radio
- · A/C and Heat
- Premium Radiator Hoses
- LED Battery Lights Oval
- RH Broom Tilt
- Battery Disconnect
- Hydraulic Main Broom and Gutter Brooms
- Rearview Camera



Michigan: (866) 597-0716 Ohio: (888) 666-7266

2012 Elgin Pelican NS

STOCK #: C039703



Features:

- ✓ Serial #: NS 2569 S
- ✓ JD 4045T
- ✓ Hours: 3,819
- ✓ Miles: 15,881
- ✓ Midwest Auto Lube

- ✓ Single LED Strobe w/Guard
- ✓ Lower Roller Washout
- ✓ AM/FM radio
- Carbide dirt shoes
- Strobes in battery box

- RH limb guard
- 2 rear flood & backup lights
- Service manuals
- Work ready, recently refurbished by MacQueen Equipment

We serve the industries that protect our daily quality of life, offering quality products and support long after the sale. Whether it is sales, service, parts or training, we are here to meet your environmental and emergency equipment needs

\$151,250

Mark Pappenfus

From:

Aaron Windseth <Aaron.Windseth@macqueengroup.com>

Sent:

Thursday, March 31, 2022 9:28 AM

То:

Mark Pappenfus

Subject:

Elgin 2012 Pelican

Attachments:

Letter MacQueen Equipment fs surcharge fnl.pdf

Mark,

Below is the machine that I would be able to substantially reduce price because it is my trade-in. Due to unprecedented price increases from manufacturers this year, all of our USED equipment pricing is going up soon. Cost of this machine new is \$260,000-\$265,000.

If you can give me a date you could go to council in April, I can put the machine on hold, so it doesn't get sold before then. Tell your council that if you don't buy now, cost increases and price surcharges will cause USED equipment to soar higher in price and reduce the chance of getting used equipment as it is in much higher demand. Attached is a letter from Elgin for customers who ordered new machines in the last 6 months. They are asking for price surcharges from customers in addition to the 8% price increase of new Pelicans. This has never happened in MacQueen's 65 years since inception and its coming from all manufacturers.

Concerning my 2012 Elgin Pelican . We are going to full refurbish this unit mechanically just like your Vactor and back with a 6-month warranty on work done . Cost is \$130,000 and if it was not my trade, I would be asking \$150,000-\$160,000 based on current market.

https://www.macqueeneg.com/used-equipment/2012-elgin-pelican

Also, I will be in the office tomorrow and handing over your title which Robert Douglass will sign and email you a copy back ASAP. Thanks!

Regards,

Aaron Windseth

MacQueen Equipment
District Sales Manager | St. Paul, MN

www.macqueengroup.com

C. 952-261-5667 O. 651-645-5726 | E. aaron.windseth@macqueengroup.com

MacQueen Companies











2909 South Broadway Rochester, MN 55904

P: 888-724-1766 F: 507-288-8877

Flooring Proposal for the City of Foley Library

Per Service Coop Purchasing Contract CPC 21.12 Flooring

392yd Freestyle Vinyl w/FR Blue Vibe @ \$39.00/yd Installed	\$ 15,288.00
Take-up/haul old carpet @ \$5.53/yd	\$ 2,167.76
Remove old glue @ \$.36/sf	\$ 1,270.08
#63 Vinyl Base 240ft @ \$2.60/ft	\$ 624.00
Move & reset furniture 16hr allowance @ \$108.00/hr	\$ 1,728.00
Move book stacks	\$ 1,950.00
Floor fill allowance 2 bags @ \$154.00	\$ 308.00
	\$ 23,335.84

Submitted By:

Dave Bahr

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Bullib

Hiller Commercial Floors

April 1, 2022

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May 31, 2022

Ms. Sarah Brunn, City Administrator City of Foley 251 4th Avenue North PO Box 709 Foley, MN 56329

RE: Updated City of Foley Connection Costs

The costs for the City of Foley to connect to St. Cloud's Wastewater Conveyance and Treatment System have been updated to reflect the projects substantial completion date of November 2023.

The methodology has been summarized at previous meetings. Updates include; further indexation 2021-2023, two additional years of debt service-related payments that will be included in the upfront cost in lieu of future debt service-related payments and asset base additions.

CONNECTION COSTS

Wastewater Treatment Facility	
Pool Capacity Reimbursement	\$3,133,517
Remaining Treatment System Access Charge	\$2,363,901
Wastewater Conveyance System Access	\$1,867,511
Charge	
Total Cost of Connection	\$7,364,929

The table below summarizes Foley's estimated remaining debt-service related payments that will be part of the monthly Wastewater Service Charge that will start when connection occurs. The remaining portion of the monthly Wastewater Service Charge will be for annual operating and maintenance and equipment replacement costs.

DEBT-SERVICE RELATED PORTION OF WASTEWATER SERVICE CHARGE

Project Reference	Wastewater Service Charge Category	Remaining Years	Monthly Charge	Annual Charge	Total Remaining for Foley
RUE	C1	2024-2030	\$9,720	\$116,600	\$816,200
NR2	C1	2024-2037	\$4,470	\$53,660	\$751,200
Main Liftstation	C2	2024-2026	\$495	\$5,940	\$17,800

Feel free to contact me with any follow-up questions you may have.

Thank you,

Tracy E. Hodel

Public Services Director

Tracy C. Hodel

City of St. Cloud

c Kathe Barrett, Public Facilities Authority
DeAnna Fah, Finance Director – St. Cloud
Lisa Vollbrecht, Public Utilities Director – St. Cloud
Emma Larson, Assistant Public Utilities Director – St. Cloud

TO:

FOLEY CITY COUNCIL

FROM:

SARAH BRUNN, CITY ADMINISTRATOR

SUBJECT:

06-07-22 -COUNCIL MEETING

DATE:

JUNE 3, 2022

Consent Agenda

A resolution is in your packet approving this year's election judges.

A listing of all the seasonal employees that were hired are in your packet.

I'm asking the council to officially approve Foley Fun Day's use of the streets by the Foley Civic Group for this year's events.

Jonathan Brenny has applied for 2 committees and both have vacancies. If council moves forward with his appointment we can also add back Mayor Bettendorf to EDA since we will have 3 community members on the board. We are supposed to have 3 community and 2 council. Mayor Bettendorf stepped down when we lost a community member prior.

The police policy update is required based on policy changes at the state level. A copy is in your packet.

Every other year we are required to review and approve the Emergency Operations Plan. A copy is included in your council packet.

The personnel committee has agreed to a tentative union contract. A copy was emailed out earlier and is also included in the packet. The union membership has agreed to the terms of this contract. The major items of consideration include:

- 3-year contract thru 2024.
- Implementation of police officers to our new step schedule with the rest of city employees.
 - This was developed as part of the compensation study.
 - o This is a 10-step schedule.
 - o Back pay to January 1, 2022 is part of this agreement.
- 3% COLA each year of the contract.
- Adding Juneteenth as a paid holiday.
- Increase in uniform allowance of \$50 each year.
- OT applies if over on a scheduled shift.
 - o For example, if an officer is scheduled for a 12-hour shift and works 13 hours they will receive 1 hour of OT. The chief would no longer be able to shorten a shift in the same week to prevent the OT.

If the council wishes to discuss any items of this contract further you can remove the item from the consent agenda and add to the agenda later. I simply included it in the consent to save time with such a long council agenda.

An increase in the PT police officer wage is also being recommended by the personnel committee. This is a result of our inability to recruit and retain applicants. We are losing part-time officers and struggling to replace the positions.

The personnel committee is also recommending adding a floating holiday for Juneteenth for the non-union employees.

Liquor License Renewals

The list of liquor license renewals can be acted on by the city council after a public hearing is conducted. All licenses are subject to a background check and must be current on property taxes and utility bills.

Tobacco License Renewals

The council simply needs to motion to approve the tobacco licenses. We are missing one renewal for Dollar General who has yet to provide us with the needed information to conduct a background check. I have reached out to the Dollar General licensing entity multiple times with no response.

Close 7th Avenue for Foley Fun Days Car Show

There has been a request to close down 7th Avenue for the car show. Staff has no concerns with this request. Jen Seimers will be at the meeting to answer any questions the council may have.

2021 Audit Report

The audit report is included in your council packet and a presentation will be given at the meeting. After the report is presented, the council must motion to approve.

Sprinkler - Sewer System Charges

Staff has generated a spreadsheet with usage information on a number of our sprinklers in town. We have also made some estimates on the potential financial impact of removing the sewer charge. A separate meter is likely to run around \$300 plus any costs the individual property owner would have installing the services. Staff would recommend at a minimum a separate meter and separate account if anything were to move forward. The council also needs to keep in mind that the lost sewer revenue would need to be made up by the rest of the community in some way—we already have a requirement to raise sewer charges significantly to pay for the wastewater project.

Discussion on Downtown Parking

The owner of JMART asked to be placed on the agenda and indicated he would be providing additional information but I have not seen anything to date.

Industrial Park Wetland Update

Maps have been provided in your packet. We were able to shrink the incidental wetland by doing additional samples. The City Engineer will overview where we ended up and provide you with some estimates on the cost to mitigate the incidental wetland that remains.

Hwy 23 Project - Reduction of Work Compensation

A request came into the City late Thursday and we met Friday morning on it as a staff and with some MnDOT officials. The subcontractor is requesting damages because of the reduction of work that was requested by the City (through a change order) due to the high utility bid costs. Additional information

was requested of the subcontractor by MnDOT and I'm hoping to have a better update for you at the meeting.

Street Sweeper Purchase

Public Works is requesting to replace the street sweeper and would like to make some adjustments to the capital improvement plan to purchase sooner than later. Information is in your packet and the public works director will review with the council at the meeting.

45 Highway 23 West – Conditional Use Permit (CUP)

A certificate of occupancy has been issued for the building and work continues on the clean-up of the remaining property. Mr. Hanes has been good about keeping city staff updated on the progress. I recommend we give Mr. Hanes another month to continue the work.

Hiller Flooring Replacement

We need to finish carpet replacement at City Hall in the library. I've attached a cooperative pricing (like state bid) quote from the same company who did the other carpeting. I'm asking for council approval. We hope to schedule this in late fall. The item is scheduled in the CIP and within budget.

Wastewater Project - Updated Connection Fee

I requested an updated connection fee from the City of St. Cloud and have included it in your packet. Some of the changes are a result of more debt charges coming up front rather than paying during the year. Additional charges I have requested a more detailed breakdown on. St. Cloud officials are hoping to have that information to me by Tuesday.

Closed Session - Herbst Option Agreement

The council needs to have a discussion on whether we wish to re-negotiate the option agreement based on the results of the certificate of survey and wetland investigation.

Upcoming Reminders:

June 7, 2022 – WW Expansion Groundbreaking – West Side of Industrial Park June 20-22, 2022 – Foley Fun Days