

CITY OF FOLEY, MINNESOTA
CITY COUNCIL MEETING – June 20, 2023

The Foley City Council held their regular meeting on June 20, 2023, at 2:00 p.m. at Foley City Hall.

Members Present: Mayor Jack Brosh, Councilmembers Jeff Gondeck, Deb Mathiowetz, Gary Swanson, and Brandon Voit.

The pledge of allegiance was recited.

Motion by Swanson, seconded by Gondeck, to approve the agenda.

Motion carried, unanimous.

2022 Audit Presentation & Report

Ashley Meagher from Schlenner Wenner & Co. gave a presentation of the Audited Financial Statements for fiscal year 2022. Meagher stated overall the audit was clean with no significant errors. She also shared that she has a good working relationship with city staff. There was nothing unusual noted in terms of recorded transactions or accounting policies/treatment. Significant estimates include the calculation of Net Pension Asset/Liability and related balances which the city requests to have done each year.

Under Controls and Compliance, Meagher noted that various adjustments were recorded during the audit process, the majority were not material. Under Internal Controls, she noted the city has a lack of proper segregation of duties, which is common for a city of our size. This segregation of duties has improved with the addition of another person in the office. The auditors are working with staff to get rid of the concern all together. There were no instances of non-compliance identified as a result of procedures except for the Broker Acknowledgement Certification due to the broker not responding to the city. Questions and discussion followed with Sarah Brunn, City Administrator, explaining the difficulty occurred because the broker retired and moved out of state. More questions followed from council regarding segregation of duties. Meagher explained that her team will work with staff to find more opportunities to address the concern.

Meagher also provided an overview of the Single Audit (Federal Program Compliance). She explained that since the PFA loan for the wastewater project is Federal money and was more than \$750,000 in one year an audit was required. There were no findings so an unmodified (clean) opinion on the schedule of expenditures of Federal awards was given.

Meagher also highlighted several other items from the audit. The General Fund increased by \$51,000 over the previous year. General Fund revenues decreased by \$65,000. There was not a lot of fluctuation in other categories. Expenditures increased by \$86,000 partly as a result of adding another staff person. There was a slight increase of cash. The Fire Service Fund balance was \$592,000. The EDA Fund expenditures increased by \$704,000 due to the industrial park land contract for deed. The Cash Trend Analysis did not see a lot of fluctuation. Historical Trends showed a slight increase in Water Funds and a sharper increase in Sewer Funds due to state funds for the wastewater project. Questions and discussion from the council followed.

Meagher continued with a breakdown of the financial highlights stating that the increase in total assets is primarily due to various capital related equipment purchases and construction progress in the current year. The wastewater project is considered a property asset.

Meagher also explained that the city's long-term liabilities increased from \$5 million to \$14 million in the current year. This increase is from the wastewater project. Net pension liabilities for the police and fire departments fluctuated due to discounted rates (assumptions by the state) – not because the city contributed more. Meagher gave an overview of the long-term debt, showing when the bonds would be paid off. She also gave an overview of the upcoming accounting standard, GASB 96, for subscription-based information technology arrangements, which will go into effect in the 2023 calendar year.

Meagher concluded her remarks by complimenting city staff on how well they prepared for the audit and responded to requests.

Motion by Gondeck, seconded by Swanson, to approve the 2022 audit report.

Motion carried, unanimous.

Other Business

Brunn invited the council to the employee picnic on June 28th from 11-1pm at Holdridge Park.

Motion by Gondeck, seconded by Voit, to adjourn.

Motion carried, unanimous.

Meeting adjourned at 2:26 p.m.



Sarah A. Brunn, Administrator
(Minutes By: Sara Judson Brown, Administrative Assistant)