

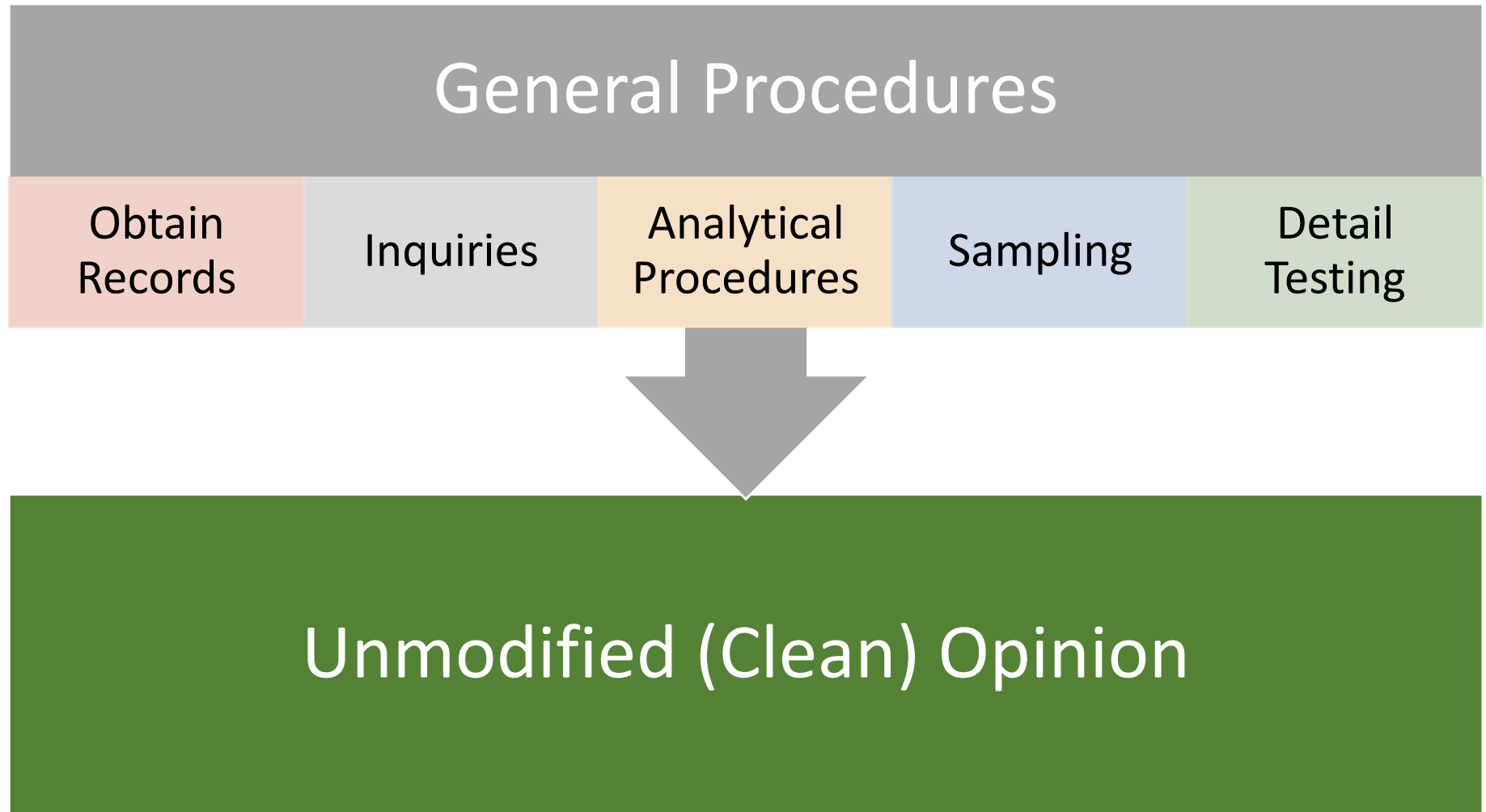


City of Foley, Minnesota

Presentation of the Audited Financial Statements

Fiscal Year Ended December 31, 2022

Audit Process and Opinion



Required Communications



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 ADJUSTMENTS

- Various adjustments recorded during our audit process, the majority of which were not material



INTERNAL CONTROLS

- 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, except for:
 - Broker Acknowledgement Certification Finding

Single Audit (Federal Program Compliance)

Major Programs Tested

- Capitalization Grants for Clean Water State Revolving Funds (PFA)

Opinion

- Unmodified (Clean) Opinion on the Schedule of Expenditures of Federal Awards

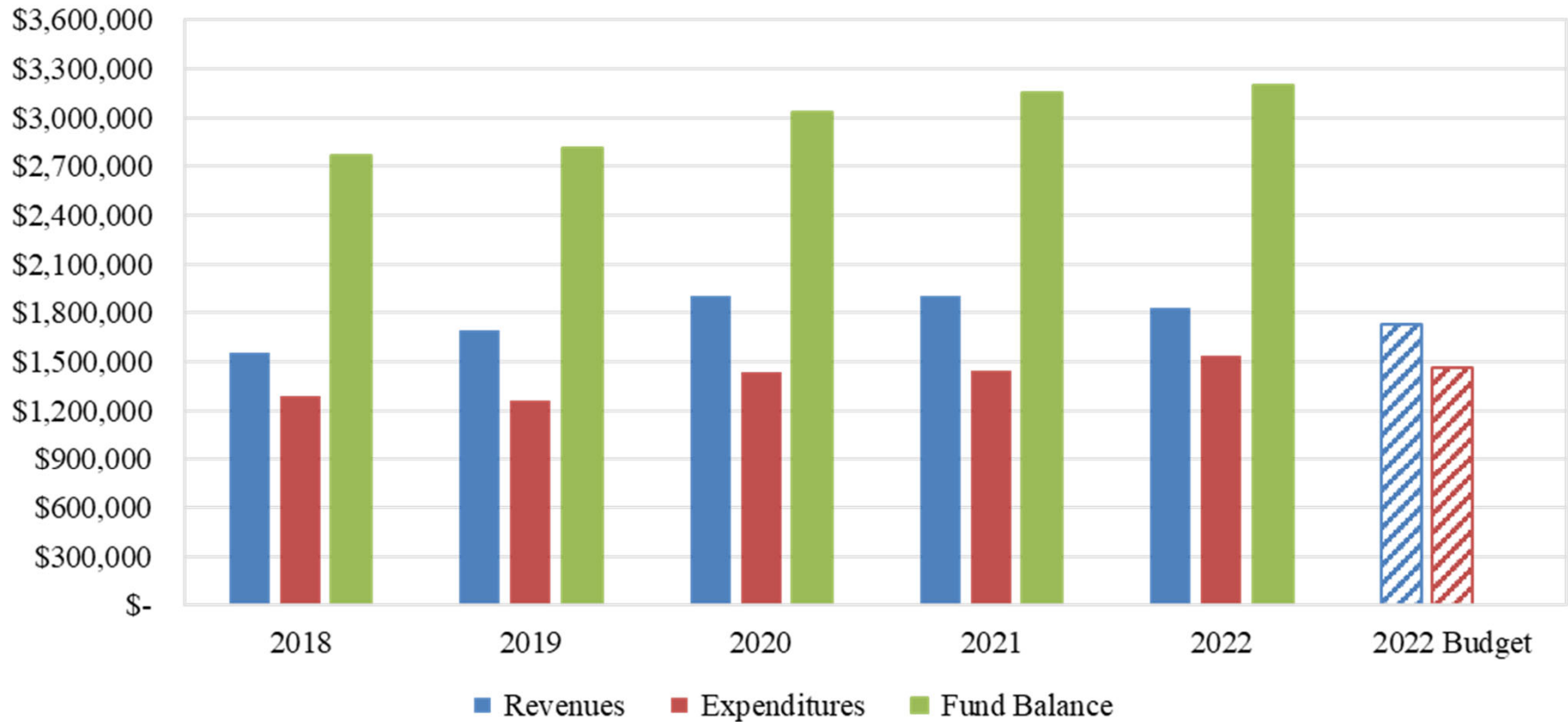
Compliance

- No Findings Identified

Internal Control Over Compliance

- No Findings Identified

General Fund - Trend Analysis & Budgetary Comparison



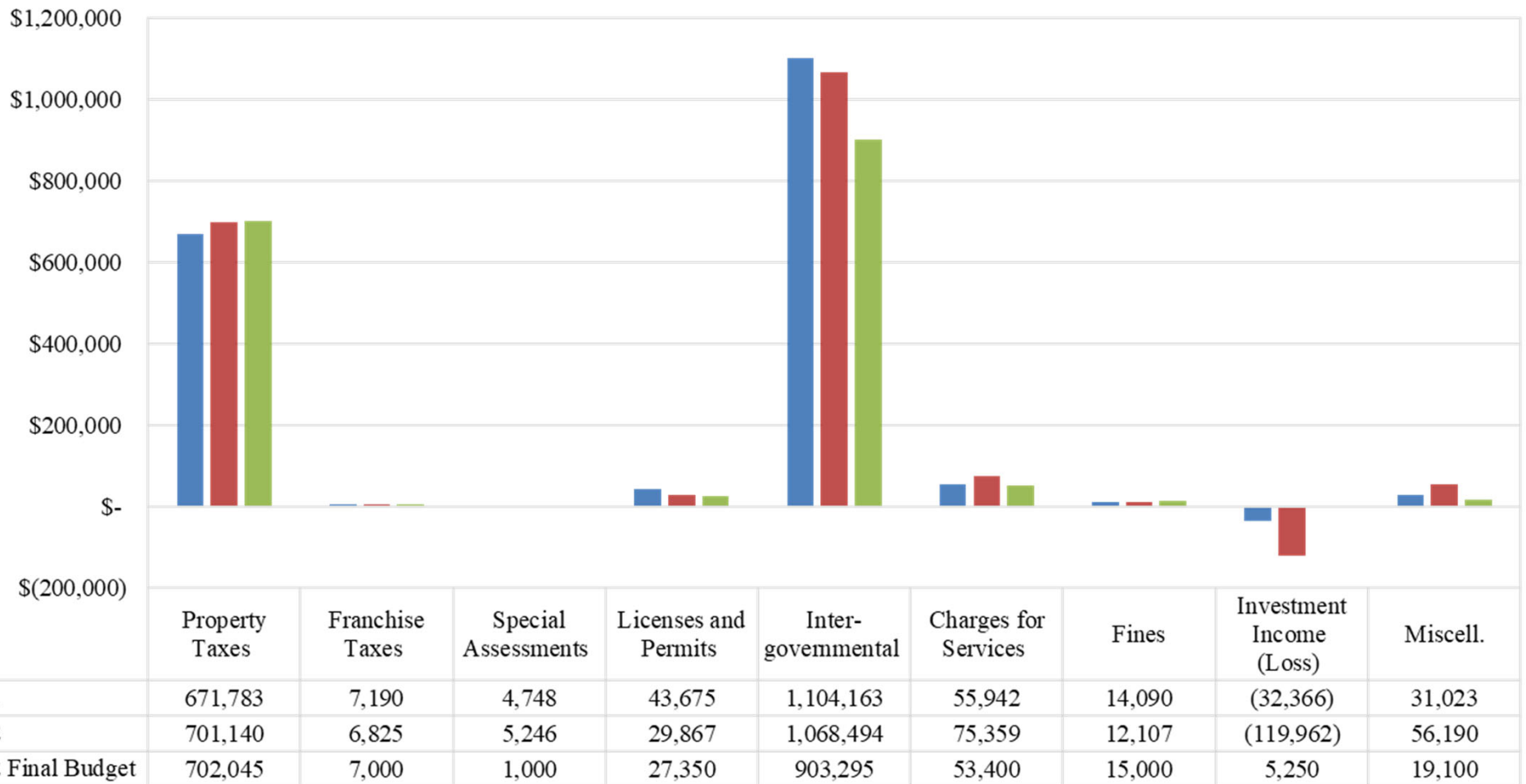
□ Revenues exceeded budget, primarily due to unbudgeted revenue from Federal Grants (American Rescue Plan Act Funds).

□ Actual expenditures exceeded budget, primarily due to unbudgeted capital outlay costs.

	2021	2022	2022 Budget
Revenues	\$ 1,900,248	\$ 1,835,266	\$ 1,733,440
Expenditures	1,447,465	1,533,578	1,463,940
Other Uses	(340,000)	(250,630)	(269,500)
Change in Fund Balance	112,783	51,058	-
Fund Balance	\$ 3,148,533	\$ 3,199,591	

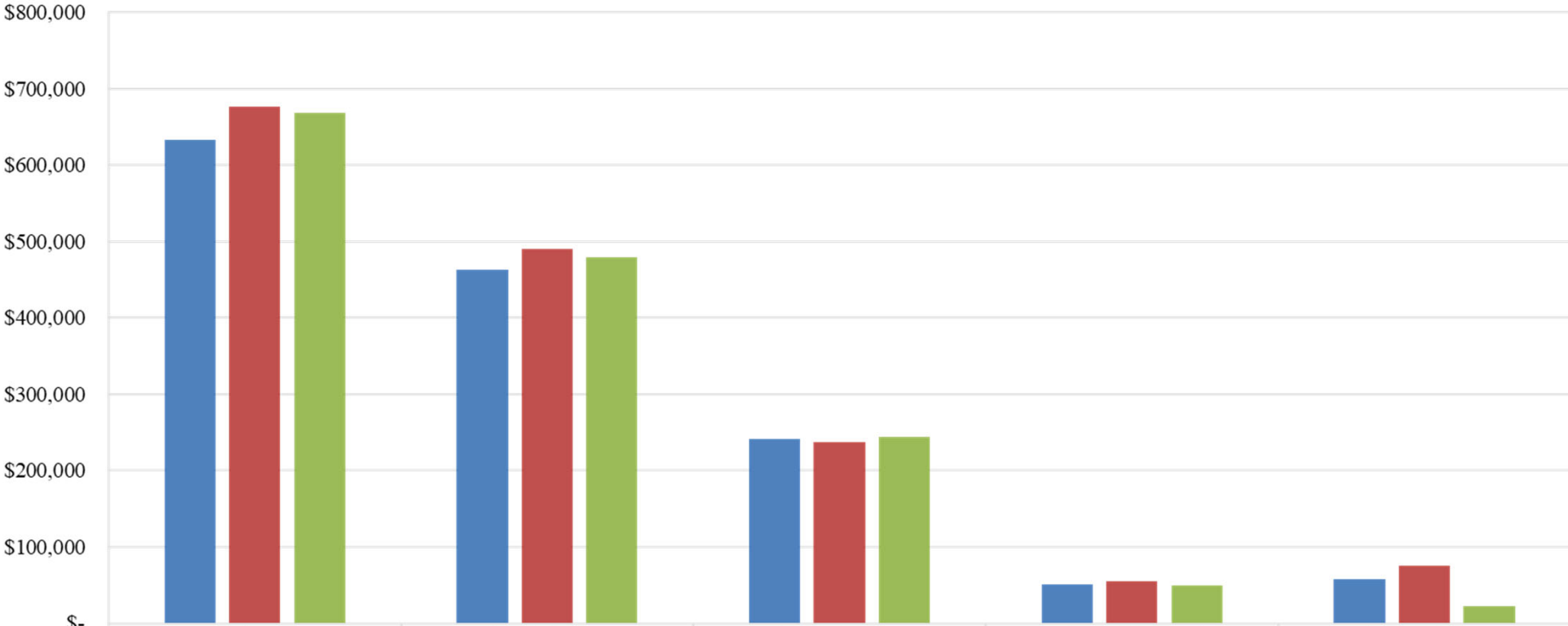
General Fund

Detailed Revenue Analysis



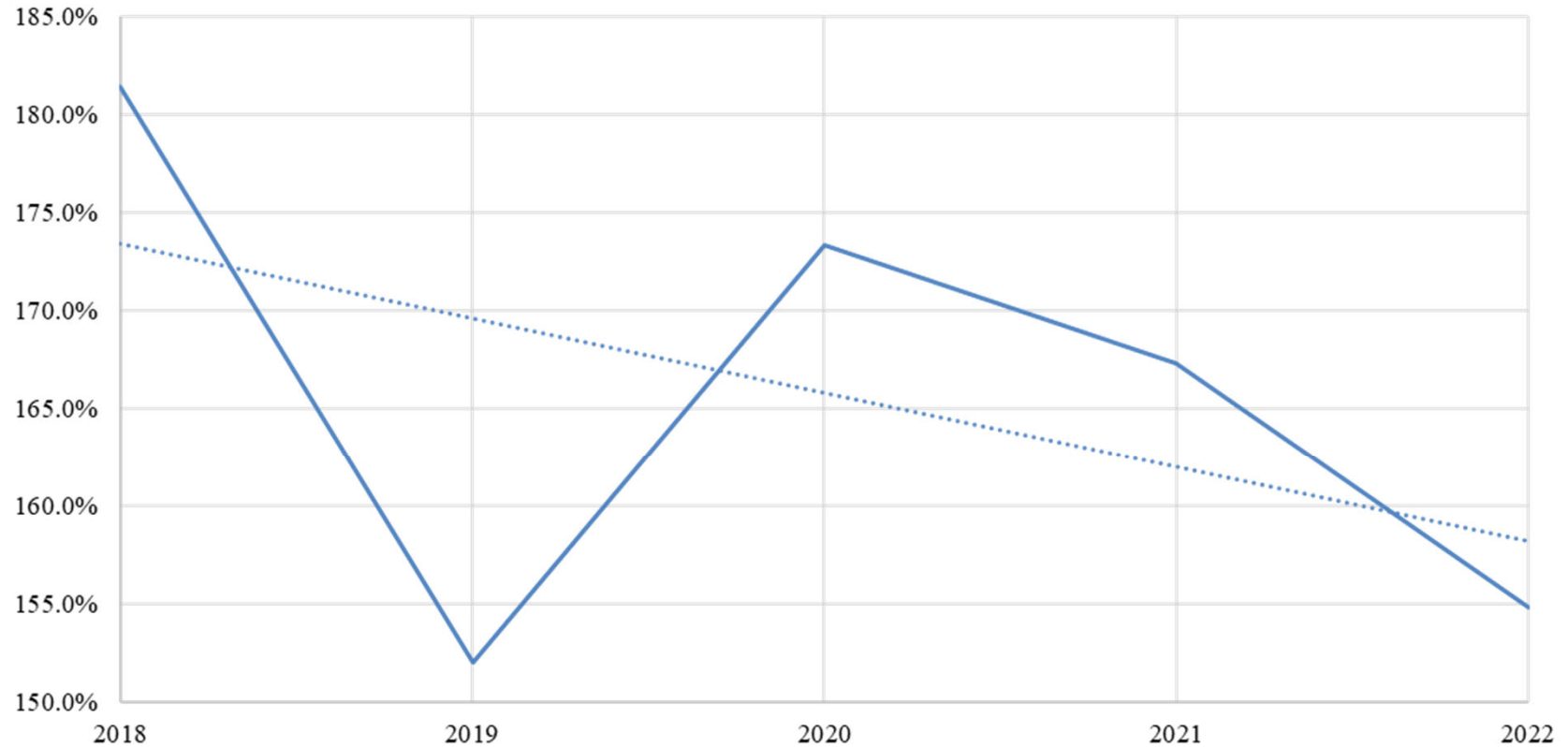
General Fund

Detailed Expenditure Analysis



■ 2021	632,938	463,662	241,827	50,681	58,357
■ 2022	676,276	490,079	236,730	54,650	75,843
■ 2022 Final Budget	668,600	479,900	244,100	49,340	22,000

Unassigned Fund Balance as a Percentage of the Annual Budget

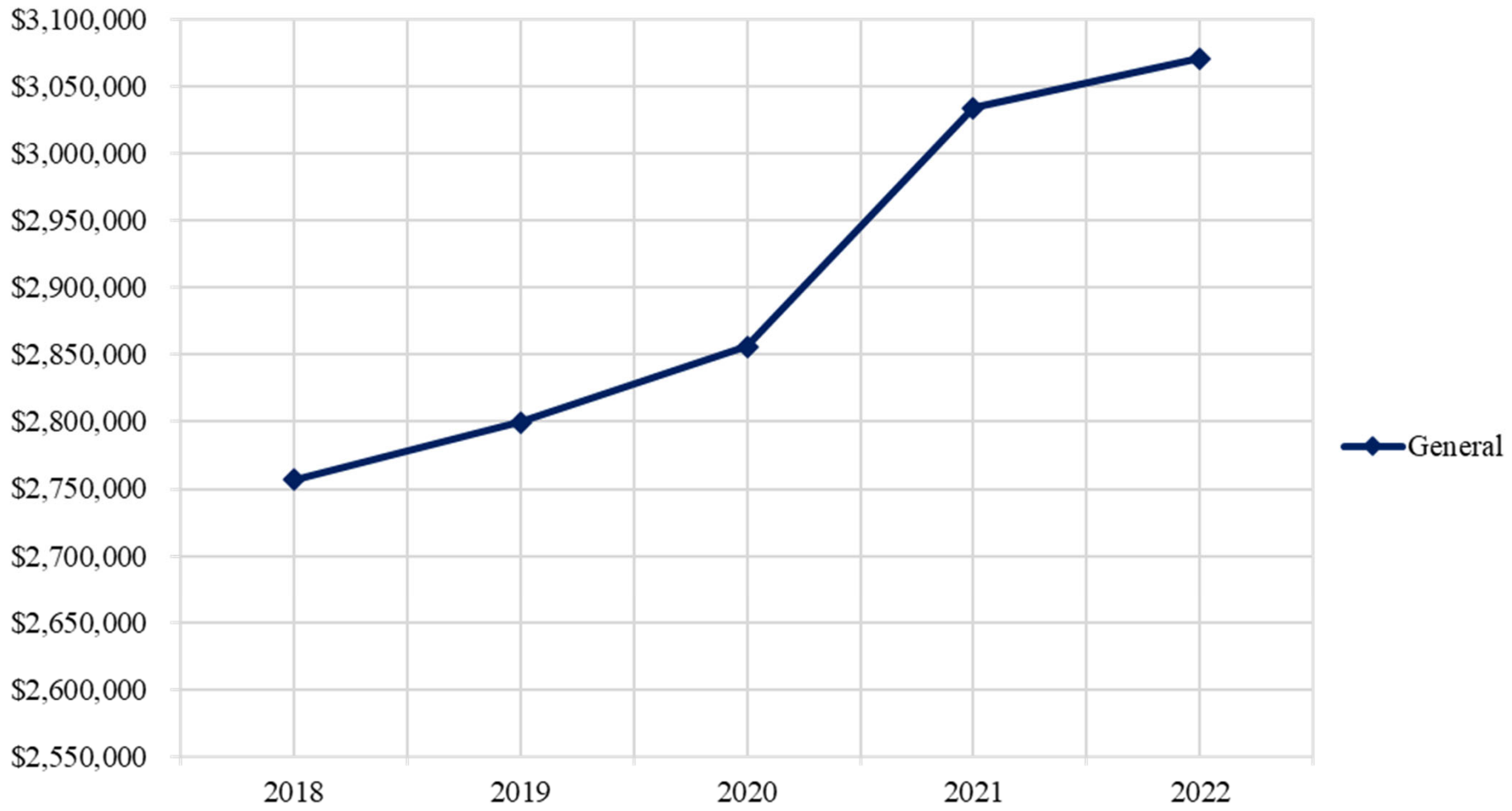


<u>Year</u>	<u>Percentage</u>
2018	181.4%
2019	152.0%
2020	173.3%
2021	167.3%
2022	154.8%

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

General Fund

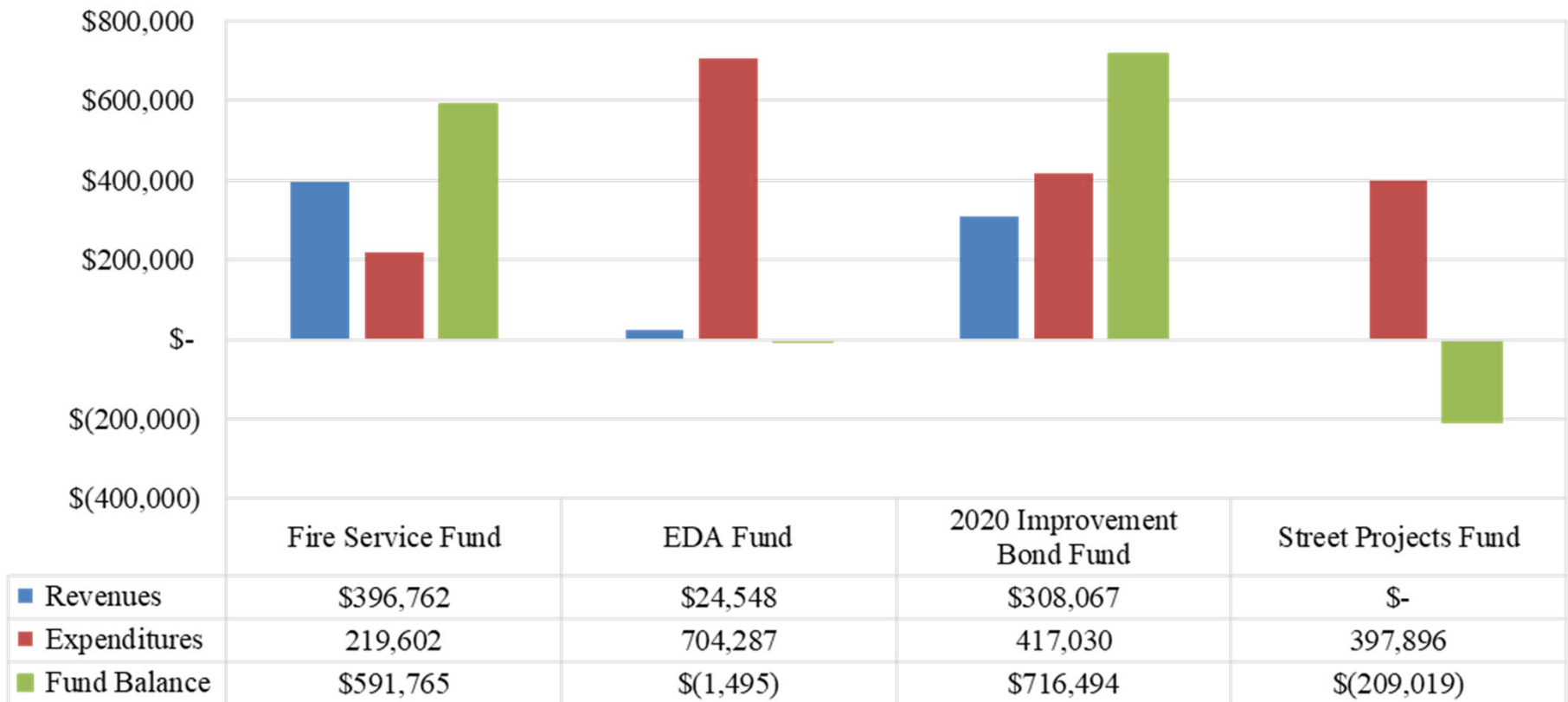
Cash Trend Analysis



Note: Amounts here exclude any short-term interfund balances

Financial Highlights

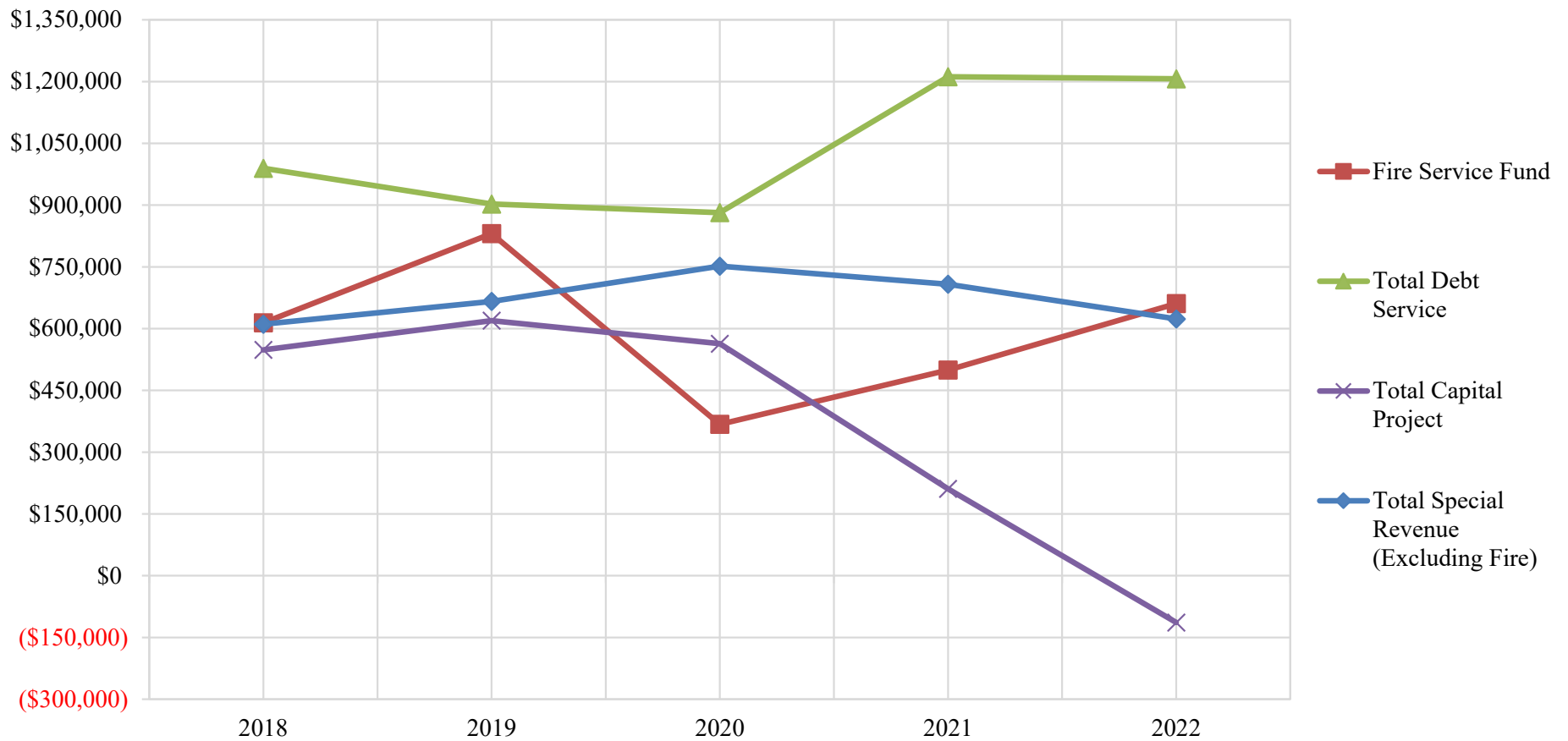
Remaining Governmental Funds



* Details for remaining nonmajor governmental funds can be found on pages 75-80 in the audited financial statements.

Remaining Governmental Funds

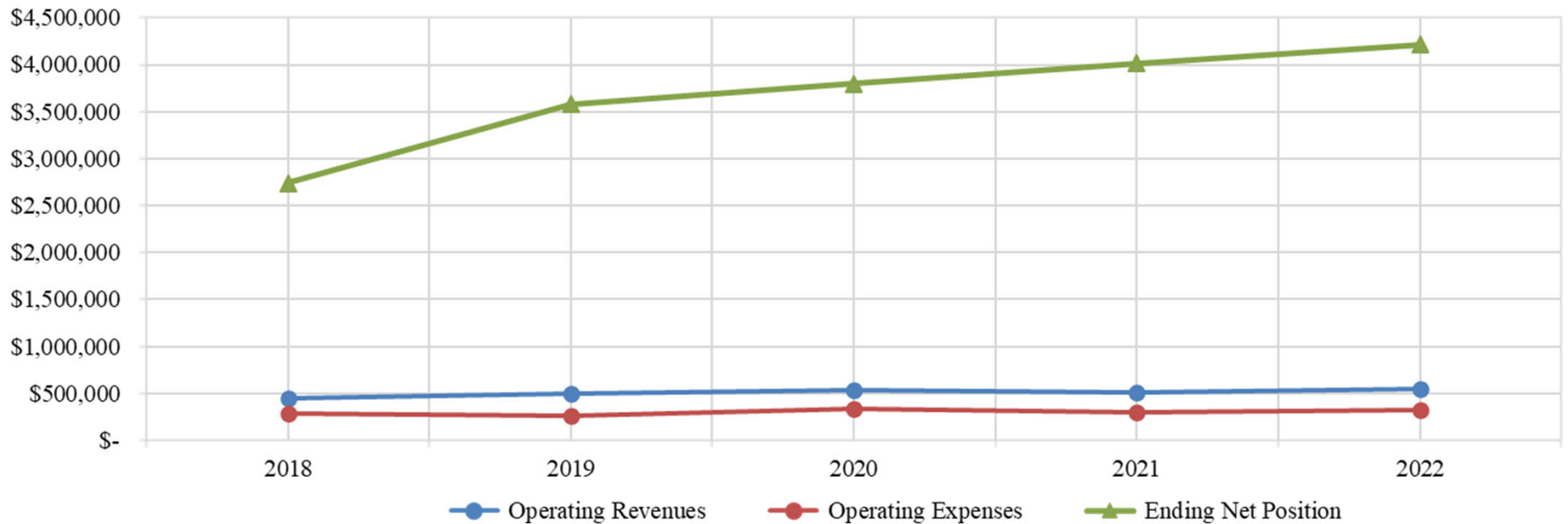
Cash Trend Analysis



Note: Amounts here exclude any short-term interfund balances

Water Fund

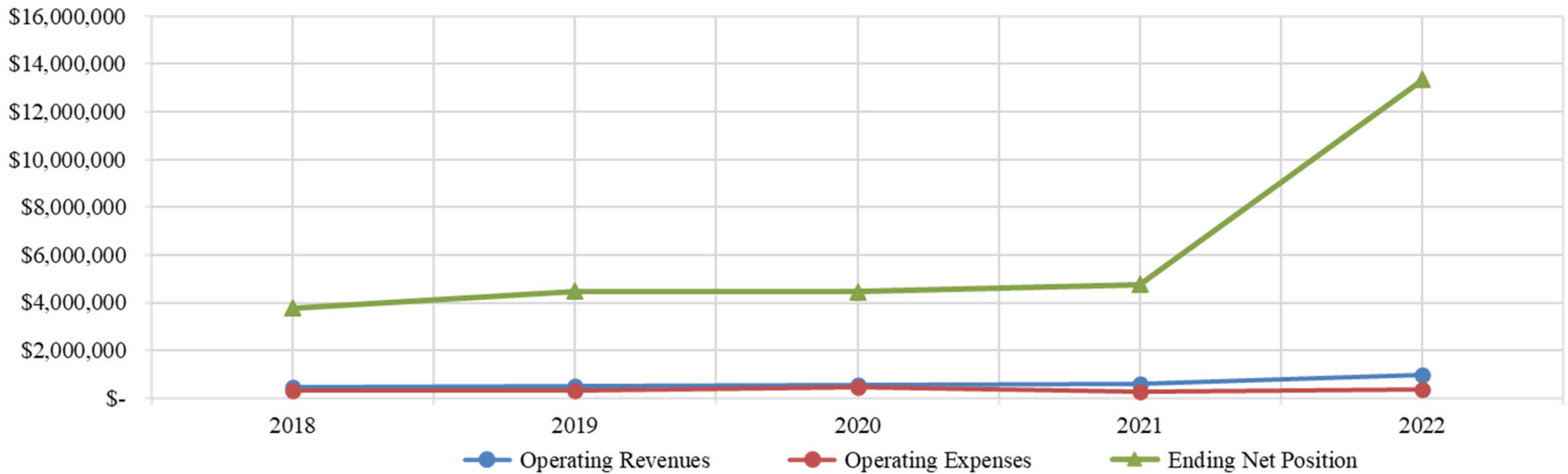
Historical Trends



	2018	2019	2020	2021	2022
Operating Revenues	\$ 441,575	\$ 502,196	\$ 533,880	\$ 506,393	\$ 548,410
Operating Expenses	286,039	260,361	337,806	292,963	328,472
Operating Income (Loss)	155,536	241,835	196,074	213,430	219,938
Nonoperating Revenues & Transfers In	6,838	597,921	21,429	12,384	1,733
Nonoperating Expenses & Transfers Out	(641,000)	-	-	(6,563)	(21,970)
Change In Net Position	\$ (478,626)	\$ 839,756	\$ 217,503	\$ 219,251	\$ 199,701
Ending Net Position	\$ 2,739,770	\$ 3,579,526	\$ 3,797,029	\$ 4,016,280	\$ 4,215,981

Sewer Fund

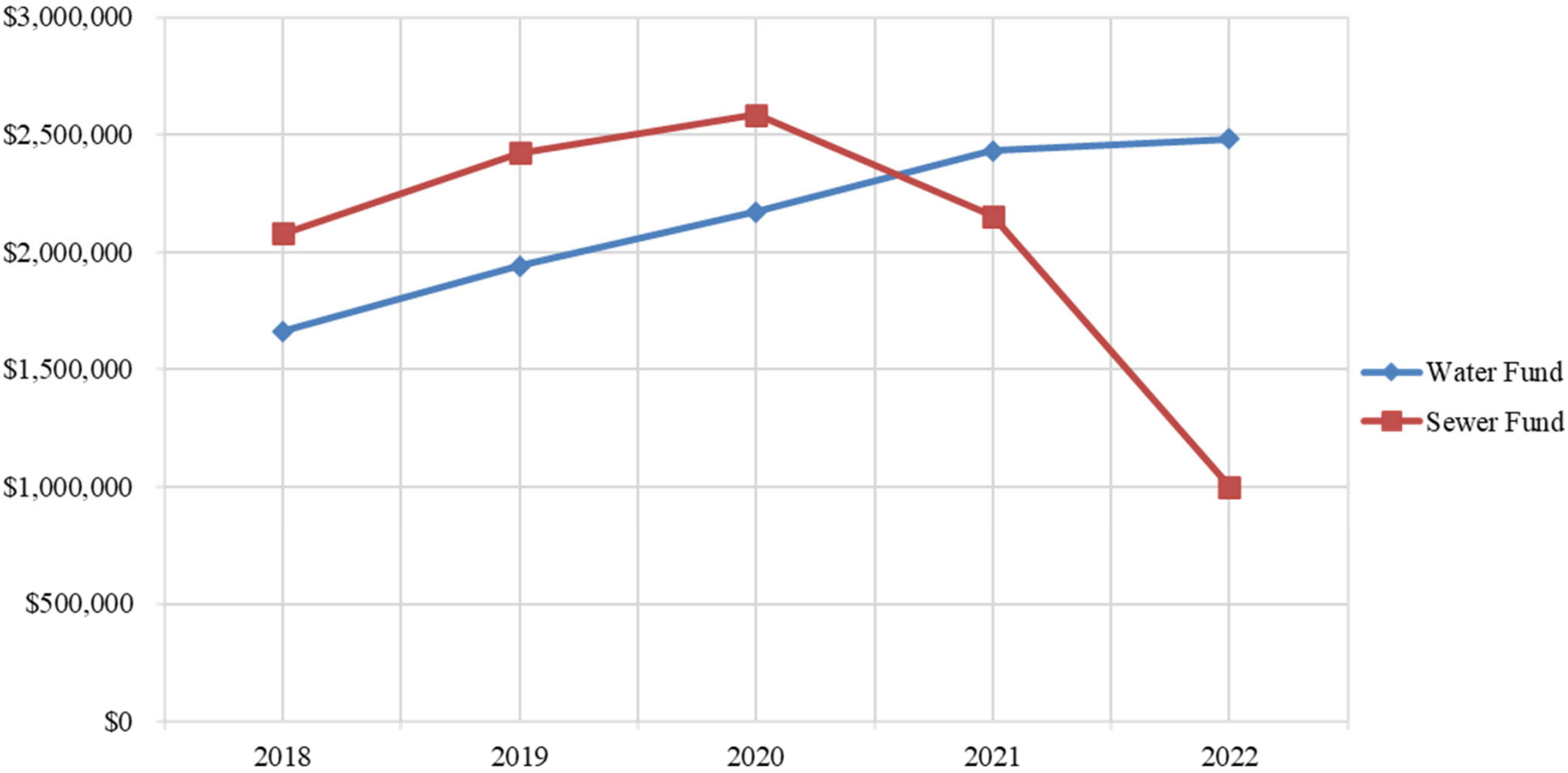
Historical Trends

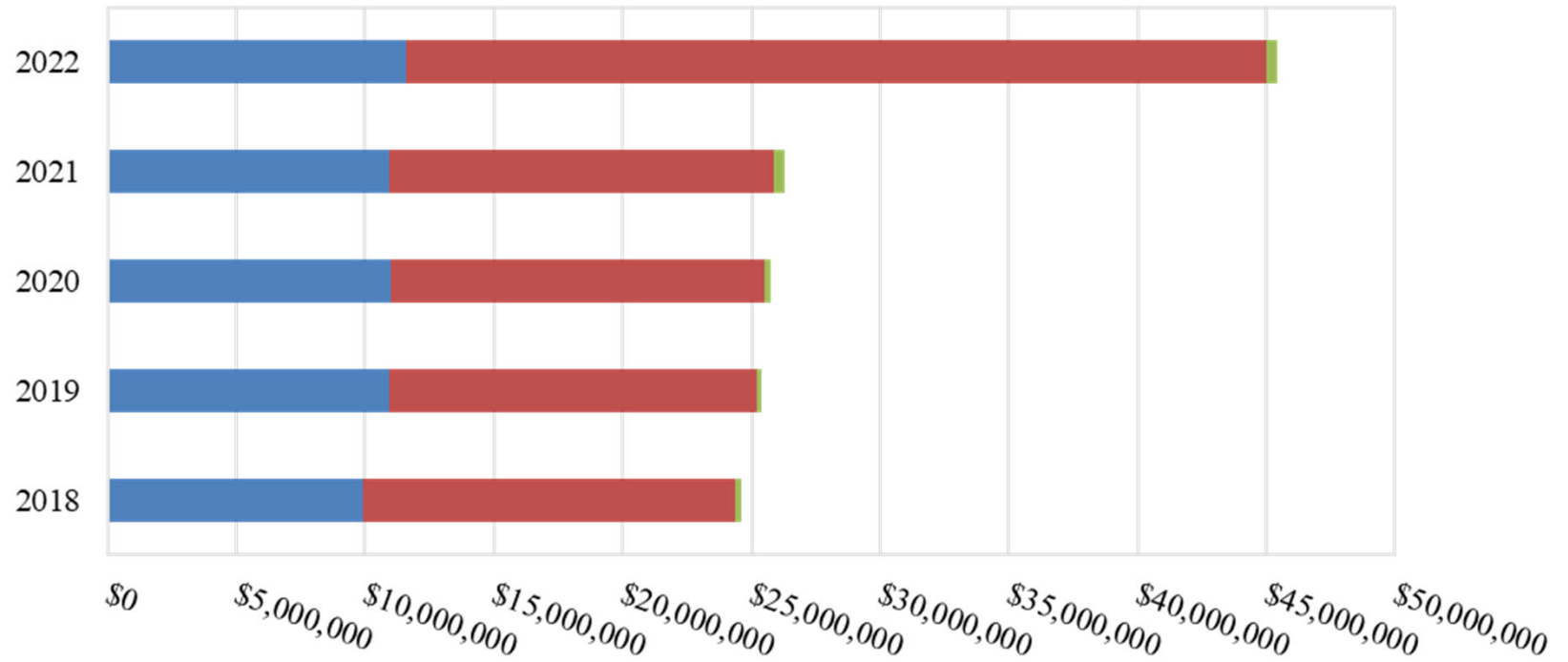


	2018	2019	2020	2021	2022
Operating Revenues	\$ 447,586	\$ 504,701	\$ 561,072	\$ 592,007	\$ 971,425
Operating Expenses	329,301	327,705	439,501	257,601	354,447
Operating Income (Loss)	118,285	176,996	121,571	334,406	616,978
Nonoperating Revenues & Transfers In	20,671	513,527	14,349	11,203	8,031,683
Nonoperating Expenses & Transfers Out	(479,164)	-	(164,000)	(25,106)	(80,048)
Change In Net Position	\$ (340,208)	\$ 690,523	\$ (28,080)	\$ 320,503	\$ 8,568,613
Ending Net Position	\$ 3,787,846	\$ 4,478,369	\$ 4,450,289	\$ 4,770,792	\$ 13,339,405

Enterprise Funds

Cash Trend Analysis



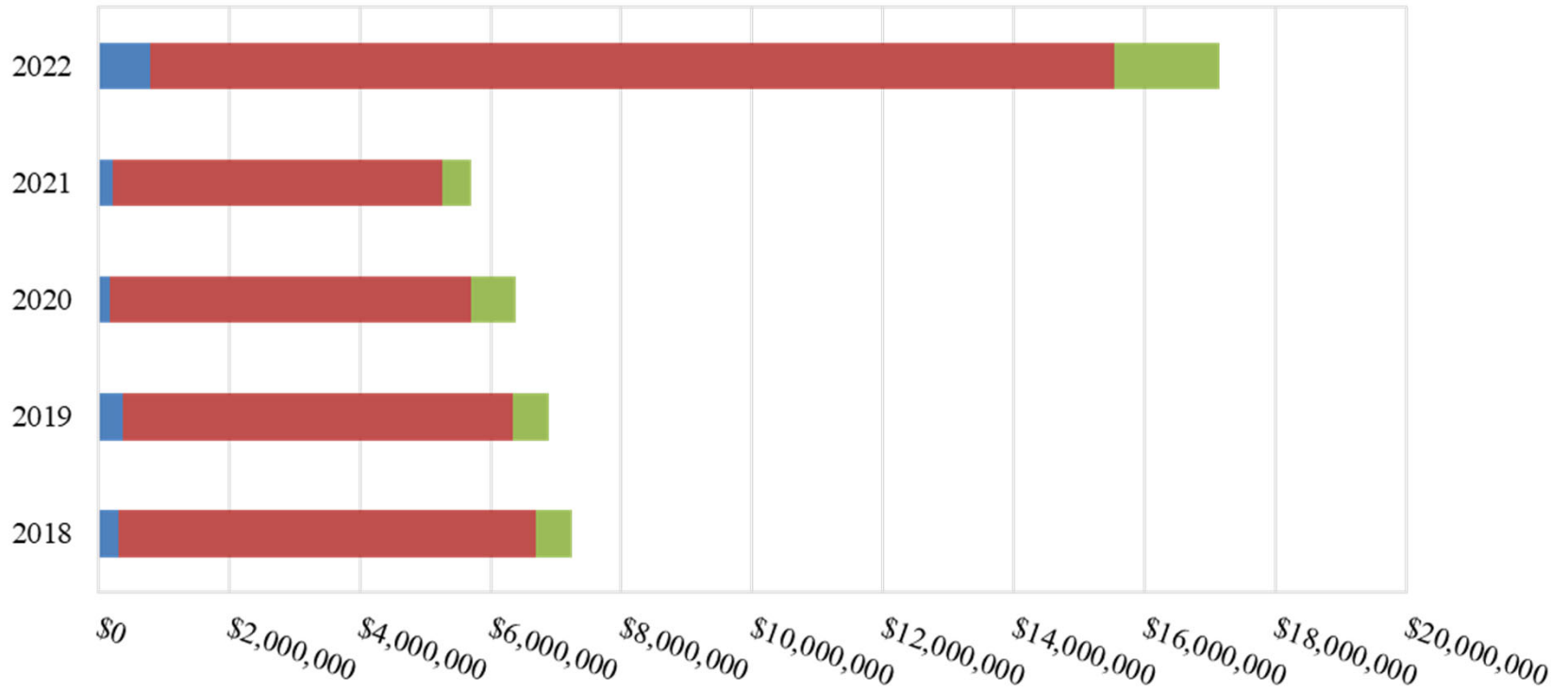


	2018	2019	2020	2021	2022
■ Current Assets	\$9,901,123	\$10,909,540	\$10,973,279	\$10,963,990	\$11,574,244
■ Capital/Noncurrent	\$14,449,370	\$14,284,454	\$14,522,134	\$14,917,436	\$33,446,770
■ Net Pension Asset	\$243,544	\$217,396	\$238,818	\$402,168	\$372,219

Financial Highlights

Total Government-Wide Assets

- Increase in total assets is primarily due to various capital related equipment purchases and construction in progress in the current year.

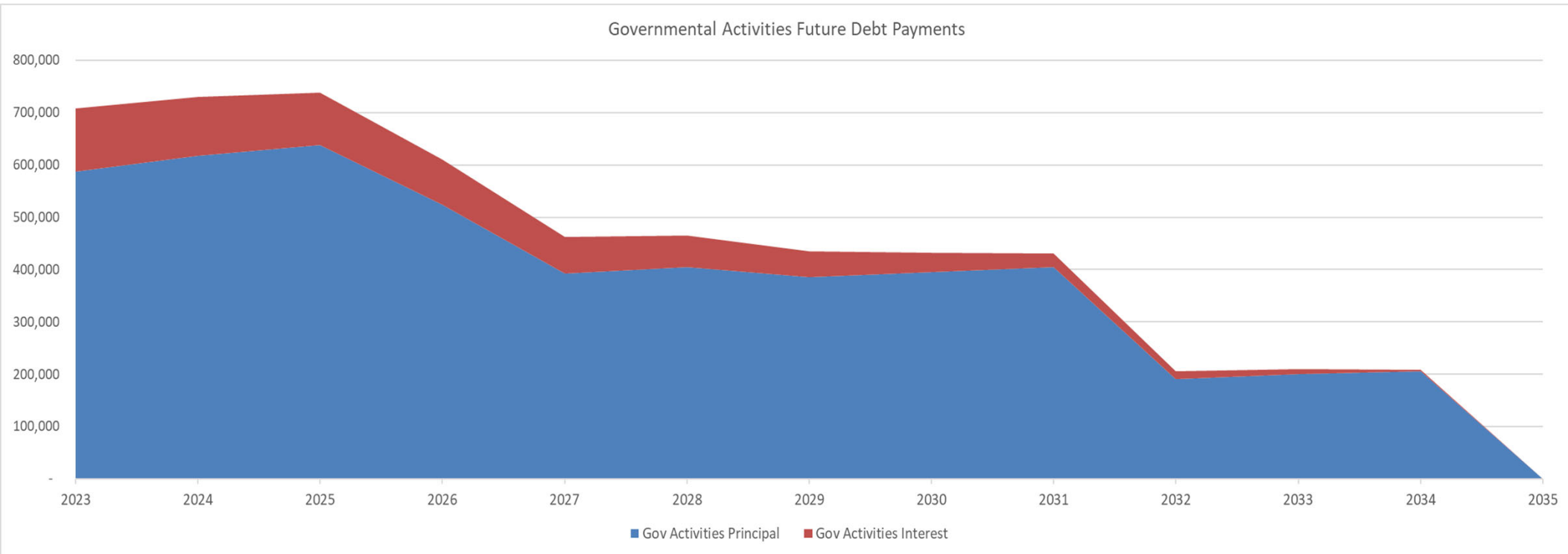


	2018	2019	2020	2021	2022
■ Current Liabilities	\$309,580	\$376,089	\$184,477	\$220,130	\$788,858
■ Debt/Noncurrent	\$6,382,715	\$5,963,231	\$5,519,045	\$5,048,155	\$14,743,582
■ Net Pension Liability	\$544,532	\$546,570	\$674,160	\$443,025	\$1,611,407

Financial Highlights

Total Government-Wide Liabilities

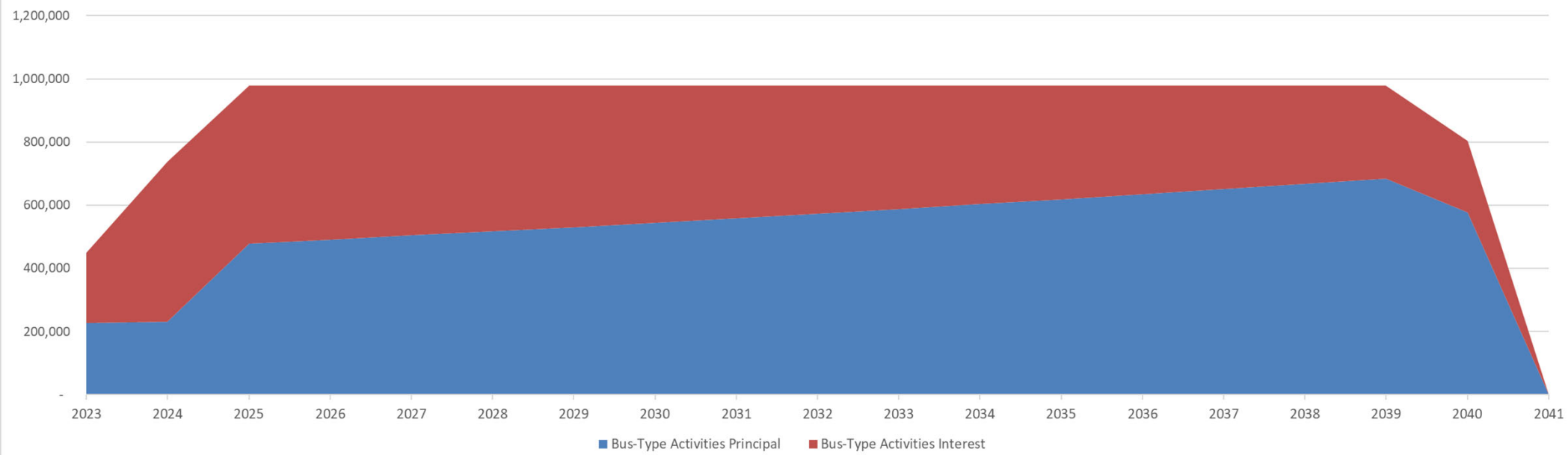
- Your City's long-term liabilities increased in the current year. More detail on this is shown on the next two pages.



Long Term Debt Outstanding

- G.O. Bonds, 2015A
- G.O. Improvement Bonds, 2018A
- G.O. Improvement Refunding Bonds, 2020A
- Industrial Park Land Financing Arrangement

Business-Type Activities Future Debt Payments



Long Term Debt Outstanding

- G.O. Sewer Revenue Note, 2022A

Upcoming Accounting Standard – GASB 96 *Subscription-Based Information Technology Arrangements (SBITA's)*

Old Method

- Record subscription expenses over the life of the arrangement

New Method

- A “subscription liability” and corresponding “right-to-use subscription asset” will need to be calculated and recorded for any SBITA's
- Implementation will be similar to GASB 87, *Leases*

Effective Date

- Effective for the 2023 calendar year

Questions?

Ashley Meagher, CPA
Manager

ameagher@schlennerwenner.cpa

320-251-0286