

# City of Foley, Minnesota

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Report to the Members of  
Governance

June 6, 2024

**SCHLENNER  
WENNER & CO.**  
CPAs

**CITY OF FOLEY, MINNESOTA  
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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, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City'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.



**SCHLENNER WENNER & CO.**  
St. Cloud, Minnesota  
June 6, 2024

**CITY OF FOLEY, MINNESOTA  
REQUIRED COMMUNICATIONS**

Auditing standards generally accepted in the United States of America (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 States have been described to you in our engagement letter dated January 4, 2024. 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 1, 2024 regarding the planned scope and timing of our audit and identified significant risks.

**Accounting Policies and Practices**

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, 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 estimates associated with the following balances reported at year-end:

- Net pension asset/liability and related deferred outflows/inflows of resources

**Audit Adjustments and Uncorrected Misstatements**

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the City are shown following the attached representation letter at Exhibit A.

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

## **CITY OF FOLEY, MINNESOTA REQUIRED COMMUNICATIONS**

### **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.

### **Shared Responsibilities for Independence**

Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For Schlenner Wenner & Co. to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee (when applicable), and Schlenner Wenner & Co. each play an important role.

#### **Our Responsibilities**

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. Schlenner Wenner & Co. is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

#### **The City's Responsibilities**

- Timely inform Schlenner Wenner & Co., before the effective date of transactions or other changes, of the following:
  - New affiliates, members of governance, or person in financial reporting and compliance oversight roles.
  - Changes in the reporting entity impacting affiliates such as related entities, investments, joint ventures, component units, and jointly governed organizations.
- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the City and its affiliates, members of governance, or persons in a decision-making capacity, engaging in business relationships with Schlenner Wenner & Co.
- Not entering into arrangements of non-audit services resulting in Schlenner Wenner & Co. being involved in making management decisions on behalf of the City.
- Not entering into relationships resulting in Schlenner Wenner & Co., Schlenner Wenner & Co. covered persons or their close family members, temporarily or permanently acting as a member of governance or person in an accounting, financial reporting or compliance oversight role at the City.

**CITY OF FOLEY, MINNESOTA  
REQUIRED COMMUNICATIONS**

**Internal Control and Compliance Matters**

We have separately communicated any significant deficiencies and material weaknesses in internal control and compliance findings 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, 2023.

**Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the City of Foley, including the representation letter provided to us by management, are attached as Exhibit A.

**EXHIBIT A**

**REPRESENTATION LETTER**

## CITY OF FOLEY, MINNESOTA

June 6, 2024

Schlenner Wenner & Co.  
St. Cloud, MN 56302

This representation letter is provided in connection with your audit of the basic financial statements of the City of Foley, Minnesota (the City), as of and for the year ended December 31, 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 6, 2024:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 4, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the City include:
  - a. Those with other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.
  - b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The City is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

8. If applicable, the financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. If applicable, risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
13. If applicable, provisions for uncollectible receivables have been properly identified and recorded.
14. If applicable, capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated or amortized.
15. If applicable, the City has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
16. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
17. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
19. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
20. The City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
21. If applicable, the City disclosed the names of entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77, *Tax Abatement Disclosures*.
22. If applicable, the City disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
23. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

24. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
25. We have reviewed the GASB Statements effective for the fiscal year ending December 31, 2023, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
  - a. GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
26. We have no knowledge of any uncorrected misstatements in the financial statements.
27. We have requested an unsecured electronic copy of the auditor's report and basic financial statements and agree that the auditor's report and basic financial statements will not be modified in any manner.

*Information Provided*

28. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the City Council, or summaries of actions of recent meetings for which minutes have not yet been prepared.
29. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
30. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
31. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
32. We have no knowledge of allegations of fraud or suspected fraud affecting the City's basic financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the basic financial statements.

33. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
34. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
35. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
36. We have disclosed to you the identity of all of the City's related parties and all the related-party relationships and transactions of which we are aware.
37. We have informed you of all deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize and report financial data.
38. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
39. It is our responsibility to inform you of all current and potential affiliates of the City as defined by the "State and Local Government Client Affiliates" interpretation. Financial interests in, and other relationships with, affiliates of the City may create threats to independence. We have:
  - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
  - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving changes in the determination of the materiality of an entity to the City's financial statements as a whole, the level of influence the City has over an entity's financial reporting process, or the level of control or influence of control or influence the City or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the City and Schlenner Wenner & Co. to identify and eliminate potential impermissible services and relationships between Schlenner Wenner & Co. or its associated entities and those potential affiliates, prior to the effective dates.
  - c. Made you aware, to the best of our knowledge and belief, of any non-audit services that the City or any of our affiliates has engaged Schlenner Wenner & Co. or any of its associated entities to perform.
40. If applicable, we agree with the findings of the specialists in evaluating the Minnesota Public Employees Retirement Association net pension liabilities and related balances, as well as the City's fire relief net pension asset balances, and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
41. If applicable, we believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.

42. If applicable, we believe that the information obtained from the audited financial statements of and other participant information provided by the Minnesota Public Employees Retirement Association is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.
43. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

*Supplementary Information*

44. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement and presentation have not changed from those used in the prior period.
  - d. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation.
  - e. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
45. With respect to the Budgetary Comparison Schedules, Schedule of City's Proportionate Share of the Net Pension Liability, Schedule of City Pension Contributions, and Schedule of Changes in Net Pension Liability (Asset) – Fire Relief Association presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement and presentation have not changed from those used in the prior period.
  - d. We have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation.
46. We understand, as part of your audit, you have prepared a draft of our financial statements and related notes from the trial balance and other information we provided to you. We have reviewed and approve those financial statements and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements and have performed our responsibility to prevent and detect errors. Further, we have designated a qualified management level individual to be responsible and accountable for overseeing your services.
47. We are in agreement with the proposed adjusting journal entries you have recommended (as shown in Exhibits A-1 and A-2), and they have been recorded in the City's accounting records.

### *Compliance Considerations*

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

48. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
49. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
50. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
51. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
52. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
53. If applicable, has taken timely and appropriate steps to remedy identified or suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that the auditor reports.
54. Has a process to track the status of audit findings and recommendations.
55. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
56. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
57. If applicable, has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
58. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

*Sarah A Brunn*

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Sarah Brunn, City Administrator  
City of Foley

**EXHIBIT A-1**

**ADJUSTING JOURNAL ENTRIES**

City of Foley

Year End: December 31, 2023

Journal Entries: Adjusting

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
1	12/31/2023	Prepaid Insurance	100-15500 GF01			5,000.00				
1	12/31/2023	Unreserved Fund Balance	100-25300 GF01				5,000.00			
1	12/31/2023	Unreserved Fund Balance	602-25300 ENT02				8,000,000.00			
1	12/31/2023	MPFA SPAP Grant Revenues	602-33500 ENT02			8,000,000.00				
		To adjust beginning equity for difference in beginning prepaid balance (2022 audit JE 11) and adjust for revenue account set up as a GL account type in Banyon							Recurring	Factual
2	12/31/2023	Fixed Assests	601-16000 ENT01	5515		3,900.00				
2	12/31/2023	Fixed Assests	602-16000 ENT02	5515		3,900.00				
2	12/31/2023	Capital Outlay	601-49400-510 ENT01	5515			3,900.00			
2	12/31/2023	Capital Outlay	602-49450-510 ENT02	5515			3,900.00			
		To record current year proprietary fund capital asset additions.							Recurring	Factual
3	12/31/2023	Construction In Progress	601-16250 ENT01	5515		22,389.00				
3	12/31/2023	Construction In Progress	602-16250 ENT02	5515		6,414,233.00				
3	12/31/2023	Construction In Progress	602-16250 ENT02	5515		298,079.00				
3	12/31/2023	Capital Outlay	601-49400-510 ENT01	5515			22,389.00			
3	12/31/2023	Misc.	602-49450-445 ENT02	5515			35,000.00			
3	12/31/2023	Wasterwater Expansion	602-49450-515 ENT02	5515			6,379,233.00			
3	12/31/2023	Wasterwater Expansion	602-49450-515 ENT02	5515			298,079.00			
		To record current year proprietary fund capital asset construction in progress.							Recurring	Factual
4	12/31/2023	Accumlated Depreciation	601-16050 ENT01	5520			94,203.00			
4	12/31/2023	Accumlated Depreciation	602-16050 ENT02	5520			132,451.00			
4	12/31/2023	Depreciation expense	601-49400-420 ENT01	5520		94,203.00				
4	12/31/2023	Depreciation Expense	602-49450-450 ENT02	5520		132,451.00				
		To record current year proprietary fund capital asset depreciation expense.							Recurring	Factual
5	12/31/2023	Deferred Outflows - Pension	601-17000 ENT01	6354A			6,335.00			
5	12/31/2023	Net Pension Liability	601-24000 ENT01	6354A		20,848.00				
5	12/31/2023	Deferred Inflows	601-24100 ENT01	6354A			17,429.00			
5	12/31/2023	Deferred Outflows - Pension	602-17000 ENT02	6354A			6,333.00			
5	12/31/2023	Net Pension Liability	602-24000 ENT02	6354A		22,109.00				
5	12/31/2023	Deferred Inflows	602-24100 ENT02	6354A			16,544.00			
5	12/31/2023	Pension Expense	601-49400-120 ENT01	6354A		2,924.00				
5	12/31/2023	Pension Expense	602-49450-120 ENT02	6354A		775.00				
5	12/31/2023	Other	601-49400-37170 ENT01	6354A			8.00			
5	12/31/2023	Other	602-49450-37170 ENT02	6354A			7.00			
		To record current year pension activity for enterprise funds.							Recurring	Factual
6	12/31/2023	Other Investments	100-10150 GF01	5101			449,698.00			
6	12/31/2023	Other Investments	601-10150 ENT01	5101			119,385.00			
6	12/31/2023	Other Investments	602-10150 ENT02	5101			13,462.00			
6	12/31/2023	Other Investments	609-10150 GF01	5101			269,342.00			
6	12/31/2023	Other Receipts	100-41000-34900 GF01	5101		449,698.00				
6	12/31/2023	Other	601-49400-37170 ENT01	5101		119,385.00				
6	12/31/2023	Other	602-49450-37170 ENT02	5101		13,462.00				
6	12/31/2023	Other Receipts	609-37900-34900 GF01	5101		269,342.00				
		To remove investment withdrawals from revenues and reduce investment balances to match client schedule (Do not reverse)							Recurring	Factual
7	12/31/2023	Accrued Interest Payable	602-21500 ENT02	6001			65,323.00			
7	12/31/2023	General Obligation Bonds Pay	602-22510 ENT02	6001		226,428.00				
7	12/31/2023	Sewer Loan Principal	602-49450-420 ENT02	6001			226,428.00			
7	12/31/2023	Sewer Loan Interest	602-49450-421 ENT02	6001		65,323.00				
		To record interest accrual for the 2022A Revenue Note and record principal payment.							Recurring	Factual
8	12/31/2023	Due Utility Funds	208-13102 DSF01	5910		87,000.00				

City of Foley

Year End: December 31, 2023

Journal Entries: Adjusting

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
8	12/31/2023	Current Portion Due Utility	208-13103 DSF01	5910			81,000.00			
8	12/31/2023	Due to 08 IBF	601-20702 ENT01	5910			20,000.00			
8	12/31/2023	Current Portion Due 08 IBF	601-20703 ENT01	5910		20,000.00				
8	12/31/2023	Due to 08 IBF	602-20702 ENT02	5910			67,000.00			
8	12/31/2023	Current Portion Due 08 IBF	602-20703 ENT02	5910		61,000.00				
8	12/31/2023	Transfers	602-49450-999 ENT02	5910		6,000.00				
8	12/31/2023	Transfers	208-49508-39999 DSF01	5910			6,000.00			
		To reclass interfund loan payments. Because an additional \$2,000 was paid on the Sewer Fund's interfund loan in 2021, 2022, and 2023, this residual \$6,000 was moved to a transfers out (expense) account for 2023.							Recurring	Factual
9	12/31/2023	Special Assessments Receivable	601-12100 ENT01	7011			6,534.00			
9	12/31/2023	Special Assessments Receivable	602-12100 ENT02	7011			3,612.00			
9	12/31/2023	Assessments	601-36100-39200 ENT01	7011		6,534.00				
9	12/31/2023	Special Assessments	602-36100-36100 ENT02	7011		3,612.00				
		To reverse 12/31/22 assess rec for proprietary funds per client schedule							Recurring	Factual
10	12/31/2023	Special Assess Rec-Delinquent	601-12200 ENT01	7012		29.00				
10	12/31/2023	Deferred Revenue: Spec Assmts	601-22250 ENT01	7012			692.00			
10	12/31/2023	Special Assess Rec-Delinquent	602-12200 ENT02	7012		465.00				
10	12/31/2023	Deferred Revenue: Spec Assmts	602-22250 ENT02	7012			692.00			
10	12/31/2023	Assessments	601-36100-39200 ENT01	7012		663.00				
10	12/31/2023	Special Assessments	602-36100-36100 ENT02	7012		227.00				
		To agree delinquent taxes and assessments to client prepared schedule (delinquent Special Assessments are not deferred for proprietary funds)							Recurring	Factual
						16,349,979.00	16,349,979.00			

## **EXHIBIT A-2**

### **OTHER JOURNAL ENTRIES**

Includes:

- Entries provided by the City
- Reclassifications for financial statement presentation
- Government-wide conversion entries

City of Foley

Year End: December 31, 2023

Journal Entries: Reclassifying

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
101	12/31/2023	Deferred Revenues	208-22200 DSF01				1.00			
101	12/31/2023	Unreserved Fund Balance	208-25300 DSF01			2.00				
101	12/31/2023	Unreserved Fund Balance	250-25300 SRF05				1.00			
101	12/31/2023	Unreserved Fund Balance	601-25300 ENT01			1.00				
101	12/31/2023	Unreserved Fund Balance	602-25300 ENT02			2.00				
101	12/31/2023	Unreserved Fund Balance	609-25300 GF01				1.00			
101	12/31/2023	Unreserved Fund Balance	699-25300 SRF01			1.00				
101	12/31/2023	Office Expense	100-41000-201 GF01			4.00				
101	12/31/2023	Professional Svcs (GENERAL)	215-49514-300 DSF03			1.00				
101	12/31/2023	Professional Services	378-49000-311 DSF04				1.00			
101	12/31/2023	Machinery/Equipment	425-42100-404 CPF01				1.00			
101	12/31/2023	Capital Outlay	500-50000-510 SRF02			1.00				
101	12/31/2023	Office Expense	601-49400-201 ENT01				2.00			
101	12/31/2023	Misc.	616-45124-445 SRF03				1.00			
101	12/31/2023	Office Expense	699-42200-201 SRF01				5.00			
101	12/31/2023	Interest	250-41050-36210 SRF05							
101	12/31/2023	Interest	301-48000-36210 SRF04			1.00				
		To tie out beginning equity and balance funds for rounding differences								Recurring
102	12/31/2023	Current Portion of Notes Payable	602-22550 ENT02	6001			154,898.00			
102	12/31/2023	Bonds Payable Current Offset	602-22551 ENT02	6001		154,898.00				
		To reclassify the current portion of the 2022A Note.								Recurring
103	12/31/2023	State Aid	100-42100-33422 GF01	7002		59,055.00				
103	12/31/2023	Other State Grants and Aids	100-42100-33440 GF01	7002			59,055.00			
103	12/31/2023	Police Reimbursements	100-42100-34901 GF01	7002			8,646.00			
103	12/31/2023	Reimbursable Expenses	100-42100-34902 GF01	7002		8,646.00				
103	12/31/2023	Federal Grants - Other	699-42200-33170 SRF01	7002			5,000.00			
103	12/31/2023	Federal Grants - Other	699-42200-33171 SRF01	7002			42,992.00			
103	12/31/2023	State Aid	699-42200-33422 SRF01	7002		59,054.00				
103	12/31/2023	Other State Grants and Aids	699-42200-33440 SRF01	7002			59,054.00			
103	12/31/2023	Grant	699-42200-34220 SRF01	7002		5,000.00				
103	12/31/2023	Grant	699-42200-34220 SRF01	7002		42,992.00				
103	12/31/2023	Miscellaneous Revenues	699-42200-36200 SRF01	7002			38,900.00			
103	12/31/2023	Other	699-42200-37170 SRF01	7002		11,761.00				
103	12/31/2023	Other	699-42200-37170 SRF01	7002		38,900.00				
103	12/31/2023	Fire Reimbursements	699-42200-37171 SRF01	7002			11,761.00			
		To reclass police and fire reimbursements and grants for state reporting presentation purposes. To reclass FEMA grant to federal grouping for FS purposes.								Recurring
104	12/31/2023	Special Assess Rec-Deferred	100-12300 GF01	7013			4,118.00			
104	12/31/2023	Special Assess Rec-Deferred	208-12300 DSF01	7013			29,674.00			
104	12/31/2023	Special Assess Rec-Deferred	215-12300 DSF03	7013			5,425.00			
104	12/31/2023	Special Assess Rec-Deferred	218-12300 DSF06	7013			21,116.00			
104	12/31/2023	Special Assess Rec-Deferred	601-12300 ENT01	7013			2,944.00			
104	12/31/2023	Special Assess Rec-Deferred	602-12300 ENT02	7013			3,347.00			
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-100-12301 GF01	7013		4,118.00				
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-208-12301 DSF01	7013		29,674.00				
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-215-12301 DSF03	7013		5,425.00				
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-218-12301 DSF06	7013		21,116.00				
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-601-12301 ENT01	7013		2,944.00				
104	12/31/2023	Special Assessments-Deferred-Current Portion	900-602-12301 ENT02	7013		3,347.00				
		To break out current portion of special assessments per review of the pay 2022 assessment roll from the County								Recurring
105	12/31/2023	Financing Interest	500-50000-450 SRF02	6056		17,280.00				
105	12/31/2023	Principal Payment	500-50000-499 SRF02	6056		98,807.00				
105	12/31/2023	Capital Outlay	500-50000-510 SRF02	6056			116,087.00			
		To reclassify the land financing arrangement payments out of capital outlay and into their respective principal and interest accounts.								Recurring
106	12/31/2023	Checking	100-10100 GF01				18,866.00			

City of Foley

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Journal Entries: Reclassifying

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
106	12/31/2023	Prepaid Insurance	100-15500 GF01			18,866.00				
		PBC - To record Jan 2024 prepaid healthpartners invoice.							Recurring	
107	12/31/2023	Compost Pile	100-41000-115 GF01	5515			13,570.00			
107	12/31/2023	Capital Outlay	100-41000-510 GF01	5515		13,570.00				
107	12/31/2023	Capital Outlay	100-41000-510 GF01	5515						
107	12/31/2023	Misc.	699-42200-445 SRF01	5515			38,900.00			
107	12/31/2023	Capital Outlay	699-42200-510 SRF01	5515		38,900.00				
		To reclassify capital outlay expenditures to proper accounts.							Recurring	
108	12/31/2023	Checking	100-10100 GF01	5000 LEAD			233.00			
108	12/31/2023	Savings Withdrawal/Chck Dep	100-41000-34920 GF01	5000 LEAD		233.00				
		To tie out cash savings and withdrawal accounts.							Recurring	
109	12/31/2023	Checking	100-10100 GF01	5000 LEAD			75,080.00			
109	12/31/2023	Due from Other Funds	100-13100 GF01	5000 LEAD		75,080.00				
109	12/31/2023	Checking	425-10100 CPF01	5000 LEAD		72,626.00				
109	12/31/2023	Due to Other Funds	425-20700 CPF01	5000 LEAD			72,626.00			
109	12/31/2023	Checking	500-10100 SRF02	5000 LEAD		2,454.00				
109	12/31/2023	Due to Other Funds	500-20700 SRF02	5000 LEAD			2,454.00			
		To record interfund balances for negative cash.							Recurring	
110	12/31/2023	General Obligation Bonds Pay	602-22510 ENT02	7002			688,334.00			
110	12/31/2023	MPFA PSIG Grant Revenues	602-49450-33501 ENT02	7002			5,922,921.00			
110	12/31/2023	Other	602-49450-37170 ENT02	7002		5,922,921.00				
110	12/31/2023	Other	602-49450-37170 ENT02	7002		688,334.00				
		To reclass state/fed revenue per review of the state confirm							Recurring	
111	12/31/2023	Accounts Payable	378-20200 DSF04				21,160.00			
111	12/31/2023	Misc.	378-49000-445 DSF04			21,160.00				
		PBC - To record TIF decertification funds sent in January for the 12/31/2023 decertification.								
112	12/31/2023	Accounts Receivable - Other	602-11501 ENT02	5515			76,425.00			
112	12/31/2023	Other	602-49450-37170 ENT02	5515		76,425.00				
		PBC - To adjust PFA reimbursement receivable.								
113	12/31/2023	Accounts Receivable	100-11500 GF01			700.00				
113	12/31/2023	Accounts Receivable	699-11500 SRF01			12,050.00				
113	12/31/2023	Parking Fines	100-42100-35102 GF01				700.00			
113	12/31/2023	Individual Fire Calls	699-42200-34208 SRF01				12,050.00			
		PBC - To book current receivables outstanding per PR & FD Receivables spreadsheet.							Recurring	
114	12/31/2023	Bond Principal	208-49508-449 DSF01	6001			7,765.00			
114	12/31/2023	Bond Interest	208-49508-450 DSF01	6001		7,765.00				
		To reclassify interest payments to the correct account.							Recurring	
115	12/31/2023	Construction	410-43100-497 CPF02			90,000.00				
115	12/31/2023	Transfers	410-43100-999 CPF02				90,000.00			
115	12/31/2023	Transfers	425-41000-999 CPF01			90,000.00				
115	12/31/2023	Repairs/Maint Structures	425-45200-402 CPF01				90,000.00			
		PBC - to properly record a transfer through transfer accounts instead of capital outlay								

City of Foley

Year End: December 31, 2023

Journal Entries: Reclassifying

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
116	12/31/2023	Other Maint./Repairs	699-42200-405 SRF01	5512		3,500.00				
116	12/31/2023	Trade-In Value Proceeds	699-42200-39000 SRF01	5512			3,500.00			
		To record the trade-in value of an asset that paid for services rendered by the vendor.							Recurring	
117	12/31/2023	Accrued Vacation	601-20400 ENT01				414.00			
117	12/31/2023	Accrued Vacation	602-20400 ENT02				414.00			
117	12/31/2023	Salary	601-49400-107 ENT01			414.00				
117	12/31/2023	Salary	602-49450-107 ENT02			414.00				
		PBC - To adjust accrued vacation for adjustment to client provided spreadsheet.								
201	12/31/2023	Nondepreciable Capital Assets	900-99-16000 G34G	5510	GOV LE/	919,523.00				
201	12/31/2023	Buildings, Property and Equipment	900-99-16001 G34G	5510	GOV LE/	7,213,308.00				
201	12/31/2023	Infrastructure	900-99-16002 G34G	5510	GOV LE/	8,858,448.00				
201	12/31/2023	Intangible Assets	900-99-16003 G34G	5510	GOV LE/	36,500.00				
201	12/31/2023	Construction in Progress	900-99-16250 G34G	5510	GOV LE/	336,327.00				
201	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5510	GOV LE/		3,899,527.00			
201	12/31/2023	Accumulated Depreciation - Infrastructure	900-99-16502 G34G	5510	GOV LE/		3,685,652.00			
201	12/31/2023	Accumulated Amortization - Intangible Assets	900-99-16503 G34G	5510	GOV LE/		3,042.00			
201	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	5510	GOV LE/		9,775,885.00			
		To record beginning of year capital asset balances for governmental funds							Recurring	
202	12/31/2023	Buildings, Property and Equipment	900-99-16001 G34G	5512			46,182.00			
202	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5512		46,182.00				
		To record current year disposals							Recurring	
203	12/31/2023	Buildings, Property and Equipment	900-99-16001 G34G	5515		304,073.00				
203	12/31/2023	Equipment	900-41000-240 G34G	5515			129,000.00			
203	12/31/2023	Capital Outlay	900-41000-510 G34G	5515			13,570.00			
203	12/31/2023	Police - Equipment	900-42100-404 G34G	5515			15,038.00			
203	12/31/2023	Capital Outlay	900-42200-510 G34G	5515			101,478.00			
203	12/31/2023	Machinery/Equipment	900-43100-404 G34G	5515			23,232.00			
203	12/31/2023	Capital Outlay	900-45124-510 G34G	5515			21,755.00			
		To record current year capital asset additions							Recurring	
204	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5518			78,702.00			
204	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5520			12,672.00			
204	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5520			92,120.00			
204	12/31/2023	Accumulated Depreciation - Buildings, Property	900-99-16501 G34G	5520			151,175.00			
204	12/31/2023	Accumulated Depreciation - Infrastructure	900-99-16502 G34G	5518			340,147.00			
204	12/31/2023	Accumulated Amortization - Intangible Assets	900-99-16503 G34G	5520			2,433.00			
204	12/31/2023	General Depreciation Expense	900-99-100-420 G34G	5520		49,326.00				
204	12/31/2023	General Amortization Expense	900-99-100-499 G34G	5520		2,433.00				
204	12/31/2023	Pool Depreciation Expense	900-99-616-420 G34G	5520		17,464.00				
204	12/31/2023	Park Depreciation Expense	900-99-650-420 G34G	5520		18,974.00				
204	12/31/2023	Police Depreciation Expense	900-99-670-420 G34G	5520		17,212.00				
204	12/31/2023	Street Depreciation Expense	900-99-690-420 G34G	5520		426,890.00				
204	12/31/2023	Fire Depreciation Expense	900-99-699-420 G34G	5520		144,950.00				
		To record current year depreciation expense.							Recurring	
205	12/31/2023	Accrued Severance	900-99-20425 G34G	6210	LEAD		49,481.00			
205	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	6210	LEAD	39,107.00				
205	12/31/2023	Salary	900-41000-107 G34G	6210	LEAD	2,300.00				
205	12/31/2023	Salary	900-42100-107 G34G	6210	LEAD	6,600.00				
205	12/31/2023	Salary	900-43100-107 G34G	6210	LEAD	1,474.00				
		To record adjust severance payable							Recurring	

City of Foley

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Journal Entries: Reclassifying

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement	
206	12/31/2023	Deferred SA - Contra	900-99-22200 G34G	7010	GOV LE/	464,948.00				
206	12/31/2023	Deferred Taxes - Contra	900-99-22201 G34G	7010	GOV LE/	19,600.00				
206	12/31/2023	Deferred - loans	900-99-22202 G34G	7010	GOV LE/	117,296.00				
206	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	7010	GOV LE/		694,565.00			
206	12/31/2023	Taxes - GW	900-99-31000 G34G	7010	GOV LE/		1,974.00			
206	12/31/2023	Special Assessments - GW	900-99-36100 G34G	7010	GOV LE/	72,174.00				
206	12/31/2023	Loan repayment - GW	900-99-36240 G34G	7010	GOV LE/	22,521.00				
		To eliminate deferred revenue related to taxes, special assessments, and loans.								Recurring
207	12/31/2023	Accrued Vacations	900-99-20400 G34G	6210	GOV LE/		49,779.00			
207	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	6210	GOV LE/	47,618.00				
207	12/31/2023	Salary	900-41000-107 G34G	6210	GOV LE/	2,801.00				
207	12/31/2023	Salary	900-42100-107 G34G	6210	GOV LE/		772.00			
207	12/31/2023	Salary	900-43100-107 G34G	6210	GOV LE/	132.00				
		To record accrued vacation balances.								Recurring
208	12/31/2023	Due From Other Funds Governmental Offset	900-99-13103 G34G	5910	GOV LE/		115,080.00			
208	12/31/2023	Due From Other Funds Governmental Offset	900-99-13103 G34G	5910	GOV LE/					
208	12/31/2023	Advances from Other Funds Governmental Offs	900-99-20702 G34G	5910	GOV LE/					
208	12/31/2023	Due to Other Funds Governmental Offset	900-99-20703 G34G	5910	GOV LE/	115,080.00				
208	12/31/2023	Due to Other Funds Governmental Offset	900-99-20703 G34G	5910	GOV LE/					
		To eliminate governmental funds interfund balances								Recurring
209	12/31/2023	Deferred Outflows - Pension	900-99-18000 G34G	6354	GOV LE/	912,605.00				
209	12/31/2023	Deferred Outflows - Pension - Fire	900-99-18050 G34G	6354	GOV LE/	14,026.00				
209	12/31/2023	Net Pension Asset	900-99-18500 G34G	6354	GOV LE/	372,219.00				
209	12/31/2023	Net Pension Liability	900-99-24000 G34G	6354	GOV LE/		1,445,279.00			
209	12/31/2023	Deferred Inflows - Pension	900-99-24100 G34G	6354	GOV LE/		13,279.00			
209	12/31/2023	Deferred Inflows - Pension - Fire	900-99-24150 G34G	6354	GOV LE/		161,939.00			
209	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	6354	GOV LE/	321,647.00				
		To record beginning of the year GASB 68 pension balances.								Recurring
210	12/31/2023	Deferred Outflows - Pension	900-99-18000 G34G	6354A			104,516.00			
210	12/31/2023	Net Pension Liability	900-99-24000 G34G	6354A		711,667.00				
210	12/31/2023	Deferred Inflows - Pension	900-99-24100 G34G	6354A			725,682.00			
210	12/31/2023	State Contributions-PERA	900-99-34200 G34G	6354A		1,069.00				
210	12/31/2023	Pension Expense - Gen Gov	900-99-41000-120 G34G	6354A		9,116.00				
210	12/31/2023	Pension Expense - Gen Gov Clerk	900-99-41400-120 G34G	6354A		8,522.00				
210	12/31/2023	Pension Expense - Public Safety	900-99-42100-120 G34G	6354A		87,338.00				
210	12/31/2023	Pension Expense - Public Safety	900-99-42100-120 G34G	6354A						
210	12/31/2023	Pension Expense - Fire	900-99-42200-120 G34G	6354A		52.00				
210	12/31/2023	Pension Expense - Public Works	900-99-43100-120 G34G	6354A		9,847.00				
210	12/31/2023	Pension Expense - Swimming Pool	900-99-45124-120 G34G	6354A		924.00				
210	12/31/2023	Pension Expense - Parks and Rec	900-99-45200-120 G34G	6354A		1,471.00				
210	12/31/2023	Pension Expense - Gen Gov	900-99-45204-120 G34G	6354A		192.00				
		To record current year pension activity								Recurring
211	12/31/2023	Deferred Outflows - Pension - Fire	900-99-18050 G34G	6355A		126,567.00				
211	12/31/2023	Net Pension Asset	900-99-18500 G34G	6355A			125,458.00			
211	12/31/2023	Deferred Inflows - Pension - Fire	900-99-24150 G34G	6355A		15,033.00				
211	12/31/2023	State Contributions-PERA	900-99-34200 G34G	6355A		7,445.00				
211	12/31/2023	Pension Expense - Fire	900-99-42200-120 G34G	6355A			23,587.00			
		To record current year fire relief pension activity								Recurring
212	12/31/2023	Bond Premium	900-99-17000 G34G	6000	GOV LE/		123,198.00			
212	12/31/2023	Bond Premium Accumulated Amortization	900-99-17500 G34G	6000	GOV LE/	81,210.00				
212	12/31/2023	Accrued Interest	900-99-21500 G34G	6000	GOV LE/		48,929.00			
212	12/31/2023	2015 Bond Payable	900-99-22515 G34G	6000	GOV LE/		640,000.00			
212	12/31/2023	2018 Bond Payable	900-99-22518 G34G	6000	GOV LE/		2,295,000.00			

City of Foley

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Journal Entries: Reclassifying

Date: 1/1/2023 To 12/31/2023

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
212	12/31/2023	2020 Bond Payable	900-99-22519 G34G	6000	GOV LE/		1,508,000.00		
212	12/31/2023	Industrial Park Land	900-99-22520 G34G	6000	GOV LE/		500,033.00		
212	12/31/2023	GASB 34 Equity Adjustment	900-99-25300 G34G	6000	GOV LE/	5,033,950.00			
To record beginning balances for government wide debt and related debt accounts.								Recurring	
213	12/31/2023	Accrued Interest	900-99-21500 G34G	6001		1,623.00			
213	12/31/2023	Interest Expense	900-99-49500-450 G34G	6001			1,623.00		
To record current year accrued interest activity.								Recurring	
214	12/31/2023	2015 Bond Payable	900-99-22515 G34G	6001		65,000.00			
214	12/31/2023	2018 Bond Payable	900-99-22518 G34G	6001		25,000.00			
214	12/31/2023	2020 Bond Payable	900-99-22519 G34G	6001		399,000.00			
214	12/31/2023	Industrial Park Land	900-99-22520 G34G	6001		98,807.00			
214	12/31/2023	Current Portion of Bonds Payable	900-99-22550 G34G	6001			489,000.00		
214	12/31/2023	Bonds Payable Current Offset	900-99-22551 G34G	6001		489,000.00			
214	12/31/2023	Current Portion of Other Debt Payable	900-99-22560 G34G	6001			128,951.00		
214	12/31/2023	Other Debt Payable Current Offset	900-99-22561 G34G	6001		128,951.00			
214	12/31/2023	Contra Debt Payments	900-99-49500 G34G	6001			587,807.00		
To record current year debt payments and current portion								Recurring	
215	12/31/2023	Bond Premium Accumulated Amortization	900-99-17500 G34G	6001		9,039.00			
215	12/31/2023	Bond Premium Amortization Expense	900-99-49500-500 G34G	6001			9,039.00		
To record current year activity for bond premium amortization.								Recurring	
						35,933,023.00	35,933,023.00		