

CITY OF WYKOFF, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CITY OF WYKOFF, MINNESOTA
FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2020

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CITY OF WYKOFF, MINNESOTA

INTRODUCTORY SECTION

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CITY OF WYKOFF, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2020

Alan Williams	Mayor
Richard Gleason	Council Member & Mayor Pro-term
Lyle Morey	Council Member
Mary Ann Tjepkes	Council Member
Mary Sackett	Council Member
Rebecca Schmidt	Clerk-Treasurer

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CITY OF WYKOFF, MINNESOTA

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Wykoff, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Wykoff, Minnesota, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City of Wykoff, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Wykoff, Minnesota's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Wykoff, Minnesota, as of December 31, 2020, and the respective changes in financial position and cash flows thereof and the respective budgetary comparisons for the General Fund, First Responders Fund, and the Rural Fire Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The City of Wykoff, Minnesota, has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2019, from which such partial information was derived.

We have previously audited the City's 2019 financial statements and our report dated February 6, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wykoff, Minnesota's basic financial statements. The introductory section and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Honorable Mayor and Members
of the City Council
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the City of Wykoff, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Wykoff, Minnesota's internal control over financial reporting and compliance.

Smith, Schafu and Associates, Ltd.

Rochester, Minnesota
February 11, 2021

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CITY OF WYKOFF, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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CITY OF WYKOFF, MINNESOTA
STATEMENT OF NET POSITION

December 31, 2020

With Comparative Totals for December 31, 2019

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
Assets				
Cash and cash equivalents	\$ 976,907	\$ 394,194	\$ 1,371,101	\$ 1,075,972
Restricted cash and cash equivalents		54,224	54,224	39,224
Receivables	69,038	18,704	87,742	97,421
Due from other governments	15,623		15,623	16,654
Net pension asset	87,614		87,614	79,732
Capital assets:				
Nondepreciable	109,014		109,014	174,393
Depreciable, net	1,711,999	3,191,844	4,903,843	4,355,052
Total Assets	2,970,195	3,658,966	6,629,161	5,838,448
Deferred Outflows of Resources				
Deferred outflows from pension activity	4,922	731	5,653	2,282
Liabilities				
Accounts payable	220,788	8,614	229,402	23,700
Due to other governments	6,000		6,000	6,000
Accrued interest payable	10,798	1,275	12,073	6,239
Customer deposits		14,737	14,737	14,204
Accrued compensated absences	1,959		1,959	605
Noncurrent liabilities:				
Due within one year	40,000	64,000	104,000	101,000
Due in more than one year	800,000	1,290,000	2,090,000	1,636,000
Net pension liability	27,503	2,474	29,977	22,115
Total Liabilities	1,107,048	1,381,100	2,488,148	1,809,863
Deferred Inflows of Resources				
Deferred inflows from pension activity	13,392	891	14,283	37,517
Net Position				
Net investment in capital assets	981,013	1,837,844	2,818,857	2,792,445
Restricted	133,959	54,224	188,183	144,450
Unrestricted	739,705	385,638	1,125,343	1,056,455
Total Net Position	\$ 1,854,677	\$ 2,277,706	\$ 4,132,383	\$ 3,993,350

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 104,857	\$ 4,720	\$ 1,867	\$
Public safety	112,747	10,118	41,299	133,636
Public works	139,083	16,000		34,839
Economic development	175			
Parks, museum and recreation	66,685	9,355		43,875
Interest on long-term debt	16,803			
Unallocated	22,498			
Total governmental activities	462,848	40,193	43,166	212,350
Business-Type activities:				
Water	81,661	107,134		47
Sewer	286,764	171,824		
Total business-type activities	368,425	278,958		47
Total	\$ 831,273	\$ 319,151	\$ 43,166	\$ 212,397

General revenues:

 General property taxes

 Grants and contributions not restricted to specific programs:

 Local government aid

 Other

 Interest earnings

 Insurance reimbursement

 Miscellaneous

Transfers in (out)

 Total general revenues and transfers

Change in net position

Net position - Beginning

Net position - Ending

See Notes to the Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2020	2019
\$ (98,270)	\$	\$ (98,270)	\$ (78,974)
72,306		72,306	(29,882)
(88,244)		(88,244)	(127,260)
(175)		(175)	69,980
(13,455)		(13,455)	(20,949)
(16,803)		(16,803)	(11,319)
(22,498)		(22,498)	(440)
(167,139)		(167,139)	(198,844)
	25,520	25,520	(26,460)
	(114,940)	(114,940)	(92,551)
	(89,420)	(89,420)	(119,011)
(167,139)	(89,420)	(256,559)	(317,855)
184,590		184,590	182,808
135,277		135,277	130,486
33,300		33,300	328
3,852	1,585	5,437	10,845
4,481	23,220	27,701	
3,811	5,476	9,287	20,519
(19,675)	19,675		
345,636	49,956	395,592	344,986
178,497	(39,464)	139,033	27,131
1,676,180	2,317,170	3,993,350	3,966,219
\$ 1,854,677	\$ 2,277,706	\$ 4,132,383	\$ 3,993,350

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CITY OF WYKOFF, MINNESOTA
FUND FINANCIAL STATEMENTS
DECEMBER 31, 2020

CITY OF WYKOFF, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals for December 31, 2019

	Special Revenue Funds				
	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
ASSETS					
Cash and cash equivalents	\$ 406,112	\$ 18,083	\$ 44,958	\$ 34,962	\$
Accounts receivable	910				
Loans receivable				22,583	
Taxes receivable, delinquent	7,795	229			
Special assessments receivable:					
Delinquent					
Deferred					
Due from other funds	1,646				
Due from other governmental units	14,725	103			
TOTAL ASSETS	<u>\$ 431,188</u>	<u>\$ 18,415</u>	<u>\$ 44,958</u>	<u>\$ 57,545</u>	<u>\$</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 32,127	\$ 2,586	\$ 152	\$	\$ 571
Due to other funds					1,646
Due to other governmental units	6,000				
Total Liabilities	<u>38,127</u>	<u>2,586</u>	<u>152</u>		<u>2,217</u>
Deferred Inflows of Resources					
Unavailable revenue:					
Property taxes	7,795	229			
Special assessments					
Loans receivable				22,583	
Total Deferred Inflows of Resources	<u>7,795</u>	<u>229</u>		<u>22,583</u>	
Fund Balance					
Restricted:					
Debt covenants					
Committed:					
By Council action		15,600	44,806	34,962	
Unassigned	385,266				(2,217)
Total Fund Balance	<u>385,266</u>	<u>15,600</u>	<u>44,806</u>	<u>34,962</u>	<u>(2,217)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 431,188</u>	<u>\$ 18,415</u>	<u>\$ 44,958</u>	<u>\$ 57,545</u>	<u>\$</u>

See Notes to the Financial Statements

Capital Projects Funds		Debt Service Funds			Total Governmental Funds	
406 Capital Improvement	407 County Rd 5 Improvement	304 2012A Imp Refunding Bond	305 2018A Improvement Bond	307 2020A Improvement Bond	2020	2019
\$ 166,555	\$ 185,352	\$ 32,107	\$ 55,230	\$ 33,548	\$ 976,907	\$ 674,549
					910	502
					22,583	24,816
		1,294	986		10,304	8,590
		311			311	158
		10,674	24,256		34,930	39,504
					1,646	60,864
		319	476		15,623	16,654
<u>\$ 166,555</u>	<u>\$ 185,352</u>	<u>\$ 44,705</u>	<u>\$ 80,948</u>	<u>\$ 33,548</u>	<u>\$ 1,063,214</u>	<u>\$ 825,637</u>
\$	\$ 185,352	\$	\$	\$	\$ 220,788	\$ 17,596
					1,646	60,864
					6,000	6,000
	185,352				228,434	84,460
		1,294	986		10,304	8,035
		10,985	24,256		35,241	40,217
					22,583	24,816
		12,279	25,242		68,128	73,068
		32,426	55,706	33,548	121,680	90,288
166,555					261,923	265,506
					383,049	312,315
166,555		32,426	55,706	33,548	766,652	668,109
<u>\$ 166,555</u>	<u>\$ 185,352</u>	<u>\$ 44,705</u>	<u>\$ 80,948</u>	<u>\$ 33,548</u>	<u>\$ 1,063,214</u>	<u>\$ 825,637</u>

CITY OF WYKOFF, MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Special Revenue Funds				
	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
REVENUES					
Property taxes	\$ 137,234	\$ 5,236	\$	\$	\$
Special assessments					
Licenses and permits	2,389				
Intergovernmental revenues	228,170	4,667	70,545		43,875
Charges for services	2,331		7,625		9,355
Fines and forfeits	993				
Interest income	1,860	65	105	717	
Miscellaneous revenues	21,532	130		2,234	126
Total Revenues	394,509	10,098	78,275	2,951	53,356
EXPENDITURES					
Current:					
General government	107,017				
Public safety	66,956	5,301	18,902		
Public works	64,280				
Economic development				175	
Parks, museum and recreation	8,277				57,137
Unallocated	32,483				
Capital outlay	62,186	8,228	59,064		2,301
Debt service					
Total Expenditures	341,199	13,529	77,966	175	59,438
Excess (deficiency) of revenues over (under) expenditures	53,310	(3,431)	309	2,776	(6,082)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds					
Transfers in	7,500		7,500		3,865
Transfers out	(48,723)				
Total Other Financing Sources (Uses)	(41,223)		7,500		3,865
Net change in fund balance	12,087	(3,431)	7,809	2,776	(2,217)
FUND BALANCES, BEGINNING	373,179	19,031	36,997	32,186	
FUND BALANCES, ENDING	\$ 385,266	\$ 15,600	\$ 44,806	\$ 34,962	\$ (2,217)

See Notes to the Financial Statements

Capital Projects Funds		Debt Service Funds			Total Governmental Funds	
406 Capital Improvement	407 County Rd 5 Improvement	304 2012A Imp Refunding Bond	305 2018A Improvement Bond	307 2020A Improvement Bond	2020	2019
\$	\$	\$ 16,264 3,303	\$ 24,142 2,524	\$ 33,433	\$ 182,876 39,260 2,389 347,257 19,311 993 3,852 70,022	\$ 183,707 27,288 1,876 180,272 13,440 667 6,603 50,918
685 30,000	16,000	110	195	115		
30,685	16,000	19,677	26,861	33,548	665,960	464,771
					107,017 91,159 64,280 175 65,414 47,323 681,680 48,694	93,391 96,950 47,880 24,836 21,236 440 123,957 27,465
50,300	14,840 499,601	18,353	30,341			
50,300	514,441	18,353	30,341		1,105,742	436,155
(19,615)	(498,441)	1,324	(3,480)	33,548	(439,782)	28,616
27,743 (18,865)	558,000 1,305				558,000 47,913 (67,588)	66,116 (138,758)
8,878	559,305				538,325	(72,642)
(10,737)	60,864	1,324	(3,480)	33,548	98,543	(44,026)
177,292	(60,864)	31,102	59,186		668,109	712,135
\$ 166,555	\$	\$ 32,426	\$ 55,706	\$ 33,548	\$ 766,652	\$ 668,109

**CITY OF WYKOFF, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2020**

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

Total governmental fund balances (page 7 and 8)		\$ 766,652
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 4,772,096	
Less: Accumulated depreciation	<u>(2,951,083)</u>	
		1,821,013
Some receivables are not available soon enough to pay for current period expenditures and therefore are unavailable in the funds.		
Delinquent property taxes	\$ 10,304	
Special assessments	35,241	
Loans receivable	<u>22,583</u>	
		68,128
Long-term liabilities, including bonds payable, net pension liability, net pension asset, accrued compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (840,000)	
Net pension liability	(35,973)	
Net pension asset	87,614	
Accrued compensated absences	(1,959)	
Accrued interest	<u>(10,798)</u>	
		<u>(801,116)</u>
Net position of governmental activities (page 4)		<u><u>\$ 1,854,677</u></u>

CITY OF WYKOFF, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

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

Net change in fund balances - total governmental funds (page 9 and 10)	\$	98,543	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	709,934	
Depreciation expense		<u>(122,694)</u>	
			587,240
Certain revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.			
Property taxes	\$	2,269	
Special assessments		(4,976)	
Loans receivable		<u>(2,233)</u>	
			(4,940)
The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligations bonds and related items is as follows.			
Change in accrued interest	\$	(6,109)	
Proceeds from issuance of bonds		(558,000)	
Principal retirement on long-term debt		<u>38,000</u>	
			(526,109)
In the statement of activities, certain operating expenses - compensated absences, net pension liability, and net pension asset - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).			
Change in accrued compensated absences	\$	(1,354)	
Change in net pension liability		17,235	
Change in net pension asset		<u>7,882</u>	
			<u>23,763</u>
Change in net position of governmental activities (pages 5 and 6)	\$		<u><u>178,497</u></u>

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

REVENUES	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Local Taxes					
General tax levy	\$ 138,051	\$ 138,051	\$ 137,234	\$ (817)	\$ 139,822
Licenses and Permits					
Business	1,325	1,325	1,300	(25)	1,300
Nonbusiness	375	375	1,089	714	576
Total Licenses and Permits	1,700	1,700	2,389	689	1,876
Intergovernmental Revenues					
Local government aid	135,112	135,112	135,277	165	130,486
Fire relief aid	2,000	2,000	12,048	10,048	14,679
Other state aid	10,000	10,000	727	(9,273)	5,622
Federal aid	55,000	55,000	46,818	(8,182)	
CARES Act funding			33,300	33,300	
Total Intergovernmental Revenues	202,112	202,112	228,170	26,058	150,787
Charges for Services					
City Hall rent	11,000	11,000	2,331	(8,669)	8,190
Fines and Forfeits					
Court fines	700	700	993	293	667
Interest Income	10,000	10,000	1,860	(8,140)	3,191
Miscellaneous Revenues					
Contributions	11,000	11,000	10,803	(197)	11,987
Refunds and reimbursements	1,500	1,500	8,968	7,468	4,476
Other	1,800	1,800	1,761	(39)	495
Total Miscellaneous Revenues	14,300	14,300	21,532	7,232	16,958
TOTAL REVENUES	\$ 377,863	\$ 377,863	\$ 394,509	\$ 16,646	\$ 321,491

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Budgeted Amounts		2020	Variance with	2019
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
EXPENDITURES					
General Government					
Mayor and Council					
Salaries and wages	\$ 3,620	\$ 3,620	\$ 3,898	\$ (278)	\$ 3,871
Dues and other	750	750	30	720	1,288
Total Mayor and Council	4,370	4,370	3,928	442	5,159
Elections and Voter Registration					
Salaries	2,000	2,000	4,716	(2,716)	
Miscellaneous			741	(741)	
Total Elections and Voter Registration	2,000	2,000	5,457	(3,457)	
City Clerk					
Salaries and wages	19,110	19,110	15,898	3,212	18,601
General supplies	1,500	1,500	1,970	(470)	1,577
Repair and maintenance	3,000	3,000	2,357	643	2,943
Utilities	1,800	1,800	1,652	148	1,616
Travel and education	350	350	9	341	
Printing, publishing and dues	1,450	1,450	975	475	807
Insurance	2,800	2,800	5,241	(2,441)	2,741
Miscellaneous	1,500	1,500	3,452	(1,952)	2,903
Total City Clerk	31,510	31,510	31,554	(44)	31,188
Professional Services					
Legal and audit	15,500	15,500	15,587	(87)	16,592
Assessor	1,500	1,500	1,426	74	1,434
Total Professional Services	17,000	17,000	17,013	(13)	18,026
Municipal Buildings					
Salaries and wages	3,275	3,275	7,116	(3,841)	4,343
General supplies	650	650	532	118	1,205
Repair and maintenance	8,100	8,100	16,718	(8,618)	9,957
Utilities	9,575	9,575	10,280	(705)	11,425
Insurance	6,500	6,500	7,141	(641)	6,358
Miscellaneous	3,240	3,240	2,023	1,217	4,587
Capital outlay			2,900	(2,900)	
Total Municipal Buildings	31,340	31,340	46,710	(15,370)	37,875
Other General Government					
City promotion	990	990	5,255	(4,265)	1,143
Total General Government	\$ 87,210	\$ 87,210	\$ 109,917	\$ (22,707)	\$ 93,391

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

EXPENDITURES	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Public Safety					
Law Enforcement					
Contractual services	\$ 24,000	\$ 24,000	\$ 24,000	\$	\$ 24,000
Fire Protection					
Salaries and wages	6,730	6,730	8,003	(1,273)	8,883
City fire relief aid	1,350	1,350	1,350		1,350
Fire relief contribution	12,000	12,000	12,048	(48)	14,679
Motor fuel	350	350	178	172	438
Repair and maintenance	8,750	8,750	7,064	1,686	4,900
Professional services	900	900	1,775	(875)	2,729
Utilities	2,400	2,400	1,824	576	2,424
Insurance	2,000	2,000	2,232	(232)	1,891
Travel and education	2,000	2,000	2,523	(523)	7,460
Capital outlay	78,500	78,500	59,286	19,214	880
Miscellaneous	675	675	2,019	(1,344)	184
Total Fire Protection	115,655	115,655	98,302	17,353	45,818
Ambulance Services					
Contributions			3,552	(3,552)	3,552
Civil Defense					
Utilities	125	125	335	(210)	116
Miscellaneous	280	280	53	227	228
Total Civil Defense	405	405	388	17	344
Animal Control					
Miscellaneous	50	50		50	76
Total Public Safety	140,110	140,110	126,242	13,868	73,790
Public Works					
Streets and Highways					
Salaries and wages	15,950	15,950	12,031	3,919	11,142
Motor fuels	1,300	1,300	824	476	1,638
Repair and maintenance	58,750	58,750	43,177	15,573	23,216
Utilities	3,500	3,500	6,995	(3,495)	7,965
Insurance	3,200	3,200	1,140	2,060	3,109
Miscellaneous	750	750	113	637	810
Capital outlay					4,841
Total Public Works	\$ 83,450	\$ 83,450	\$ 64,280	\$ 19,170	\$ 52,721

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

EXPENDITURES	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Park and Recreation					
Recreation					
Sports, athletics and miscellaneous	\$ 500	\$ 500	\$	\$ 500	\$ 494
Park and Museum					
Salaries and wages	5,775	5,775	5,424	351	6,377
Motor fuel	700	700	391	309	908
Repair and maintenance	1,050	1,050	777	273	3,405
Insurance	1,250	1,250	627	623	1,180
Museum utilities	2,350	2,350	569	1,781	3,036
Professional services	1,600	1,600	173	1,427	3,719
Tree removal	4,000	4,000	60	3,940	1,050
Miscellaneous	2,450	2,450	256	2,194	1,067
Total Park and Museum	19,175	19,175	8,277	10,898	20,742
Total Park, Museum and Recreation	19,675	19,675	8,277	11,398	21,236
Unallocated					
CARES Act expenditures			32,483	(32,483)	
Miscellaneous					440
Total Unallocated			32,483	(32,483)	440
TOTAL EXPENDITURES	330,445	330,445	341,199	(10,754)	241,578
EXCESS REVENUE OVER EXPENDITURES	47,418	47,418	53,310	5,892	79,913
Other Financing Sources (Uses)					
Transfers in			7,500	7,500	
Transfers out	(47,418)	(47,418)	(48,723)	(1,305)	(85,347)
Total Other Financing Sources (Uses)	(47,418)	(47,418)	(41,223)	6,195	(85,347)
Net change in fund balance			12,087	12,087	(5,434)
FUND BALANCE - Beginning	373,179	373,179	373,179		378,613
FUND BALANCE - Ending	\$ 373,179	\$ 373,179	\$ 385,266	\$ 12,087	\$ 373,179

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
FIRST RESPONDERS FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

REVENUES	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget Positive (Negative)	2019 Actual Amounts
	Original	Final			
Property taxes	\$ 5,275	\$ 5,275	\$ 5,236	\$ (39)	\$ 5,191
Interest Income			65	65	161
Intergovernmental Revenue					
First responders contracts	4,700	4,700	4,667	(33)	3,637
Miscellaneous Revenues					
Contributions	13,539	13,539	130	(13,409)	3,776
TOTAL REVENUES	23,514	23,514	10,098	(13,416)	12,765
EXPENDITURES					
Public Safety					
Salaries and wages	1,500	1,500	2,503	(1,003)	2,632
Insurance	664	664	678	(14)	664
General supplies	200	200	294	(94)	284
Repair and maintenance	300	300	901	(601)	117
Fuels and lubricants	100	100	75	25	77
Travel, schools, conferences	850	850	200	650	1,020
Professional services	625	625	650	(25)	500
Miscellaneous	275	275		275	271
Capital outlay	19,000	19,000	8,228	10,772	
TOTAL EXPENDITURES	23,514	23,514	13,529	9,985	5,565
NET CHANGE IN FUND BALANCE			(3,431)	(3,431)	7,200
FUND BALANCES, BEGINNING	19,031	19,031	19,031		11,831
FUND BALANCES, ENDING	\$ 19,031	\$ 19,031	\$ 15,600	\$ (3,431)	\$ 19,031

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
RURAL FIRE FUND
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

REVENUES	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget Positive (Negative)	2019 Actual Amounts
	Original	Final			
Charges for Services					
Fire calls	\$ 1,000	\$ 1,000	\$ 7,625	\$ 6,625	\$ 5,250
Intergovernmental Revenue					
Fire contracts	19,800	19,800	23,000	3,200	20,336
Other state aid			727	727	5,512
Federal aid	55,000	55,000	46,818	(8,182)	
Total Intergovernmental Revenue	74,800	74,800	70,545	(4,255)	25,848
Interest Income			105	105	371
TOTAL REVENUES	75,800	75,800	78,275	2,475	31,469
EXPENDITURES					
Public Safety					
Salaries and wages	5,135	5,135	1,549	3,586	1,575
City fire relief aid	1,350	1,350	1,350		1,350
Insurance	2,000	2,000	2,232	(232)	1,891
Communication			222	(222)	880
Repair and maintenance	4,500	4,500	7,031	(2,531)	3,351
Utilities	1,000	1,000	1,824	(824)	1,282
Fuels and lubricants	250	250	178	72	372
Travel, schools, conferences			2,923	(2,923)	4,520
Professional services	1,300	1,300	1,480	(180)	3,229
Miscellaneous	750	750	113	637	25
Capital outlay	62,500	62,500	59,064	3,436	
TOTAL EXPENDITURES	78,785	78,785	77,966	819	18,475
EXCESS (DEFICIT) REVENUE OVER (UNDER) EXPENDITURES	(2,985)	(2,985)	309	3,294	12,994
Other Financing Sources					
Transfers in			7,500	7,500	
NET CHANGE IN FUND BALANCE	(2,985)	(2,985)	7,809	10,794	12,994
FUND BALANCES, BEGINNING	36,997	36,997	36,997		24,003
FUND BALANCES, ENDING	\$ 34,012	\$ 34,012	\$ 44,806	\$ 10,794	\$ 36,997

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Totals	
			2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and cash equivalents	\$ 203,470	\$ 190,724	\$ 394,194	\$ 401,423
Restricted cash and cash equivalents		54,224	54,224	39,224
Accounts receivable	8,343	10,361	18,704	23,851
Total Current Assets	211,813	255,309	467,122	464,498
Capital Assets				
Construction in process				4,560
Building and structures	19,585	3,015,965	3,035,550	3,035,550
Other improvements	1,403,950	170,975	1,574,925	1,574,925
Machinery and equipment	41,582	38,465	80,047	80,047
Total	1,465,117	3,225,405	4,690,522	4,695,082
Less: Accumulated depreciation	755,705	742,973	1,498,678	1,399,410
Capital Assets, Net	709,412	2,482,432	3,191,844	3,295,672
Deferred Outflows of Resources				
Deferred outflows from pension activity	602	129	731	240
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 921,827</u>	<u>\$ 2,737,870</u>	<u>\$ 3,659,697</u>	<u>\$ 3,760,410</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 4,520	\$ 4,094	\$ 8,614	\$ 6,104
Accrued interest payable	1,275		1,275	1,550
Customer deposits	14,737		14,737	14,204
Bonds payable - current	43,000	21,000	64,000	63,000
Total Current Liabilities	63,532	25,094	88,626	84,858
Long-Term Liabilities				
Net pension liability	2,054	420	2,474	3,120
Bonds payable - noncurrent	174,000	1,116,000	1,290,000	1,354,000
Total Noncurrent Liabilities	176,054	1,116,420	1,292,474	1,357,120
Deferred Inflows of Resources				
Deferred inflows from pension activity	654	237	891	1,262
Net Position				
Net investment in capital assets	492,412	1,345,432	1,837,844	1,878,672
Restricted		54,224	54,224	39,224
Unrestricted	189,175	196,463	385,638	399,274
Total Net Position	681,587	1,596,119	2,277,706	2,317,170
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 921,827</u>	<u>\$ 2,737,870</u>	<u>\$ 3,659,697</u>	<u>\$ 3,760,410</u>

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses and
Changes in Fund Net Position
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Enterprise Funds			
	Water Fund	Sewer Fund	Totals	
			2020	2019
Operating Revenues				
Charges for services	\$ 107,134	\$ 171,824	\$ 278,958	\$ 266,850
Operating Expenses				
Salaries and wages	8,778	7,008	15,786	15,596
Benefits	(44)	(50)	(94)	5,685
Contractual services	12,040	63,214	75,254	73,435
Chemicals		14,148	14,148	29,571
General supplies	1,322	1,176	2,498	5,516
Repairs and maintenance	15,343	26,352	41,695	29,129
Utilities	9,921	68,402	78,323	70,952
Insurance	437	1,201	1,638	2,121
Depreciation	27,173	72,095	99,268	101,484
Miscellaneous	388	567	955	6,424
Total Operating Expenses	75,358	254,113	329,471	339,913
OPERATING INCOME (LOSS)	31,776	(82,289)	(50,513)	(73,063)
Nonoperating Revenues (Expenses)				
Intergovernmental revenue				219
Special assessments	47		47	620
Interest income	720	865	1,585	4,242
Bond interest and charges	(4,023)	(30,371)	(34,394)	(4,769)
Loss on disposal of equipment	(2,280)	(2,280)	(4,560)	(41,799)
Insurance reimbursement		23,220	23,220	
Miscellaneous	5,259	217	5,476	16,142
Total Nonoperating Revenues (Expenses)	(277)	(8,349)	(8,626)	(25,345)
Net Income (Loss) Before Transfers	31,499	(90,638)	(59,139)	(98,408)
OTHER FINANCING SOURCES (USES)				
Transfers in		19,675	19,675	96,380
Transfers out				(23,738)
TOTAL OTHER FINANCING SOURCES (USES)		19,675	19,675	72,642
CHANGE IN NET POSITION	31,499	(70,963)	(39,464)	(25,766)
NET POSITION, BEGINNING	650,088	1,667,082	2,317,170	2,342,936
NET POSITION, ENDING	\$ 681,587	\$ 1,596,119	\$ 2,277,706	\$ 2,317,170

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Enterprise Funds			
	Water	Sewer	Totals	
	Fund	Fund	2020	2019
Cash Flows From Operating Activities				
Cash received from customers	\$ 108,276	\$ 175,829	\$ 284,105	\$ 265,783
Cash paid to suppliers	(36,075)	(176,807)	(212,882)	(225,752)
Cash paid to employees	(8,778)	(7,008)	(15,786)	(15,596)
Net Cash Provided By (Used In) Operating Activities	63,423	(7,986)	55,437	24,435
Cash Flows From Capital And Related Financing Activities				
Principal paid on bonds	(43,000)	(20,000)	(63,000)	(62,000)
Interest paid on debt	(4,298)	(30,371)	(34,669)	(35,932)
Cash received from other sources	5,306	23,437	28,743	16,981
Transfers in (out) from other funds		19,675	19,675	72,642
Additions to capital assets				(63,837)
Net Cash Used In Capital and Related Financing Activities	(41,992)	(7,259)	(49,251)	(72,146)
Cash Flows From Investing Activities				
Interest earnings on temporary investments	720	865	1,585	4,242
Net Increase (Decrease) in Cash and Cash Equivalents	22,151	(14,380)	7,771	(43,469)
Cash and Cash Equivalents, Beginning of Year	181,319	259,328	440,647	484,116
Cash and Cash Equivalents, End of Year	<u>\$ 203,470</u>	<u>\$ 244,948</u>	<u>\$ 448,418</u>	<u>\$ 440,647</u>
Classified as:				
Cash and cash equivalents	\$ 203,470	\$ 190,724	\$ 394,194	\$ 401,423
Restricted cash and cash equivalents		54,224	54,224	39,224
Total Cash and Cash Equivalents, End of Year	<u>\$ 203,470</u>	<u>\$ 244,948</u>	<u>\$ 448,418</u>	<u>\$ 440,647</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operations

	Enterprise Funds			
	Water	Sewer	Totals	
	Fund	Fund	2020	2019
Operating Income (Loss)	\$ 31,776	\$ (82,289)	\$ (50,513)	\$ (73,063)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	27,173	72,095	99,268	101,484
Change in net pension liability	(886)	(622)	(1,508)	4,142
(Increase) Decrease In:				
Accounts receivable	1,142	4,005	5,147	(1,067)
Increase (Decrease) In:				
Accounts payable	3,685	(1,175)	2,510	(7,732)
Customer deposits	533		533	671
Net Cash Provided By (Used In) Operating Activities	<u>\$ 63,423</u>	<u>\$ (7,986)</u>	<u>\$ 55,437</u>	<u>\$ 24,435</u>

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

In accordance with GASB Statement No. 14 of the City's financial statements include the primary government and the component units of the City of Wykoff, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Wykoff.

Component Units - Component units are legally separate organizations for which the elected officials of the City of Wykoff are financially accountable or for which the nature or significance of their relationship with the City of Wykoff would cause the financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the City of Wykoff.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

The City reports the following major governmental funds:

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

The *First Responders fund* accounts for activities of the first responder service.

The *Rural Fire fund* accounts for the activities of the volunteer fire department.

The *Revolving Loan fund* accounts for the disbursement and collection of revolving loans.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Historical fund* accounts for the activities of the jailhouse and museum.

The *Capital Improvement fund* accounts for all major capital improvements of the City.

The *County Road 5 Improvement fund* accounts for all capital improvements of County Road 5.

The *2012A Improvement Refunding Bond fund* accounts for the accumulation of resources for payment of the refunding bonds.

The *2018A Improvement Bond fund* accounts for the accumulation of resources for payment of the improvement bonds.

The *2020A Improvement Bond fund* accounts for the accumulation of resources for payment of the improvement bonds.

The City reports the following major proprietary funds:

The *Water fund* accounts for the operation of the City owned water utility system.

The *Sewer fund* accounts for the operation of the City owned sewer utility system.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for the general fund and all special revenue funds with the exception of the Revolving Loan Fund and Historical fund, which adopt project length budgets. Annual operating budgets are adopted each fiscal year by council action and may be amended by formal council action. Budgets are adopted on a basis consistent with generally accepted accounting principles. All budget appropriations lapse at the end of the fiscal year.

Assets, Liabilities, Deferred Inflows of Resources and Net Position

Cash and Cash Equivalents

Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and cash equivalents which is under the management of the City.

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property Taxes

Property tax levies are set by the City Council in October of each year and are certified to the County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues for property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Special Assessments

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over periods ranging from ten to fifteen years with interest charges ranging from 3.25% to 5.35%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Buildings	10 - 40
Infrastructure	15 - 50
Other Improvements	5 - 40
Machinery and Equipment	2 - 20

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), etc. These financial statements do not include the historical cost or related depreciation of infrastructure constructed prior to 2004.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts and loans receivable. The City's accounts and loans receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Wykoff, Minnesota.

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted Net Position – This amount includes all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with Governmental Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assigned fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the following: city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When expenditures are made, the City uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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 of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type of deferred outflow which is pension related and reported on the statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized two types of deferred inflows. The first type occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported on the statement of net position.

Reclassifications

Certain amounts in the 2019 financial statement have been reclassified to conform to the 2020 presentation.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Cash Equivalents

Summary of Cash and Cash Equivalents

As of December 31, 2020, the City's cash and cash equivalents consisted of the following items, all of which are held in an internal investment pool:

<u>Cash and Cash Equivalents</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
Cash on hand	None	N/A	\$ 100
Deposits	None	N/A	1,425,225
Total Cash and Cash Equivalents			<u>\$ 1,425,325</u>
Cash and Cash Equivalents - Statement of Net Position			\$ 1,371,101
Restricted Cash and Cash Equivalents - Statement of Net Position			<u>54,224</u>
Total Cash and Cash Equivalents			<u>\$ 1,425,325</u>

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Cash Equivalents (Continued)

Collateralization of Cash Deposits

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Cash Equivalents (Continued)

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical assets or liabilities in inactive markets
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other meansIf the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There were no assets which were required to be measured at fair value by the City at December 31, 2020 or 2019.

3. Due From Other Governmental Units

Amounts due from other governmental units at December 31, 2020 are as follows:

<u>Fund</u>	<u>Fillmore County</u>	<u>State of Minnesota</u>	<u>Total</u>
General	\$ 2,677	\$ 12,048	\$ 14,725
First Responders	103		103
Debt Service	795		795
	<u>\$ 3,575</u>	<u>\$ 12,048</u>	<u>\$ 15,623</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 109,014	\$	\$	\$ 109,014
Construction in progress	60,819		60,819	
Total capital assets, not being depreciated	<u>169,833</u>		<u>60,819</u>	<u>109,014</u>
Capital assets, being depreciated:				
Buildings	465,798			465,798
Improvements	2,536,813	629,211		3,166,024
Machinery and equipment	889,718	141,542		1,031,260
Total capital assets, being depreciated	<u>3,892,329</u>	<u>770,753</u>		<u>4,663,082</u>
Less accumulated depreciation for:				
Buildings	297,988	12,506		310,494
Improvements	1,857,878	72,769		1,930,647
Machinery and equipment	672,523	37,419		709,942
Total accumulated depreciation	<u>2,828,389</u>	<u>122,694</u>		<u>2,951,083</u>
Total capital assets, being depreciated, net	<u>1,063,940</u>	<u>648,059</u>		<u>1,711,999</u>
Governmental activities capital assets, net	<u>\$ 1,233,773</u>	<u>\$ 648,059</u>	<u>\$ 60,819</u>	<u>\$ 1,821,013</u>

Governmental Activities:

General government	\$ 8,515
Public safety	30,423
Public works	81,293
Parks, museum and recreation	<u>2,463</u>
Total depreciation expense - governmental activities	<u>\$ 122,694</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business Type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,560	\$	\$ 4,560	\$
Total capital assets, not being depreciated	4,560		4,560	
Capital assets, being depreciated:				
Buildings and improvements	4,610,475			4,610,475
Machinery and equipment	80,047			80,047
Total capital assets, being depreciated	4,690,522			4,690,522
Less accumulated depreciation for:				
Buildings and improvements	1,340,961	97,036		1,437,997
Machinery and equipment	58,449	2,232		60,681
Total accumulated depreciation	1,399,410	99,268		1,498,678
Total capital assets, being depreciated, net	3,291,112	(99,268)		3,191,844
Business type activities capital assets, net	\$ 3,295,672	\$ (99,268)	\$ 4,560	\$ 3,191,844

Business Type Activities:

Water	\$ 27,173
Sewer	72,095
Total depreciation expense - business type activities	\$ 99,268

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt

The Long-Term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable.

General Obligation Improvement Bonds:

The bonds are payable primarily from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. They are backed by the full faith and credit of the City.

General Obligation Revenue Bonds:

The Drinking Water Revenue Bonds are payable primarily from the revenues generated through charges to customers for water service. They are recorded as liabilities in the Water Enterprise Fund and are backed by the full faith and credit of the City. The Sewer Revenue Bonds are payable primarily from the revenues generated through charges to customers for sewer service. They are recorded as liabilities in the Sewer Enterprise Fund and are backed by the full faith and credit of the City.

A summary of interest rates, maturities and December 31, 2020 balances are as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2020
Governmental Activities			
General Obligation Improvement Bond:			
2012A Refunding Improvement Note	2.20%	2/1/2023	\$ 53,000
2018A Improvement Note	3.90%	2/1/2029	229,000
2020A Improvement Note	1.90%	2/1/2036	558,000
Compensated Absences			1,959
Business-Type Activities			
General Obligation Revenue Bonds:			
2007 Drinking Water Revenue Bond	1.40%	8/20/2026	164,000
2004 Drinking Water Revenue Bond	2.34%	8/20/2023	53,000
2015A Sewer Revenue Bond	2.625%	1/1/2055	509,000
2015B Sewer Revenue Bond	2.625%	1/1/2055	628,000
Total Long Term Debt			<u>\$ 2,195,959</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The long-term debt obligations outstanding and related maturities are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Improvement Bonds:					
2012A Improvement Refunding Note	\$ 70,000	\$	\$ 17,000	\$ 53,000	\$ 18,000
2018A Improvement Note	250,000		21,000	229,000	22,000
2020A Improvement Note		558,000		558,000	
Compensated Absences	605	2,639	1,285	1,959	1,285
Governmental Activities					
Long-term Liabilities	320,605	560,639	39,285	841,959	41,285
BUSINESS-TYPE ACTIVITIES					
General Obligation Revenue Bonds:					
2007 Drinking Water Revenue Bond	190,000		26,000	164,000	26,000
2004 Drinking Water Revenue Bond	70,000		17,000	53,000	17,000
2015A Sewer Revenue Bond	518,000		9,000	509,000	9,000
2015B Sewer Revenue Bond	639,000		11,000	628,000	12,000
Business-type Activities					
Long-term Liabilities	1,417,000		63,000	1,354,000	64,000
Total	<u>\$ 1,737,605</u>	<u>\$ 560,639</u>	<u>\$ 102,285</u>	<u>\$ 2,195,959</u>	<u>\$ 105,285</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The annual requirements to amortize long-term debt outstanding as of December 31, 2020, are summarized below:

	General Obligation Improvement Bonds		General Obligation Utility Revenue Bonds		
Years	Principal	Interest	Principal	Interest	Total
Governmental Activities					
2021	\$ 40,000	\$ 22,723	\$	\$	\$ 62,723
2022	71,000	18,515			89,515
2023	73,000	16,635			89,635
2024	58,000	14,884			72,884
2025	58,000	13,281			71,281
2026-2030	291,000	41,190			332,190
2031-2035	205,000	14,108			219,108
2036	44,000	418			44,418
	<u>\$ 840,000</u>	<u>\$ 141,752</u>	<u>\$</u>	<u>\$</u>	<u>\$ 981,752</u>
Business-Type Activities					
2021			\$ 64,000	\$ 33,382	\$ 97,382
2022			67,000	32,070	99,070
2023			67,000	30,692	97,692
2024			51,000	29,394	80,394
2025			51,000	28,320	79,320
2026-2030			155,000	128,642	283,642
2031-2035			144,000	110,732	254,732
2036-2040			164,000	90,792	254,792
2041-2045			188,000	67,996	255,996
2046-2050			212,000	42,074	254,074
2051-2054			191,000	12,690	203,690
			<u>\$ 1,354,000</u>	<u>\$ 606,784</u>	<u>\$ 1,960,784</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures

Operating transfers, at the individual fund level, were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 7,500	\$ 48,723
Rural Fire	7,500	
Historical	3,865	
Capital Improvement	27,743	18,865
County Rd 5 Improvement	1,305	
Sewer	19,675	
	<u>\$ 67,588</u>	<u>\$ 67,588</u>

The amounts due to and due from other funds at December 31, 2020, at the individual fund level are summarized below:

<u>Funds</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General	\$	\$ 1,646
Historical	1,646	
	<u>\$ 1,646</u>	<u>\$ 1,646</u>

Excess of expenditures over appropriations, all the result of a planned process, were as follows:

	<u>Excess Expenditures</u>
General	\$ 10,754

As of December 31, 2020 the following fund had deficit fund balances:

Historical	\$ 2,217
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CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Fund Equity

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The following is a summary of committed fund balances as of December 31, 2020 with comparative totals for December 31, 2019:

	First Responders	Rural Fire	Revolving Loan	Capital Improvement	2020 Total	2019 Total
Street improvements	\$	\$	\$	\$ 17,205	\$ 17,205	\$ 54,077
Equipment		44,806			44,806	36,997
First responders activities	15,600				15,600	19,031
Economic development			34,962		34,962	32,186
Fire				134,789	134,789	104,789
Street lights				4,664	4,664	4,664
Museum						3,865
Emergency disaster				9,897	9,897	9,897
Total	<u>\$ 15,600</u>	<u>\$ 44,806</u>	<u>\$ 34,962</u>	<u>\$ 166,555</u>	<u>\$ 261,923</u>	<u>\$ 265,506</u>

8. Commitments and Contingencies

The City participates in various federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general purpose financial statements taken as a whole.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide

Plan Description

The City of Wykoff, Minnesota participates in the following cost-sharing multiple-employer defined benefit pension plan 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 Wykoff, Minnesota are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 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. Beginning in 2019, the postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For 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.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$2,804. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2020, the City reported a liability of \$29,977 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 \$897. The net pension liability was measured as of June 30, 2020, 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, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0005 percent at the end of the measurement period and 0.0004 percent for the beginning of the period.

City's proportionate share of net pension liability	\$	29,977
State of Minnesota's proportionate share of the net pension liability associated with the City	\$	897

For the year ended December 31, 2020, the City recognized pension expense of (\$18,743) for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$78 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Pension Costs (Continued)

At December 31, 2020, 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	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 222	\$ 114
Changes in actuarial assumptions		1,118
Net collective difference between projected and actual investment earnings		1,095
Changes in proportion	4,147	11,956
Contributions paid to PERA subsequent to the measurement date	1,284	
Total	<u>\$ 5,653</u>	<u>\$ 14,283</u>

The \$1,284 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability during the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	Pension Expense Amount
2021	\$ (11,028)
2022	(1,555)
2023	1,945
2024	724

Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation.

There following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

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 Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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:

Sensitivity Analysis			
Net Pension Liability at Different Discount Rates			
	General Employees Fund		
1% Lower	6.50%	\$	48,043
Current Discount Rate	7.50%	\$	29,977
1% Higher	8.50%	\$	15,074

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the 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.

10. Defined Benefit Pension Plan - Volunteer Fire Relief Association

The Wykoff Volunteer Fire Department Relief Association has not had an actuarial study performed. The Association believes the funding status determined using the calculation required by the Minnesota State Auditor is sufficient to determine the reportable amounts under GASB No. 68, *Accounting and Financial Reporting for Pensions*.

Plan Description

The City contributes to the City of Wykoff Volunteer Fire Relief Association ("Association"), a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters.

Volunteer firefighters of the City are members of the Wykoff Volunteer Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit of \$1,500 per person per year of service after reaching a minimum retirement age of 50 and at least 20 years of service with 20 years of membership in the association. Association members are eligible to receive partial pension benefits for service of 10 to 20 years with 10 years of membership in the association. Partial vesting begins at 60% in the tenth year and increases 4% per year of additional service until fully vested. These benefit provisions are consistent with enabling State statutes. Volunteers of the department are not required to contribute to the relief association. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes. During 2020, at the Association direction, the City did not levy any property taxes to be paid to the Association.

Related Party Investments

During 2020 and as of December 31, 2020, the Association held no securities issued by the City.

Funding Status and Progress

At December 31, 2019 the Association funding status is as follows:

Total plan assets	\$ 348,082
Total accrued liability	(260,468)
Excess of Plan Assets over Accrued Liability	<u>\$ 87,614</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Defined Benefit Pension Plan - Volunteer Fire Relief Association (Continued)

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2020, but did make a voluntary contribution of \$2,700.

The computation of the pension contribution requirements for 2020 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

Ten-Year Historical Trend Information

Ten-year historical trend information related to the pension plan is unavailable.

11. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for liability, property, employee health and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT).

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2020. Coverage amounts on these insurance policies are as follows:

Employee Theft:

Clerk/Treasurer	\$ 75,000
All Others	25,000

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$100,000 per claim for plan year 2020. The amount of any liability in excess of plan assets may be assessed to participating Cities in method and amount determined by the LMCIT.

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CITY OF WYKOFF, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

CITY OF WYKOFF, MINNESOTA
Schedule of City Pension Contributions
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2014	\$ 4,165	\$ 4,165	\$	\$ 57,448	7.25%
2015	6,694	6,694		89,253	7.50%
2016	6,874	6,874		91,653	7.50%
2017	4,682	4,682		62,427	7.50%
2018	2,788	2,788		37,173	7.50%
2019	2,319	2,319		30,920	7.50%
2020	2,804	2,804		37,387	7.50%
2021					
2022					
2023					

CITY OF WYKOFF, MINNESOTA
Schedule of City and Non-Employer Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund
Last Ten Years (presented prospectively)

Fiscal Year Ended June 30	Employer's Proportionate Share (Percentage) of Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	Covered Payroll (c)	Employer'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
2014	0.0011%	\$ 51,672	\$	\$ 51,672	\$ 68,671	75.2%	78.70%
2015	0.0015%	77,738		77,738	73,351	106.0%	78.20%
2016	0.0015%	121,793	1,570	123,363	90,453	136.4%	68.90%
2017	0.0010%	63,839	778	64,617	77,040	83.9%	75.90%
2018	0.0006%	33,286	1,057	34,343	49,800	69.0%	79.53%
2019	0.0004%	22,115	833	22,948	34,047	67.4%	80.23%
2020	0.0005%	29,977	897	30,874	34,153	90.4%	79.06%
2021							
2022							
2023							

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CITY OF WYKOFF, MINNESOTA
SUPPLEMENTARY INFORMATION
December 31, 2020

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2020

General Obligation Drinking Water Revenue
Bonds of 2004

Payment Year	Principal	Interest	Rate	Total
2021	\$ 17,000	\$ 1,240	2.34%	\$ 18,240
2022	18,000	843	2.34%	18,843
2023	18,000	421	2.34%	18,421
	<u>\$ 53,000</u>	<u>\$ 2,504</u>		<u>\$ 55,504</u>

General Obligation Drinking Water Revenue
Bonds of 2007

Payment Year	Principal	Interest	Rate	Total
2021	\$ 26,000	\$ 2,296	1.40%	\$ 28,296
2022	27,000	1,932	1.40%	28,932
2023	27,000	1,554	1.40%	28,554
2024	28,000	1,176	1.40%	29,176
2025	28,000	784	1.40%	28,784
2026	28,000	392	1.40%	28,392
	<u>\$ 164,000</u>	<u>\$ 8,134</u>		<u>\$ 172,134</u>

General Obligation Improvement Refunding
Bonds of 2012A

Payment Year	Principal	Interest	Rate	Total
2021	\$ 18,000	\$ 968	2.20%	\$ 18,968
2022	17,000	583	2.20%	17,583
2023	18,000	198	2.20%	18,198
	<u>\$ 53,000</u>	<u>\$ 1,749</u>		<u>\$ 54,749</u>

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2020

General Obligation Sewer Revenue
Bonds of 2015A

Payment Year	Principal	Interest	Rate	Total
2021	\$ 9,000	\$ 13,361	2.625%	\$ 22,361
2022	10,000	13,125	2.625%	23,125
2023	10,000	12,862	2.625%	22,862
2024	10,000	12,635	2.625%	22,635
2025	10,000	12,337	2.625%	22,337
2026-2030	57,000	57,493	2.625%	114,493
2031-2035	65,000	49,614	2.625%	114,614
2036-2040	73,000	40,653	2.625%	113,653
2041-2045	84,000	30,518	2.625%	114,518
2046-2050	95,000	18,883	2.625%	113,883
2051-2054	86,000	5,702	2.625%	91,702
	<u>\$ 509,000</u>	<u>\$ 267,183</u>		<u>\$ 776,183</u>

General Obligation Sewer Revenue
Bonds of 2015B

Payment Year	Principal	Interest	Rate	Total
2021	\$ 12,000	\$ 16,485	2.625%	\$ 28,485
2022	12,000	16,170	2.625%	28,170
2023	12,000	15,855	2.625%	27,855
2024	13,000	15,583	2.625%	28,583
2025	13,000	15,199	2.625%	28,199
2026-2030	70,000	70,757	2.625%	140,757
2031-2035	79,000	61,118	2.625%	140,118
2036-2040	91,000	50,139	2.625%	141,139
2041-2045	104,000	37,478	2.625%	141,478
2046-2050	117,000	23,191	2.625%	140,191
2051-2054	105,000	6,988	2.625%	111,988
	<u>\$ 628,000</u>	<u>\$ 328,963</u>		<u>\$ 956,963</u>

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2020

General Obligation Improvement Note
Bonds of 2018A

Payment Year	Principal	Interest	Rate	Total
2021	\$ 22,000	\$ 8,502	3.900%	\$ 30,502
2022	23,000	7,625	3.900%	30,625
2023	23,000	6,728	3.900%	29,728
2024	25,000	5,792	3.900%	30,792
2025	25,000	4,817	3.900%	29,817
2026-2029	111,000	8,795	3.900%	119,795
	<u>\$ 229,000</u>	<u>\$ 42,257</u>		<u>\$ 271,257</u>

General Obligation Improvement Note
Bonds of 2020A

Payment Year	Principal	Interest	Rate	Total
2021	\$	\$ 13,253	1.900%	\$ 13,253
2022	31,000	10,307	1.900%	41,307
2023	32,000	9,709	1.900%	41,709
2024	33,000	9,092	1.900%	42,092
2025	33,000	8,464	1.900%	41,464
2026-2030	180,000	32,395	1.900%	212,395
2031-2035	205,000	14,108	1.900%	219,108
2036	44,000	418	1.900%	44,418
	<u>\$ 558,000</u>	<u>\$ 97,746</u>		<u>\$ 655,746</u>

CITY OF WYKOFF, MINNESOTA
COMPLIANCE AND INTERNAL CONTROL REPORTS
DECEMBER 31, 2020

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**INDEPENDENT AUDITOR'S 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 Members
of the City Council
City of Wykoff, Minnesota

We have audited, in accordance with the 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, and each major fund of the City of Wykoff, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Wykoff, Minnesota's basic financial statements, and have issued our report thereon dated February 11, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Wykoff, Minnesota'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 of Wykoff, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Wykoff, Minnesota's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2008-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Wykoff, Minnesota'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*.

Honorable Mayor and Members
of the City Council
City of Wykoff, Minnesota

Minnesota Legal Compliance

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

- The City had untimely transmittance of state aid to the fire relief association as required by Minnesota State Statute.

City of Wykoff, Minnesota's Response to Findings

The City of Wykoff, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Wykoff, Minnesota'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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith, Schaph and Associates, Ltd.

Rochester, Minnesota
February 11, 2021

**CITY OF WYKOFF, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

FINDING – 2008-001 ANNUAL FINANCIAL REPORTING UNDER GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP)

Condition: A City of this size has an inherent limitation in its ability to effectively segregate its accounting duties and to prepare annual full disclosure financial statements in accordance with generally accepted accounting principles. It would not be practical for City to devote the resources required to overcome this limitation. The potential exists that a material disclosure could be omitted from the financial statements and not be prevented or detected by the City's internal controls.

Criteria: The City should have controls in place to prevent or detect the omission of a material disclosure in the annual financial statements.

Context: The City has informed us they will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures, and will review and approve these prior to the issuance of the financial statements.

Effect: No effect on the financial statements.

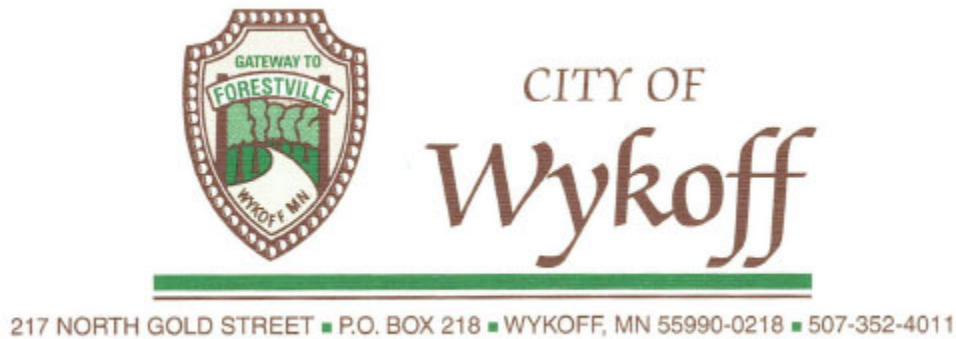
Cause: The City does not have the expertise to draft the notes to the financial statements; however, they have reviewed and approved the annual financial statements as prepared by the audit firm.

Recommendation: We recommend the City continue to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

CURRENT STATUS:

The finding recurred in 2020.

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CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2020.

The finding from the schedule of prior year findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2008-001

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The management and accounting personnel review the drafted financial statements and notes. The City does not have the expertise to ensure all disclosures required by GAAP are included in the financial statements. Accordingly, the City will rely upon the auditors for completeness of the disclosures. However, the management and accounting personnel will review the notes for accuracy prior to issuance of the statements.

Official Responsible for Ensuring CAP:

Rebecca Schmidt, Clerk-Treasurer, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:

Not applicable as the City is willing to accept this risk at this time and will continue to evaluate the recommendation.

Plan to Monitor Completion of CAP:

Alan Williams, Mayor, will ensure the review by the Clerk-Treasurer has been completed. He will do this through discussion with the Clerk/Treasurer and reviewing the draft of the financial statements.

**CITY OF WYKOFF, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

FINDING – 2020-001: COMPLIANCE

In accordance with the miscellaneous provisions section of the *Minnesota Legal Compliance Audit Guide for Cities*, the City did not have a timely remittance of state aid to the fire relief association.

RECOMMENDATION:

We recommend that the City adopt a policy to comply with the *Minnesota Legal Compliance Audit Guide for Cities* and perform internal review to ensure compliance is monitored and changes are made as necessary.



217 NORTH GOLD STREET ■ P.O. BOX 218 ■ WYKOFF, MN 55990-0218 ■ 507-352-4011

CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2020.

The finding from the schedule of findings and responses is discussed below. The finding is numbered consistently with the number assigned in the schedule.

RESPONSE: FINDING 2020-001

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will adopt a policy to comply with the *Minnesota Legal Compliance Audit Guide for Cities* and remit the state aid to the fire relief association timely.

Official Responsible for Ensuring CAP:

Rebecca Schmidt, Clerk-Treasurer, is the official responsible for ensuring the planned responses.

Planned Completion Date for CAP:

Change will be done immediately.

Plan to Monitor Completion of CAP:

Alan Williams, Mayor, will monitor this process.