

CITY OF WYKOFF, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CITY OF WYKOFF, MINNESOTA
FINANCIAL STATEMENTS
For the Fiscal Year Ended December 31, 2023

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CITY OF WYKOFF, MINNESOTA

INTRODUCTORY SECTION

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CITY OF WYKOFF, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2023

Ryan Breckenridge	Mayor
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Kaleb Himli	Council Member & Mayor Pro-Tem
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Lyle Morey	Council Member
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Barb Fate	Council Member
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Jeffrey Hare	Council Member
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Rebecca Schmidt	City Administrator
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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 Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Wykoff, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, and the respective changes in financial position, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Wykoff, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wykoff, Minnesota's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Wykoff, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Wykoff, Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Management 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.

Supplementary 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 supplementary information listed in the table of contents is presented for purposes of additional analysis and is 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. The 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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, 2022, from which such partial information was derived.

We have previously audited the City's 2022 financial statements and our report dated February 2, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024, 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, Schaff and Associates, Ltd.

Rochester, Minnesota
February 1, 2024

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CITY OF WYKOFF, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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CITY OF WYKOFF, MINNESOTA
STATEMENT OF NET POSITION

December 31, 2023

With Comparative Totals for December 31, 2022

	Governmental Activities	Business-Type Activities	Totals	
			2023	2022
Assets				
Cash and cash equivalents	\$ 707,664	\$ 283,378	\$ 991,042	\$ 1,036,594
Restricted cash and cash equivalents		34,913	34,913	31,593
Receivables	98,462	27,433	125,895	110,215
Due from other governments	15,491		15,491	13,234
Net pension asset	93,887		93,887	217,378
Capital assets:				
Nondepreciable	74,014		74,014	114,085
Depreciable, net	1,719,079	2,946,775	4,665,854	4,791,577
Total Assets	2,708,597	3,292,499	6,001,096	6,314,676
Deferred Outflows of Resources				
Deferred outflows from pension activity	11,395	546	11,941	10,987
Liabilities				
Accounts payable	15,351	5,041	20,392	20,324
Due to other governments				12,000
Accrued interest payable	6,514	424	6,938	7,850
Customer deposits		17,646	17,646	16,761
Accrued compensated absences	5,952	778	6,730	2,848
Noncurrent liabilities:				
Due within one year	58,000	51,000	109,000	122,000
Due in more than one year	598,000	1,105,000	1,703,000	1,812,000
Net pension liability	26,780	1,179	27,959	31,680
Total Liabilities	710,597	1,181,068	1,891,665	2,025,463
Deferred Inflows of Resources				
Deferred inflows from pension activity	10,179	315	10,494	3,503
Net Position				
Net investment in capital assets	1,137,093	1,790,775	2,927,868	2,971,662
Restricted:				
Debt service	144,178		144,178	155,944
Fire pension	93,887		93,887	217,378
Replacement reserves		34,913	34,913	31,593
Unrestricted	624,058	285,974	910,032	920,120
Total Net Position	\$ 1,999,216	\$ 2,111,662	\$ 4,110,878	\$ 4,296,697

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 132,871	\$ 9,336	\$ 10,997	\$
Public safety	283,382	3,903	71,924	35,000
Public works	157,914			3,345
Parks, museum and recreation	45,541	16,334	107	
Economic development	67,235		496	
Interest on long-term debt	15,813			
Total governmental activities	702,756	29,573	83,524	38,345
Business-Type activities:				
Water	71,936	106,794		
Sewer	254,659	207,452		
Storm sewer		5,617		
Total business-type activities	326,595	314,246		
Total	\$ 1,029,351	\$ 343,819	\$ 83,524	\$ 38,345

General revenues:

 General property taxes

 Grants and contributions not restricted to specific programs:

 Local government aid

 Other

 Interest earnings

 Insurance reimbursement

 Gain on sale of assets

 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	
		2023	2022
\$ (112,538)	\$	\$ (112,538)	\$ (104,340)
(172,555)		(172,555)	70,462
(154,569)		(154,569)	(94,638)
(29,100)		(29,100)	(22,231)
(66,739)		(66,739)	335
(15,813)		(15,813)	(17,431)
<u>(551,314)</u>		<u>(551,314)</u>	<u>(167,843)</u>
	34,858	34,858	17,748
	(47,207)	(47,207)	(141,335)
	<u>5,617</u>	<u>5,617</u>	<u>4,623</u>
	(6,732)	(6,732)	(118,964)
<u>(551,314)</u>	<u>(6,732)</u>	<u>(558,046)</u>	<u>(286,807)</u>
213,192		213,192	207,294
137,688		137,688	136,831
292		292	302
2,761	784	3,545	806
			7,555
15,000		15,000	9,750
1,289	1,221	2,510	3,139
(30,000)	30,000		
<u>340,222</u>	<u>32,005</u>	<u>372,227</u>	<u>365,677</u>
(211,092)	25,273	(185,819)	78,870
<u>2,210,308</u>	<u>2,086,389</u>	<u>4,296,697</u>	<u>4,217,827</u>
<u>\$ 1,999,216</u>	<u>\$ 2,111,662</u>	<u>\$ 4,110,878</u>	<u>\$ 4,296,697</u>

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CITY OF WYKOFF, MINNESOTA
FUND FINANCIAL STATEMENTS
DECEMBER 31, 2023

CITY OF WYKOFF, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023
With Comparative Totals for December 31, 2022

	Special Revenue Funds				
	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
ASSETS					
Cash and cash equivalents	\$ 377,564	\$ 15,797	\$ 8,333	\$ 6,221	\$ 2,092
Loans receivable				38,676	
Taxes receivable, delinquent	6,819	234			
Special assessments receivable:					
Delinquent	88				
Deferred	1,281				
Due from other governmental units	14,741	59			
TOTAL ASSETS	\$ 400,493	\$ 16,090	\$ 8,333	\$ 44,897	\$ 2,092
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 14,839	\$	\$ 46	\$	\$ 466
Due to other governmental units					
Total Liabilities	14,839		46		466
Deferred Inflows of Resources					
Unavailable revenue:					
Property taxes	6,819	234			
Special assessments	1,369				
Loans receivable				38,676	
Total Deferred Inflows of Resources	8,188	234		38,676	
Fund Balance					
Restricted:					
Debt service					
Committed:					
By Council action		15,856	8,287	6,221	
Assigned					1,626
Unassigned	377,466				
Total Fund Balance	377,466	15,856	8,287	6,221	1,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 400,493	\$ 16,090	\$ 8,333	\$ 44,897	\$ 2,092

See Notes to the Financial Statements

Capital Projects Fund	Debt Service Funds		Total Governmental Funds	
406 Capital Improvement	305 2018A Improvement Bond	307 2020A Improvement Bond		
			2023	2022
\$ 199,020	\$ 45,994	\$ 52,643	\$ 707,664	\$ 799,002
	1,054	1,385	38,676	17,923
			9,492	9,492
		1,631	1,719	1,719
	17,193	30,101	48,575	56,969
	209	482	15,491	13,234
<u>\$ 199,020</u>	<u>\$ 64,450</u>	<u>\$ 86,242</u>	<u>\$ 821,617</u>	<u>\$ 898,339</u>
\$	\$	\$	\$ 15,351	\$ 16,391
				12,000
			15,351	28,391
	1,054	1,385	9,492	9,492
	17,193	31,732	50,294	58,688
			38,676	17,923
	18,247	33,117	98,462	86,103
	46,203	53,125	99,328	103,964
199,020			229,384	266,621
			1,626	710
			377,466	412,550
<u>199,020</u>	<u>46,203</u>	<u>53,125</u>	<u>707,804</u>	<u>783,845</u>
<u>\$ 199,020</u>	<u>\$ 64,450</u>	<u>\$ 86,242</u>	<u>\$ 821,617</u>	<u>\$ 898,339</u>

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

For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

		Special Revenue Funds			
	101 General	230 First Responders	240 Rural Fire	250 Revolving Loan	260 Historical
REVENUES					
Property taxes	\$ 151,128	\$ 6,533	\$	\$	\$
Special assessments	716				
Licenses and permits	2,157				
Intergovernmental revenues	172,360	5,582	25,842		
Charges for services	7,054		1,444		16,334
Fines and forfeits	563				
Interest income	919	42	24	1,026	
Miscellaneous revenues	23,627	4,950	600	4,743	107
Total Revenues	358,524	17,107	27,910	5,769	16,441
EXPENDITURES					
Current:					
General government	111,045				
Public safety	75,598	18,076	18,782		
Public works	44,262				
Parks, museum and recreation	25,206				15,525
Economic development	1,900			90,335	
Capital outlay	104,600		17,290		
Debt service					
Total Expenditures	362,611	18,076	36,072	90,335	15,525
Excess (deficiency) of revenues over (under) expenditures	(4,087)	(969)	(8,162)	(84,566)	916
OTHER FINANCING SOURCES (USES)					
Insurance recovery					
Sale of assets				50,000	
Transfers in					
Transfers out	(30,997)				
Total Other Financing Sources (Uses)	(30,997)			50,000	
Net change in fund balance	(35,084)	(969)	(8,162)	(34,566)	916
FUND BALANCES, BEGINNING	412,550	16,825	16,449	40,787	710
FUND BALANCES, ENDING	\$ 377,466	\$ 15,856	\$ 8,287	\$ 6,221	\$ 1,626

See Notes to the Financial Statements

Capital Projects Fund	Debt Service Funds		Total Governmental Funds	
	305 2018A Improvement Bond	307 2020A Improvement Bond		
406 Capital Improvement			2023	2022
\$	\$ 23,239 2,524	\$ 32,292 8,499	\$ 213,192 11,739 2,157 203,784 24,832 563	\$ 205,324 10,351 2,147 228,655 24,165 90
503	117	130	2,761	736
26,250			60,277	81,047
26,753	25,880	40,921	519,305	552,515
			111,045	109,042
			112,456	94,331
			44,262	31,383
			40,731	36,784
			92,235	
21,290			143,180	258,081
	29,727	41,710	71,437	107,369
21,290	29,727	41,710	615,346	636,990
5,463	(3,847)	(789)	(96,041)	(84,475)
				7,555
			50,000	9,750
997			997	3,698
			(30,997)	(33,897)
997			20,000	(12,894)
6,460	(3,847)	(789)	(76,041)	(97,369)
192,560	50,050	53,914	783,845	881,214
\$ 199,020	\$ 46,203	\$ 53,125	\$ 707,804	\$ 783,845

**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, 2023**

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

Total governmental fund balances (page 7 and 8)		\$ 707,804
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 5,065,154	
Less: Accumulated depreciation	<u>(3,272,061)</u>	
		1,793,093
Some receivables are not available soon enough to pay for current period expenditures and therefore are unavailable in the funds.		
Delinquent property taxes	\$ 9,492	
Special assessments	50,294	
Loans receivable	<u>38,676</u>	
		98,462
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	\$ (656,000)	
Net pension liability	(25,564)	
Net pension asset	93,887	
Accrued compensated absences	(5,952)	
Accrued interest	<u>(6,514)</u>	
		<u>(600,143)</u>
Net position of governmental activities (page 4)		<u><u>\$ 1,999,216</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, 2023

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)	\$	(76,041)
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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	\$ 139,180		
Depreciation expense	(174,926)		
			(35,746)

The net effect of various miscellaneous transactions involving capital assets (i.e.) sales, trade-ins, and donations) is to decrease net position.			(37,900)
--	--	--	----------

Certain revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.

Special assessments	\$ (8,394)		
Loans receivable	20,753		
			12,359

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	\$ 624		
Principal retirement on long-term debt	55,000		
			55,624

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	\$ (3,104)		
Change in net pension liability	(2,793)		
Change in net pension asset	(123,491)		
			(129,388)

Change in net position of governmental activities (pages 5 and 6)	\$	(211,092)
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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, 2023
With Comparative Totals for December 31, 2022

REVENUES	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Local Taxes					
General tax levy	\$ 149,235	\$ 149,235	\$ 151,128	\$ 1,893	\$ 126,232
Special Assessments			716	716	
Licenses and Permits					
Business	1,325	1,325	1,300	(25)	1,300
Nonbusiness	450	450	857	407	847
Total Licenses and Permits	1,775	1,775	2,157	382	2,147
Intergovernmental Revenues					
Local government aid	137,688	137,688	137,688		136,831
Fire relief aid			15,388	15,388	12,460
Other state aid			19,284	19,284	987
Federal aid					47,724
Total Intergovernmental Revenues	137,688	137,688	172,360	34,672	198,002
Charges for Services					
Community center rent	5,000	5,000	7,054	2,054	5,505
Fines and Forfeits					
Court fines	50	50	563	513	90
Interest Income	250	250	919	669	125
Miscellaneous Revenues					
Contributions	10,000	10,000	19,660	9,660	24,589
Refunds and reimbursements			1,321	1,321	1,496
Other	1,000	1,000	2,646	1,646	2,685
Total Miscellaneous Revenues	11,000	11,000	23,627	12,627	28,770
TOTAL REVENUES	\$ 304,998	\$ 304,998	\$ 358,524	\$ 53,526	\$ 360,871

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, 2023
With Comparative Totals for December 31, 2022

	Budgeted Amounts		2023	Variance with	2022
	Original	Final	Actual	Final Budget - Positive (Negative)	Actual
			Amounts		Amounts
EXPENDITURES					
General Government					
Mayor and Council					
Salaries and benefits	\$ 5,425	\$ 5,425	\$ 5,541	\$ (116)	\$ 6,225
Dues	200	200	753	(553)	706
Miscellaneous	500	500	1,742	(1,242)	539
Total Mayor and Council	6,125	6,125	8,036	(1,911)	7,470
Elections and Voter Registration					
Salaries and benefits					2,936
General supplies					281
Printing and publishing					137
Miscellaneous					350
Total Elections and Voter Registration					3,704
City Clerk					
Salaries and benefits	22,380	22,380	20,612	1,768	17,460
General supplies	2,000	2,000	2,717	(717)	3,059
Repair and maintenance	1,200	1,200	361	839	6,410
Utilities	2,700	2,700	2,182	518	2,234
Travel and education			778	(778)	
Printing, publishing, and dues	700	700	752	(52)	428
Insurance	200	200	5,158	(4,958)	4,804
Miscellaneous	650	650	4,416	(3,766)	4,432
Total City Clerk	29,830	29,830	36,976	(7,146)	38,827
Professional Services					
Legal and audit	26,700	26,700	14,920	11,780	16,138
Assessor	1,600	1,600	1,591	9	1,509
Other contracted services			2,408	(2,408)	1,983
Total Professional Services	28,300	28,300	18,919	9,381	19,630
Municipal Buildings					
Salaries and benefits	4,175	4,175	6,163	(1,988)	3,694
General supplies	225	225	291	(66)	274
Repair and maintenance	750	750	2,806	(2,056)	1,254
Utilities	6,200	6,200	5,521	679	6,338
Insurance	1,800	1,800	3,932	(2,132)	5,087
Miscellaneous			1,267	(1,267)	
Capital outlay			7,562	(7,562)	2,816
Total Municipal Buildings	\$ 13,150	\$ 13,150	\$ 27,542	\$ (14,392)	\$ 19,463

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, 2023
With Comparative Totals for December 31, 2022

	Budgeted Amounts		2023	Variance with	2022
	Original	Final	Actual	Final Budget -	Actual
			Amounts	Positive	Amounts
				(Negative)	
EXPENDITURES					
General Government (Continued)					
Community Center					
Salaries and benefits	\$ 1,140	\$ 1,140	\$ 3,360	\$ (2,220)	\$ 1,539
General supplies	400	400	574	(174)	898
Repair and maintenance	2,000	2,000	4,327	(2,327)	4,708
Utilities	6,800	6,800	5,802	998	5,942
Insurance	2,800	2,800	3,756	(956)	2,740
Miscellaneous	805	805	3,637	(2,832)	1,367
Capital outlay	20,000	20,000	74,538	(54,538)	
Total Community Center	33,945	33,945	95,994	(62,049)	17,194
City Promotion					
Miscellaneous	4,100	4,100	5,678	(1,578)	5,570
Capital outlay			12,197	(12,197)	
Total City Promotion	4,100	4,100	17,875	(13,775)	5,570
Total General Government	115,450	115,450	205,342	(89,892)	111,858
Public Safety					
Law Enforcement					
Contractual services	24,000	24,000	24,000		24,000
Fire Protection					
Salaries and benefits	9,750	9,750	10,843	(1,093)	9,533
City fire relief contribution	1,350	1,350	1,350		1,350
Fire relief aid			15,388	(15,388)	12,460
Motor fuel	900	900	334	566	621
Repair and maintenance	5,550	5,550	9,918	(4,368)	5,974
Professional services	700	700	3,314	(2,614)	157
Utilities	3,020	3,020	3,263	(243)	2,707
Insurance	2,800	2,800	3,836	(1,036)	3,217
Travel and education	3,000	3,000	1,808	1,192	2,976
Capital outlay	1,500	1,500		1,500	4,903
Miscellaneous	650	650	1,053	(403)	1,571
Total Fire Protection	29,220	29,220	51,107	(21,887)	45,469
Civil Defense					
Utilities	150	150	85	65	116
Insurance	350	350		350	314
Miscellaneous			406	(406)	227
Total Civil Defense	500	500	491	9	657
Total Public Safety	\$ 53,720	\$ 53,720	\$ 75,598	\$ (21,878)	\$ 70,126

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, 2023
With Comparative Totals for December 31, 2022

EXPENDITURES	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget - Positive (Negative)	2022 Actual Amounts
	Original	Final			
Public Works					
Streets and Highways					
Salaries and benefits	\$ 12,913	\$ 12,913	\$ 12,220	\$ 693	\$ 13,130
Motor fuels	1,250	1,250	1,067	183	1,328
Repair and maintenance	2,200	2,200	22,818	(20,618)	7,854
Utilities	8,000	8,000	7,992	8	7,816
Insurance	780	780		780	466
Miscellaneous	750	750	165	585	789
Capital outlay	53,500	53,500	3,203	50,297	111,098
Total Public Works	79,393	79,393	47,465	31,928	142,481
Park and Recreation					
Recreation	1,850	1,850	3,508	(1,658)	2,913
Park					
Salaries and benefits	8,540	8,540	10,428	(1,888)	8,683
Motor fuel	1,200	1,200	900	300	932
Repair and maintenance	2,500	2,500	3,052	(552)	4,587
Insurance	500	500	355	145	412
Utilities	425	425	950	(525)	959
Professional services					525
Tree removal	6,270	6,270	5,957	313	5,650
Capital outlay	5,000	5,000	7,100	(2,100)	13,970
Miscellaneous	150	150	56	94	150
Total Park	24,585	24,585	28,798	(4,213)	35,868
Total Park and Recreation	26,435	26,435	32,306	(5,871)	38,781
Economic Development					
Professional services			1,900	(1,900)	
TOTAL EXPENDITURES	274,998	274,998	362,611	(87,613)	363,246
EXCESS (DEFICIENCY) REVENUE OVER (UNDER) EXPENDITURES	30,000	30,000	(4,087)	(34,087)	(2,375)
Other Financing Sources (Uses)					
Insurance recovery					7,555
Sale of assets					9,750
Transfers out	(30,000)	(30,000)	(30,997)	(997)	(18,698)
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(30,997)	(997)	(1,393)
Net change in fund balance			(35,084)	(35,084)	(3,768)
FUND BALANCE - Beginning	412,550	412,550	412,550		416,318
FUND BALANCE - Ending	\$ 412,550	\$ 412,550	\$ 377,466	\$ (35,084)	\$ 412,550

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, 2023
With Comparative Totals for December 31, 2022

REVENUES	Budgeted Amounts		2023 Actual Amounts	Variance with Final Budget Positive (Negative)	2022 Actual Amounts
	Original	Final			
Property taxes	\$ 6,510	\$ 6,510	\$ 6,533	\$ 23	\$ 5,486
Interest Income			42	42	4
Intergovernmental Revenue					
First responders contracts	5,000	5,000	5,582	582	5,588
Miscellaneous Revenues					
Contributions			4,950	4,950	1,800
Refunds and reimbursements					500
Total Miscellaneous Revenues			4,950	4,950	2,300
TOTAL REVENUES	11,510	11,510	17,107	5,597	13,378
EXPENDITURES					
Public Safety					
Salaries and benefits	2,500	2,500	2,358	142	1,475
Insurance	650	650	886	(236)	722
General supplies	200	200	536	(336)	343
Repair and maintenance			5,389	(5,389)	335
Fuels and lubricants	150	150	94	56	164
Travel, schools, conferences	1,500	1,500	1,000	500	2,858
Professional services	6,510	6,510	7,813	(1,303)	7,155
Miscellaneous					39
TOTAL EXPENDITURES	11,510	11,510	18,076	(6,566)	13,091
NET CHANGE IN FUND BALANCE			(969)	(969)	287
FUND BALANCES, BEGINNING	16,825	16,825	16,825		16,538
FUND BALANCES, ENDING	\$ 16,825	\$ 16,825	\$ 15,856	\$ (969)	\$ 16,825

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, 2023
With Comparative Totals for December 31, 2022

REVENUES	Budgeted Amounts		2023 Actual Amounts	Variance with	2022 Actual Amounts
	Original	Final		Final Budget	
					Positive (Negative)
Charges for Services					
Fire calls	\$ 3,000	\$ 3,000	\$ 1,444	\$ (1,556)	\$ 5,305
Intergovernmental Revenue					
Fire contracts	24,380	24,380	25,842	1,462	24,380
Other state aid					685
Total Intergovernmental Revenue	24,380	24,380	25,842	1,462	25,065
Interest Income			24	24	4
Miscellaneous Revenues					
Contributions			600	600	249
TOTAL REVENUES	27,380	27,380	27,910	530	30,623
EXPENDITURES					
Public Safety					
Salaries and benefits	8,800	8,800	167	8,633	872
City fire relief aid	1,350	1,350	1,350		1,350
Insurance	2,800	2,800	3,836	(1,036)	2,717
Communication	1,500	1,500		1,500	
Repair and maintenance	2,750	2,750	5,891	(3,141)	3,222
Utilities	2,250	2,250	2,047	203	2,303
Fuels and lubricants	900	900	258	642	623
Travel, schools, conferences	3,000	3,000	1,188	1,812	3,276
Professional services	900	900	3,914	(3,014)	1,157
Miscellaneous	950	950	131	819	497
Capital outlay	2,180	2,180	17,290	(15,110)	54,902
TOTAL EXPENDITURES	27,380	27,380	36,072	(8,692)	70,919
NET CHANGE IN FUND BALANCE			(8,162)	(8,162)	(40,296)
FUND BALANCES, BEGINNING	16,449	16,449	16,449		56,745
FUND BALANCES, ENDING	\$ 16,449	\$ 16,449	\$ 8,287	\$ (8,162)	\$ 16,449

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	Enterprise Funds				
	Water	Sewer	Storm Sewer	Totals	
	Fund	Fund	Fund	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash and cash equivalents	\$ 164,547	\$ 109,055	\$ 9,776	\$ 283,378	\$ 237,592
Restricted cash and cash equivalents		34,913		34,913	31,593
Accounts receivable	8,596	18,373	464	27,433	24,112
Total Current Assets	173,143	162,341	10,240	345,724	293,297
Capital Assets					
Construction in progress					19,708
Building	17,876	2,876,387		2,894,263	2,894,263
Improvements	1,369,757	170,178		1,539,935	1,539,935
Machinery and equipment	28,226	67,074		95,300	62,712
Total	1,415,859	3,113,639		4,529,498	4,516,618
Less: Accumulated depreciation	782,357	800,366		1,582,723	1,477,695
Capital Assets, Net	633,502	2,313,273		2,946,775	3,038,923
Deferred Outflows of Resources					
Deferred outflows from pension activity	399	147		546	833
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 807,044</u>	<u>\$ 2,475,761</u>	<u>\$ 10,240</u>	<u>\$ 3,293,045</u>	<u>\$ 3,333,053</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	\$ 299	\$ 4,742	\$	\$ 5,041	\$ 3,933
Accrued interest payable	424			424	712
Accrued compensated absences	389	389		778	
Customer deposits	17,646			17,646	16,761
Bonds payable - current	28,000	23,000		51,000	67,000
Total Current Liabilities	46,758	28,131		74,889	88,406
Long-Term Liabilities					
Net pension liability	984	195		1,179	2,069
Bonds payable - noncurrent	56,000	1,049,000		1,105,000	1,156,000
Total Noncurrent Liabilities	56,984	1,049,195		1,106,179	1,158,069
Deferred Inflows of Resources					
Deferred inflows from pension activity	146	169		315	189
Net Position					
Net investment in capital assets	549,502	1,241,273		1,790,775	1,815,923
Restricted		34,913		34,913	31,593
Unrestricted	153,654	122,080	10,240	285,974	238,873
Total Net Position	703,156	1,398,266	10,240	2,111,662	2,086,389
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 807,044</u>	<u>\$ 2,475,761</u>	<u>\$ 10,240</u>	<u>\$ 3,293,045</u>	<u>\$ 3,333,053</u>

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
Statement of Revenues, Expenses, and
Changes in Net Position
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	Enterprise Funds			Totals	
	Water Fund	Sewer Fund	Storm Sewer Fund	2023	2022
Operating Revenues					
Charges for services	\$ 106,744	\$ 207,452	\$ 5,617	\$ 319,813	\$ 290,396
Operating Expenses					
Salaries and benefits	10,737	9,295		20,032	18,351
Contractual services	13,968	60,315		74,283	92,683
Chemicals	250	29,438		29,688	38,753
General supplies	1,748	1,796		3,544	2,936
Repairs and maintenance	6,824	9,217		16,041	40,953
Utilities	7,236	31,422		38,658	76,142
Insurance	1,476	6,174		7,650	4,738
Depreciation	27,324	77,704		105,028	103,023
Miscellaneous	686	580		1,266	1,106
Total Operating Expenses	70,249	225,941		296,190	378,685
OPERATING INCOME (LOSS)	36,495	(18,489)	5,617	23,623	(88,289)
Nonoperating Revenues (Expenses)					
Special assessments					105
Interest income	420	364		784	70
Bond interest and charges	(1,687)	(28,718)		(30,405)	(31,780)
Connection fees	50			50	1,000
Miscellaneous	331	890		1,221	2,604
Total Nonoperating Revenues (Expenses)	(886)	(27,464)		(28,350)	(28,001)
Income (Loss) Before Transfers	35,609	(45,953)	5,617	(4,727)	(116,290)
Transfers out	(17,000)			(17,000)	
Transfers in		47,000		47,000	30,199
CHANGE IN NET POSITION	18,609	1,047	5,617	25,273	(86,091)
NET POSITION, BEGINNING	684,547	1,397,219	4,623	2,086,389	2,172,480
NET POSITION, ENDING	\$ 703,156	\$ 1,398,266	\$ 10,240	\$ 2,111,662	\$ 2,086,389

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
PROPRIETARY FUNDS
Statement of Cash Flows
For the Year Ended December 31, 2023
With Comparative Totals for December 31, 2022

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals	
				2023	2022
Cash Flows From Operating Activities					
Cash received from customers	\$ 106,296	\$ 204,579	\$ 5,617	\$ 316,492	\$ 290,380
Cash paid to suppliers	(33,020)	(137,637)		(170,657)	(276,448)
Cash paid to employees	(9,747)	(8,464)		(18,211)	(16,882)
Net Cash Provided By (Used In) Operating Activities	63,529	58,478	5,617	127,624	(2,950)
Cash Flows From Noncapital and Related Financing Activities					
Cash received from other sources	331	890		1,221	2,709
Transfers in (out) from other funds	(17,000)	47,000		30,000	30,199
Connection fees	50			50	1,000
Net Cash Provided By (Used In) Noncapital and Related Financing Activities	(16,619)	47,890		31,271	33,908
Cash Flows From Capital and Related Financing Activities					
Principal paid on bonds	(45,000)	(22,000)		(67,000)	(67,000)
Interest paid on bonds	(1,975)	(28,718)		(30,693)	(32,069)
Additions to capital assets		(12,880)		(12,880)	(42,540)
Net Cash Used In Capital and Related Financing Activities	(46,975)	(63,598)		(110,573)	(141,609)
Cash Flows From Investing Activities					
Interest earnings	420	364		784	70
Net Increase (Decrease) in Cash and Cash Equivalents	355	43,134	5,617	49,106	(110,581)
Cash and Cash Equivalents, Beginning of Year	164,192	100,834	4,159	269,185	379,766
Cash and Cash Equivalents, End of Year	<u>\$ 164,547</u>	<u>\$ 143,968</u>	<u>\$ 9,776</u>	<u>\$ 318,291</u>	<u>\$ 269,185</u>
Classified as:					
Cash and cash equivalents	\$ 164,547	\$ 109,055	\$ 9,776	\$ 283,378	\$ 237,592
Restricted cash and cash equivalents		34,913		34,913	31,593
Total Cash and Cash Equivalents, End of Year	<u>\$ 164,547</u>	<u>\$ 143,968</u>	<u>\$ 9,776</u>	<u>\$ 318,291</u>	<u>\$ 269,185</u>

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

	Enterprise Funds				
	Water Fund	Sewer Fund	Storm Sewer Fund	Totals	
				2023	2022
Operating Income (Loss)	\$ 36,495	\$ (18,489)	\$ 5,617	\$ 23,623	\$ (88,289)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	27,324	77,704		105,028	103,023
Change in net pension liability	(250)	(227)		(477)	4
(Increase) Decrease In:					
Accounts receivable	(448)	(2,873)		(3,321)	(16)
Increase (Decrease) In:					
Accounts payable	(866)	1,974		1,108	(18,620)
Accrued compensated absences	389	389		778	
Customer deposits	885			885	948
Net Cash Provided By (Used In) Operating Activities	<u>\$ 63,529</u>	<u>\$ 58,478</u>	<u>\$ 5,617</u>	<u>\$ 127,624</u>	<u>\$ (2,950)</u>

See Notes to the Financial Statements

CITY OF WYKOFF, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 *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.

The *Storm Sewer fund* accounts for the operation of the City owned storm sewer 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, Deferred Outflows of Resources, 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 restricted 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, Deferred Outflows of Resources, 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
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.

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.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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

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: clerk-treasurer.

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.

Compensated Absences

Vacation is accrued when earned in the government-wide financial statements. Qualified employees accrue vacation at varying rates, which portions may be carried over to future years. The City compensates employees upon termination for a maximum of 120 hours of unused vacation time.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, 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 assets 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 assets 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 2022 financial statement have been reclassified to conform to the 2023 presentation.

Implementation of New Accounting Principles

During the year, the City implemented *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. This Statement provides guidance on accounting and financial reporting for subscription-based information technology. Under this Statement, government organizations are required to recognize a subscription liability and right-to-use capitalized asset. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term.. This Statement establishes uniform accounting and financial reporting requirements for Subscription-Based Information Technology Arrangements, improves the comparability of government financial statements, and enhances the relevance, understandability, reliability, and consistency of information regarding these arrangements. The Statement has been implemented.

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, 2023, the City's cash and cash equivalents consisted of the following items, all of which are held in an internal investment pool:

Cash on hand	\$ 100
Deposits	<u>1,025,855</u>
Total Cash and Cash Equivalents	<u>\$ 1,025,955</u>
Cash and Cash Equivalents - Statement of Net Position	\$ 991,042
Restricted Cash and Cash Equivalents - Statement of Net Position	<u>34,913</u>
Total Cash and Cash Equivalents	<u>\$ 1,025,955</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: Observable market-based inputs or unobservable inputs that are corroborated by market data. 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, 2023 or 2022.

3. Due From Other Governmental Units

Amounts due from other governmental units at December 31, 2023 are as follows:

<u>Fund</u>	<u>Fillmore County</u>	<u>State of Minnesota</u>	<u>Total</u>
General	\$ 1,353	\$ 13,388	\$ 14,741
First Responders	59		59
Debt Service	691		691
	<u>\$ 2,103</u>	<u>\$ 13,388</u>	<u>\$ 15,491</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	\$	\$ 35,000	\$ 74,014
Construction in progress	5,071		5,071	
Total capital assets, not being depreciated	<u>114,085</u>		<u>40,071</u>	<u>74,014</u>
Capital assets, being depreciated:				
Buildings	469,859			469,859
Improvements	3,257,588	77,938		3,335,526
Machinery and equipment	1,207,777	66,313	88,335	1,185,755
Total capital assets, being depreciated	<u>4,935,224</u>	<u>144,251</u>	<u>88,335</u>	<u>4,991,140</u>
Less accumulated depreciation for:				
Buildings	332,586	12,686		345,272
Improvements	2,099,437	89,689		2,189,126
Machinery and equipment	750,547	72,551	85,435	737,663
Total accumulated depreciation	<u>3,182,570</u>	<u>174,926</u>	<u>85,435</u>	<u>3,272,061</u>
Total capital assets, being depreciated, net	<u>1,752,654</u>	<u>(30,675)</u>	<u>2,900</u>	<u>1,719,079</u>
Governmental activities capital assets, net	<u>\$ 1,866,739</u>	<u>\$ (30,675)</u>	<u>\$ 42,971</u>	<u>\$ 1,793,093</u>

Governmental Activities:

General government	\$ 12,572
Public safety	49,285
Public works	109,185
Parks, museum and recreation	<u>3,884</u>
Total depreciation expense - governmental activities	<u>\$ 174,926</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	\$ 19,708	\$	\$ 19,708	\$
Total capital assets, not being depreciated	19,708		19,708	
Capital assets, being depreciated:				
Buildings	2,894,263			2,894,263
Improvements	1,539,935			1,539,935
Machinery and equipment	62,712	32,588		95,300
Total capital assets, being depreciated	4,496,910	32,588		4,529,498
Less accumulated depreciation for:				
Buildings	567,696	71,371		639,067
Improvements	884,202	25,625		909,827
Machinery and equipment	25,797	8,032		33,829
Total accumulated depreciation	1,477,695	105,028		1,582,723
Total capital assets, being depreciated, net	3,019,215	(72,440)		2,946,775
Business type activities capital assets, net	\$ 3,038,923	\$ (72,440)	\$ 19,708	\$ 2,946,775
Business Type Activities:				
Water			\$ 27,324	
Sewer			77,704	
Total depreciation expense - business type activities			\$ 105,028	

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, 2023 balances are as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2023
Governmental Activities			
General Obligation Improvement Bond:			
2018A Improvement Note	3.90%	2/1/2029	\$ 161,000
2020A Improvement Note	1.90%	2/1/2036	495,000
Compensated Absences			5,952
Business-Type Activities			
General Obligation Revenue Bonds:			
2015A Sewer Revenue Bond	2.625%	1/1/2055	480,000
2015B Sewer Revenue Bond	2.625%	1/1/2055	592,000
Notes Payable:			
2007 Drinking Water PFA Loan	1.40%	8/20/2026	84,000
Compensated Absences			778
Total Long Term Debt			<u>\$ 1,818,730</u>

For governmental activities, compensated absences have generally been liquidated by the general fund.

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:					
2018A Improvement Note	\$ 184,000	\$	\$ 23,000	\$ 161,000	\$ 25,000
2020A Improvement Note	527,000		32,000	495,000	33,000
Compensated Absences	2,848	5,679	2,575	5,952	5,952
Governmental Activities					
Long-term Liabilities	713,848	5,679	57,575	661,952	63,952
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General Obligation Revenue Bonds:					
2015A Sewer Revenue Bond	490,000		10,000	480,000	10,000
2015B Sewer Revenue Bond	604,000		12,000	592,000	13,000
Notes Payable:					
2004 Drinking Water PFA Loan	18,000		18,000		
2007 Drinking Water PFA Loan	111,000		27,000	84,000	28,000
Compensated Absences		778		778	778
Business-type Activities					
Long-term Liabilities	1,223,000	778	67,000	1,156,778	51,778
Total	\$ 1,936,848	\$ 6,457	\$ 124,575	\$ 1,818,730	\$ 115,730

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The annual requirements to amortize long-term debt obligations outstanding as of December 31, 2023, excluding accrued compensated absences over the life of the debt, are summarized below:

Years	General Obligation Improvement Bonds		General Obligation Utility Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
Governmental Activities					
2024	\$ 58,000	\$ 14,884	\$	\$	\$ 72,884
2025	58,000	13,281			71,281
2026	61,000	11,631			72,631
2027	62,000	9,923			71,923
2028	64,000	8,175			72,175
2029 - 2033	224,000	22,273			246,273
2034 - 2036	129,000	3,715			132,715
	<u>\$ 656,000</u>	<u>\$ 83,880</u>	<u>\$</u>	<u>\$</u>	<u>\$ 739,880</u>
Business-Type Activities					
2024	\$	\$	\$ 51,000	\$ 29,394	\$ 80,394
2025			51,000	28,320	79,320
2026			52,000	27,325	79,325
2027			25,000	26,302	51,302
2028			25,000	25,717	50,717
2029 - 2033			137,000	118,004	255,004
2034 - 2038			156,000	99,068	255,068
2039 - 2043			178,000	77,456	255,456
2044 - 2048			202,000	52,847	254,847
2049 - 2053			230,000	24,920	254,920
2054			49,000	1,287	50,287
	<u>\$</u>	<u>\$</u>	<u>\$ 1,156,000</u>	<u>\$ 510,640</u>	<u>\$ 1,666,640</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	\$	\$ 30,997
Capital Improvement	997	
Water		17,000
Sewer	47,000	
	<u>\$ 47,997</u>	<u>\$ 47,997</u>

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

General	\$ 87,613
First Responders	6,566
Rural Fire	8,692

7. Fund Balance

The City uses restricted/committed amounts to be spent first when both restricted and unassigned 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, 2023 with comparative totals for December 31, 2022:

	<u>First Responders</u>	<u>Rural Fire</u>	<u>Revolving Loan</u>	<u>Capital Improvement</u>	<u>2023 Total</u>	<u>2022 Total</u>
Equipment	\$	\$ 8,287	\$	\$	\$ 8,287	\$ 16,449
First responders activities	15,856				15,856	16,825
Economic development			6,221		6,221	40,787
Fire				198,211	198,211	189,251
Emergency disaster				809	809	3,309
Total	<u>\$ 15,856</u>	<u>\$ 8,287</u>	<u>\$ 6,221</u>	<u>\$ 199,020</u>	<u>\$ 229,384</u>	<u>\$ 266,621</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

9. Defined Benefit Pension Plan - 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.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - Statewide (Continued)

Benefits Provided (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 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. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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 2023 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, 2023, were \$2,857. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2023, the City reported a liability of \$27,959 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 \$750.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, 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 the net pension liability	\$ 27,959
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>750</u>
Total	<u>\$ 28,709</u>

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - Statewide (Continued)

Pension Costs (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$2,316 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$3 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.

At December 31, 2023, 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	\$ 876	\$ 154
Changes in actuarial assumptions	3,620	7,663
Net difference between projected and actual investment earnings		1,178
Changes in proportion	5,939	1,499
Contributions paid to PERA subsequent to the measurement date	1,506	
Total	<u>\$ 11,941</u>	<u>\$ 10,494</u>

The \$1,506 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2024	\$ 589
2025	(1,957)
2026	1,917
2027	(608)

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - Statewide (Continued)

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation.

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - Statewide (Continued)

Actuarial Methods and Assumptions (Continued)

There following changes in actuarial assumptions and plan provisions occurred in 2023:

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 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	6.00%	\$	49,462
Current Discount Rate	7.00%	\$	27,959
1% Higher	8.00%	\$	10,272

CITY OF WYKOFF, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - 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 \$1,600 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 2023, at the Association direction, the City did not levy any property taxes to be paid to the Association.

Related Party Investments

During 2023 and as of December 31, 2023, the Association held no securities issued by the City.

Funding Status and Progress

At December 31, 2022 the Association funding status is as follows:

Net position available for benefits	\$ 328,255
Total accrued pension liability	(234,368)
Net position in excess of accrued pension liability	<u>\$ 93,887</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 2023, but did make a voluntary contribution of \$2,700.

The computation of the pension contribution requirements for 2023 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 2023. 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 2023. The amount of any liability in excess of plan assets may be assessed to participating Cities in method and amount determined by the LMCIT.

CITY OF WYKOFF, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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	2,424	2,424		32,320	7.50%
2022	2,357	2,357		31,427	7.50%
2023	2,857	2,857		38,093	7.50%

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	0.0004%	17,082	633	17,715	34,853	50.8%	87.00%
2022	0.0004%	31,680	902	32,582	31,873	102.2%	76.67%
2023	0.0005%	27,959	750	28,709	34,760	82.6%	83.10%

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CITY OF WYKOFF, MINNESOTA
SUPPLEMENTARY INFORMATION
December 31, 2023

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2023

2007 Drinking Water PFA Loan

Payment Year	Principal	Interest	Rate	Total
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>\$ 84,000</u>	<u>\$ 2,352</u>		<u>\$ 86,352</u>

***General Obligation Sewer Revenue
Bonds of 2015A***

Payment Year	Principal	Interest	Rate	Total
2024	\$ 10,000	\$ 12,635	2.625%	\$ 22,635
2025	10,000	12,337	2.625%	22,337
2026	11,000	12,075	2.625%	23,075
2027	11,000	11,786	2.625%	22,786
2028	11,000	11,529	2.625%	22,529
2029-2033	62,000	52,896	2.625%	114,896
2034-2038	70,000	44,360	2.625%	114,360
2039-2043	79,000	34,722	2.625%	113,722
2044-2048	91,000	23,730	2.625%	114,730
2049-2053	103,000	11,187	2.625%	114,187
2054	22,000	578	2.625%	22,578
	<u>\$ 480,000</u>	<u>\$ 227,835</u>		<u>\$ 707,835</u>

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2023

General Obligation Sewer Revenue
Bonds of 2015B

Payment Year	Principal	Interest	Rate	Total
2024	\$ 13,000	\$ 15,583	2.625%	\$ 28,583
2025	13,000	15,199	2.625%	28,199
2026	13,000	14,858	2.625%	27,858
2027	14,000	14,516	2.625%	28,516
2028	14,000	14,188	2.625%	28,188
2029-2033	75,000	65,108	2.625%	140,108
2034-2038	86,000	54,708	2.625%	140,708
2039-2043	99,000	42,734	2.625%	141,734
2044-2048	111,000	29,117	2.625%	140,117
2049-2053	127,000	13,733	2.625%	140,733
2054	27,000	709	2.625%	27,709
	<u>\$ 592,000</u>	<u>\$ 280,453</u>		<u>\$ 872,453</u>

General Obligation Improvement Note
Bonds of 2018A

Payment Year	Principal	Interest	Rate	Total
2024	\$ 25,000	\$ 5,792	3.900%	\$ 30,792
2025	25,000	4,817	3.900%	29,817
2026	27,000	3,803	3.900%	30,803
2027	27,000	2,750	3.900%	29,750
2028	28,000	1,677	3.900%	29,677
2029	29,000	566	3.900%	29,566
	<u>\$ 161,000</u>	<u>\$ 19,403</u>		<u>\$ 180,403</u>

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF BONDED INDEBTEDNESS
As of December 31, 2023

General Obligation Improvement Note
Bonds of 2020A

Payment Year	Principal	Interest	Rate	Total
2024	\$ 33,000	\$ 9,092	1.900%	\$ 42,092
2025	33,000	8,464	1.900%	41,464
2026	34,000	7,828	1.900%	41,828
2027	35,000	7,173	1.900%	42,173
2028	36,000	6,498	1.900%	42,498
2029-2033	195,000	21,707	1.900%	216,707
2034-2036	129,000	3,715	1.900%	132,715
	<u>\$ 495,000</u>	<u>\$ 64,477</u>		<u>\$ 559,477</u>

CITY OF WYKOFF, MINNESOTA
COMPLIANCE AND INTERNAL CONTROL REPORTS
DECEMBER 31, 2023

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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 (*Government Auditing Standards*), 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, 2023, 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 1, 2024.

Report on 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 City of Wykoff, Minnesota'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 that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of prior year findings and responses as finding 2008-001 that we consider to be a significant deficiency.

Report on 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. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

City of Wykoff, Minnesota's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Wykoff, Minnesota's response to the finding identified in our audit and described in the accompanying schedule of prior year findings and responses. The City of Wykoff, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City of Wykoff, Minnesota'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 City of Wykoff, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith, Schaph and Associates, Ltd.

Rochester, Minnesota
February 1, 2024

CITY OF WYKOFF, MINNESOTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2023

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

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. An important element of internal controls is an adequate segregation of duties that minimizes the opportunities for any one individual to be in a position to both perpetuate and conceal errors or irregularities in the normal course of business.

Context: Because of the limited size of the City's administrative staff, there is not an adequate segregation of duties. 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: There is a limited number of administrative staff. 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 segregate duties as best it can within the limits of what the City considers to be cost beneficial and to evaluate their internal staff and expertise to determine if further controls over the annual financial reporting are beneficial.

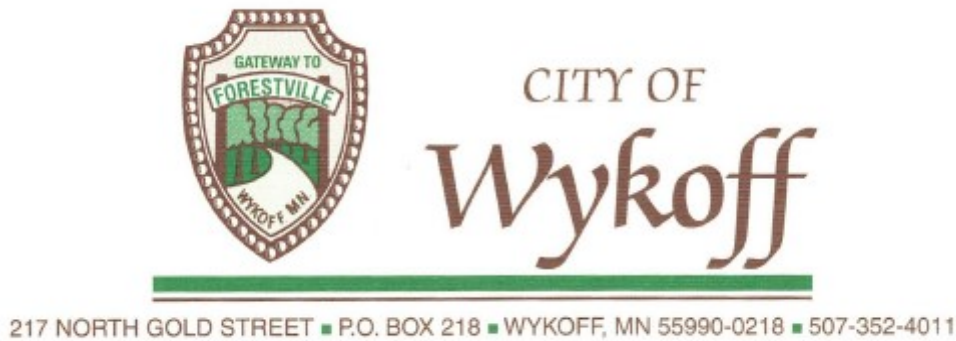
Views of Responsible
Officials and Planned

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

CURRENT STATUS:

The finding recurred in 2023.

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CORRECTIVE ACTION PLAN (CAP):

The City respectfully submits the following corrective action plan for the year ended December 31, 2023.

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. The City will continue to evaluate assignment of duties and implement segregation whenever it is practical.

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:

Ryan Breckenridge, 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.