



Financial Statements
December 31, 2022

City of Glyndon, Minnesota

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City of Glyndon, Minnesota
Listing of Elected and Appointed Officials
December 31, 2022

<u>Name</u>	<u>Position</u>	<u>Term Expires December 31,</u>
Council		
Tracy Tollefson	Mayor	2024
Bryant DeVries	Council Member	2026
Justin Schreiber	Council Member	2024
Patrick McCoy	Council Member	2026
Steven Ring	Council Member	2026
Officials		
Wendy Affield	Clerk-Treasurer	
Justin Vogel	Chief of Police	
Ken Norman	City Attorney	



Independent Auditor's Report

To the Honorable Mayor,
City Council, and Clerk Treasurer
City of Glyndon, Minnesota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Glyndon, Minnesota ("the City") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly, the financial position of each fund of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse and Unmodified 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* issued by the Comptroller General of the United States of America (*Government Auditing Standards*). 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 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of financial reporting provisions permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note 1 and for the Management 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'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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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'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'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statement of receipts, disbursements, and changes in fund balances – cash basis (nonmajor governmental funds); detailed statement of receipts, disbursements, and changes in fund balances – cash basis (general fund); statement of receipts, disbursements, changes in fund balance – cash basis (general fund by department); schedule of accounts receivable; and schedule of accounts payable are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 statement of receipts, disbursements, and changes in fund balances – cash basis (nonmajor governmental funds); detailed statement of receipts, disbursements, and changes in fund balances – cash basis (general fund); statement of receipts, disbursements, changes in fund balance – cash basis (general fund by department); schedule of accounts receivable; and schedule of accounts payable are 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 annual report. The other information comprises the listing of elected and appointed officials 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2023, on our consideration of the City'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 the City's 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's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated April 21, 2023, on our consideration of the City's compliance with aspects of the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor's *Minnesota Legal Compliance Audit Guide for Cities* in considering the City's compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.



Fargo, North Dakota
April 21, 2023

City of Glyndon, Minnesota
Statement of Net Position
December 31, 2022

	Cash Basis Governmental Activities	Business-Type Activities
Assets		
Cash	\$ 1,780,635	\$ 1,290,288
Restricted cash - replacement reserve	-	50,320
Accounts receivable	-	76,704
Special assessments receivable	-	339,915
	1,780,635	1,757,227
Capital assets		
Buildings and equipment	-	4,308,173
Land improvements	-	2,447,718
Less accumulated depreciation	-	(1,295,075)
Total capital assets, net of depreciation	-	5,460,816
Total assets	1,780,635	7,218,043
Liabilities		
Accounts payable	-	1,976
Accrued interest	-	7,537
Noncurrent liabilities		
Due within one year	-	150,584
Due in more than one year	-	1,429,391
Total liabilities	-	1,589,488
Net Position		
Net investment in capital assets	-	3,893,263
Restricted	688,618	50,320
Unrestricted	1,092,017	1,684,972
Total net position	\$ 1,780,635	\$ 5,628,555

City of Glyndon, Minnesota
Statement of Activities
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Cash Basis Governmental Activities	Business-Type Activities
Primary Government						
Governmental activities - cash basis:						
General government	\$ 530,240	\$ 491,964	\$ -	\$ -	\$ (38,276)	\$ -
Public safety	593,903	28,066	66,687	-	(499,150)	-
Sanitation	175,038	171,295	-	-	(3,743)	-
Streets and highways	156,272	-	-	-	(156,272)	-
Culture and recreation	17,426	-	-	-	(17,426)	-
Debt service	657,645	206,519	-	-	(451,126)	-
TIF repayments	49,160	54,623	-	-	5,463	-
Total governmental activities - cash basis	<u>2,179,684</u>	<u>952,467</u>	<u>66,687</u>	<u>-</u>	<u>(1,160,530)</u>	<u>-</u>
Business-type activities						
Water	446,396	389,206	-	-	-	(57,190)
Sewer	320,794	379,713	-	-	-	58,919
Total business-type activities	<u>767,190</u>	<u>768,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,729</u>
Total Primary Government	<u>\$ 2,946,874</u>	<u>\$ 1,721,386</u>	<u>\$ 66,687</u>	<u>\$ -</u>	<u>(1,160,530)</u>	<u>1,729</u>
General revenues						
Property taxes					449,436	-
Licenses, permits, fines, and forfeitures					47,023	-
Intergovernmental					546,537	-
Interest earnings					1,270	-
Miscellaneous					131,914	1,587
Total general revenues					<u>1,176,180</u>	<u>1,587</u>
Change in net position					15,650	3,316
Net position - beginning of year					<u>1,764,985</u>	<u>5,625,239</u>
Net position - end of year					<u>\$ 1,780,635</u>	<u>\$ 5,628,555</u>

City of Glyndon, Minnesota

Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	General	G.O. Refunding Bonds 2014A	G.O. Improvement Bonds 2017A	Parke Avenue	Other Governmental Funds	Total Governmental Funds
Receipts						
Property taxes	\$ 449,436	\$ 206,519	\$ -	\$ -	\$ -	\$ 655,955
Special assessments	26,149	34,969	250,735	180,111	-	491,964
Licenses and permits	22,645	-	-	-	-	22,645
Intergovernmental	613,224	-	-	-	-	613,224
Charges for services	199,361	-	-	-	-	199,361
Fines and forfeits	24,378	-	-	-	-	24,378
TIF increments	-	-	-	-	54,623	54,623
Interest earnings	1,199	-	-	71	-	1,270
Miscellaneous	89,424	-	-	42,490	-	131,914
Total receipts	1,425,816	241,488	250,735	222,672	54,623	2,195,334
Disbursements						
Current						
General government	415,388	-	-	-	-	415,388
Public safety	593,903	-	-	-	-	593,903
Streets and parks	156,272	-	-	-	-	156,272
Sanitation	175,038	-	-	-	-	175,038
Culture and recreation	17,426	-	-	-	-	17,426
TIF repayments	-	-	-	-	49,160	49,160
Debt service						
Principal	24,000	195,000	140,000	70,000	-	429,000
Interest and other charges	1,418	19,088	84,864	123,275	-	228,645
Capital outlay	56,668	-	-	58,184	-	114,852
Total disbursements	1,440,113	214,088	224,864	251,459	49,160	2,179,684
(Deficiency) Excess of Receipts (under) over Disbursements	(14,297)	27,400	25,871	(28,787)	5,463	15,650
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	1,676	1,676
Transfers out	(1,676)	-	-	-	-	(1,676)
Total other financing sources (uses)	(1,676)	-	-	-	1,676	-
Net Change in Cash Basis Fund Balances	(15,973)	27,400	25,871	(28,787)	7,139	15,650
Cash Basis Fund Balances, Beginning	1,107,990	252,312	266,545	124,945	13,193	1,764,985
Cash Basis Fund Balances, Ending	\$ 1,092,017	\$ 279,712	\$ 292,416	\$ 96,158	\$ 20,332	\$ 1,780,635

City of Glyndon, Minnesota

Governmental Funds

Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	<u>General</u>	<u>G.O. Refunding Bonds 2014A</u>	<u>G.O. Improvement Bonds 2017A</u>	<u>Parke Avenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Basis Assets - End of Year						
Cash	\$ 1,092,017	\$ 279,712	\$ 292,416	\$ 96,158	\$ 20,332	\$ 1,780,635
Cash Basis Fund Balances						
Restricted for TIF repayments	\$ -	\$ -	\$ -	\$ -	\$ 20,332	\$ 20,332
Restricted for debt service	-	279,712	292,416	96,158	-	668,286
Unassigned	1,092,017	-	-	-	-	1,092,017
	<u>\$ 1,092,017</u>	<u>\$ 279,712</u>	<u>\$ 292,416</u>	<u>\$ 96,158</u>	<u>\$ 20,332</u>	<u>\$ 1,780,635</u>

City of Glyndon, Minnesota
 Budgetary Comparison Schedule, General Fund – Cash Basis
 Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance with Final Budget
Receipts			
Property taxes	\$ 459,648	\$ 449,436	\$ (10,212)
Special assessments	-	26,149	26,149
Licenses and permits	20,500	22,645	2,145
Intergovernmental	541,519	613,224	71,705
Charges for services	197,876	199,361	1,485
Interest earnings	200	1,199	999
Fines and forfeits	25,000	24,378	(622)
Miscellaneous	27,350	89,424	62,074
	<u>1,272,093</u>	<u>1,425,816</u>	<u>153,723</u>
Disbursements			
Current:			
General government	379,363	415,388	(36,025)
Public safety	662,168	593,903	68,265
Streets and parks	134,468	156,272	(21,804)
Sanitation	165,115	175,038	(9,923)
Community center	12,700	17,426	(4,726)
Debt service:			
Principal	-	24,000	(24,000)
Interest and fees	-	1,418	(1,418)
Capital outlay	15,934	56,668	(40,734)
	<u>1,369,748</u>	<u>1,440,113</u>	<u>(70,365)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(97,655)	(14,297)	83,358
Other Financing Use			
Transfers out	-	(1,676)	(1,676)
Net Change in Cash Basis Fund Balances	<u>\$ (97,655)</u>	(15,973)	<u>\$ 81,682</u>
Cash Basis Fund Balance - Beginning		<u>1,107,990</u>	
Cash Basis Fund Balance - Ending		<u>\$ 1,092,017</u>	

City of Glyndon, Minnesota

Proprietary Funds
Statement of Net Position
December 31, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current Assets			
Cash	\$ 128,145	\$ 1,162,143	\$ 1,290,288
Restricted cash - replacement reserve	50,320	-	50,320
Accounts receivable	41,191	35,513	76,704
Special assessments receivable, current portion	-	34,719	34,719
Total current assets	<u>219,656</u>	<u>1,232,375</u>	<u>1,452,031</u>
Noncurrent Assets			
Capital assets			
Buildings and equipment	4,296,512	11,661	4,308,173
Land improvements	-	2,447,718	2,447,718
Accumulated depreciation	<u>(877,228)</u>	<u>(417,847)</u>	<u>(1,295,075)</u>
Net capital assets	<u>3,419,284</u>	<u>2,041,532</u>	<u>5,460,816</u>
Other assets			
Special assessments receivable, net of current portion	-	305,196	305,196
Total assets	<u>3,638,940</u>	<u>3,579,103</u>	<u>7,218,043</u>
Liabilities			
Current Liabilities			
Accounts payable	-	1,976	1,976
Accrued interest	5,754	1,783	7,537
Current portion of long-term debt	84,162	54,000	138,162
Accrued compensated absences	<u>6,211</u>	<u>6,211</u>	<u>12,422</u>
Total current liabilities	<u>96,127</u>	<u>63,970</u>	<u>160,097</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	<u>1,030,391</u>	<u>399,000</u>	<u>1,429,391</u>
Total liabilities	<u>1,126,518</u>	<u>462,970</u>	<u>1,589,488</u>
Net Position			
Net investment in capital assets	2,304,731	1,588,532	3,893,263
Restricted	50,320	-	50,320
Unrestricted	<u>157,371</u>	<u>1,527,601</u>	<u>1,684,972</u>
Total net position	<u>\$ 2,512,422</u>	<u>\$ 3,116,133</u>	<u>\$ 5,628,555</u>

City of Glyndon, Minnesota
Proprietary Funds
Statement of Changes in Net Position
Year Ended December 31, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue			
Sales	<u>\$ 389,206</u>	<u>\$ 348,988</u>	<u>\$ 738,194</u>
Operating Expenses			
Cost of sales and services	158,624	97,207	255,831
Administration	146,573	146,651	293,224
Depreciation	<u>116,868</u>	<u>71,623</u>	<u>188,491</u>
Total operating expenses	<u>422,065</u>	<u>315,481</u>	<u>737,546</u>
Operating (Loss) Income	(32,859)	33,507	648
Nonoperating Revenue (Expense)			
Special assessments	-	30,725	30,725
Interest income	-	1,462	1,462
Miscellaneous revenue	125	-	125
Interest expense	<u>(24,331)</u>	<u>(5,313)</u>	<u>(29,644)</u>
Total nonoperating revenue (expense)	<u>(24,206)</u>	<u>26,874</u>	<u>2,668</u>
Change in Net Position	(57,065)	60,381	3,316
Net Position - Beginning	<u>2,569,487</u>	<u>3,055,752</u>	<u>5,625,239</u>
Net Position - Ending	<u><u>\$ 2,512,422</u></u>	<u><u>\$ 3,116,133</u></u>	<u><u>\$ 5,628,555</u></u>

City of Glyndon, Minnesota
Proprietary Funds
Statement of Cash Flows
Year Ended December 31, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Activities			
Receipts from customers	\$ 387,547	\$ 348,256	\$ 735,803
Payments to suppliers	(174,165)	(105,679)	(279,844)
Payments to employees	(146,573)	(146,651)	(293,224)
Net cash from operating activities	<u>66,809</u>	<u>95,926</u>	<u>162,735</u>
Investing Activity			
Purchase of property and equipment	<u>-</u>	<u>(60,138)</u>	<u>(60,138)</u>
Capital and Related Financing Activities			
Principal payments on debt	(1,101,051)	(54,000)	(1,155,051)
Interest paid on debt	(33,091)	(5,525)	(38,616)
Special assessments received	-	65,444	65,444
Interest received	-	1,462	1,462
Miscellaneous revenue	125	-	125
Net cash (used for) from capital and related financing activities	<u>(1,134,017)</u>	<u>7,381</u>	<u>(1,126,636)</u>
Change in Cash	(1,067,208)	43,169	(1,024,039)
Cash Balance, Beginning	<u>1,245,673</u>	<u>1,118,974</u>	<u>2,364,647</u>
Cash Balance, Ending	<u>\$ 178,465</u>	<u>\$ 1,162,143</u>	<u>\$ 1,340,608</u>
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities			
Operating (loss) income	\$ (32,859)	\$ 33,507	\$ 648
Adjustments to reconcile operating (loss) income to net cash from operating activities			
Depreciation	116,868	71,623	188,491
Changes in assets and liabilities			
Accounts receivable	(1,659)	(732)	(2,391)
Construction payable	(15,541)	(8,472)	(24,013)
Net cash from operating activities	<u>\$ 66,809</u>	<u>\$ 95,926</u>	<u>\$ 162,735</u>

Note 1 - Summary of Significant Accounting Policies

The City of Glyndon, Minnesota's (the "City") financial statements are prepared using accounting practices prescribed or permitted by the State of Minnesota Office of the State Auditor, which practices differ from accounting principles generally accepted in the United States of America. Governmental fund financial statements are reported using the cash basis and proprietary fund financial statements are reported on the full accrual basis. The more significant accounting policies used by the City are discussed below.

Reporting Entity

The City's financial statements include all funds and account groups for which the City is financially accountable.

The City is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Additionally, the City is not included in any other governmental reporting entity.

Component units are legally separate organizations for which elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. able to impose its will on that organization or
2. there is potential for the organization to provide specific financial benefits to, or impose financial burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the City.

There are no component units reported within these financial statements.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of government's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. The effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the government's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include 1) charges for services and 2) operating or capital grants and contributions that are restricted to a particular function. Tax and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental funds financial statements are reported using the cash basis. Under this method, revenues are recognized only when the City receives cash, and expenditures are recognized only when the City disburses cash. For the cash basis funds, schedules of accounts receivable and accounts payable are displayed separately for informational purposes.

Proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The City reports the following major governmental funds:

- *General Fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- *G.O. Refunding Bonds 2014A Fund* – The City accounts for cash receipts and disbursements related to the debt service on these bonds, which were issued for the refunding of the 2004A and 2007 bonds.
- *G.O. Improvement Bonds 2017A Fund* – The City accounts for cash receipts and disbursements related to the debt service on these bonds, which were issued for the Southview Addition capital project.
- *Parke Avenue Fund* – The City accounts for cash receipts and disbursements related to the Parke Avenue capital project and related debt service.

The City reports the following major proprietary funds:

- *Water Fund* – The City accounts for revenues and expenses relating to the furnishing of water service to residents of the City in this fund.
- *Sewer Fund* – The City accounts for revenues and expenses relating to the furnishing of sewer service to residents of the City in this fund. The special assessments levied to retire the bonded indebtedness relating to the construction of the sewer system are also accounted for in this fund.

Amounts reported as program revenues include the following: amounts received from those who purchase, use or directly benefit from a program; amounts received from parties outside the City that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues, including all taxes.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or 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 costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Other Significant Accounting Policies

Cash

The City maintains cash pools that are used by substantially all of the City funds. The City considers cash equivalents to include cash, savings accounts, and money market accounts. These are separately held for each fund and are stated at fair value. Investments consist of asset backed securities, mutual funds, preferred securities, and certificates of deposits with original maturities of over three months. These are separately held for each fund and are stated at fair value as of the balance sheet date.

Restricted Cash

The City is required to maintain a replacement reserve in the Water Fund in accordance with the Drinking Water Revolving Fund 2018A note payable. The amount at December 31, 2022 exceeds the minimum deposit requirement.

Receivables

All receivables are shown net of any allowance for uncollectibles, if applicable. There were no allowances recorded in the proprietary funds as of December 31, 2022.

Capital Assets

Capital assets of the proprietary funds are stated at cost if purchased or at acquisition value on the date received if donated, less accumulated depreciation. Major renewals and improvements are charged to the capital asset accounts and depreciated accordingly. Replacements, maintenance, and repairs are expensed currently. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is recognized at that time.

Depreciation is provided for the capital assets of the proprietary funds using the straight-line method over the following estimated useful lives:

Improvements other than buildings	20 – 50 years
Machinery and equipment	5 – 50 years
Buildings	50 years

The City's threshold amount for determining which purchases to include in the capital assets is items greater than \$5,000.

Compensated Absences

Vacation is earned at the following rates for full time employees: 1) during the first year of employment: 56 hours of vacation are earned; 2) beginning the second year of employment: 96 hours are earned; 3) beginning the third year, and each year thereafter, 8 additional hours are added to the vacation earned rate until a maximum of 225 hours per year is reached. The maximum vacation earned is reached in the 12th year of employment. Vacation is accrued in the proprietary funds and is considered long-term for reporting purposes. In all other funds, vacation is recorded as an expenditure when used.

Sick pay is earned and may be accumulated by City employees up to 130 days. Employees can use 33 percent of unused sick leave for severance pay upon retirement. Severance pay of 33 percent of sick pay is accrued in the water and sewer funds and is considered long-term for reporting purposes. In all other funds, sick pay is recorded as an expenditure when used.

Fund Balance

The following classifications describe the relative strength of the spending constraints:

- *Nonspendable Fund Balance* – amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- *Restricted Fund Balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed Fund Balance* – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- *Assigned Fund Balance* – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred by outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property Taxes

Property tax levies are set by the City Council in October each year and are certified to Clay County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The county spreads all levies over assessable property. Such taxes become a lien on January 1 and receivable by the City at that date. Property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. The county provides tax settlements to the City in April, June, and November.

Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties. Special assessments are generally collected by county and remitted to the City at the same time property tax settlements are made.

Budgets

Annual budgets are adopted for the General Fund on the cash basis. Budgetary comparisons presented in this report are on this budgetary basis.

Appropriations are authorized by the City Council at the fund level, which are the legal levels of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. All unexpended appropriations lapse at year-end.

Any changes in the total budget of each fund must be approved by a majority vote of the City Council.

Note 2 - Deposits and Investments

Deposits

In accordance with Minnesota statutes, the City maintains deposits at those depositories authorized by the City Council. All such depositories are members of the Federal Reserve System.

The following is considered the most significant risk associated with deposits:

- *Custodial Credit Risk* – This is the risk that in the event of a bank failure, the City’s deposits may be lost.
- *Interest Rate Risk* – The City does not have a formal policy that limits investment maturities. However, the City does limit the maturities of certificates of deposit to less than one year as a means of managing its exposure to fair value losses arising from increasing interest rates.

Minnesota statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

At December 31, 2022, all deposits were insured or collateralized by securities held by the City’s agent in the City’s name.

The following table presents the City’s deposit and investment balances at December 31, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Not Applicable</u>	<u>< 1</u>
Deposits	<u>\$ 3,121,243</u>	<u>\$ 3,121,243</u>	<u>\$ -</u>

Investments

Minnesota statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bankers' acceptances, certain repurchase agreements and commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. As of and during the year ended December 31, 2022, the City did not have any investments.

Note 3 - Capital Assets

Proprietary funds:

	Balance 12/31/21	Additions	Retirements	Balance 12/31/22
Capital assets being depreciated				
Buildings and equipment	\$ 4,308,173	\$ -	\$ -	\$ 4,308,173
Land improvements	2,387,580	60,138	-	2,447,718
Total capital assets, being depreciated	6,695,753	60,138	-	6,755,891
Less: accumulated depreciation				
Buildings and equipment	760,360	116,868	-	877,228
Land improvements	346,224	71,623	-	417,847
Total accumulated depreciation	1,106,584	188,491	-	1,295,075
Total capital assets, being depreciated, net	5,589,169	(128,353)	-	5,460,816
Total capital assets, net	\$ 5,589,169	\$ (128,353)	\$ -	\$ 5,460,816

Depreciation expense was charged to functions/programs of the government as follows:

Water	\$ 116,868
Sewer	71,623
	\$ 188,491

Note 4 - City Indebtedness

Changes in long-term debt were as follows:

	Balance 12/31/21	Additions	Retired	Balance 12/31/22	Balance Due Within One Year
Governmental activities					
General obligation bonds	\$ 8,445,000	\$ -	\$ 429,000	\$ 8,016,000	\$ 425,000
Business-type activities					
General obligation revenue bonds	\$ 2,044,000	\$ -	\$ 1,035,000	\$ 1,009,000	\$ 72,000
Financed purchase - direct borrowing	18,533	-	5,980	12,553	6,162
Notes payable	660,071	-	114,071	546,000	60,000
Compensated absences	12,422	9,589	9,589	12,422	12,422
Business-type activities long-term debt	\$ 2,735,026	\$ 9,589	\$ 1,164,640	\$ 1,579,975	\$ 150,584

The following is a summary of long-term debt as of December 31, 2022:

Type	Authorized and Issued	Final Year of Maturity	Interest Rate	Outstanding
Governmental activities				
General obligation bonds				
2014A refunding bond	\$ 1,995,000	2025	2.00% - 3.00%	\$ 555,000
2016A tax abatement note	164,000	2024	2.25%	51,000
2017A improvement bond	3,305,000	2039	2.00% - 3.75%	2,895,000
2019A general obligation bond	4,660,000	2040	2.00% - 3.125%	4,515,000
Total governmental activities				\$ 8,016,000
Business-Type Activities				
General obligation revenue bonds				
2021A water revenue refunding bonds	\$ 1,009,000	2035	1.30%	\$ 1,009,000
Financed purchase				
Butler Machinery - Generator	29,969	2024	3.00%	12,553
Notes payable				
Clean water revolving fund	1,170,000	2030	1.09%	453,000
Drinking water revolving fund 2018A	115,035	2037	1.00%	93,000
Total business-type activities				\$ 1,567,553

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The general obligations issued for general government are payable from the debt service funds primarily through special assessments and property taxes levied and collected. The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in the special assessment districts are insufficient to retire outstanding bonds.

General Obligation Revenue Bonds

General obligation revenue bonds are payable from the water and sewer fund’s utility revenues and, if required, by ad valorem tax levies.

Capital Lease

The city has entered into in a capital lease purchase agreement to finance the purchase of a generator. Payments are made from the water fund. The original cost of the capital leased generator is \$36,513 with total accumulated depreciation of \$3,575 as of December 31, 2022.

Notes Payable

Notes payable are payable from the water and sewer fund’s utility revenues and, if required, by ad valorem tax levies.

Estimated principal and interest requirements to maturity will be as follows:

Years Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 425,000	\$ 219,560	\$ 138,162	\$ 18,894
2024	481,000	208,662	141,391	17,121
2025	490,000	197,044	135,000	15,301
2026	485,000	186,185	139,000	13,656
2027	490,000	175,612	139,000	11,991
2028 - 2032	2,670,000	675,606	594,000	35,305
2033 - 2037	2,330,000	273,163	281,000	5,869
2038 - 2040	645,000	31,985	-	-
	<u>\$ 8,016,000</u>	<u>\$ 1,967,817</u>	<u>\$ 1,567,553</u>	<u>\$ 118,137</u>

Pledged Revenue

The City has pledged future revenues, net of specified operating expenses, to repay various debt issues of the City. The debt and information relating to the pledged revenues at December 31, 2022, are as follows:

	Purpose	Pledged Revenue Source	Approximate Amount of Revenue Pledged	Final Maturity Date	Issue Amount	2022		Total Principal and Interest Remaining
						Principal and Interest Paid	Net Revenues	
Business-type activities								
Revenue Bonds and Notes								
Water Fund	System Construction	Water Revenues	1267.26%	2023	\$ 1,370,000	\$ 1,066,200	\$ 84,134	\$ -
Water Fund	System Construction	Water Revenues	64.81%	2022	867,071	54,524	84,134	55,358
Water Fund	System Construction	Water Revenues	8.38%	2037	115,035	7,050	84,134	107,610
Sewer Fund	System Construction	Sewer Revenues	43.04%	2030	1,170,000	59,098	137,317	535,030

Note 5 - Operating Leases

The City has an agreement in place for leasing copier equipment. Future lease payments are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>
2023	<u>\$ 5,053</u>

The City made copier lease payments of \$6,063 in the year ended December 31, 2022.

Note 6 - Defined Benefit Pension Plans - Statewide

Plan Description

All full-time and certain part-time employees of the City of Glyndon, Minnesota, are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (accounted for in the General Employees Fund) and the Public Employees Police and Fire Retirement Plan (accounted for in the Police and Fire Fund), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the Police and Fire Plan.

PERA provides retirement benefits as well as disability benefits to members and survivor benefits upon death of eligible members. Benefits are established by state statute. Benefits for members of the General Employees Plan vest after five years of credited service. Benefits for the Police and Fire Plan vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years. The defined benefit retirement plan benefits are based on a member's highest average salary for any five 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% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. 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.

For all General Employee Plan members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Method 2 provides for unreduced retirement benefits at age 65 for members first hired prior to July 1, 1989, or age 66 (the age for unreduced Social Security benefits), for those first hired on or after that date. Early retirement may begin at age 55 with an actuarial reduction (about six percent per year) for members retiring prior to full retirement age.

Normal retirement age is 55 for Police and Fire plan members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement with an actuarial reduction in the member's benefit.

A full unreduced pension is earned when Police and Fire plan members meet the following conditions: age 55 and vested or age plus years of service total at least 90 if first hired prior to July 1, 1989.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree—no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service before retirement benefits begin.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General Employees and Police and Fire. That report may be obtained on the PERA's website at www.mnpera.org/financial/.

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state Legislature. In 2022, Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary and Police and Fire Plan members were required to contribute 11.8 percent of their annual covered salary.

The City makes annual contributions to the pension plans equal to the amount required by state statutes. In 2022, the City was required to contribute the following percentages of annual covered payroll: 7.5 percent for Coordinated Plan members and 17.70 percent for Police and Fire Plan members.

The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021, and 2020, were \$15,418, \$16,878, and \$18,093 respectively. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021, and 2020 were \$47,204, \$42,652, and \$43,480 respectively.

Note 7 - Defined Contribution Plan

Five council members of the City are covered by the Public Employees Defined Contribution Plan (Defined Contribution Plan accounted for in the Defined Contribution Fund), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share.

Employer and employee contributions are combined and used to purchase shares in one or more of the six accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$ 1,013	\$ 1,013	5.0%	5.0%	5.0%

Note 8 - Transfers

A summary of the City’s interfund transfers is as follows:

	<u>Transfer Out</u>
	<u>General Fund</u>
Centennial Addition	\$ 1,676

The transfer from the General Fund was made to eliminate a deficit fund balance in the Centennial Addition Fund.

Note 9 - Stewardship, Compliance, and Accountability

Excess of Disbursements Over Appropriations

Budget control for the General Fund is established by the fund’s total appropriations. The General Fund had disbursements exceeding appropriations in the amount of \$70,365 for the year ended December 31, 2022. This over expenditure was covered by revenues in excess of appropriations and available fund balance.

Note 10 - Statement of Orders Issued

The City posts its City Council meetings monthly so Schedule 5, Statement of Orders Issued, is not required for the Minnesota State Auditor’s Office.



Other Supplementary Information
December 31, 2022

City of Glyndon, Minnesota

City of Glyndon, Minnesota
 Nonmajor Governmental Funds
 Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
 Year Ended December 31, 2022

	Special Revenue Funds		Total Other Governmental Funds
	Centennial Addition	TIF District	
Receipts			
TIF increments	\$ -	\$ 54,623	\$ 54,623
Disbursements			
TIF repayments	-	49,160	49,160
Excess of Receipts over Disbursements	-	5,463	5,463
Other Financing Sources			
Transfers in	1,676	-	1,676
Net Change in Cash Basis Fund Balance	1,676	5,463	7,139
Cash Basis Fund Balance (Deficit), Beginning	(1,676)	14,869	13,193
Cash Basis Fund Balance, Ending	\$ -	\$ 20,332	\$ 20,332

City of Glyndon, Minnesota
 Nonmajor Governmental Funds
 Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
 Year Ended December 31, 2022

	Special Revenue Funds		Total Other Governmental Funds
	Centennial Addition	TIF District	
Cash Basis Assets - End of Year			
Cash	\$ -	\$ 20,332	\$ 20,332
Cash Basis Fund Balance			
Restricted for TIF repayments	\$ -	\$ 20,332	\$ 20,332

City of Glyndon, Minnesota

General Fund

Detailed Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Receipts			
Taxes - general property	\$ 459,648	\$ 449,436	\$ (10,212)
Special assessments	-	26,149	26,149
Licenses and permits			
Liquor license	4,600	5,210	610
Building permits	15,000	15,862	862
Non-business - other	900	1,573	673
	<u>20,500</u>	<u>22,645</u>	<u>2,145</u>
Intergovernmental receipts			
Local government aid	423,068	412,645	(10,423)
County highway aid	5,000	7,607	2,607
Township aid	27,728	27,728	-
Police relief aid	38,706	42,455	3,749
Fire relief aid	25,017	24,232	(785)
Federal aid	-	75,022	75,022
Clay County - recycling money	22,000	23,535	1,535
	<u>541,519</u>	<u>613,224</u>	<u>71,705</u>
Charges for services			
Garbage collections	168,266	171,295	3,029
Public safety	10,510	10,265	(245)
Other	19,100	17,801	(1,299)
	<u>197,876</u>	<u>199,361</u>	<u>1,485</u>
Fines and forfeits	<u>25,000</u>	<u>24,378</u>	<u>(622)</u>
Miscellaneous			
Interest	200	1,199	999
Community hall rental	1,700	2,858	1,158
Donations	500	22,800	22,300
Other	25,150	63,766	38,616
	<u>27,550</u>	<u>90,623</u>	<u>63,073</u>
Total receipts	<u>1,272,093</u>	<u>1,425,816</u>	<u>153,723</u>

City of Glyndon, Minnesota

General Fund

Detailed Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Disbursements			
General government			
Salary and benefits	\$ 69,807	\$ 68,584	\$ 1,223
Supplies and telephone	9,343	8,095	1,248
Professional services	94,565	70,724	23,841
Utilities	37,300	42,644	(5,344)
Insurance	84,100	99,096	(14,996)
Capital outlay	15,934	50,496	(34,562)
Special assessment charges	4,500	4,355	145
Other current charges	63,814	121,890	(58,076)
	<u>379,363</u>	<u>465,884</u>	<u>(86,521)</u>
Public safety			
Police protection			
Salary and benefits	389,370	377,654	11,716
Supplies and telephone	23,400	14,556	8,844
Other current charges	139,651	116,423	23,228
	<u>552,421</u>	<u>508,633</u>	<u>43,788</u>
Fire and rescue protection			
Salary and benefits	12,400	11,958	442
Supplies and telephone	25,067	24,031	1,036
Other current charges	72,280	49,281	22,999
	<u>109,747</u>	<u>85,270</u>	<u>24,477</u>
	<u>662,168</u>	<u>593,903</u>	<u>68,265</u>

City of Glyndon, Minnesota

General Fund

Detailed Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance with Final Budget
Streets and parks			
Supplies and telephone	\$ 30,720	\$ 29,001	\$ 1,719
Capital outlay	26,148	-	26,148
Other current charges	77,600	127,271	(49,671)
	<u>134,468</u>	<u>156,272</u>	<u>(21,804)</u>
Community center			
Electricity and fuel	9,200	13,413	(4,213)
Supplies and telephone	3,500	4,013	(513)
	<u>12,700</u>	<u>17,426</u>	<u>(4,726)</u>
Sanitation			
Salary and benefits	5,094	4,123	971
Supplies and telephone	550	42	508
Disposal charges	159,471	170,873	(11,402)
Capital outlay	-	6,172	(6,172)
	<u>165,115</u>	<u>181,210</u>	<u>(16,095)</u>
Debt service			
Principal	-	24,000	(24,000)
Interest and other charges	-	1,418	(1,418)
	<u>-</u>	<u>25,418</u>	<u>(25,418)</u>
Total disbursements	<u>1,353,814</u>	<u>1,440,113</u>	<u>(86,299)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	(81,721)	(14,297)	67,424
Other Financing Use			
Transfers out	-	(1,676)	(1,676)
Net Change in Fund Balance	<u>\$ (81,721)</u>	<u>(15,973)</u>	<u>\$ 65,748</u>
Fund Balance, Beginning		<u>1,107,990</u>	
Fund Balance, Ending		<u>\$ 1,092,017</u>	

City of Glyndon, Minnesota
General Fund by Department
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis
Year Ended December 31, 2022

	General Operations Department	Rescue Squad Department	Fire Department	Total General Fund
Receipts				
Property taxes	\$ 423,841	\$ 10,238	\$ 15,357	\$ 449,436
Special assessments	26,149	-	-	26,149
Licenses and permits	22,645	-	-	22,645
Intergovernmental	561,264	-	51,960	613,224
Interest earnings	1,199	-	-	1,199
Charges for services	190,786	-	8,575	199,361
Fine and forfeits	24,378	-	-	24,378
Miscellaneous	83,924	5,500	-	89,424
Total receipts	1,334,186	15,738	75,892	1,425,816
Disbursements				
Current				
General government	415,388	-	-	415,388
Public safety	508,633	4,188	81,082	593,903
Streets and parks	156,272	-	-	156,272
Sanitation	175,038	-	-	175,038
Culture and recreation	17,426	-	-	17,426
Debt service				
Principal	24,000	-	-	24,000
Interest and other charges	1,418	-	-	1,418
Capital outlay	56,668	-	-	56,668
Total disbursements	1,354,843	4,188	81,082	1,440,113
Excess (Deficiency) of Receipts Over (Under) Disbursements	(20,657)	11,550	(5,190)	(14,297)
Other Financing Sources (Uses)				
Transfers in	-	40,000	-	40,000
Transfers out	(41,676)	-	-	(41,676)
Total other financing sources (uses)	(41,676)	40,000	-	(1,676)
Net Change in Cash Basis Fund Balances	(62,333)	51,550	(5,190)	(15,973)
Cash Basis Fund Balances, Beginning	989,189	62,313	56,488	1,107,990
Cash Basis Fund Balances, Ending	\$ 926,856	\$ 113,863	\$ 51,298	\$ 1,092,017

City of Glyndon, Minnesota
Schedule of Accounts Receivable
December 31, 2022

<u>Fund and Source</u>	<u>Purpose</u>	<u>Amount</u>
General Fund		
Utility Customers	Garbage collection	\$ 23,285
Clay County	Special Assessments - current portion	<u>358,140</u>
		<u>\$ 381,425</u>

City of Glyndon, Minnesota
Schedule of Accounts Payable
December 31, 2022

<u>Fund and Vendor</u>	<u>Purpose</u>	<u>Amount</u>
General Fund Fuchs Sanitation Inc.	Refuse/Garbage Disposal	<u>\$ 12,494</u>
Parke Avenue Fund Clay County Highway Department	Parke Avenue Construction	<u>\$ 10,857</u>



Additional Reports
December 31, 2022

City of Glyndon, Minnesota



Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor,
City Council and Clerk Treasurer
City of Glyndon, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of the City of Glyndon, Minnesota (“the City”) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated April 21, 2023.

In our report, we issued an adverse opinion on the financial statements of the City as the financial statements are prepared by the City on the basis of financial reporting provisions permitted by the Minnesota Office of the State Auditor, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, and 2022-003, as items that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The City'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fargo, North Dakota
April 21, 2023



Minnesota Legal Compliance

To the Honorable Mayor,
City Council and Clerk Treasurer
City of Glyndon, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining funds of the City of Glyndon, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 21, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the City 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.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota
April 21, 2023

Section I – Financial Statement Findings

**2022-001 Segregation of Duties
Material Weakness**

Criteria – A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping, and reconciliation functions.

Condition – The City has a lack of segregation of duties due to a limited staff.

Cause – There is a limited number of office employees involved in the internal control process.

Effect – Inadequate segregation of duties could adversely affect the City’s ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation – While we recognize that your staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the City. Segregation of authorization, custody of assets, record keeping and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.

Views of Responsible Officials – Due to cost constraints, there will be no further administrative employees added.

2022-002 **Material Journal Entries**
Material Weakness

Criteria – A good system of internal accounting control involves sufficient training of personnel to foster an adequate system for recording and processing entries material to the financial statements. In addition, a good system also involves adequate oversight by the Council.

Condition – During the course of our engagement, we proposed numerous material audit adjustments that would not have been identified as a result of the City’s existing internal controls, and therefore could have resulted in a material misstatement of the City’s financial statements.

Cause – The City does not have an internal control system designed to identify all necessary adjustments.

Effect – This control deficiency could result in a material misstatement to the financial statements that would not be prevented or detected.

Recommendation – The accounting staff and Council or council member should attend training and/or consult with a professional to identify and correct the inadequacies.

Views of Responsible Officials – The City will make an effort to review and reconcile all accounts in future years.

2022-003 **Preparation of Financial Statements**
Material Weakness

Criteria – A good system of internal accounting control contemplates the ability to internally prepare their financial statements.

Condition – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the City’s financial statements and accompanying notes to the financial statements.

Cause – The City does not have an internal control system designed to provide for the preparation of the financial statements being audited.

Effect – The financial disclosures in the financial statements could be incomplete.

Recommendation – This circumstance is not unusual in a City of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials – Due to cost constraints, the City will continue to have the auditors draft the financial statements and accompanying notes to the financial statements.

Section II – Minnesota Legal Compliance Findings

None reported.