

City of Upsala, Minnesota

Audited Financial Statements

December 31, 2022

**SCHLENNER
WENNER & CO.**
CPAs

**CITY OF UPSALA, MINNESOTA
TABLE OF CONTENTS**

INTRODUCTORY SECTION:

CITY COUNCIL AND OFFICIALS 2

FINANCIAL SECTION:

INDEPENDENT AUDITOR’S REPORT 4

BASIC FINANCIAL STATEMENTS:

Statement of Balances Arising from Cash Transactions –
Governmental Funds 8

Statement of Receipts, Disbursements and Changes in
Cash Fund Balances – Governmental Funds 9

Statement of Balances Arising from Cash Transactions –
Proprietary Funds 10

Statement of Receipts, Disbursements and Changes in Net
Cash Assets – Proprietary Funds 11

Statement of Cash Flows – Cash Basis –
Proprietary Funds 12

Notes to the Basic Financial Statements 13

SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule – General Fund –
Regulatory Basis 27

Budgetary Comparison Schedule – Fire Fund –
Regulatory Basis 29

Combining Statement of Balances Arising from Cash Transactions –
Nonmajor Governmental Funds 31

Combining Statement of Receipts, Disbursements and Changes in
Cash Fund Balances – Nonmajor Governmental Funds 32

Schedule of Indebtedness 33

Schedule of Accounts Receivable 34

Schedule of Accounts Payable and Contingent Liabilities 35

OTHER REQUIRED REPORT:

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* 37

Schedule of Findings and Responses 39

Corrective Action Plans 42

**INTRODUCTORY
SECTION**

**CITY OF UPSALA, MINNESOTA
CITY COUNCIL AND OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CITY COUNCIL

Term Expires

Rollie Johnson	Mayor	December 31, 2022
Lana Bartells	Council Member	December 31, 2024
Crystal Benson	Council Member	December 31, 2022
Mitch Lange	Council Member	December 31, 2024
Wendy Rene	Council Member	December 31, 2022

CITY OFFICIALS

Jane Popp	Clerk/Treasurer
-----------	-----------------

**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Upsala, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund and the aggregate remaining fund information of the City of Upsala, 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.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major fund and the aggregate remaining fund information of the City of Upsala, Minnesota, as of December 31, 2022, and their respective regulatory basis changes in financial position for the year then ended in accordance with the basis of accounting practices prescribed or permitted by of the State of Minnesota's Office of the State Auditor as described in Note 1.C.

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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each major fund and the aggregate remaining fund information of the City of Upsala, Minnesota, as of December 31, 2022, and the respective changes in financial position for the year then ended.

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* 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 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1.C. of the financial statements, the financial statements are prepared by the City of Upsala, Minnesota, on the basis of accounting practices prescribed or permitted by the State of Minnesota's Office of the State Auditor to demonstrate compliance with the Office of the State Auditor's regulatory basis of accounting, 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.C. 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 the financial statements in accordance with the accounting practices prescribed or permitted by the State of Minnesota's Office of the State Auditor to demonstrate compliance with the Office of the State Auditor's regulatory basis of accounting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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, 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 introductory section, budgetary comparison schedules, combining nonmajor fund financial statements, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section, budgetary comparison schedules, schedule of indebtedness, schedule of accounts receivable, and schedule of accounts payable and contingent liabilities have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023 on our consideration of City of Upsala's internal control over financial reporting and 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 Upsala's internal control over financial reporting and compliance.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

March 20, 2023

BASIC FINANCIAL STATEMENTS

CITY OF UPSALA, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Fire Fund	Roach TIF Fund	Debt Service		Nonmajor Governmental Funds	Total Governmental Funds
				2019A G.O Tax Increment Bonds Fund			
ASSETS							
Cash and Cash Equivalents	\$ 368,660	\$ -	\$ 9,282	\$ -	\$ 41,076	\$ 419,018	
Due from Other Funds	169,981	-	-	-	-	169,981	
Advances to Other Funds	-	-	-	485,238	-	485,238	
TOTAL ASSETS	<u>\$ 538,641</u>	<u>\$ -</u>	<u>\$ 9,282</u>	<u>\$ 485,238</u>	<u>\$ 41,076</u>	<u>\$ 1,074,237</u>	
LIABILITIES							
Due to Other Funds	\$ -	\$ 43,066	\$ -	\$ 74,895	\$ 52,020	\$ 169,981	
Advances from Other Funds	-	-	286,238	-	-	286,238	
Total Liabilities	-	43,066	286,238	74,895	52,020	456,219	
CASH FUND BALANCES							
Nonspendable	-	-	-	485,238	-	485,238	
Restricted	5,000	-	-	-	37,926	42,926	
Unassigned	533,641	(43,066)	(276,956)	(74,895)	(48,870)	89,854	
Total Cash Fund Balances	<u>538,641</u>	<u>(43,066)</u>	<u>(276,956)</u>	<u>410,343</u>	<u>(10,944)</u>	<u>618,018</u>	
TOTAL LIABILITIES AND CASH FUND BALANCES	<u>\$ 538,641</u>	<u>\$ -</u>	<u>\$ 9,282</u>	<u>\$ 485,238</u>	<u>\$ 41,076</u>	<u>\$ 1,074,237</u>	

CITY OF UPSALA, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Fire Fund	Debt Service		Nonmajor Governmental Funds	Total Governmental Funds
			Roach TIF Fund	2019A G.O		
				Tax Increment Bonds Fund		
RECEIPTS						
Taxes	\$ 214,406	\$ -	\$ -	\$ -	\$ -	\$ 214,406
Tax Increment	-	-	16,249	-	4,341	20,590
Franchise Taxes	16,407	-	-	-	-	16,407
Licenses, Permits, and Fees	5,945	-	-	-	-	5,945
Intergovernmental	118,620	145,573	-	-	-	264,193
Charges for Services	8,145	44,158	-	-	9,345	61,648
Interest Income	2,833	-	-	9,522	-	12,355
Miscellaneous	32,493	17,652	-	-	39,366	89,511
TOTAL RECEIPTS	398,849	207,383	16,249	9,522	53,052	685,055
DISBURSEMENTS						
Current:						
General Government	144,687	-	-	-	-	144,687
Public Safety	-	69,886	-	-	13,867	83,753
Public Works	145,935	-	-	-	-	145,935
Parks and Recreation	51,799	-	-	-	26	51,825
Library	11,157	-	-	-	-	11,157
Economic Development	-	-	9,522	-	194	9,716
Capital Outlay	155,233	160,684	-	-	39,375	355,292
Debt Service:						
Principal	-	16,600	-	38,000	36,000	90,600
Interest and Other Charges	-	645	-	17,722	7,878	26,245
TOTAL DISBURSEMENTS	508,811	247,815	9,522	55,722	97,340	919,210
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(109,962)	(40,432)	6,727	(46,200)	(44,288)	(234,155)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	14,747	-	-	65,474	80,221
Transfers Out	(75,221)	(5,000)	-	-	-	(80,221)
TOTAL OTHER FINANCING SOURCES (USES)	(75,221)	9,747	-	-	65,474	-
NET CHANGE IN CASH FUND BALANCE	(185,183)	(30,685)	6,727	(46,200)	21,186	(234,155)
CASH FUND BALANCES - BEGINNING	723,824	(12,381)	(283,683)	456,543	(32,130)	852,173
CASH FUND BALANCES - ENDING	\$ 538,641	\$ (43,066)	\$ (276,956)	\$ 410,343	\$ (10,944)	\$ 618,018

CITY OF UPSALA, MINNESOTA
STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Water Fund	Sewer Fund	Garbage and Recycling Fund	Totals
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 226,955	\$ 99,485	\$ 15,099	\$ 341,539
Noncurrent Assets				
Advances to Other Funds	27,000	27,000	-	54,000
TOTAL ASSETS	\$ 253,955	\$ 126,485	\$ 15,099	\$ 395,539
LIABILITIES				
Noncurrent Liabilities				
Advances from Other Funds	\$ 126,500	\$ 126,500	\$ -	\$ 253,000
NET CASH ASSETS				
Unrestricted	127,455	(15)	15,099	142,539
TOTAL LIABILITIES AND NET CASH ASSETS	\$ 253,955	\$ 126,485	\$ 15,099	\$ 395,539

CITY OF UPSALA, MINNESOTA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Water Fund	Sewer Fund	Garbage and Recycling Fund	Totals
CHARGES FOR SERVICES	\$ 111,576	\$ 51,912	\$ 54,592	\$ 218,080
OPERATING DISBURSEMENTS				
Materials and Supplies	26,630	2,128	-	28,758
Repairs and Maintenance	4,659	3,688	-	8,347
Professional Services	33,516	28,664	58,286	120,466
Insurance	3,066	2,183	-	5,249
Utilities	3,445	4,352	-	7,797
Miscellaneous	<u>2,360</u>	<u>655</u>	<u>387</u>	<u>3,402</u>
TOTAL OPERATING DISBURSEMENTS	<u>73,676</u>	<u>41,670</u>	<u>58,673</u>	<u>174,019</u>
EXCESS (DEFICIENCY) OF OPERATING RECEIPTS OVER (UNDER) OPERATING DISBURSEMENTS	37,900	10,242	(4,081)	44,061
NONOPERATING RECEIPTS (DISBURSEMENTS)				
Special Assessments	4,138	-	-	4,138
Intergovernmental	10,000	-	3,691	13,691
Miscellaneous	3,799	900	-	4,699
Interest and Other Charges	<u>(3,039)</u>	<u>-</u>	<u>-</u>	<u>(3,039)</u>
TOTAL NONOPERATING RECEIPTS (DISBURSEMENTS)	<u>14,898</u>	<u>900</u>	<u>3,691</u>	<u>19,489</u>
NET CHANGE IN CASH ASSETS BEFORE OTHER DISBURSEMENTS	52,798	11,142	(390)	63,550
OTHER DISBURSEMENTS				
Debt Principal	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>(32,000)</u>
CHANGE IN NET CASH ASSETS	20,798	11,142	(390)	31,550
NET POSITION - BEGINNING OF YEAR	<u>106,657</u>	<u>(11,157)</u>	<u>15,489</u>	<u>110,989</u>
NET CASH ASSETS - END OF YEAR	<u>\$ 127,455</u>	<u>\$ (15)</u>	<u>\$ 15,099</u>	<u>\$ 142,539</u>

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

	Water Fund	Sewer Fund	Garbage and Recycling Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 111,576	\$ 51,912	\$ 54,592	\$ 218,080
Cash Paid to Suppliers	(73,676)	(41,670)	(58,673)	(174,019)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	37,900	10,242	(4,081)	44,061
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Taxes and Intergovernmental	-	-	3,691	3,691
Other Receipts from Customers	3,799	900	-	4,699
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	3,799	900	3,691	8,390
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Special Assessments	4,138	-	-	4,138
Intergovernmental and Other	10,000	-	-	10,000
Payments on Interfund Advances	(11,500)	(11,500)	-	(23,000)
Payments on Bond Principal	(32,000)	-	-	(32,000)
Cash Paid for Interest	(3,039)	-	-	(3,039)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(32,401)	(11,500)	-	(43,901)
Net Change in Cash and Cash Equivalents	9,298	(358)	(390)	8,550
Cash and Cash Equivalents - Beginning of Year	217,657	99,843	15,489	332,989
Cash and Cash Equivalents - End of Year	<u>\$ 226,955</u>	<u>\$ 99,485</u>	<u>\$ 15,099</u>	<u>\$ 341,539</u>

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Upsala, Minnesota (the City), complies with accounting practices prescribed or permitted by the *Reporting and Publishing Requirements for City Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting* prescribed by the State of Minnesota's Office of the State Auditor. See Note 1.C. for additional information.

The City has a mayor-council form of government that is governed by an elected mayor and four-member council. The City provides the following services: water, sewer, sanitation, recreation, public improvements, public safety, library and general administrative services.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity is comprised of the primary governmental unit of the City of Upsala.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City does not have any blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, receipts and disbursements. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, receipts or disbursements of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, receipts or disbursements of that individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.B BASIS OF PRESENTATION (Continued)

Fire Fund

The Fire Fund accounts for funds received by the City for fire department expenses.

Debt Service Funds (Roach TIF, 2019A G.O. Tax Increment Bonds)

The Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by proprietary funds. Tax increment financing taxes are used for the payment of principal and interest on the indebtedness of these funds.

The City reports the following major proprietary funds:

Enterprise Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City maintains Water, Sewer, and Garbage and Recycling Proprietary Funds.

The City reports the following nonmajor governmental funds:

Debt Service Funds

The Debt Service Funds account for the accumulation of financial resources for the payment of interest and principal on general long-term debt of the City other than debt service payments made by proprietary funds. Tax increment financing taxes and property taxes are used for the payment of principal and interest on the City's indebtedness.

Special Revenue Funds

The Special Revenue Funds accounts for funds received by the City with a specific purpose.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements have been prepared on the regulatory (cash) basis of accounting as described in the Minnesota's Office of the State Auditor's *Reporting and Publishing Requirements for City Audited Financial Statements for Cities under 2,500 in Population Reporting on the Cash or Regulatory Basis of Accounting*. Under this regulatory (cash) basis of accounting:

- In the governmental and proprietary fund statements, receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. These statements do not give effect to receivables, payables, accrued expenses and inventories and, accordingly, are not presented in accordance with accounting principles generally accepted in the United States of America.

The basis differs from accounting principles generally accepted in the United States of America primarily because the City has not reported a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities and the City does not recognize governmental receipts and disbursements in accordance with the modified accrual basis of accounting or proprietary receipts and disbursements in accordance with the accrual basis of accounting.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.D. USE OF ESTIMATES

The preparation of financial statements in conformity with regulatory (cash) basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1.E. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

For purposes of the Statement Balances Arising from Cash Transactions for governmental and proprietary funds and proprietary fund Cash Flows, “cash and cash equivalents” includes all demand accounts and certificates of deposits for the City. Certificates of deposit are stated at cost, which approximates fair value.

See Note 2.A. for additional information related to cash and cash equivalents.

Noncurrent Liabilities

Long-term debt is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements in governmental funds. In proprietary funds, debt proceeds and payment of principal and interest are reported as other receipts and disbursements. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to good and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “due to/from other fund.” Long-term interfund loans (noncurrent portion) are reported as “advances to and from other funds.”

See Note 2.C. for details of interfund transactions, including receivables and payables at year-end.

Equity Classifications

Governmental Funds

In the governmental fund financial statements, governmental funds report fund balances as either nonspendable, restricted, committed, assigned or unassigned. When the City incurs an expenditure for which it may use either restricted or unrestricted fund balances, it uses restricted fund balances first unless unrestricted fund balances will have to be returned because they were not used. When the City incurs an expenditure for purposes for which amounts in any unrestricted fund balance classification could be used, it uses fund balances in the following order: Committed, assigned, unassigned.

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balances at December 31, 2022 consist of long-term advances to other funds.

Restricted – That portion of fund balance which is not available for appropriation or which has been legally segregated for a specific purpose.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.E. ASSETS, LIABILITIES, AND EQUITY (Continued)

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution. There are no committed fund balances at December 31, 2022.

Assigned – Amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The Clerk/Treasurer or his/her designee shall have the authority to assign fund balance. There are no assigned fund balances at December 31, 2022.

Unassigned – This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The City has formally adopted a policy under which it strives to maintain a minimum unassigned General Fund balance equal to approximately 35% of annual budgeted operating expenditures.

Proprietary Funds

In the proprietary fund financial statements, net position is displayed in two components:

Restricted Cash Assets – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted Cash Assets – All other net position that do not meet the definition of “restricted”.

It is the City’s policy to consider restricted cash assets to its depletion before unrestricted cash assets are applied.

See Note 2.D. for additional disclosures related to governmental fund equity.

1.F. RECEIPTS AND DISBURSEMENTS

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. The City levies its property tax for the subsequent year during the month of December. Morrison County is the collecting agency for the levy and remits the collections to the City. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected.

December 31 is the last day the City can certify a tax levy to the County for collection the following year. The County creates the tax list for all taxable property in the City and applies the applicable tax rate to the tax capacity of individual properties to arrive at the actual tax for each property. The County collects all special assessments, except for certain prepayments paid directly to the City. The County mails copies of all real estate and personal property tax statements. Each year, property owners are required to pay one half of their real estate taxes by May 15 and the balance by October 15. Penalties and interest are assessed to property owners who do not pay their property taxes and special assessments by the due dates.

Receipts and Disbursements

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods and/or services in connection with a proprietary fund’s principal ongoing operations. Operating disbursements for proprietary funds include the cost of sales and services and administrative expense. All receipts and disbursements not meeting this definition are reported as nonoperating items which include receipts and disbursements related to capital and related to financing, noncapital financing, or investing activities.

**CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.F. RECEIPTS AND DISBURSEMENTS (Continued)

Disbursements

In the fund financial statements, disbursements are classified as follows:

Governmental Funds - By Character	Current (further classified by Function)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Nonoperating	

In the fund financial statements, governmental and proprietary funds report disbursements of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. See Note 2.C. for additional information.

1.G. RECLASSIFICATIONS

Certain amounts from 2021 have been reclassified to conform to the 2022 presentation in the basic financial statements.

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, receipts, and disbursements.

2.A. CASH AND CASH EQUIVALENTS

Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. Minnesota Statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds (100% if collateral pledged is irrevocable standby letters of credit issued by the Federal Home Loan Bank). The City complies with such laws.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- A general obligation of a state or local government, with taxing powers, rated "A" or better;
- A revenue obligation of a state or local government, with taxing powers, rated "AA" or better;
- Unrated general obligation securities of a local government, with taxing powers, pledged as collateral against funds deposited by that same local government entity;

**CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.A. CASH AND CASH EQUIVALENTS (Continued)

- Irrevocable standby letter of credit issued by a Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank’s public debt is rated “AA” or better by Moody’s or Standard and Poor’s; or
- Time deposits insured by any federal agency.

Minnesota Statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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. The selection should be approved by the City.

At December 31, 2022, the City’s deposits, including certificates of deposit, were not exposed to custodial credit risk. The City’s deposits were sufficiently covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

At December 31, 2022, the financial statement balance is categorized as follows:

Cash in Checking and Savings Accounts	\$	358,987
Certificates of Deposit		401,570
 Total Cash and Cash Equivalents	 \$	 <u><u>760,557</u></u>

Cash, cash equivalents, and time deposits are included on the basic financial statements as follows:

Cash and Cash Equivalents - Statement of Balances Arising from Cash Transactions - Governmental	\$	419,018
Cash and Cash Equivalents - Statement of Balances Arising from Cash Transactions - Proprietary		341,539
 Total Cash and Cash Equivalents	 \$	 <u><u>760,557</u></u>

2.B. NONCURRENT LIABILITIES

The reporting entity’s long-term debt is segregated between the amounts to be repaid from governmental funds and amounts to be repaid from proprietary funds.

All debt set forth below are direct obligations of the City and pledge the full faith and credit of the City.

At December 31, 2022, the long-term debt of the financial reporting entity consists of the following:

Governmental Funds

General Obligation Tax Increment Bond					
Issue Date	Original Amount	Annual Payment	Interest Rate	Maturity Date	Remaining Amount
08/19	\$ 678,000	\$12,000 - \$68,000	2.91%	02/33	\$ <u><u>590,000</u></u>

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 **DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS** (Continued)

2.B. NONCURRENT LIABILITIES (Continued)

General Obligation Equipment Certificate					
Issue Date	Original Amount	Annual Payment	Interest Rate	Maturity Date	Remaining Amount
06/15	\$ 120,000	\$16,000 - \$18,000	2.60%	02/23	\$ 16,509
General Obligation Notes					
Issue Date	Original Amount	Annual Payment	Interest Rate(s)	Maturity Date	Remaining Amount
06/17	\$ 152,000	\$13,000 - \$18,000	3.00%	02/28	\$ 98,000
11/17	208,000	\$21,000 - \$26,000	3.05%	02/28	144,000
Total General Obligation Notes					\$ 242,000

Proprietary Funds

General Obligation Refunding Bond					
Issue Date	Original Amount	Annual Payment	Interest Rate	Maturity Date	Remaining Amount
03/14	\$ 320,000	\$24,000 - \$34,000	3.10%	01/25	\$ 66,000

Changes in Noncurrent Liabilities

The following is a summary of changes in noncurrent liabilities for the year ended December 31, 2022:

Type of Debt	Balance 1/1/2022	Additions	Deductions	Balance 12/31/2022	Within One Year
<i>Governmental Funds:</i>					
General Obligation Bonds	\$ 628,000	\$ -	\$ (38,000)	\$ 590,000	\$ 43,000
General Obligation Equipment Certificate	33,109	-	(16,600)	16,509	16,509
General Obligation Notes	278,000	-	(36,000)	242,000	37,000
Total Governmental Activities	\$ 939,109	\$ -	\$ (90,600)	\$ 848,509	\$ 96,509
Type of Debt	Balance 1/1/2022	Additions	Deductions	Balance 12/31/2022	Within One Year
<i>Proprietary Funds:</i>					
General Obligation Bonds	\$ 98,000	\$ -	\$ (32,000)	\$ 66,000	\$ -

Interest and fiscal charges expense totals \$26,244 in the Statement of Receipts, Disbursements and Changes in Cash Fund Balances. Interest expense totals \$3,039 in the Statement of Receipts, Disbursements and Changes in Net Cash Assets.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.B. NONCURRENT LIABILITIES (Continued)

Annual Debt Service Requirements

At December 31, 2022, the estimated annual debt service requirements to maturity, including principal and interest, are as follows:

Years Ending December 31,	Governmental Funds		
	G.O. Bonds, Certificates, and Notes		
	Principal	Interest	Total
2023	\$ 96,509	\$ 23,529	\$ 120,038
2024	80,000	20,942	100,942
2025	87,000	18,465	105,465
2026	88,000	15,870	103,870
2027	94,000	13,173	107,173
2028-2032	335,000	32,604	367,604
2033	68,000	990	68,990
Totals	<u>\$ 848,509</u>	<u>\$ 125,573</u>	<u>\$ 974,082</u>

Years Ending December 31,	Proprietary Funds		
	G.O. Bonds		
	Principal	Interest	Total
2023	\$ -	\$ 2,542	\$ 2,542
2024	32,000	1,550	33,550
2025	34,000	527	34,527
Totals	<u>\$ 66,000</u>	<u>\$ 4,619</u>	<u>\$ 70,619</u>

Governmental Fund debt is typically funded through the Debt Service Funds and the Fire Fund. Proprietary Fund debt is funded through the Water Fund.

2.C. INTERFUND TRANSACTIONS AND BALANCES

Operating transfers consist of the following for the year ended December 31, 2022:

Major Fund	Transfers Out	Transfers In		Total
		Major Funds	Nonmajor	
		Fire	Governmental	
General Fund	\$ 75,221	\$ 14,747	\$ 60,474	\$ 75,221
Fire Fund	5,000	-	5,000	5,000
	<u>\$ 80,221</u>	<u>\$ 14,747</u>	<u>\$ 65,474</u>	<u>\$ 80,221</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget require to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.C. INTERFUND TRANSACTIONS AND BALANCES ACCOUNTS (Continued)

The interfund balances consist of the following at December 31, 2022:

Long-Term Advances			
Advances Due To	Advances Due From	Amount	Reason
Debt Service - 2019A	Water	\$ 126,500	Share of improvement bond debt
Debt Service - 2019A	Sewer	126,500	Share of improvement bond debt
Debt Service - 2019A	Debt Service - Roach TIF	232,238	Share of improvement bond debt
Water	Debt Service - Roach TIF	27,000	TIF Expenses
Sewer	Debt Service - Roach TIF	27,000	TIF Expenses
Short-Term Balances			
Due To	Due From		
General	Fire Fund	43,066	Eliminate fund cash deficit
General	Debt Service - 2019A	74,895	Eliminate fund cash deficit
General	Debt Service - 2017B	11,902	Eliminate fund cash deficit
General	Heritage Days	26	Eliminate fund cash deficit
General	First Response	34,092	Eliminate fund cash deficit
General	Debt Service - Café TIF	3,150	TIF Shortfall
General	Debt Service - Senior Living TIF	2,850	Eliminate fund cash deficit
Total Interfund Balances		\$ 709,219	

Interfund balances are to be repaid as cash flows become available.

2.D. CASH FUND BALANCES

At December 31, 2022, governmental cash fund balances consist of the following:

General Fund		
Restricted for Veterans Memorial Construction		\$ 5,000
Unassigned		533,641
Total General Fund Balance		\$ 538,641
Fire Fund		
Unassigned		\$ (43,066)
Debt Service - Roach TIF Fund		
Unassigned		\$ (276,956)
Debt Service - 2019A G.O. Tax Increment Bonds Fund		
Nonspendable - Advance to Other Funds		\$ 485,238
Unassigned		(74,895)
Total Debt Service - 2019A G.O. Tax Increment Bonds Fund Balance		\$ 410,343
Nonmajor Governmental Funds		
Restricted for Debt Service		\$ 34,155
Restricted for Turnout Gear Purchases		3,771
Unassigned		(48,870)
Total Nonmajor Governmental Funds Balance		\$ (10,944)

**CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

2.D. CASH FUND BALANCES (Continued)

Deficit cash fund balances in individual funds at December 31, 2022 consist of the following:

Fund	Fund Deficit
Heritage Days	\$ (26)
Fire Fund	\$ (43,066)
First Response	\$ (34,092)
Debt Service - Roach TIF	\$ (276,956)
Debt Service - Senior Living TIF	\$ (2,850)
Debt Service - 2017B G.O. Note	\$ (11,902)
Sewer Fund	\$ (15)

These cash fund deficits are expected to be recovered through future assessments, tax levies, service charges, or transfers.

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE

Plan Description

All full-time and certain part-time employees of the City of Upsala 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 5 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. The rates are 2.2 percent and 2.7 percent, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service, and 2.7 percent 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.

CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 DEFINED BENEFIT PENSION PLANS – STATEWIDE (Continued)

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 plans. That report may be obtained on the PERA's website at www.mnpera.org/about/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 of Upsala makes annual contributions to the pension plans equal to the amount required by State Statutes. In 2022, the City of Upsala 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 of Upsala’s contributions to the General Employees Fund for the years ending December 31, 2022, 2021, and 2020 were \$9,557, \$7,820, and \$7,233 respectively.

NOTE 4 OTHER NOTES

4.A. 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. To manage these risks, the City purchases commercial insurance. The City retains risk for the deductible portions of the insurance. The amounts of these deductibles are considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year settlements in excess of insurance for any of the past two years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City’s management is not aware of any incurred but not reported claims.

**CITY OF UPSALA, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2022**

NOTE 4 OTHER NOTES (Continued)

4.B. COMMITMENTS (Continued)

Library Rent

The City has a contract for rental space for the library at \$750 per month, plus prorated utilities, until December 2024. For the year ended December 31, 2022, such rent and utilities expense totals \$9,000.

Refuse Collection Services

The City has a contract for refuse collection services for residential districts in the City until May 2027. The City shall pay the contractor at the monthly rate of \$22.00 per residential unit for refuse and recyclable material. For the year ended December 31, 2022, such expense totals \$57,943.

Pay-as-You-Go Tax Increment Financing

The City has entered into a Pay-as-You-Go developer agreement to finance a tax increment project. Such project is financed with the developer of the project. This note is not a general obligation of the City as it is payable only to the extent of future tax increments received. As such, this obligation does not appear on the City’s financial statements. At December 31, 2021, outstanding Pay-as-You-Go debt approximates \$185,000. The amount carries an interest rate of 4.00% and is due commencing August 1, 2023 through December 31, 2037 or until principal payments total \$185,000. All payments are contingent upon collection of tax increment and are not due if such collections are not made by the City.

4.C. TAX INCREMENT FINANCING DISTRICT

The City occasionally enters into tax increment financing arrangements with local businesses, for the purpose of stimulating economic growth within the City. Eligibility for businesses seeking tax abatements of this nature is determined in accordance the applicable Minnesota Statutes, and such arrangements generally include a commitment by the local business to use the abated funds for financing a development or redevelopment project. Any tax increment generated by the district and not retained by the City for administrative costs is returned to the business to finance the debt incurred for the related improvements.

The following is a summary of the City’s current tax increment financing districts:

Name of District:	Redevelopment District #1-3
Business Name	Molly's on Main
Purpose:	Redevelopment
Authorizing Law:	MN Statutes Sections 469.174 - 469.179
Year Established:	2011
Duration of District:	27 Years
Original Base Net Tax Capacity:	\$ 365
Current Net Tax Capacity:	<u>\$ 3,236</u>
Captured Net Tax Capacity:	
Retained by City	<u>\$ 2,871</u>
Shared with Other Taxing Districts	<u>\$ -</u>
Taxes Abated in Current Year:	<u>\$ -</u>

**CITY OF UPSALA, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 OTHER NOTES (Continued)

4.C. TAX INCREMENT FINANCING DISTRICT (Continued)

Name of District:	Multi-Family Housing District #2-4
Business Name	Multi-Family Housing Project
Purpose:	Housing
Authorizing Law:	MN Statutes Sections 469.174 - 469.179
Year Established:	2014
Duration of District:	27 Years

Original Base Net Tax Capacity:	<u>\$ 315</u>
Current Net Tax Capacity:	<u>\$ 11,374</u>

Captured Net Tax Capacity:	
Retained by City	<u>\$ 11,059</u>
Shared with Other Taxing Districts	<u>\$ -</u>
Taxes Abated in Current Year:	<u>\$ -</u>

Name of District:	Senior Living District #2-5
Business Name	Upsala Senior Living Facility
Purpose:	Housing
Authorizing Law:	MN Statutes Sections 469.174 - 469.179
Year Established:	2021
Duration of District:	26 Years

Original Base Net Tax Capacity:	<u>\$ 314</u>
Current Net Tax Capacity:	<u>\$ 358</u>

Captured Net Tax Capacity:	
Retained by City	<u>\$ 44</u>
Shared with Other Taxing Districts	<u>\$ -</u>
Taxes Abated in Current Year:	<u>\$ -</u>

Related Debt:	
Pay-as-you-go Debt	<u>\$ 185,000</u>

SUPPLEMENTARY INFORMATION

**CITY OF UPSALA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RECEIPTS			
Taxes			
Property Taxes	\$ 214,875	\$ 214,406	\$ (469)
Franchise Taxes	<u>34,000</u>	<u>16,407</u>	<u>(17,593)</u>
Total Taxes	248,875	230,813	(18,062)
Licenses and Permits	4,250	5,945	1,695
Intergovernmental Receipts			
Federal Receipts			
Other Federal Grants	22,500	23,168	668
State Revenue			
Local Government Aid	93,082	93,082	-
Market Value Credit	2,200	2,370	170
PERA Aid	150	-	(150)
Transportation	18,829	-	(18,829)
Other County Grants and Aids	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Total Intergovernmental Receipts	171,761	118,620	(53,141)
Charges for Services			
General Government	200	405	205
Streets and Highways	-	1,440	1,440
Parks and Recreation	<u>4,000</u>	<u>6,300</u>	<u>2,300</u>
Total Charges for Services	4,200	8,145	3,945
Miscellaneous Receipts			
Investment Earnings	1,100	2,833	1,733
Refunds and Reimbursements	-	9,872	9,872
Contributions and Donations	20,000	20,060	60
Other Miscellaneous	<u>400</u>	<u>2,561</u>	<u>2,161</u>
Total Miscellaneous Receipts	<u>21,500</u>	<u>35,326</u>	<u>13,826</u>
TOTAL RECEIPTS	450,586	398,849	(51,737)
DISBURSEMENTS			
General Government			
Mayor and Council	11,254	12,496	1,242
Administration and Finance	66,913	98,060	31,147
Other General Government	<u>19,300</u>	<u>34,131</u>	<u>14,831</u>
Total General Government	97,467	144,687	47,220

CITY OF UPSALA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (Continued)
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
Public Works			
Street Maintenance and Storm Sewers	\$ 125,729	\$ 111,786	\$ (13,943)
Snow and Ice Removal	9,000	10,620	1,620
Street Lighting	18,500	23,529	5,029
Capital Outlay - Other	96,500	155,233	58,733
Total Public Works	249,729	301,168	51,439
Culture and Recreation			
Libraries			
Current	11,945	11,157	(788)
Parks and Recreation			
Current	16,875	51,799	34,924
Capital Outlay	102,000	-	(102,000)
Total Culture and Recreation	130,820	62,956	(67,864)
TOTAL DISBURSEMENTS	478,016	508,811	30,795
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(27,430)	(109,962)	(82,532)
OTHER FINANCING USES (SOURCES)			
Transfers			
To Other Funds	-	(75,221)	(75,221)
NET CHANGE IN CASH FUND BALANCE	\$ (27,430)	(185,183)	\$ (157,753)
CASH FUND BALANCE - BEGINNING		723,824	
CASH FUND BALANCE - ENDING		\$ 538,641	

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

Note 1 – Disbursements in Excess of Budget

Actual disbursements in the General Fund of \$508,811 exceeded the final budgeted disbursements by \$30,795 for the year. This is primarily due to unbudgeted disbursements for administration, capital outlay, and parks activities.

**CITY OF UPSALA, MINNESOTA
BUDGETARY COMPARISON SCHEDULE – FIRE FUND
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
RECEIPTS			
Intergovernmental Receipts			
Federal Revenue			
Other Federal Grants	\$ 100,000	\$ 125,963	\$ 25,963
State Revenue			
Police and Fire Aid	1,000	13,350	12,350
Other State Grants and Aids	-	6,260	6,260
Total Intergovernmental Receipts	<u>101,000</u>	<u>145,573</u>	<u>44,573</u>
Charges for Services			
Police and Fire Contracts	63,000	44,158	(18,842)
Miscellaneous Receipts			
Refunds and Reimbursements	-	5,342	5,342
Contributions and Donations	-	100	100
Other Miscellaneous	-	12,210	12,210
Total Miscellaneous Revenue	<u>-</u>	<u>17,652</u>	<u>17,652</u>
TOTAL RECEIPTS	<u>164,000</u>	<u>207,383</u>	<u>43,383</u>
DISBURSEMENTS			
Public Safety			
Fire			
Current	131,412	69,886	(61,526)
Capital Outlay	-	160,684	160,684
Total Public Safety	<u>131,412</u>	<u>230,570</u>	<u>99,158</u>
Debt Service			
Principal Payments on Bonds	18,234	16,600	(1,634)
Interest and Other Fiscal Charges	234	645	411
Total Debt Service	<u>18,468</u>	<u>17,245</u>	<u>(1,223)</u>
TOTAL DISBURSEMENTS	<u>149,880</u>	<u>247,815</u>	<u>97,935</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	<u>14,120</u>	<u>(40,432)</u>	<u>(54,552)</u>

**CITY OF UPSALA, MINNESOTA
 BUDGETARY COMPARISON SCHEDULE – FIRE FUND (Continued)
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts - Original and Final	Actual Amounts Budgetary Basis	Variance with Budget Over (Under)
OTHER FINANCING SOURCES (USES)			
Transfers			
From Other Funds	\$ -	\$ 14,747	\$ 14,747
To Other Funds	-	(5,000)	(5,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	9,747	9,747
NET CHANGE IN CASH FUND BALANCE	\$ 14,120	(30,685)	\$ (44,805)
CASH FUND BALANCE - BEGINNING		(12,381)	
CASH FUND BALANCE - ENDING		\$ (43,066)	

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

Note 1 – Disbursements in Excess of Budget

Actual disbursements in the Fire Fund of \$247,815 exceeded the final budgeted disbursements by \$97,935 for the year. This is primarily due to capital equipment purchases.

CITY OF UPSALA, MINNESOTA
COMBINING STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	Special Revenue			Debt Service			Total Nonmajor Funds	
	Heritage Days Fund	First Response Fund	Turnout Gear Fund	Cafe TIF Fund	Senior Living TIF Fund	2017A G.O. Note Fund		2017B G.O. Note Fund
ASSETS								
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,771	\$ 7,144	\$ -	\$ 30,161	\$ -	\$ 41,076
LIABILITIES								
Due to Other Funds	\$ 26	\$ 34,092	\$ -	\$ 3,150	\$ 2,850	\$ -	\$ 11,902	\$ 52,020
CASH FUND BALANCES								
Restricted	-	-	3,771	3,994	-	30,161	-	37,926
Unassigned	(26)	(34,092)	-	-	(2,850)	-	(11,902)	(48,870)
Total Cash Fund Balances	(26)	(34,092)	3,771	3,994	(2,850)	30,161	(11,902)	(10,944)
TOTAL LIABILITIES AND CASH FUND BALANCES	\$ -	\$ -	\$ 3,771	\$ 7,144	\$ -	\$ 30,161	\$ -	\$ 41,076

CITY OF UPSALA, MINNESOTA
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue			Debt Service			Total Nonmajor Funds	
	Heritage Days Fund	First Response Fund	Turnout Gear Fund	Cafe TIF Fund	Senior Living TIF Fund	2017A G.O. Note Fund		2017B G.O. Note Fund
RECEIPTS								
Tax Increment	\$ -	\$ -	\$ -	\$ 4,341	\$ -	\$ -	\$ -	\$ 4,341
Charges for Services	-	9,345	-	-	-	-	-	9,345
Miscellaneous	-	1,220	38,146	-	-	-	-	39,366
TOTAL RECEIPTS	-	10,565	38,146	4,341	-	-	-	53,052
DISBURSEMENTS								
Current:								
Public Safety	-	13,867	-	-	-	-	-	13,867
Parks and Recreation	26	-	-	-	-	-	-	26
Economic Development	-	-	-	194	-	-	-	194
Capital Outlay	-	-	39,375	-	-	-	-	39,375
Debt Service:								
Principal	-	-	-	-	-	14,000	22,000	36,000
Interest and Other Charges	-	-	-	-	-	3,150	4,728	7,878
TOTAL DISBURSEMENTS	26	13,867	39,375	194	-	17,150	26,728	97,340
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	(26)	(3,302)	(1,229)	4,147	-	(17,150)	(26,728)	(44,288)
OTHER FINANCING SOURCES (USES)								
Transfers In	11,308	4,834	5,000	-	-	17,940	26,392	65,474
NET CHANGE IN CASH FUND BALANCES	11,282	1,532	3,771	4,147	-	790	(336)	21,186
CASH FUND BALANCES - BEGINNING	(11,308)	(35,624)	-	(153)	(2,850)	29,371	(11,566)	(32,130)
CASH FUND BALANCES - ENDING	\$ (26)	\$ (34,092)	\$ 3,771	\$ 3,994	\$ (2,850)	\$ 30,161	\$ (11,902)	\$ (10,944)

**CITY OF UPSALA, MINNESOTA
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)**

	Issue Dates	Interest Rates	Maturity Dates	Initial Authorized Issue	Outstanding Balance 01/01/22	Issued	Paid	Outstanding Balance 12/31/22	Principal Due Within One Year
GOVERNMENTAL FUND DEBT									
General Obligation Equipment Certificate - Series 2015A	6/22/2015	2.60%	2/1/2023	\$ 120,000	\$ 33,109	\$ -	\$ 16,600	\$ 16,509	\$ 16,509
General Obligation Tax Increment Bond - Series 2019A	8/19/2019	2.91%	2/1/2033	678,000	628,000	-	38,000	590,000	43,000
General Obligation Notes - Series 2017A	6/19/2017	3.00%	2/1/2028	152,000	112,000	-	14,000	98,000	15,000
General Obligation Notes - Series 2017B	11/20/2017	3.05%	2/1/2028	<u>208,000</u>	<u>166,000</u>	<u>-</u>	<u>22,000</u>	<u>144,000</u>	<u>22,000</u>
TOTAL GOVERNMENTAL FUND DEBT				1,158,000	939,109	-	90,600	848,509	96,509
ENTERPRISE FUND DEBT									
General Obligation Revenue Refunding Bond - Series 2014A	3/17/2014	3.10%	1/1/2025	<u>320,000</u>	<u>98,000</u>	<u>-</u>	<u>32,000</u>	<u>66,000</u>	<u>-</u>
TOTAL INDEBTEDNESS				<u>\$ 1,478,000</u>	<u>\$ 1,037,109</u>	<u>\$ -</u>	<u>\$ 122,600</u>	<u>\$ 914,509</u>	<u>\$ 96,509</u>

**CITY OF UPSALA, MINNESOTA
SCHEDULE OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(UNAUDITED)**

<u>Fund</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	Recreation Building Rent	\$ 500
General	Property Taxes	2,285
General	Special Assessments	423
General	Liquor Licenses	100
General	Tax Increment	1,882
Fire	Property Taxes	2
Fire	Charges for Services	485
Water	Customer Charges	16,988
Water	Special Assessments	531
Sewer	Customer Charges	7,114
Sewer	Special Assessments	330
Garbage and Recycling	Customer Charges	7,876
Garbage and Recycling	Special Assessments	<u>566</u>
		<u>\$ 39,082</u>

CITY OF UPSALA, MINNESOTA
SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES
DECEMBER 31, 2022
(UNAUDITED)

<u>Fund</u>	<u>Vendor</u>	<u>Item and Purpose</u>	<u>Amount</u>
General	American Door Works	Labor & Scissor Lift Charge	\$ 635
	Burski Excavating	Walnut Ave Extension	5,736
	Lange Oil Inc	Fuel	597
	Sterling Water	Rec Building	<u>30</u>
			\$ 6,998
Fire	Upsala Motors	Keys	109
First Response	Custom Printing	Run Sheets for First Response	<u>107</u>
			<u>\$ 7,214</u>

OTHER REQUIRED REPORT

**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**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Upsala, 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 each major fund and the aggregate remaining fund information of the City of Upsala, 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 March 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Upsala'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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *Schedule of Findings and Responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying *Schedule of Findings and Responses* to be material weaknesses: 2012-001 and 2012-003.

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. We consider the following deficiency described in the accompanying *Schedule of Findings and Responses* to be a significant deficiency: 2012-002.

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*.

Minnesota Legal Compliance

In connection with our audit, we noted that the City of Upsala, Minnesota failed to comply with the provisions of the public indebtedness and miscellaneous provisions of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Statute Section 6.65, insofar as they relate to accounting matters as described in the *Schedule of Findings and Responses* as items 2020-001 and 2021-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that the City of Upsala, Minnesota failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, contracting and bidding, claims and disbursements, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Statute Section 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'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 engagement and described in the accompanying *Schedule of Findings and Responses* and *Corrective Action Plans*. The City's response was not subjected to the 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 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 or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

March 20, 2023

**CITY OF UPSALA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

Condition: The City has limited segregation of accounting duties.

Criteria: The basic premise of proper segregation of duties is that no one employee should have access to both physical assets and the related accounting records or to all phases of the transaction.

Cause: There are a limited number of employees.

Effect: The City's lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: Although the number of employees may not be large enough to eliminate this deficiency, we recommend that the City continue to evaluate current procedures and segregate where possible and implement compensating controls. It is important that the Council is aware of this condition and monitor all financial information.

Views of Responsible Officials And Planned Corrective Actions: Management agrees with the recommendation. See corresponding Corrective Action Plan.

Finding 2012-002 Financial Statement Preparation

Condition: Schlenner Wenner & Co. drafts the financial statements for the City. These financial statements, including disclosures, were reviewed by management and management has taken responsibility for them. However, we believe that management would require additional training in accounting practices prescribed by the State of Minnesota's Office of the State Auditor to adequately apply such standards internally.

Criteria: The City is required to report accurate financial information and include all disclosures and supplementary information required under the regulatory basis of accounting identified above.

Cause: The City's staff does not possess the expertise to prepare financial statements internally. This is not unusual for a City of your size.

Effect: The inability to properly prepare the City's financial statements would result in improper financial reporting.

Recommendation: While the City may not have adequate controls in place to eliminate this finding, the City should document its annual review of the financial statements.

Views of Responsible Officials And Planned Corrective Actions: Management agrees with the recommendation. See corresponding Corrective Action Plan.

**CITY OF UPSALA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2012-003 Material Audit Adjustments

Condition: Audit adjustments were required to correct material misstatements identified in the trial balance presented for the audit.

Criteria: The City is required to report accurate financial information.

Cause: The City failed to record all year-end adjustments required under the cash basis of accounting and various other adjustments were required to correct misstatements.

Effect: The misstatements in the trial balance presented for the audit resulted in the need to record audit adjustments to achieve fair financial statement presentation in accordance with accounting practices prescribed by the State of Minnesota’s Office of the State Auditor.

Recommendation: We recommend management perform a thorough review of the trial balance prior to the audit and ensure all accounts have been properly adjusted at year-end.

*Views of Responsible
Officials And Planned
Corrective Actions:*

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

LEGAL COMPLIANCE FINDINGS

Finding 2020-001 Debt Service Tax Levies

Condition: The City failed to establish a certified levy dedicated to financing the debt service obligations of the 2017A and 2017B general obligation bond issuances.

Criteria: In accordance with Minnesota Statute 475.61, the City is required to levy by resolution a direct ad valorem tax in an amount such that, if collected in full (with assessments and other revenues pledged for the obligations) will produce at least five percent in excess of the amount needed to meet the principle and interest obligations of the debt when due. Such resolution shall irrevocably appropriate the taxes to the municipality’s debt service fund created for the payment of the obligations.

Cause: The City failed to establish a levy such as described above for both the 2017A and 2017B general obligation bond issuances.

Effect: The failure to establish a certified levy dedicated to financing the general obligation bonds has resulted in noncompliance with the Minnesota Statute referenced above.

Recommendation: While we commend the City for transferring dollars into the 2017A and 2017B debt service funds in an amount equal to the certified levies scheduled for the year ended December 31, 2022, we continue to recommend the City establish a certified levy for these bond issuances in the future, in accordance with the debt service schedules in the debt agreements.

*Views of Responsible
Officials And Planned
Corrective Actions:*

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

**CITY OF UPSALA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

LEGAL COMPLIANCE FINDINGS (Continued)

Finding 2021-001 Open Meeting Law

Condition: The City failed to electronically record a closed board meeting.

Criteria: Under Minnesota Statute 13D.05, subdivision 1d, all closed meetings, except those closed as permitted by the attorney-client privilege, must be electronically recorded at the expense of the public body. Unless otherwise provided by law, the recordings must be preserved for at least three years after the date of the meeting.

Cause: The City failed to electronically record a closed board meeting for discussions regarding personnel performance reviews.

Effect: The failure to record this board meeting resulted in the City's noncompliance with Minnesota Statutes.

Recommendation: We recommend management record all future closed meetings, and retain those recordings for a minimum of three years.

*Views of Responsible
Officials and Planned*

Corrective Actions: Management agrees with our recommendation. See corresponding Corrective Action Plan

**CITY OF UPSALA, MINNESOTA
CORRECTIVE ACTION PLANS
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS

Finding 2012-001 Limited Segregation of Duties

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will review current procedures and implement additional controls where possible.
3. Official Responsible
Jane Popp, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

Finding 2012-002 Financial Statement Preparation

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City may continue to have the auditor prepare the financial statements and will continue to document the annual review of the financial statements and related footnote disclosures. The City will revisit this decision on an ongoing, annual basis.
3. Official Responsible
Jane Popp, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

**CITY OF UPSALA, MINNESOTA
CORRECTIVE ACTION PLANS
YEAR ENDED DECEMBER 31, 2022**

FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2012-003 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will continue to have Schlenner Wenner & Co. prepare certain audit adjustments and the City will review the adjustments and schedules provided to the auditor. The City will be more diligent in the review of schedules, including those prepared by third parties, to ensure they are correct and agree with the unaudited trial balance.
3. Official Responsible
Jane Popp, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
The Corrective Action Plan will be reviewed on an ongoing basis with no anticipated completion date.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

LEGAL COMPLIANCE FINDINGS

Finding 2020-001 Debt Service Tax Levies

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The City will establish certified levies for the 2017A and 2017B general obligation bonds to finance future debt service obligations.
3. Official Responsible
Jane Popp, Clerk/Treasurer, is the official responsible for ensuring corrective action.
4. Planned Completion Date
December 31, 2023.
5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.

**CITY OF UPSALA, MINNESOTA
CORRECTIVE ACTION PLANS
YEAR ENDED DECEMBER 31, 2022**

LEGAL COMPLIANCE FINDINGS (Continued)

Finding 2021-001 Open Meeting Law

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding
The City will electronically record all closed board meetings and retain for a minimum of three years in accordance with Minnesota Statutes.

3. Official Responsible
Jane Popp, Clerk/Treasurer, is the official responsible for ensuring corrective action.

4. Planned Completion Date
December 31, 2023.

5. Plan to Monitor Completion
The City Council will be monitoring this Corrective Action Plan.