



Annual Financial Report

City of Lakeland

Lakeland, Minnesota

For the year ended December 31, 2022



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City of Lakeland, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Lakeland, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2022

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joseph Paiement	Mayor	12/31/22
Robert Craggs	Council Member	12/31/24
Patrick Rivers	Council Member	12/31/22
Douglas Sand	Council Member	12/31/24
Mike Thron	Council Member	12/31/22

APPOINTED

Carlson SV	Treasurer
Michelle Elsner	City Clerk

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FINANCIAL SECTION
CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lakeland, Minnesota

Opinions

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Lakeland, 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 basis 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 Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, and the changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each major fund and aggregate remaining fund information of the City, as of December 31, 2022, and its respective cash receipts and disbursements, on the basis of accounting described in Note 1B.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Minnesota Office of the State Auditor, as described in Note 1B. 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 of Lakeland'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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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.

Other Matters

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 combining individual fund financial statements and schedules are presented for the purpose 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 combining individual fund financial statements and schedules 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 in the annual report. The other information comprises the introductory section and unaudited schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement 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 regulatory basis basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



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Minneapolis, Minnesota
February 15, 2024



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FINANCIAL STATEMENTS - REGULATORY BASIS

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Lakeland, Minnesota
Statement of Balances Arising from Cash Transactions
Governmental Funds
December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and temporary investments	\$ 2,068,477	\$ 271,221	\$ 2,339,698
Cash Fund Balances			
Restricted for			
Debt Service	\$ -	\$ 101,245	\$ 101,245
Governmental Services	-	198,784	198,784
Escrow deposits	-	2,116	2,116
Unassigned	2,068,477	(30,924)	2,037,553
Total Cash Fund Balances	\$ 2,068,477	\$ 271,221	\$ 2,339,698

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Cash Receipts, Disbursements and
Changes in Cash Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property taxes	\$ 964,974	\$ -	\$ 964,974
Tax increments	-	63,203	63,203
Gambling taxes	21,457	-	21,457
Special assessments	397	41,884	42,281
Licenses and permits	94,922	-	94,922
Intergovernmental	56,835	99,392	156,227
Charges for services	31,966	-	31,966
Fines and forfeits	3,911	-	3,911
Interest on investments	30,702	742	31,444
Miscellaneous	89,284	15,100	104,384
Total Receipts	<u>1,294,448</u>	<u>220,321</u>	<u>1,514,769</u>
Disbursements			
Current			
General government	246,695	23,745	270,440
Public safety	331,621	-	331,621
Public works	189,985	29,432	219,417
Sanitation	33,041	-	33,041
Culture and recreation	68,533	-	68,533
Economic development	-	23,279	23,279
Capital outlay			
Public works	203,638	32,125	235,763
Debt service			
Principal	-	40,000	40,000
Interest and other	-	10,100	10,100
Total Disbursements	<u>1,073,513</u>	<u>158,681</u>	<u>1,232,194</u>
Receipts Over (Under)			
Disbursements	<u>220,935</u>	<u>61,640</u>	<u>282,575</u>
Other Financing Sources (Uses)			
Transfers in	-	30,000	30,000
Transfers out	(50,000)	-	(50,000)
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>30,000</u>	<u>(20,000)</u>
Net Change in Cash Fund Balances	170,935	91,640	262,575
Cash Fund Balances, January 1	<u>1,897,542</u>	<u>179,581</u>	<u>2,077,123</u>
Cash Fund Balances, December 31	<u>\$ 2,068,477</u>	<u>\$ 271,221</u>	<u>\$ 2,339,698</u>

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Balances Arising from Cash Transaction
Water Proprietary Fund
December 31, 2022

Assets	
Current Assets	
Cash and cash equivalents	<u>\$ 860,344</u>
Net Cash Position	
Unrestricted	<u>\$ 860,344</u>

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Receipts, Disbursements, and Changes in Net Cash Position
Water Proprietary Fund
For the Year Ended December 31, 2022

Operating Receipts	
Charges for services	\$ 476,032
Operating Disbursements	
Supplies	23,399
Other services and charges	190,221
Insurance	9,141
Repairs and maintenance	38,434
Utilities	46,035
Total Operating Disbursements	307,230
Operating Cash Income (Loss)	168,802
Nonoperating Receipts (Disbursements)	
Principal disbursements	(85,000)
Interest expense	(8,330)
Interest earnings	9,644
Total Nonoperating Receipts (Disbursements)	(83,686)
Net Cash Income (Loss) before Transfers	85,116
Transfers In	20,000
Change in Net Cash Position	105,116
Net Cash Position, January 1	755,228
Net Cash Position, December 31	\$ 860,344

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Statement of Cash Flows - Regulatory Basis
Water Proprietary Fund
For the Year Ended December 31, 2022

	Business-type Activities Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 476,032
Payments to vendors and suppliers	<u>(307,230)</u>
Net Cash Provided by (Used in) Operating Activities	<u>168,802</u>
Cash Flows from Noncapital Financing Activities	
Transfers in	<u>20,000</u>
Cash Flows from Capital and Related Financing Activities	
Principal paid on bonds	(85,000)
Interest paid on bonds	<u>(8,330)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(93,330)</u>
Cash Flows From Investing Activities	
Interest received	<u>9,644</u>
Net Increase (Decrease) in Cash and Cash Equivalents	105,116
Cash and Cash Equivalents, January 1	<u>755,228</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 860,344</u></u>

The notes to the financial statements are an integral part of this statement.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lakeland, Minnesota (the City), operates under "Optional Plan A" as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. The City has no component units that meet the GASB criteria.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared using the regulatory basis of accounting as described in the Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities fewer than 2,500 in population published in February 2016. Under that basis, revenues are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles in the United States of America (GAAP) primarily because the City has not included 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 revenues and expenditures in accordance with the modified accrual basis of accounting.

Revenue resulting from the exchange transaction, in which each party gives and receives essentially equal value, is recorded on an accrual basis when the exchange takes place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On a regulatory basis, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Preparation of the financial statement requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City has the following fund types:

Governmental funds are used to account for the City's general government activities and are accounted for using the regulatory basis of accounting. Their receipts are recognized when received in cash and disbursements are recognized when paid in cash. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, governmental funds use the modified accrual method of accounting. The difference between the regulatory basis and modified accrual basis of accounting is that under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The enterprise funds are reported using the regulatory basis of accounting. The regulatory basis of accounting is a special purpose framework other than GAAP. Under GAAP, enterprise fund use the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish *operating* receipts and disbursement from *nonoperating* items. Operating receipts and disbursement generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative disbursements. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

The City maintains the following major governmental funds:

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

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Assets and Net Cash Position/Cash Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The City has not adopted a formal investment policy.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July, and December of each year.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. In the proprietary funds, these assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue upon receipt in the governmental funds.

Long-term Obligations

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, other than those withheld from the actual net proceeds received, are reported as debt service disbursement.

Pensions

The City's contributions to the General Employees Fund for the year ending December 31, 2022 was \$4,114 and contributions to the defined contribution plan was \$249. Total pensions contributions were \$4,363.

Cash Fund Balance

In the fund financial statements, cash fund balance is divided into four classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's 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.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Treasurer.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has not formally adopted a fund balance policy for the General fund.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Net Cash Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is displayed in three components:

- a. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.
- b. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a regulatory basis, which is a comprehensive basis other than GAAP for the General fund. The budget was not amended during 2022. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Clerk so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings, and a final budget is prepared and adopted in early December.

The appropriate budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level.

B. Excess of Disbursements Over Appropriations

The General fund had disbursements in excess of budgeted disbursements as of December 31, 2022:

Fund	Budget	Actual	Excess of Disbursements Over Appropriations
General	\$ 1,034,742	\$ 1,073,513	\$ 38,771

The excess of disbursements over appropriations was funded with receipts in excess of budget and cash fund balance.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Cash Balances

The following funds had deficit fund cash balances as of December 31, 2022:

Fund	Amount
Nonmajor Funds	
FEMA	\$ 30,924

The City plans to fund this deficit with future transfers and aids.

Note 3: Detailed Notes on Accounts

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City’s deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

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.
- General obligation securities of any state or local government with taxing powers which is rated “A” or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated “AA” or better by a national bond rating service.
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity.
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank’s public debt is rated “AA” or better by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation; and
- Time deposits that are fully 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 entity.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on Accounts (Continued)

At year end, the City's carrying amount of deposits was as per below, the bank balance was covered by FDIC.

Investments	\$ 3,193,561
Carrying Amount of Deposits	6,231
Cash on Hand	250
Total	\$ 3,200,042
Governmental Funds	\$ 2,339,698
Business-type Funds	860,344
Total	\$ 3,200,042

Investments

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at an amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount
Investments			
4M funds	N/A	less than 6 months	\$ 3,193,561

(1) Ratings are provided by Moody's where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The investments of the City are subject to the following risks:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on Accounts (Continued)

- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

B. Interfund Receivables, Payables and Transfers

The General fund transferred \$30,000 to nonmajor governmental funds and \$20,000 to the Water fund.

C. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary funds. In addition, general obligation bonds have been issued to refund related general obligations.

General obligation bonds are direct obligations of the City. Governmental general obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental activities					
G.O. Bonds					
Refunding Bonds of 2015A	\$ 540,000	1.05 - 3.00 %	8/25/2015	02/01/30	<u>\$ 330,000</u>

General Obligation Revenue Bonds - Business-type Activities

The following bonds were used to finance utility improvements. They will be repaid with utility charges. The bonds are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business-type activities					
G.O. Revenue Bonds					
Refunding Bonds of 2015A	\$ 740,000	1.05 - 3.00 %	8/25/2015	08/20/26	<u>\$ 285,000</u>

The annual requirements to amortize general obligation revenue bonds as of December 31, 2022 are as follows:

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 35,000	\$ 8,688	\$ 43,688	90,000	5,938	95,938
2024	40,000	7,750	47,750	95,000	3,688	98,688
2025	40,000	6,750	46,750	100,000	1,250	101,250
2026	40,000	5,750	45,750	-	-	-
2027	40,000	4,650	44,650	-	-	-
2028-2030	135,000	6,075	141,075	-	-	-
Total	<u>\$ 330,000</u>	<u>\$ 39,663</u>	<u>\$ 369,663</u>	<u>\$ 285,000</u>	<u>\$ 10,876</u>	<u>\$ 295,876</u>

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on Accounts (Continued)

Changes in long-term liabilities for the year ended December 31, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
General obligation bonds 2015A	\$ 370,000	-	\$ 40,000	\$ 330,000	\$ 35,000
Business-Type Activities					
Bonds Payable					
General obligation bonds 2015A	370,000	-	85,000	285,000	90,000
Total	<u>\$ 740,000</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ 615,000</u>	<u>\$ 125,000</u>

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

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.

Benefits Provided

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.

General Employee Plan Benefits

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% 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. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Note 4: Defined Benefit Pension Plan - Statewide (Continued)

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.

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 plan. That report may be obtained on the PERA's website at www.mnpera.org/about/financial/.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in 2022. In 2022, the City was required to contribute 7.5 percent for Coordinated Plan members.

The City's contributions to the General Employees Fund for the year ending December 31, 2022 were \$4,114. The City's contributions in 2022 were equal to the required contributions as set by state statute.

Note 5: Defined Contribution Plan - Statewide

One council member of the City is 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.

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 2 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 \$249 for employee and \$249 for employer.

City of Lakeland, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Other Information

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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded this City's coverage in any of the past three fiscal 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 (IBNR's). The City's management is not aware of any incurred but not reported claims.

B. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Lakeland, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Balances Arising from Cash Transactions
 December 31, 2022

	Special Revenue Funds			Debt Service	Capital Projects Escrow	Total
	FEMA	ARPA	Total			
Assets						
Cash and temporary investments	<u>\$ (30,924)</u>	<u>\$ 198,784</u>	<u>\$ 167,860</u>	<u>\$ 101,245</u>	<u>\$ 2,116</u>	<u>\$ 271,221</u>
Cash Fund Balances						
Restricted						
Debt service	-	-	-	101,245	-	101,245
Governmental services	-	198,784	198,784	-	-	198,784
Escrow deposits	-	-	-	-	2,116	2,116
Unassigned	<u>(30,924)</u>	<u>-</u>	<u>(30,924)</u>	<u>-</u>	<u>-</u>	<u>(30,924)</u>
Total Cash Fund Balances	<u>\$ (30,924)</u>	<u>\$ 198,784</u>	<u>\$ 167,860</u>	<u>\$ 101,245</u>	<u>\$ 2,116</u>	<u>\$ 271,221</u>

City of Lakeland, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Cash Receipts, Disbursements and
 Changes in Cash Fund Balances
 For the Year Ended December 31, 2022

	Special Revenue Funds			Debt Service	Capital Projects Escrow	Total
	FEMA	ARPA	Total			
Receipts						
Tax increments	\$ -	\$ -	\$ -	\$ 63,203	\$ -	\$ 63,203
Intergovernmental	-	99,392	99,392	-	-	99,392
Special assessments	-	-	-	41,884	-	41,884
Interest on investments	-	-	-	742	-	742
Miscellaneous	-	-	-	-	15,100	15,100
Total Receipts	-	99,392	99,392	105,829	15,100	220,321
Disbursements						
Current						
General government	23,745	-	23,745	-	-	23,745
Public works	-	-	-	-	29,432	29,432
Economic development	-	-	-	23,279	-	23,279
Capital outlay						
Public works	-	32,125	32,125	-	-	32,125
Debt service						
Principal	-	-	-	40,000	-	40,000
Interest and other	-	-	-	10,100	-	10,100
Total Disbursements	23,745	32,125	55,870	73,379	29,432	158,681
Receipts Over (Under)						
Disbursements	(23,745)	67,267	43,522	32,450	(14,332)	61,640
Other Financing Sources (Uses)						
Transfers in	-	-	-	30,000	-	30,000
Net Change in Cash Fund Balances	(23,745)	67,267	43,522	62,450	(14,332)	91,640
Cash Fund Balances, January 1	(7,179)	131,517	124,338	38,795	16,448	179,581
Cash Fund Balances, December 31	\$ (30,924)	\$ 198,784	\$ 167,860	\$ 101,245	\$ 2,116	\$ 271,221

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City of Lakeland, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued on the Following Pages)
 For the Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Cash Fund Balances, January 1	\$ 1,897,542	\$ 1,897,542	1,897,542	\$ -
Receipts				
Taxes				
Property taxes	1,015,309	1,015,309	964,974	(50,335)
Gambling Taxes	12,000	12,000	21,457	
Total taxes	<u>1,027,309</u>	<u>1,027,309</u>	<u>986,431</u>	<u>(50,335)</u>
Licenses and permits				
Business	4,025	4,025	3,505	(520)
Nonbusiness	34,400	34,400	91,417	57,017
Total licenses and permits	<u>38,425</u>	<u>38,425</u>	<u>94,922</u>	<u>56,497</u>
Intergovernmental				
State				
Local government aid	-	-	56,835	56,835
PERA aid	461	461	-	(461)
County				
County grants	3,882	3,882	-	(3,882)
Total intergovernmental	<u>4,343</u>	<u>4,343</u>	<u>56,835</u>	<u>52,492</u>
Charges for services				
General government	8,250	8,250	26,832	18,582
Public works	65	65	5,134	5,069
Total charges for services	<u>8,315</u>	<u>8,315</u>	<u>31,966</u>	<u>23,651</u>
Fines and forfeits	<u>5,200</u>	<u>5,200</u>	<u>3,911</u>	<u>(1,289)</u>
Special assessments	<u>-</u>	<u>-</u>	<u>397</u>	<u>397</u>
Interest on investments	<u>500</u>	<u>500</u>	<u>30,702</u>	<u>30,202</u>
Miscellaneous				
Other	650	650	89,284	88,634
Total miscellaneous	<u>650</u>	<u>650</u>	<u>89,284</u>	<u>88,634</u>
Total Receipts	<u>1,084,742</u>	<u>1,084,742</u>	<u>1,294,448</u>	<u>199,852</u>
Amounts Available for Appropriation	<u>2,982,284</u>	<u>2,982,284</u>	<u>3,191,990</u>	<u>199,852</u>

City of Lakeland, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued)
 For the Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Disbursements				
Current				
General government				
Mayor and Council				
Personal services	\$ 13,881	\$ 13,881	\$ 13,886	\$ (5)
City Clerk				
Personal services	105,595	105,595	63,120	42,475
Elections				
Other services and charges	12,000	12,000	1,185	10,815
Accounting				
Other services and charges	42,000	42,000	32,630	9,370
Legal				
Other services and charges	38,760	38,760	36,944	1,816
Planning and zoning				
Supplies	4,000	4,000	4,491	(491)
Other services and charges	30,700	30,700	14,950	15,750
Total	34,700	34,700	19,441	15,259
Other General Government				
Supplies	5,600	5,600	6,899	(1,299)
Other services and charges	42,415	42,415	40,437	1,978
Total other general government	48,015	48,015	47,336	679
Assessing				
Other services and charges	13,146	13,146	26,104	(12,958)
Insurance				
Other services and charges	6,200	6,200	6,049	151
Total general government	314,297	314,297	246,695	67,602

City of Lakeland, Minnesota
 General Fund
 Budgetary Comparison Schedule - Regulatory Basis (Continued)
 For the Year Ended December 31, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Disbursements (Continued)				
Current (continued)				
Public safety				
Police				
Other services and charges	\$ 134,929	\$ 134,929	\$ 130,386	\$ 4,543
Fire				
Other services and charges	159,466	159,466	136,141	23,325
Building inspection				
Other services and charges	16,500	16,500	63,301	(46,801)
Animal control				
Other services and charges	2,000	2,000	1,631	369
Civil defence				
Other services and charges	150	150	162	(12)
Total public safety	313,045	313,045	331,621	(18,576)
Public works				
Streets and Roadways				
Supplies	50,000	50,000	49,562	438
Other services and charges	79,470	79,470	81,683	(2,213)
Total street maintenance	129,470	129,470	131,245	(1,775)
Snow and ice removal				
Supplies	4,000	4,000	5,163	(1,163)
Other services and charges	30,350	30,350	24,073	6,277
Total	34,350	34,350	29,236	5,114
Street lighting				
Other services and charges	8,400	8,400	15,060	(6,660)
City Engineer				
Other services and charges	5,000	5,000	14,444	(9,444)
Total public works	177,220	177,220	189,985	(12,765)
Sanitation and recycling				
Other services and charges	37,020	37,020	33,041	3,979
Culture and recreation				
Parks				
Supplies	26,800	26,800	40,575	(13,775)
Other services and charges	22,200	22,200	20,880	1,320
Total parks	49,000	49,000	61,455	(12,455)
Conservation Natural Resources				
Other services and charges	14,160	14,160	7,078	7,082
Total culture and recreation	63,160	63,160	68,533	(5,373)
Capital outlay				
Public works	130,000	130,000	203,638	(73,638)
Total Disbursements	1,034,742	1,034,742	1,073,513	(38,771)
Other Financing Sources (Uses)				
Transfer out	50,000	50,000	50,000	-
Total Disbursements and Other Financing Sources (Uses)	1,084,742	1,084,742	1,123,513	(38,771)
Budgetary Cash Fund Balances, December 31	1,897,542	1,897,542	2,068,477	161,081

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SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF LAKELAND
LAKAELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Lakeland, Minnesota
 Supplementary Information (Unaudited)
 Schedule of Indebtedness
 December 31, 2022

Bonded Indebtedness - Governmental Activities

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Bonds General obligation bonds 2015A	\$ 540,000	1.05 - 3.00 %	8/25/2015	2/1/2030	<u>\$ 330,000</u>

Debt service requirements to maturity

Year Ending December 31,	Principal	Interest	Total
2023	\$ 35,000	\$ 8,688	\$ 43,688
2024	40,000	7,750	47,750
2025	40,000	6,750	46,750
2026	40,000	5,750	45,750
2027	40,000	4,650	44,650
2028 - 2030	<u>135,000</u>	<u>6,075</u>	<u>141,075</u>
Total	<u>\$ 330,000</u>	<u>\$ 39,663</u>	<u>\$ 369,663</u>

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding Bonds General obligation bonds	\$ 720,000	1.05 - 3.00 %	08/25/15	08/20/25	<u>\$ 285,000</u>

Bonded Indebtedness - Business-Type Activities

Debt Service Requirements to Maturity

Year Ending December 31,	Principal	Interest	Total
2023	\$ 90,000	\$ 6,000	\$ 96,000
2024	95,000	3,688	98,688
2025	<u>100,000</u>	<u>1,250</u>	<u>101,250</u>
Total	<u>\$ 285,000</u>	<u>\$ 10,938</u>	<u>\$ 295,938</u>

City of Lakeland, Minnesota
 Supplementary Information (Unaudited)
 December 31, 2022

Schedule of Accounts Receivable

Fund	Source of Revenue and Purpose	Amount
Multiple	January Tax Settlement	<u>\$ 4,910</u>

Schedule of Accounts Payable and Contingent Liabilities

Fund	Vendor Name and Purpose	Amount
Escrow	SEH - Engineering	\$ 50
General	Assured Security	642
General	CarlsonSV LLP	2,385
General	CIT - Computer Int	98
General	Companion Animal	261
General	Culligan	15
General	Johnson/Turner	2,358
General	Lower St Croix Valley Fire	23,450
General	Maroney's Sanitation	44
General	Maroney's Sanitation	2,665
General	PeopleService Inc.	7,528
General	SEH - Engineering	3,932
General	Tania Gonzalez	100
General	Tri County Service	6,325
General	Wash County	67,389
General	Wash County - Ele	9,659
Water	Assured Security	1,394
Water	CarlsonSV LLP	750
Water	Gopher State One	16
Water	Hawkins Inc	1,694
Water	Maroney's Sanitation	126
Water	Menards- Hudson	72
Water	PeopleService Inc.	6,775
Water	Schlomka Services	600
Water	SEH - Engineering	163,700
Water	Water Laboratories	369
Total Accounts Payable		<u>\$ 302,396</u>

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OTHER REQUIRED REPORTS

CITY OF LAKELAND
LAKELAND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

**INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Lakeland, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of statements of each major fund of the governmental and proprietary funds and the aggregate remaining fund information of the City of Lakeland, Minnesota (the City), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which have collectively comprised the City's basic financial statements, and have issued our report thereon dated February 15, 2024. In our report, our opinion was modified because the City prepares its financial statements on the regulatory basis, which is a special purpose framework other than accounting principles generally accepted in the United States of America.

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, except as described in the Schedule of Findings and Responses as items 2022-003, 2022-004 and 2022-005. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Abdo
Minneapolis, Minnesota
February 15, 2024

City of Lakeland, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-003	Lack of support
<i>Condition:</i>	During our audit, it came to our attention the City did not have six of twenty original invoices tested on file to support the payment.
<i>Criteria:</i>	Minnesota statute §15.17 requires that the City keep original invoices for documentation support.
<i>Cause:</i>	Transition from process used to store invoices with prior treasurer and ability to retrieve documents for the audit.
<i>Effect:</i>	The City is out of compliance with Minnesota statutes.
<i>Recommendation:</i>	We recommended that the City develop a procedure to retain original invoices.
<i>Management Response: Procedures have been implemented with performing accounting functions internally.</i>	
2022-004	No declaration on checks
<i>Condition:</i>	Auditing for legal compliance requires a review of the City's deposits and investments. Our study indicated an instance of non-compliance that we believe needs to be remedied.
<i>Criteria:</i>	Minnesota statute 471.38 requires that each declaration for payment be signed to the effect that such account, claim, or demand is just and correct and that no part of it has been paid. The statute is satisfied if on the back of City checks is a declaration as defined in Minnesota statute 471.391 reading "I declare under the penalties of law that this account, claim, or demand is just and correct and that no part of it has been paid."
<i>Cause:</i>	The City did not have the required statement on the back of their checks for both the main checking account and clerks checking.
<i>Effect:</i>	The City was out of compliance with this Minnesota statute.
<i>Recommendation:</i>	The City has a stamp with the declaration, which we recommend using until new checks with the pre-printed declaration are available.
<i>Management Response: Management will obtain a stamp for checks until new checks are ordered.</i>	
2022-005	PERA Late Filing fees
<i>Condition:</i>	During our audit, we noted that the City has not made any deposits to PERA of employee withholdings.
<i>Criteria:</i>	PERA requires the amounts withheld from employees' checks to be remitted within in 14 days of when the employee is paid.
<i>Cause:</i>	Unknown
<i>Effect:</i>	As a result, the City is not in compliance with the requirements for PERA deposits and has been subject to late filing fees.
<i>Recommendation:</i>	We recommend that the City remit the PERA deposit within the 14 days as required.
<i>Management Response: Management will implement procedures to ensure payments are made on time.</i>	