

Executive Summary
December 31, 2015



City of Lonsdale

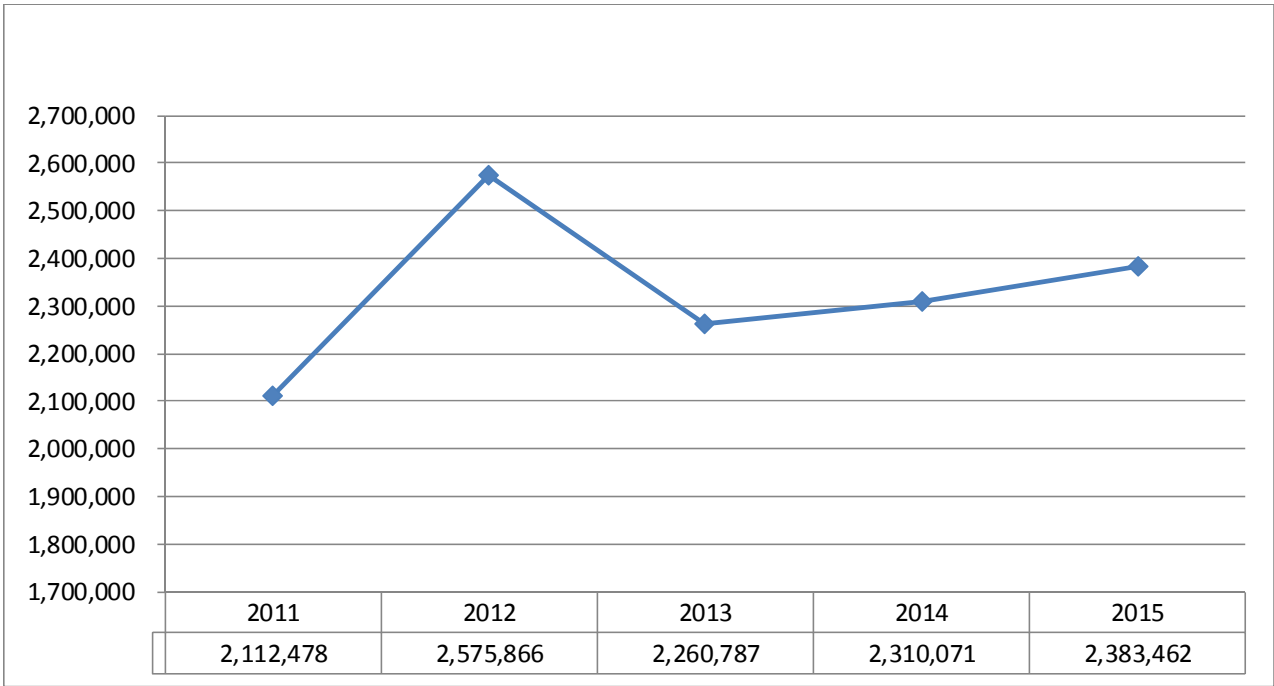
Audit Opinion

The City received a “clean” audit opinion. What does that really mean? The audit opinion is a brief report that appears with the financial statements. A clean audit opinion is more precisely referred to as an unmodified opinion. An *unmodified opinion* means that the financial statements have been prepared using accounting principles generally accepted in the United States of America (GAAP), do not contain material misstatements, and are fairly presented.

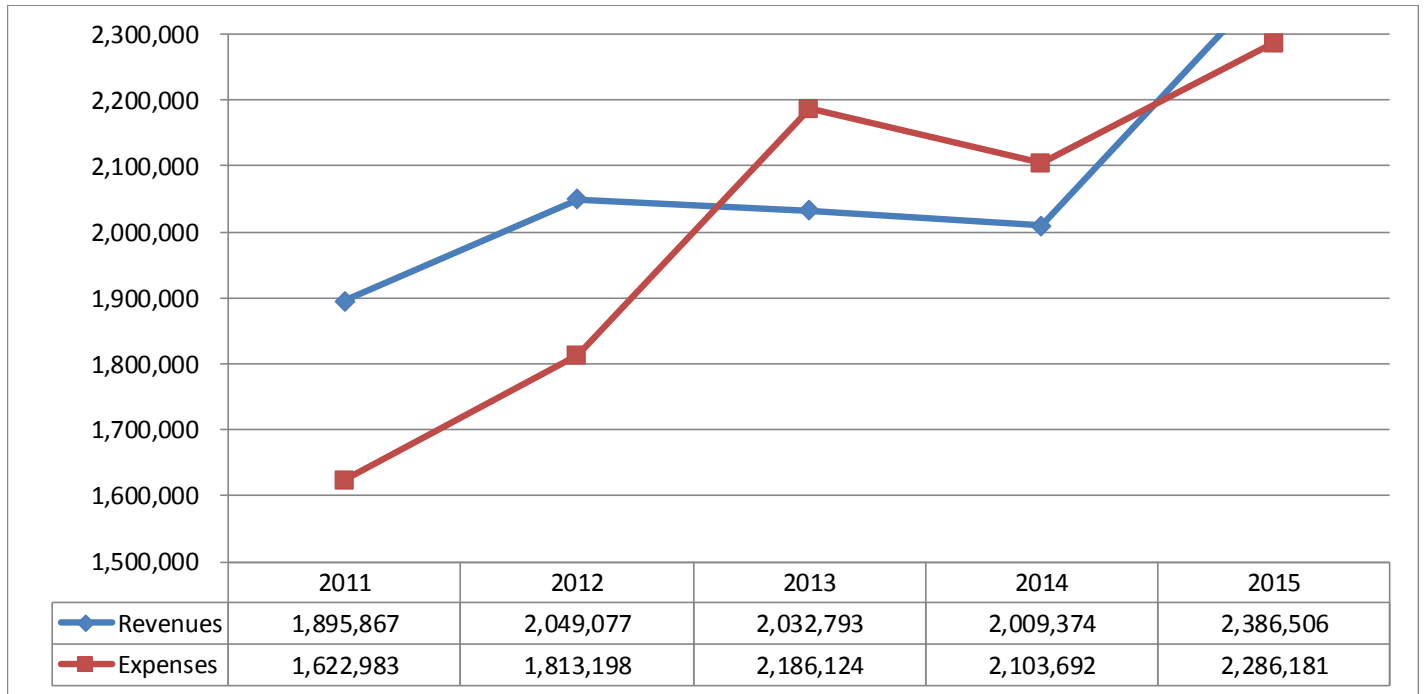
Some readers of financial statements with an unmodified (clean) audit opinion believe that the auditors are signifying that the organization has a financial clean bill of health. They may believe the auditors are indicating that there is no fraud, that the organization is using its resources effectively and efficiently, and that the organization is in compliance with all laws and regulations. The auditor’s report (audit opinion) on a financial statement audit is merely the auditor’s professional opinion, based on audit work, on whether the financial statements were prepared in accordance with GAAP and are free from material misstatement.

General Fund

Cash and Cash Equivalents



General Fund

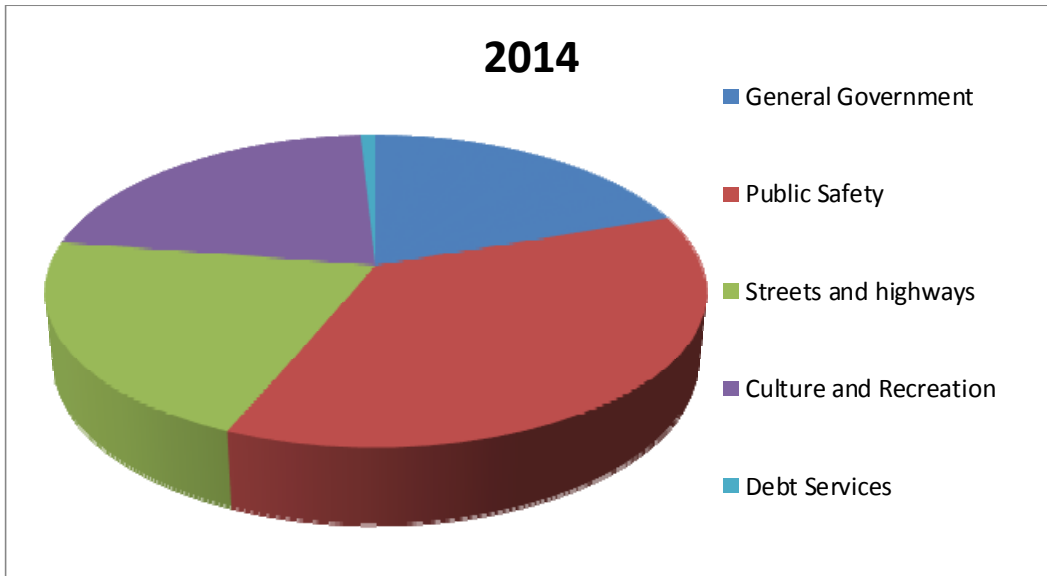


	<u>2014</u>	<u>2015</u>	<u>Change</u>
Property taxes	\$ 971,071	\$ 1,122,445	\$ 151,374
Franchise taxes	11,716	10,867	(849)
Special assessments	60,298	2,428	(57,870)
Fees and fines	18,189	14,573	(3,616)
Licenses and permits	86,265	130,893	44,628
Intergovernmental	517,659	676,284	158,625
Charges for services	207,081	224,645	17,564
Interest earnings	420	275	(145)
Contributions	97,018	124,658	27,640
Miscellaneous	17,194	13,497	(3,697)
Refunds and reimbursements	22,463	65,941	43,478
	\$ 2,009,374	\$ 2,386,506	\$ 377,132

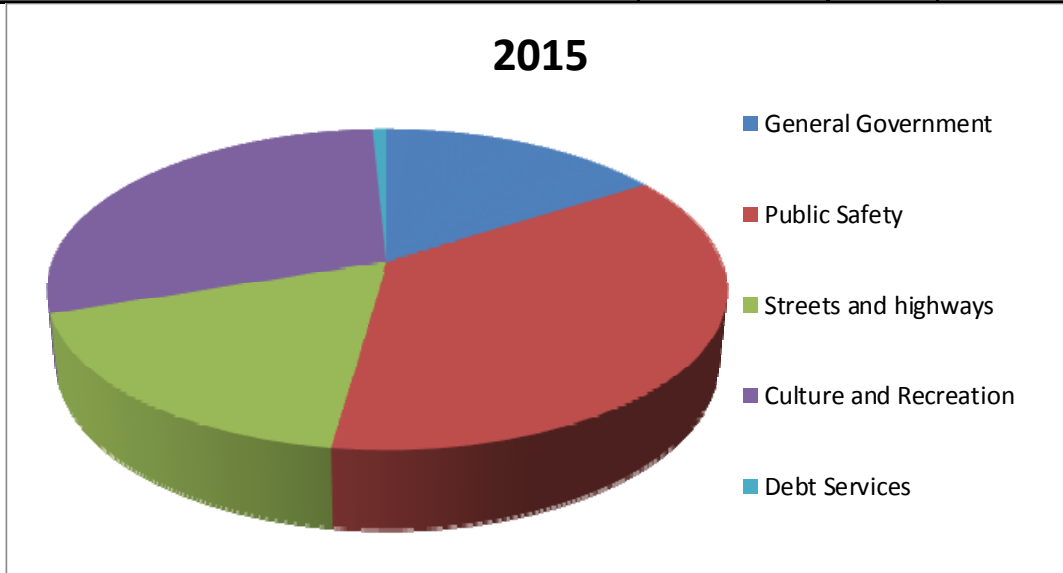
	2011	2012	2013	2014	2015
Capital lease proceeds	20,909	-	-	-	-
Sale of capital assets	3,699	-	-	110,090	-
Transfers in	-	256,827	34,000	-	15,000
Transfers out	-	-	(300,000)	-	-
TOTAL	24,608	256,827	(266,000)	110,090	15,000

General Fund

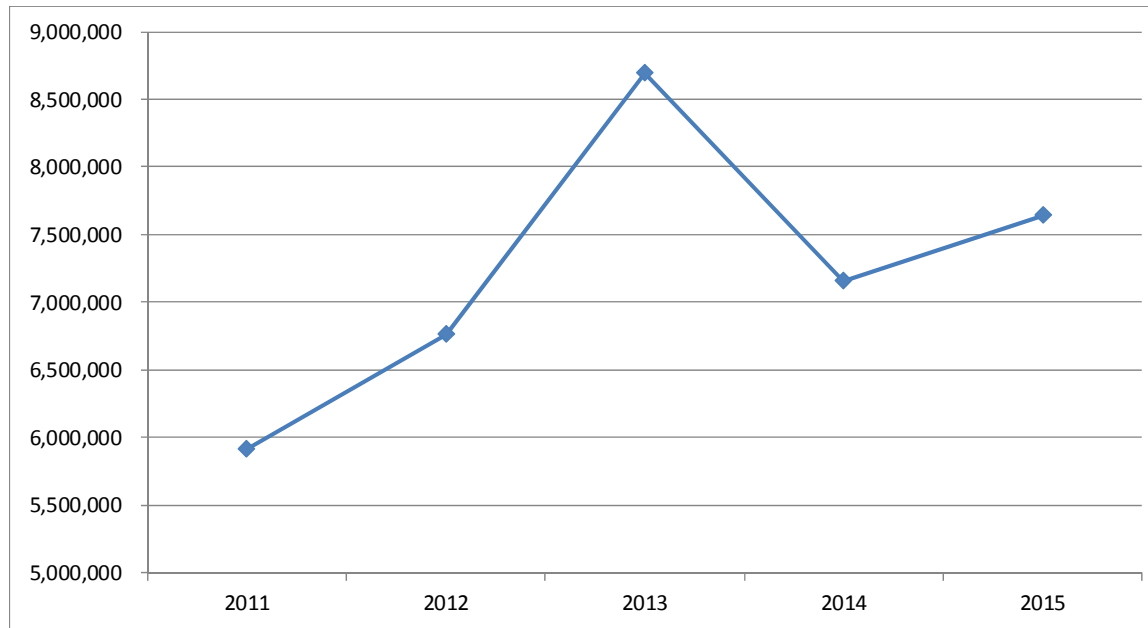
Expenses



	2014		2015	
General Government	416,098	19.8%	366,030	16.0%
Public Safety	766,800	36.5%	827,127	36.2%
Streets and highways	446,773	21.2%	405,303	17.7%
Culture and Recreation	456,371	21.7%	670,071	29.3%
Debt Services	17,650	0.8%	17,650	0.8%
Total	2,103,692		2,286,181	



Governmental Fund Debt

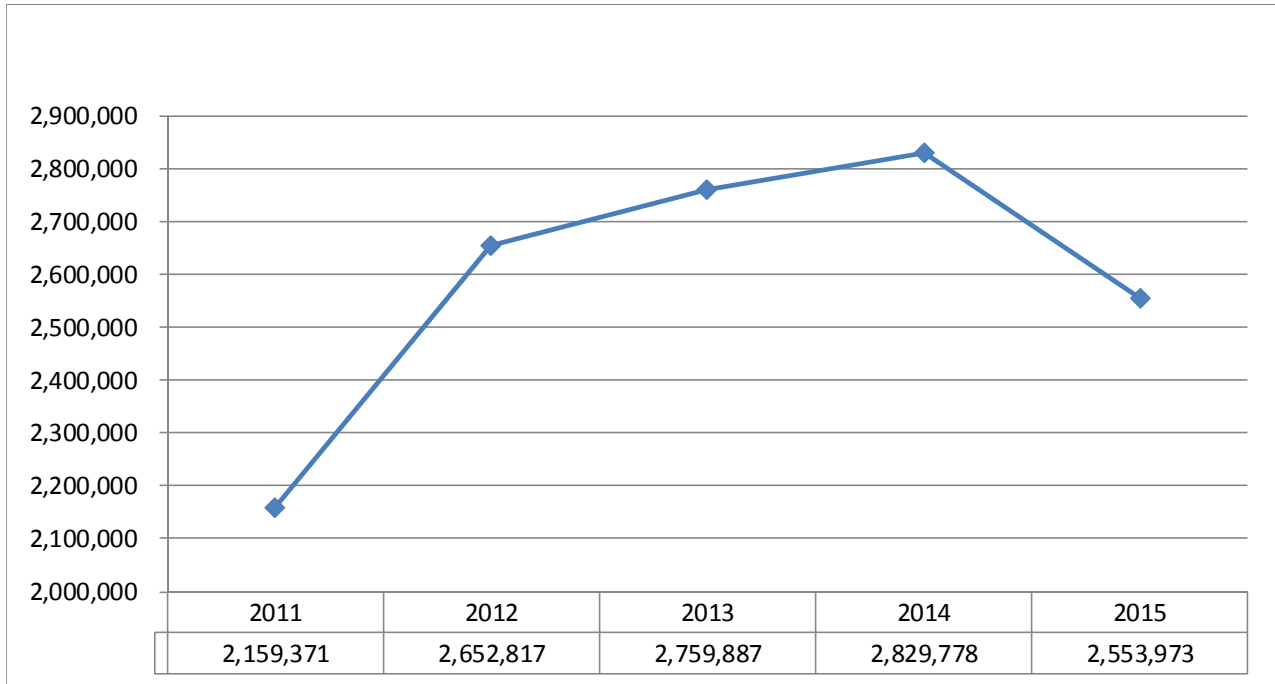


	2011	2012	2013	2014	2015
G.O. Improvement Bonds of 2005A	2,130,000	1,810,000	350,000	-	-
G.O. Improvement Bonds of 2006A	275,000	235,000	190,000	145,000	100,000
G.O. Improvement Bonds of 2007A	1,415,000	1,240,000	1,055,000	-	-
G.O. Improvement Bonds of 2009A	940,000	940,000	940,000	940,000	935,000
G.O. Improvement Bonds of 2011A	1,150,000	1,150,000	1,150,000	1,140,000	770,000
G.O. Improvement Bonds of 2012A	-	1,385,000	1,385,000	1,315,000	1,230,000
G.O. Improvement Bonds of 2013A	-	-	885,000	885,000	670,000
G.O. Improvement Bonds of 2013B	-	-	2,735,000	2,735,000	2,605,000
G.O. Improvement Bonds of 2015A	-	-	-	-	1,335,000

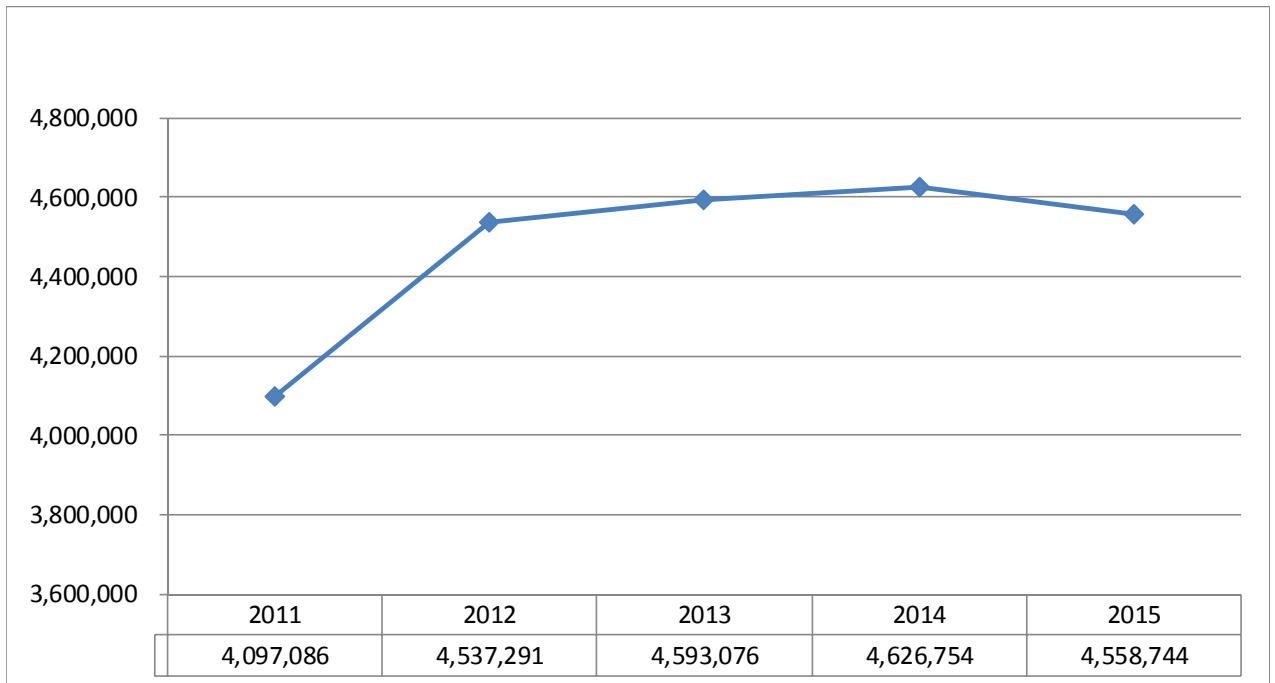
Additional information on long term debt can be found on pages 21-23 of the financial statements.

Water Fund

Cash and Cash Equivalents

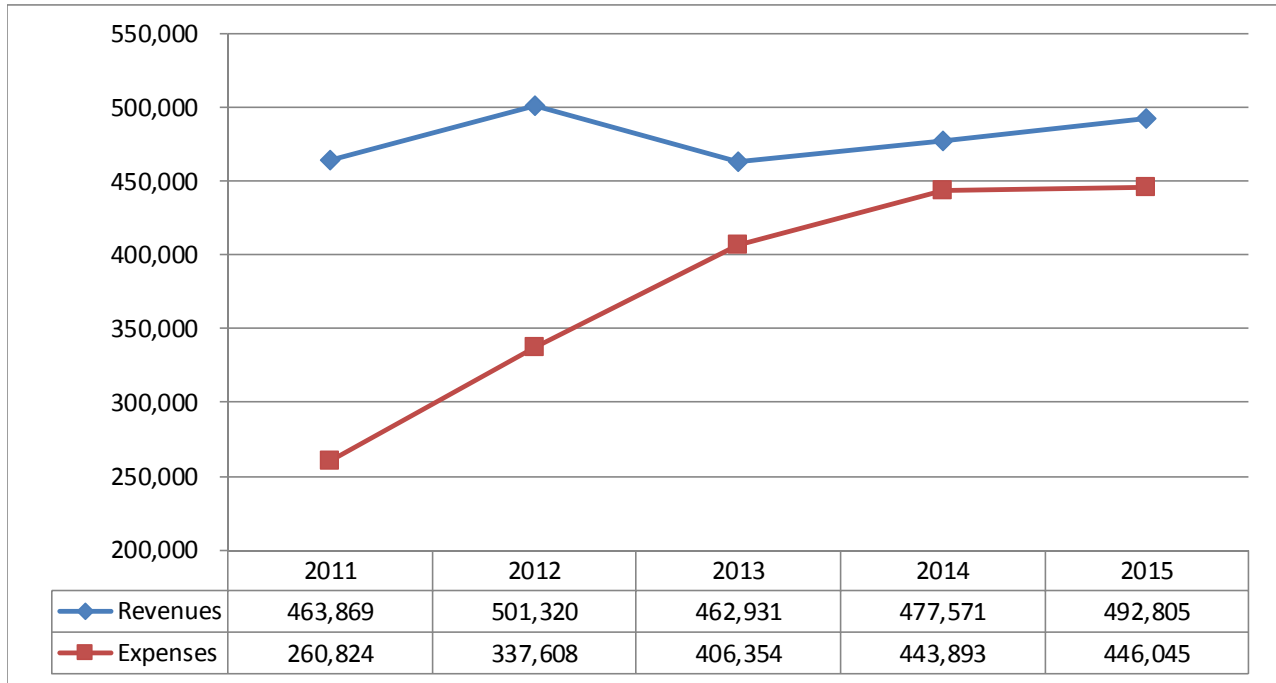


Net Position



Water Fund

Revenues and Expenses

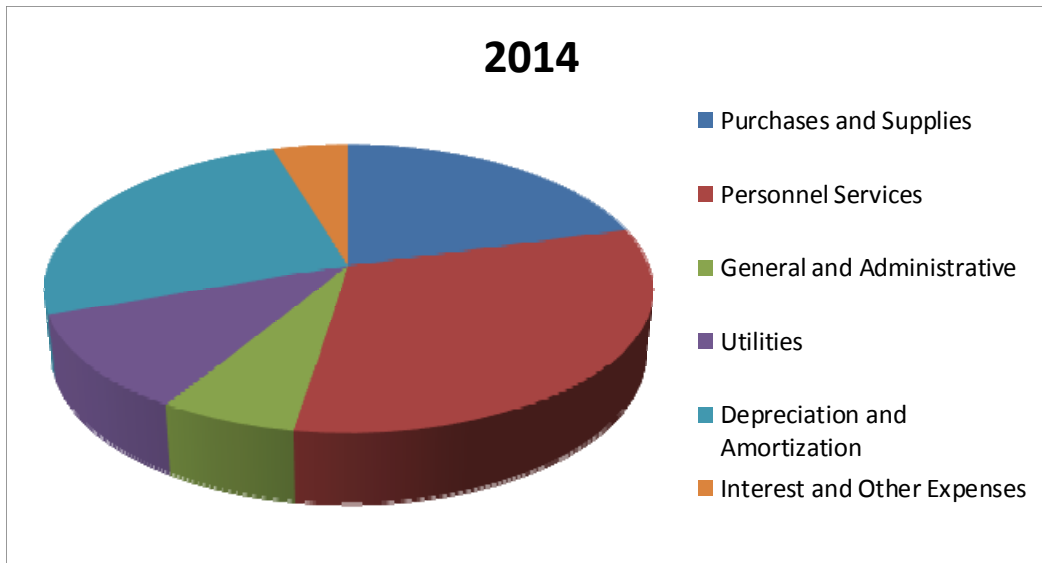


	2015	2014	Change
Sales and service	\$ 399,283	\$ 421,292	\$ (22,009)
Miscellaneous Operating Revenues	26,235	551	25,684
Connection fees	65,200	53,250	11,950
Interest revenue	638	1,544	(906)
Miscellaneous	1,449	934	515
	\$ 492,805	\$ 477,571	\$ 15,234

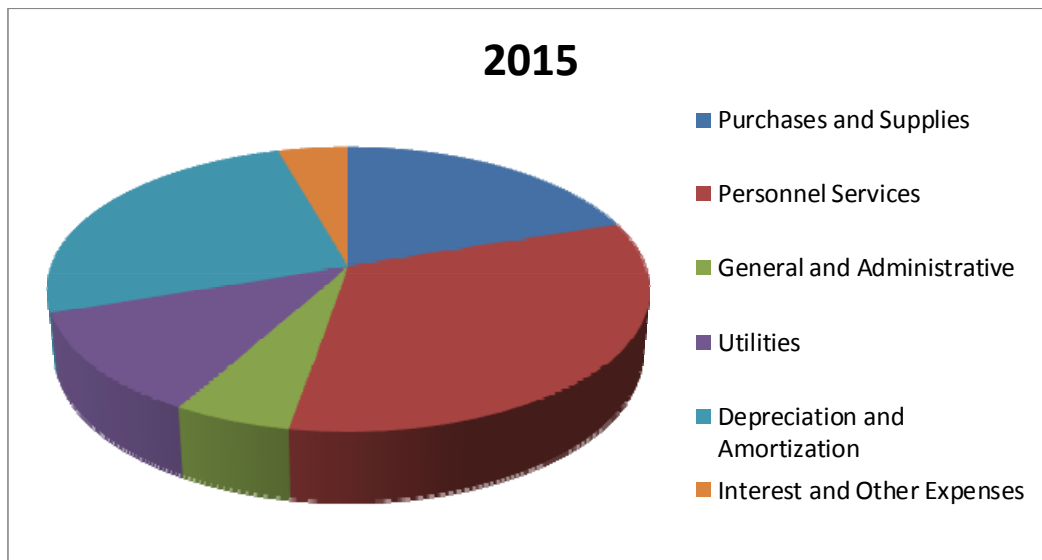
	2011	2012	2013	2014	2015
Contributed capital	25,140	-	-	-	-
Transfers out	-	-	-	-	-

Water Fund

Expenses

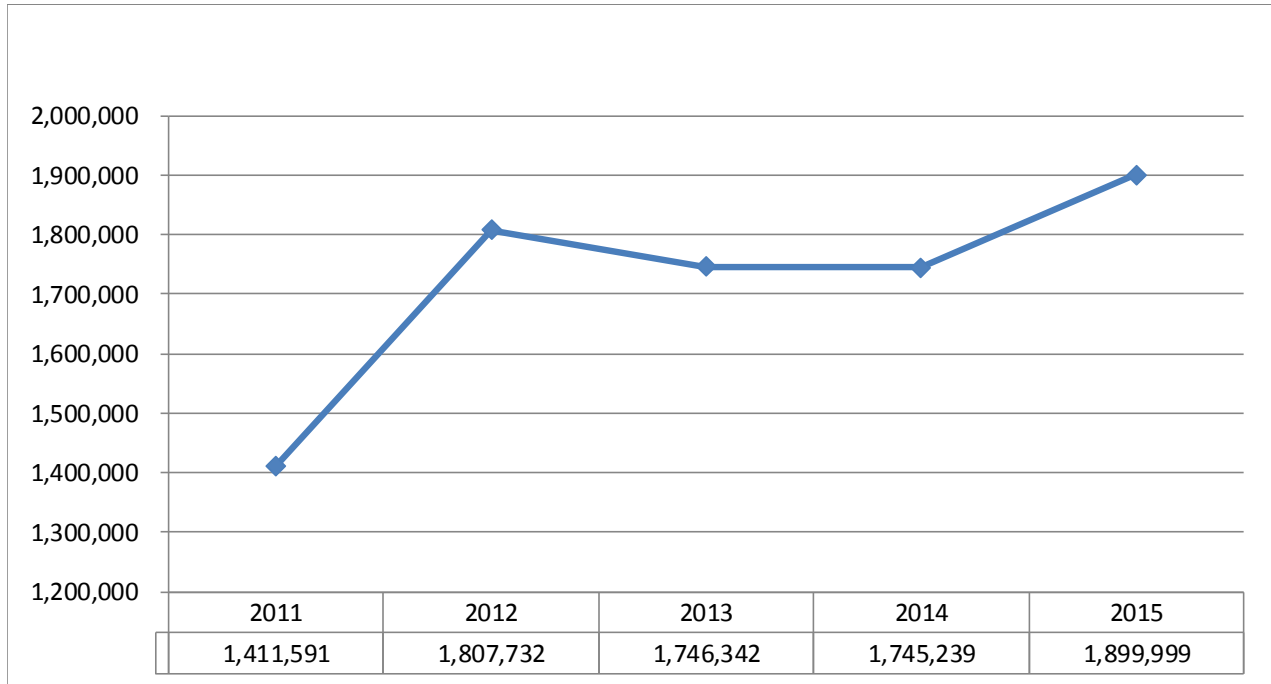


	2014		2015	
Purchases and Supplies	92,224	20.8%	89,186	20.0%
Personnel Services	140,514	31.7%	145,780	32.7%
General and Administrative	28,152	6.3%	24,372	5.5%
Utilities	48,328	10.9%	52,450	11.8%
Depreciation and Amortization	113,922	25.6%	114,673	25.6%
Interest and Other Expenses	20,753	4.7%	19,584	4.4%
Total	443,893		446,045	

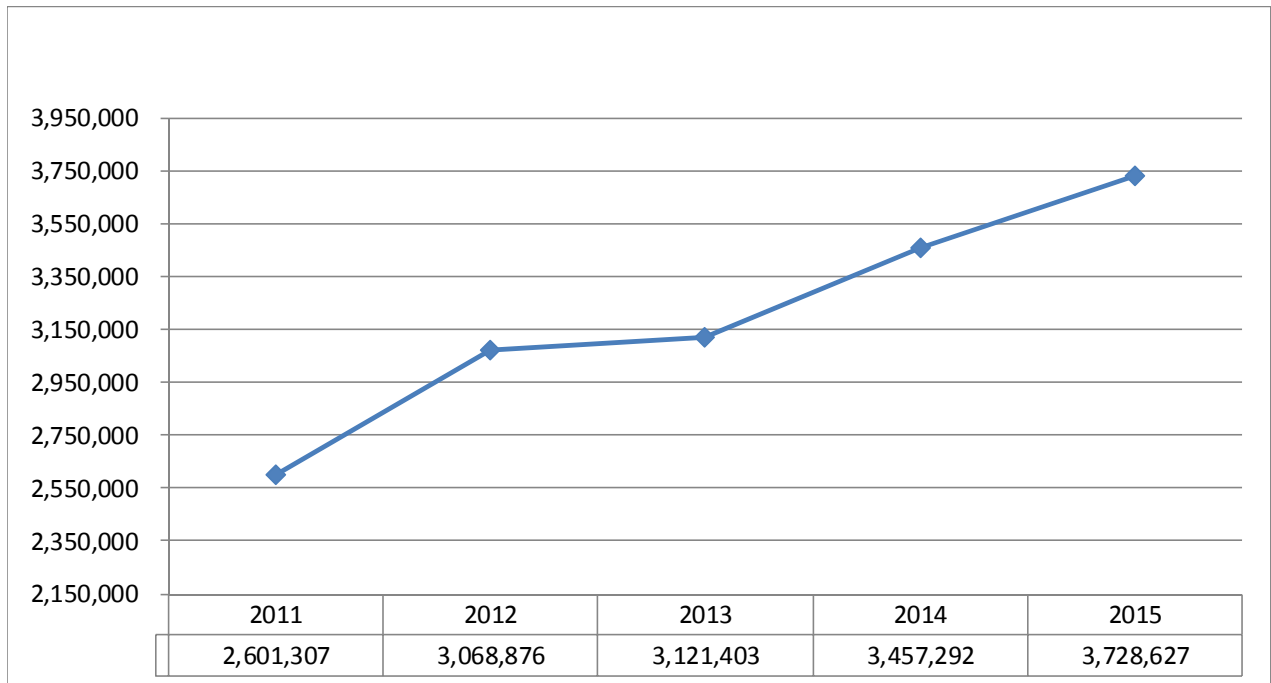


Sewer Fund

Cash and Cash Equivalents

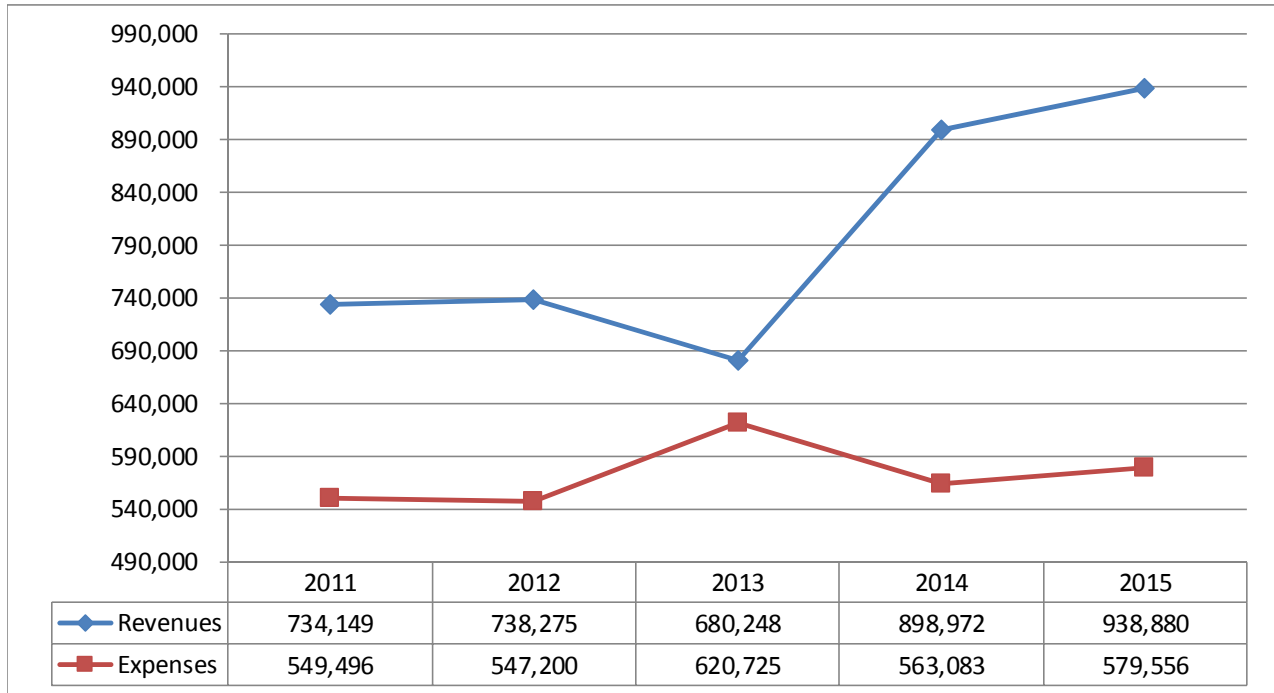


Net Position



Sewer Fund

Revenues and Expenses

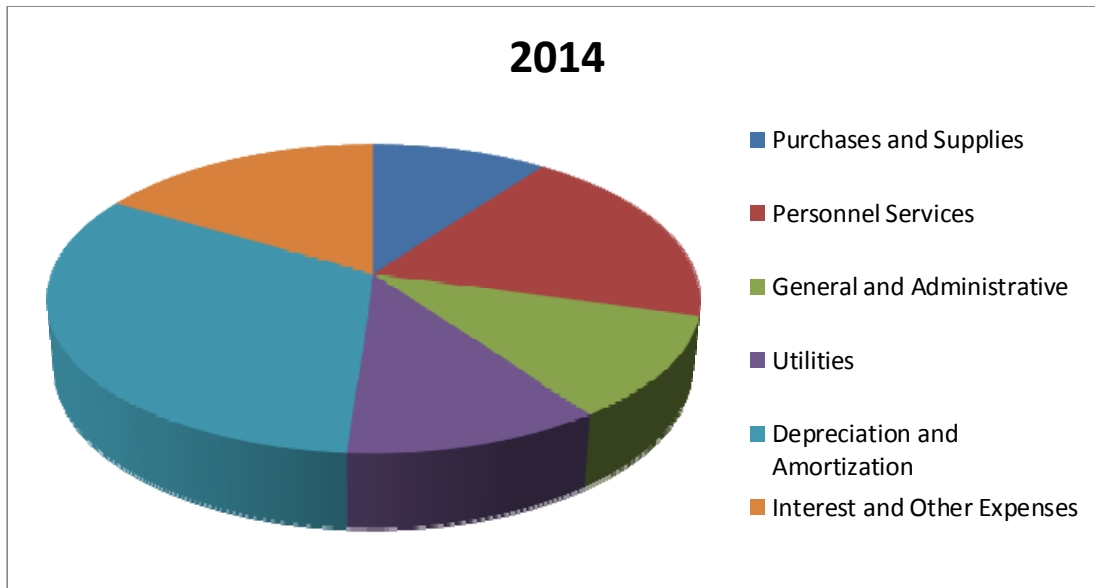


	<u>2015</u>	<u>2014</u>	<u>Change</u>
Sales and service	\$ 792,155	\$ 804,303	\$ (12,148)
Miscellaneous Operating Revenues	40,413	3,752	36,661
Connection fees	95,500	82,500	13,000
Interest revenue	327	451	(124)
Miscellaneous	10,485	7,966	2,519
	\$ 938,880	\$ 898,972	\$ 39,908

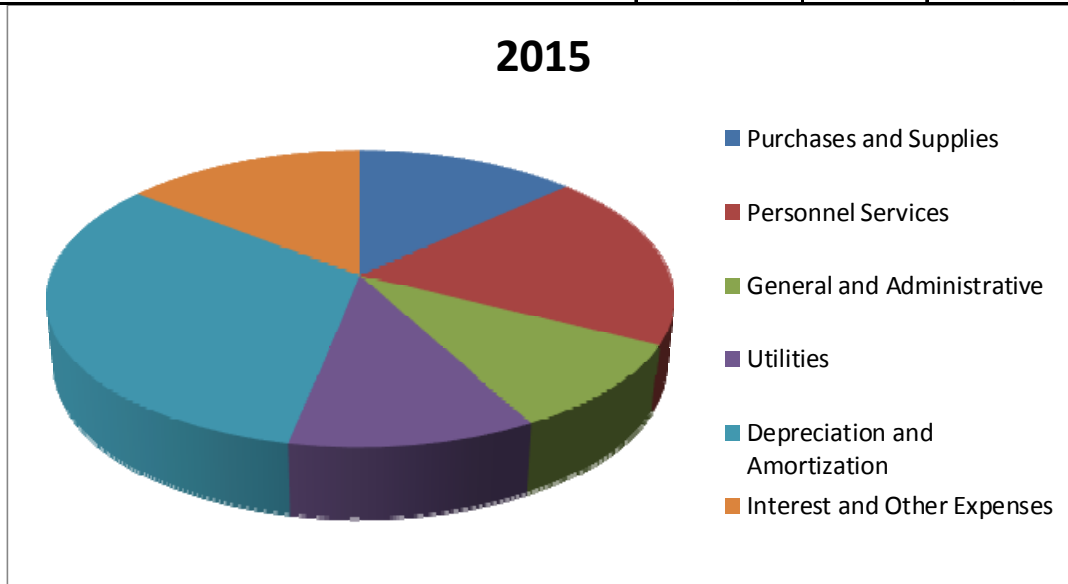
	2011	2012	2013	2014	2015
Contributed capital	-	(25,140)	-	-	-

Sewer Fund

Expenses

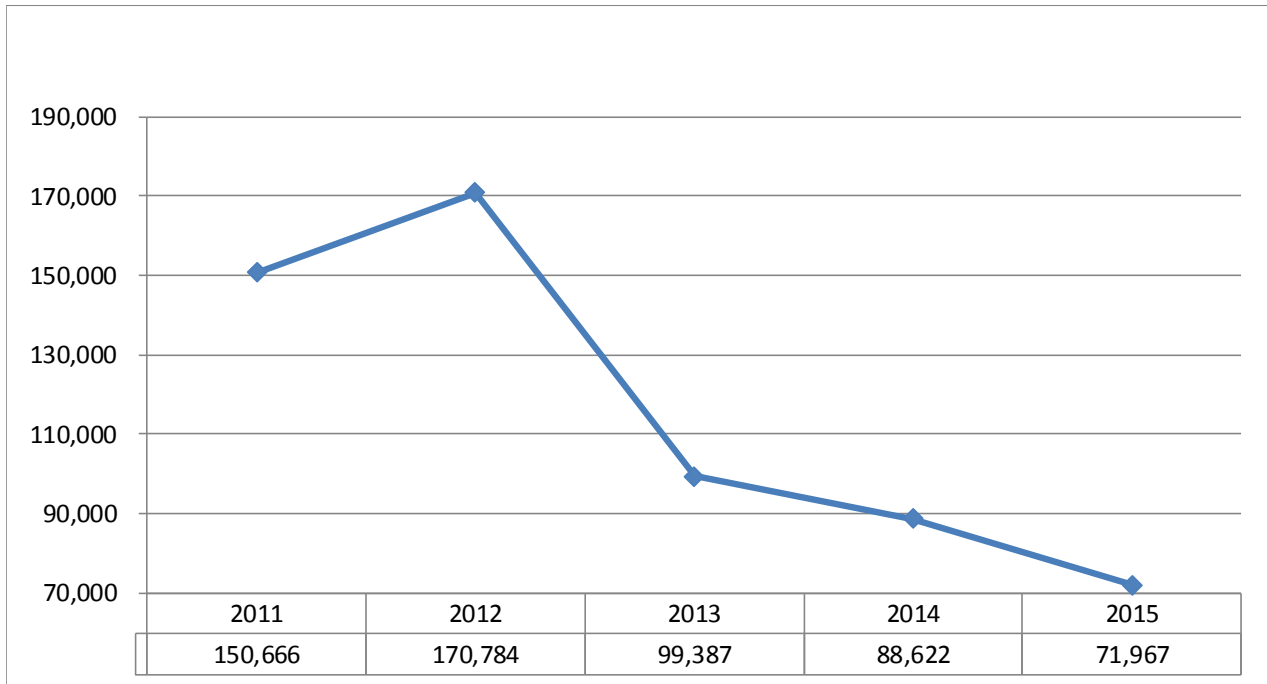


	2014		2015	
Purchases and Supplies	57,221	10.2%	76,454	13.2%
Personnel Services	107,591	19.1%	110,746	19.1%
General and Administrative	60,730	10.8%	56,644	9.8%
Utilities	61,944	11.0%	63,996	11.0%
Depreciation and Amortization	182,088	32.3%	188,086	32.5%
Interest and Other Expenses	93,509	16.6%	83,630	14.4%
Total	563,083		579,556	

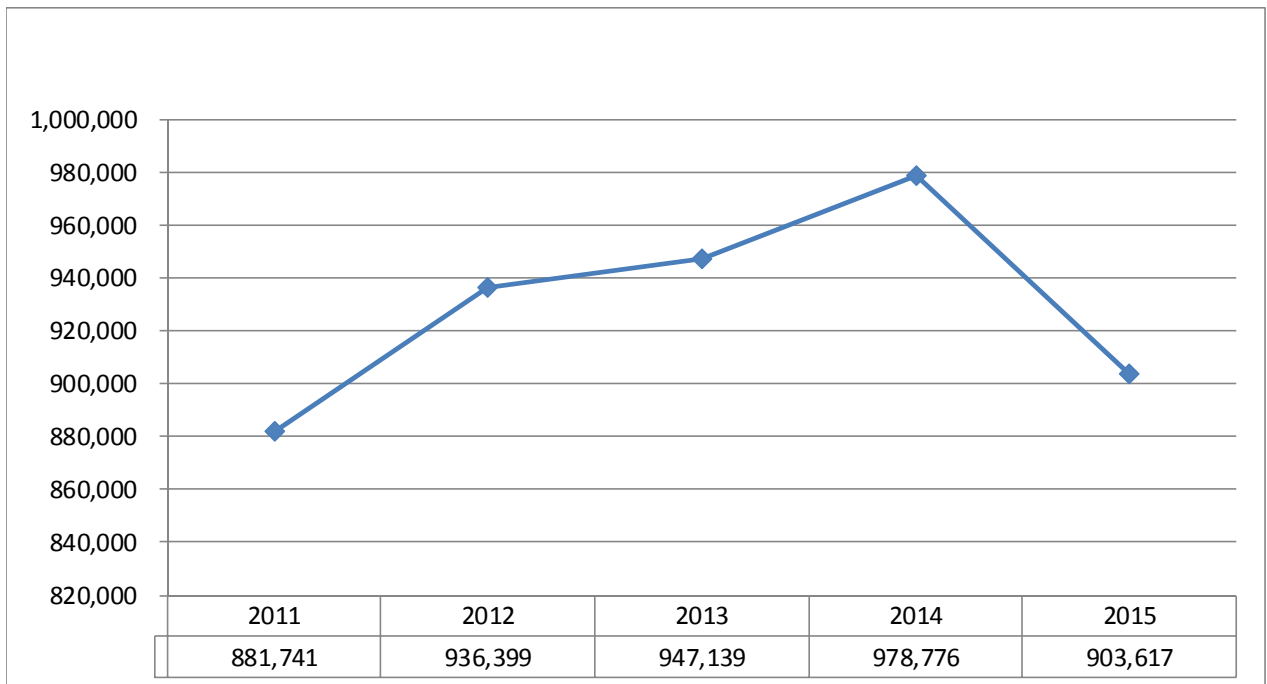


Liquor Fund

Cash and Cash Equivalents

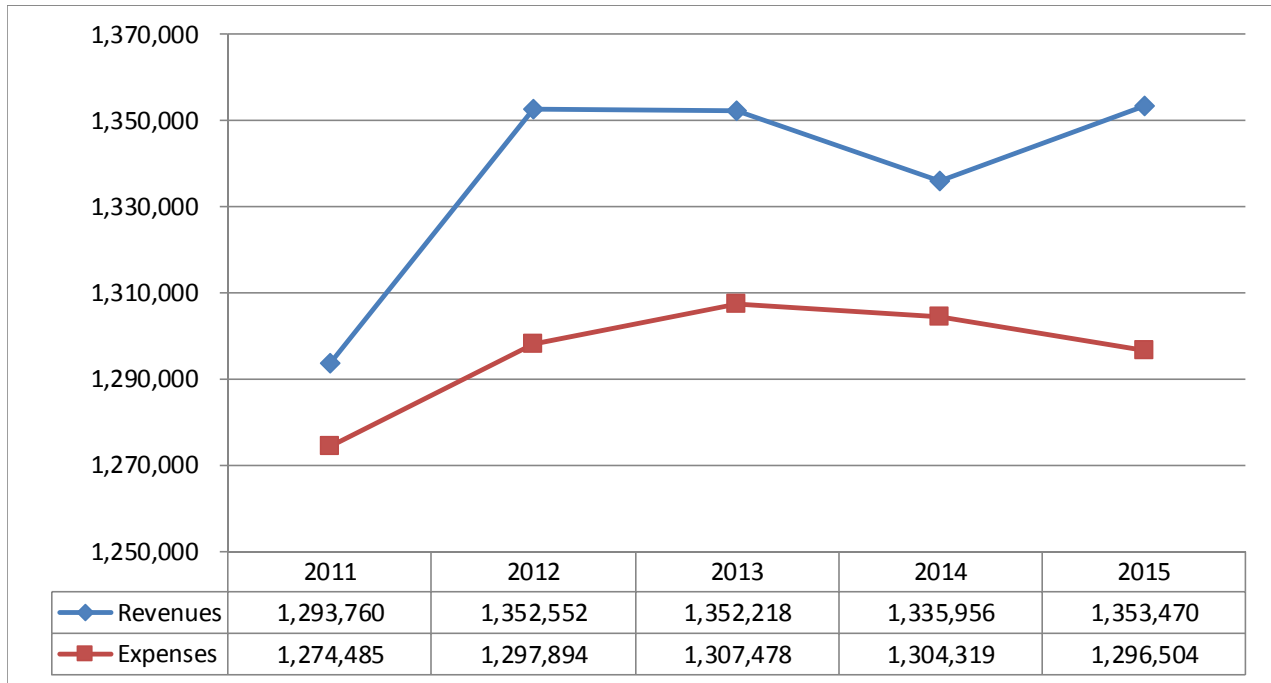


Net Position



Liquor Fund

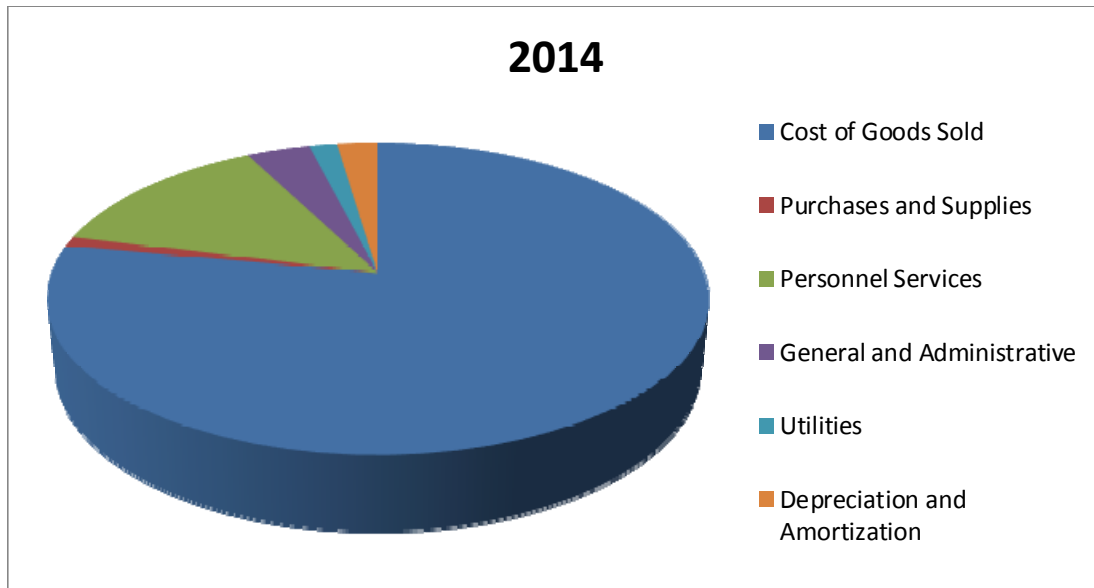
Revenues and Expenses



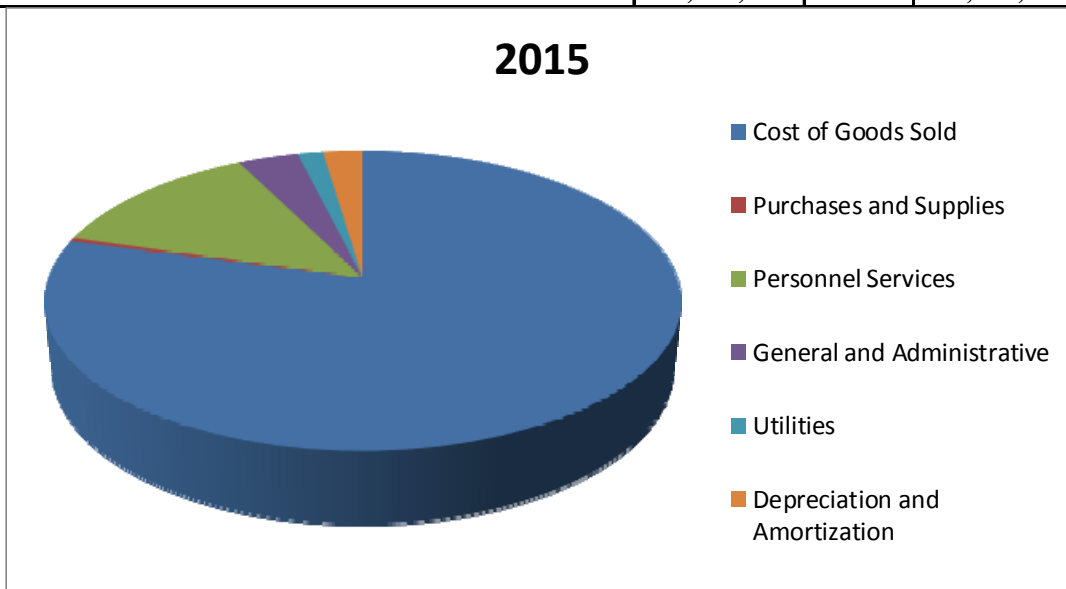
	2011	2012	2013	2014	2015
Transfers out	-	-	(34,000)	-	(5,000)

Liquor Fund

Expenses



	2014		2015	
Cost of Goods Sold	1,015,102	77.8%	1,025,583	79.1%
Purchases and Supplies	13,222	1.0%	5,092	0.4%
Personnel Services	176,843	13.6%	169,541	13.1%
General and Administrative	47,415	3.6%	46,574	3.6%
Utilities	20,829	1.6%	19,464	1.5%
Depreciation and Amortization	30,100	2.3%	30,250	2.3%
Loss on Sale of Capital Assets	808	0.1%	-	0.0%
Total	1,304,319		1,296,504	



Proprietary Fund Debt

	2011	2012	2013	2014	2015
G.O. Revenue (PFA) Bonds of 2003	4,556,792	4,223,791	3,882,791	3,533,791	3,176,791
Liquor fund due to Sewer Fund	500,000	400,000	300,000	200,000	100,000
2011 PFA Loan	728,928	1,205,211	1,148,000	1,090,000	1,030,000
G.O. Sewer and Water Refunding Bonds of 2010A	361,000	301,000	243,000	182,000	122,000
TOTAL	6,146,720	6,130,002	5,573,791	5,005,791	4,428,791

	2011	2012	2013	2014	2015
Water Fund	1,255,211	1,255,211	1,188,000	1,120,000	1,050,000
Sewer Fund	4,474,792	4,474,791	4,085,791	3,685,791	3,278,791
Liquor Fund	500,000	400,000	300,000	200,000	150,000
TOTAL	6,230,003	6,130,002	5,573,791	5,005,791	4,478,791

Additional information on long term debt can be found on pages 21-23 of the financial statements.

Internal Controls and MN Legal Compliance

Material Weaknesses in Internal Controls

- ❖ Segregation of duties
- ❖ Preparation of financial statements
- ❖ Significant journal entries

MN Legal Compliance

- ❖ None

GASB 68

PERA (GERF – General Employees Retirement Fund)

- ❖ January 1, 2015 implementation.
- ❖ GERF - June 30, 2014 underfunded by \$4,697,499,000.
- ❖ GERF - June 30, 2015 underfunded by \$5,182,519,000
- ❖ City's proportionate share = .0096% or \$950,413.

Liability across the funds

- ❖ Water - \$101,605
- ❖ Sewer - \$77,895
- ❖ Liquor - \$112,544
- ❖ Governmental Funds - \$658,369

Additional information for GASB Statement No. 68 can be found on pages 26-31 of the financial statements.

Thank you for allowing Eide Bailly to serve the City of Lonsdale

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