

Executive Summary
December 31, 2016



City of Lonsdale

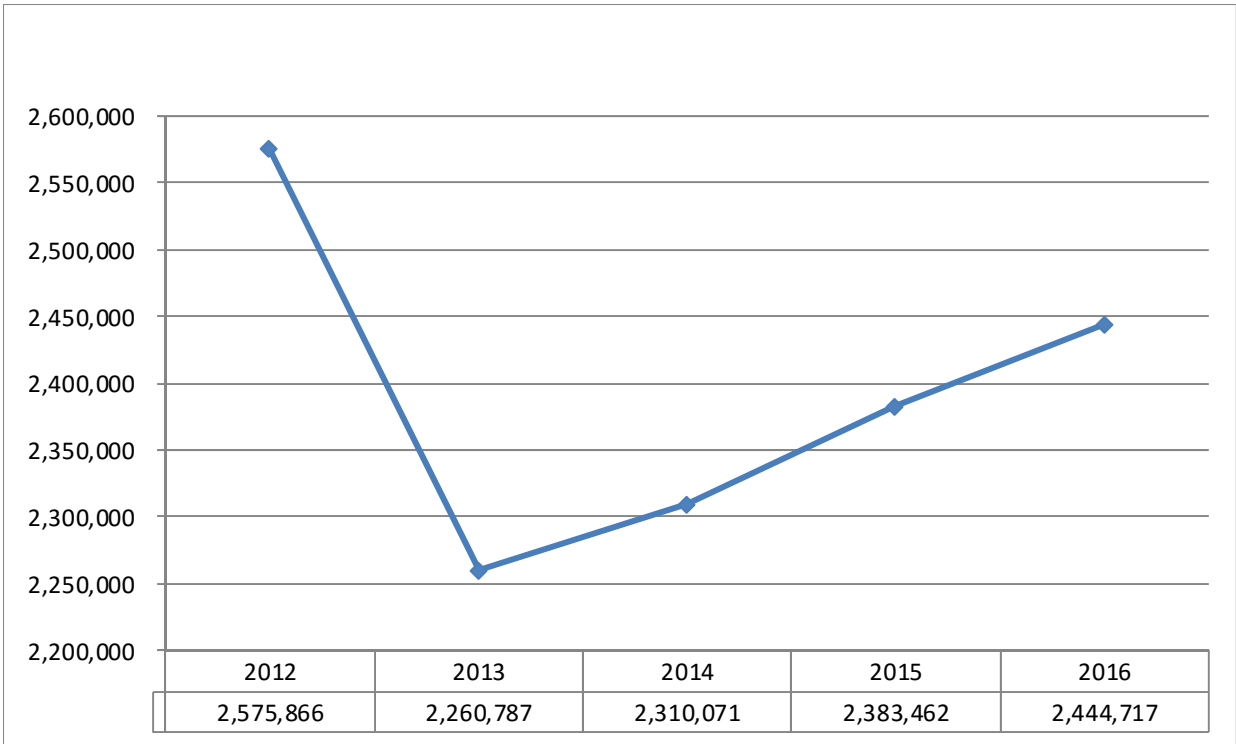
Audit Opinion

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.

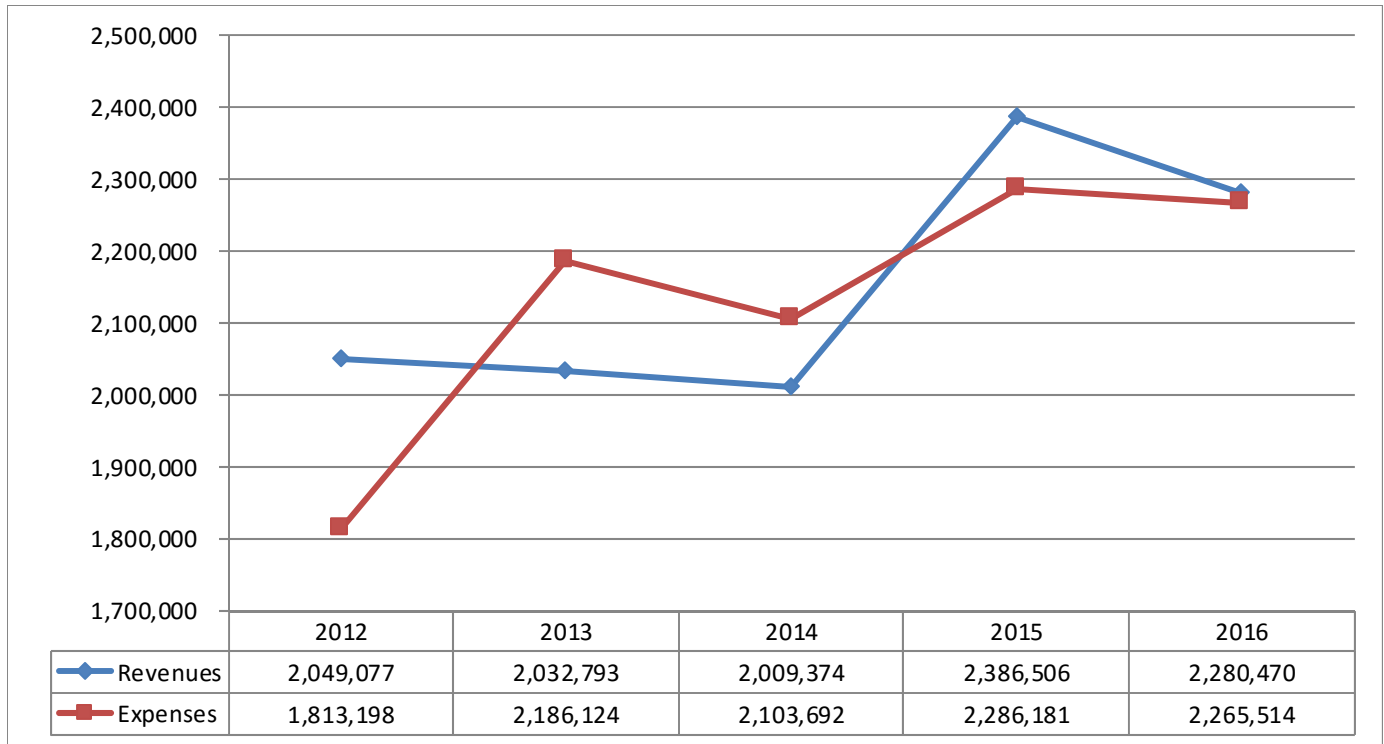
General Fund

Cash and Investments



General Fund

Revenues and Expenses

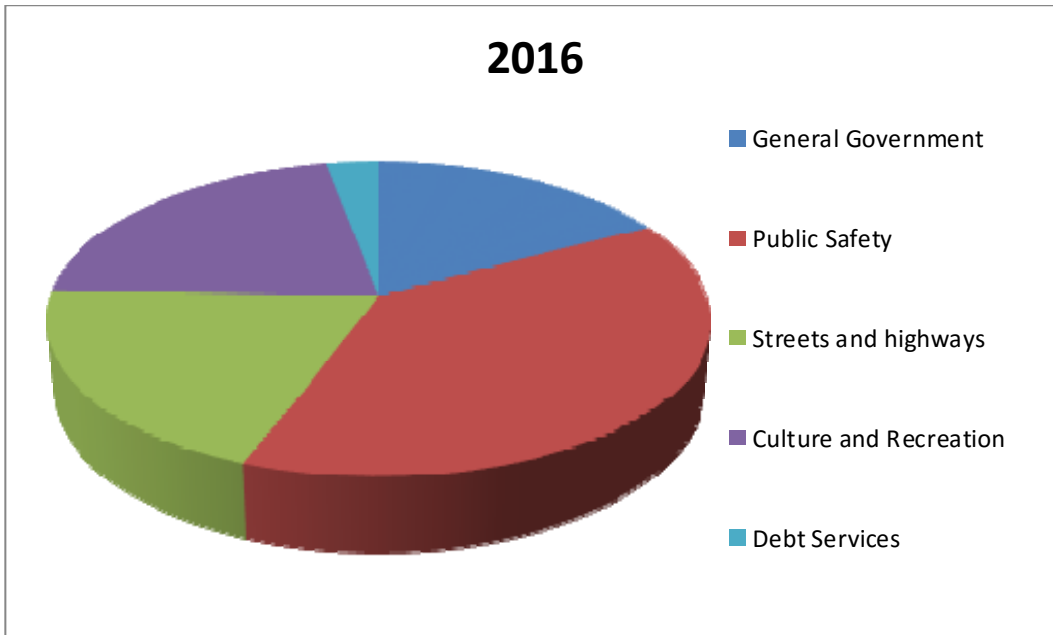


	2015	2016	Change
Property taxes	\$ 1,122,445	\$ 1,215,743	\$ 93,298
Franchise taxes	10,867	10,305	(562)
Special assessments	2,428	7,535	5,107
Fees and fines	14,573	15,549	976
Licenses and permits	130,893	207,480	76,587
Intergovernmental	676,284	556,458	(119,826)
Charges for services	224,645	222,658	(1,987)
			-
Interest earnings	275	287	12
Contributions	124,658	22,282	(102,376)
Miscellaneous	13,497	15,708	2,211
Refunds and reimbursements	65,941	6,465	(59,476)
	\$ 2,386,506	\$ 2,280,470	\$ (106,036)

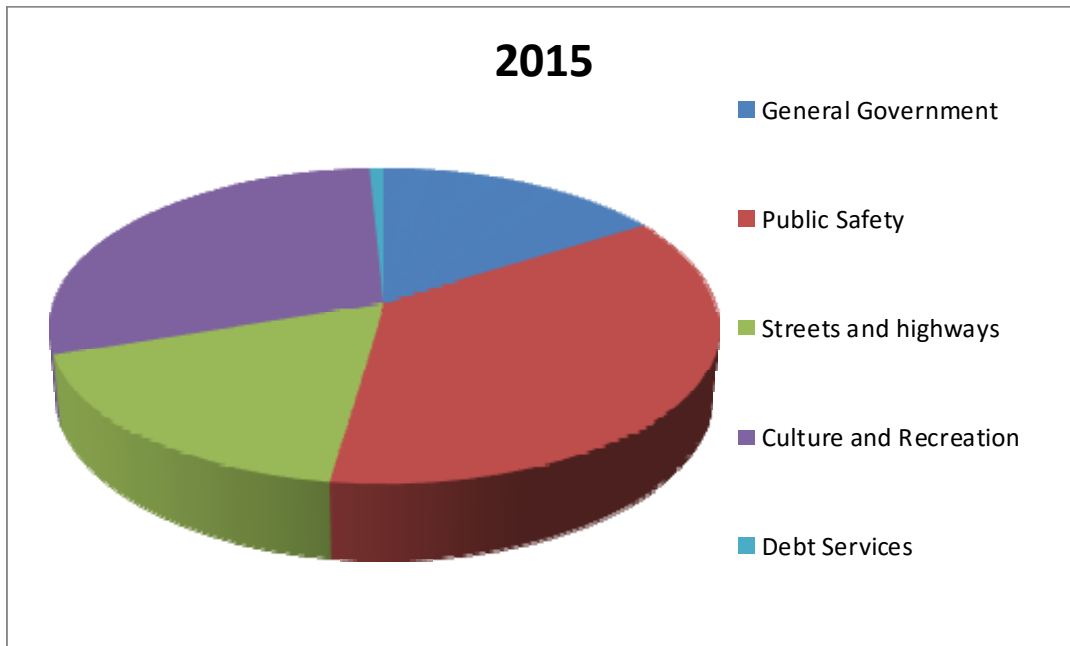
	2012	2013	2014	2015	2016
Sale of capital assets	-	-	110,090	-	13,363
Transfers in	256,827	34,000	-	15,000	2,500
Transfers out	-	(300,000)	-	-	-
TOTAL	256,827	(266,000)	110,090	15,000	15,863

General Fund

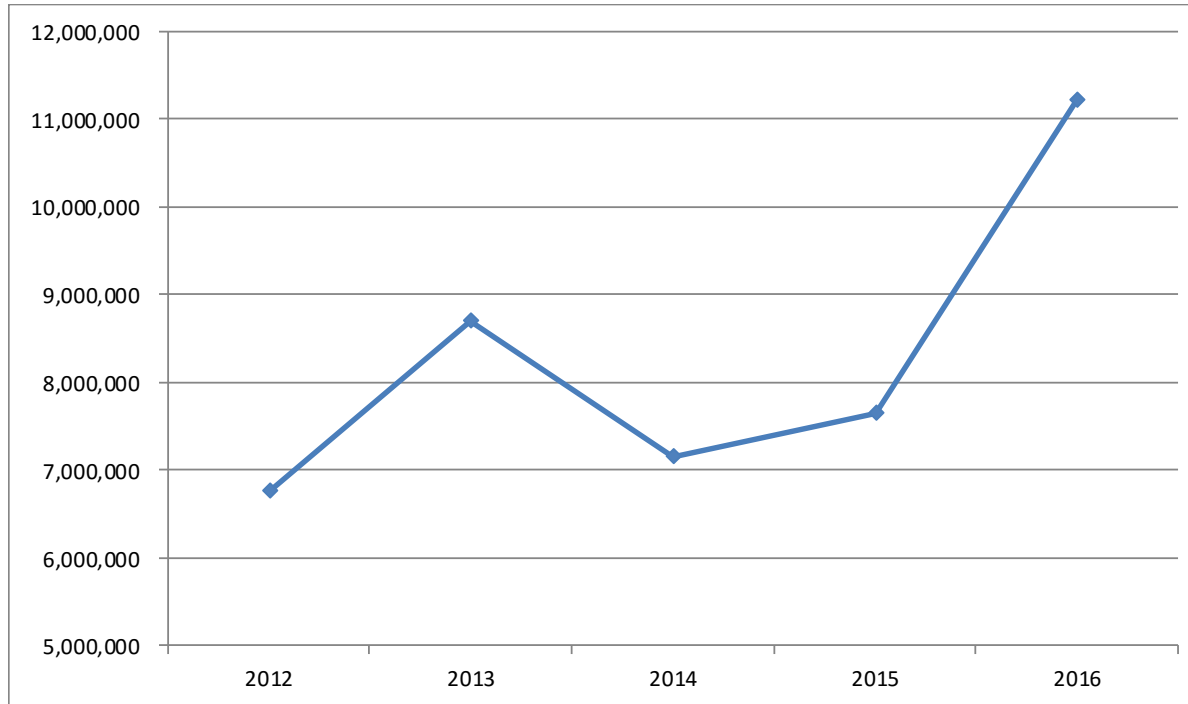
Expenses



	2015		2016		Change
General Government	\$ 366,030	16.0%	\$ 389,911	17.2%	\$ 23,881
Public Safety	827,127	36.2%	872,318	38.5%	45,191
Streets and highways	405,303	17.7%	451,751	19.9%	46,448
Culture and Recreation	670,071	29.3%	486,534	21.5%	(183,537)
Debt Services	17,650	0.8%	65,000	2.9%	47,350
Total	\$ 2,286,181		\$ 2,265,514		\$ (20,667)



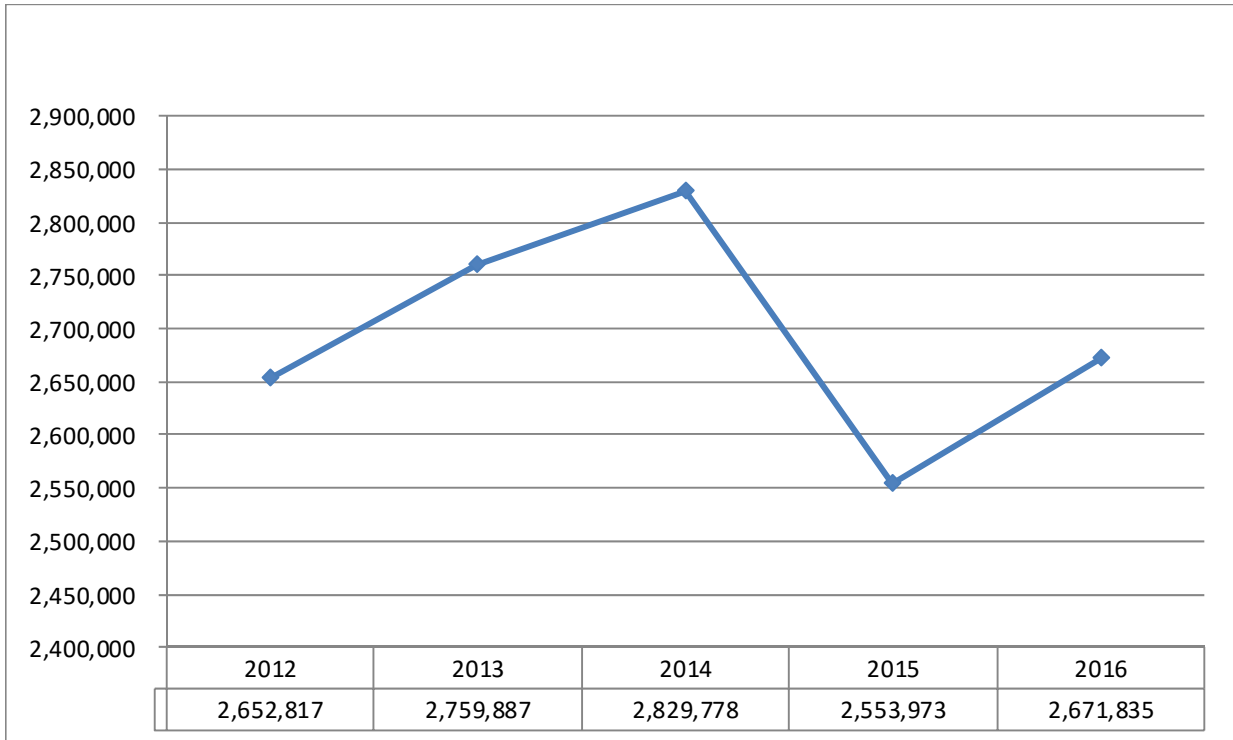
Governmental Fund Debt



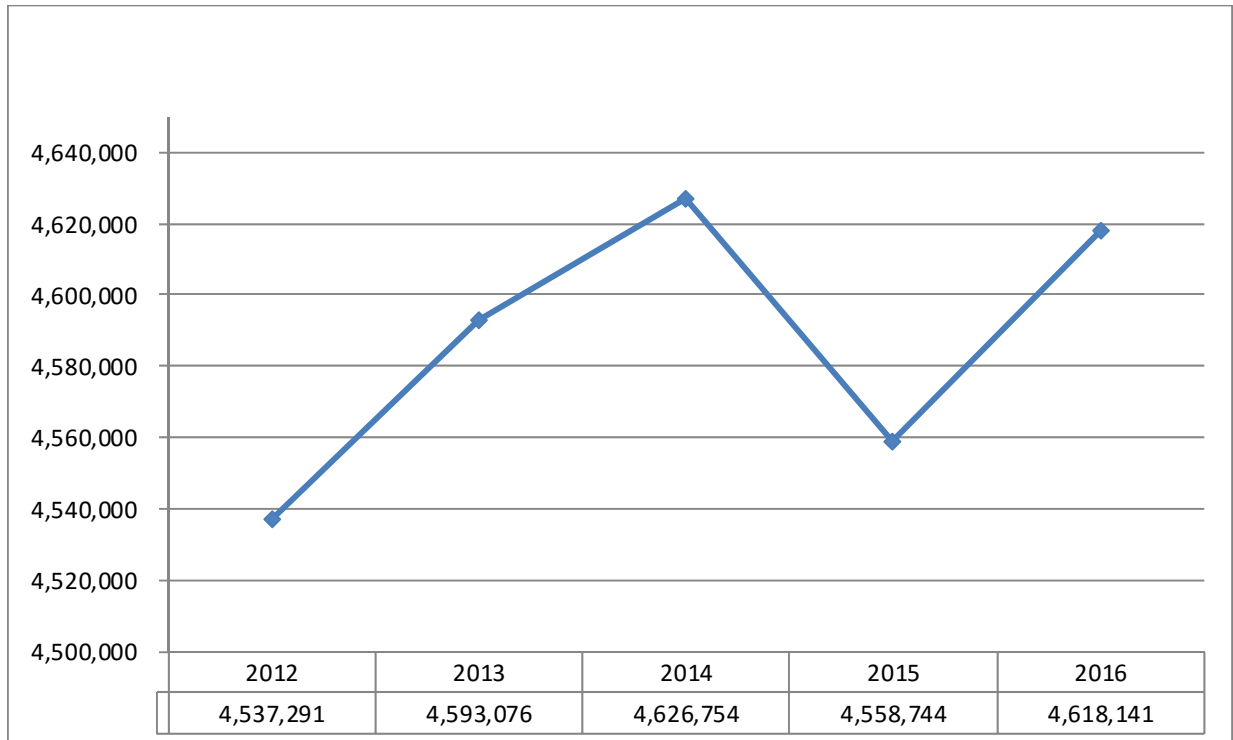
	2012	2013	2014	2015	2016
G.O. Improvement Bonds of 2005A	1,810,000	350,000	-	-	-
G.O. Improvement Bonds of 2006A	235,000	190,000	145,000	100,000	50,000
G.O. Improvement Bonds of 2007A	1,240,000	1,055,000	-	-	-
G.O. Improvement Bonds of 2009A	940,000	940,000	940,000	935,000	930,000
G.O. Improvement Bonds of 2011A	1,150,000	1,150,000	1,140,000	770,000	390,000
G.O. Improvement Bonds of 2012A	1,385,000	1,385,000	1,315,000	1,230,000	1,145,000
G.O. Improvement Bonds of 2013A	-	885,000	885,000	670,000	450,000
G.O. Improvement Bonds of 2013B	-	2,735,000	2,735,000	2,605,000	2,445,000
G.O. Improvement Bonds of 2015A	-	-	-	1,335,000	1,335,000
G.O. Improvement Bonds of 2016A	-	-	-	-	1,625,000
G.O. Improvement Bonds of 2016B	-	-	-	-	1,835,000
G.O. Improvement Bonds of 2016C	-	-	-	-	1,000,000
Total	6,760,000	8,690,000	7,160,000	7,645,000	11,205,000

Water Fund

Cash and Investments

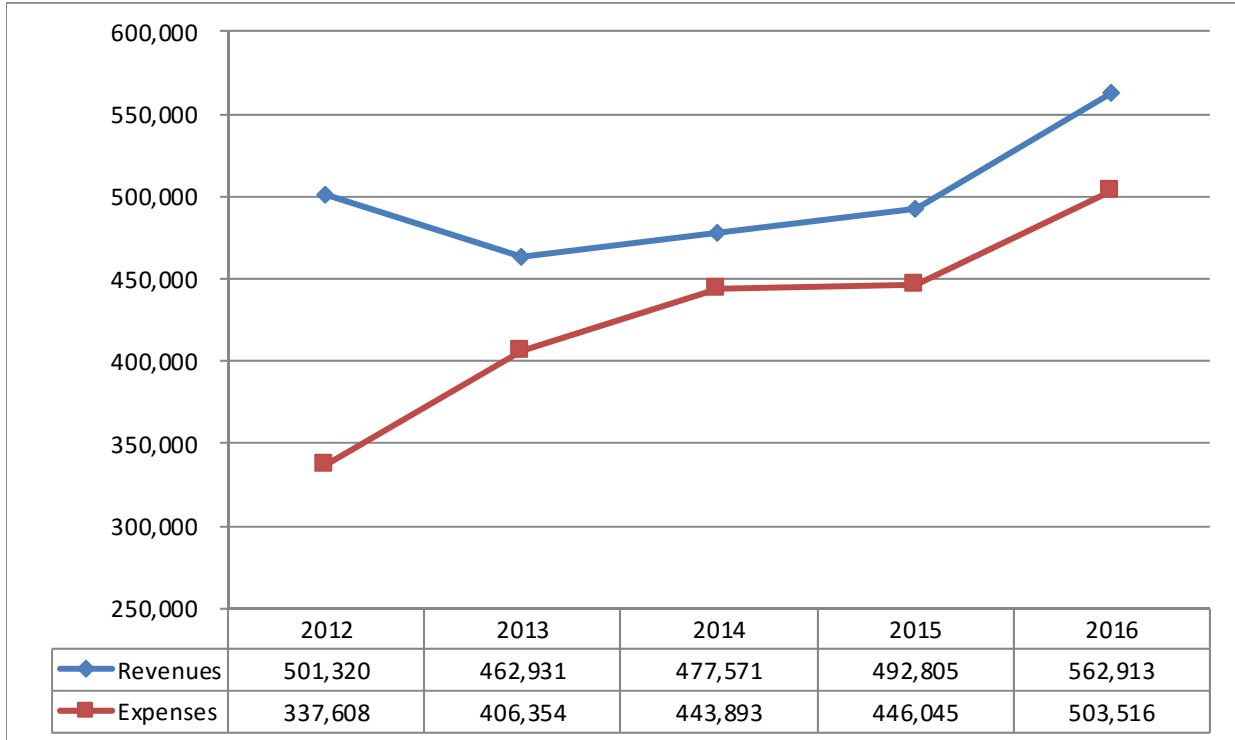


Net Position



Water Fund

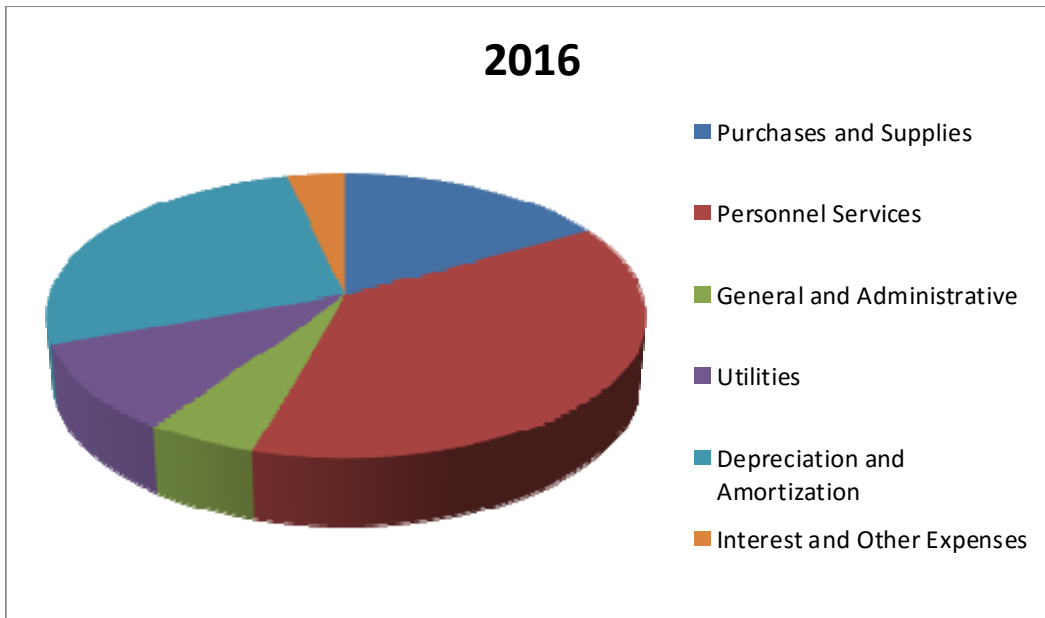
Revenues and Expenses



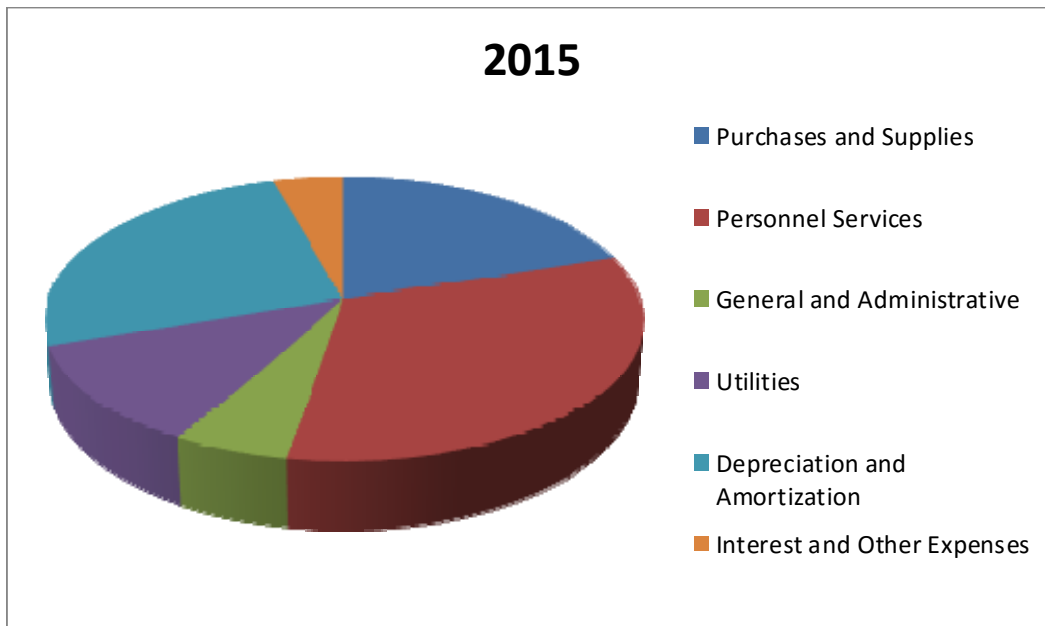
	2015	2016	Change
Sales and service	\$ 399,283	\$ 412,033	\$ 12,750
Miscellaneous operating revenues	26,235	25,547	(688)
Connection fees	65,200	121,500	56,300
Interest revenue	638	1,954	1,316
Miscellaneous	1,449	1,879	430
	\$ 492,805	\$ 562,913	\$ 70,108

Water Fund

Expenses

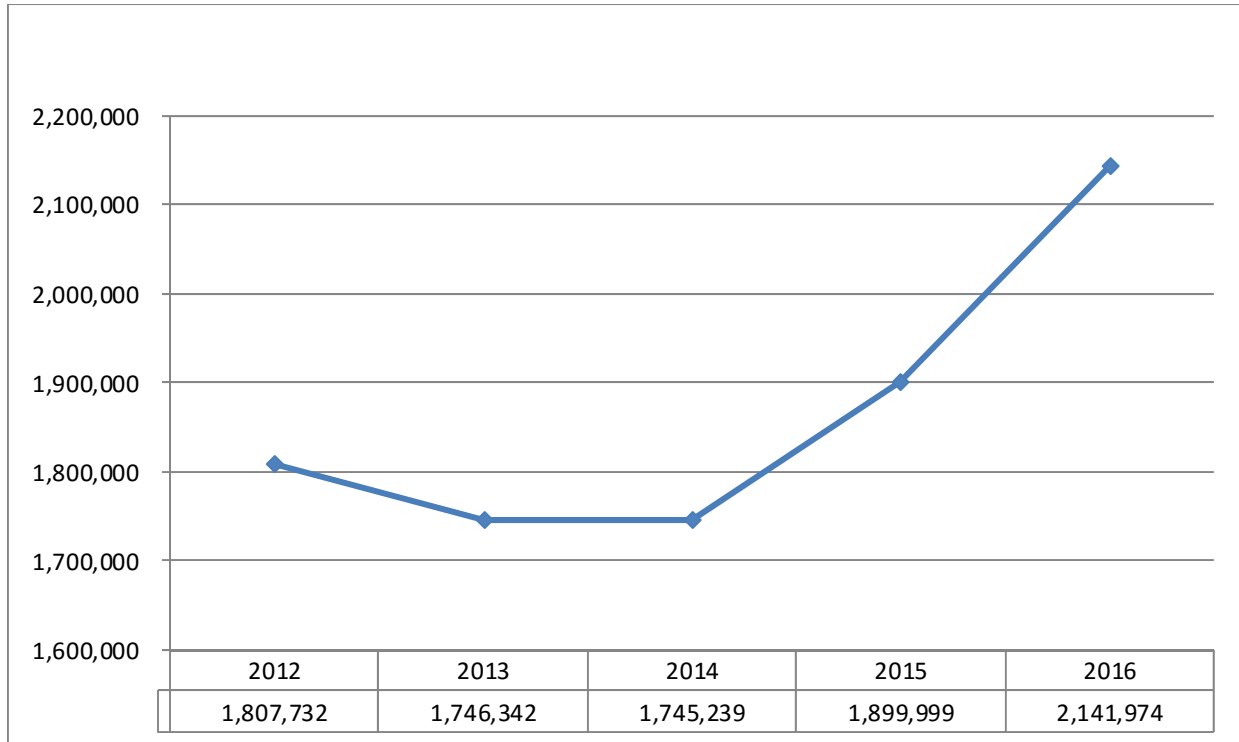


	2015		2016		Change
Purchases and Supplies	\$ 89,186	20.0%	\$ 85,159	16.9%	\$ (4,027)
Personnel Services	145,780	32.7%	188,432	37.4%	42,652
General and Administrative	24,372	5.5%	26,541	5.3%	2,169
Utilities	52,450	11.8%	50,919	10.1%	(1,531)
Depreciation and Amortization	114,673	25.6%	134,170	26.7%	19,497
Interest and Other Expenses	19,584	4.4%	18,295	3.6%	(1,289)
Total	\$ 446,045		\$ 503,516		\$ 57,471

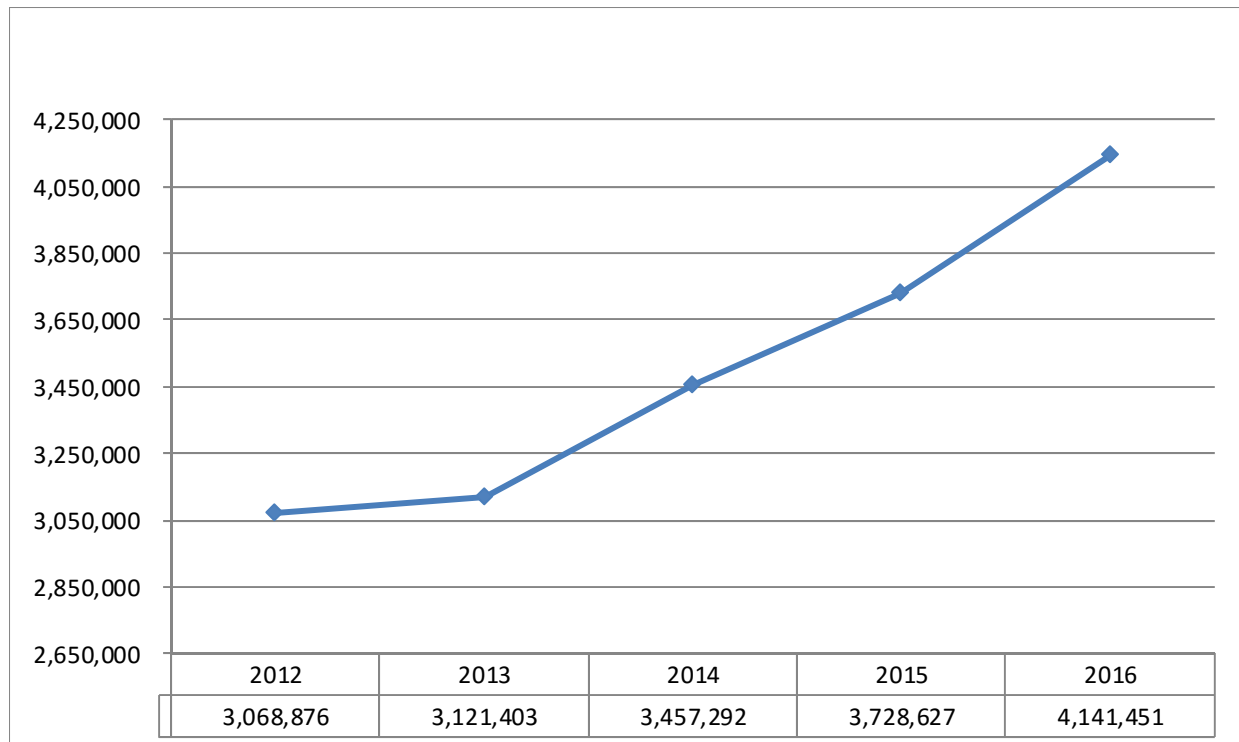


Sewer Fund

Cash and Investments

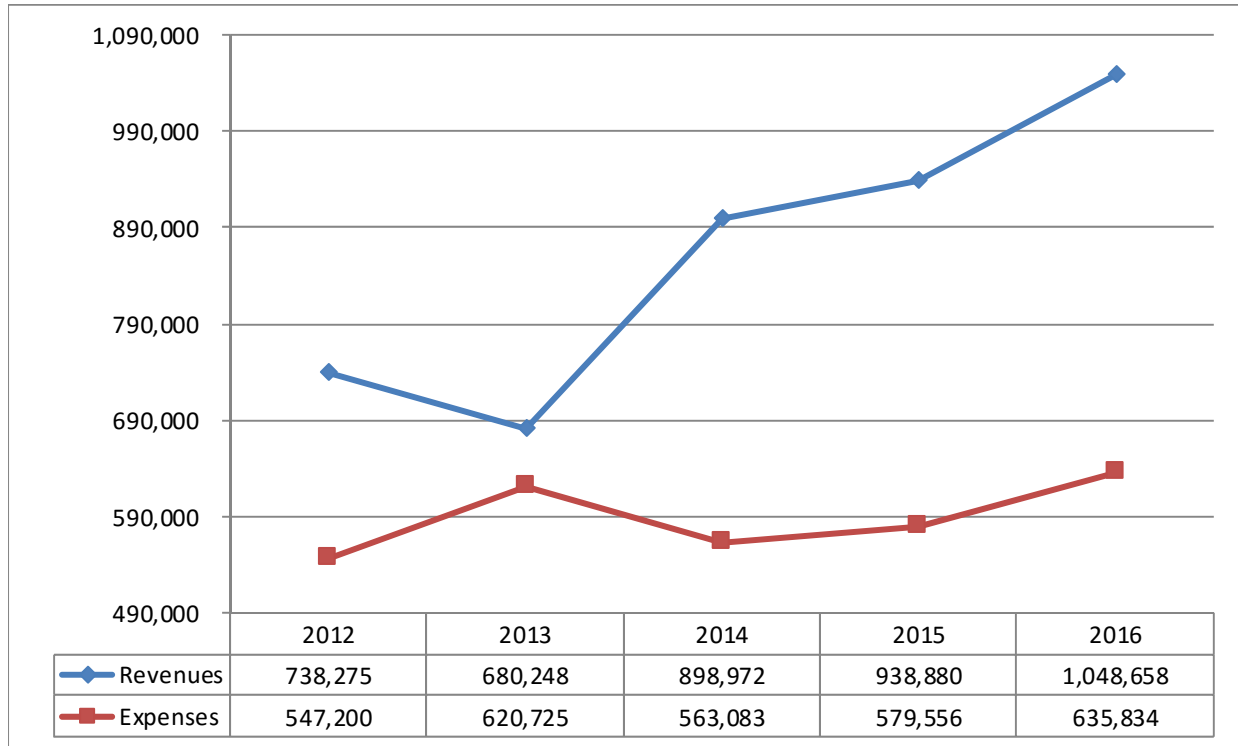


Net Position



Sewer Fund

Revenues and Expenses

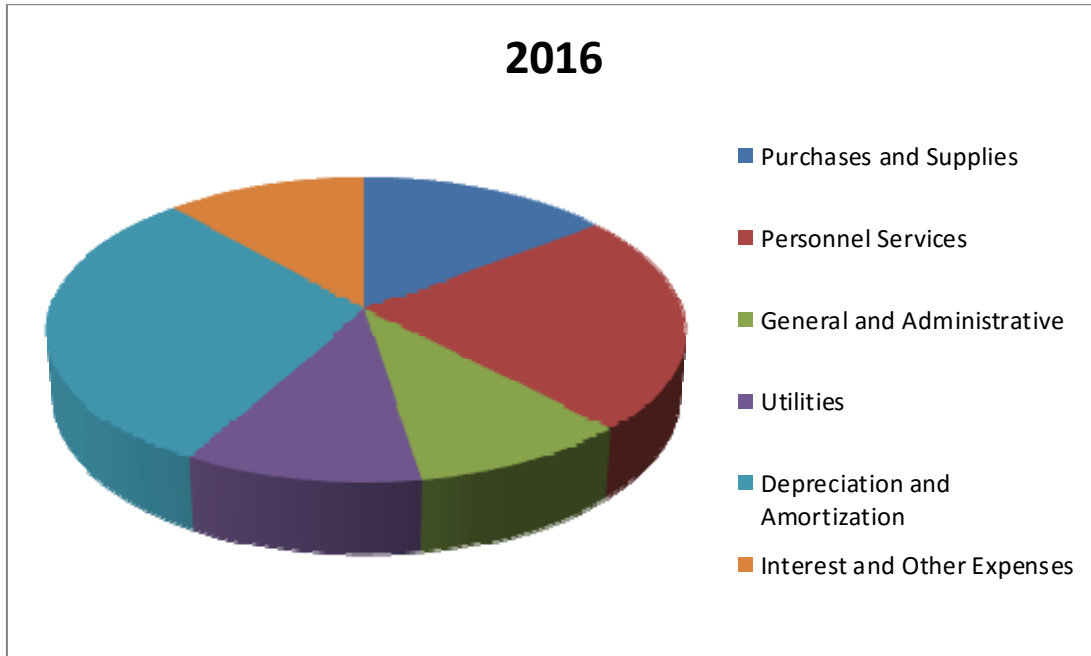


	2015	2016	Change
Sales and service	\$ 792,155	\$ 820,615	\$ 28,460
Miscellaneous operating revenues	40,413	31,396	(9,017)
Connection fees	95,500	183,750	88,250
Interest revenue	327	314	(13)
Miscellaneous	10,485	12,583	2,098
	\$ 938,880	\$ 1,048,658	\$ 109,778

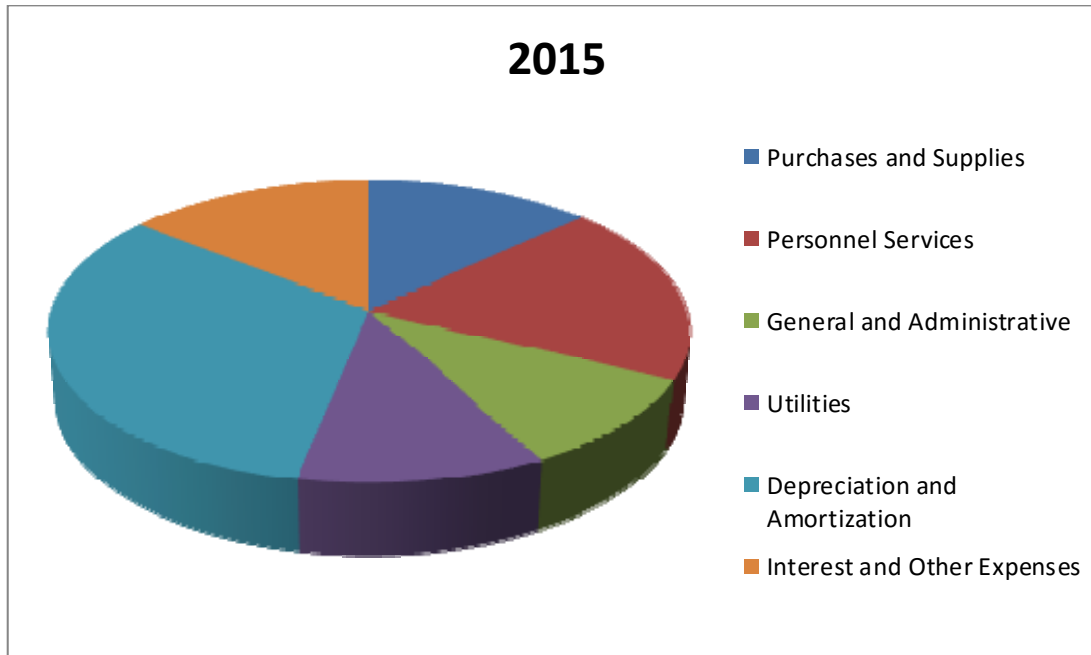
	2012	2013	2014	2015	2016
Contributed capital	(25,140)	-	-	-	-

Sewer Fund

Expenses

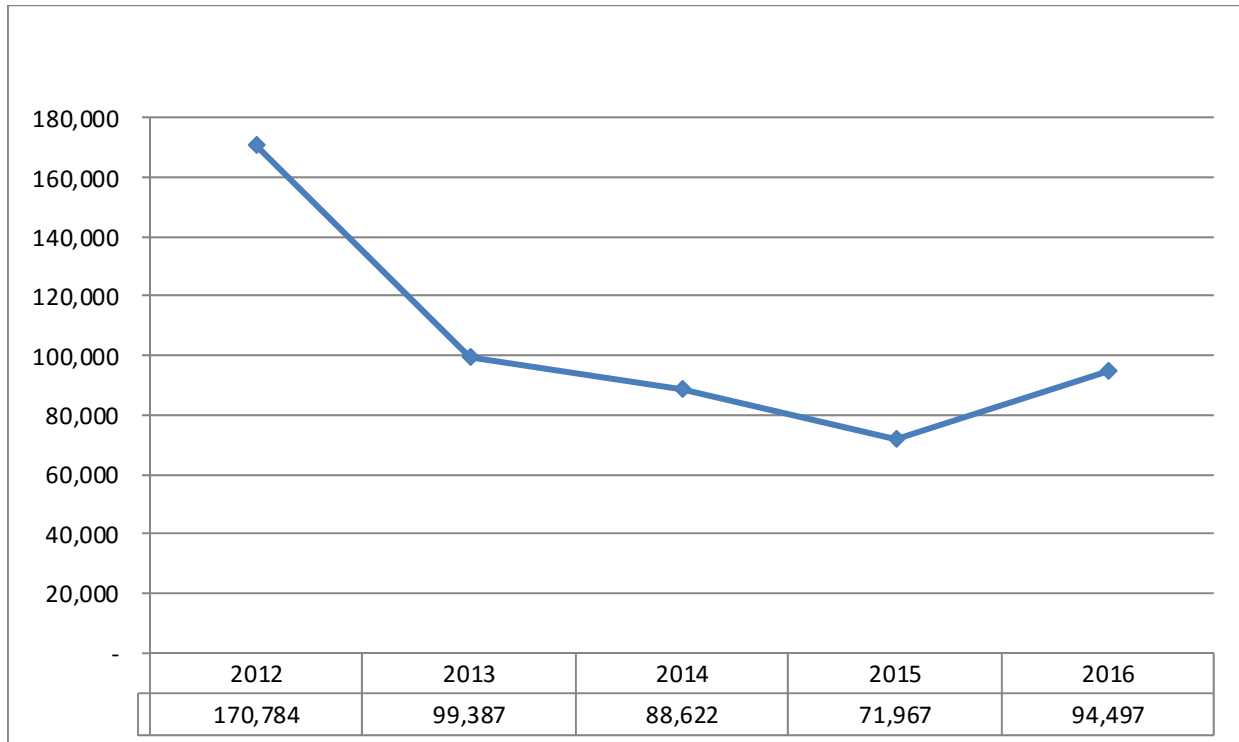


	2015		2016		Change
Purchases and Supplies	\$ 76,454	13.2%	\$ 93,172	14.7%	\$ 16,718
Personnel Services	110,746	19.1%	146,155	23.0%	35,409
General and Administrative	56,644	9.8%	62,925	9.9%	6,281
Utilities	63,996	11.0%	67,361	10.6%	3,365
Depreciation and Amortization	188,086	32.5%	191,927	30.1%	3,841
Interest and Other Expenses	83,630	14.4%	74,294	11.7%	(9,336)
Total	\$ 579,556		\$ 635,834		\$ 56,278

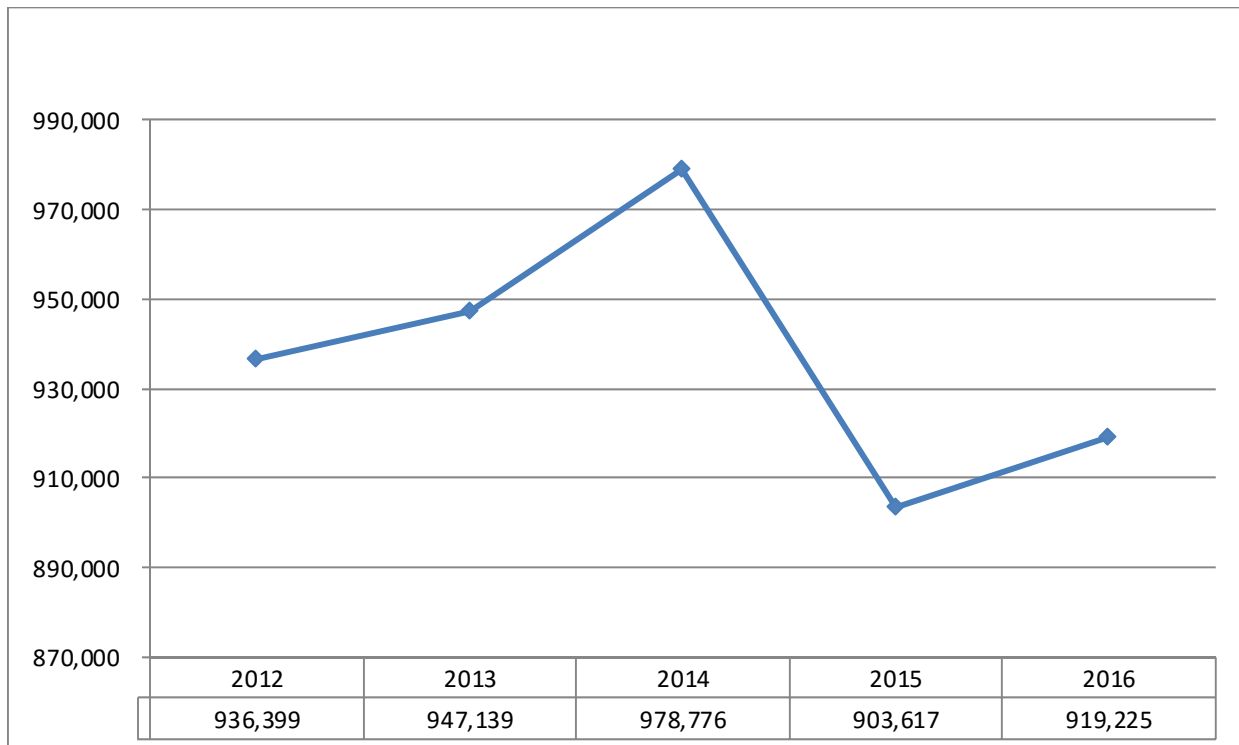


Liquor Fund

Cash and Investments

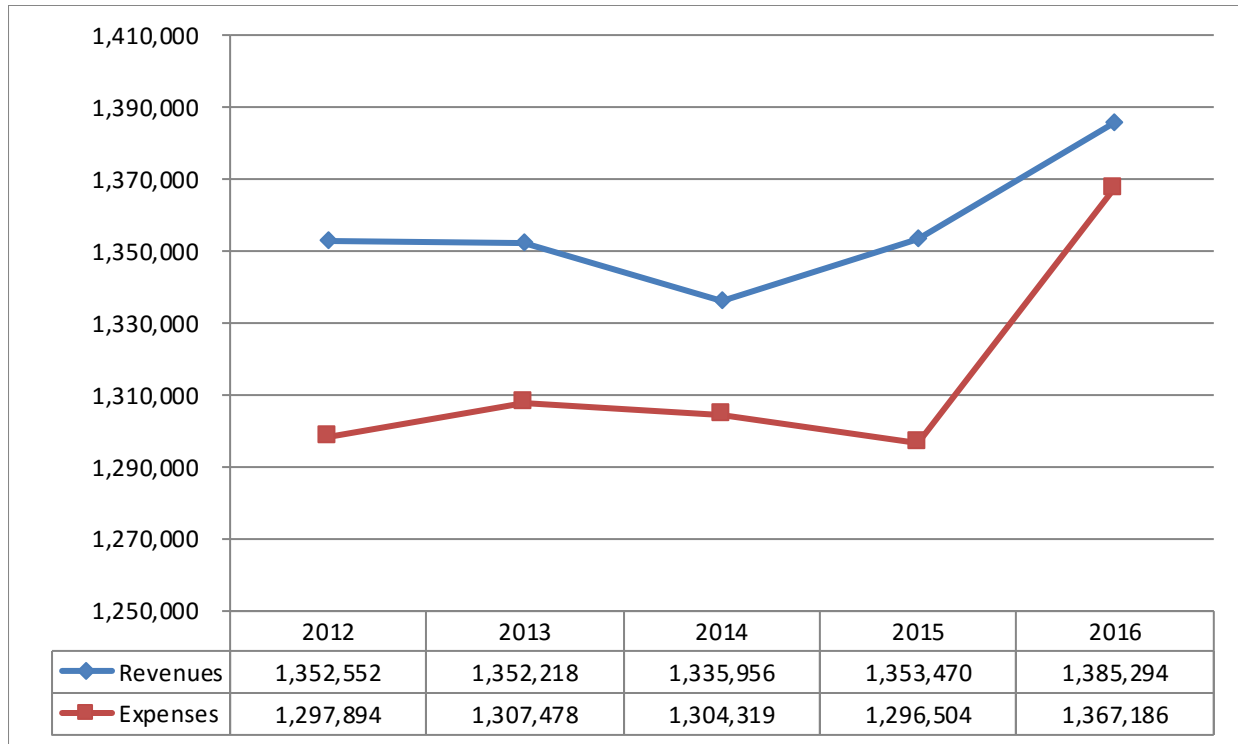


Net Position



Liquor Fund

Revenues and Expenses

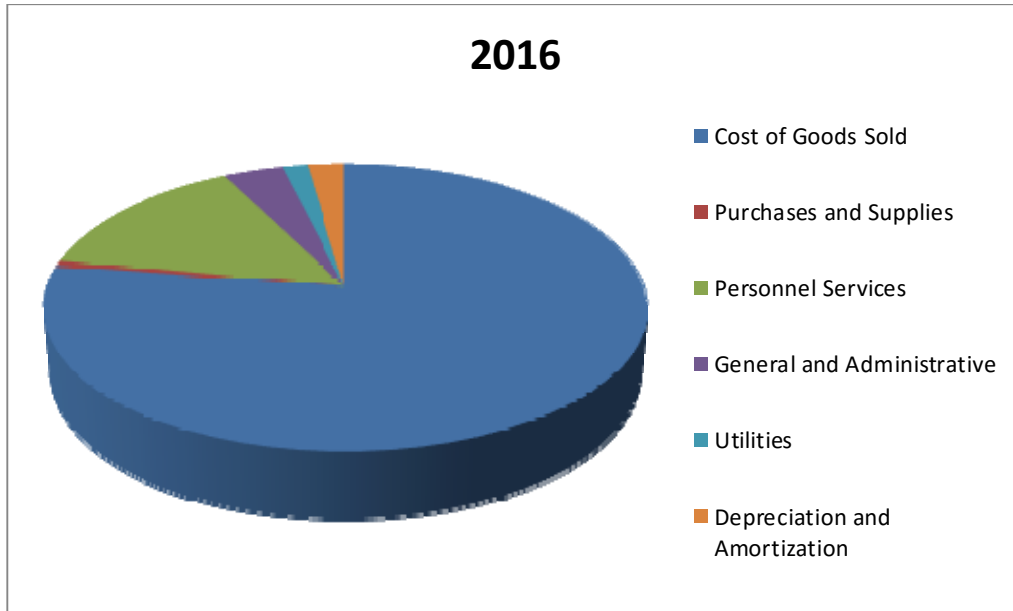


	2015	2016	Change
Sales and service	\$ 1,352,582	\$ 1,384,488	\$ 31,906
Miscellaneous operating revenues	850	800	(50)
Interest revenue	4	6	2
Miscellaneous	34	-	(34)
	\$ 1,353,470	\$ 1,385,294	\$ 31,824

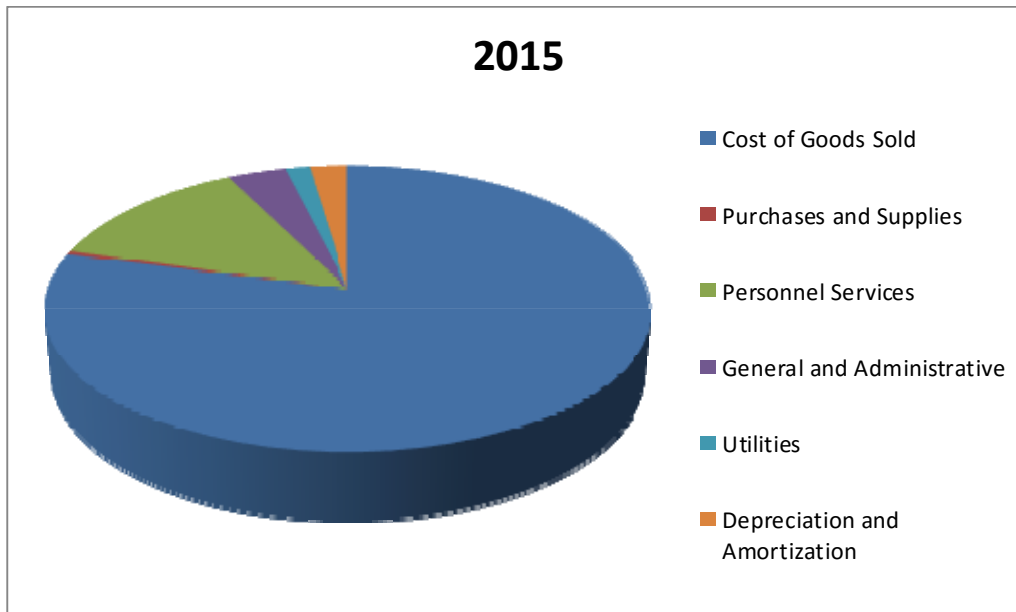
	2012	2013	2014	2015	2016
Transfers out	-	(34,000)	-	(5,000)	(2,500)

Liquor Fund

Expenses



	2015		2016		Change
Cost of Goods Sold	\$ 1,025,583	79.1%	\$ 1,058,565	77.3%	\$ 32,982
Purchases and Supplies	5,092	0.4%	9,351	0.7%	4,259
Personnel Services	169,541	13.1%	196,841	14.4%	27,300
General and Administrative	46,574	3.6%	50,009	3.7%	3,435
Utilities	19,464	1.5%	21,345	1.6%	1,881
Depreciation and Amortization	30,250	2.3%	31,075	2.3%	825
Total	\$ 1,296,504		\$ 1,367,186		\$ 70,682



Proprietary Fund Debt

	2012	2013	2014	2015	2016
G.O. Revenue (PFA) Bonds of 2003	4,223,791	3,882,791	3,533,791	3,176,791	2,810,791
Liquor fund due to Sewer Fund	400,000	300,000	200,000	150,000	99,600
2011 PFA Loan	1,205,211	1,148,000	1,090,000	1,030,000	969,000
G.O. Sewer and Water Refunding Bonds of 2010A	301,000	243,000	182,000	122,000	63,000
TOTAL	6,130,002	5,573,791	5,005,791	4,478,791	3,942,391

	2012	2013	2014	2015	2016
Water Fund	1,255,211	1,188,000	1,120,000	1,050,000	979,000
Sewer Fund	4,474,791	4,085,791	3,685,791	3,278,791	2,863,791
Liquor Fund	400,000	300,000	200,000	150,000	99,600
TOTAL	6,130,002	5,573,791	5,005,791	4,478,791	3,942,391

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

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

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