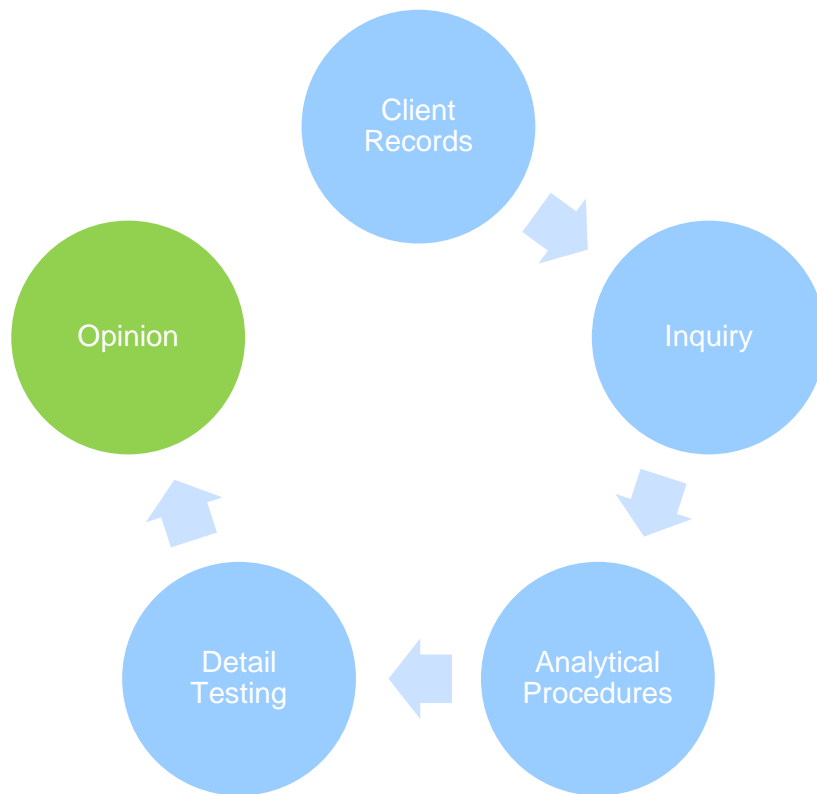


City of Lonsdale, Minnesota

Presentation of the Audited Financial
Statements

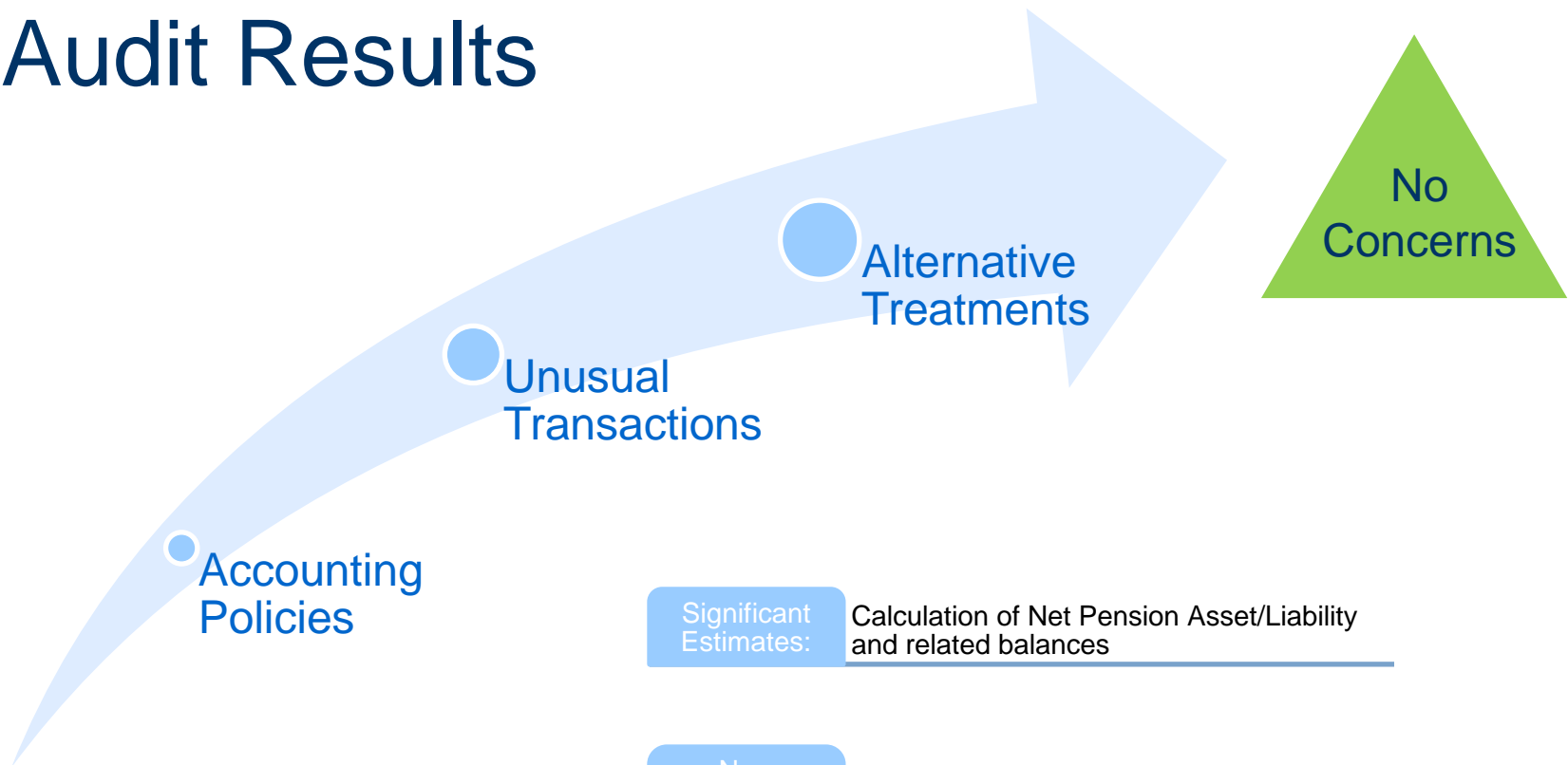
December 31, 2017

Audit Process



- We are expressing an unmodified (clean) opinion on your City's financial statements

Audit Results



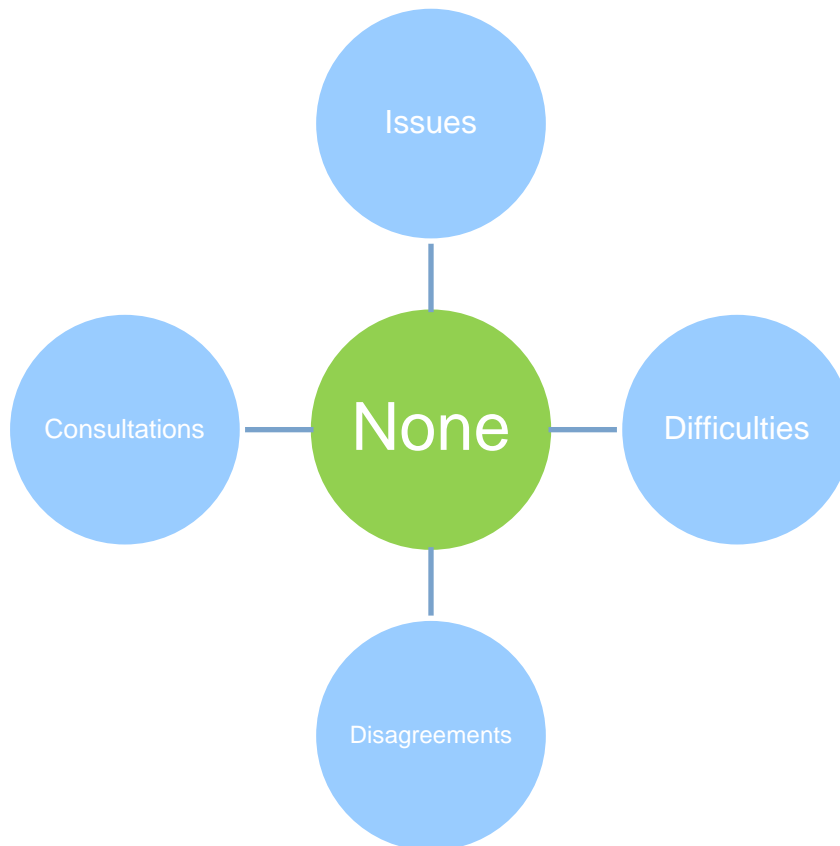
Significant
Estimates:

Calculation of Net Pension Asset/Liability
and related balances

New
Accounting
Standards:

None

Audit Results (Continued)



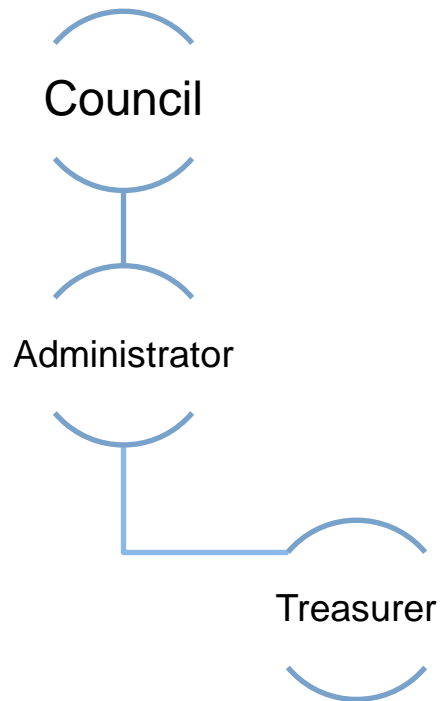
- We have a positive working relationship with the City's management and personnel.

Internal Controls – Material Weakness

- We proposed adjustments to assist with year-end cash to accrual entries and various other corrections

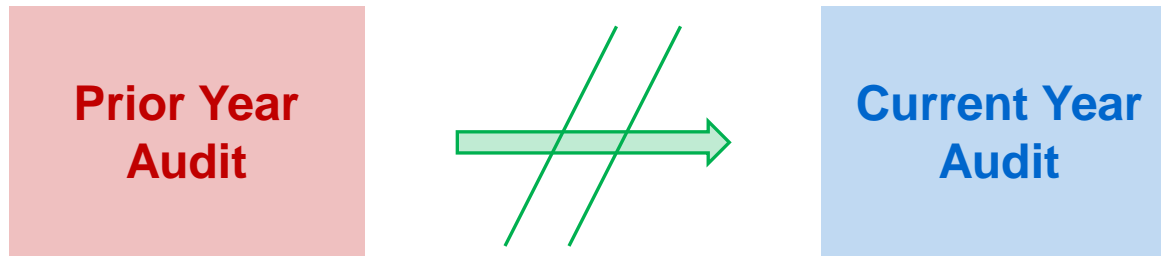


Internal Controls – Material Weakness



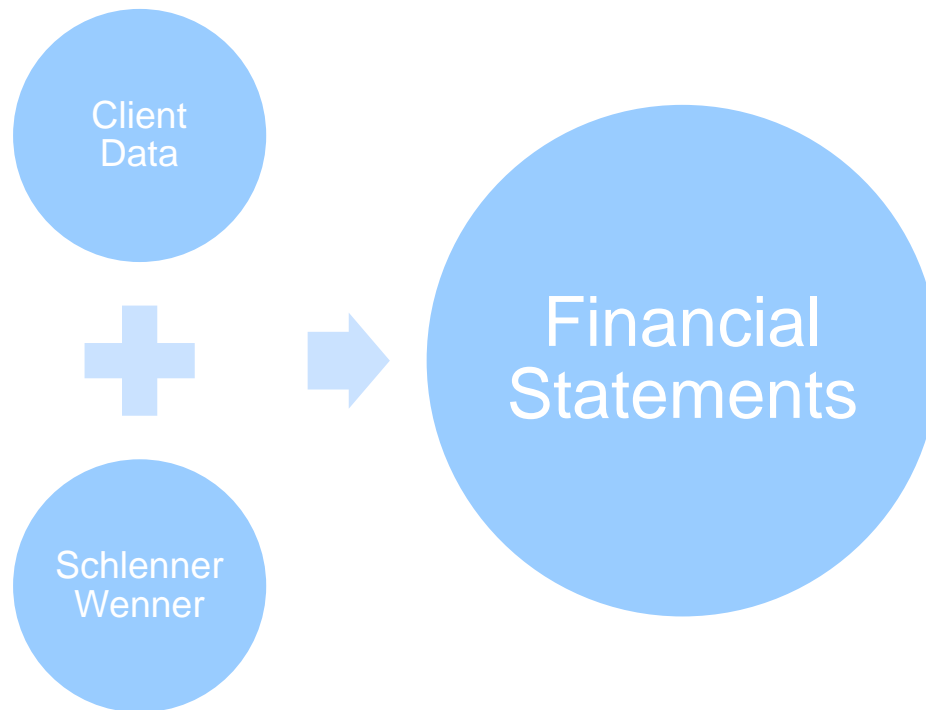
- Your City has a lack of proper segregation of duties, which is very common for a City of your size.

Internal Controls – Material Weakness



- We have restated last year's financial information in the current year audit:
 - Deferred revenue improperly recorded for loans receivable
 - Forgivable loans being written off over time, to reflect actual practices
 - Construction costs expensed that should have been capitalized
 - Net Pension Asset recorded for the affiliated fire relief association

Internal Controls – Significant Deficiency



- ❑ Schlenner Wenner and Co. prepares your City's financial statements

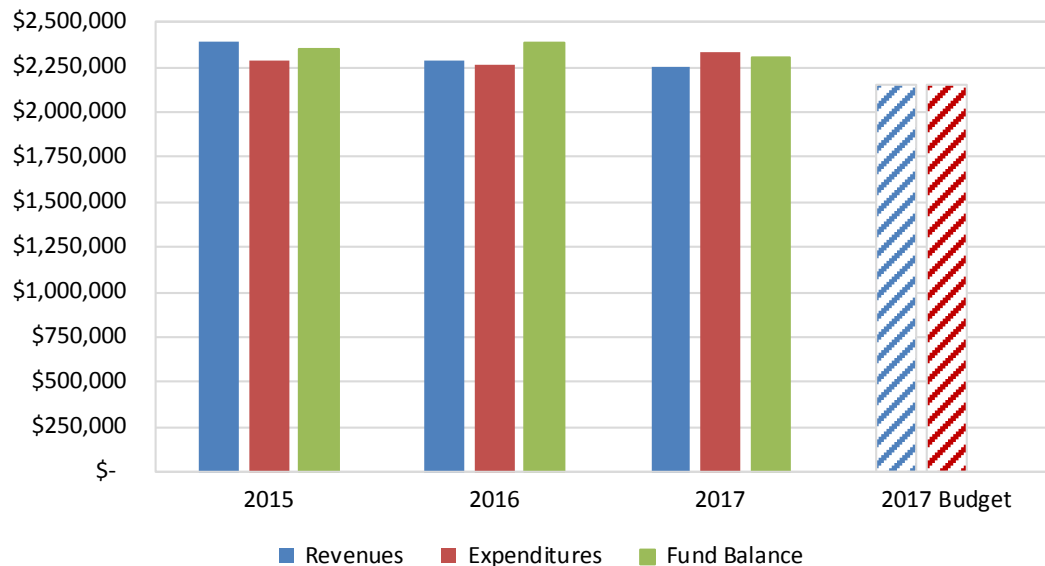
Minnesota Legal Compliance



No Noncompliance
Identified

Financial Highlights

General Fund – Revenues and Expenditures

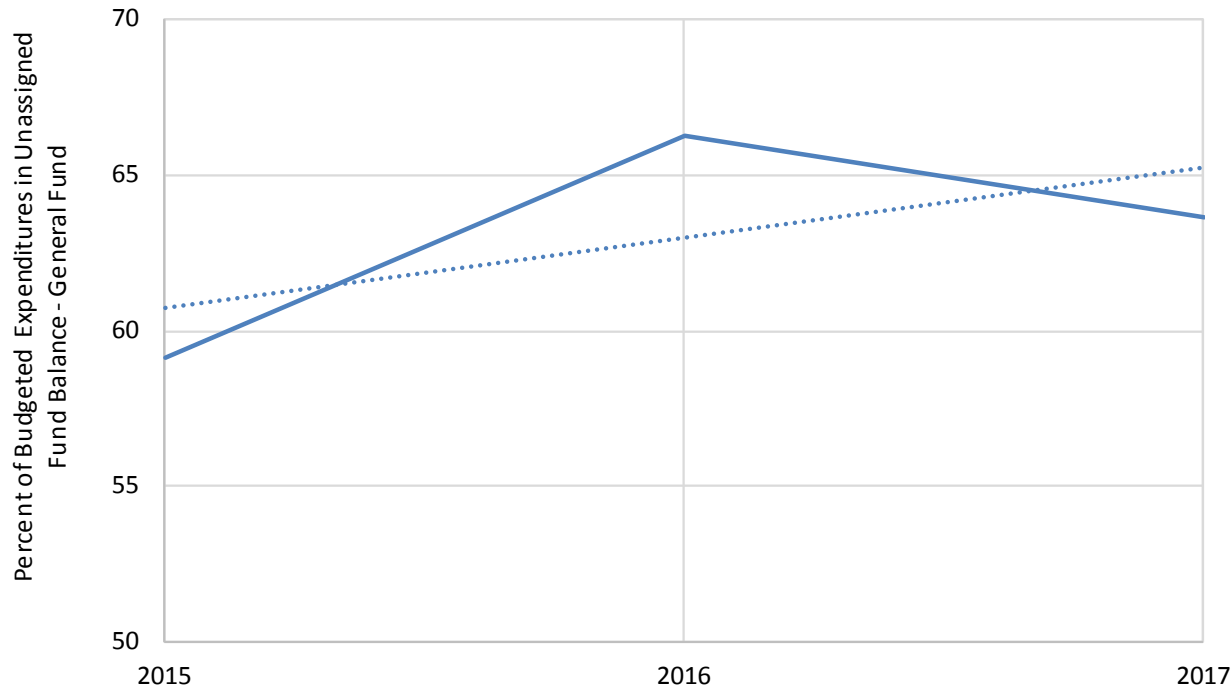


- Revenues exceeded budget primarily due greater State aids and donations received
- Expenses exceeded budget due to various improvement projects
 - Pond View Drive

	2015	2016	2017	2017 Budget
Revenues	\$ 2,386,506	\$ 2,280,470	\$ 2,248,204	\$ 2,148,531
Expenditures	2,286,181	2,265,514	2,336,992	2,148,840
Other Sources	15,000	15,863	1,500	-
Change in Fund Balance	115,325	30,819	(87,288)	(309)
Fund Balance	\$ 2,355,134	\$ 2,385,953	\$ 2,298,665	\$ -

Financial Highlights

General Fund – Percent of Expenditures in Unassigned Fund Balance

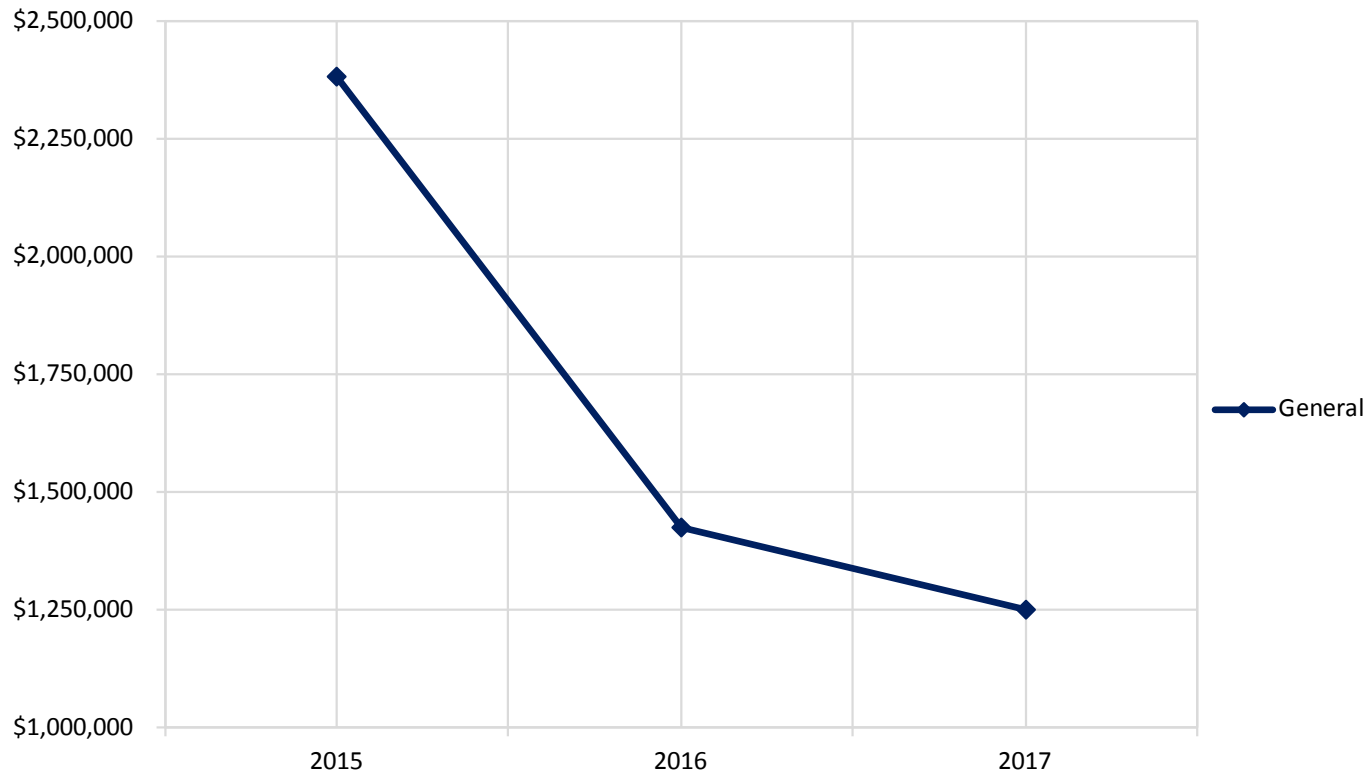


Year	%
2015	59.1
2016	66.3
2017	63.6

- City policy is to maintain a minimum unassigned general fund balance equal to approximately five months or 42% of the prior year's expenditures

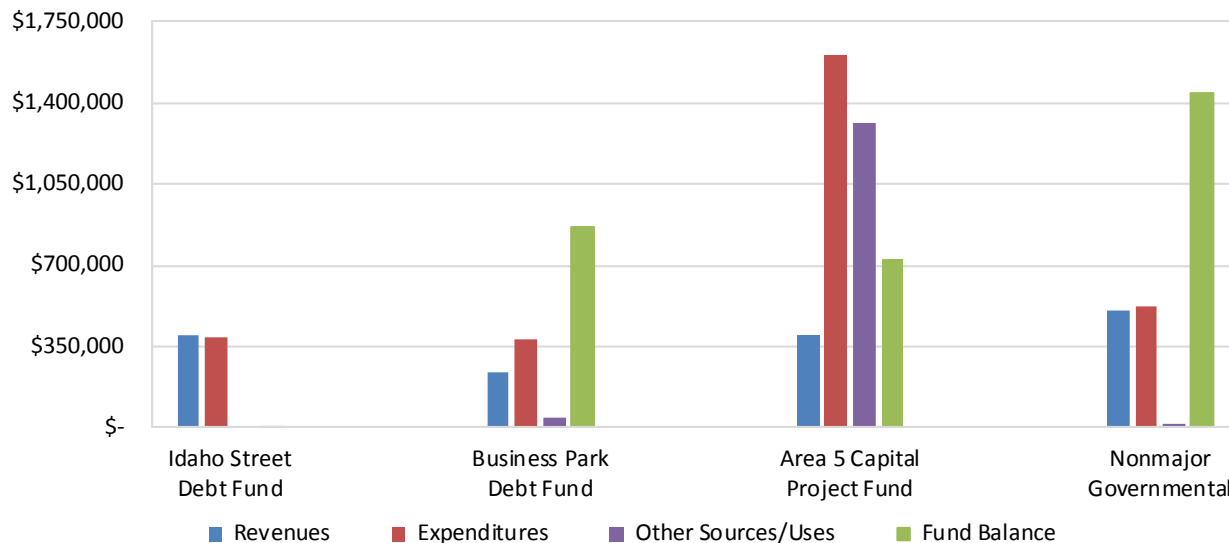
Financial Highlights

General Fund – Cash Trend Analysis



Financial Highlights

Remaining Governmental Funds – Revenues and Expenditures

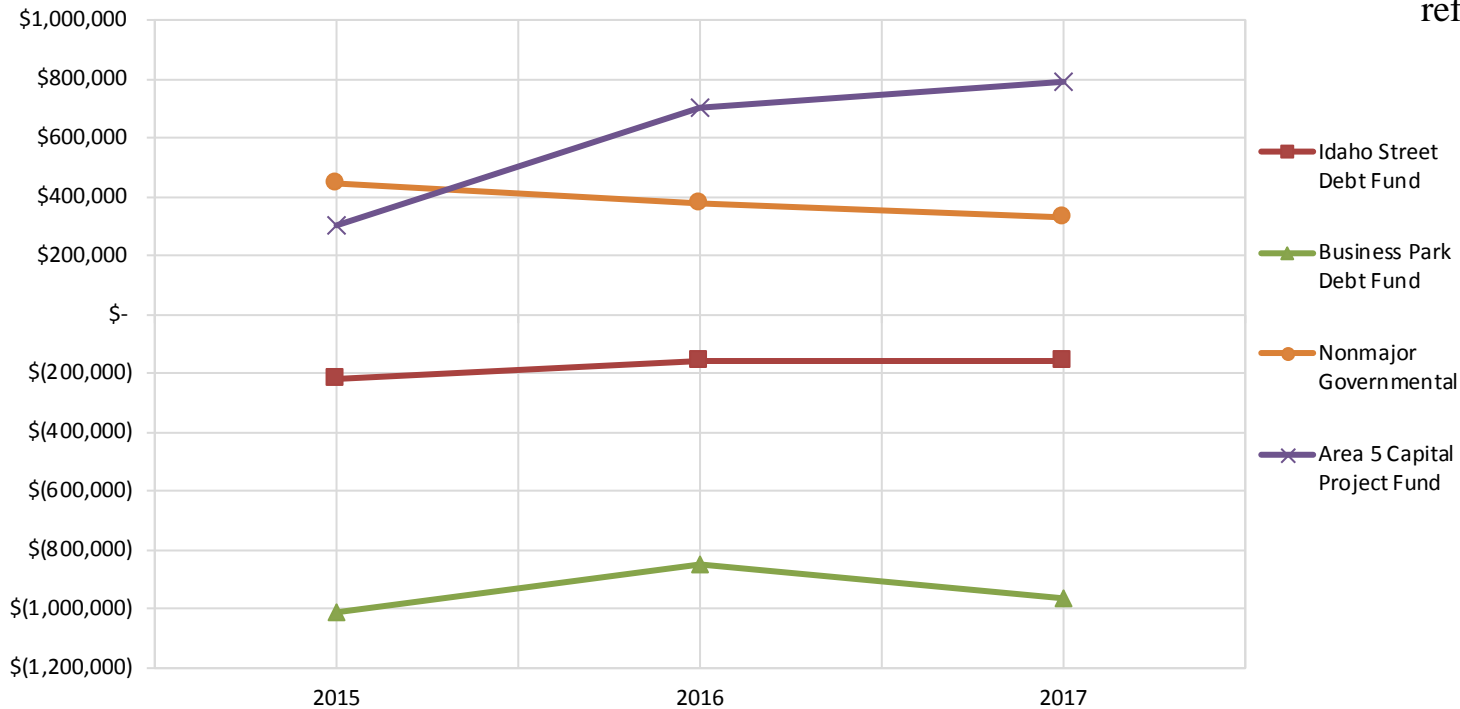


	Idaho Street Debt Fund	Business Park Debt Fund	Area 5 Capital Project Fund	Nonmajor Governmental
Revenues	\$ 396,042	\$ 242,959	\$ 394,594	\$ 503,509
Expenditures	393,900	380,679	1,608,946	523,792
Other Sources/Uses	-	48,098	1,315,355	14,130
Change in Fund Balance	2,142	(89,622)	101,003	(6,153)
Fund Balance	\$ (154,463)	\$ 868,002	\$ 723,100	\$ 1,437,688

Financial Highlights

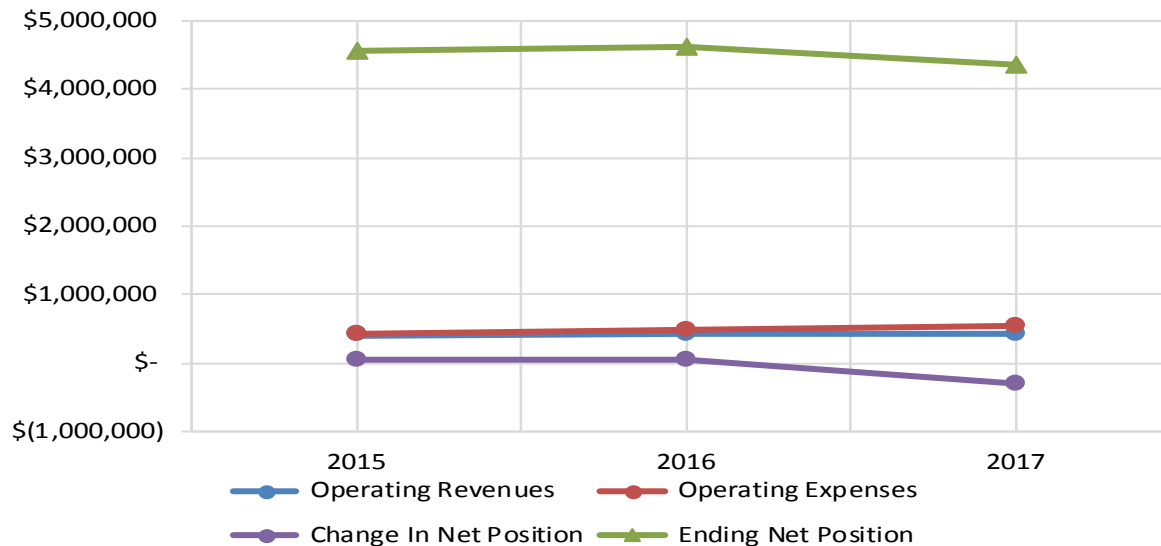
Governmental Funds – Cash Trend Analysis

- Excludes cash in escrow for future bond refunding.



Financial Highlights

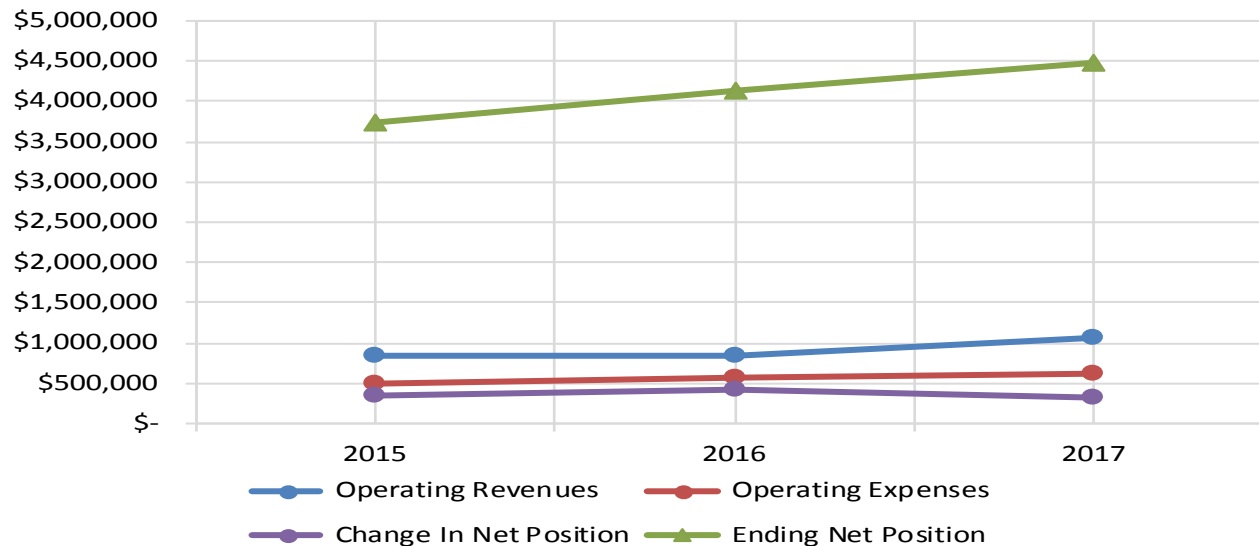
Water Fund – Historical Trends



	2015	2016	2017
Operating Revenues	\$ 425,518	\$ 437,580	\$ 443,320
Operating Expenses	426,461	485,221	541,426
Operating Income (Loss)	(943)	(47,641)	(98,106)
Nonoperating Revenues & Transfers In	67,287	125,333	184,855
Nonoperating Expenses & Transfers Out	19,584	18,295	374,318
Change In Net Position	46,760	59,397	(287,569)
Ending Net Position	\$ 4,558,744	\$ 4,618,141	\$ 4,352,147

Financial Highlights

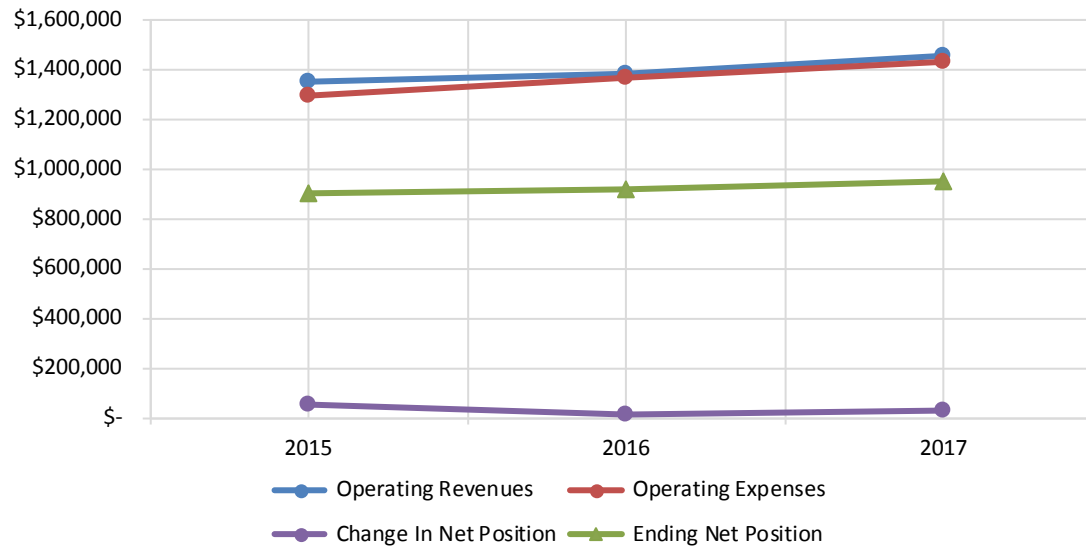
Sewer Fund – Historical Trends



	2015	2016	2017
Operating Revenues	\$ 832,568	\$ 852,011	\$ 1,069,069
Operating Expenses	495,926	561,540	626,533
Operating Income (Loss)	336,642	290,471	442,536
Nonoperating Revenues & Transfers In	106,312	196,647	25,966
Nonoperating Expenses & Transfers Out	83,630	74,294	138,086
Change In Net Position	359,324	412,824	330,416
Ending Net Position	\$ 3,728,627	\$ 4,141,451	\$ 4,476,791

Financial Highlights

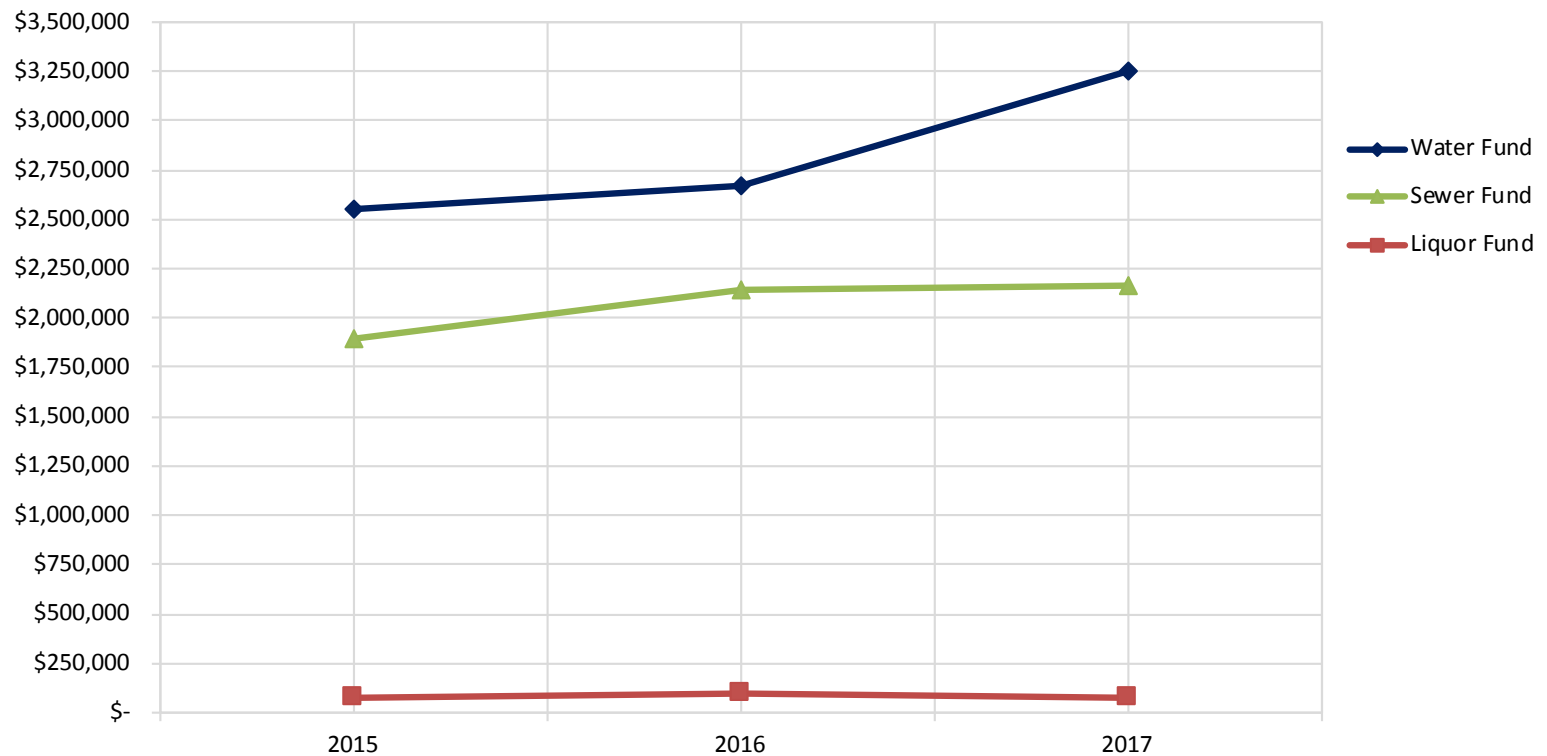
Liquor Fund – Historical Trends



	2015	2016	2017
Operating Revenues	\$ 1,353,432	\$ 1,385,288	\$ 1,456,159
Operating Expenses	1,296,504	1,367,186	1,430,452
Operating Income (Loss)	56,928	18,102	25,707
Nonoperating Revenues & Transfers In	38	6	903
Nonoperating Expenses & Transfers Out	5,000	2,500	-
Change In Net Position	\$ 51,966	\$ 15,608	\$ 26,610
Ending Net Position	\$ 903,617	\$ 919,225	\$ 945,835

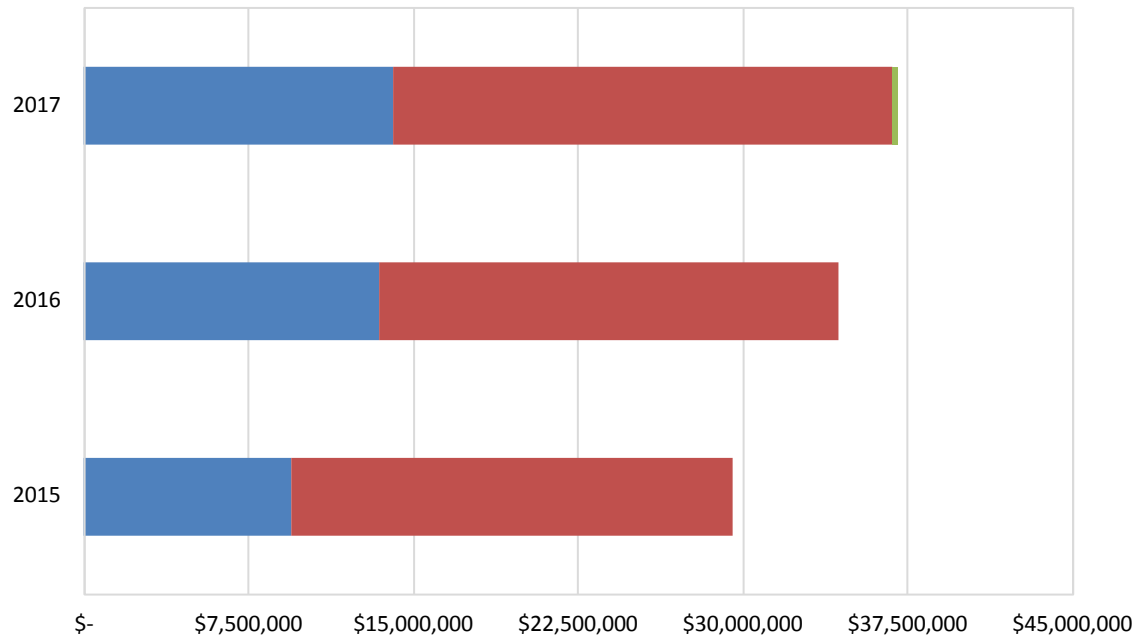
Financial Highlights

Proprietary Funds – Cash Trend Analysis



Financial Highlights

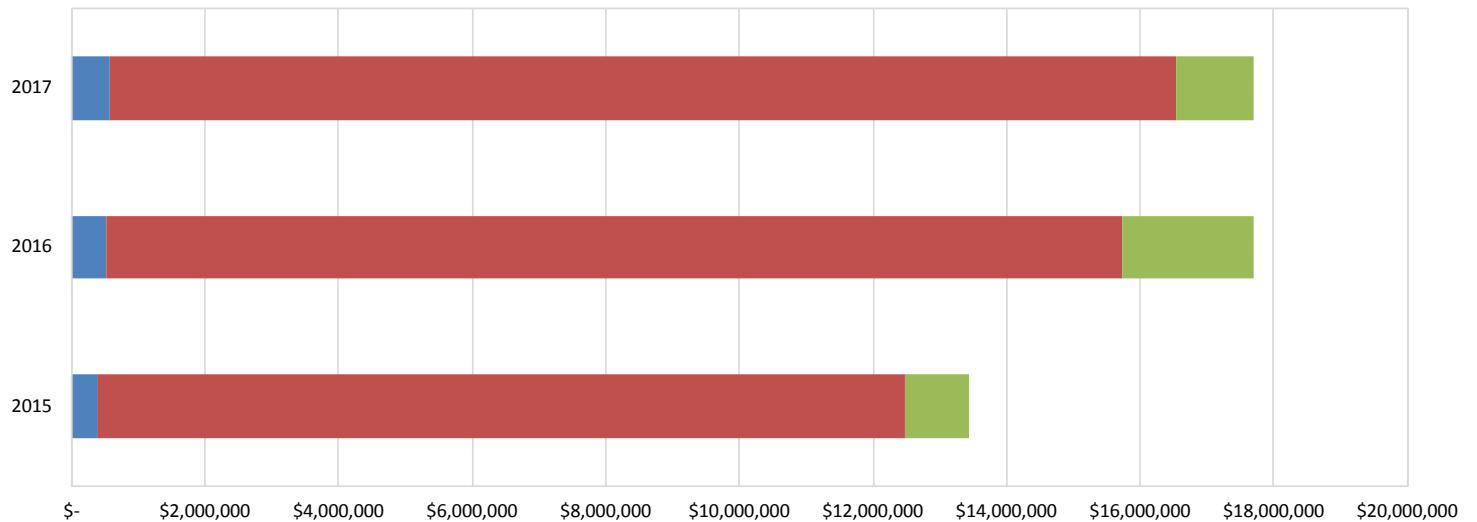
Total Government-Wide Assets



	2015	2016	2017
■ Current Assets	\$9,399,934	\$13,401,273	\$14,064,604
■ Capital/Noncurrent	20,108,041	20,932,141	22,738,510
■ Net Pension Asset	-	-	298,684

Financial Highlights

Total Government-Wide Liabilities

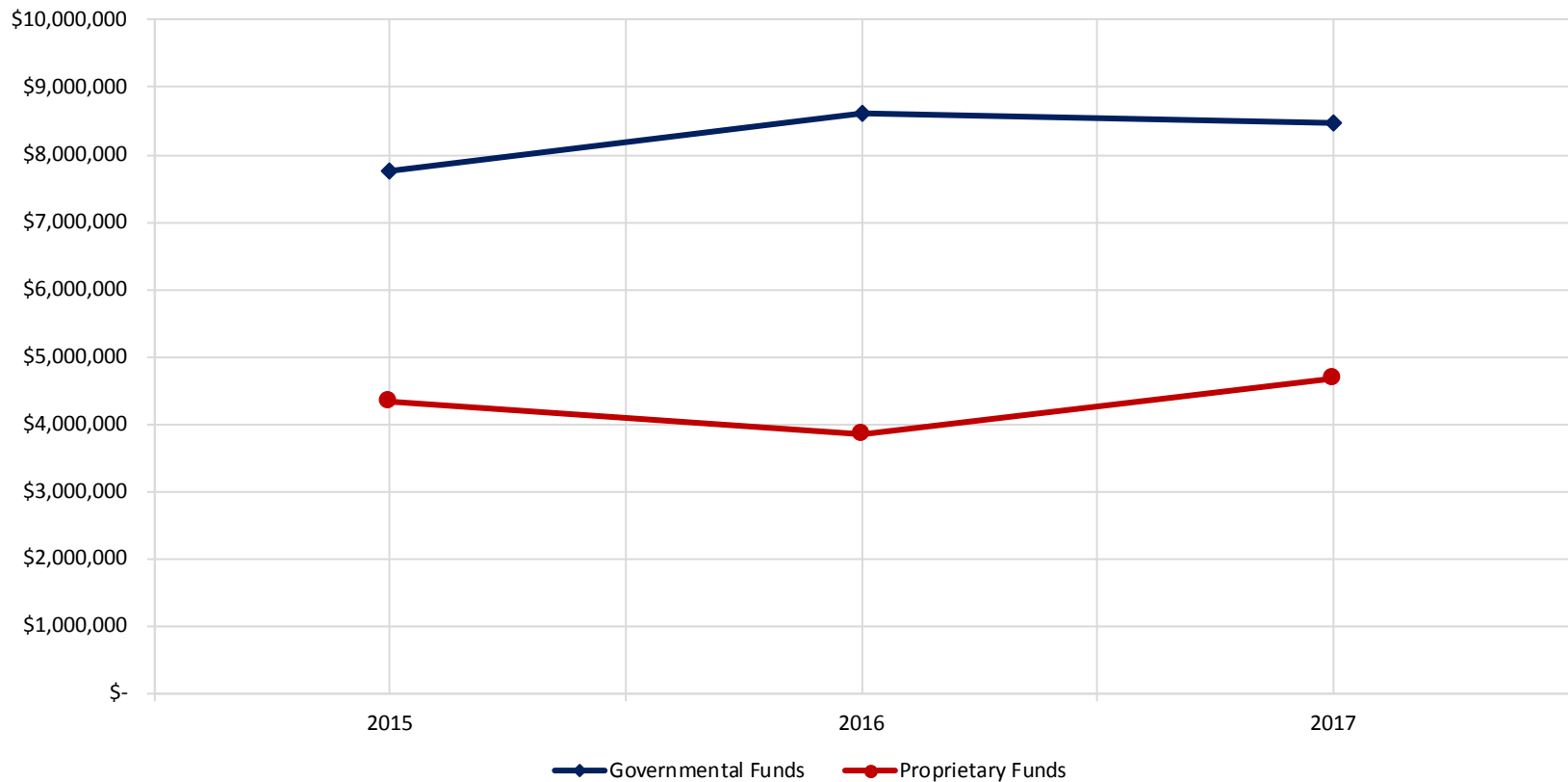


	2015	2016	2017
■ Current Liabilities	\$394,331	\$520,793	\$578,311
■ Debt/Noncurrent	12,079,739	15,213,106	15,954,725
■ Net Pension Liability	950,413	1,961,395	1,165,457

Financial Highlights

Long-Term Debt Outstanding

- Governmental Debt is net of cash held in escrow for future bond refunding.



Questions?

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Manager

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rschmidt@swcogas.com