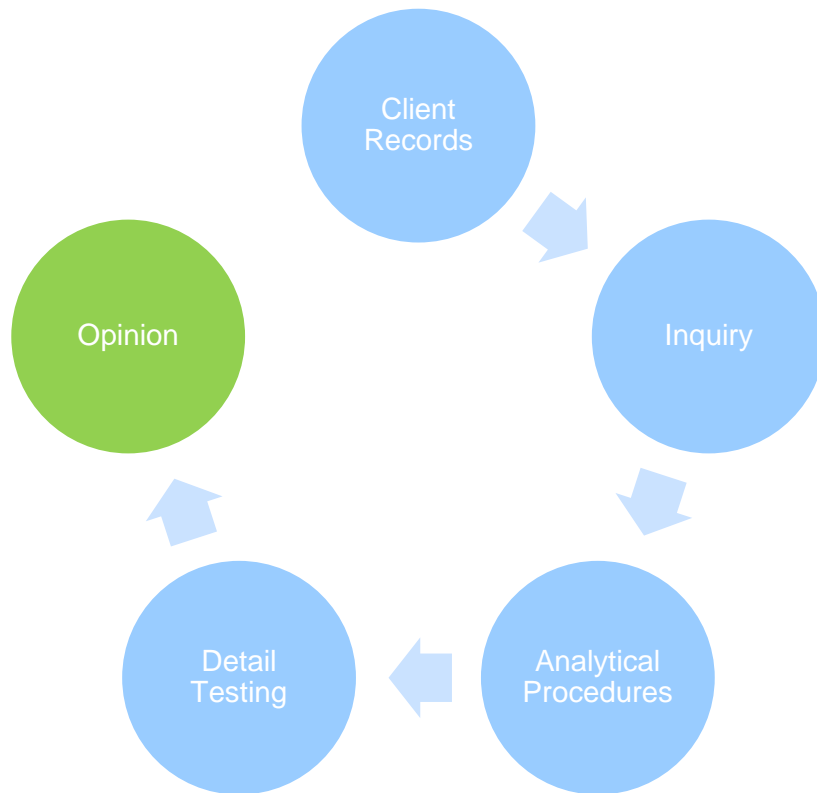


City of Lonsdale, Minnesota

Presentation of the Audited Financial
Statements

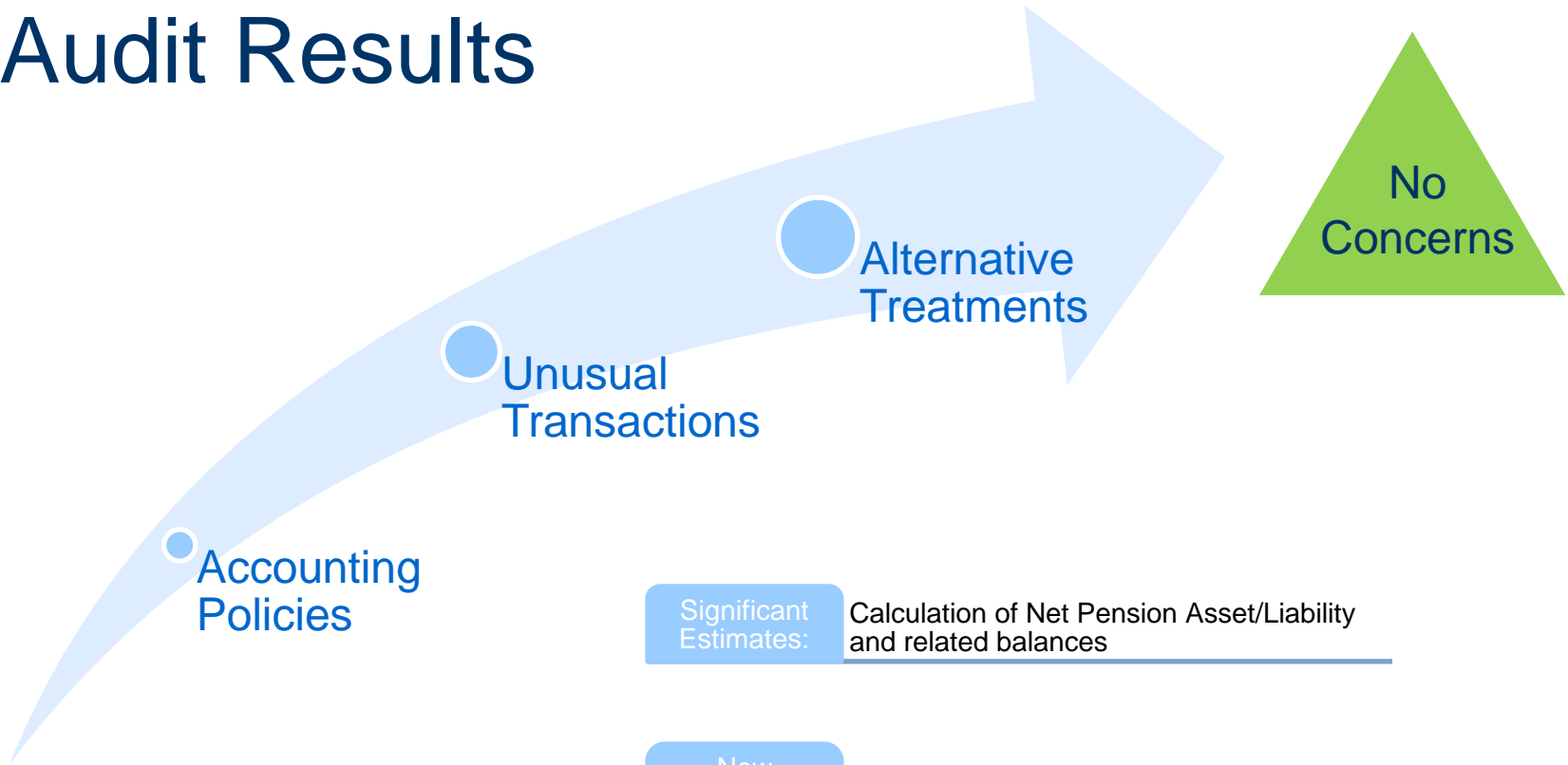
December 31, 2018

Audit Process



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

Audit Results



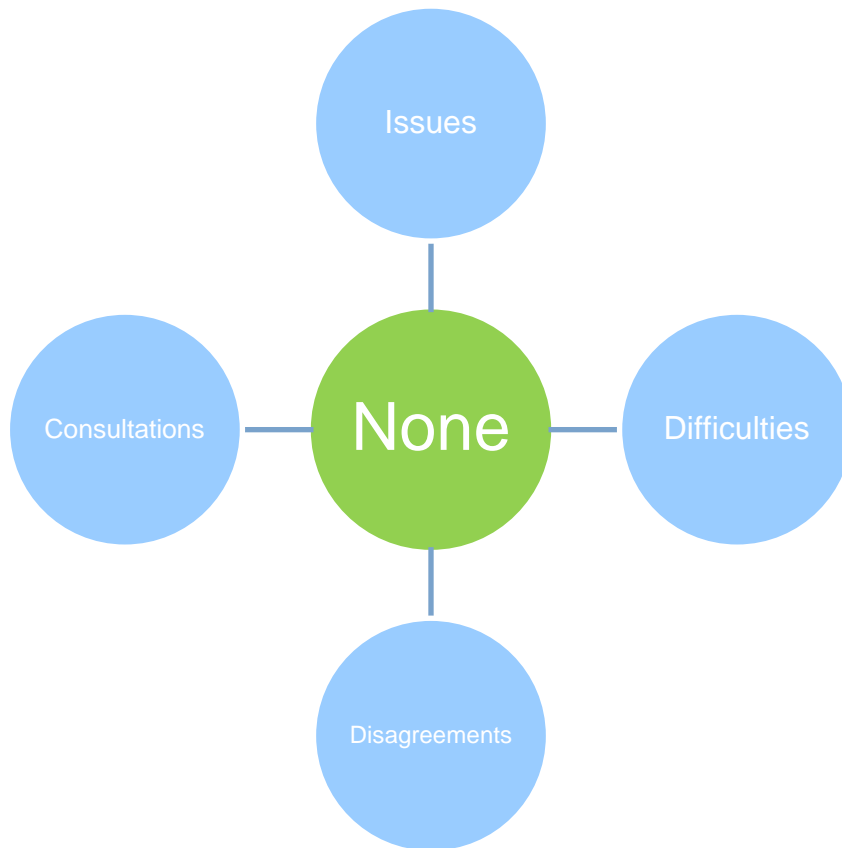
Significant
Estimates:

Calculation of Net Pension Asset/Liability
and related balances

New
Accounting
Standards:

None

Audit Results (Continued)



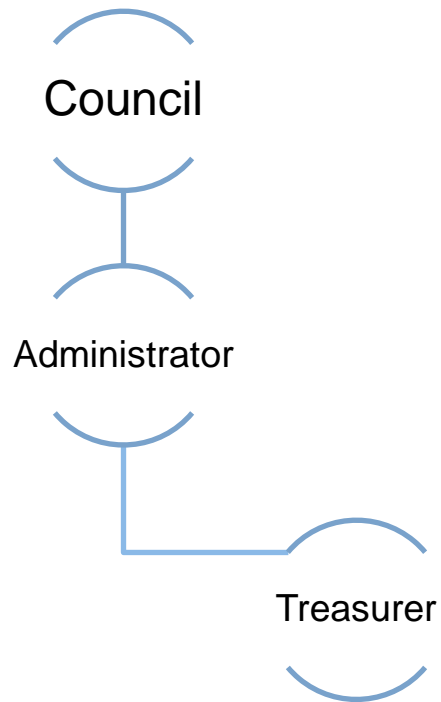
- We have a positive working relationship with the City's management and personnel.

Internal Controls – Material Weakness

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

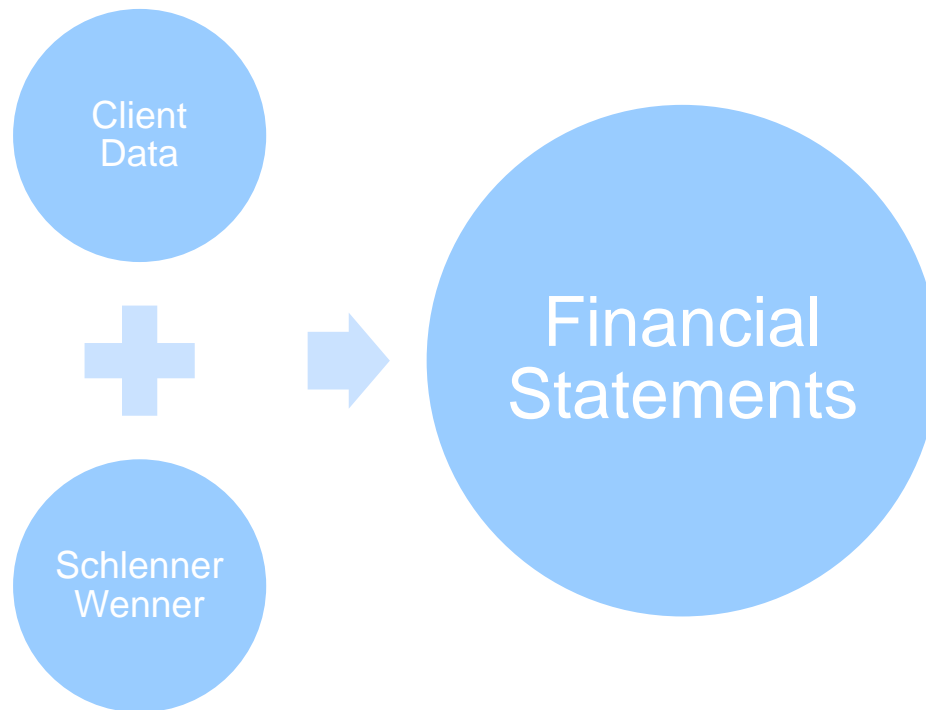


Internal Controls – Material Weakness



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

Internal Controls – Significant Deficiency



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

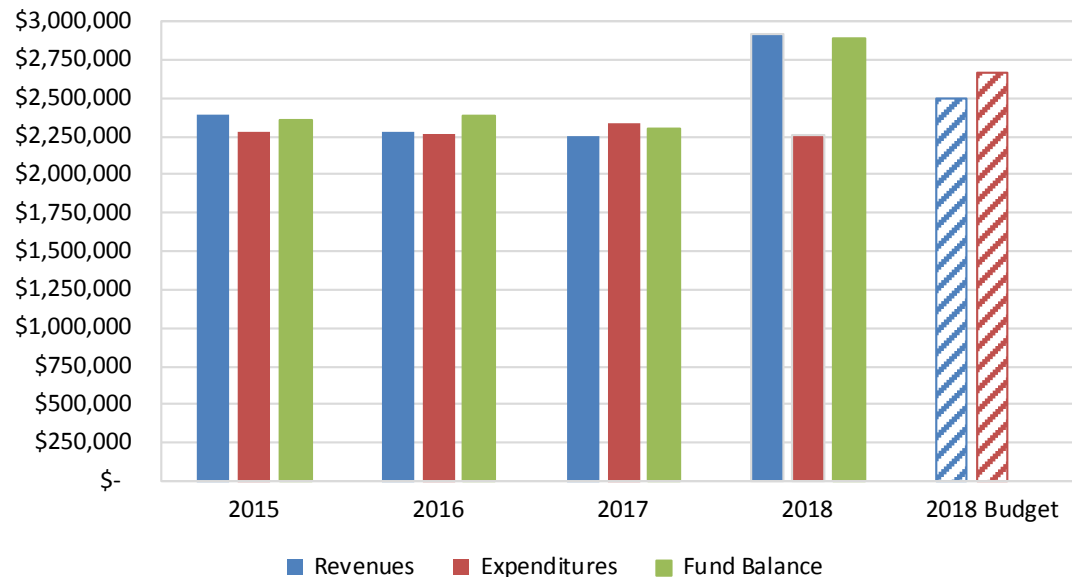
Minnesota Legal Compliance



No Noncompliance
Identified

Financial Highlights

General Fund – Revenues and Expenditures

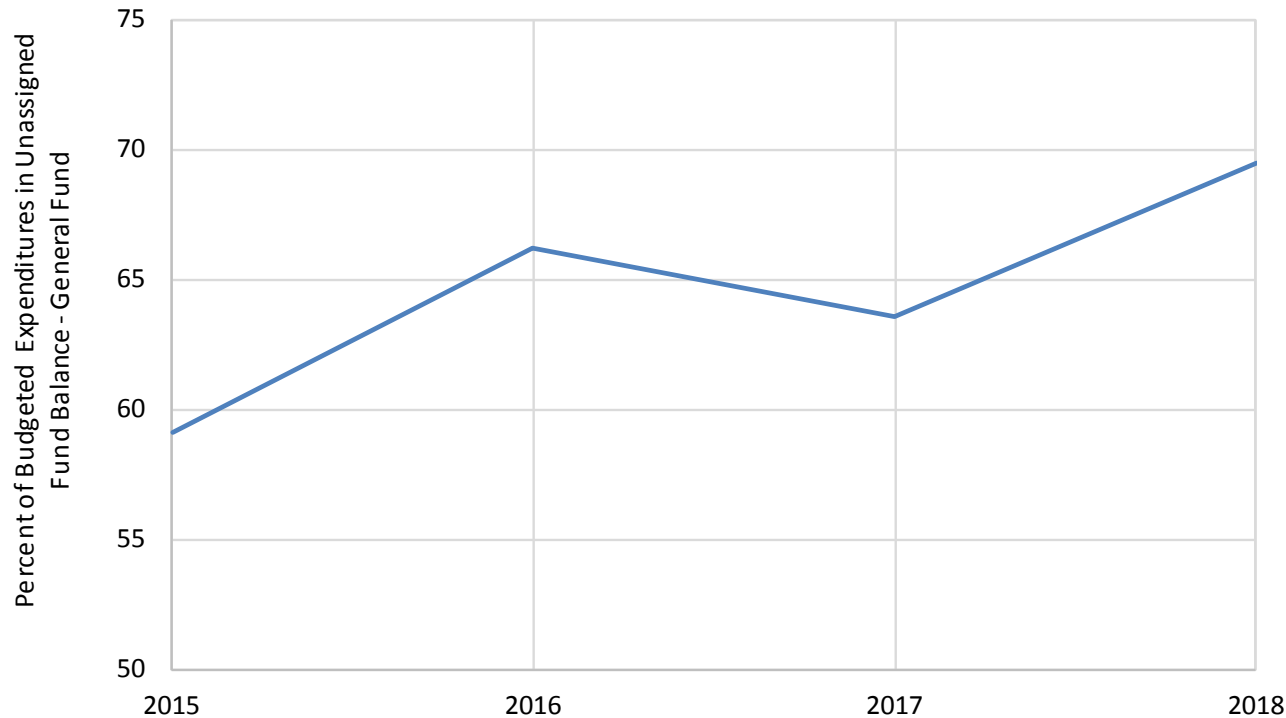


- Revenues exceeded budget primarily due to the collection of deferred Special Assessments
- Expenses were under budget due to fewer expenditures for various improvement projects

	2015	2016	2017	2018	2018 Budget
Revenues	\$ 2,386,506	\$ 2,280,470	\$ 2,248,204	\$ 2,916,323	\$ 2,501,790
Expenditures	2,286,181	2,265,514	2,336,992	2,264,917	2,659,946
Other Sources/Uses	15,000	15,863	1,500	(58,899)	(5,000)
Change in Fund Balance	115,325	30,819	(87,288)	592,507	(163,156)
Fund Balance	\$ 2,355,134	\$ 2,385,953	\$ 2,298,665	\$ 2,891,172	\$ -

Financial Highlights

General Fund – Percent of Expenditures in Unassigned Fund Balance

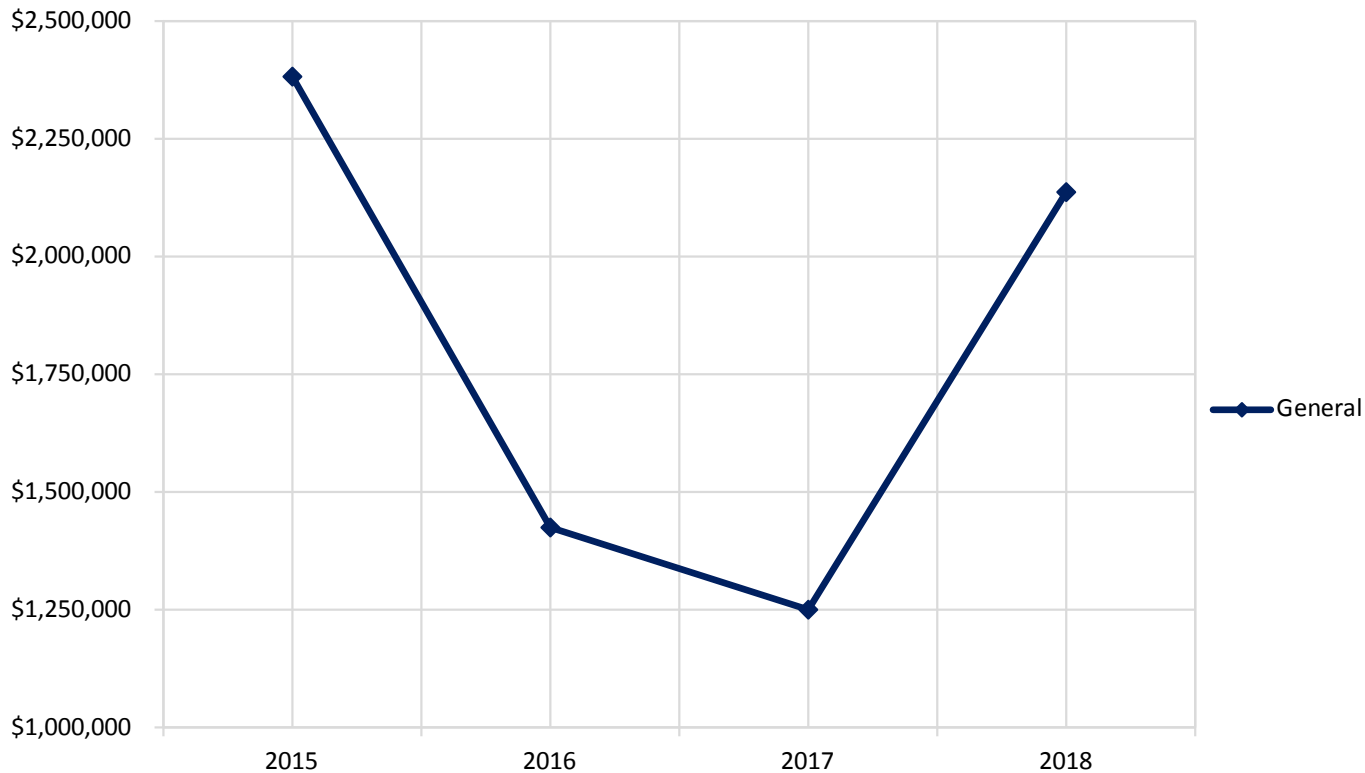


Year	%
2015	59.1
2016	66.3
2017	63.6
2018	69.5

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

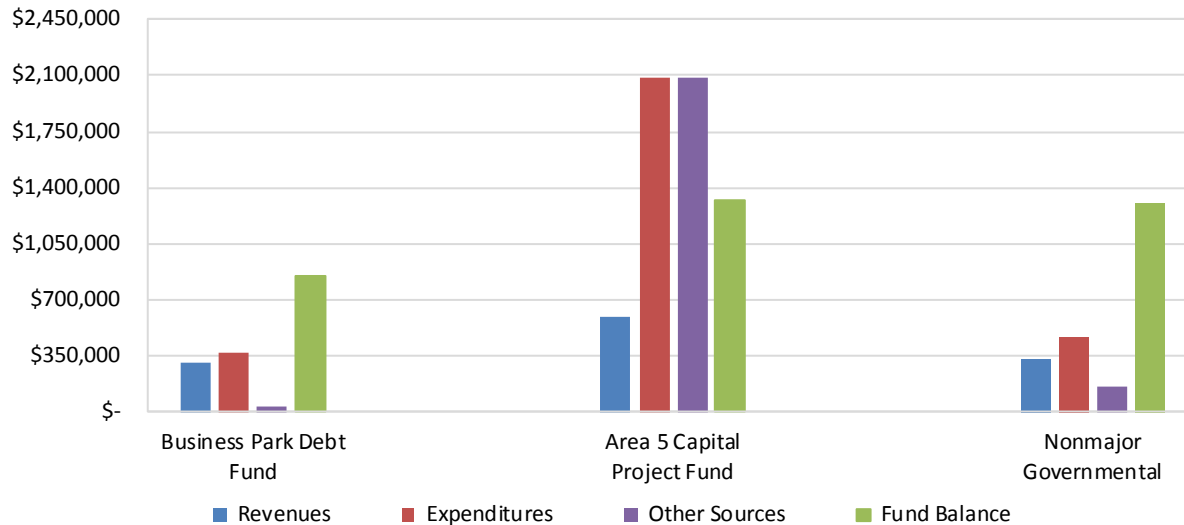
Financial Highlights

General Fund – Cash Trend Analysis



Financial Highlights

Remaining Governmental Funds – Revenues and Expenditures

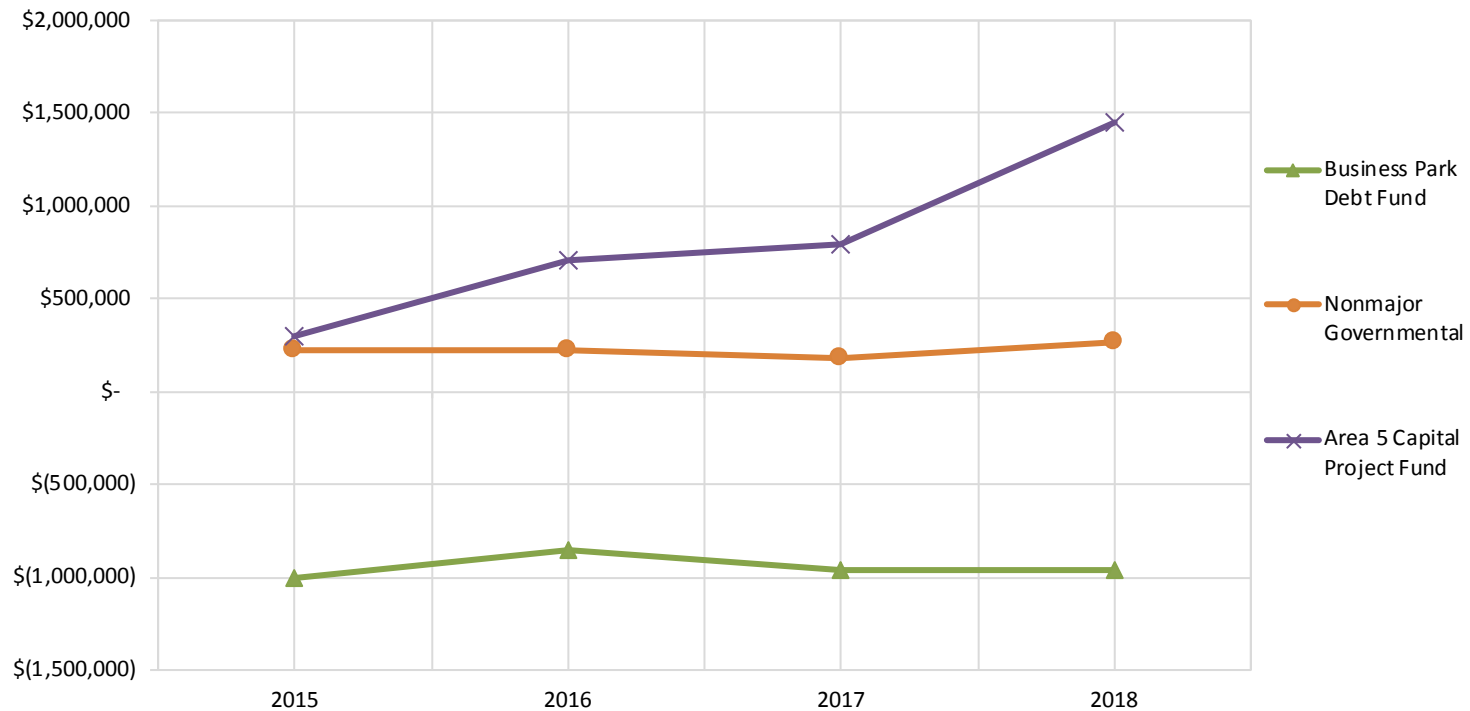


	Business Park Debt Fund	Area 5 Capital Project Fund	Nonmajor Governmental
Revenues	\$ 309,273	\$ 598,021	\$ 328,199
Expenditures	370,107	2,085,772	474,197
Other Sources	40,384	2,091,297	166,562
Change in Fund Balance	(20,450)	603,546	20,564
Fund Balance	\$ 847,552	\$ 1,326,646	\$ 1,303,789

Financial Highlights

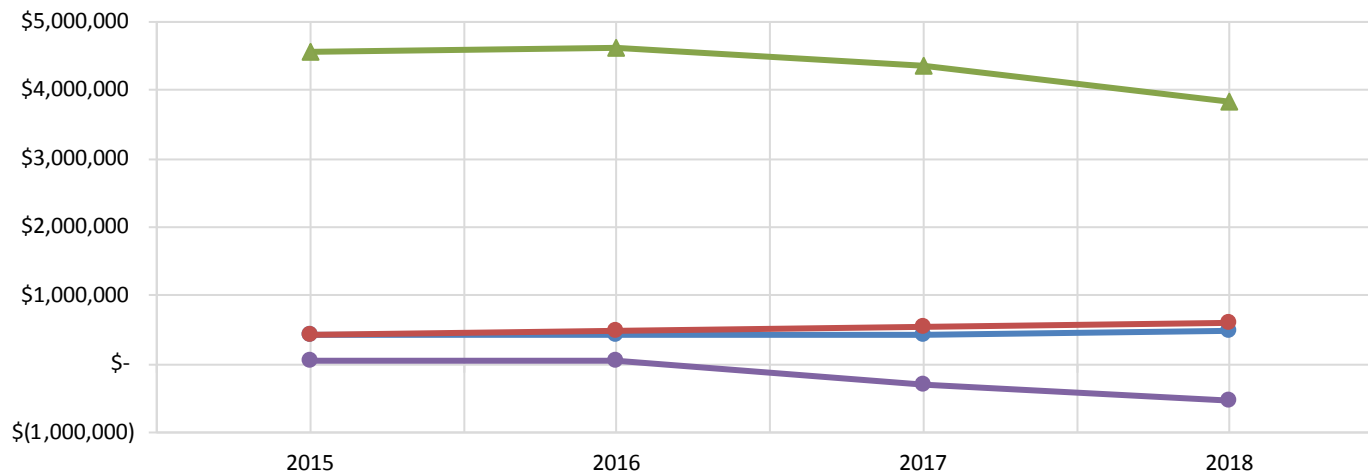
Governmental Funds – Cash Trend Analysis

- Excludes cash in escrow for future bond refundings.



Financial Highlights

Water Fund – Historical Trends

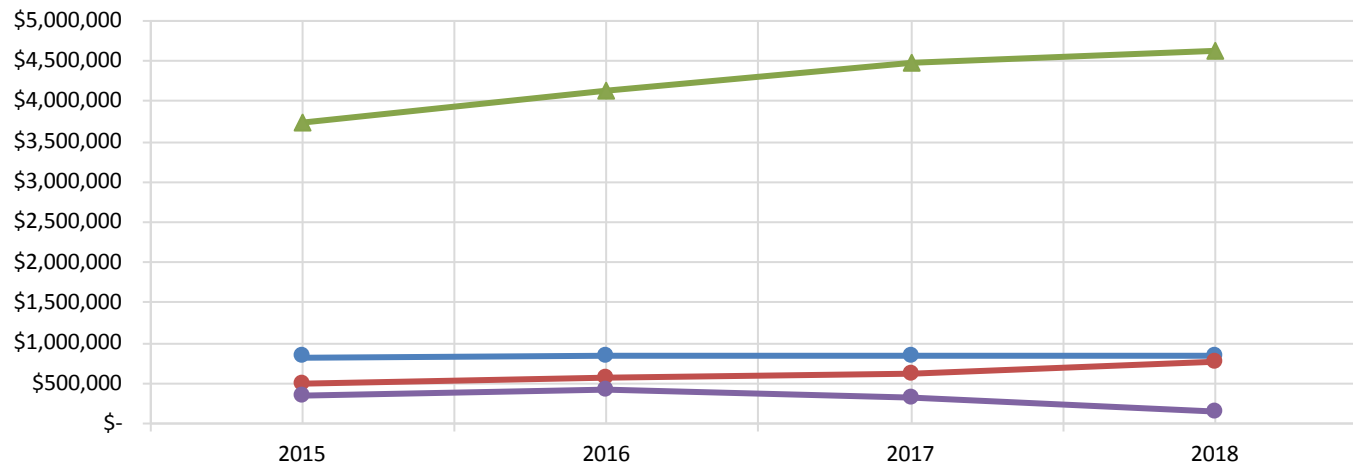


—●— Operating Revenues
 —●— Operating Expenses
 —●— Change In Net Position
 —▲— Ending Net Position

	2015	2016	2017	2018
Operating Revenues	\$ 425,518	\$ 437,580	\$ 443,320	\$ 495,443
Operating Expenses	426,461	485,221	541,426	595,743
Operating Income (Loss)	(943)	(47,641)	(98,106)	(100,300)
Nonoperating Revenues & Transfers In	67,287	125,333	184,855	268,153
Nonoperating Expenses & Transfers Out	19,584	18,295	374,318	698,621
Change In Net Position	46,760	59,397	(287,569)	(530,768)
Ending Net Position	\$ 4,558,744	\$ 4,618,141	\$ 4,352,147	\$ 3,821,379

Financial Highlights

Sewer Fund – Historical Trends

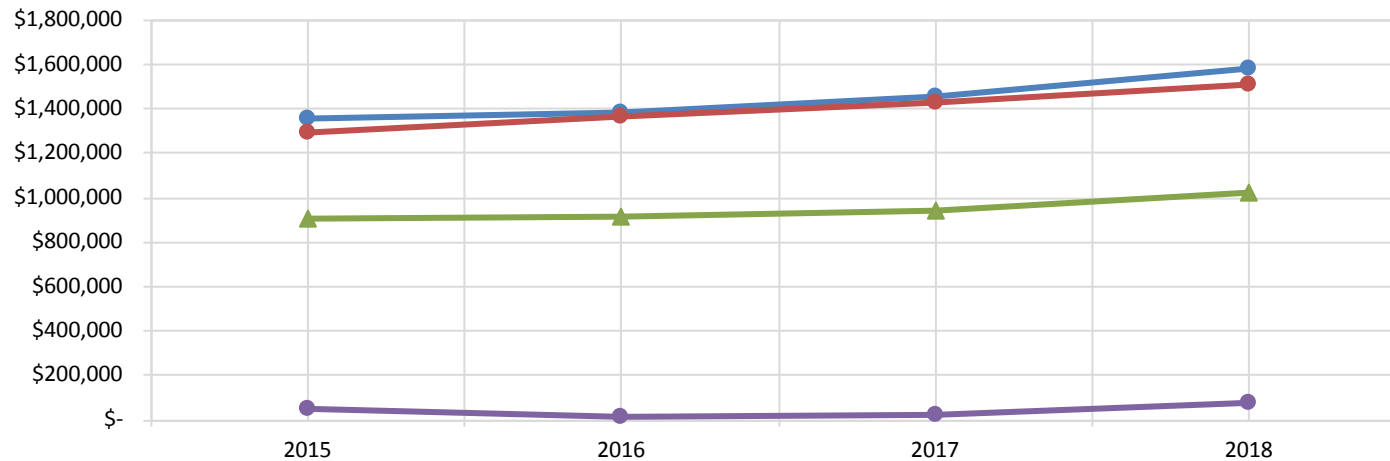


—●— Operating Revenues
 —●— Operating Expenses
 —●— Change In Net Position
 —▲— Ending Net Position

	2015	2016	2017	2018
Operating Revenues	\$ 832,568	\$ 852,011	\$ 843,569	\$ 850,715
Operating Expenses	495,926	561,540	626,533	765,041
Operating Income (Loss)	336,642	290,471	217,036	85,674
Nonoperating Revenues & Transfers In	106,312	196,647	251,466	276,000
Nonoperating Expenses & Transfers Out	83,630	74,294	138,086	201,877
Change In Net Position	359,324	412,824	330,416	159,797
Ending Net Position	\$3,728,627	\$4,141,451	\$4,476,791	\$ 4,636,588

Financial Highlights

Liquor Fund – Historical Trends

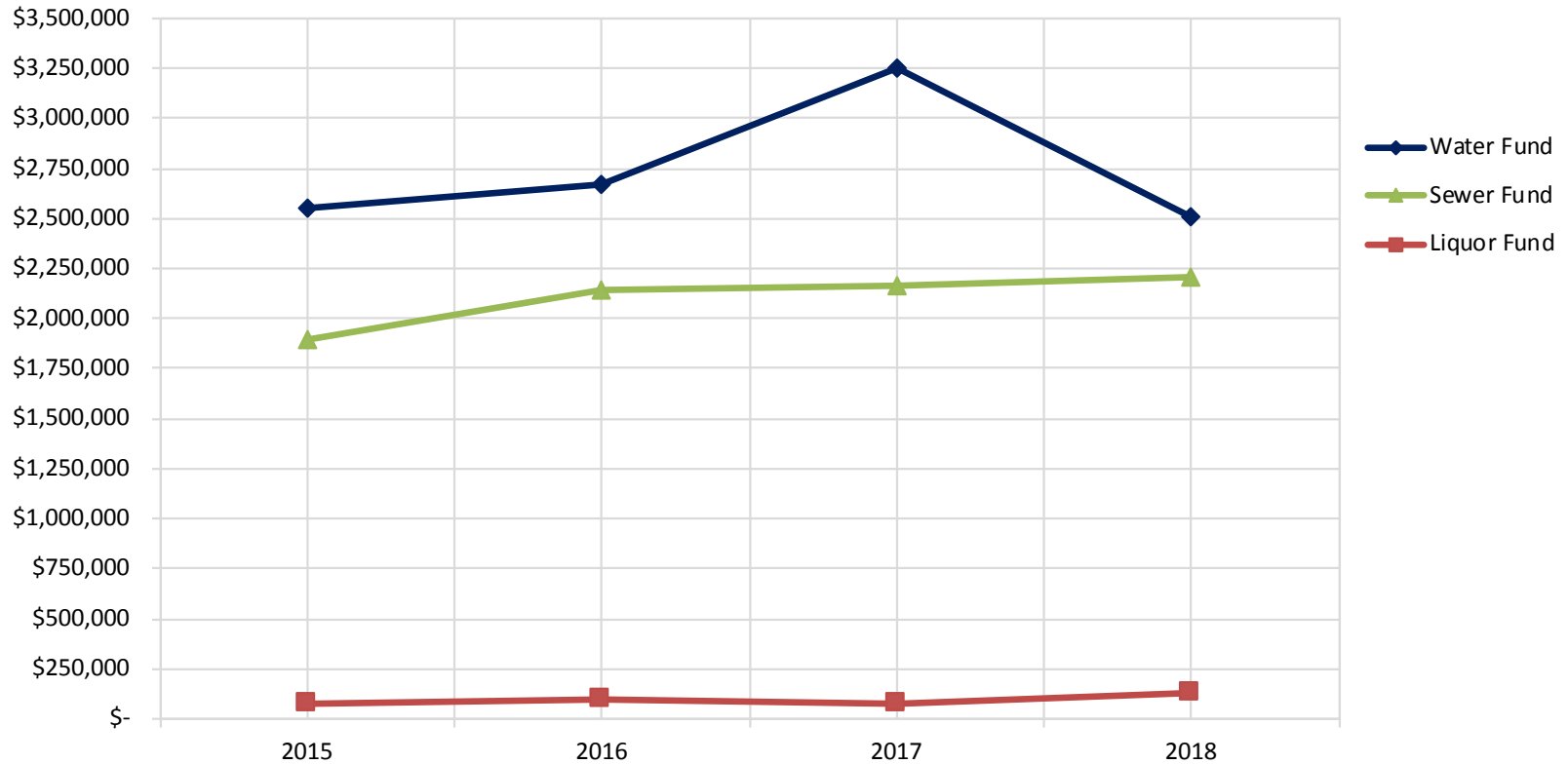


—●— Operating Revenues
 —●— Operating Expenses
 —●— Change In Net Position
 —▲— Ending Net Position

	2015	2016	2017	2018
Operating Revenues	\$ 1,353,432	\$ 1,385,288	\$ 1,456,159	\$ 1,580,610
Operating Expenses	1,296,504	1,367,186	1,430,452	1,509,129
Operating Income (Loss)	56,928	18,102	25,707	71,481
Nonoperating Revenues & Transfers In	38	6	903	2,428
Nonoperating Expenses & Transfers Out	5,000	2,500	-	-
Change In Net Position	\$ 51,966	\$ 15,608	\$ 26,610	\$ 73,909
Ending Net Position	\$ 903,617	\$ 919,225	\$ 945,835	\$ 1,019,744

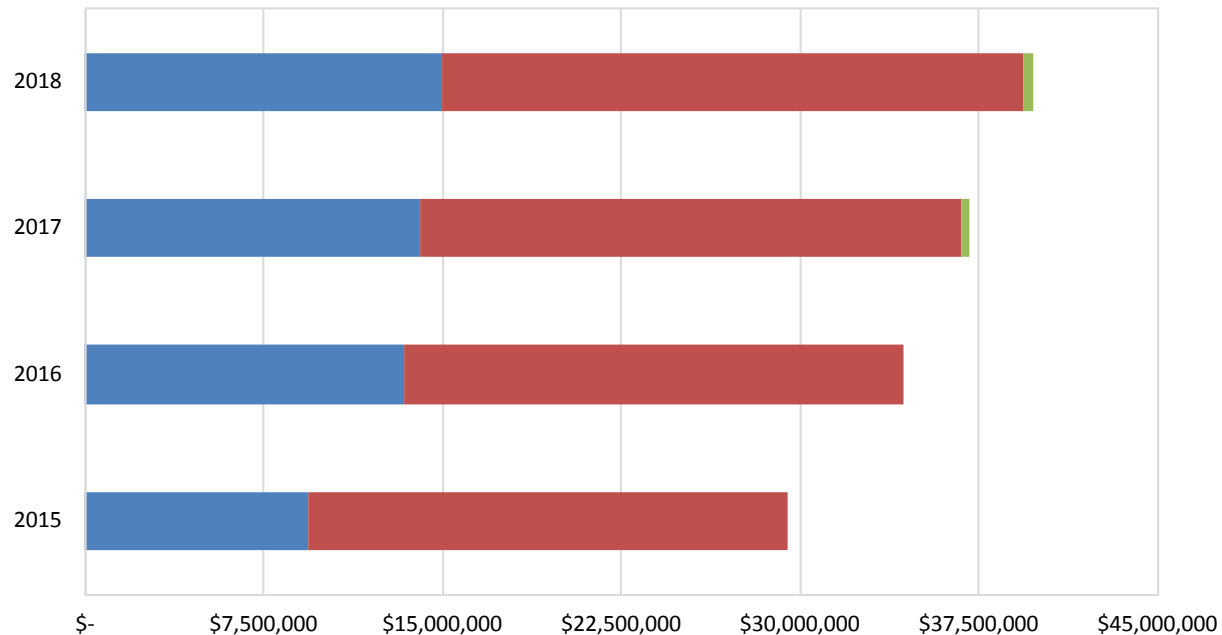
Financial Highlights

Proprietary Funds – Cash Trend Analysis



Financial Highlights

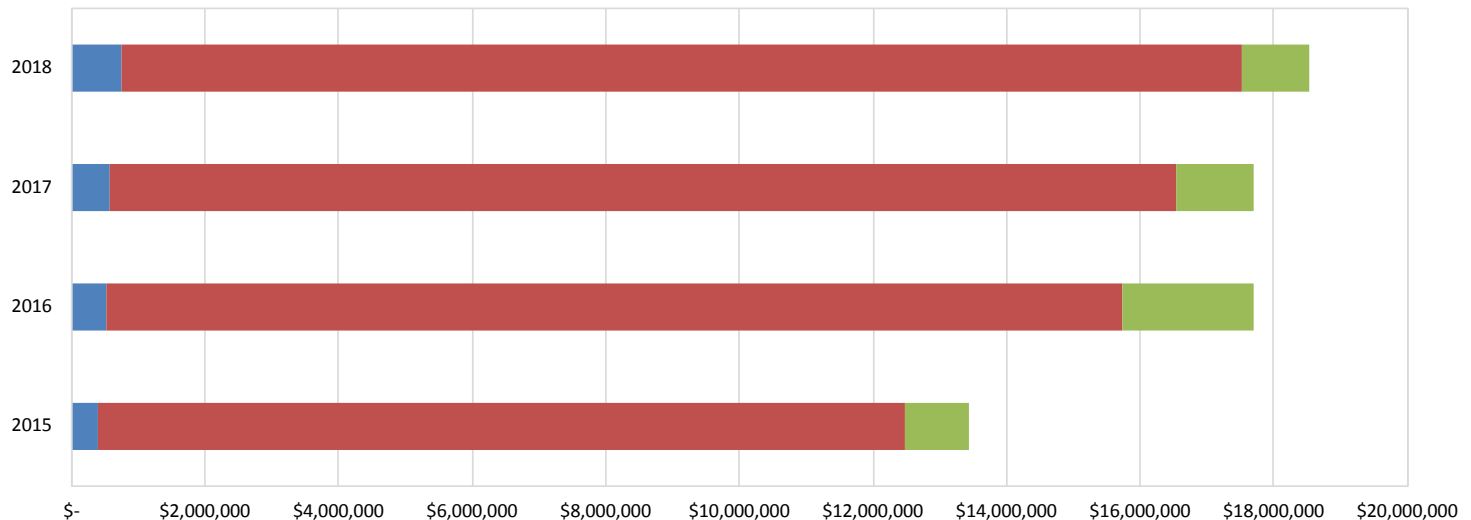
Total Government-Wide Assets



	2015	2016	2017	2018
■ Current Assets	\$9,399,934	\$13,401,273	\$14,064,604	\$14,961,560
■ Capital/Noncurrent	20,108,041	20,932,141	22,738,510	24,430,789
■ Net Pension Asset	-	-	298,684	362,362

Financial Highlights

Total Government-Wide Liabilities

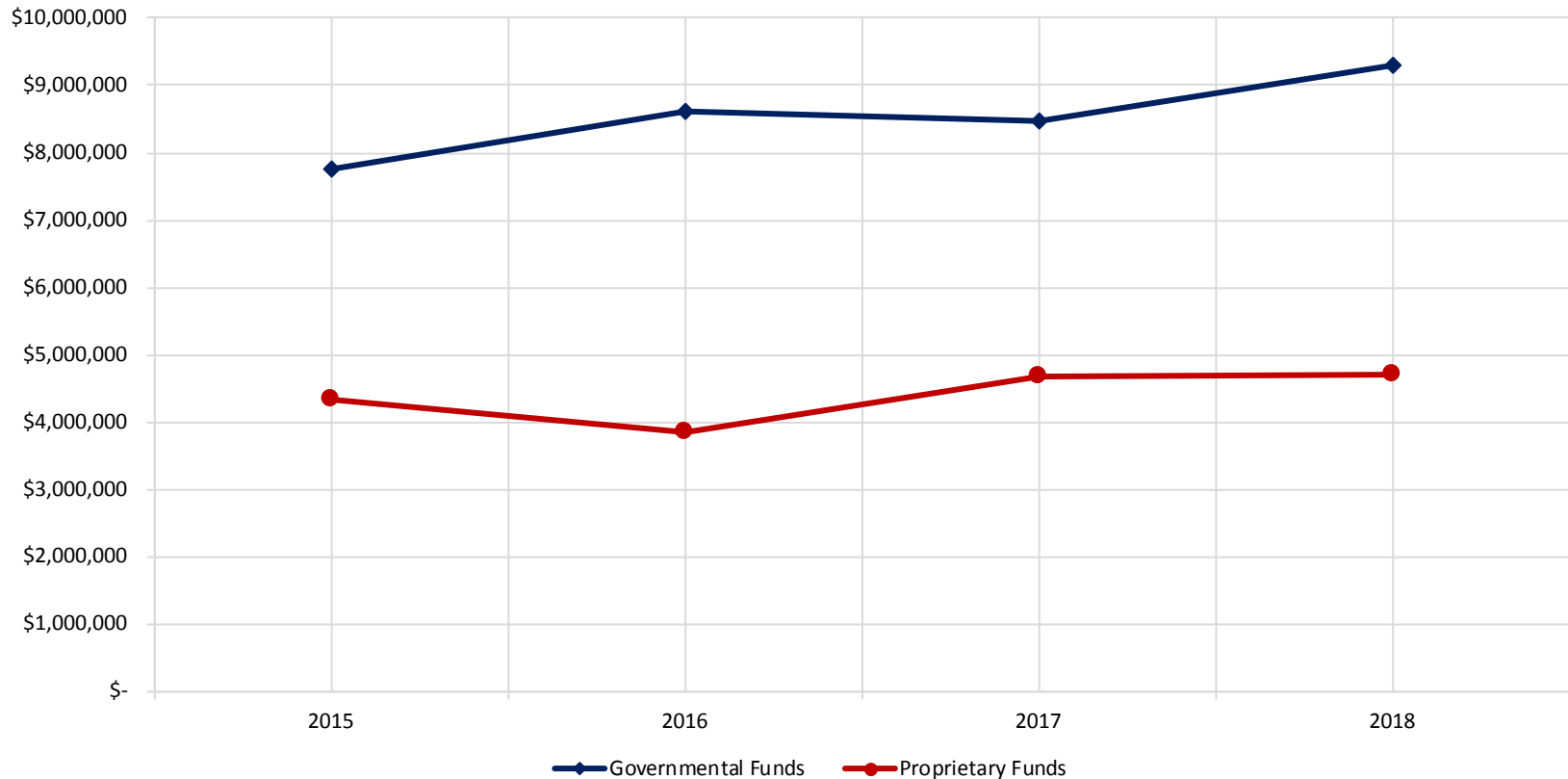


	2015	2016	2017	2018
■ Current Liabilities	\$394,331	\$520,793	\$578,311	\$740,732
■ Debt/Noncurrent	12,079,739	15,213,106	15,954,725	16,785,350
■ Net Pension Liability	950,413	1,961,395	1,165,457	1,001,687

Financial Highlights

Long-Term Debt Outstanding

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



Questions?

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Manager

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rschmidt@swcogas.com