

City of Mound

2019 Financial
Statement Audit

Introduction



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Auditor's Opinion



Minnesota Legal Compliance



Audit Results

2019 Audit Findings



Minnesota Legal Compliance Testing - Timing of Payments

- Legal Compliance Finding
- Minnesota statute section 471.425 requires that the City pay bills within 35 days from receipt. If the invoice is not paid within the 35 days, interest at 1.5 percent per month is to be added to amount due.
- We noted one invoice that was paid after the 35 day period. This occurred during a period of staff leave of absence.

Results From Prior Year:

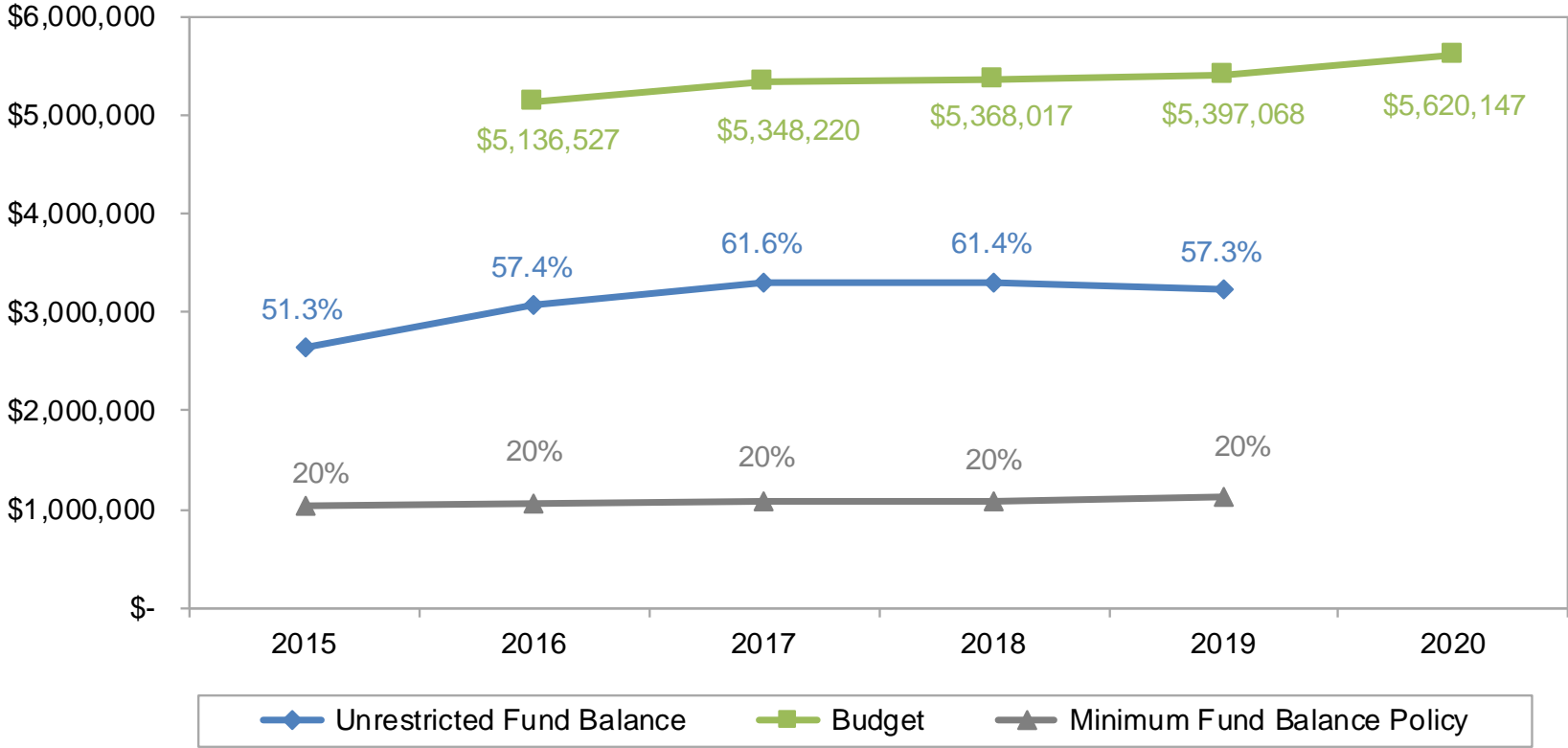
Minnesota Legal Compliance - Collateral Coverage

Prior Year Finding

Finding: As of December 31, 2018 the market value of the City's collateral was equal to 109% of the deposits over FDIC coverage, which is \$135,886 short of the 110% required by Minnesota State Statute.

Results: Upon further investigation, it was determined the use of the Wells Fargo SWEEP services and the Government Money Market Funds is actually an investment and not subject to the collateral requirement. Finding is removed.

General Fund - Fund Balances

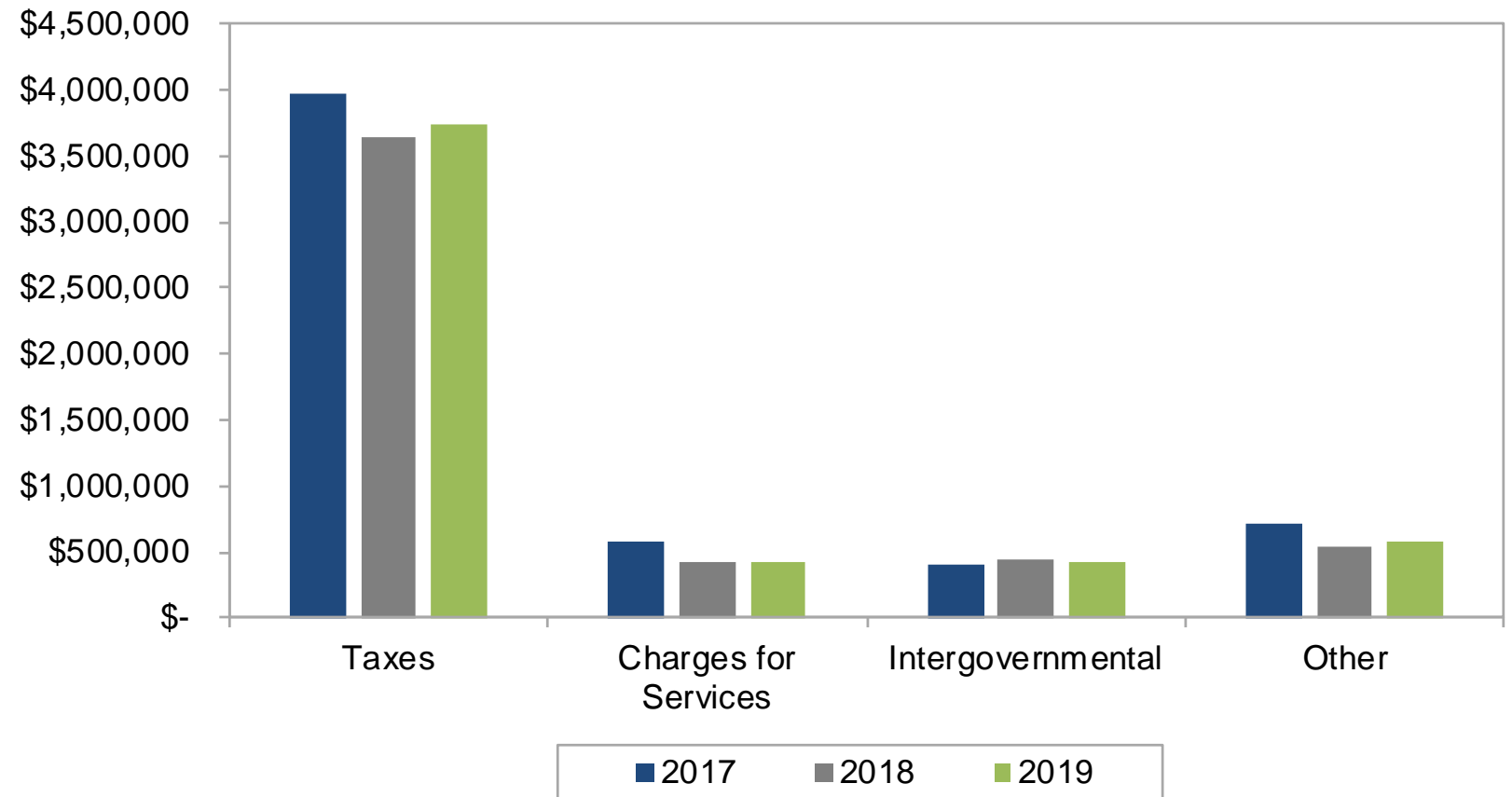


General Fund Budget to Actual

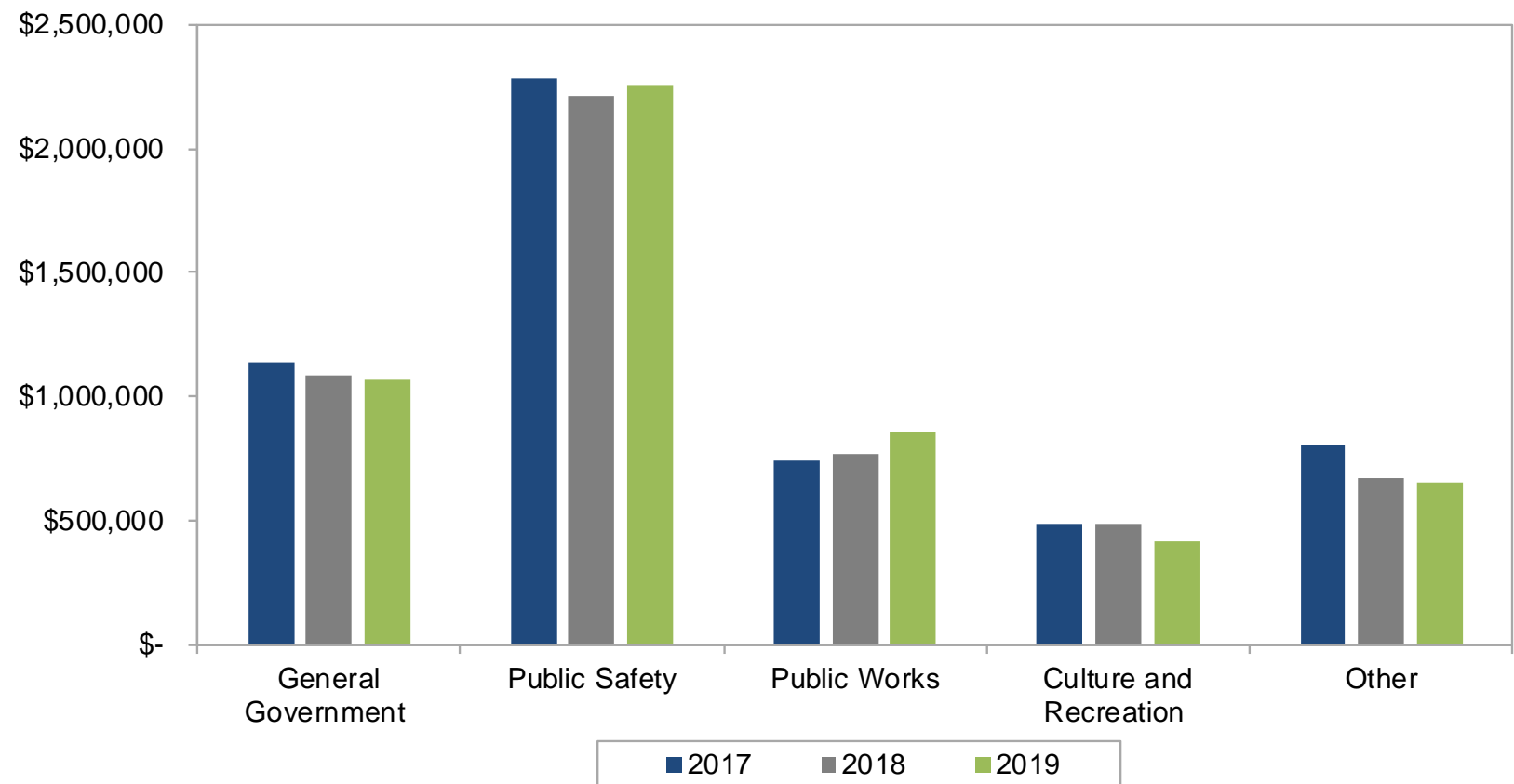


	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 4,923,409	\$ 4,923,409	\$ 4,979,695	\$ 56,286
Expenditures	<u>4,794,322</u>	<u>4,794,322</u>	<u>4,642,268</u>	<u>152,054</u>
Excess of Revenues Over Expenditures	<u>129,087</u>	<u>129,087</u>	<u>337,427</u>	<u>208,340</u>
Other Financing Sources (Uses)				
Transfers in	170,000	170,000	175,695	5,695
Transfers out	<u>(602,746)</u>	<u>(602,746)</u>	<u>(602,746)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(432,746)</u>	<u>(432,746)</u>	<u>(427,051)</u>	<u>5,695</u>
Change in Fund Balances	(303,659)	(303,659)	(89,624)	214,035
Fund Balances, January 1	<u>3,332,113</u>	<u>3,332,113</u>	<u>3,332,113</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,028,454</u>	<u>\$ 3,028,454</u>	<u>\$ 3,242,489</u>	<u>\$ 214,035</u>

General Fund Revenues by Type

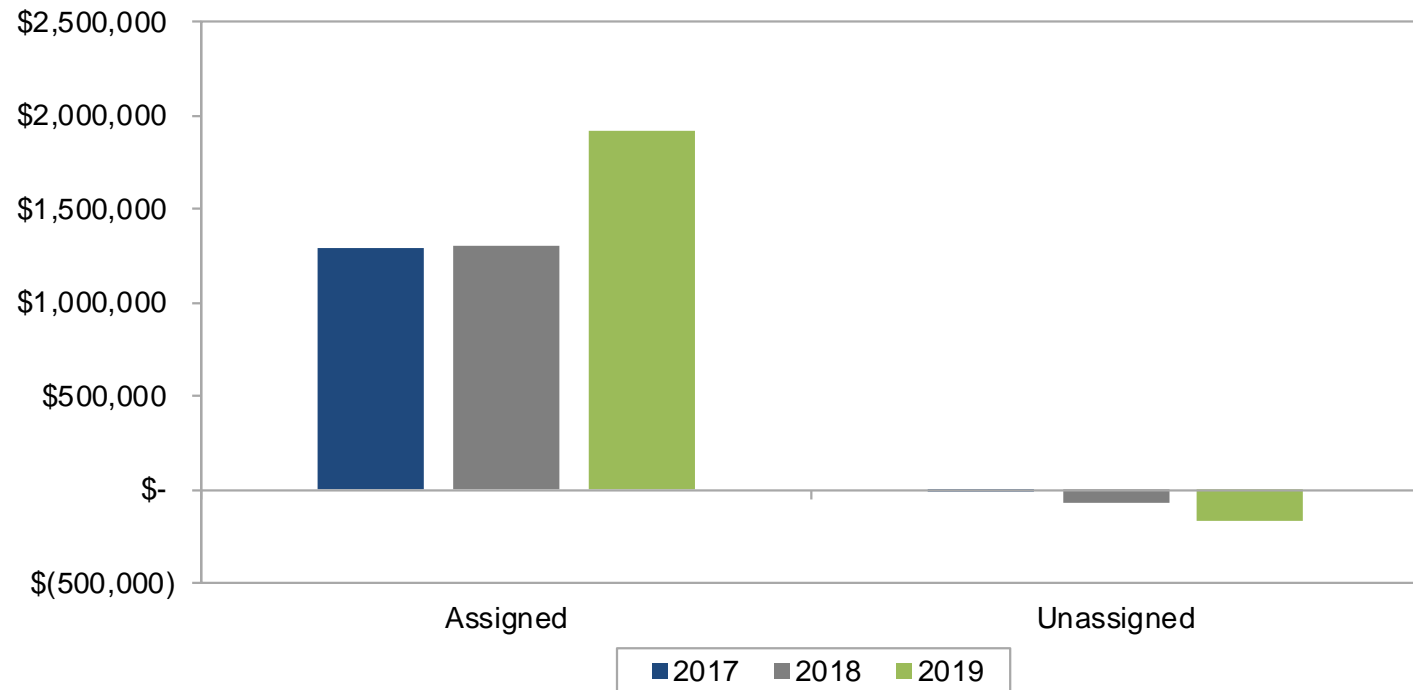


General Fund Expenditures by Type



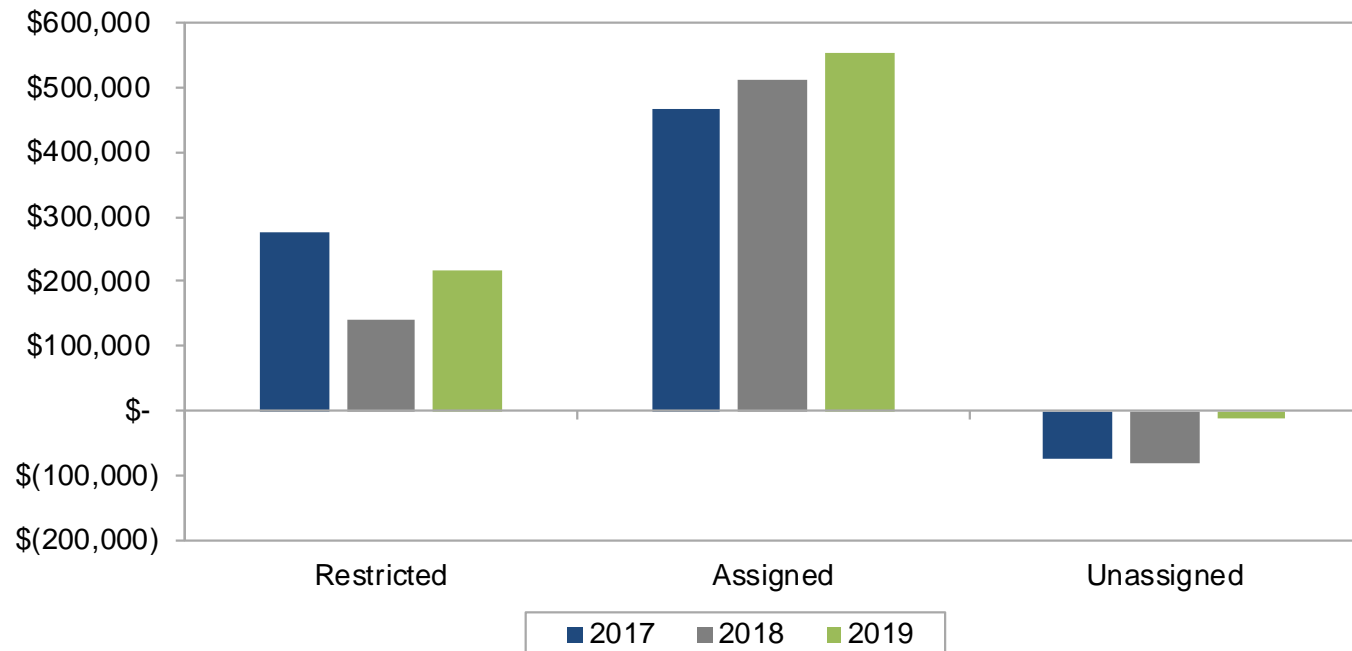
Capital Projects Fund Balances

Fund	Fund Balances December 31,		Increase (Decrease)
	2018	2019	
Major			
Capital Improvements	\$ 919,055	\$ 1,343,246	\$ 424,191
Nonmajor			
Capital Replacement Vehicles	6,591	161,108	154,517
Community Investment	71,922	(56,107)	(128,029)
Capital Replacement Buildings	2,035	(1,592)	(3,627)
Street Maintenance	308,801	414,347	105,546
TIF 1-1	-	(686)	(686)
TIF 1-3	(66,354)	(107,182)	(40,828)
Total	<u>\$ 1,242,050</u>	<u>\$ 1,753,134</u>	<u>\$ 511,084</u>



Special Revenue Fund Balances

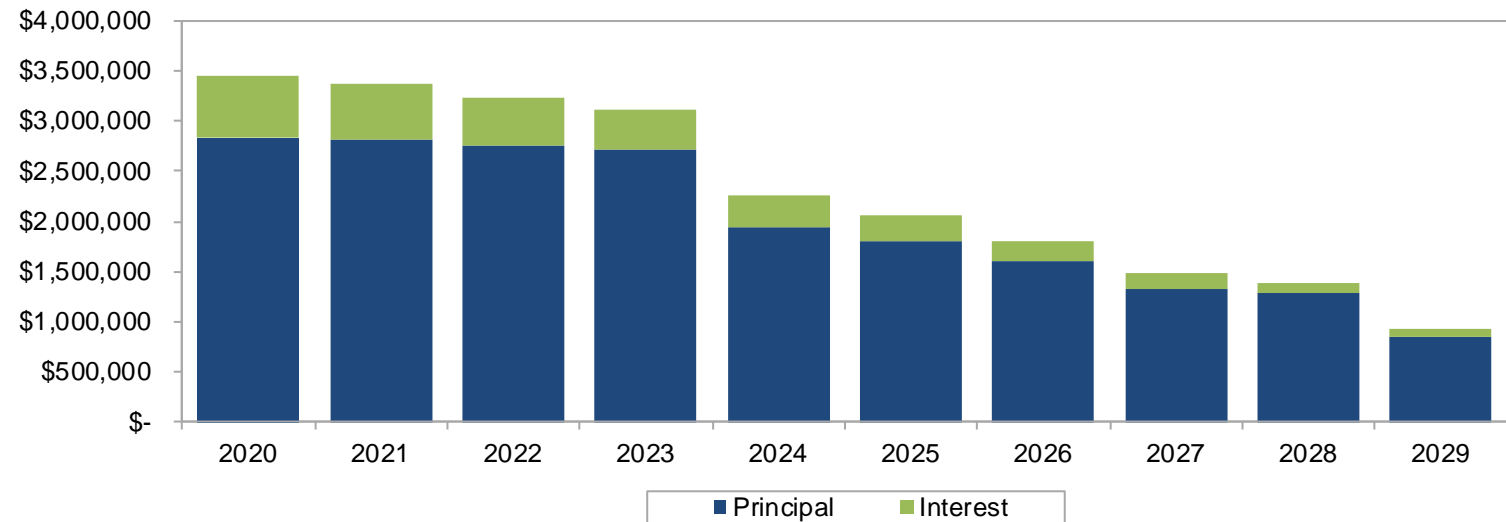
Fund	Fund Balances December 31,		Increase (Decrease)
	2019	2018	
Major			
Area Fire Service	\$ 554,056	\$ 511,540	\$ 42,516
Nonmajor			
Dock	223,729	147,937	75,792
HRA	(9,082)	(80,720)	71,638
Total	<u>\$ 768,703</u>	<u>\$ 578,757</u>	<u>\$ 189,946</u>



Note: Minor nonspendable fund balance not shown in in chart above.

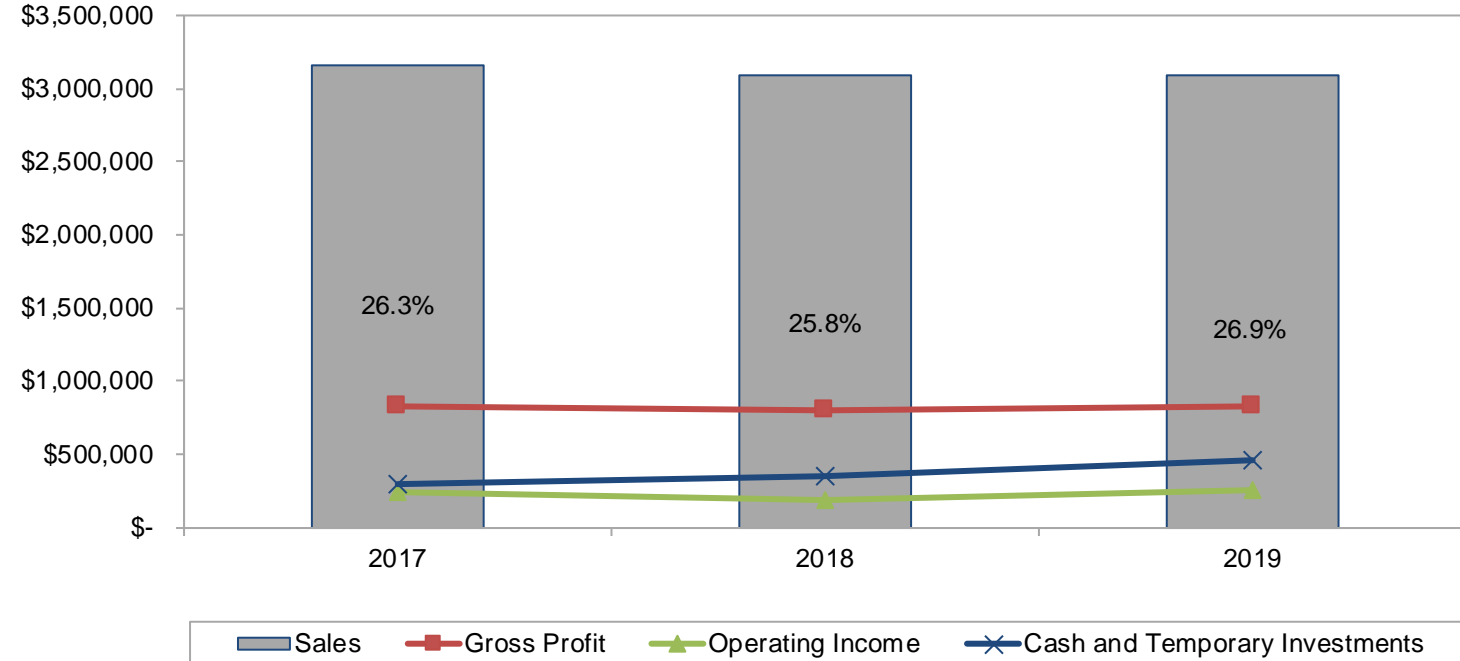
Debt Service Funds

Fund No.	Debt Description	December 31, 2019			Final Maturity Date
		Total Cash	Total Assets	Remaining Bonds	
355	G.O. Tax Increment Bonds 2013B	\$ 722,551	\$ 728,623	\$ 2,250,000	02/01/27
370	G.O. Refunding Bonds 2011A	245,537	287,853	962,638	02/01/24
368	G.O. Refunding Bonds 2014A	215,009	234,071	285,000	02/01/21
350	G.O. Tax Abatement Bonds, 2015B	218,834	218,834	2,235,000	08/01/27
362	G.O. Refunding Bonds 2016B	-	119,621	435,000	02/01/24
363	G.O. Bonds 2009A	146,407	470,796	3,325,000	02/01/25
364	G.O. Bonds 2011B	684,937	1,081,730	2,140,000	02/01/32
365	GO Bonds 2012A	690,081	1,289,753	1,420,000	02/01/28
371	GO Refunding Bonds 2012B	464,269	464,269	1,735,000	02/01/23
310	GO Bonds 2013A	719,544	1,241,412	1,945,000	02/01/29
311	GO Bonds 2014A	326,179	507,945	550,000	02/01/30
312	GO Bonds 2015A	725,692	1,144,902	2,250,000	02/01/35
313	GO Bonds 2016A	213,879	506,601	2,585,000	02/01/37
Total		<u>\$ 5,372,919</u>	<u>\$ 8,296,410</u>	<u>\$22,117,638</u>	
Total Future Scheduled Interest Payments				<u>\$ 3,324,186</u>	



Liquor Fund

	2017		2018		2019	
	Total	Percent	Total	Percent	Total	Percent
Sales	\$ 3,158,884	100.0 %	\$ 3,092,958	100.0 %	\$ 3,093,819	100.0 %
Cost of Sales	(2,329,113)	(73.7)	(2,295,344)	(74.2)	(2,262,396)	(73.1)
Gross Profit	829,771	26.3	797,614	25.8	831,423	26.9
Operating Expenses	(593,966)	(18.8)	(612,616)	(19.8)	(570,552)	(18.4)
Operating Income	235,805	7.5	184,998	6.0	260,871	8.4
Nonoperating Expenses	2,495	0.10	19,219	1	9,120	0.3
Net Transfers	(130,266)	(4.1)	(128,072)	(4.1)	(175,695)	(5.7)
Change in Net Position	<u>\$ 108,034</u>	<u>3.5 %</u>	<u>\$ 76,145</u>	<u>2.5 %</u>	<u>\$ 94,296</u>	<u>3.0 %</u>
Cash	<u>\$ 294,008</u>		<u>\$ 344,588</u>		<u>\$ 460,482</u>	
Interfund Loans	<u>\$ 145,091</u>		<u>\$ 55,700</u>		<u>\$ -</u>	



Liquor Fund - Statewide Averages

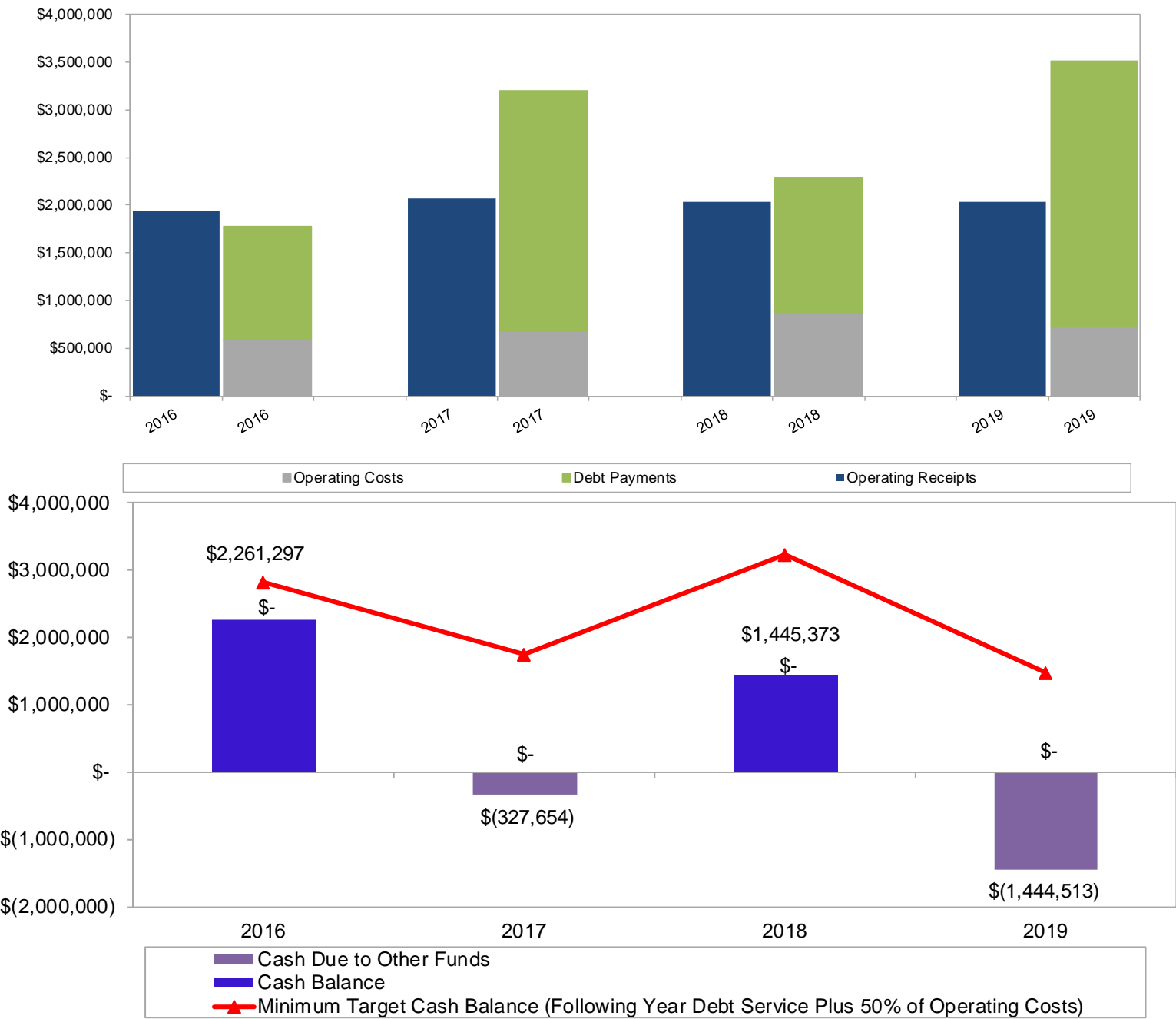


	Off Sale		
	2016	2017	2018
	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.0 %	100.0 %	100.0 %
Cost of Sales	<u>74.5</u>	<u>73.7</u>	<u>73.6</u>
Gross Profit	25.5	26.3	26.4
Operating Expenses	<u>19.0</u>	<u>18.8</u>	<u>18.5</u>
Operating Income	6.5	7.5	7.9
Nonoperating Revenue	0.3	0.1	1.4
Nonoperating Expenses	<u>(1.9)</u>	<u>(4.1)</u>	<u>(0.5)</u>
Income Before Transfers	<u><u>4.9 %</u></u>	<u><u>3.5 %</u></u>	<u><u>8.8 %</u></u>

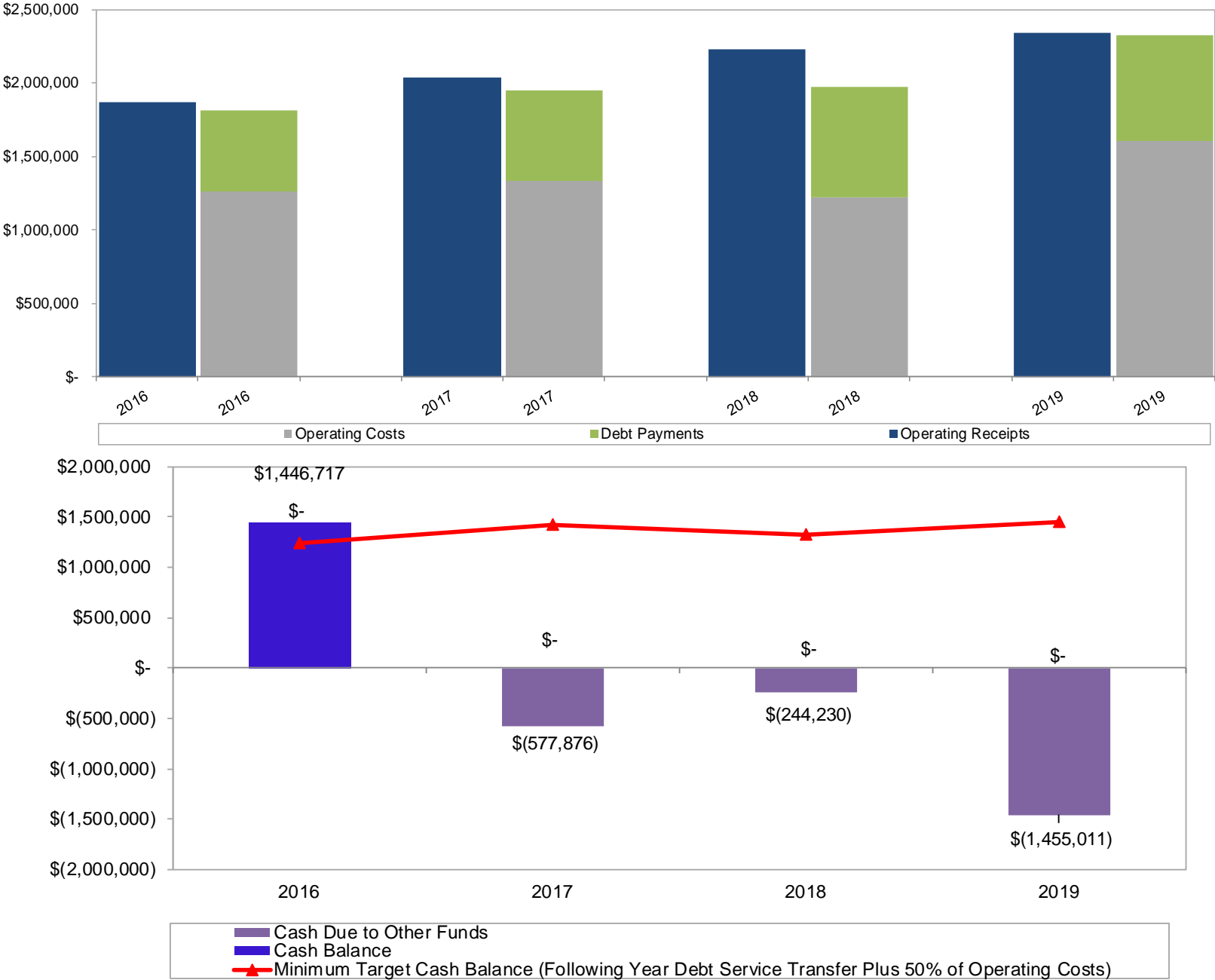
Source: Analysis of Municipal Liquor Store Operations, for the year ended December 31, 2018

Published by the Minnesota Office of the State Auditor

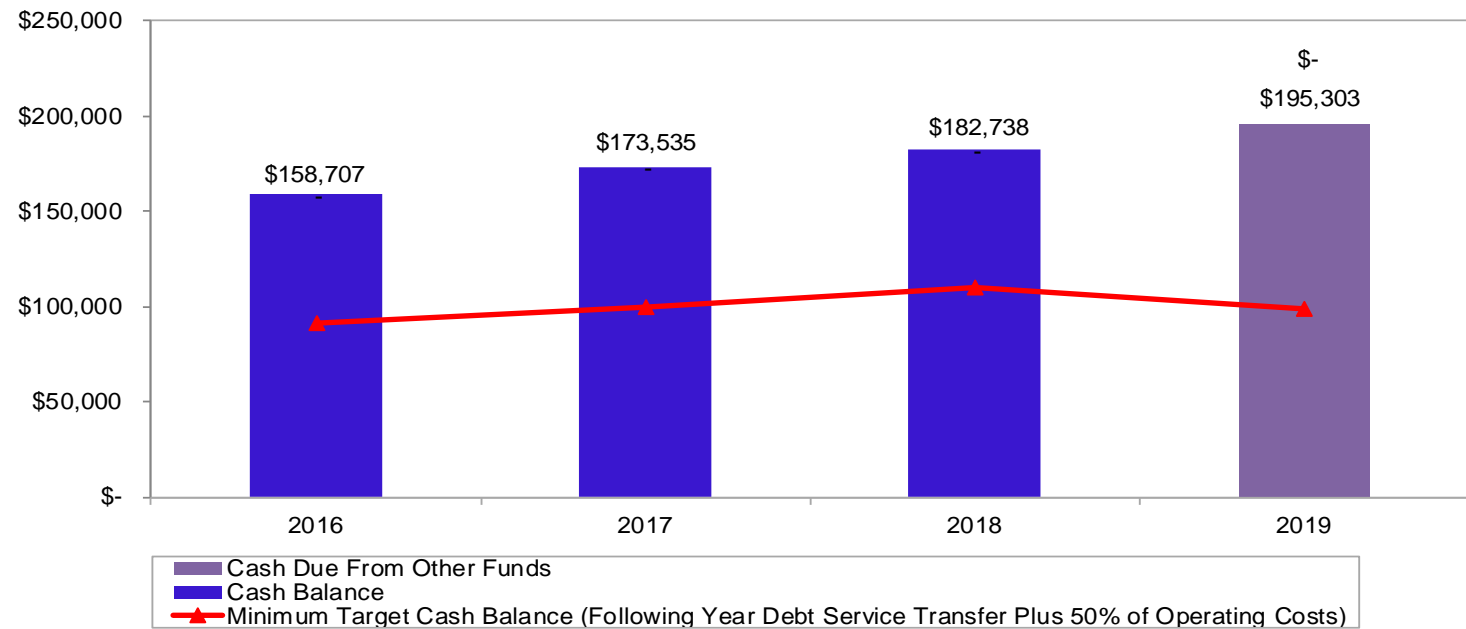
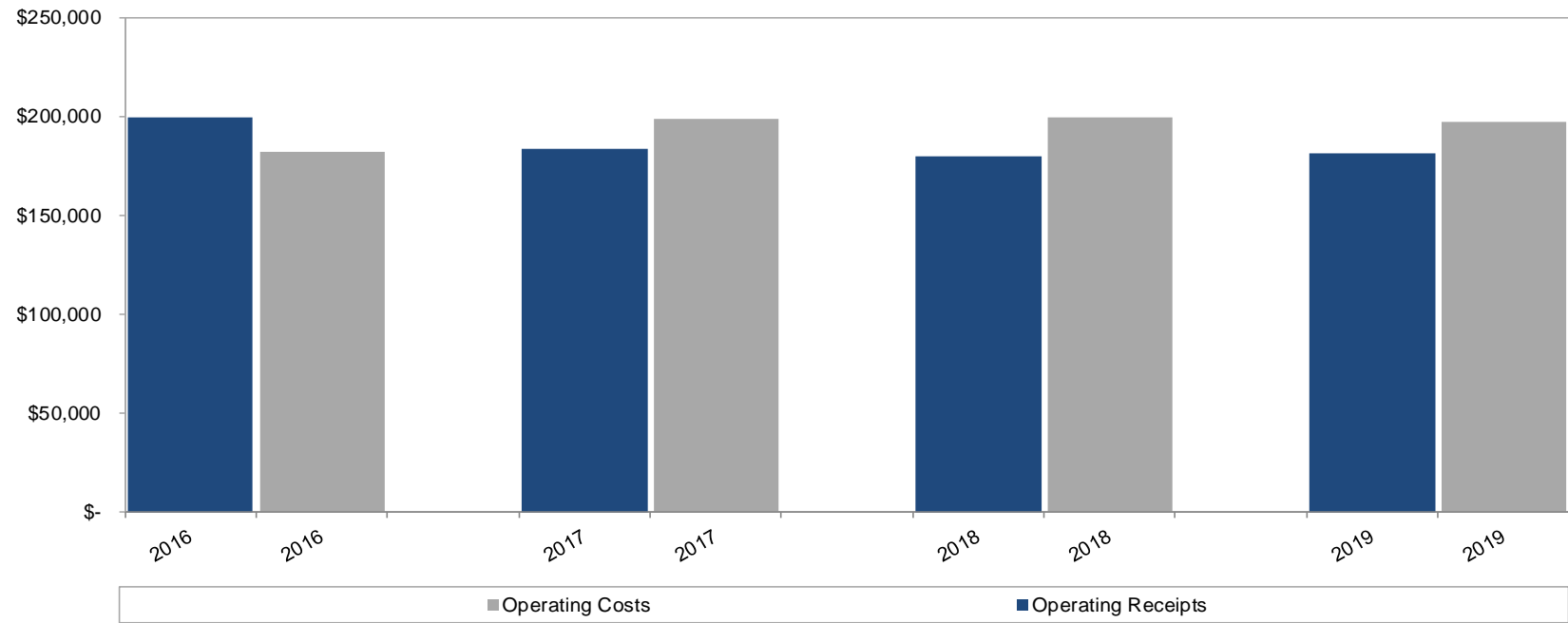
Water Fund - Cash Flows from Operations and Cash Balances



Sewer Fund - Cash Flows from Operations and Cash Balances



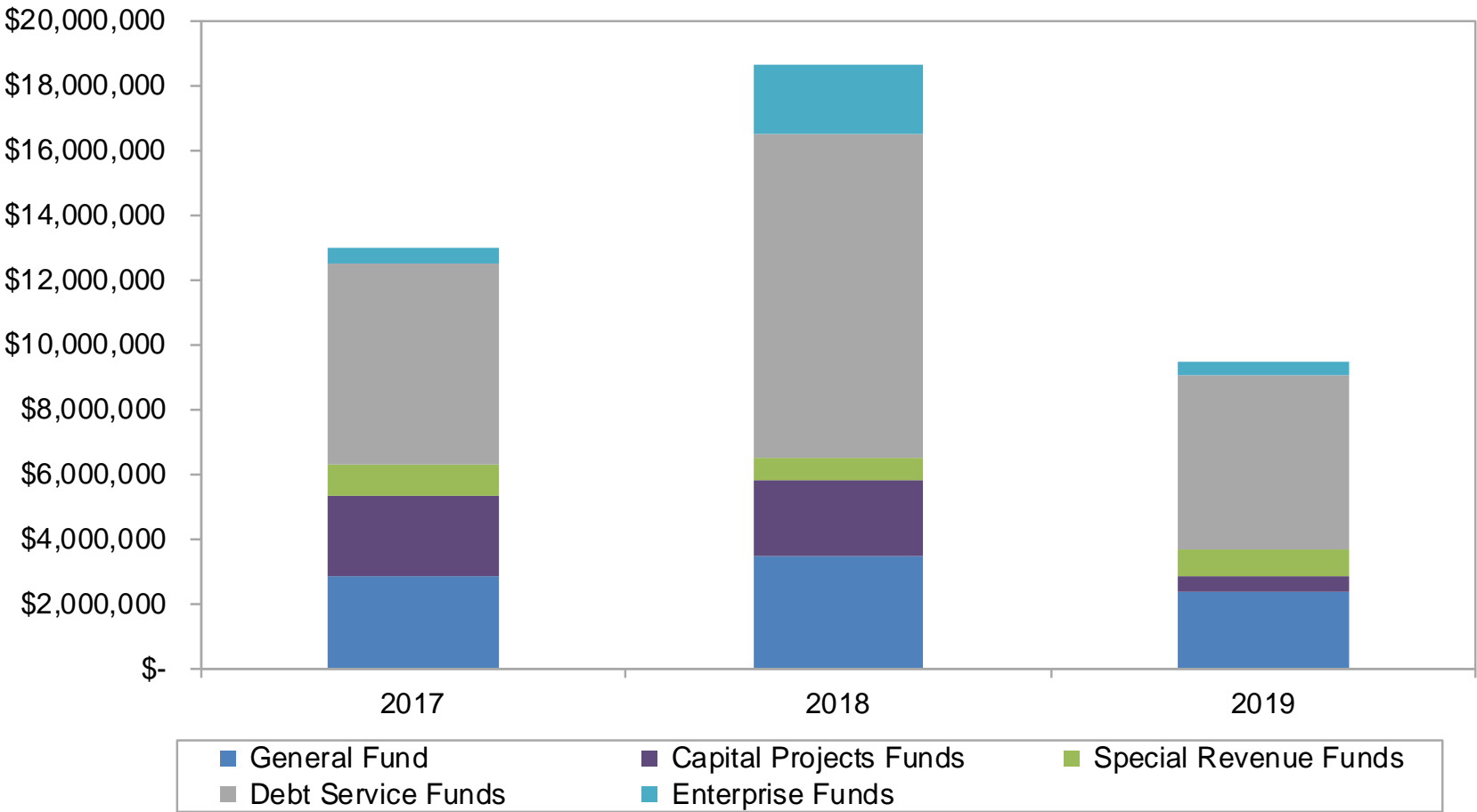
Recycling Fund - Cash Flows from Operations and Cash Balances



Storm Water Fund- Cash Flows from Operations and Cash Balances



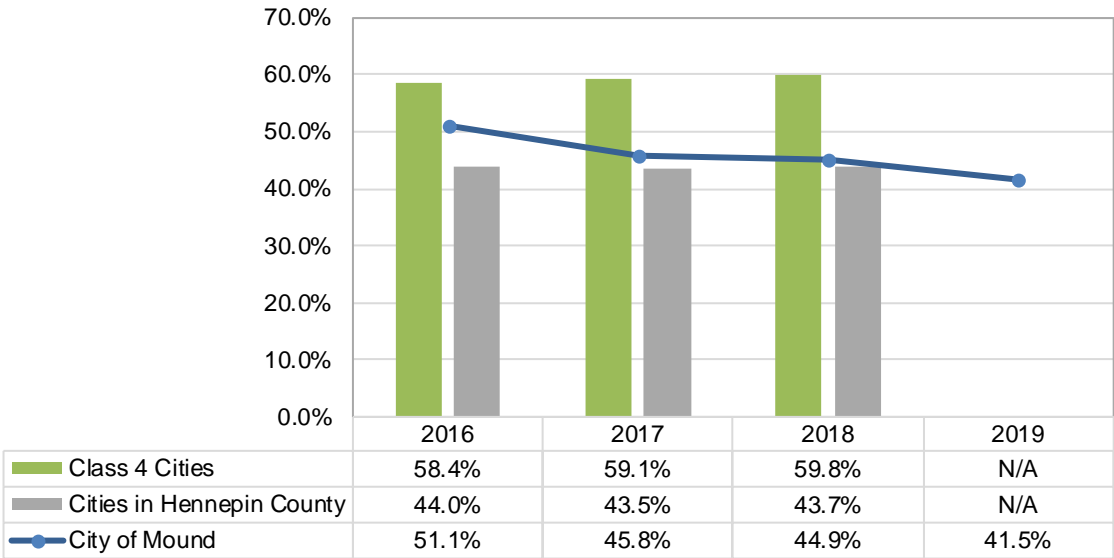
Cash and Investments Balances by Fund Type



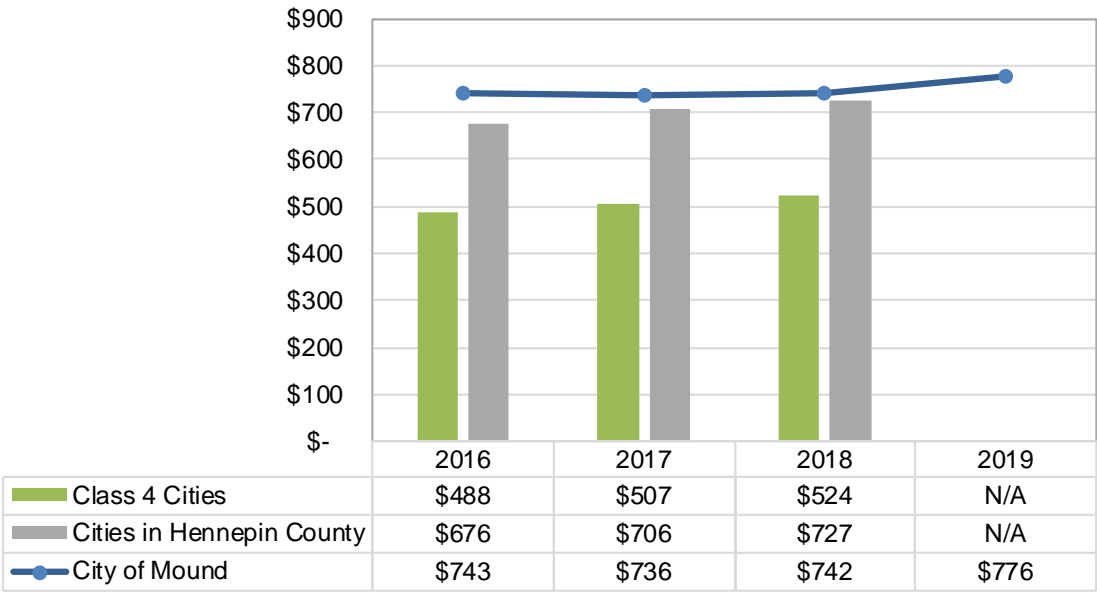
Key Performance Indicators - Taxes



Tax Rates

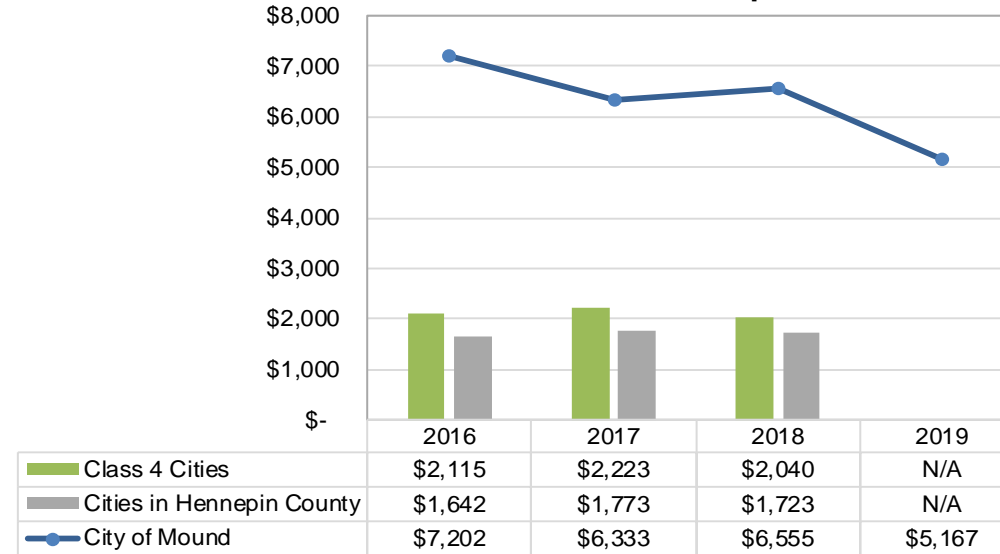


Taxes Per Capita

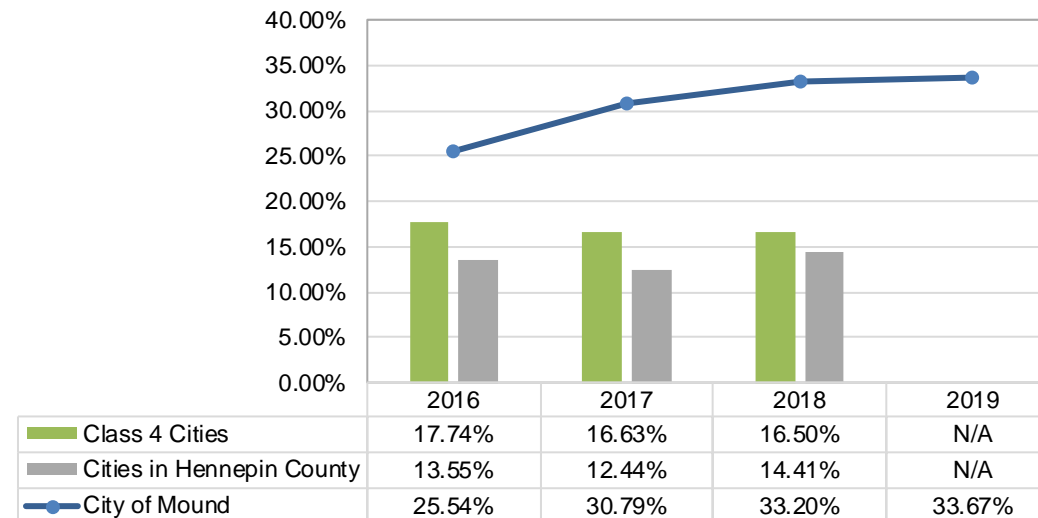


Key Performance Indicators - Debt

Debt Per Capita



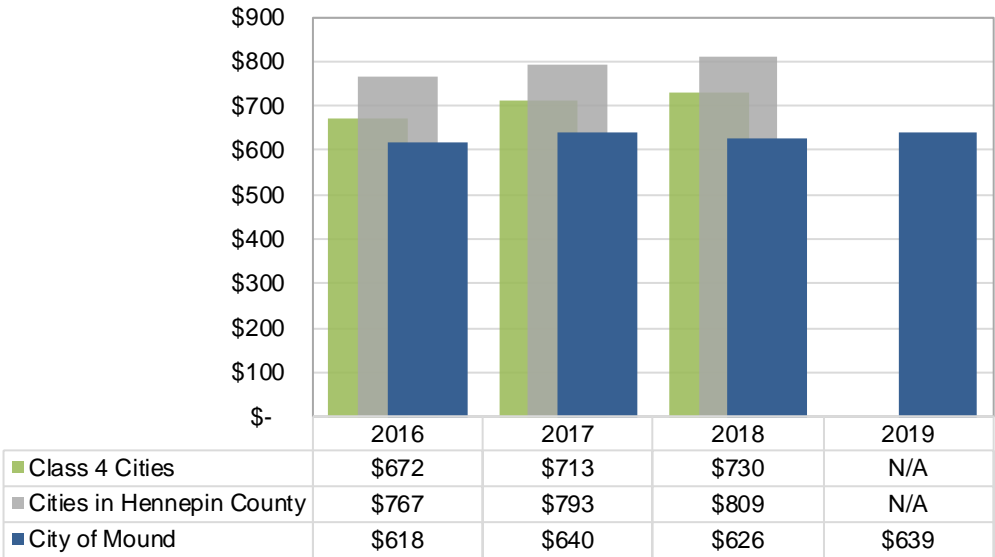
Debt Service Expenditures as a Percent of Total Expenditures



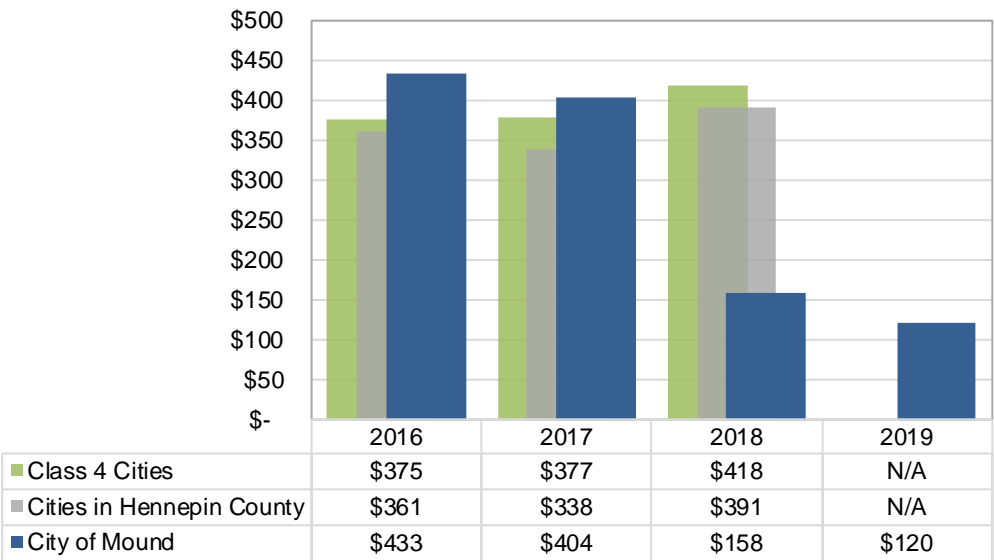
Key Performance Indicators - Expenditures



Current Expenditures Per Capita



Capital Expenditures Per Capita



Questions?

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