



# City of Hermantown, Minnesota

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## **Audit Presentation**

- Workshop -

**Year Ending  
December 31, 2020**

**Meeting Date  
Monday, May 17, 2021**

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

# Audit Team

Your audit team consisted of the following professionals with extensive experience in governmental accounting and auditing:

- Chris Knopik – Principal (16 years)
- Lance Lauinger – Director (6 years)
- Greg Lundberg, Charlie Hynes, Alex Orn – (Associates)



# Audit Results

- Audit Opinion:
  - The City has an unmodified (clean) opinion for the December 31, 2020 financial statement audit.
- Internal Controls over Financial Reporting:
  - Material Weaknesses – None
  - Significant Deficiencies – None
- Minnesota Legal Compliance:
  - No legal compliance findings

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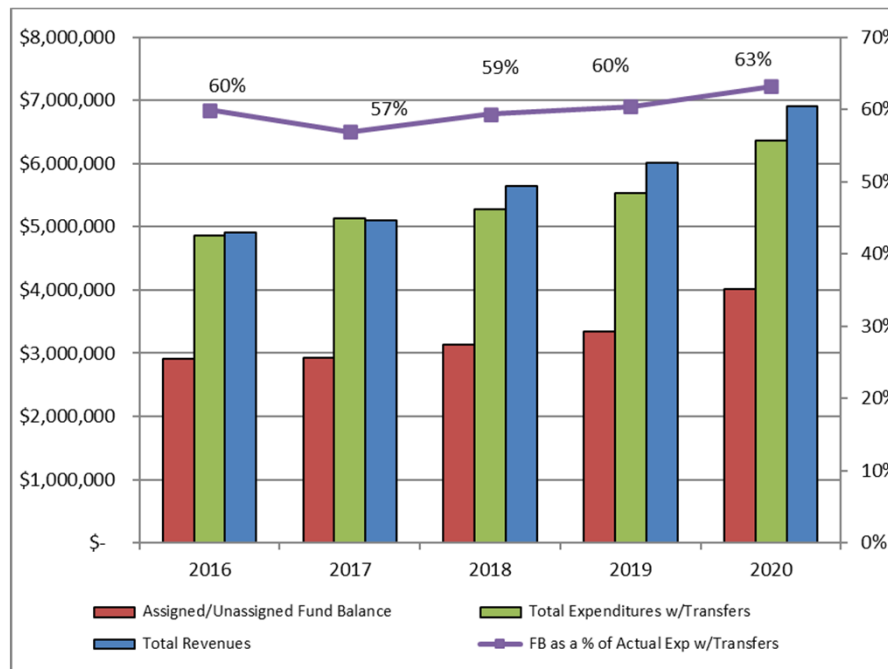
# Required Communications

- No new Accounting Policies
- Accounting Estimates
- Difficulties performing the audit (None)
- Uncorrected misstatements (“passed adjustments”)
- Corrected misstatements (“audit adjustments”)
- Disagreements with management (None)



# General Fund Financial Results

## General Fund Revenues, Expenditures and Fund Balance



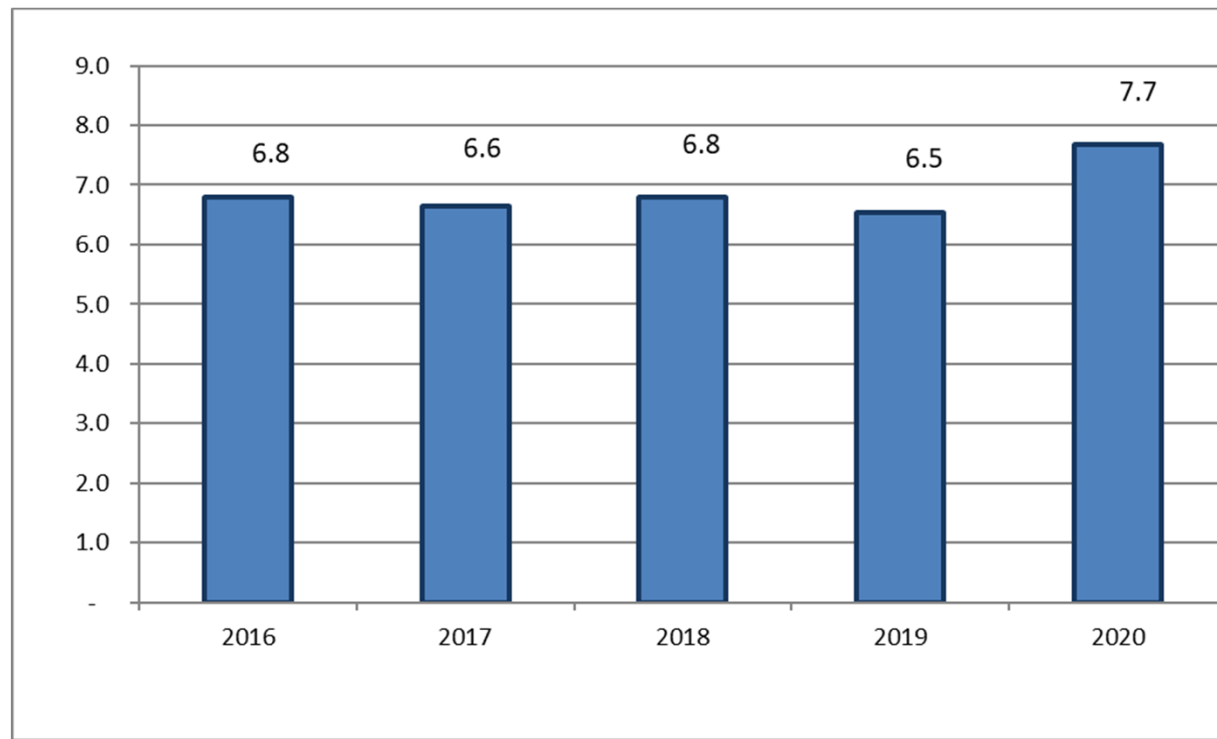
- Revenues - \$776k (12.7%) over budget
  - Property Taxes, Intergovernmental.
- Expenditures - \$153K (2.6%) under amended budget
  - All functions
- \$570K increase in fund balance for 2020

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# General Fund Financial Results

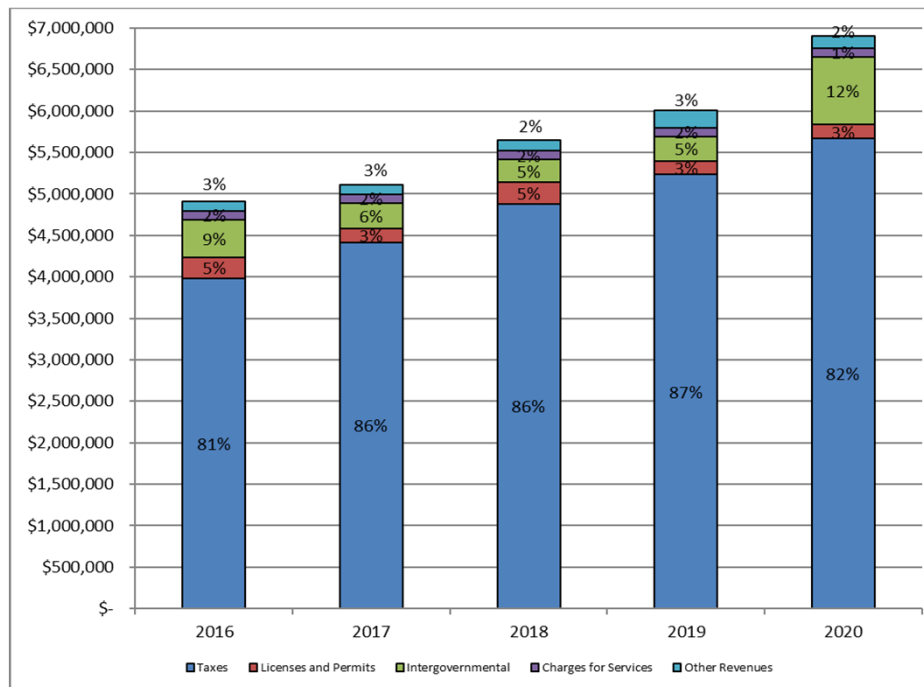
## Months of Fund Balance



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# General Fund Financial Results

## Total General Fund Revenues



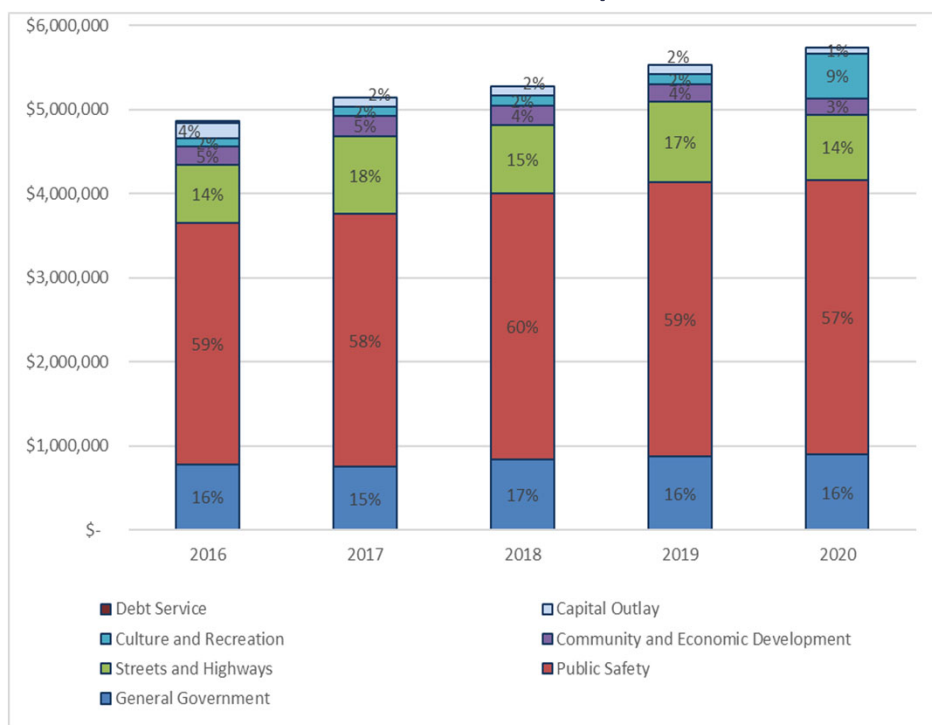
- GF Revenues up \$904k or 15.1%, as compared to 2019
- Property taxes 82%
- Charges for services 1%
- Licenses and permits 3%
- Intergovernmental approximately 12%
- Other 2%

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# General Fund Financial Results

## Total General Fund Expenditures



- GF expenditures up \$197K, or 3.6%, as compared to 2019
- Gen Govt – 16%
- Public Safety – 57%
- Streets – 14%
- Comm & Econ Development – 3%
- Culture & Rec – 9%
- Capital Outlay – 1%

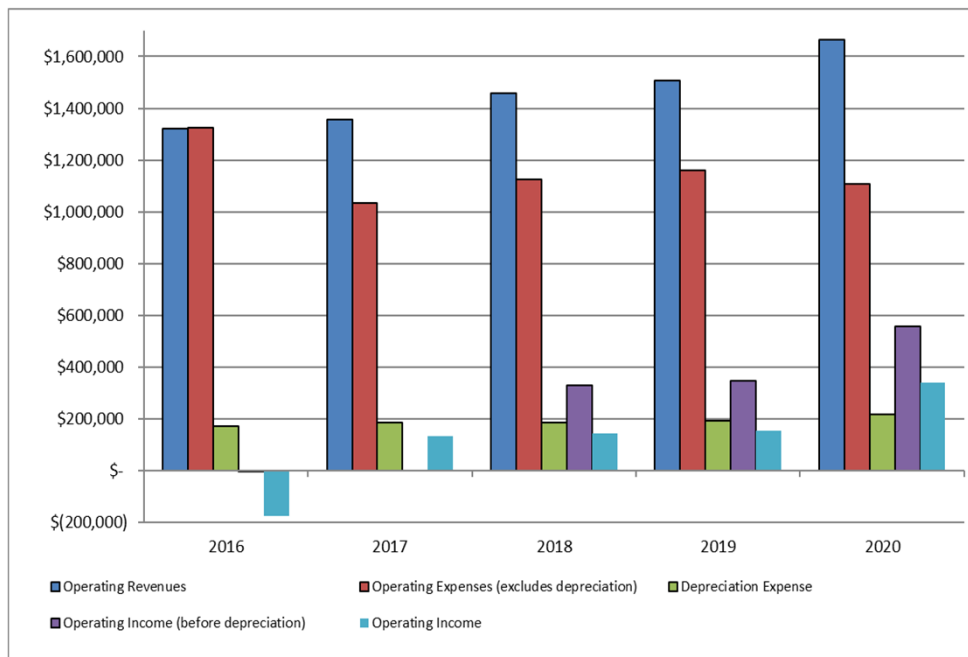
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# Financial Results

## Water Utility Fund Operations



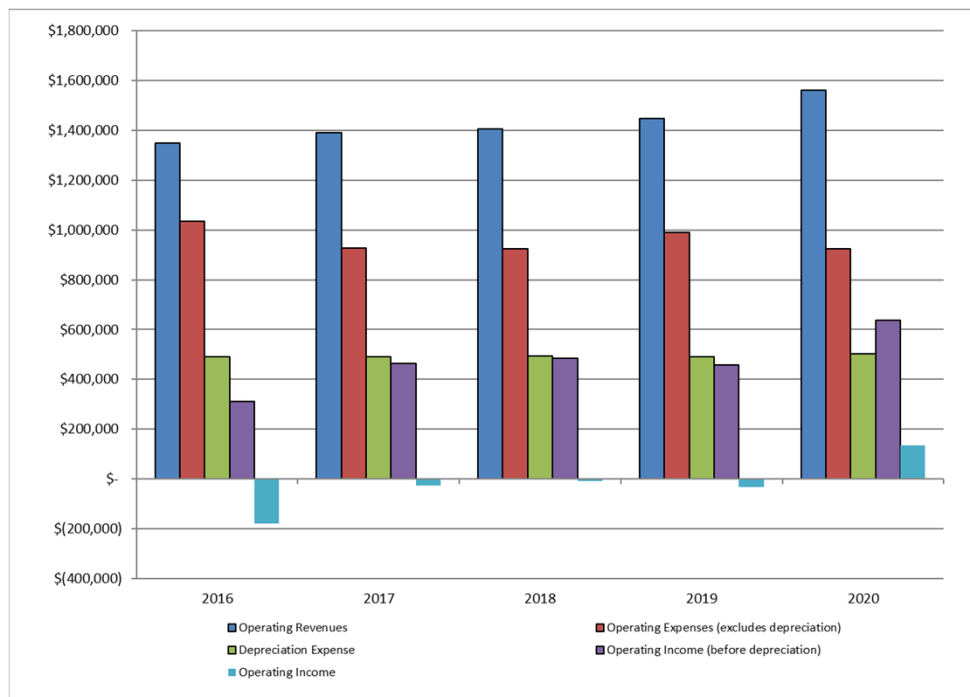
- Operating revenues increase 10.6% from prior year (increase in rates and usage)
- Operating expenses decreased 4.3% from prior year
- Covering all depreciation for 3<sup>rd</sup> consecutive year
- Total cash and cash equivalents balance of \$4.8M at 12/31

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# Financial Results

## Sewage Disposal Fund Operations



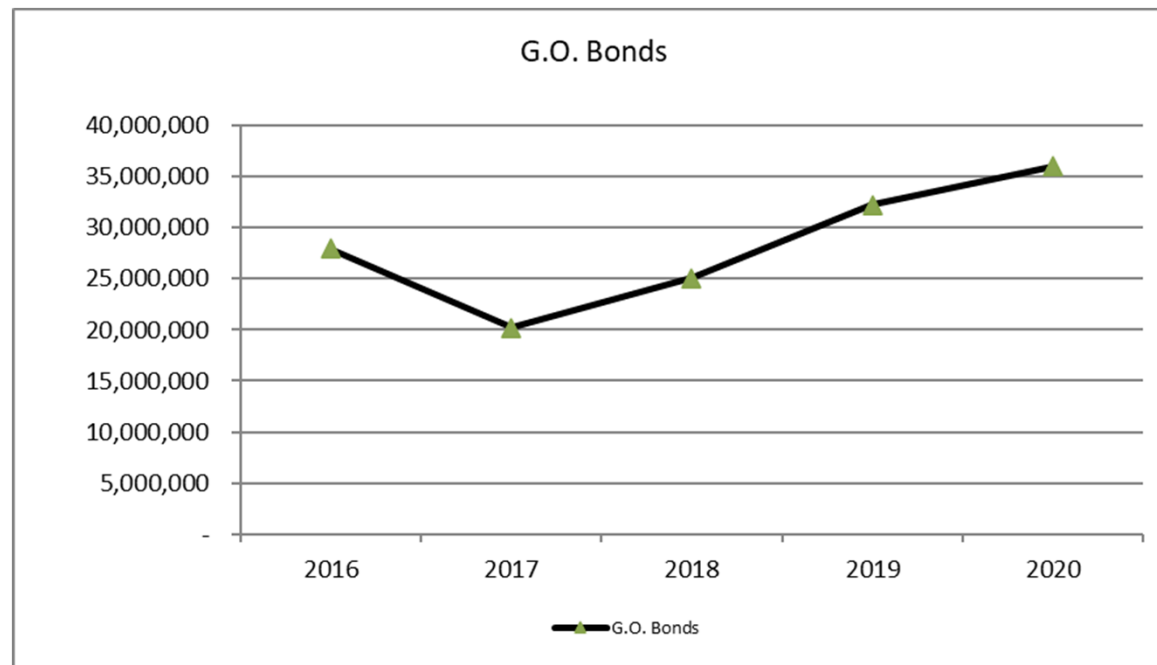
- Operating revenues increased 7.9% from prior year (rate and usage increase)
- Operating expenses down 6.8% from prior year
- Covering all depreciation
- Total cash and cash equivalents balance of \$4.9M at 12/31

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# Financial Results

## City Debt

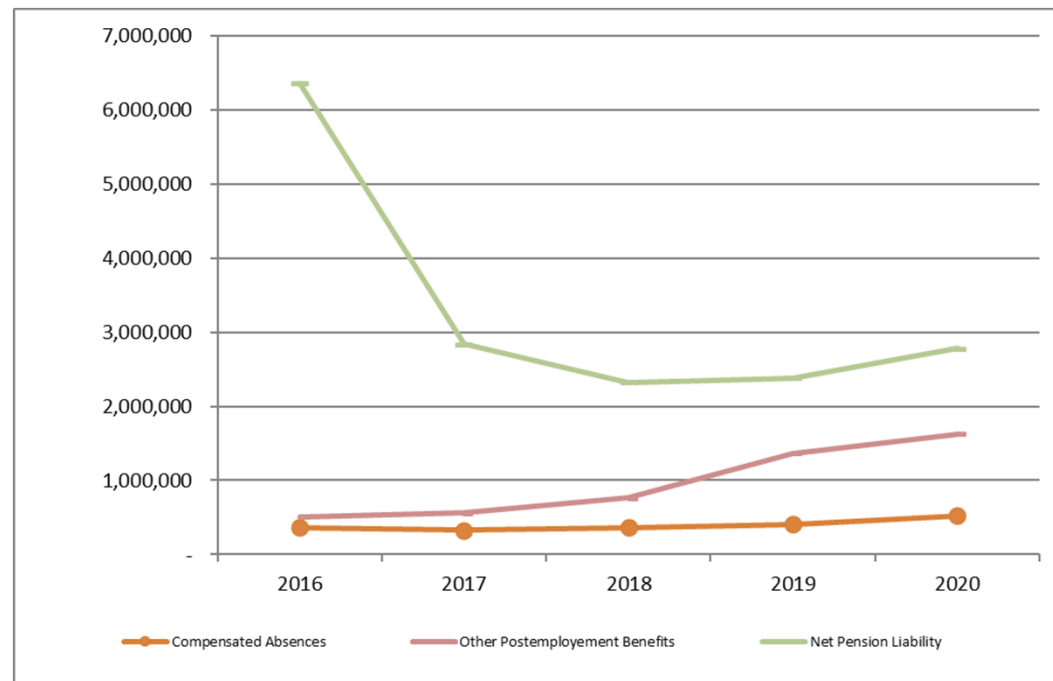


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# Financial Results

## Pension, OPEB and Compensated Absences



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# Financial Results

- Other Financial Highlights
  - Financial statements and the required OSA Financial Reporting form will both be submitted to the required state agency before the deadline June 30, 2021.



# Emerging Issues

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- Effective December 31, 2022:
  - Governmental Accounting Standards Board Statement No. 87
    - Leases
- Effective December 31, 2023:
  - Governmental Accounting Standards Board Statement No. 96
    - Subscription based information technology arrangements



**Thank you to all for helping to get  
this audit completed timely and for  
allowing us to serve you!**



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