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CPAs | CONSULTANTS | WEALTH ADVISORS

City of Carlos, Minnesota

Year Ended December 31, 2022



Agenda

- Introduction
- Governance Communication
- Financial Results
- Findings and Recommendations
- Key Issues/Summary



Required Communications

- Our Responsibility Under Generally Accepted Auditing Standards
 - Primary responsibility is to provide our opinion on the fairness of presentation of the financial statements
 - Reviewed internal accounting controls
 - Risk based audit approach
 - Based on internal controls, determined scopes and tests of transactions
- Planned Scope and Timing of the Audit
 - Communicated during the audit preliminary work and field work
- Significant Accounting Policies
 - Outlined in Note 1 to the financial statements
 - Unusual transactions – None noted
 - GASB 87 reviewed and determined to be immaterial



Required Communications

- Management Judgments and Accounting Estimates – Reasonable/Supported
 - Useful lives of assets – Water & Sewer Funds
 - Pension related items – Water & Sewer Funds
- Corrected and Uncorrected Misstatements
 - Audit adjustments – no material adjustments
 - Uncorrected adjustments – none noted
- Disclosures are Adequate, Clear and Complete
- Other Information in Documents Containing Audited Financial Statements
 - Supplementary information – made inquiries and evaluated the content – opinion – management is responsible for this information and need to include our report if issued separately
 - Other information – reviewed for any errors – no opinion



Required Communications

- Disagreements with Management
 - There have been no disagreements with management about matters that could be significant to the financial statements.
- Consultations with Other Accountants
 - There were no consultations with other independent accountants
- Major Issues Discussed With Management Prior to Retention
 - No issues, other than normal planning issues, were discussed prior to our retention as auditors
- Difficulties Encountered in Performing the Audit
 - Management was most cooperative and helpful
 - Personnel and records were available



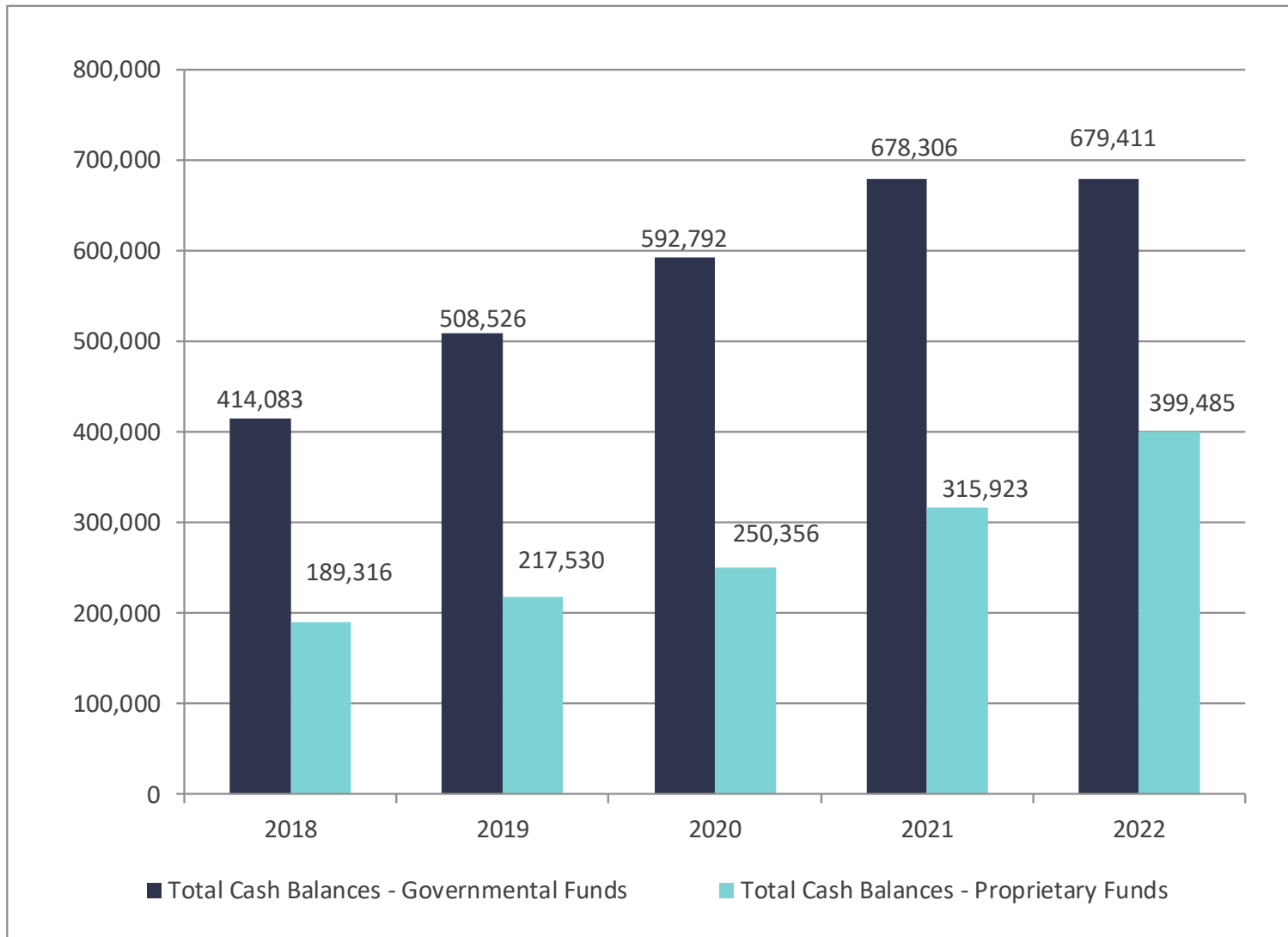
City's Audit Results

- Unmodified Opinion – Regulatory Basis
 - On the basic financial statement – Cash and Accrual
 - Reported in compliance with OSA and PFA
- Compliance and Internal Control Over Financial Reporting
 - Two material weaknesses:
 - Auditor drafts financial statements and notes
 - Limited segregation of duties
- Minnesota Legal Compliance
 - Seven areas – one compliance finding
 - Prompt payment of claims – 1 of 22 checks did not conform to the 35 day payment deadline



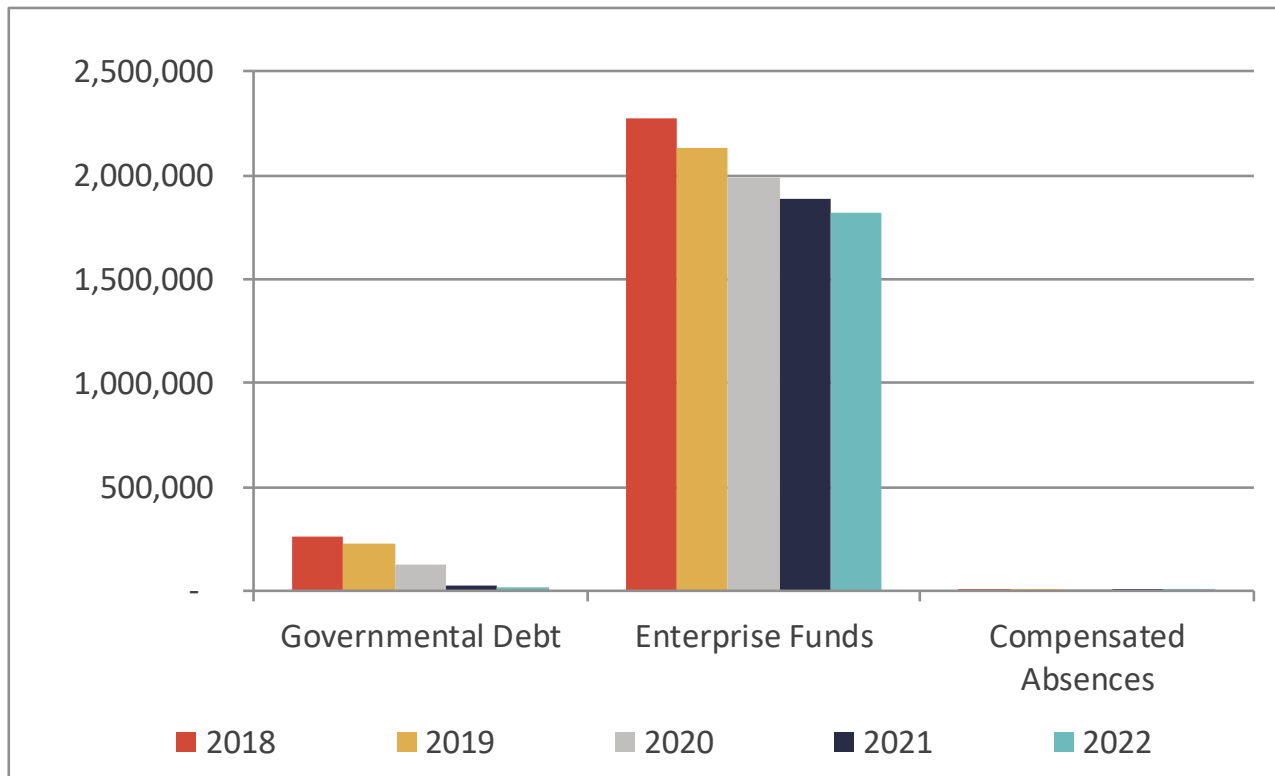
Total Cash Fund Balances

Governmental and Proprietary Funds



Outstanding Debt

Total City Outstanding Indebtedness

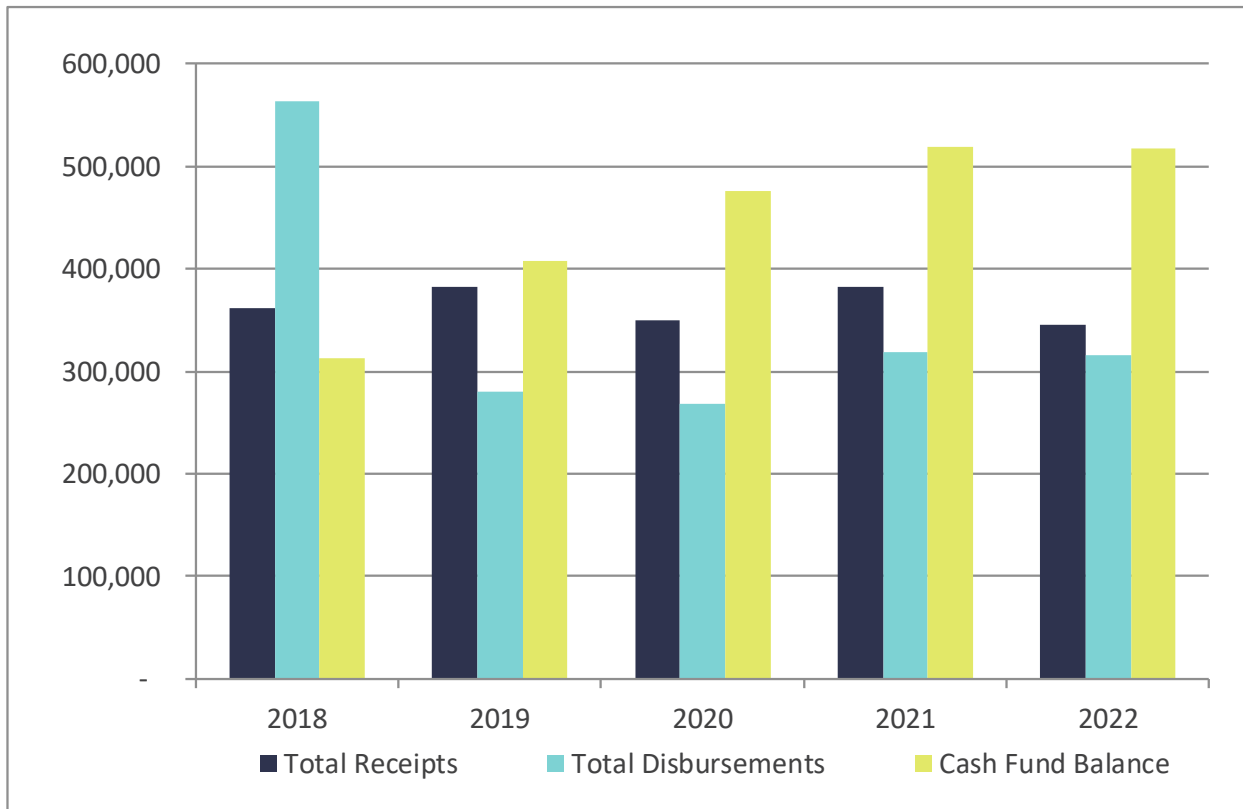


- Public Finance Lease Purchase Agreement \$13,420
- GO Utility Revenue Bonds of \$1,817,000 – Water Debt
- Compensated Absences for Business-Type Activities of \$2,836



General Fund

Total Receipts, Disbursements and Cash Fund Balance



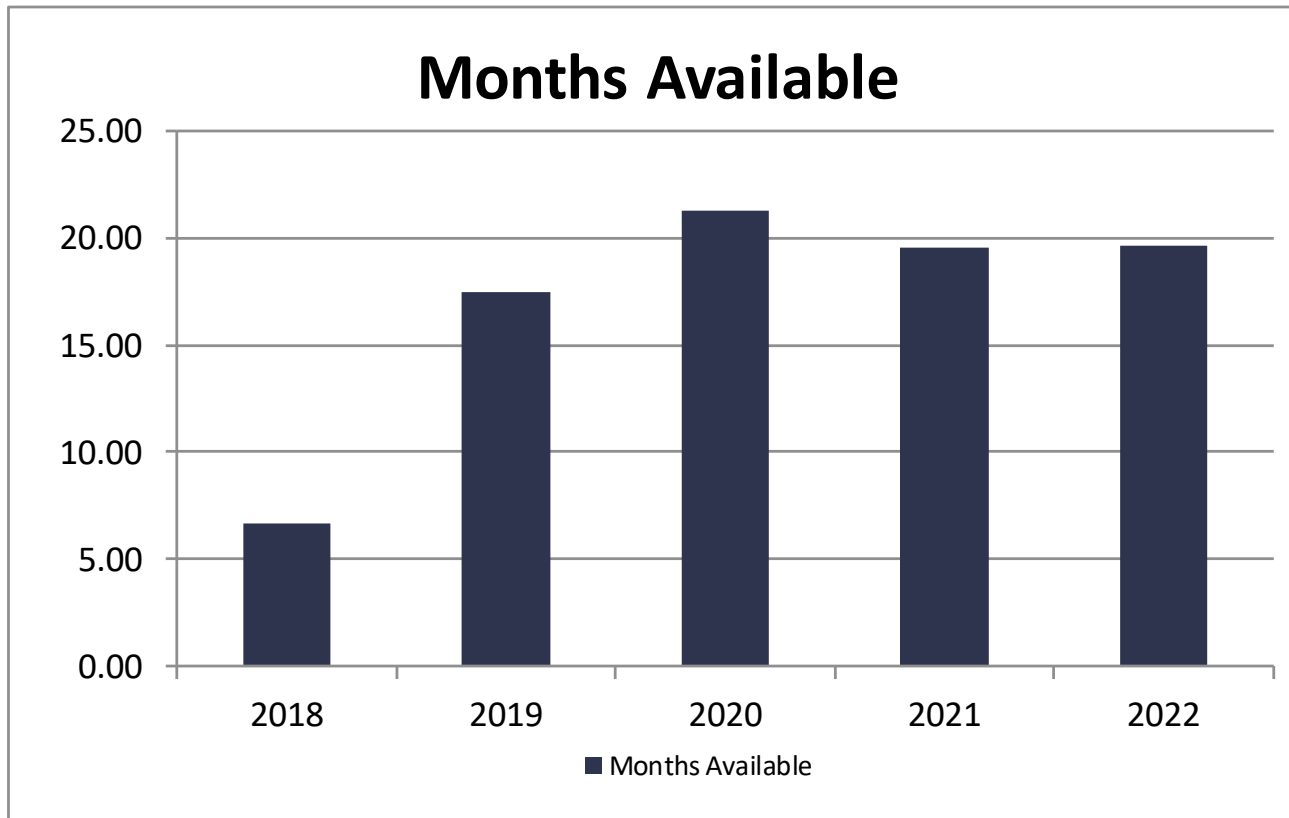
- Receipts decreased \$36,918 from prior year
- Disbursements decreased \$2,098 from prior year
- Receipts exceeded disbursements by \$28,392 - \$30,610 was then transferred to the Fire Operating Fund
- Positive cash fund balance at 12/31/22 \$517,312

	2018	2019	2020	2021	2022
Total Receipts	361,773	382,591	349,569	381,707	344,789
Total Disbursements	563,618	279,571	268,871	318,495	316,397
Cash Fund Balance	313,030	408,120	475,818	519,530	517,312



General Fund

Months of Disbursements in General Fund

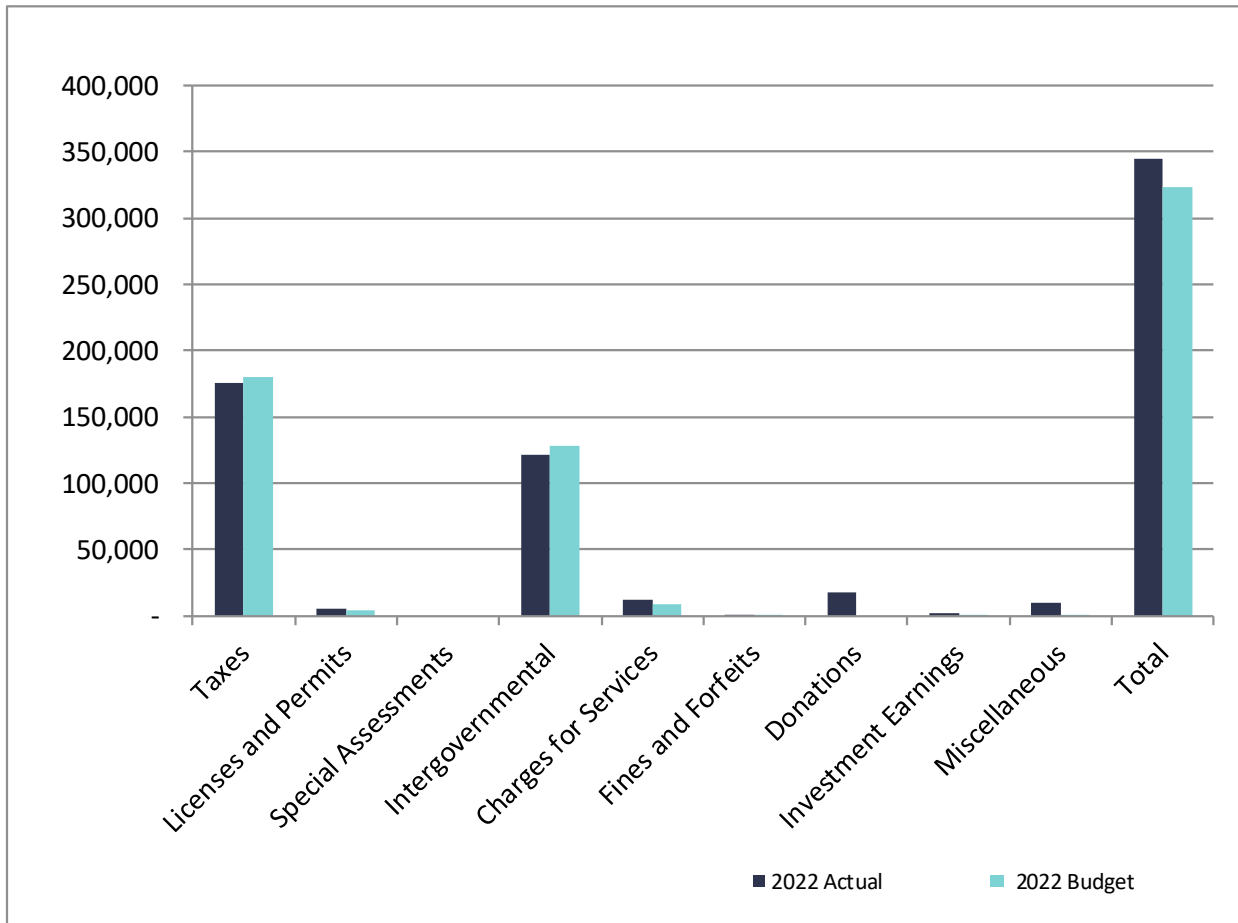


- MN Office of the State Auditor recommends no less than 5 months
- 19.6 months available
- Capital improvement – long term financial plan to address future needs



General Fund

Budget to Actual – Receipts

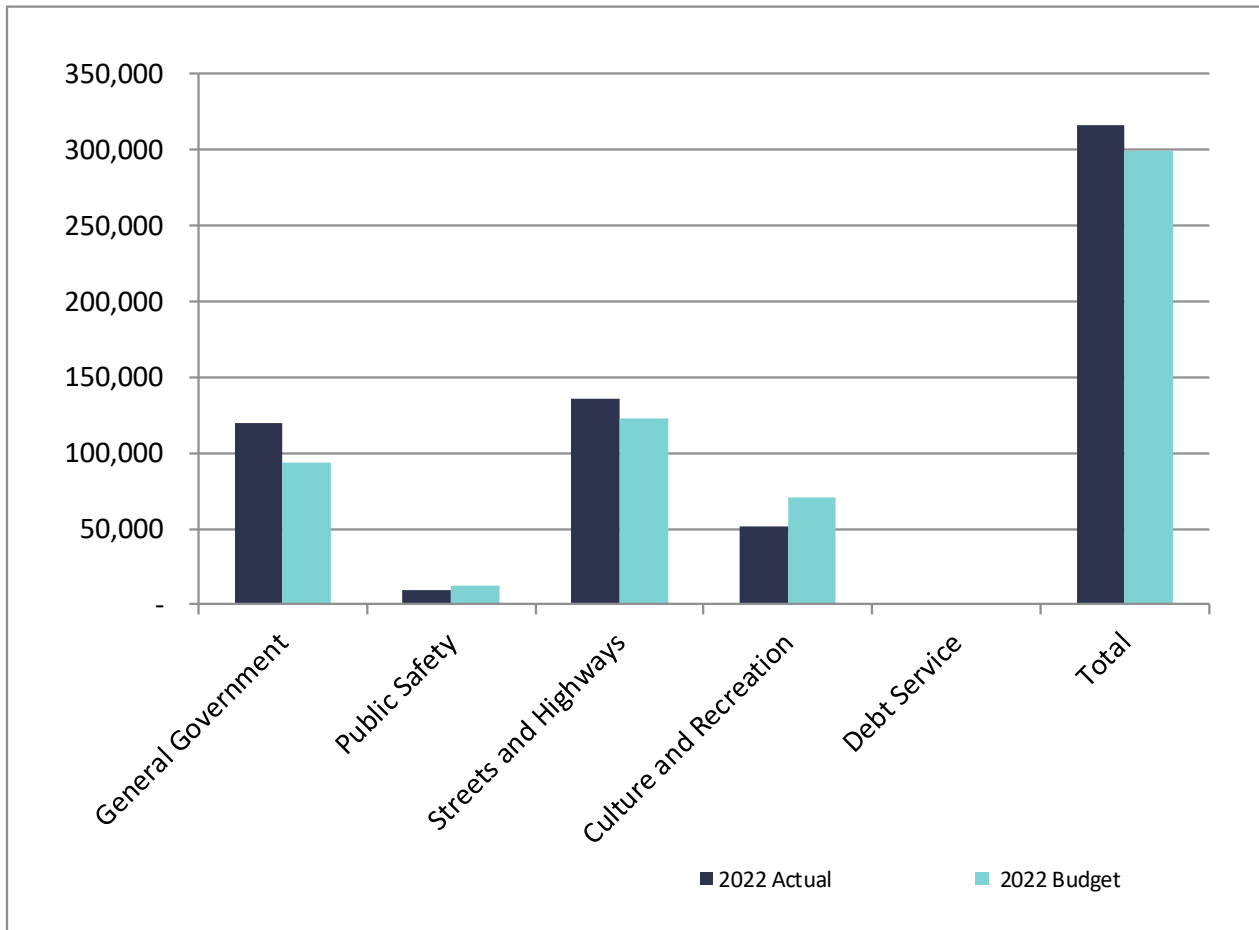


- Actual receipts exceeded budget \$21,409
- 51% of revenue is property tax collections
- 35% of revenue is intergovernmental payments



General Fund

Budget To Actual - Disbursements

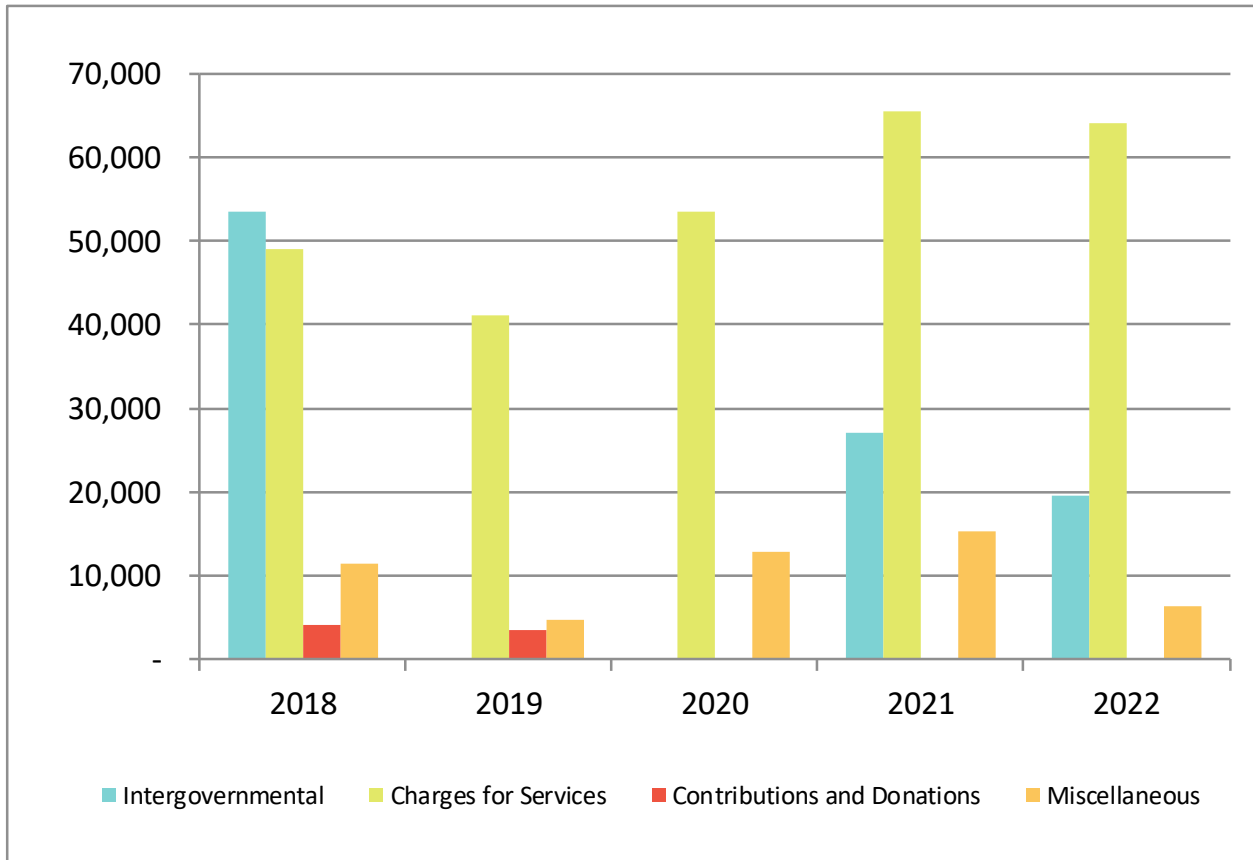


- Disbursements were over budget by \$16,993
- \$25,872 more than budget in general government
- \$19,507 less than budget in culture and recreation function



Fire Operating Fund

Receipt Detail



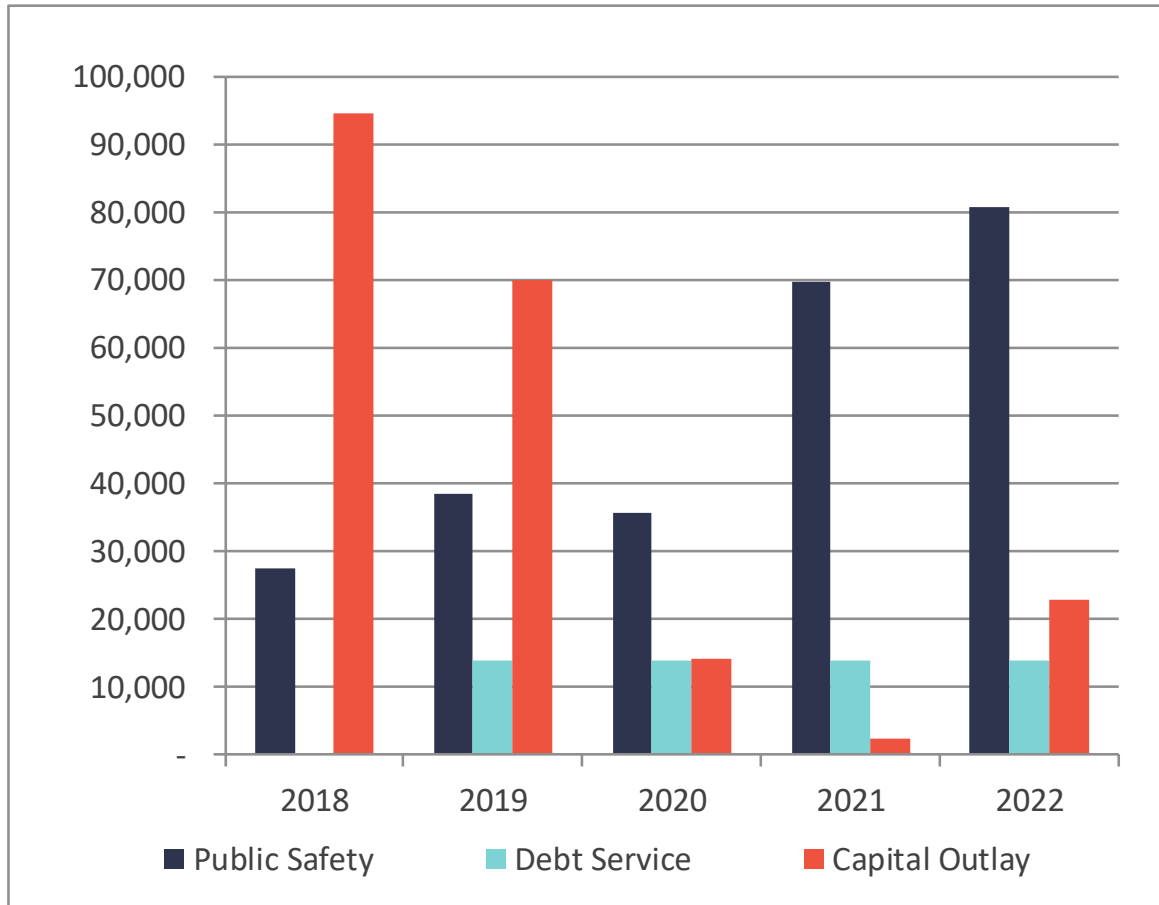
- Intergovernmental is made up of state fire aid.
- Charges for Services consistent with prior year.

Fire Operating Fund	2018	2019	2020	2021	2022
Intergovernmental	53,524	-	-	27,113	19,488
Charges for Services	48,958	41,115	53,403	65,515	64,081
Contributions and Donations	4,118	3,500	-	-	-
Miscellaneous	11,401	4,780	12,923	15,235	6,301



Fire Operating Fund

Disbursement Detail



- Public Safety includes all amounts related to operations and increased due to payment to fire relief
- Debt payments started in 2019 related to capital lease
- Capital outlays
- 2018: 2012 Dodge Ram, compressor for fire calls, other various equipment
- 2019: SCBA leased equipment
- 2020: BDS Laundry System
- 2022: Fire Engine

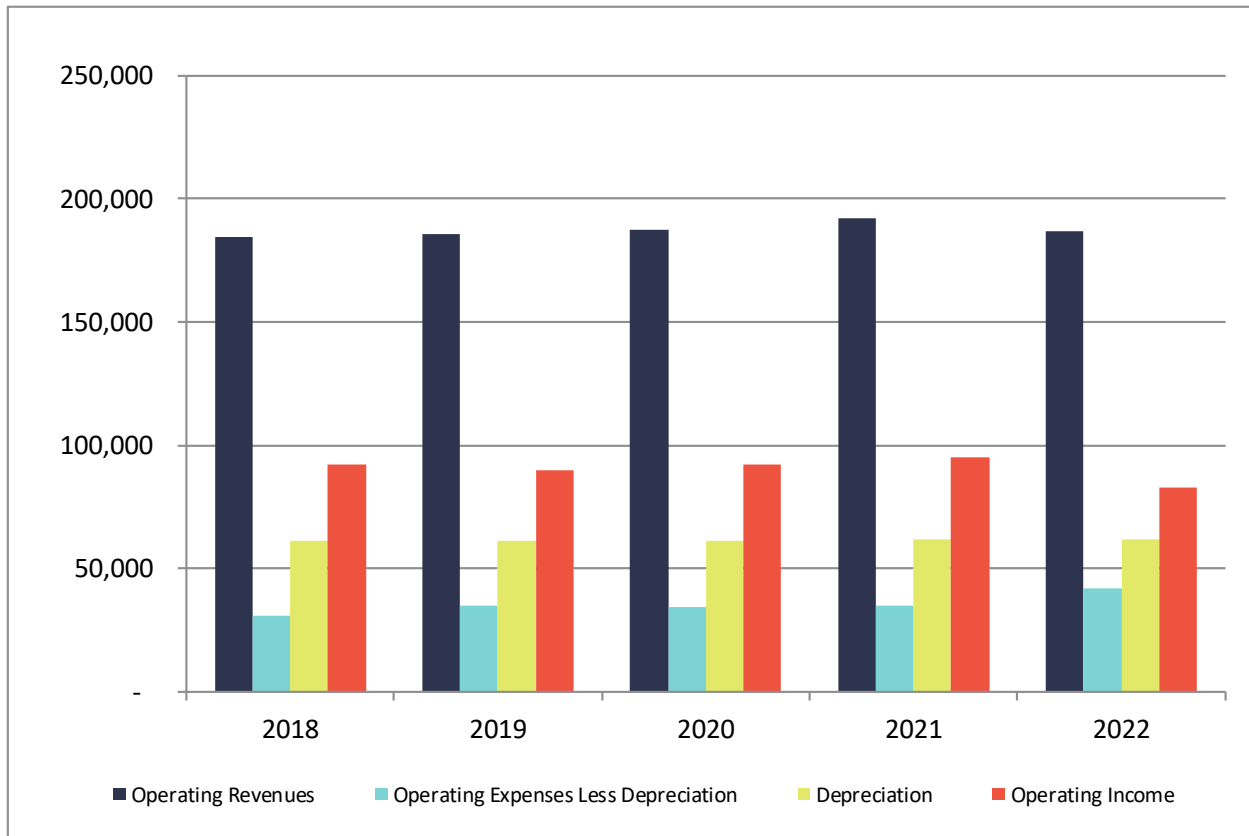
Fire Operating Fund
Public Safety
Debt Service
Capital Outlay

	2018	2019	2020	2021	2022
Public Safety	27,442	38,590	35,644	69,718	80,676
Debt Service		13,898	13,898	13,898	13,899
Capital Outlay	94,555	69,866	14,208	2,496	22,834



Water Fund

Water Fund Operations



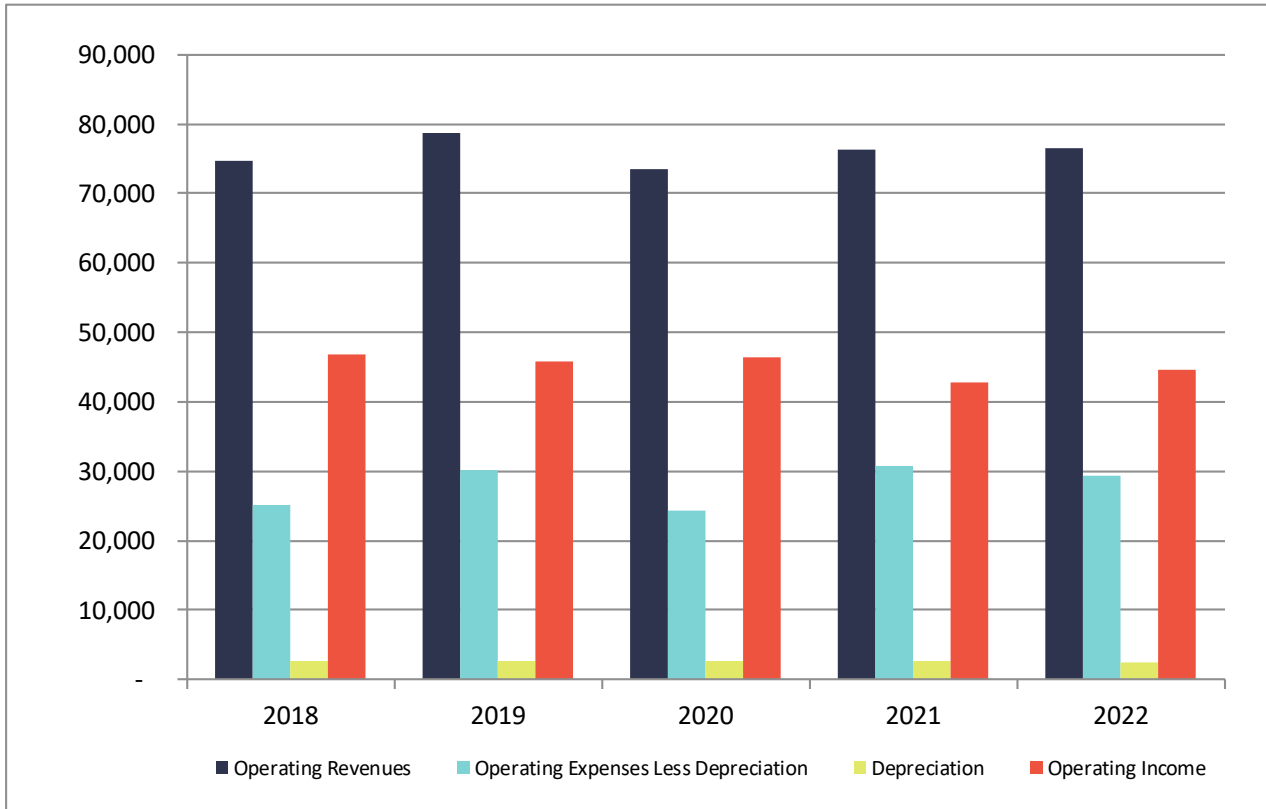
- Operating income totaled \$82,647
- Positive increase in cash of \$34,864
- Operating expense increased \$6,828

Water Fund	2018	2019	2020	2021	2022
Operating Revenues	184,145	185,403	187,380	191,749	186,676
Operating Expenses Less Depreciation	30,680	34,669	34,138	35,179	42,007
Depreciation	61,075	61,075	61,075	61,556	62,022
Operating Income	92,390	89,659	92,167	95,014	82,647



Sewer Fund

Sewer Fund Operations



- Operating income totaled \$44,589
- Positive operating income and net position in the current year
- Ending net position - \$439,087 compared to \$394,498 in prior year.
- Overall increase in cash balance of \$48,698
- \$70,000 receivable from Water Fund

Sewer Fund	2018	2019	2020	2021	2022
Operating Revenues	74,654	78,656	73,483	76,211	76,421
Operating Expenses Less Depreciation	25,161	30,212	24,290	30,784	29,349
Depreciation	2,741	2,741	2,741	2,741	2,483
Operating Income	46,752	45,703	46,452	42,686	44,589



Key Issues/Summary

- General Fund has a cash balance of \$517,312, \$46,013 of that balance is unspent federal ARPA funding.
- Fire Operating Fund had an increase in cash fund balance primarily due to a \$30,610 transfer from the general fund. Ending Cash balance of \$94,753.
- Water Fund cash balance increased \$34,864
- Sewer Fund cash balance increased \$48,698



Thank You for the Opportunity to Serve You!

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