



City of Carlos, Minnesota

Year Ended December 31, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

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
 - No new standards for 2021



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 – Transfers between funds
 - 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



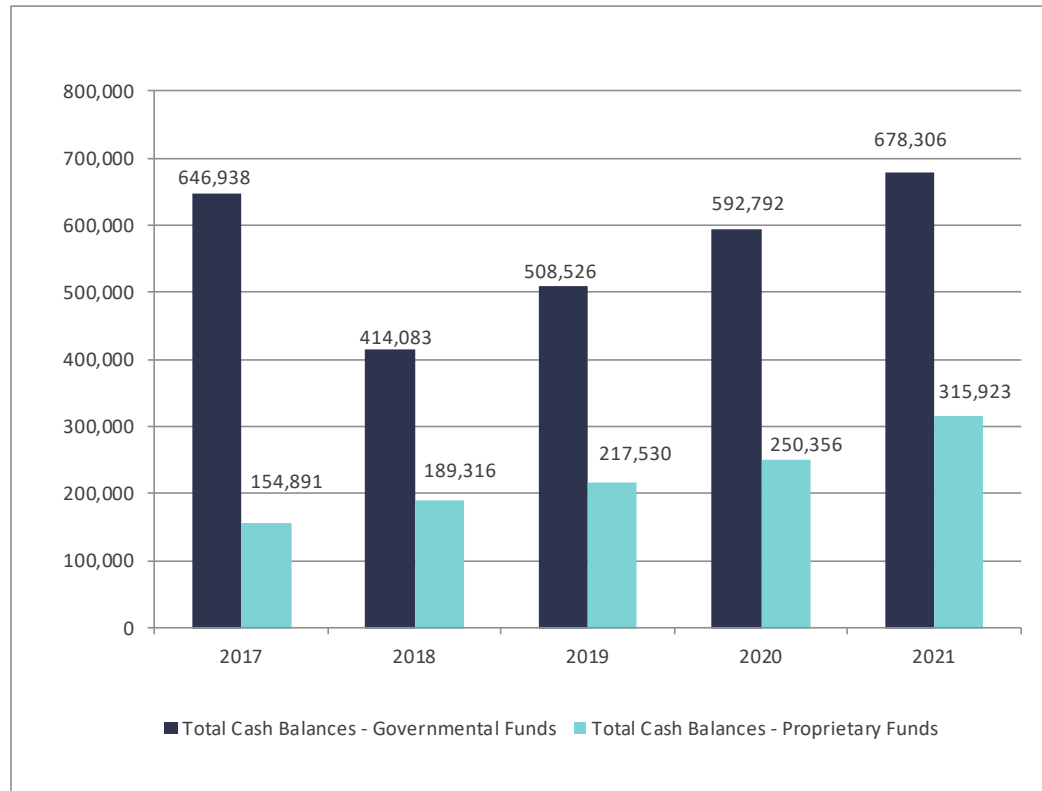
City's Audit Results

- **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**
 - Three material weaknesses:
 - Auditor drafts financial statements and notes
 - Limited segregation of duties
 - Material audit adjustments
- **Minnesota Legal Compliance**
 - Seven areas – two compliance findings
 - Prompt payment of claims – 1 of 22 checks did not conform to the 35 day payment deadline
- **Other Recommendations**
 - Recommended the claim number on the disbursement list provided to council agree to the check number. Council should verify the beginning check number agrees to the last check number approved.



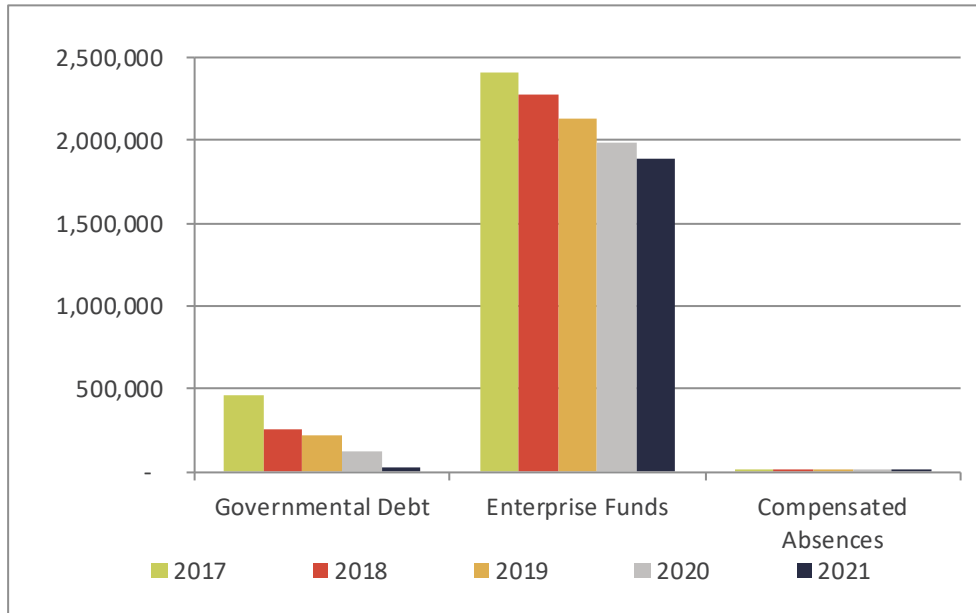
Total Cash Fund Balances

Governmental and Proprietary Funds



Outstanding Debt

Total City Outstanding Indebtedness

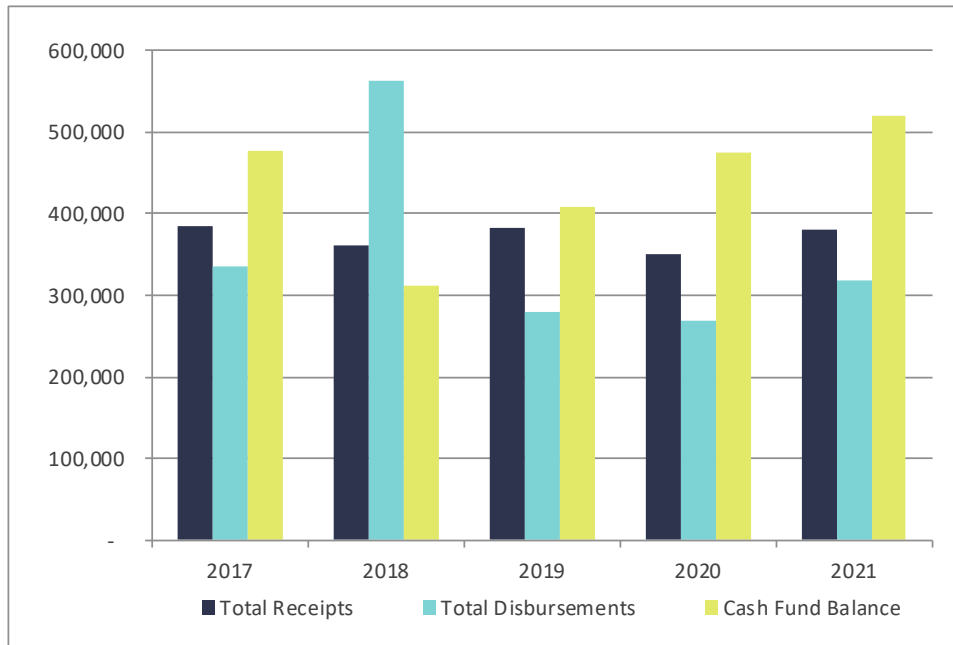


- Public Finance Lease Purchase Agreement \$26,377
- GO Utility Revenue Bonds of \$1,887,000 – Water Debt
- Compensated Absences for Business-Type Activities of \$3,174



General Fund

Total Receipts, Disbursements and Cash Fund Balance



- Receipts increased \$32,138 from prior year
- Disbursements increased \$49,624 from prior year
- Receipts exceeded disbursements by \$63,212
- Positive cash fund balance at 12/31/21 \$519,530

	2017	2018	2019	2020	2021
Total Receipts	384,622	361,773	382,591	349,569	381,707
Total Disbursements	335,766	563,618	279,571	268,871	318,495
Cash Fund Balance	477,912	313,030	408,120	475,818	519,530



General Fund

Months of Disbursements in General Fund

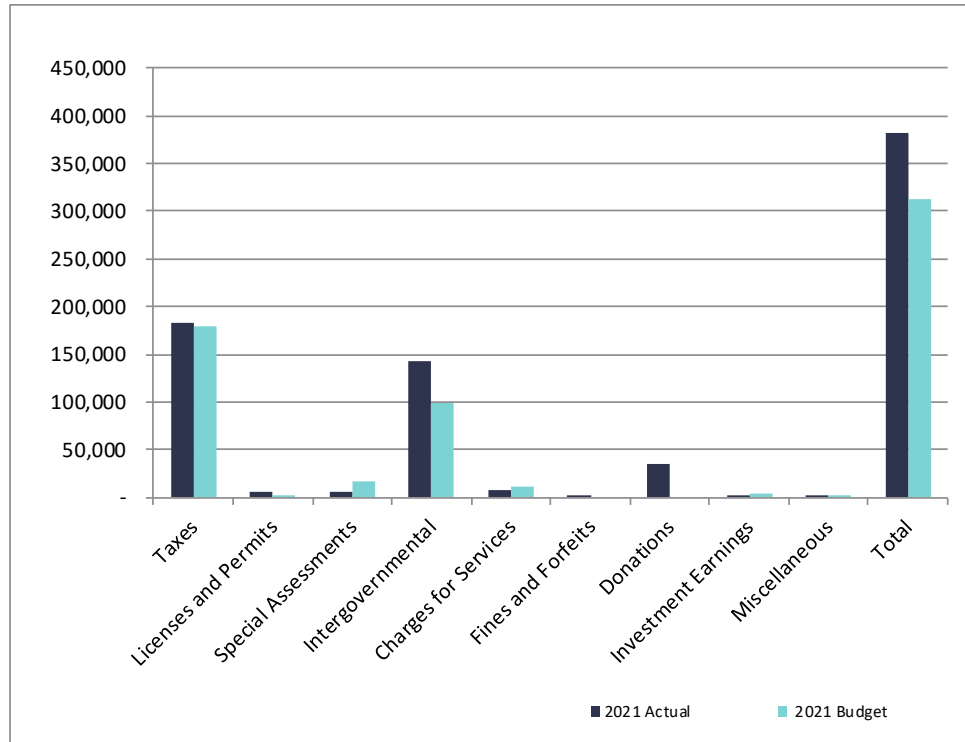


- MN Office of the State Auditor recommends no less than 5 months
- 19.6 months available
- Capital improvement – long term financial plan to address future needs



General Fund

Budget to Actual – Receipts

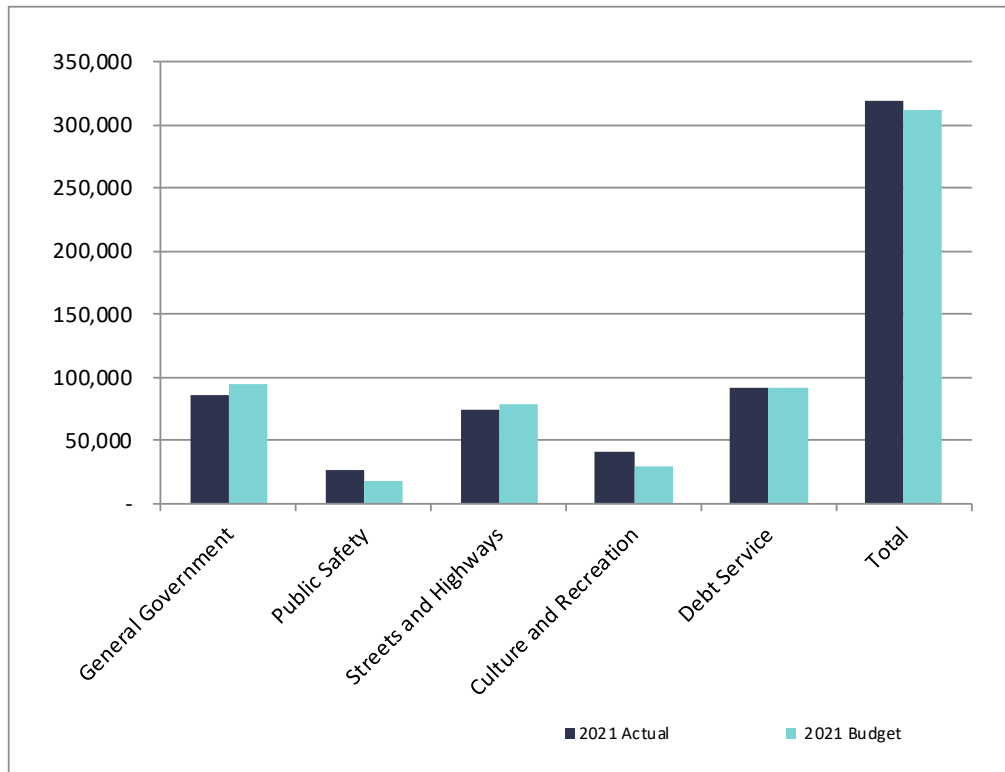


- Actual receipts exceeded budget \$69,392
- 48% of revenue is property tax collections
- 37% of revenue is intergovernmental payments



General Fund

Budget To Actual - Disbursements

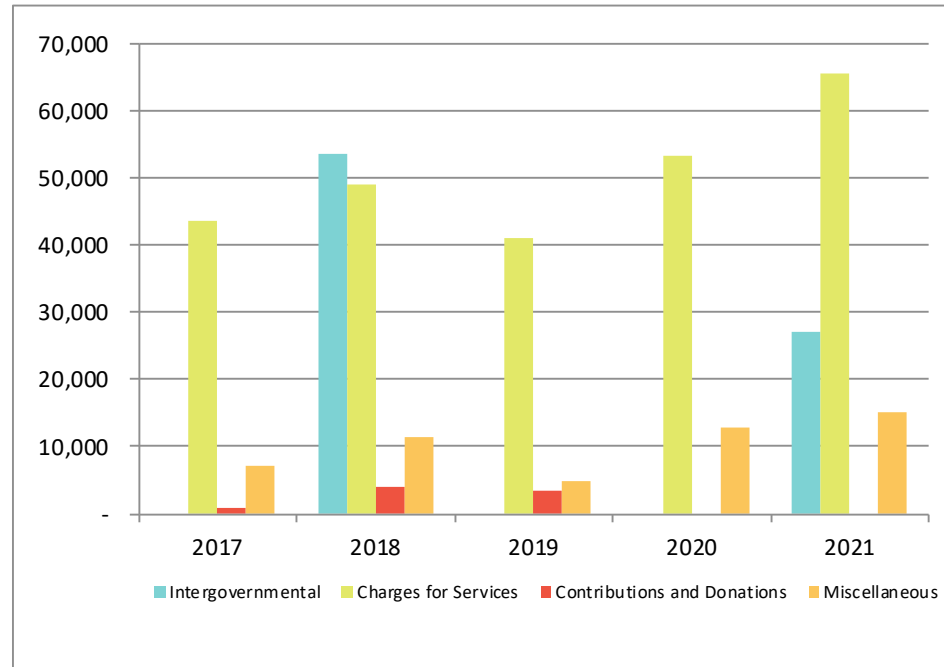


- Disbursements were over budget by \$6,469
- \$9,538 more than budget in public safety department
- \$11,284 more than budget in culture and recreation function



Fire Operating Fund

Receipt Detail



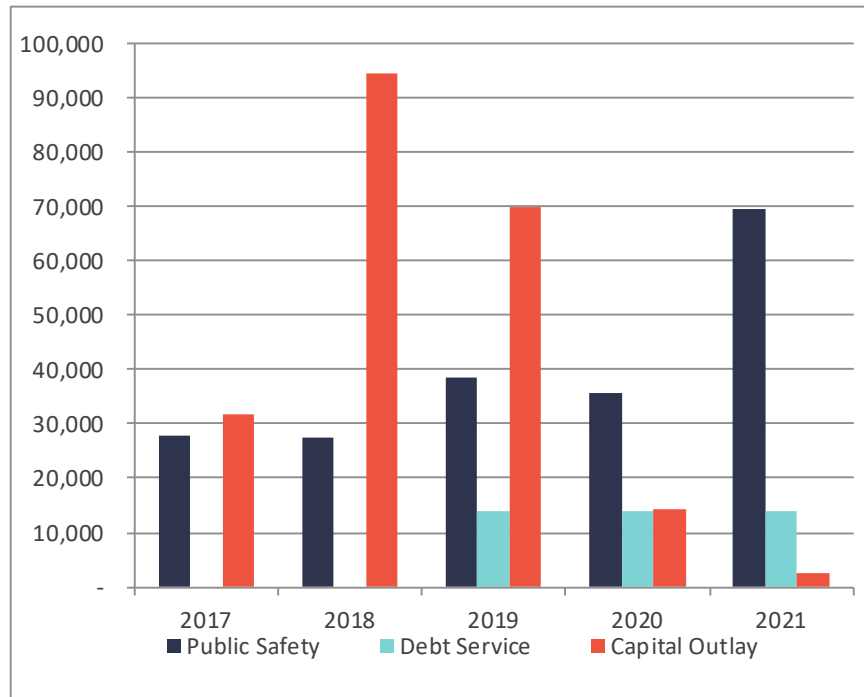
- Intergovernmental due to moving fire aid to the fire operating fund
- Change in charges for services due to timing of receipts

Fire Operating Fund	2017	2018	2019	2020	2021
Intergovernmental	-	53,524	-	-	27,113
Charges for Services	43,663	48,958	41,115	53,403	65,515
Contributions and Donations	1,000	4,118	3,500	-	-
Miscellaneous	7,258	11,401	4,780	12,923	15,235



Fire Operating Fund

Disbursement Detail



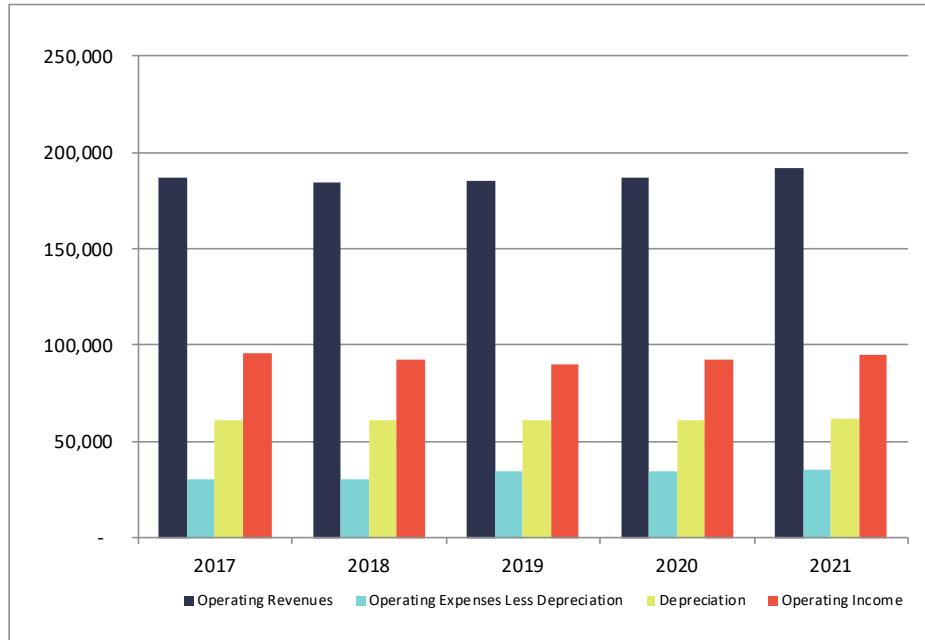
- Public Safety includes all amounts related to operations and increased due to payment to fire relief
- Debt payments started in 2019 related to capital lease
- Capital outlays
 - 2018: 2012 Dodge Ram, compressor for fire calls, other various equipment
 - 2019: SCBA leased equipment
 - 2020: BDS Laundry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

Fire Operating Fund	2017	2018	2019	2020	2021
Public Safety	27,695	27,442	38,590	35,644	69,718
Debt Service			13,898	13,898	13,898
Capital Outlay	31,741	94,555	69,866	14,208	2,496



Water Fund

Water Fund Operations



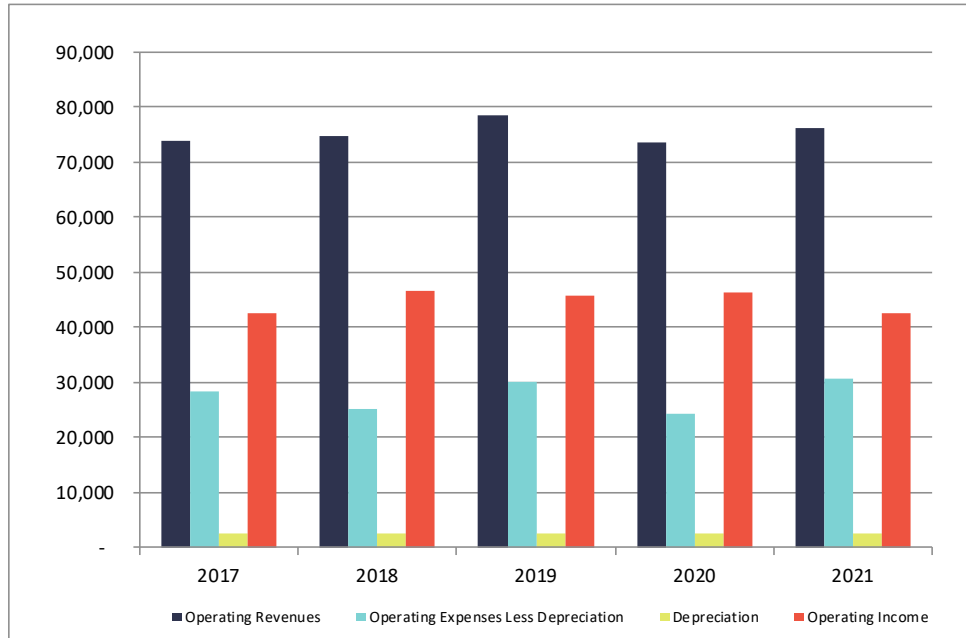
- Operating income totaled \$95,014
- Positive increase in cash of \$19,064
- Operating expense consistent with prior year

Water Fund	2017	2018	2019	2020	2021
Operating Revenues	186,764	184,145	185,403	187,380	191,749
Operating Expenses Less Depreciation	29,993	30,680	34,669	34,138	35,179
Depreciation	61,075	61,075	61,075	61,075	61,556
Operating Income	95,696	92,390	89,659	92,167	95,014



Sewer Fund

Sewer Fund Operations



- Operating income totaled \$42,686
- Positive operating income and net position in the current year
- Ending net position - \$394,498 compared to \$351,812 in prior year.
- Overall increase in cash balance of \$46,503
- \$70,000 owed from Water Fund

Sewer Fund

	2017	2018	2019	2020	2021
Operating Revenues	73,751	74,654	78,656	73,483	76,211
Operating Expenses Less Depreciation	28,415	25,161	30,212	24,290	30,784
Depreciation	2,741	2,741	2,741	2,741	2,741
Operating Income	42,595	46,752	45,703	46,452	42,686



Key Issues/Summary

- General Fund receipts exceeded disbursements by \$67,698, and fund has a positive unrestricted cash fund balance of \$457,507 which is approximately 20.4 months of unassigned cash fund balance
- Fire Operating Fund had a increase in cash fund balance from operations of \$15,576
- Water Fund cash balance increased \$13,554
- Sewer Fund cash balance increased \$19,272
- Continue to monitor net position each year to determine if rates need to be adjusted



Thank You for the Opportunity to Serve You!

CliftonLarsonAllen LLP

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