

City of Blaine, Minnesota

2017 Audit Review
June 21, 2018

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Reports Issued by Auditor

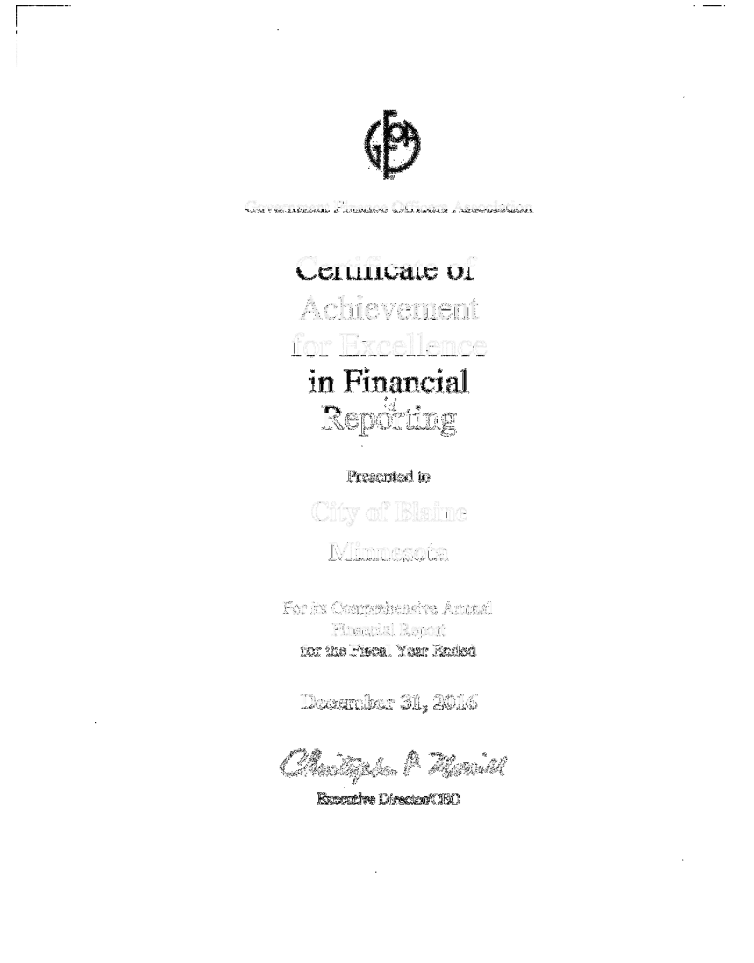
- Opinion on the Fair Presentation of the Financial Statements
- Report on Internal Control
- Report on Minnesota Legal Compliance
- Communication with Those Charged with Governance

Opinion on Financial Statement

- What did we do?
 - Determine the financial statements are presented in accordance with GAAP and free of material misstatement.
- How did we do it?
 - Audit Standards
 - GAAS (AICPA)
 - GAGAS (GAO)
 - Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- What is the result?
 - An unmodified or “clean” opinion was issued on the 2017 financial statements.

GFOA Award for Excellence in Financial Reporting

The Award demonstrates the City's commitment to preparing Financial Statements that are comprehensive, transparent and consistent with Accounting standards.



Comprehensive Annual Financial Report

General Fund

- Fund balance increased \$1,879,447 during 2017:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenue	\$29,196,575	\$31,150,432	\$1,953,857
Expenditures	<u>29,153,225</u>	<u>27,463,985</u>	<u>1,689,240</u>
Increase (decrease) before other financing uses	43,350	3,686,447	3,643,097
Other financing sources (uses):			
Transfers out	<u>(1,807,000)</u>	<u>(1,807,000)</u>	<u>-</u>
Increase (decrease) in General Fund balance	<u><u>(\$1,763,650)</u></u>	<u><u>\$1,879,447</u></u>	<u><u>\$3,643,097</u></u>

Comprehensive Annual Financial Report

General Fund

- Fund balance at December 31, 2017 was \$13,745,087.

Nonspendable:	
Inventory and prepaid items	\$173,195
Unassigned	<u>13,571,892</u>
Total fund balance	<u><u>\$13,745,087</u></u>

Comprehensive Annual Financial Report

General Fund

- For the City of Blaine, the General Fund's minimum unassigned fund balance per City policy is computed as follows:

2018 General Fund budgeted expenditures	<u>\$30,811,680</u>
Cash flow (minimum thirty percent of total expenditures) actual 39%	\$11,927,792
Uncollectible taxes (5% of tax levy)	1,124,100
State aid (100% of budgeted discretionary State funding)	<u>520,000</u>
Minimum General Fund unassigned balance	<u>\$13,571,892</u>
General Fund unassigned fund balance at December 31, 2017 (100% of minimum)	<u>\$13,571,892</u>

Report on Internal Controls

- What did we do?
 - We gained an understanding of internal controls in place and their effectiveness in order to design our audit procedures for expressing an opinion on the financial statements.
- How did we do it?
 - Obtain understanding of controls on each major class of transaction and account balance.
 - Select a sample of transactions and perform detailed tests to determine adherence to controls in place and effectiveness.
- What is the result?
 - Two items noted:
 - Lack of segregation of duties – Payroll
 - Lack of documentation of payroll (1-9)

Report on Minnesota Legal Compliance

- What did we do?

- Determine the City has complied with certain Minnesota Statutes/Laws that pertain to financial transactions.

- How did we do it?

- Select sample of transactions to test for compliance with statutory provisions.
- Followed the audit guide published by the Office of the State Auditor. The guide consists of seven sections:
 - Conflicts of interest
 - Contracting bid laws
 - Miscellaneous provisions
 - Depositories of public funds and investments
 - Public Indebtedness
 - Claims and disbursements
 - Tax increment

- What is the result?

- One item of noncompliance noted.
 - Lack of approved electronic funds transfer policy

Communication With Those Charged With Governance

Required Communication

- Audit firm responsibility under U.S. audit standards
- Planned scope and timing of audit
- Significant audit results (No new accounting policies in 2017)
- Significant accounting estimates (Pensions)
- Significant disclosures (Pensions)
- Difficulties encountered in performing the audit (None)
- Disagreements with management (None)