



City of Hermantown, Minnesota

Audit Presentation

- Workshop -

Year Ending

December 31, 2021

Meeting Date

Monday, May 16, 2022

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 (18 years)
- Lance Lauinger – Director (7 years)
- Charlie Hynes, Grace Trocinske– (Associates)



Audit Results

- **Audit Opinion:**
 - The City has an unmodified (clean) opinion for the December 31, 2021 financial statement audit.
- **Internal Controls over Financial Reporting:**
 - Material Weaknesses – None
 - Significant Deficiencies – None
- **Minnesota Legal Compliance:**
 - No legal compliance findings



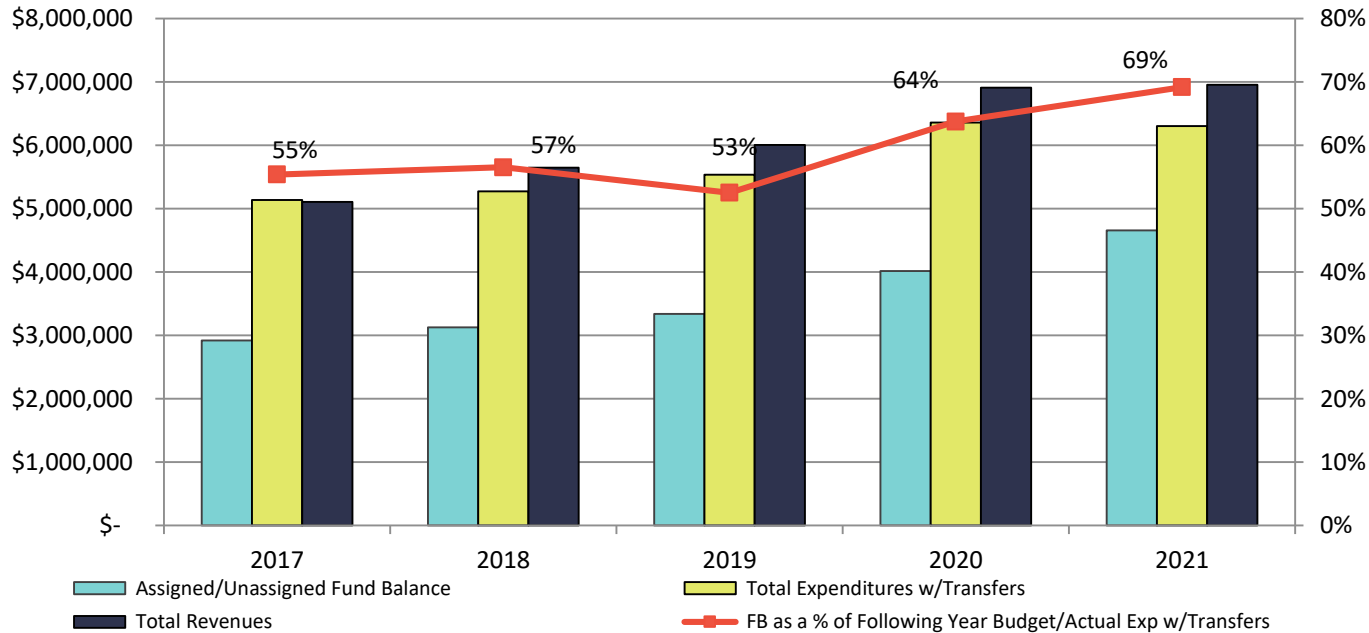
Required Communications

- 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

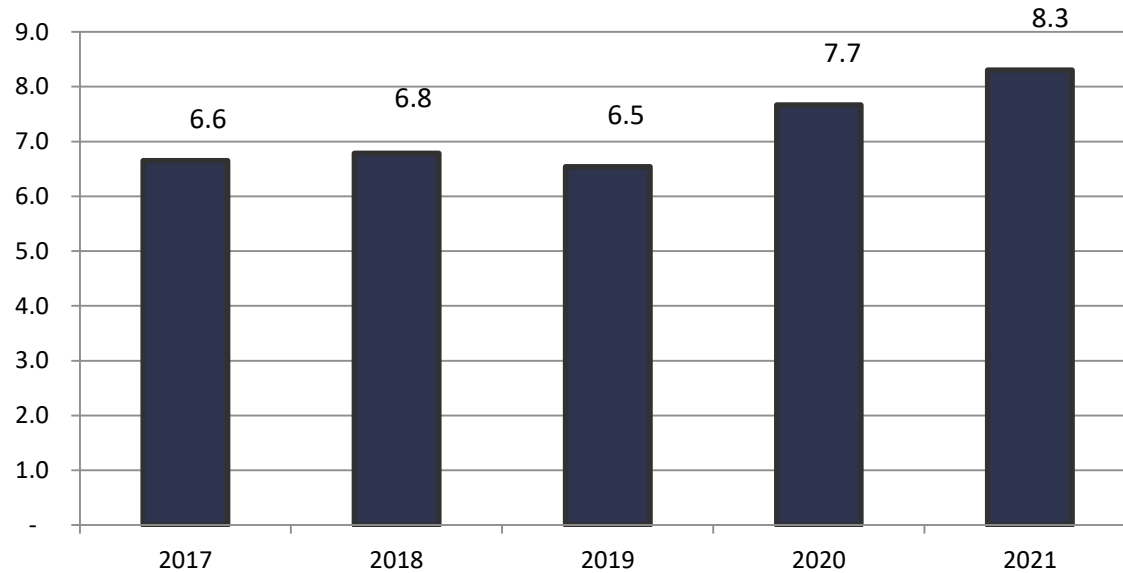


- Revenues - \$519k (8.25%) over budget
 - Property Taxes, Intergovernmental.
- Expenditures - \$126K (2.1%) under budget
 - All functions
- \$652,837 increase in fund balance for 2021



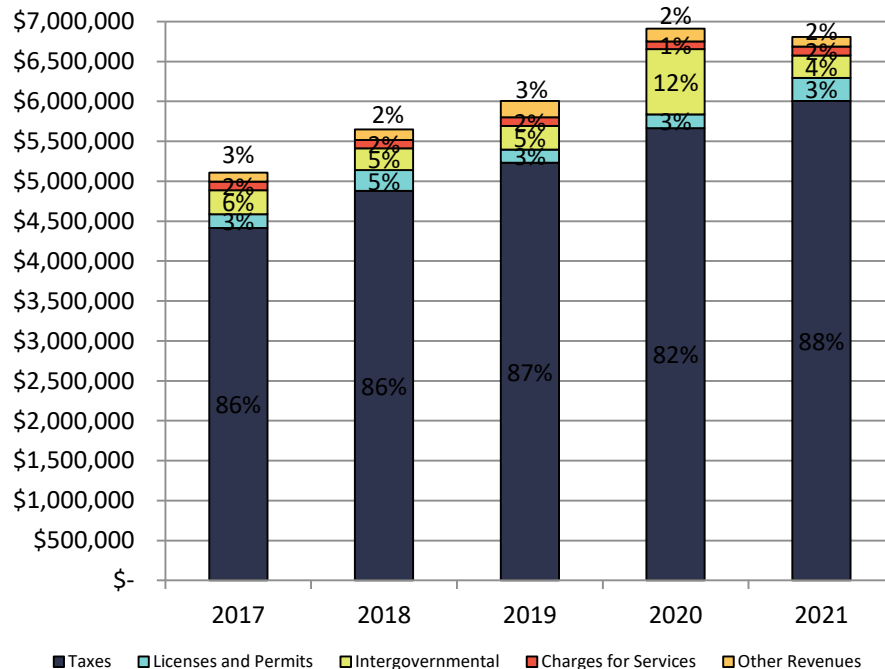
General Fund Financial Results

Months of Fund Balance



General Fund Financial Results

Total General Fund Revenues

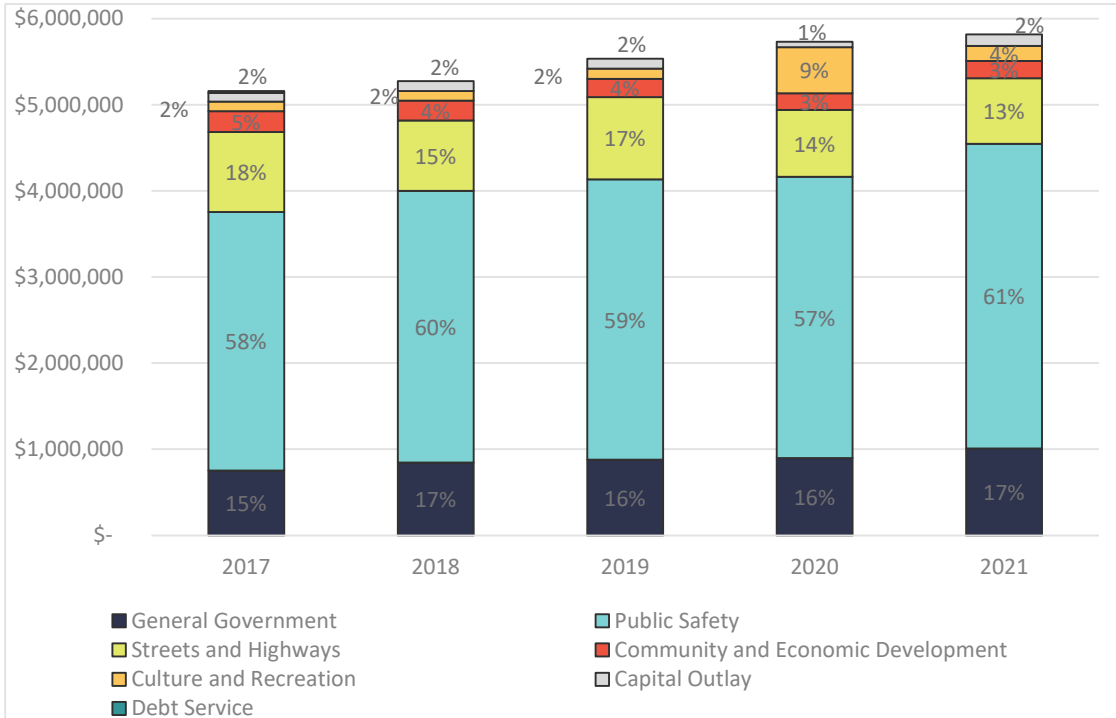


- GF Revenues down \$103k or 1.5%, as compared to 2020.
- Property taxes 88%.
- Charges for services 2%
- Licenses and permits 4%.
- Intergovernmental approximately 4%
- Other 2%



General Fund Financial Results

Total General Fund Expenditures

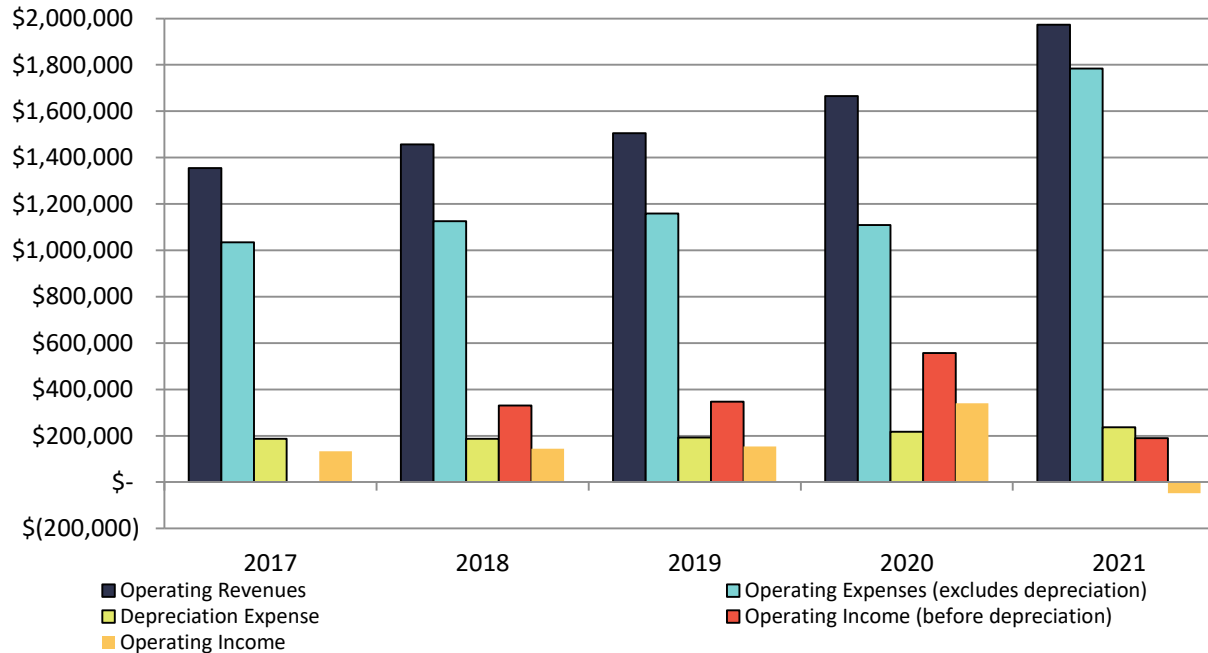


- GF expenditures up \$84K, or 1.5%, as compared to 2020
- Gen Govt – 17%
- Public Safety – 61%
- Streets – 13%
- Comm & Econ Development – 3%
- Culture & Rec – 4%
- Capital Outlay – 2%



Financial Results

Water Utility Fund Operations

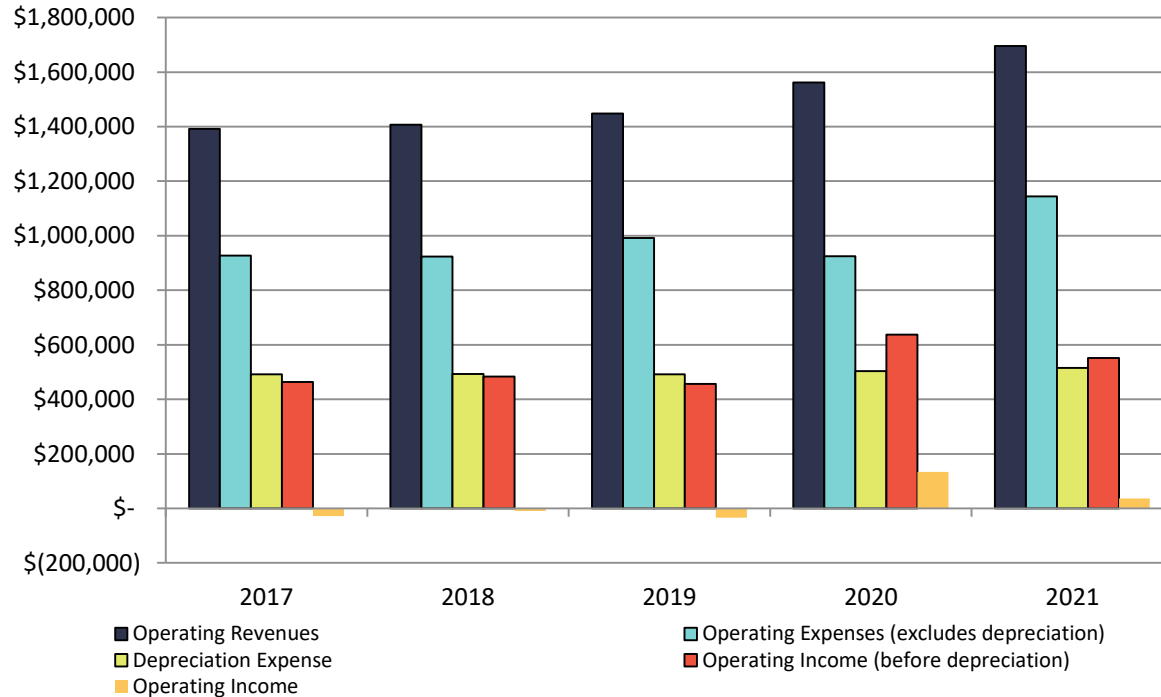


- Operating revenues Increase 18.5% from prior year (increase in rates and usage)
- Operating expenses increased 62.5% from prior year
- Total cash and cash equivalents balance of \$5.1M at 12/31



Financial Results

Sewage Disposal Fund Operations



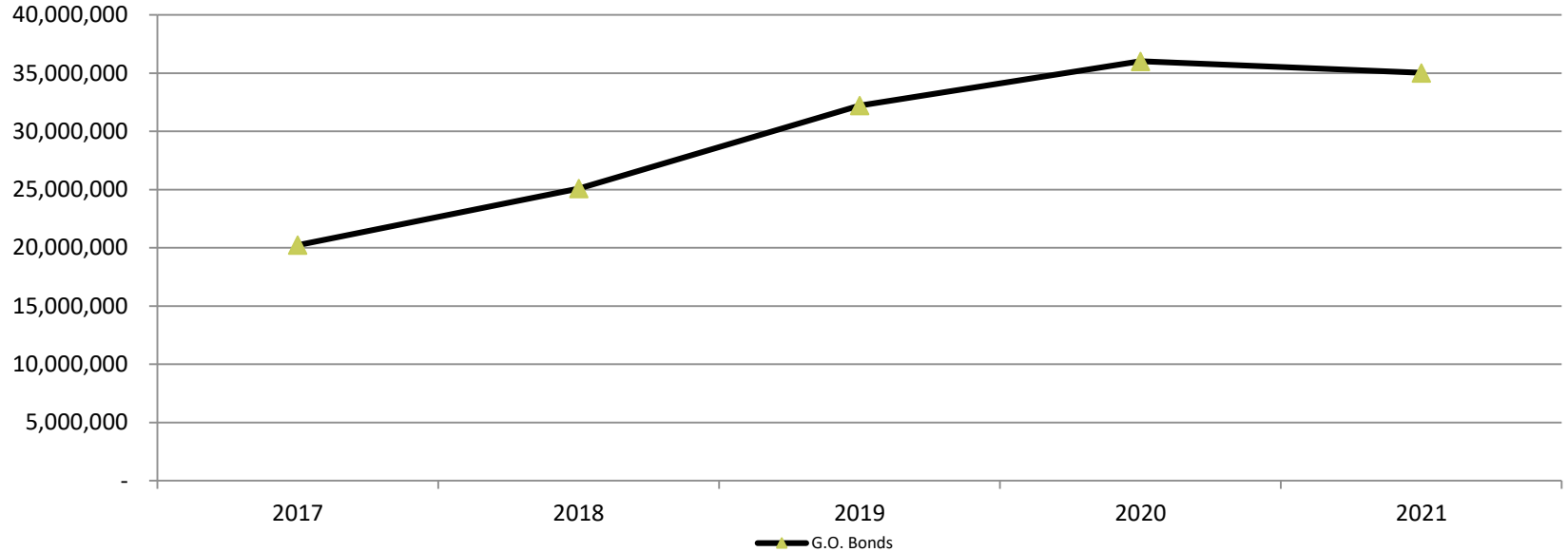
- Operating revenues increased 8.5% from prior year (rate and usage increase)
- Operating expenses increased 26.5% from prior year
- Covering all depreciation
- Total cash and cash equivalents balance of \$5.4M at 12/31



Financial Results

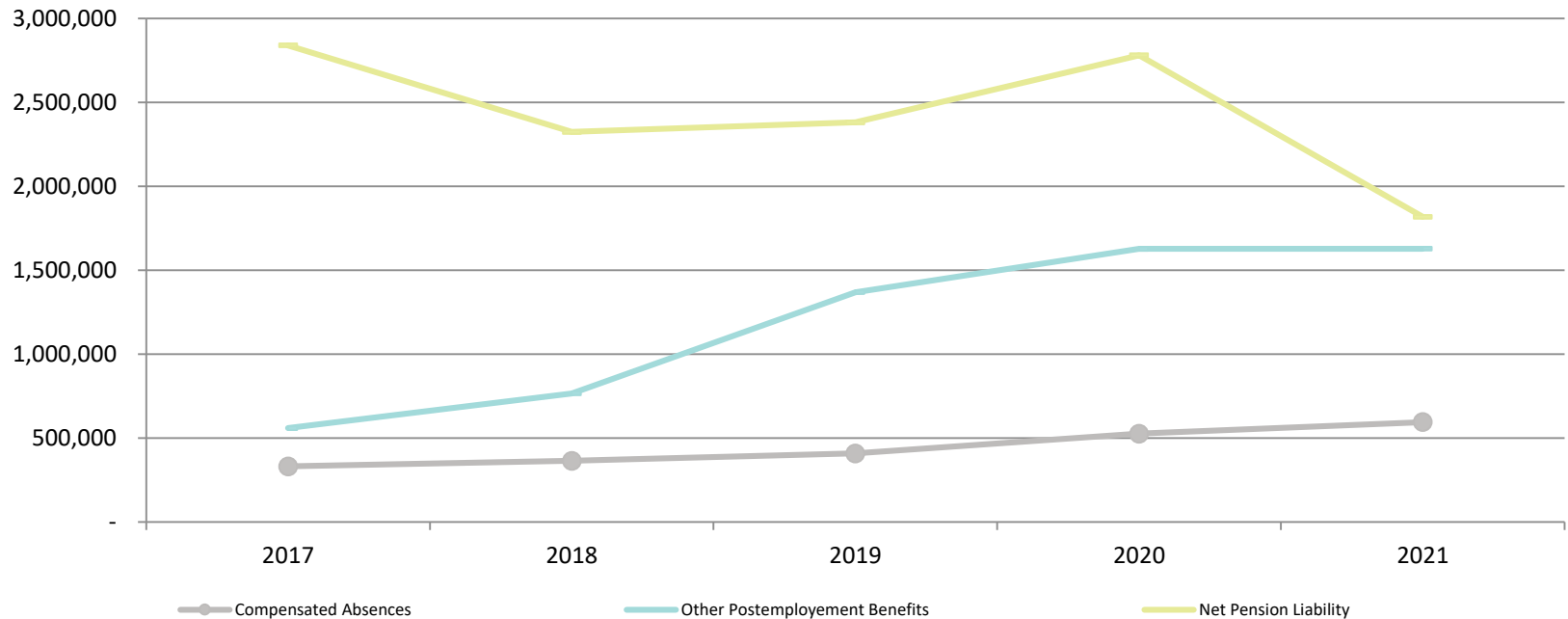
City Debt

G.O. Bonds



Financial Results

Pension, OPEB and Compensated Absences



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, 2022.



Emerging Issues

- Governmental Accounting Standards Board Statement No. 87
 - Effective December 31, 2022
 - Leases
- Governmental Accounting Standards Board Statement No. 96
 - Effective December 31, 2023
 - 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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