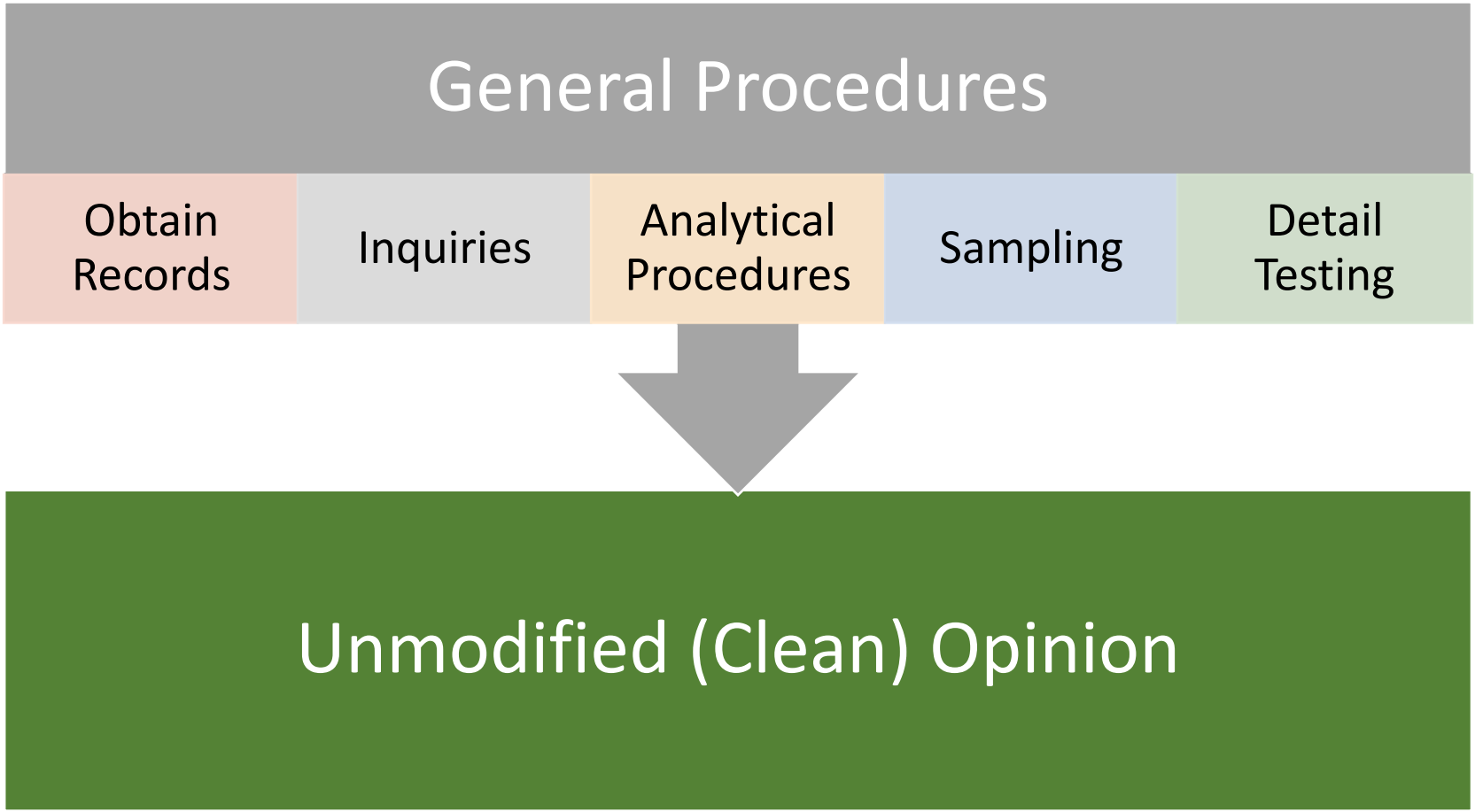
SCHLENNER WENNER & CO.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS

City of Pequot Lakes,
Minnesota

Presentation of the Audited Financial Statements

December 31, 2019

Audit Process and Opinion



Required Communications

Audit went smoothly

Positive Working Relationship with Management

Nothing unusual noted in terms of recorded transactions or accounting policies/treatments

Significant estimates for
- Net Pension Asset & Liability/Balances
- Net OPEB Liability/Balances

Internal Controls Over Financial Reporting

SEGREGATION OF DUTIES

- Your City has a lack of proper segregation of duties, which is very common for a City of your size

FINANCIAL STATEMENT PREPARATION

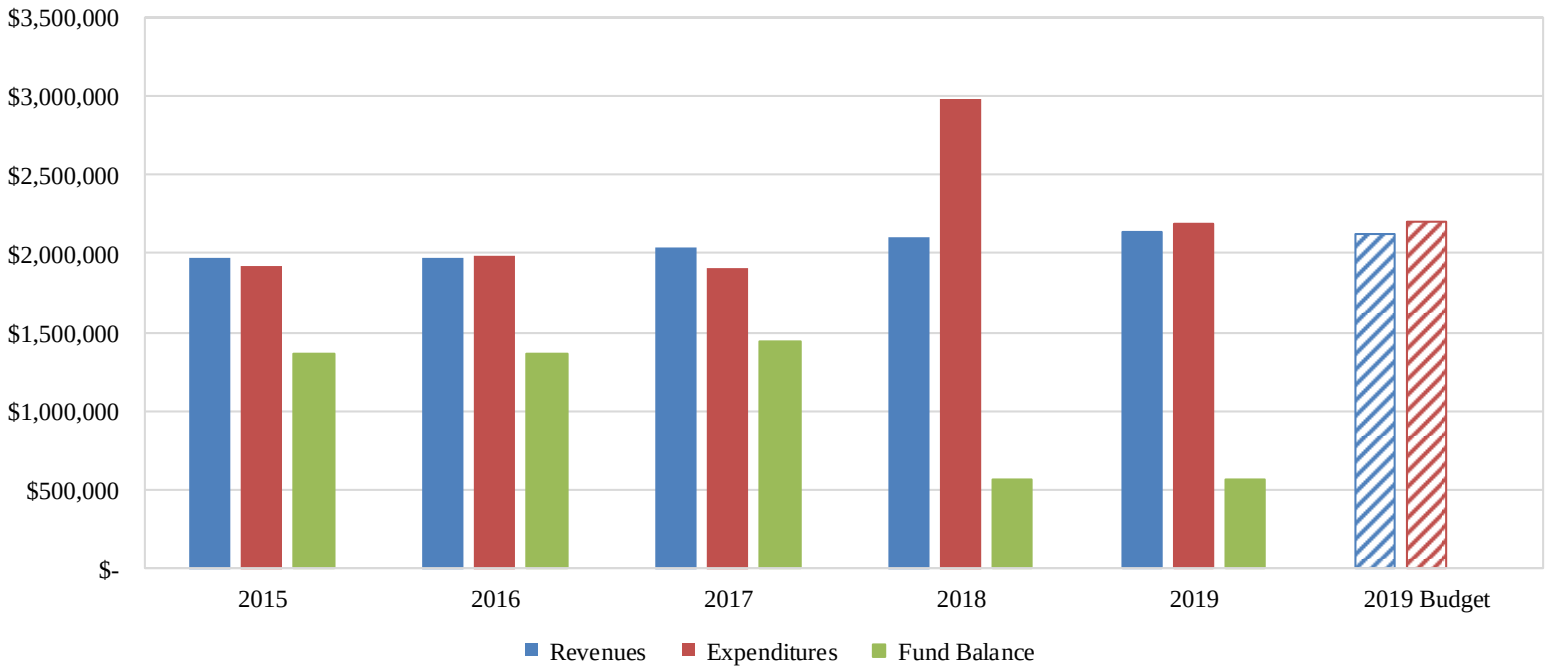
- We have prepared the financial statements on behalf of the City, and assisted with year-end adjustments

Minnesota Legal Compliance

- Areas Reviewed
  - Contracting and Bidding
  - Depositories of Public Funds
  - Conflicts of Interest
  - Public Indebtedness
  - Claims and Disbursements
  - Tax Increment Financing
  - Miscellaneous Provisions

- Findings:
  - None identified

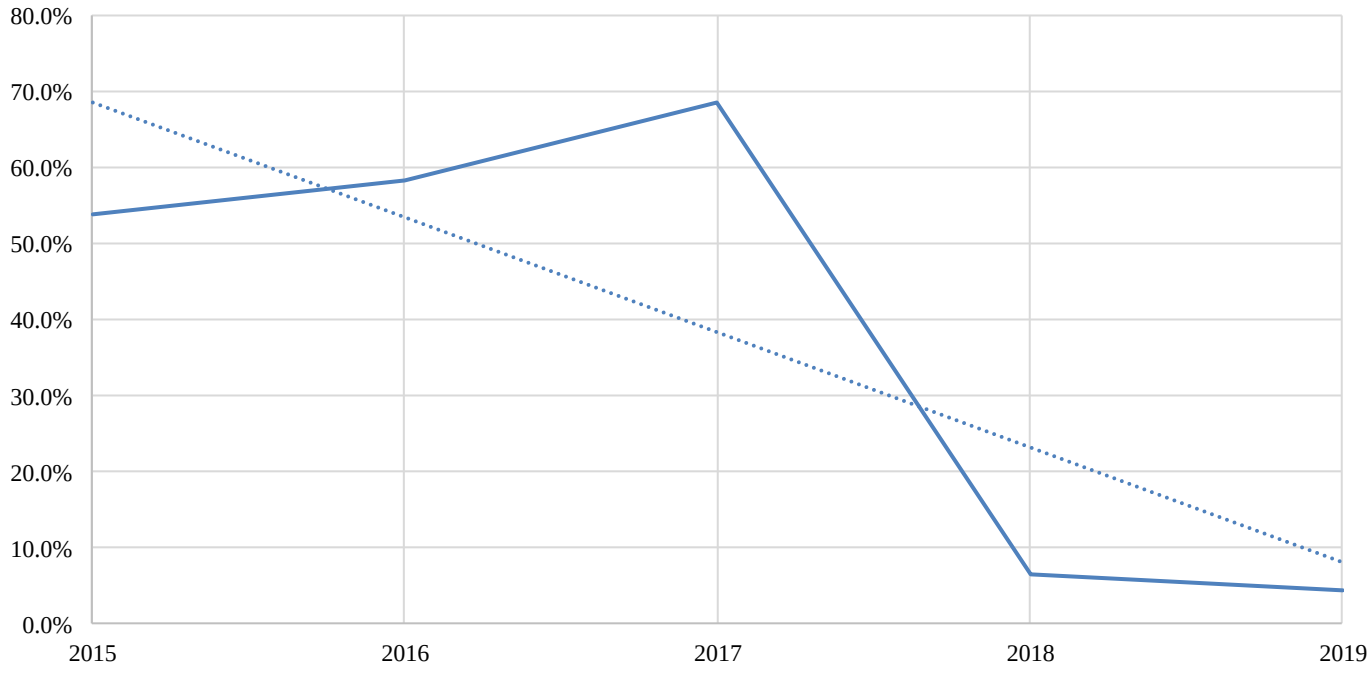
General Fund - Trend Analysis & Budgetary Comparison



- Budgeted activity in graphs excludes budgeted project expenditures and related funding for the Rasmussen Road & South Washington Ave improvement project, pushed to 2020.

	2018	2019	2019 Budget
Revenues	$ 2,107,259	$ 2,134,178	$ 2,118,525
Expenditures	2,978,496	2,182,720	2,194,523
Other Sources (Uses)	-	41,400	41,400
Change in Fund Balance	(871,237)	(7,142)	(34,598)
Fund Balance	$ 570,590	$ 563,448	N/A

Unassigned Fund Balance as a Percentage of the Annual General Fund Budget

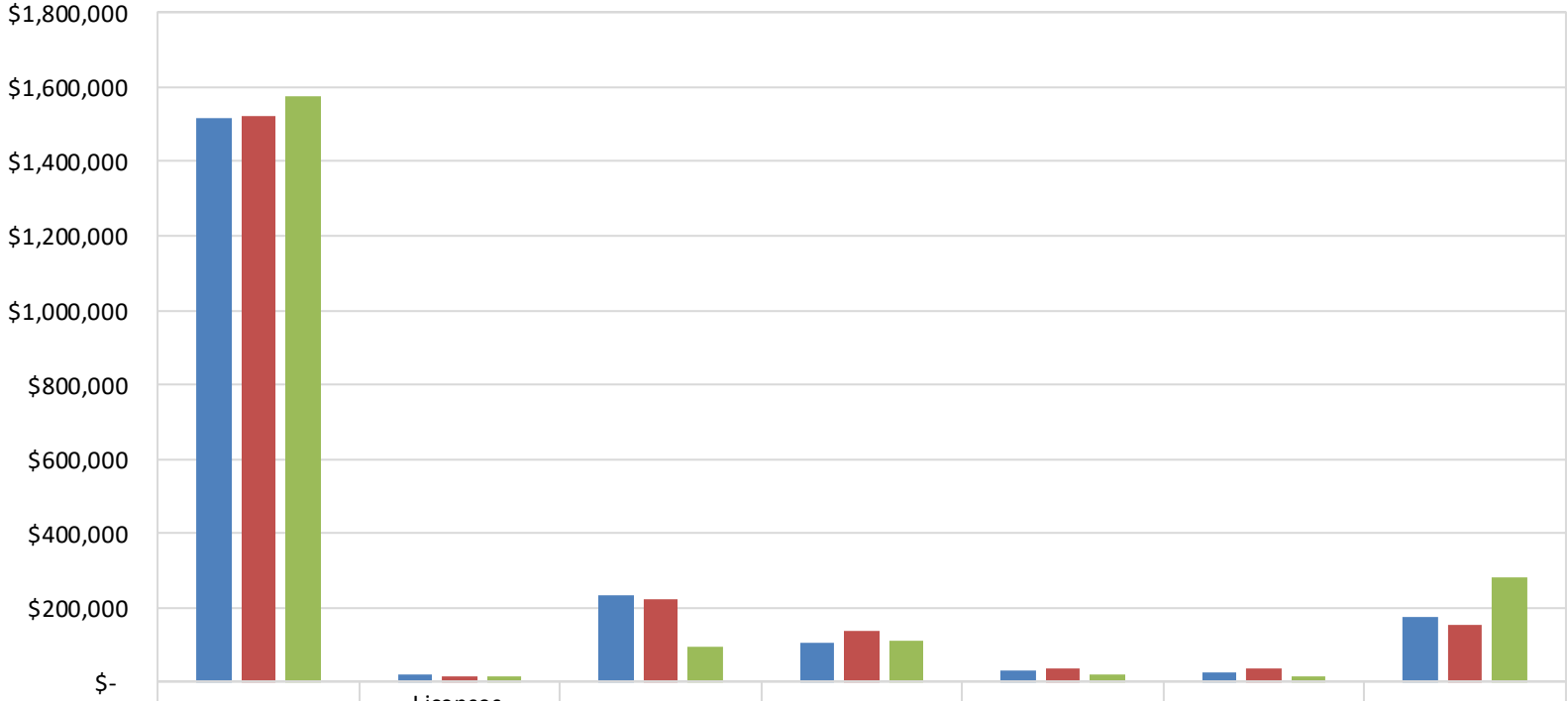


Year	Percentage
2015	53.7%
2016	58.3%
2017	68.3%
2018	6.4%
2019	4.4%

- Fund balance policy sets a target fund balance equal to approximately 50% of the following year's General Fund's budgeted operating expenditures

General Fund

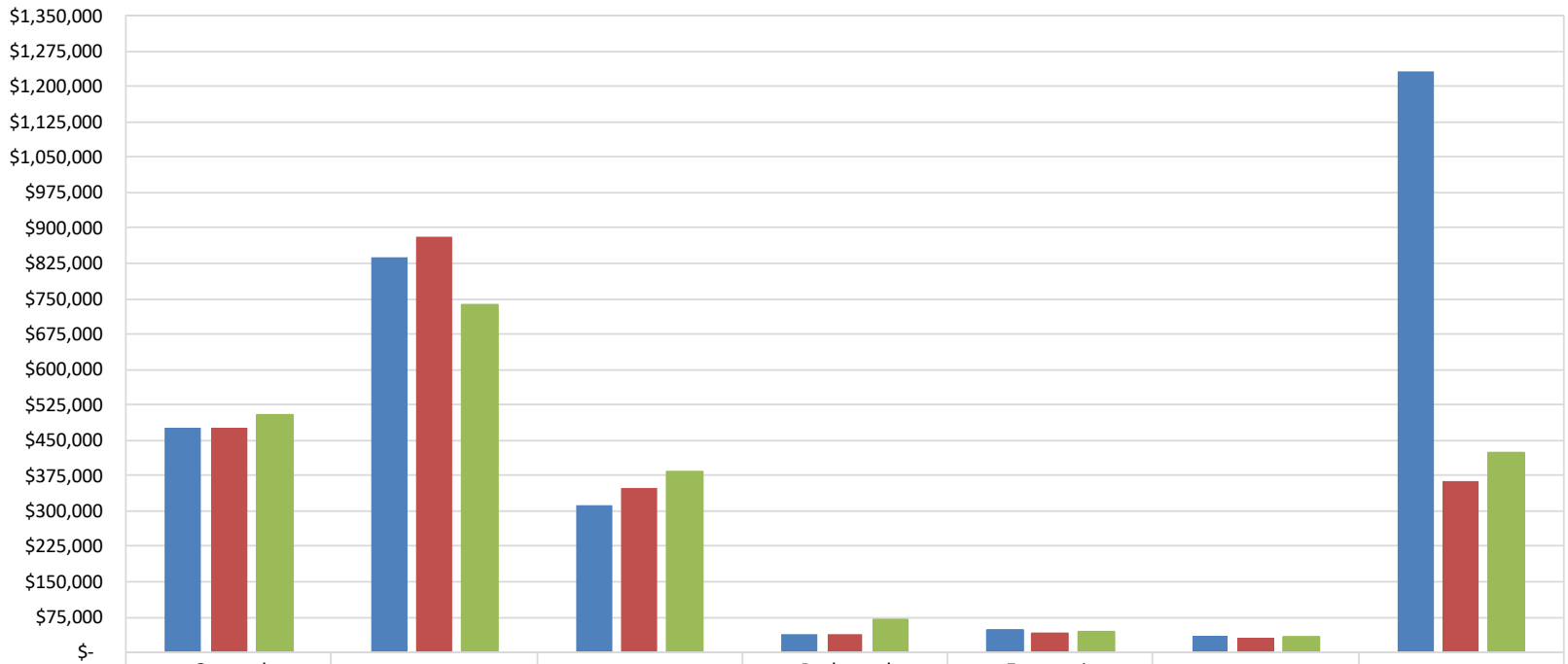
Detailed Revenue Analysis



	Taxes	Licenses, Permits and Fees	Intergovernmental	Charges for Services	Fines	Investment Income	Miscellaneous
2018	$1,515,188	$18,810	$235,693	$107,597	$30,373	$23,951	$175,647
2019	$1,524,363	$16,180	$225,334	$140,615	$37,691	$35,987	$154,008
2019 Final Budget	$1,577,955	$15,940	$94,840	$112,910	$22,000	$15,600	$279,280

General Fund

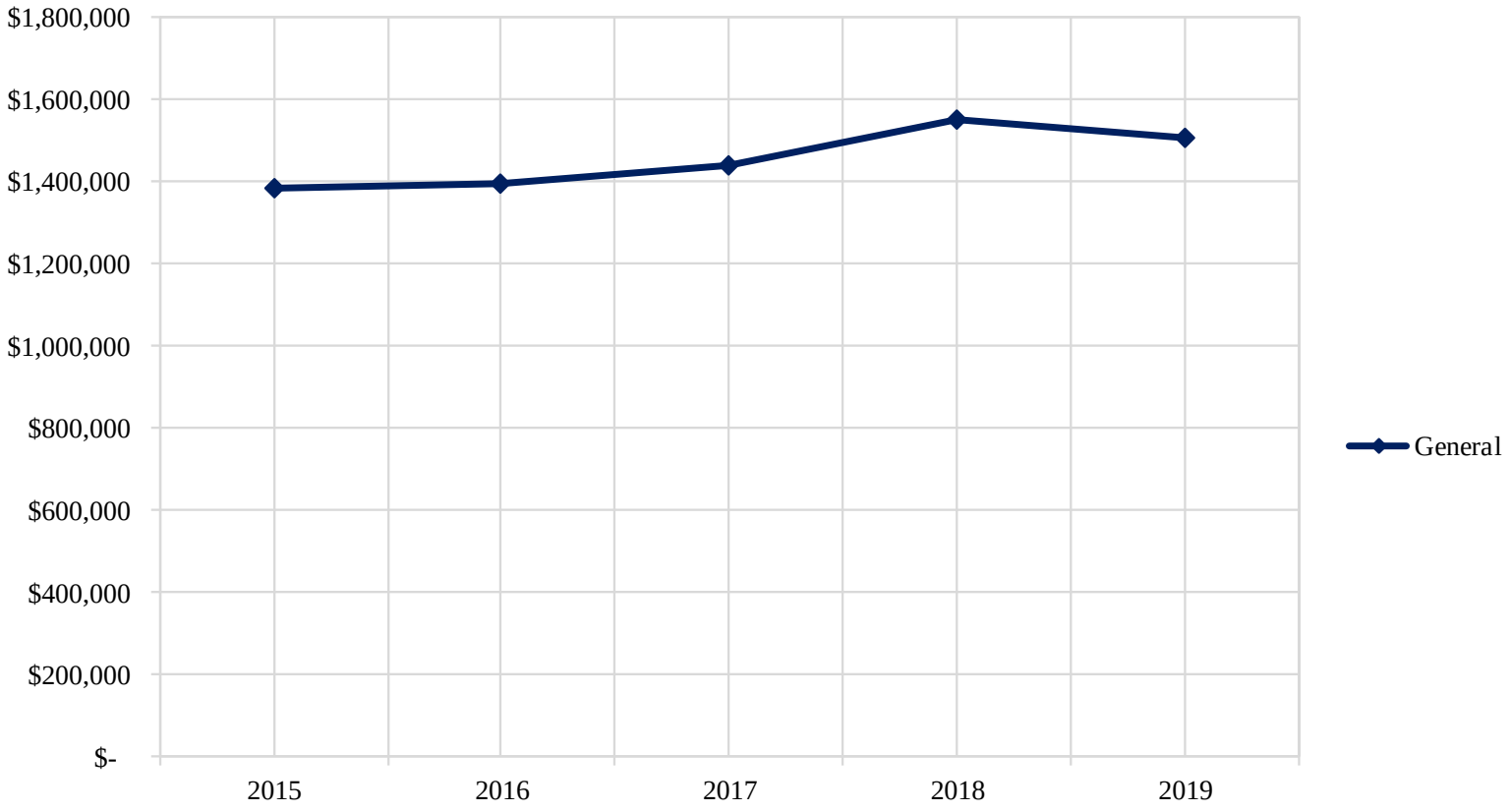
Detailed Expenditure Analysis



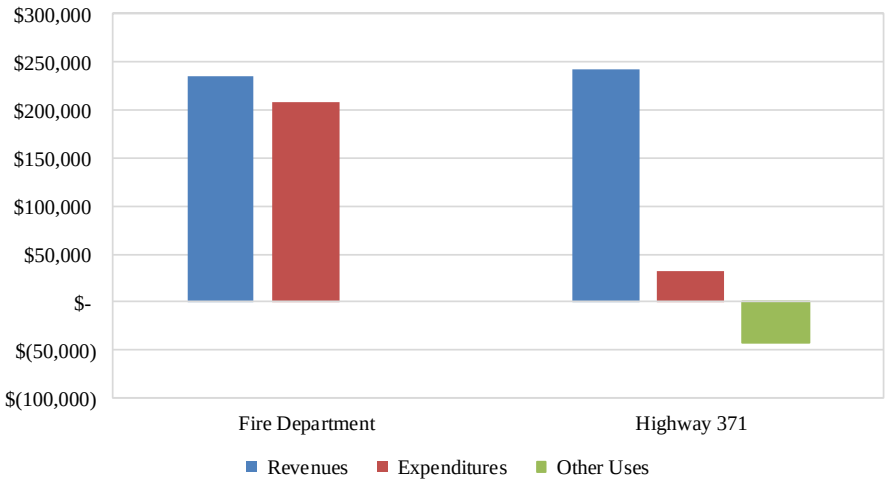
	General Government	Public Safety	Public Works	Parks and Recreation	Economic Development	Debt Service	Capital Outlay
2018	$474,942	$839,233	$310,989	$37,979	$48,966	$33,560	$1,232,827
2019	$475,753	$882,107	$350,716	$37,293	$40,807	$32,386	$363,658
2019 Final Budget	$503,080	$736,090	$383,630	$69,270	$45,210	$32,010	$425,233

General Fund

Cash Trend Analysis



Financial Highlights
Remaining Governmental Funds

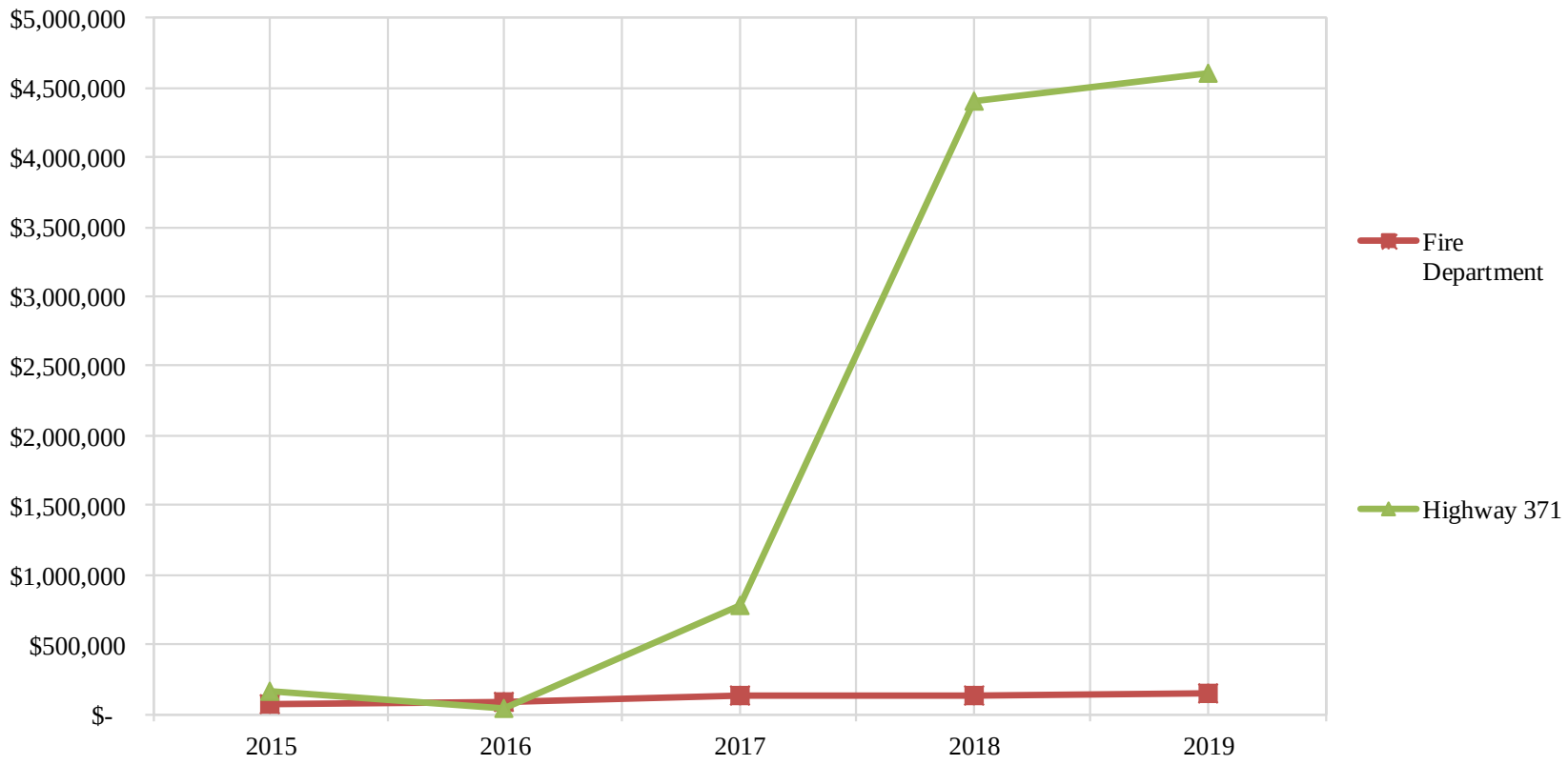


	Fire Department	Highway 371
Revenues	$ 234,018	$ 241,614
Expenditures	207,174	33,133
Other Uses	-	(41,400)
Change in Fund Balance	26,844	167,081
Fund Balance	$ 151,088	$ 5,478,312

* Details for remaining nonmajor governmental funds can be found on pages 66-67 in the audited financial statements.

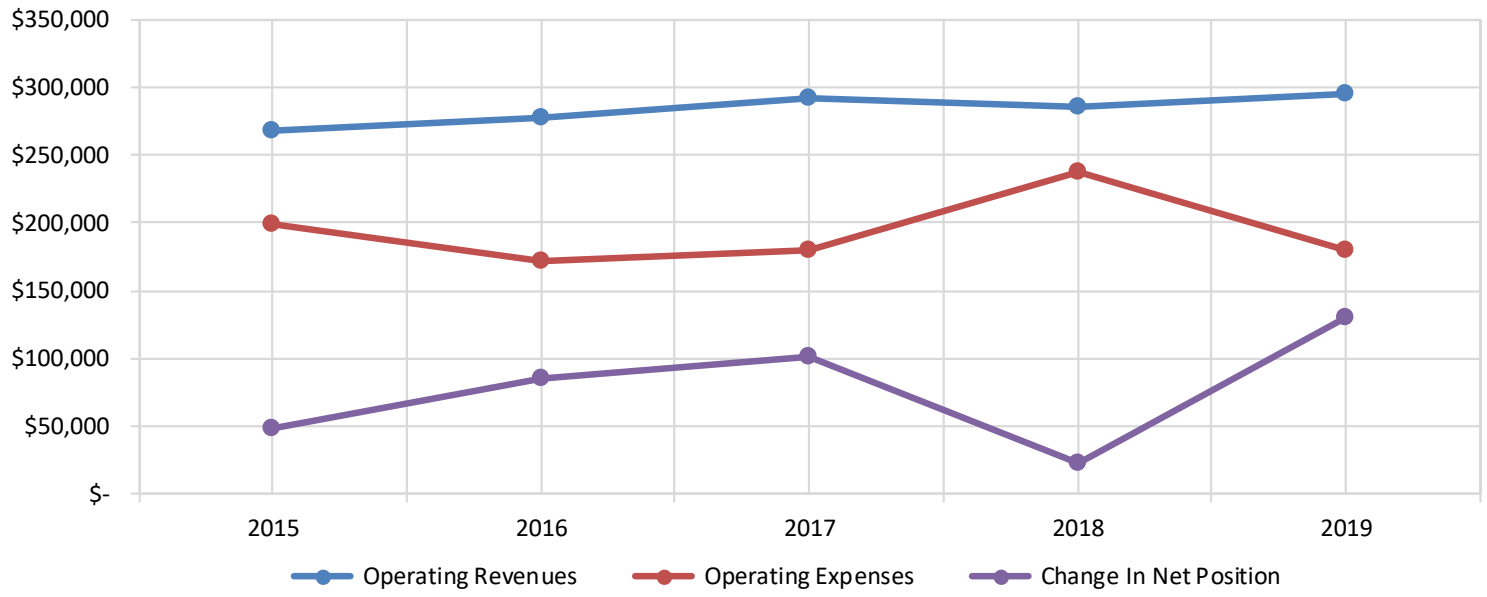
Remaining Governmental Funds

Cash Trend Analysis



Water Fund

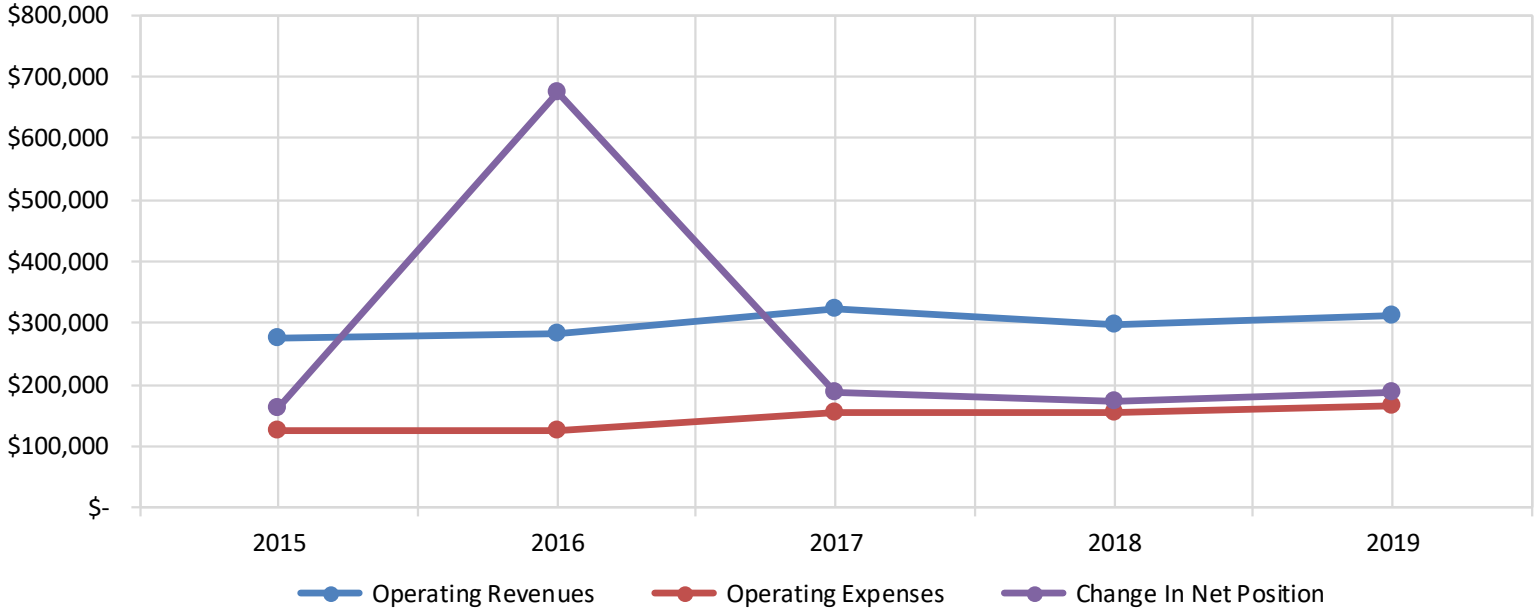
Historical Trends



	2015	2016	2017	2018	2019
Operating Revenues	$ 268,244	$ 278,250	$ 291,739	$ 285,341	$ 294,672
Operating Expenses	199,399	171,502	179,698	237,397	180,538
Operating Income	68,845	106,748	112,041	47,944	114,134
Nonoperating Revenues & Transfers In	5,377	3,144	13,949	19,420	38,337
Nonoperating Expenses & Transfers Out	25,143	24,621	24,081	44,555	22,577
Change In Net Position	$ 49,079	$ 85,271	$ 101,909	$ 22,809	$ 129,894

Sewer Fund

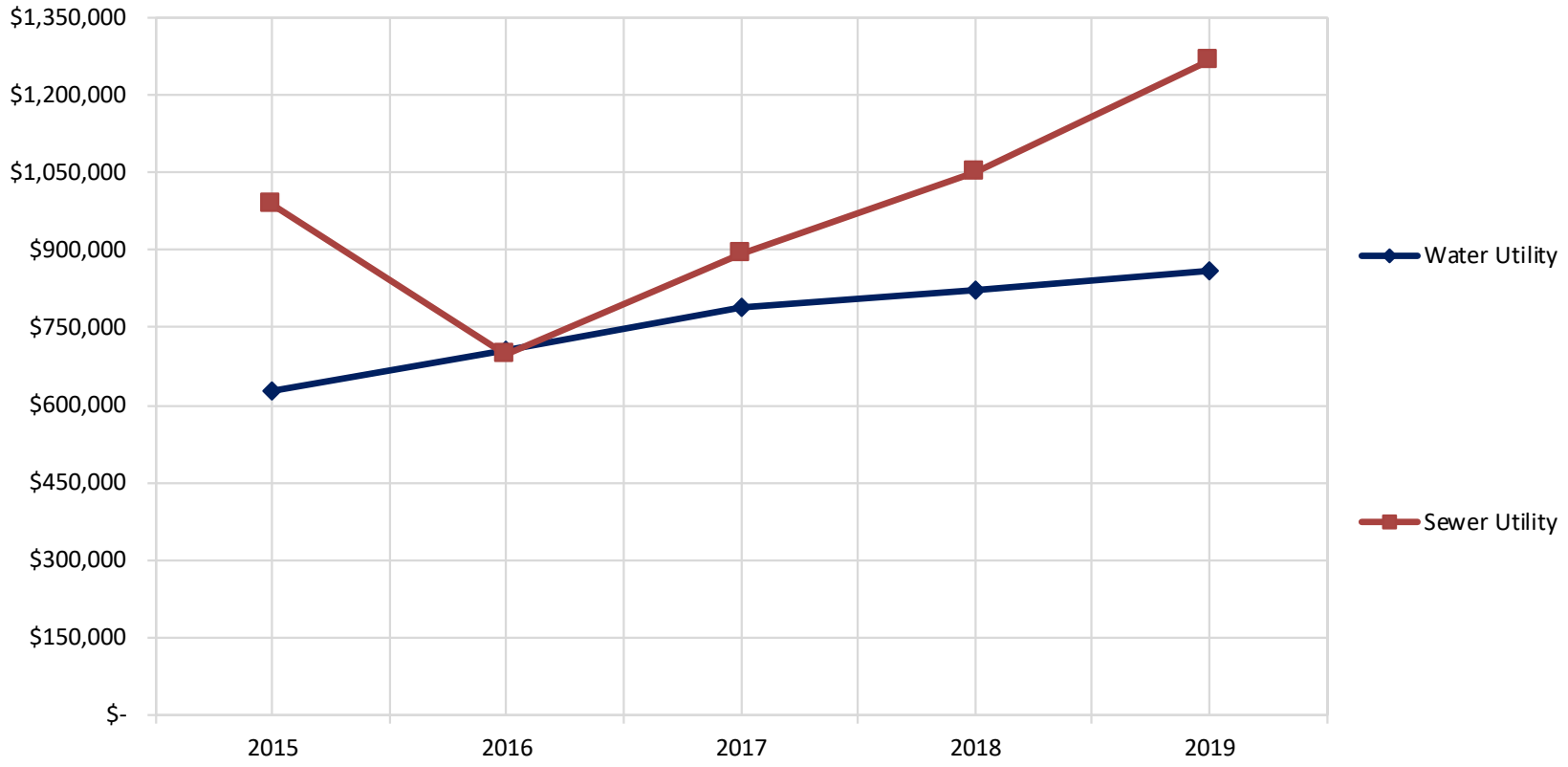
Historical Trends



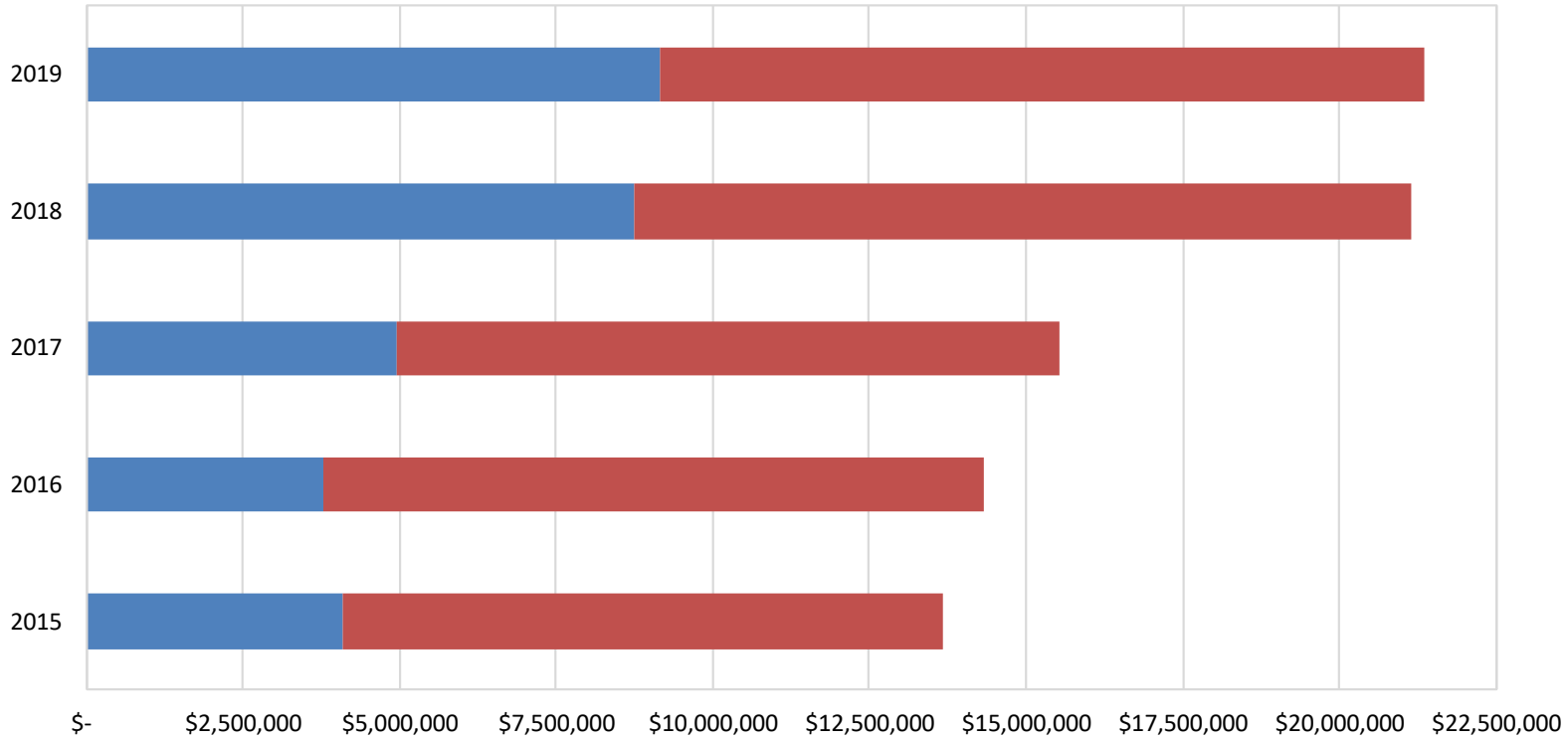
	2015	2016	2017	2018	2019
Operating Revenues	$ 276,342	$ 283,340	$ 322,796	$ 298,740	$ 311,182
Operating Expenses	124,832	125,180	156,107	152,977	164,588
Operating Income (Loss)	151,510	158,160	166,689	145,763	146,594
Nonoperating Revenues & Transfers In	8,788	515,877	21,781	25,786	40,833
Nonoperating Expenses & Transfers Out	121	-	-	-	-
Change In Net Position	$ 160,177	$ 674,037	$ 188,470	$ 171,549	$ 187,427

Business-Type Funds

Cash Trend Analysis



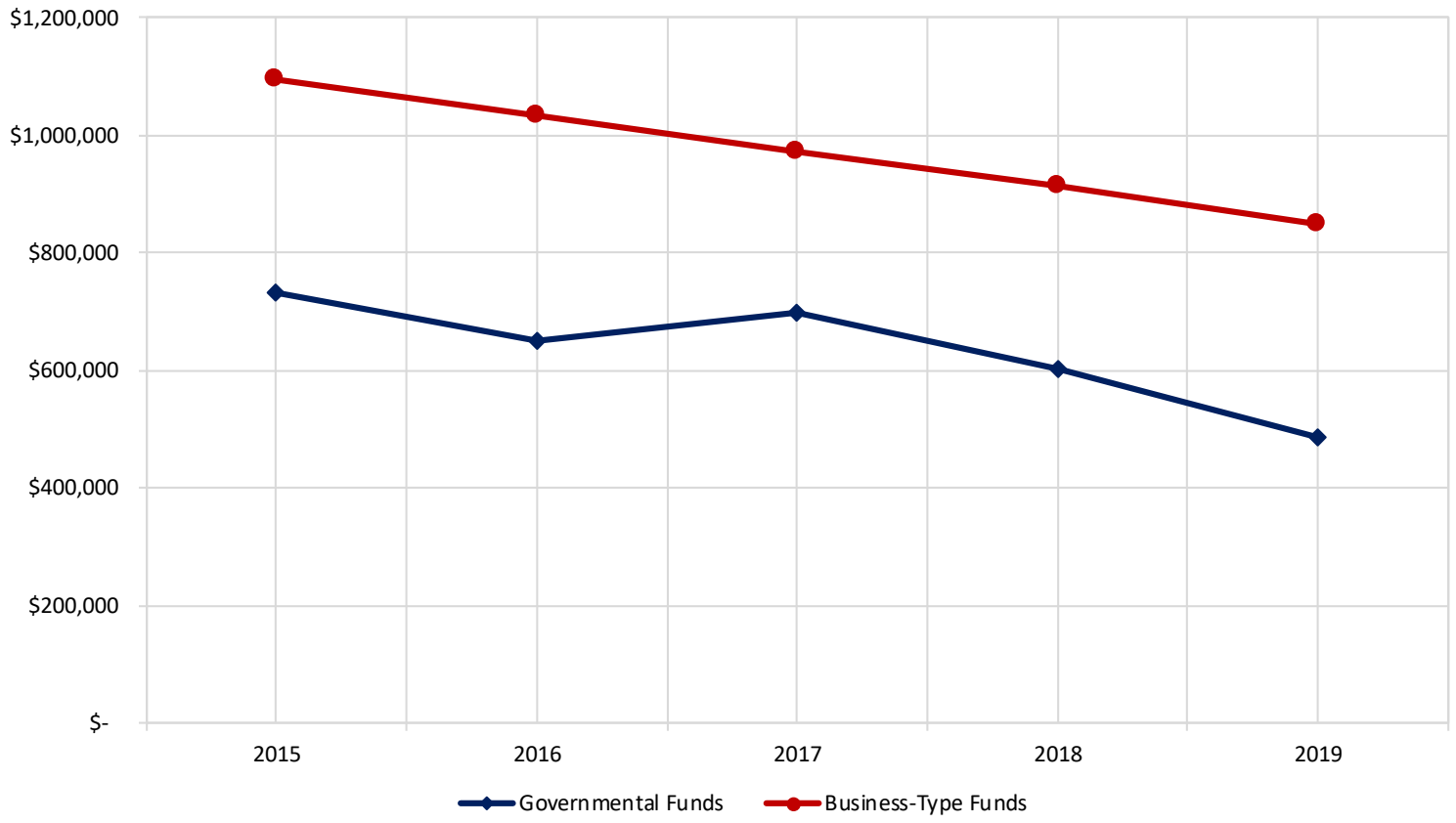
Government-Wide Assets



	2015	2016	2017	2018	2019
Current Assets	$4,097,501	$3,789,772	$4,951,837	$8,732,752	$9,175,404
Capital/Noncurrent	$9,563,035	$10,547,865	$10,575,442	$12,430,178	$12,179,685

Government-Wide Liabilities

	2015	2016	2017	2018	2019
Current Liabilities	$235,272	$230,940	$233,097	$300,617	$249,252
Debt/Noncurrent	$2,035,223	$1,916,379	$1,923,566	$1,681,115	$1,521,108
Net Pension Liability	$712,819	$1,770,920	$776,771	$642,159	$636,275



Long Term Debt Outstanding

- G.O. Eequipment Certificates and Utility Refunding Bonds
- Community Facility Loan
- Various Capital Leases

Questions?

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