



# CITY OF VALLEY CITY, NORTH DAKOTA

Executive Summary – December 31, 2019





# AUDIT RESULTS

# AUDIT OPINION

- The City received a “clean” audit opinion
  - Unmodified opinion – financial statements are prepared using accounting principles generally accepted in the U.S. (GAAP)
  - Financial statements do not contain material misstatements and are fairly presented
- Opinion is merely the auditor’s professional opinion, based on audit work, on whether the financial statements were prepared in accordance with GAAP, free from material misstatement, and fairly presented





# AUDIT FINDINGS

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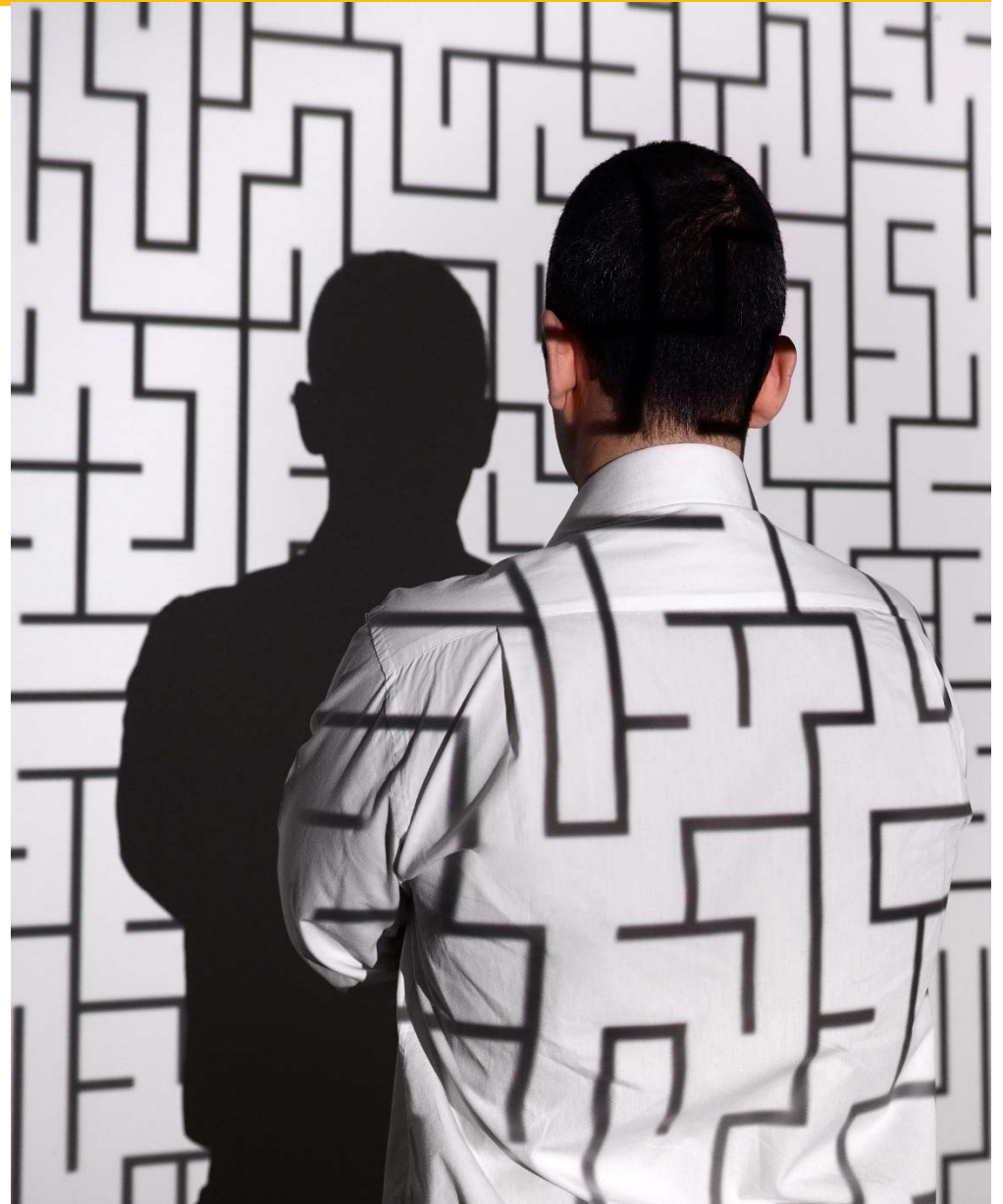
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## Financial Statements:

1. Preparation of Financial Statements
2. Material Audit Adjustments

## Single Audit:

1. None



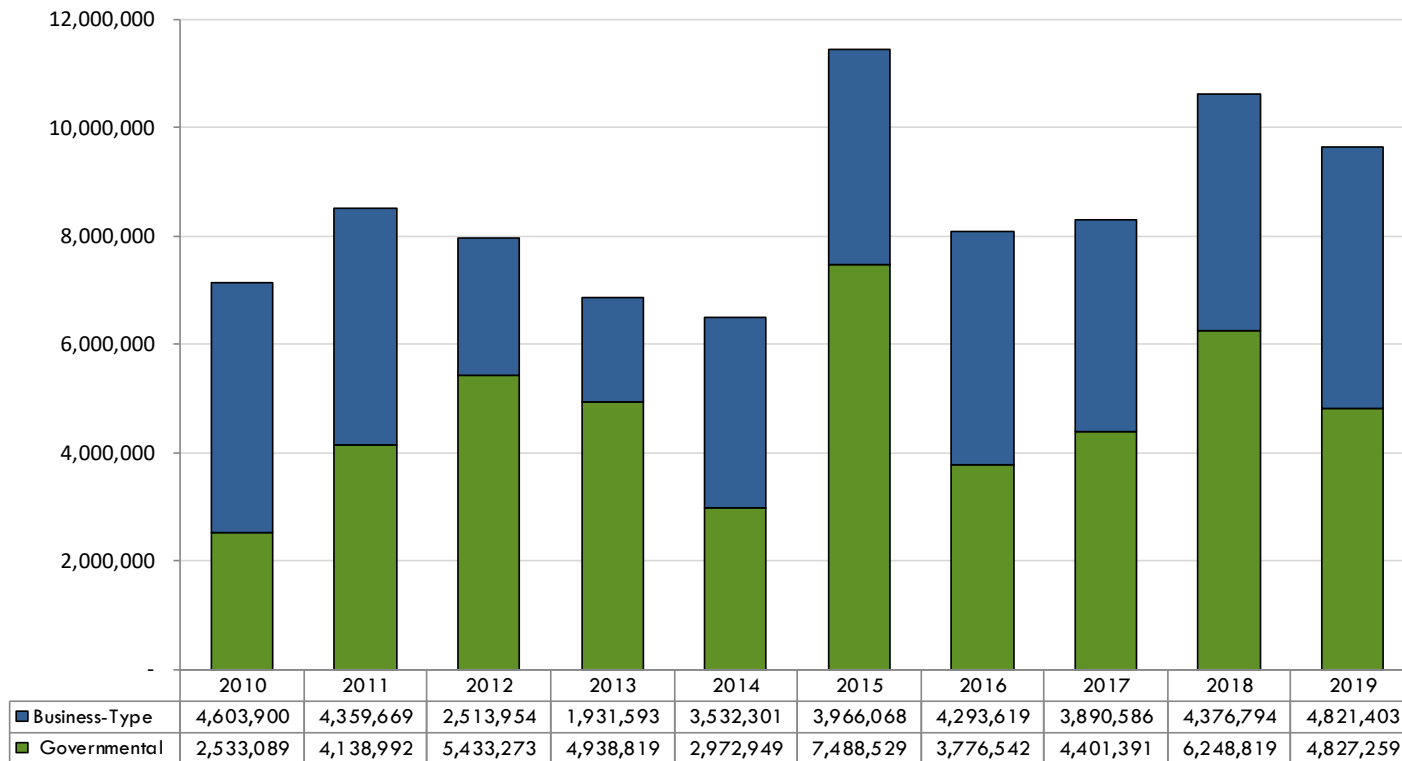


# **CASH AND INVESTMENTS**

# CASH/INVESTMENTS

Most significantly affected by the state aid payments structure and tax levy collection.

Balances of the City for the past ten years:





# GENERAL FUND

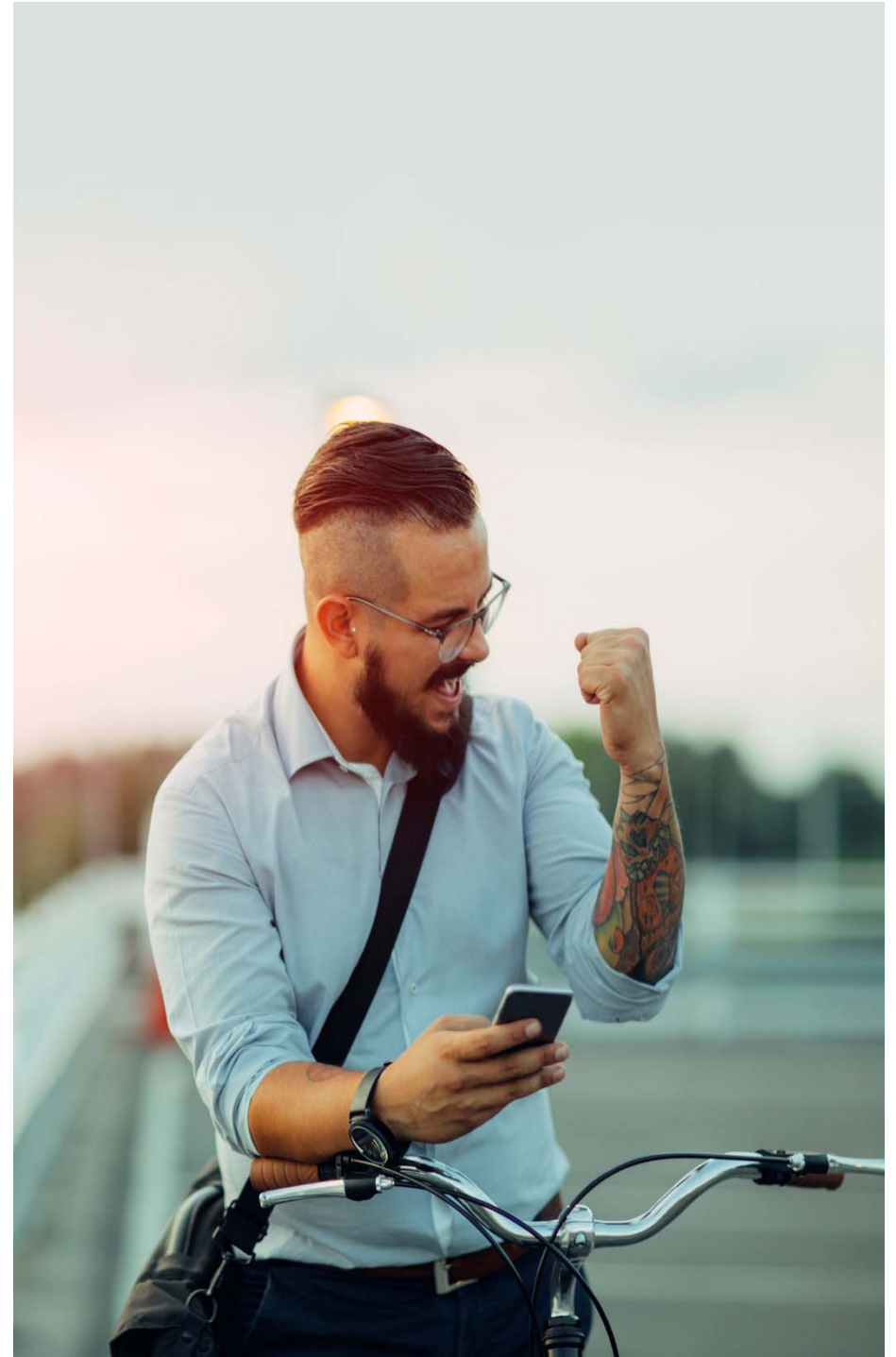


# BUDGET TO ACTUAL – GENERAL OPERATIONS DEPARTMENT

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
General property taxes	\$ 1,168,200	\$ 1,127,673	\$ (40,527)
Special assessments	-	85	85
Licenses and permits	49,020	50,028	1,008
Intergovernmental revenue	416,150	605,330	189,180
Fines and forfeitures	90,000	95,002	5,002
Miscellaneous	184,850	233,293	48,443
<b>Total revenues</b>	<b>1,908,220</b>	<b>2,111,411</b>	<b>203,191</b>
			<b>10.6%</b>
			<b>Positive</b>
Expenditures			
Current			
General government	1,126,671	1,050,550	76,121
Public safety	1,597,216	1,568,297	28,919
General government - other	43,350	40,542	2,808
Culture and recreation	38,300	172,372	(134,072)
Economic development	100	284	(184)
Capital outlay	49,900	31,142	18,758
<b>Total expenditures</b>	<b>2,855,537</b>	<b>2,863,187</b>	<b>(7,650)</b>
			<b>-0.3%</b>
			<b>Negative</b>
Deficiency of Revenues Under Expenditures	(947,317)	(751,776)	195,541
Other Financing Sources (Uses)			
Transfers in	1,220,061	1,220,061	-
Transfers out	(443,100)	(460,066)	(16,966)
Total other financing sources and uses	776,961	759,995	(16,966)
Net Change in Fund Balance	\$ (170,356)	8,219	\$ 178,575
Fund Balance, Beginning		1,325,444	
Fund Balance, Ending		\$ 1,333,663	

# A POSITIVE FUND BALANCE:

- 1** Contributes to a favorable bond rating
- 2** Produces investment income and provides a source of working capital to meet cash flow needs
- 3** Offers a cushion for unexpected expenditures or revenue shortfalls



# FUND BALANCE CATEGORIES

## Nonspendable

Represents amounts that cannot be spent

Not in spendable form

Inventory, prepaid expenses

## Restricted

Legally restricted by outside parties

Cannot be appropriated for other spending

## Committed

Intended for a specific activity

Imposed by formal action of the council but is not legally restricted

## Assigned

Intended for a specific activity by council or designated individuals

Not legally restricted

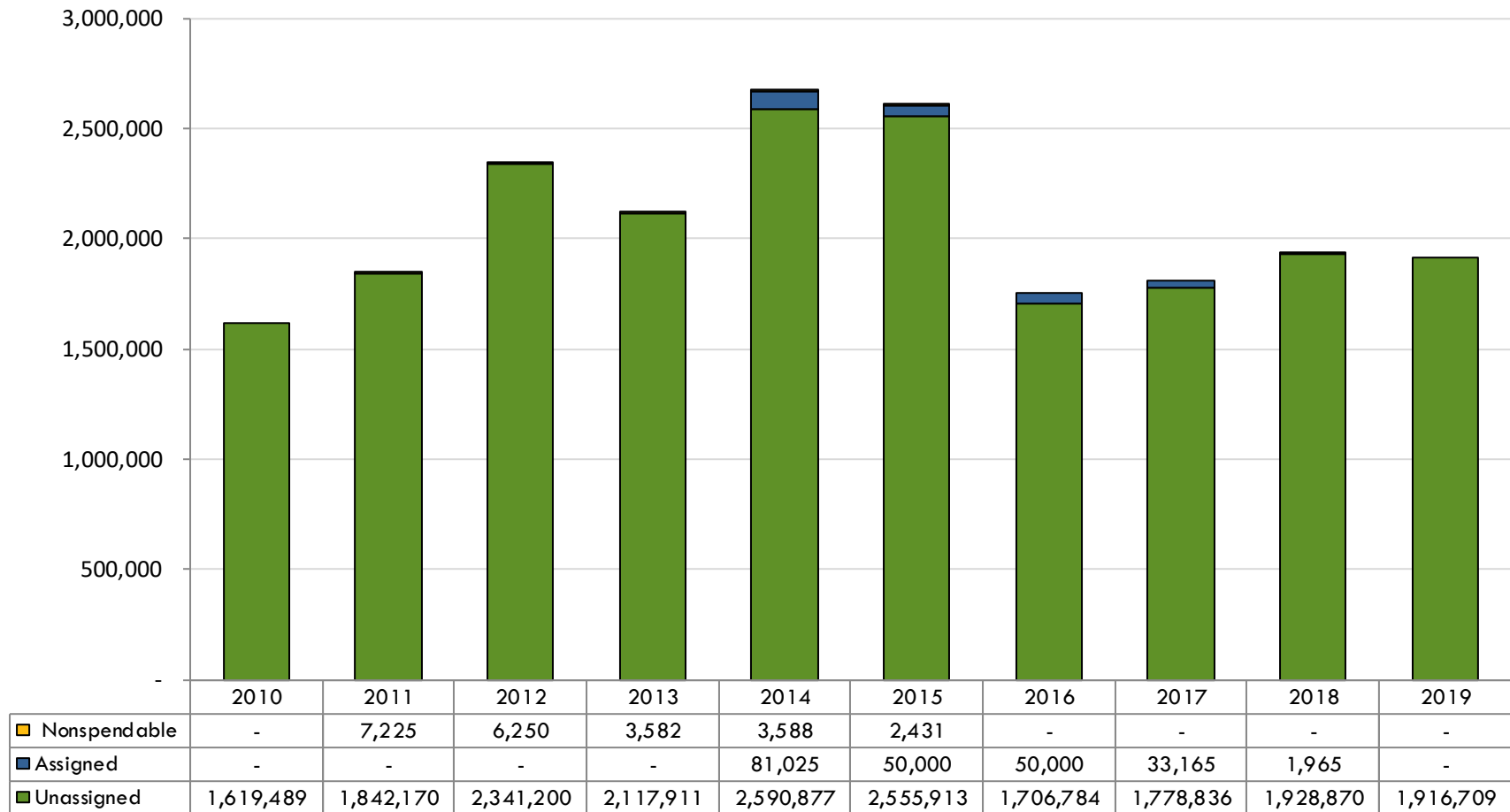
## Unassigned

Reserves

“Rainy day” fund

# TOTAL FUND BALANCES

Total fund balances of the General Fund for the past 10 years:



# RECOMMENDATIONS REGARDING FUND BALANCES

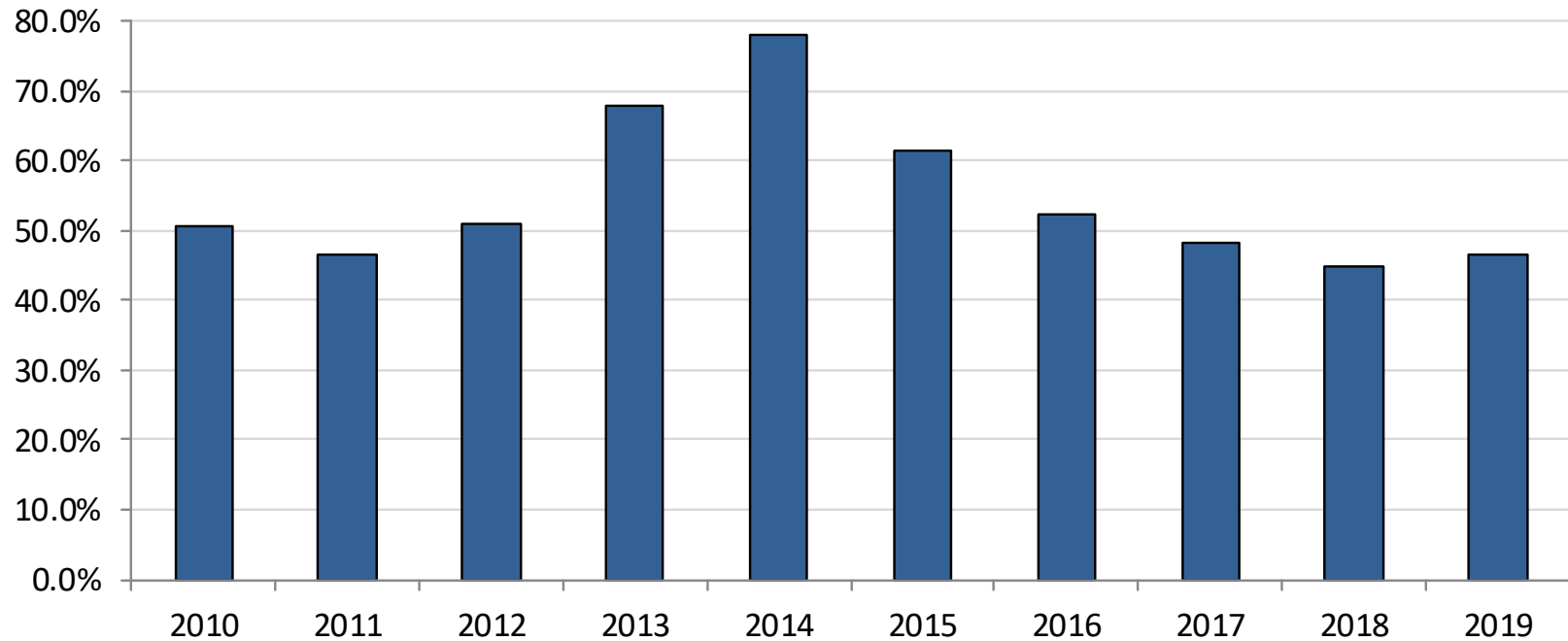
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**Government Finance Officers Association (GFOA):** at year-end, local governments maintain an unrestricted fund balance of no less than 5-15% of operating expenses.

**City Policy:** The City will endeavor to maintain at least 30% of the City's General Fund operating budget, excluding those accounts associated within the restricted category.

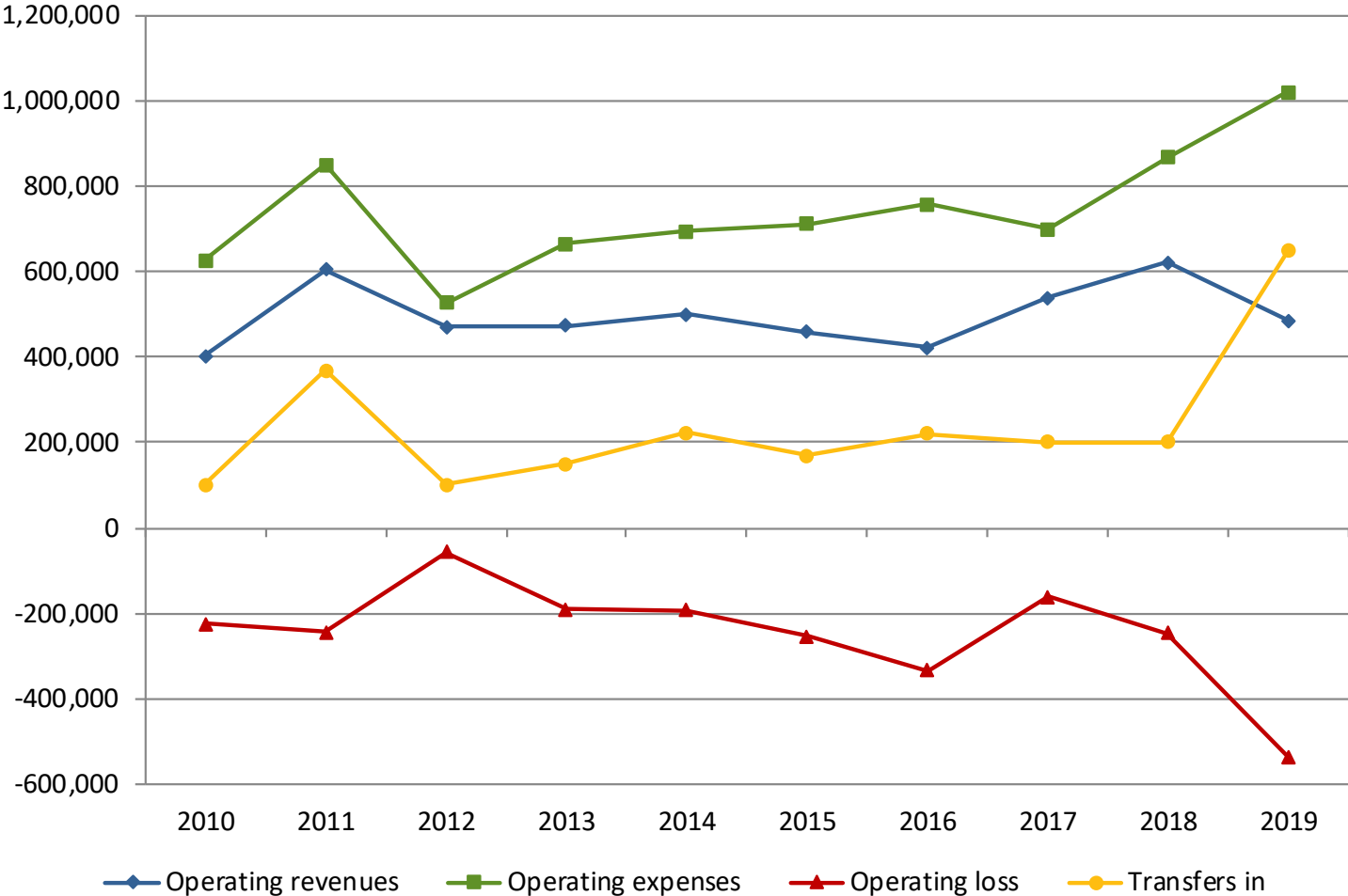
# UNRESTRICTED FUND BALANCE

The City's unrestricted fund balance as a percentage of disbursements in the General Fund – General Operations Department for the last 10 years



# OPERATING REVENUES, EXPENSES, AND INCOME AND TRANSFERS IN GENERAL FUND - STREET DEPARTMENT

The operating revenues (blue), operating expenses (green), operating income (red), and transfers in (yellow) for the street department are presented below. For the last 10 years, operating revenues have not been sufficient to cover the operating expenses of the street system.



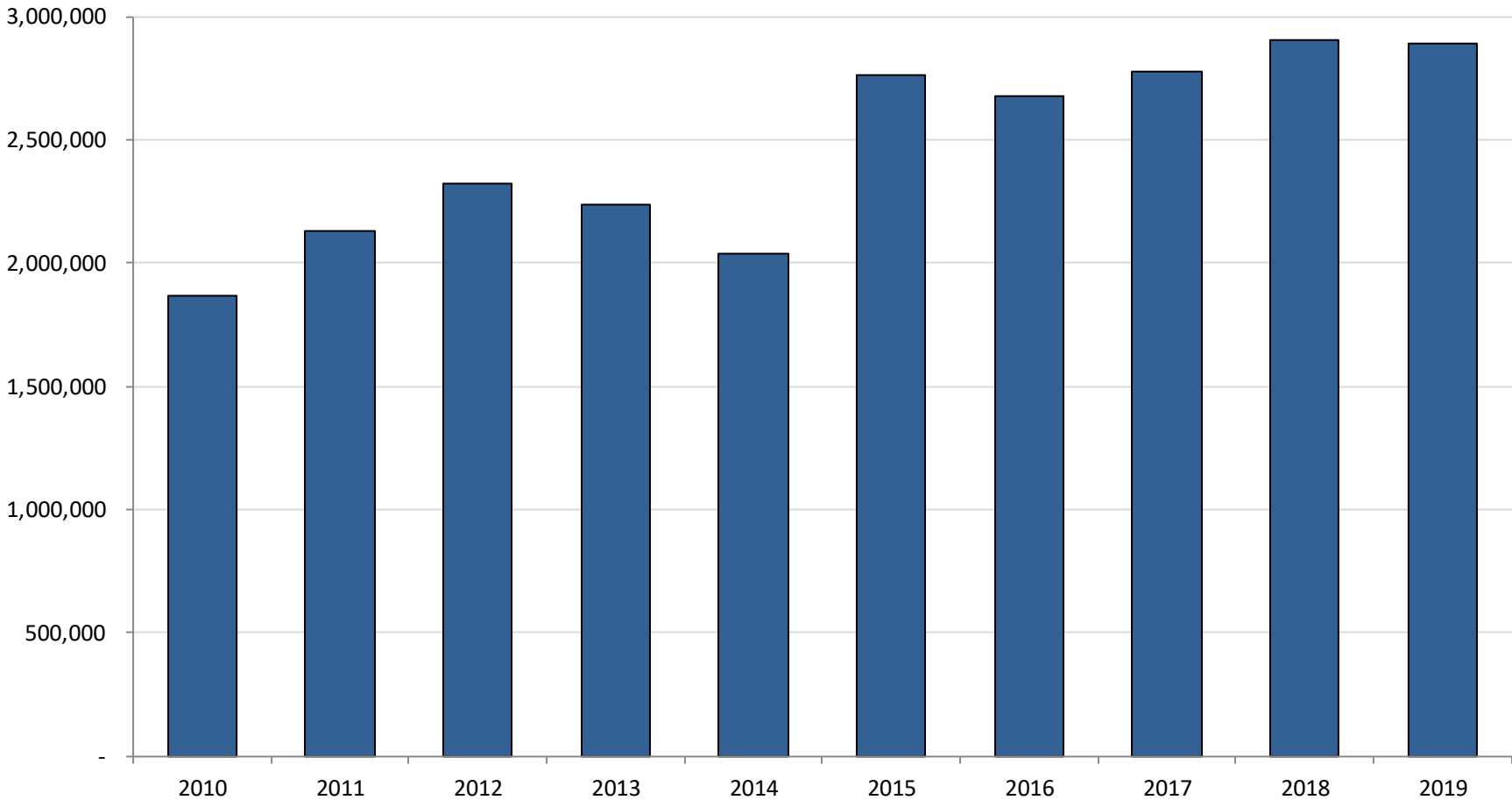


# OTHER FUNDS



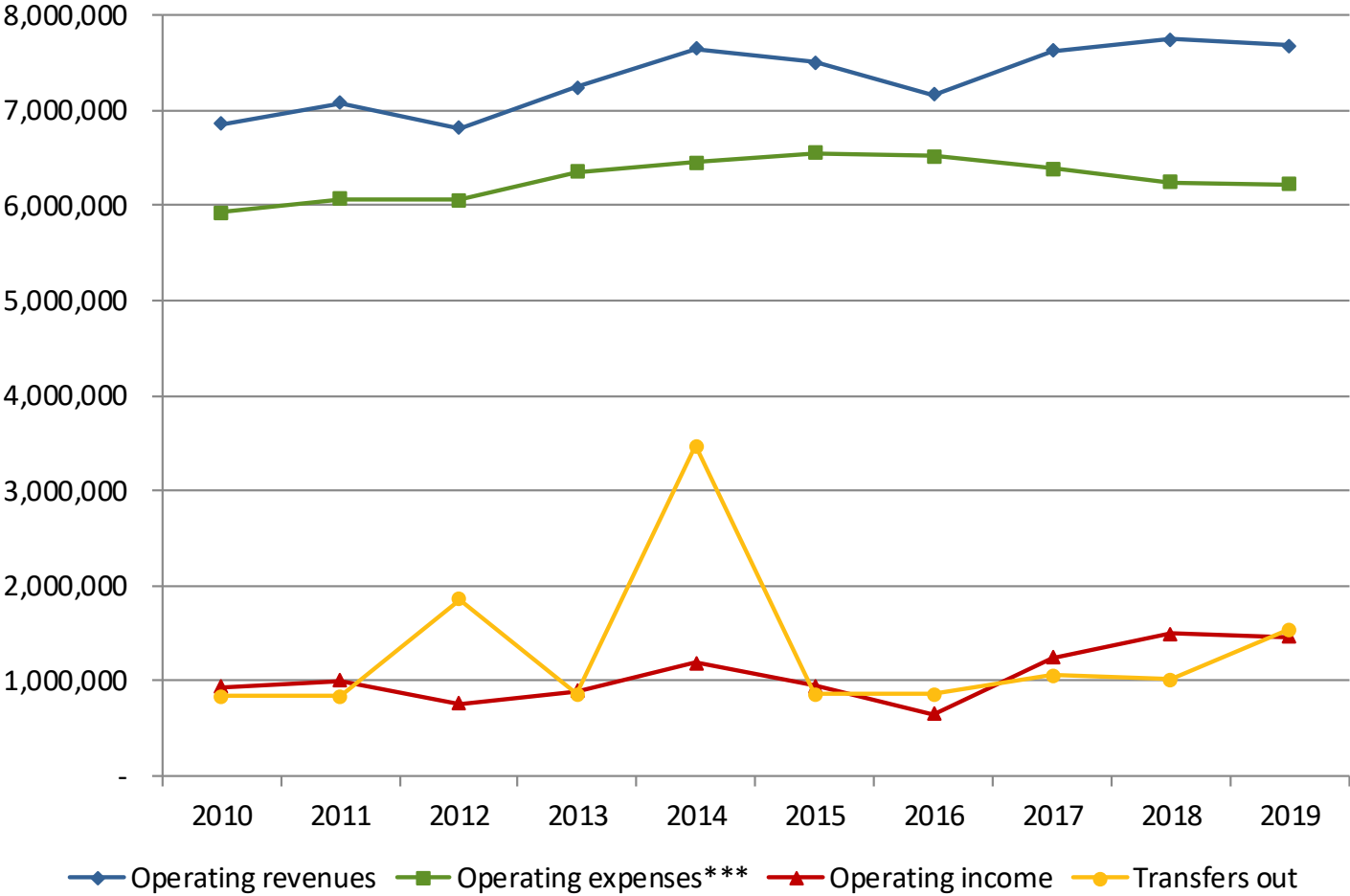
# YEAR END FUND BALANCE – DEBT SERVICE FUNDS

Positive fund balance indicates that revenues from property tax levies and special assessments have been sufficient to meet the required debt service payments.



# OPERATING REVENUES, EXPENSES, AND INCOME AND TRANSFERS OUT ELECTRIC FUND

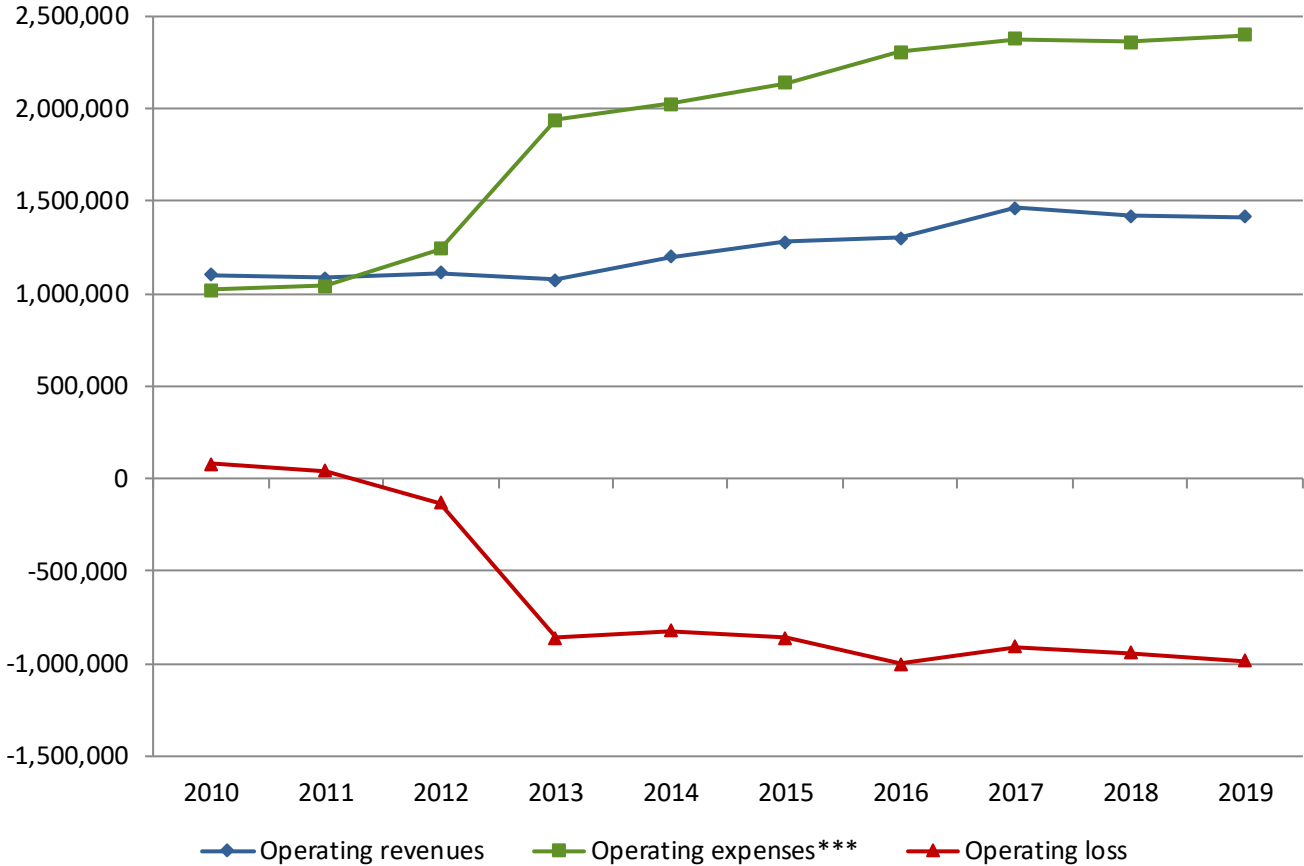
The operating revenues (blue), operating expenses (green), operating income (red), and transfers out (yellow) for the electric fund are presented below. For the last 10 years, operating revenues have been sufficient to cover the operating expenses of the electric system.



# OPERATING REVENUES, EXPENSES, AND INCOME

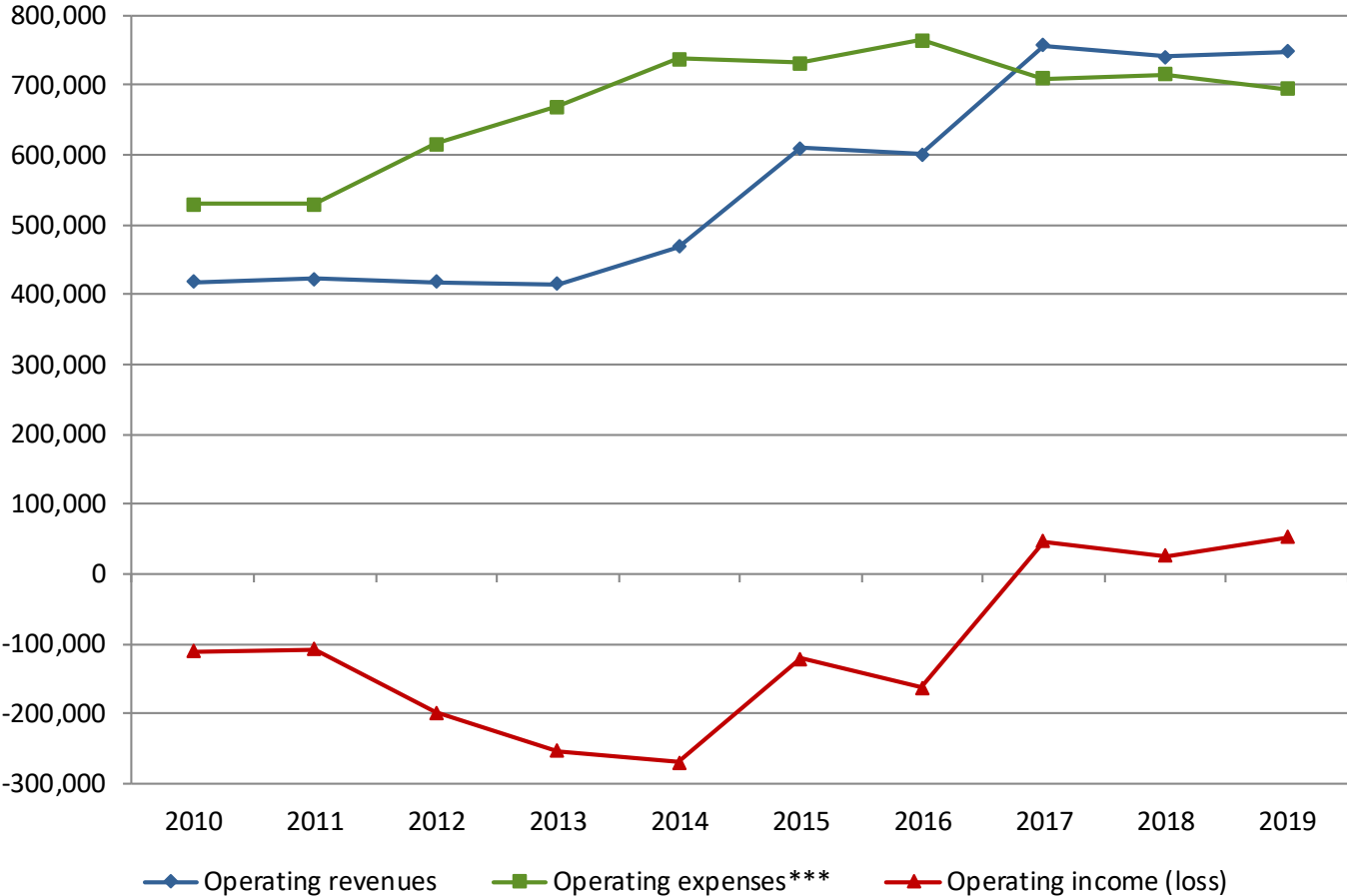
## WATER FUND

The operating revenues (blue), operating expenses (green), and operating income (red) for the water fund are presented below. For 2 of the last 10 years, operating revenues have been sufficient to cover the operating expenses of the water system.



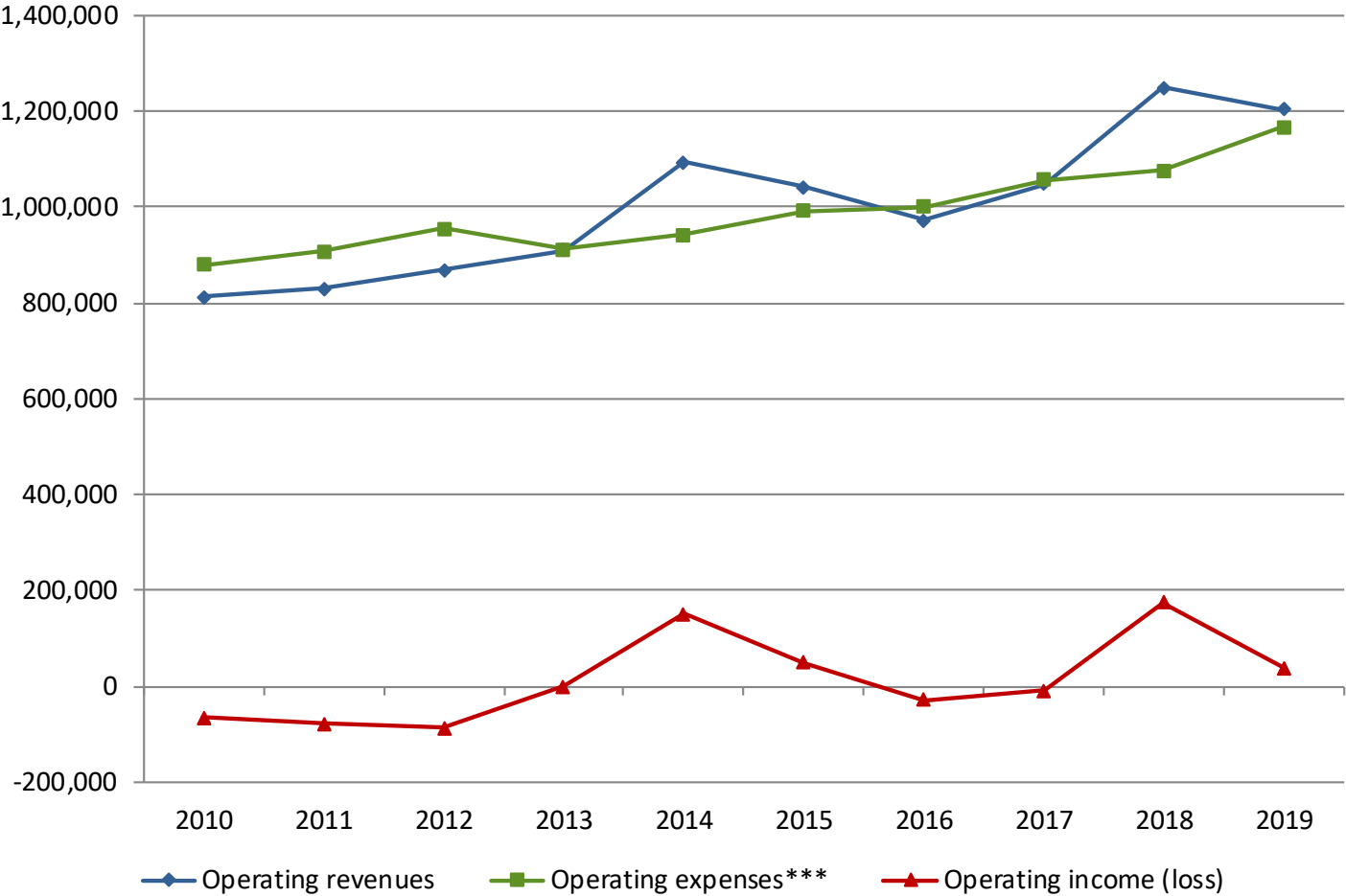
# OPERATING REVENUES, EXPENSES, AND INCOME SEWER FUND

The operating revenues (blue), operating expenses (green), and operating income (red) for the sewer fund are presented below. For 3 of the last 10 years, operating revenues have been sufficient to cover the operating expenses of the sewer system.



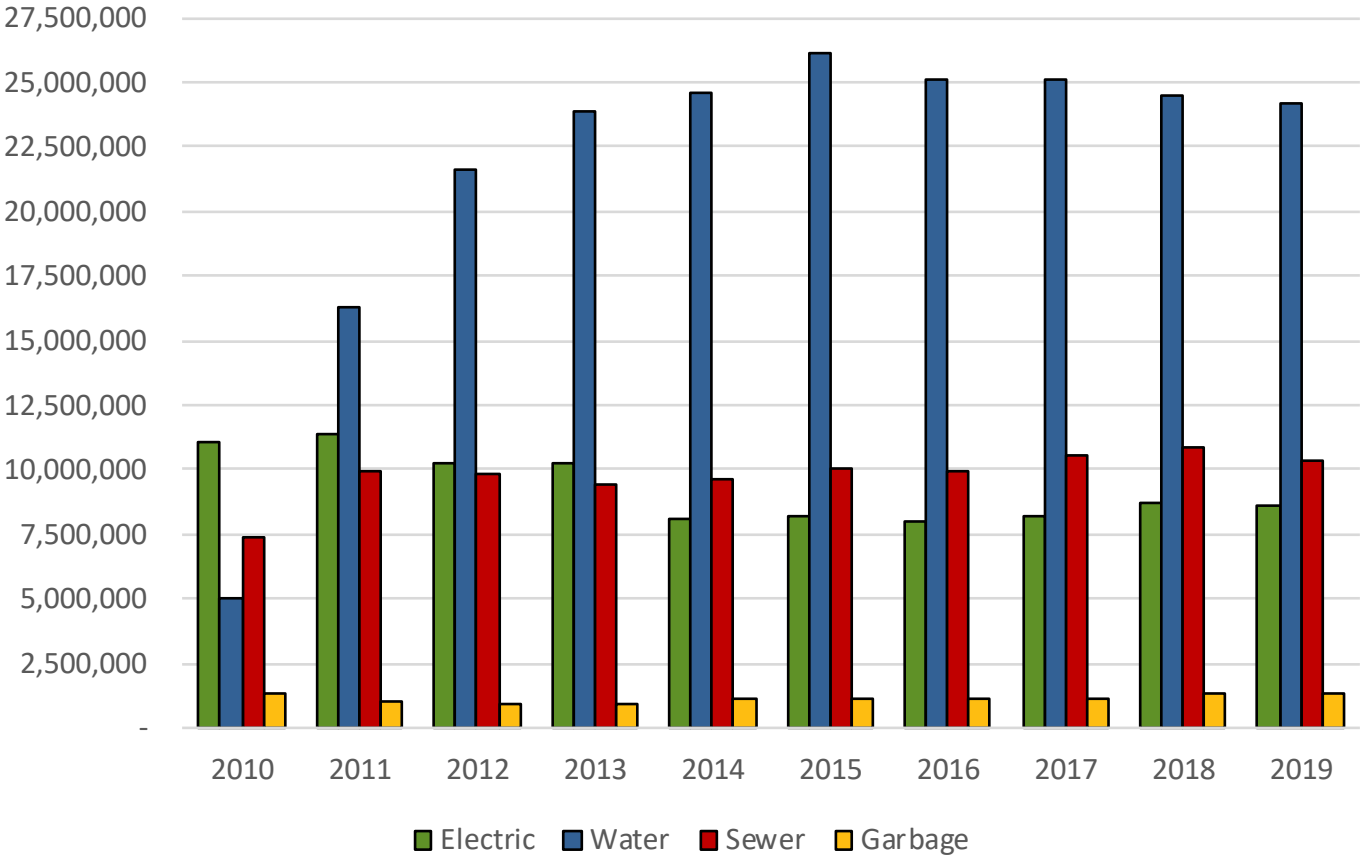
# OPERATING REVENUES, EXPENSES, AND INCOME GARBAGE FUND

The operating revenues (blue), operating expenses (green), and operating income (red) for the garbage fund are presented below. For 4 of the last 10 years, operating revenues have been sufficient to cover the operating expenses of the garbage system.



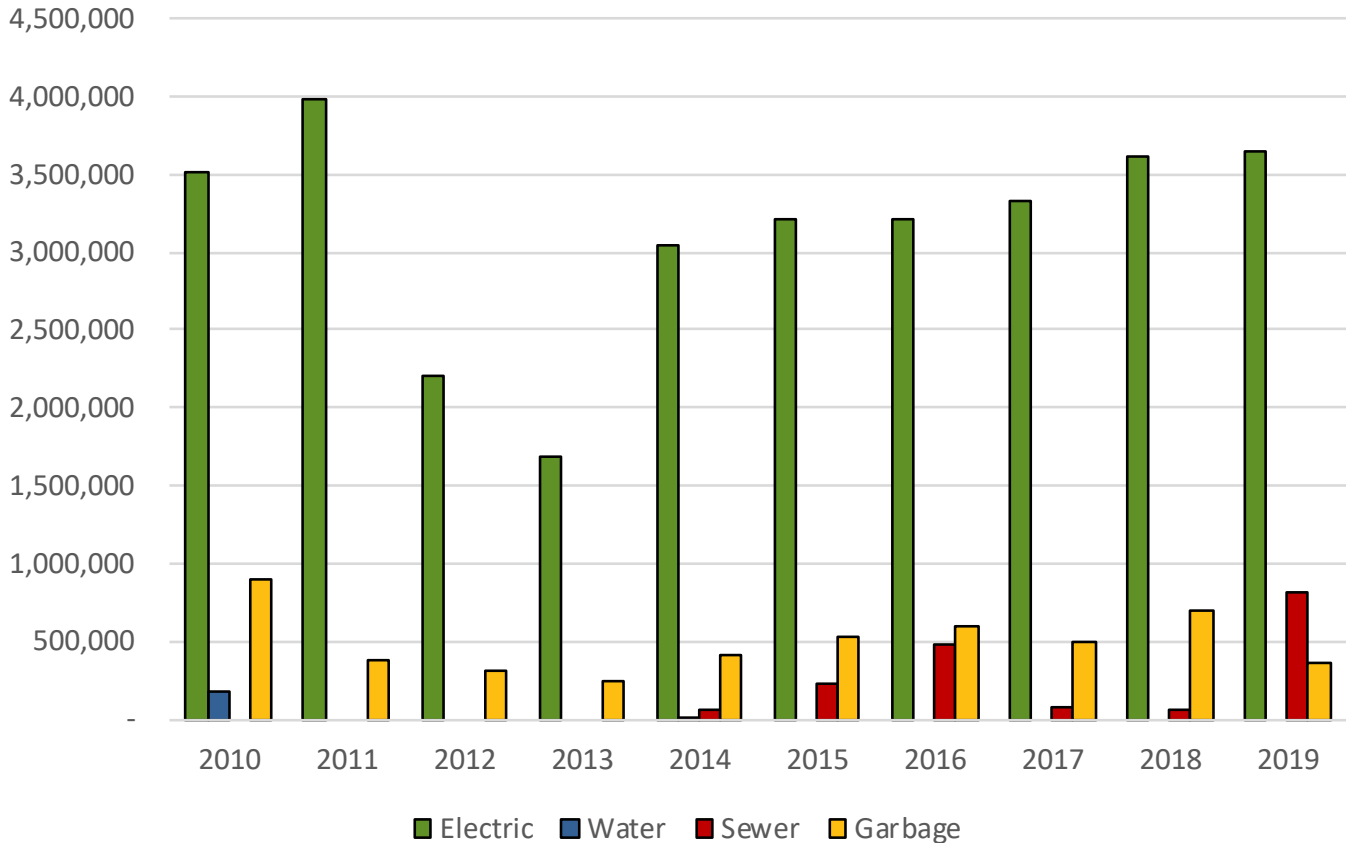
# YEAR-END NET POSITION PROPRIETARY FUNDS

Positive net position indicates that revenues from operating activities, grant revenues, and interest have been sufficient to meet the required debt service payments and provide for transfers to governmental activities.



# YEAR-END UNRESTRICTED CASH AND INVESTMENTS PROPRIETARY FUNDS

A healthy cash balance in the proprietary funds allows for continued payments towards debt and operations.





# QUESTIONS?

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**THANK YOU**

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