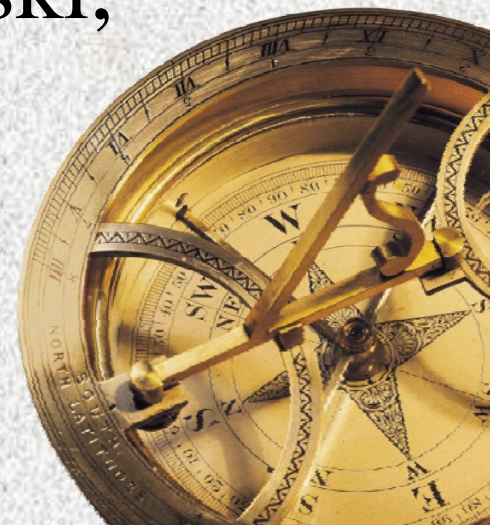




City of New Hope
Audit Report
Year Ended December 31, 2010

Malloy Montague, Karnowski,
Radosevich, & Co., P.A.





Auditor's Role

- **Opinion on Basic Financial Statements**
 - **Financial Statements are Fairly Presented In Accordance with U.S. GAAP**

- **Single Audit of Federal Awards Expenditures**

- **Review Internal Controls and Test Compliance**
 - **Financial Statement Audit**
 - **Federal Single Audit**
 - **Minnesota Laws and Regulations**



Audit Results

- **Opinion on Basic Financial Statements**
 - Unqualified “Clean” Opinion

- **Opinion on Schedule of Federal Awards**
 - Fairly Stated in Relation to Basic Financial Statements

- **Other Required Reports**
 - I/C & Compliance – Financial Statement Audit
 - I/C & Compliance – Federal Single Audit
 - Report on Compliance with State Laws



Audit Results

● **No Findings Reported for Current Year**

● **Recommendations for I/C Improvement**

- **Journal Entry Approval** – *Review and Approve Journal Entries Posted by Contracted Financial Consultants*
- **Utility Credit Memos** – *As Part of Approval Process Verify All Credit Memos Entered in the System are Reviewed*
- **Written Control Policies** – *Establish Written Internal Control Policies and Procedures for All Significant Areas Including Year-End Close*



Governmental Funds Revenue Per Capita

Year	State-Wide		City of New Hope		
	December 31, 2009		2008	2009	2010
Population	10,000–20,000	20,000–100,000	20,860	20,718	20,339
Property taxes	\$ 365	\$ 391	\$ 387	\$ 403	\$ 427
Tax increments	62	59	88	75	69
Franchise and other taxes	34	36	21	21	21
Special assessments	47	62	10	8	13
Licenses and permits	19	27	20	11	12
Intergovernmental revenues	273	168	50	68	87
Charges for services	80	77	54	56	67
Other	76	61	57	50	35
Total revenue	\$ 956	\$ 881	\$ 687	\$ 691	\$ 732



Tax Capacity Rates

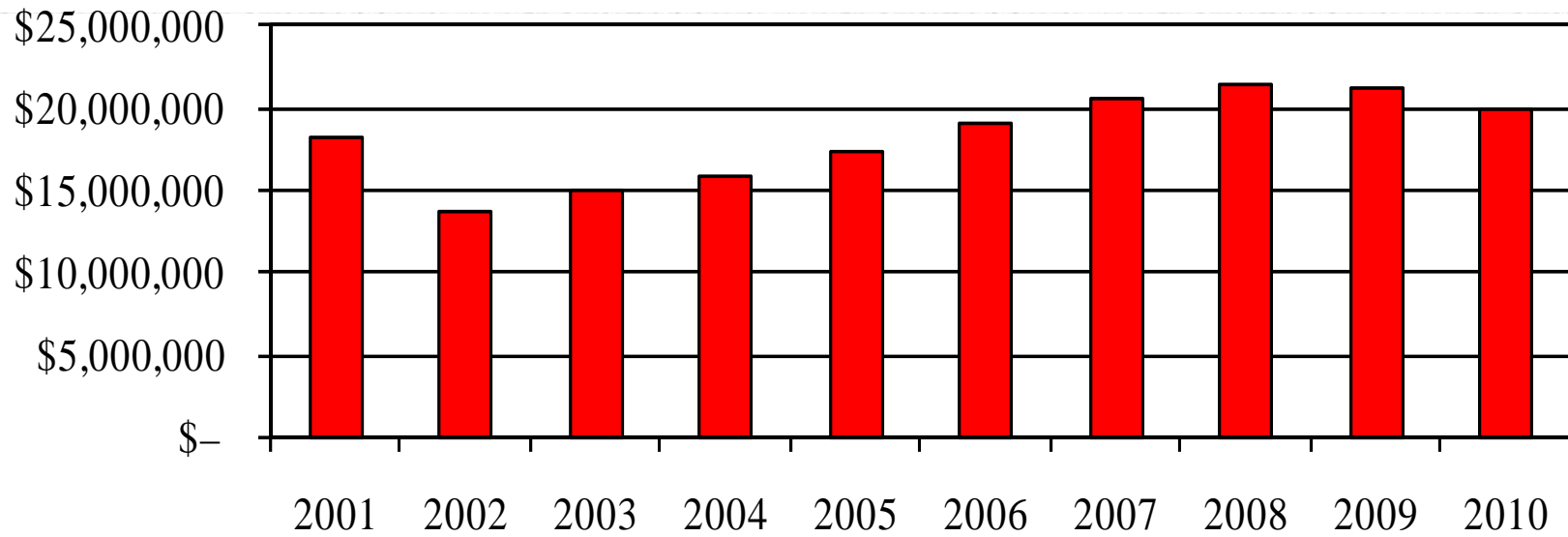
Rates expressed as a percentage of net tax capacity

	All Cities State-Wide		Seven-County Metro Area		City of New Hope	
	2009	2010	2009	2010	2009	2010
Average tax rate						
City	36.9	39.2	33.7	36.0	41.3	46.0
County	39.3	41.0	34.7	36.8	40.4	42.6
School	22.0	23.0	22.1	24.0	27.2	28.6
Special taxing	<u>5.5</u>	<u>5.9</u>	<u>5.9</u>	<u>6.5</u>	<u>7.4</u>	<u>8.5</u>
Total	<u><u>103.7</u></u>	<u><u>109.1</u></u>	<u><u>96.4</u></u>	<u><u>103.3</u></u>	<u><u>116.3</u></u>	<u><u>125.7</u></u>



Tax Capacity

Local Tax Capacity





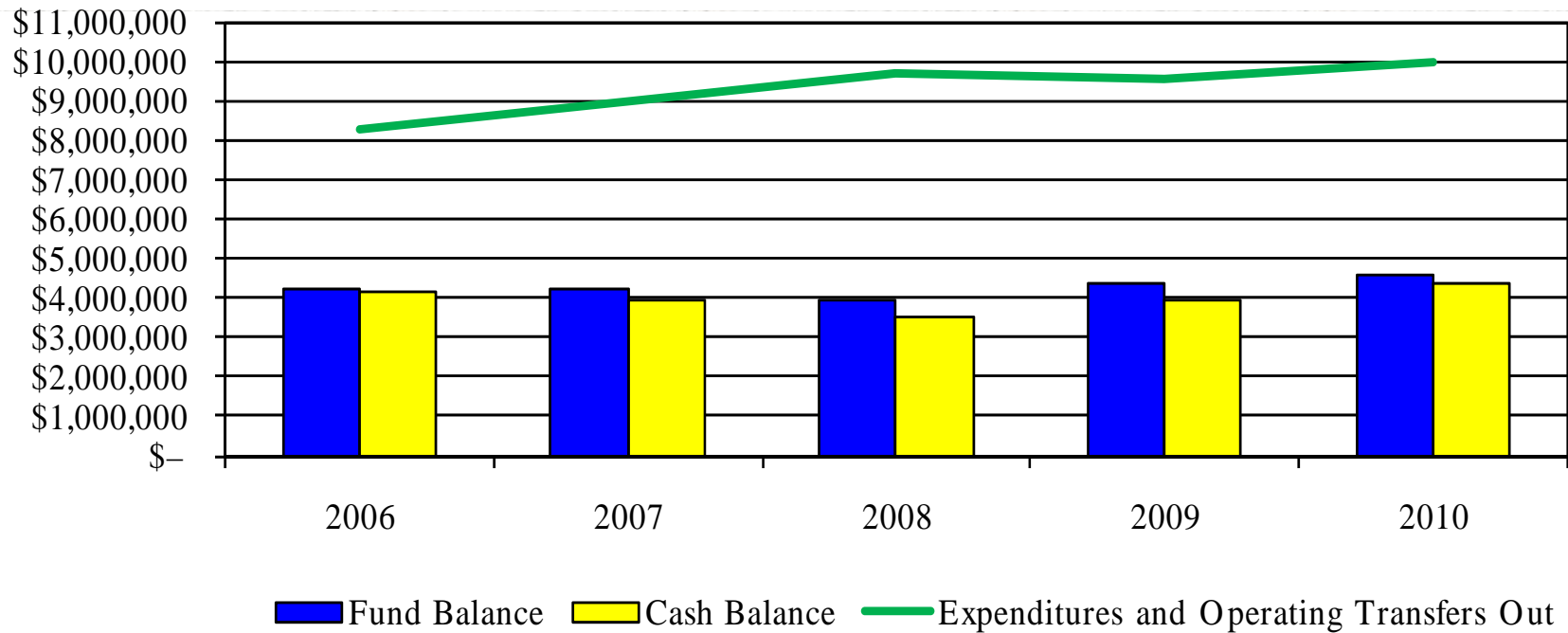
Governmental Funds Expenditures Per Capita

Year	State-Wide		City of New Hope		
	December 31, 2009		2008	2009	2010
Population	10,000–20,000	20,000–100,000	20,860	20,718	20,339
Current					
General government	\$ 107	\$ 79	\$ 93	\$ 83	\$ 93
Public safety	233	241	282	286	285
Public works	106	82	40	36	49
Culture and recreation	81	86	81	82	79
All other	81	96	–	–	9
	<u>\$ 609</u>	<u>\$ 584</u>	<u>\$ 496</u>	<u>\$ 487</u>	<u>\$ 514</u>
Capital outlay	<u>\$ 325</u>	<u>\$ 267</u>	<u>\$ 117</u>	<u>\$ 55</u>	<u>\$ 128</u>
Debt service	<u>\$ 188</u>	<u>\$ 165</u>	<u>\$ 56</u>	<u>\$ 56</u>	<u>\$ 38</u>
Total	<u>\$ 1,122</u>	<u>\$ 1,016</u>	<u>\$ 670</u>	<u>\$ 598</u>	<u>\$ 680</u>



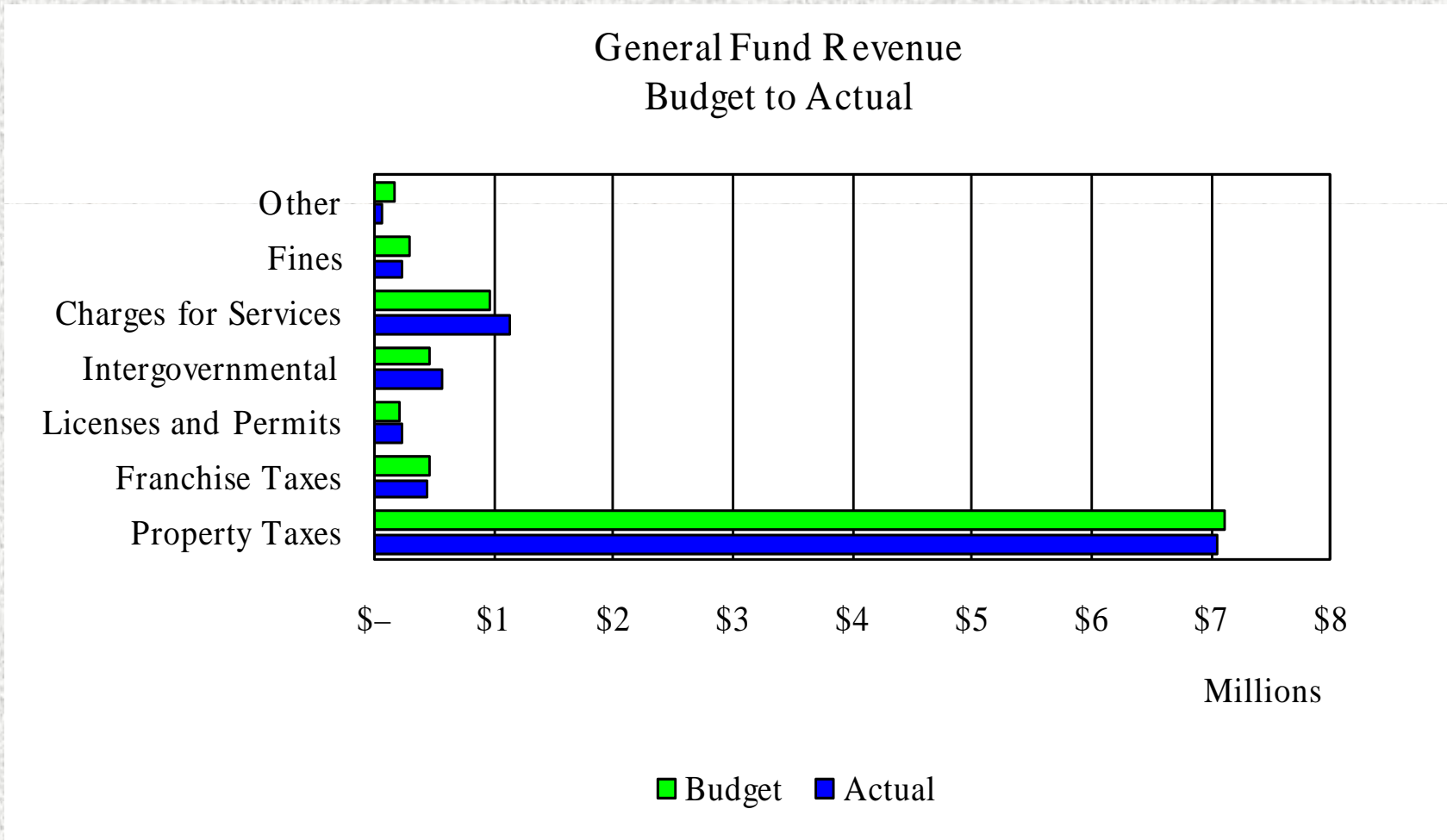
General Fund Financial Position

General Fund Financial Position
Year Ended December 31,





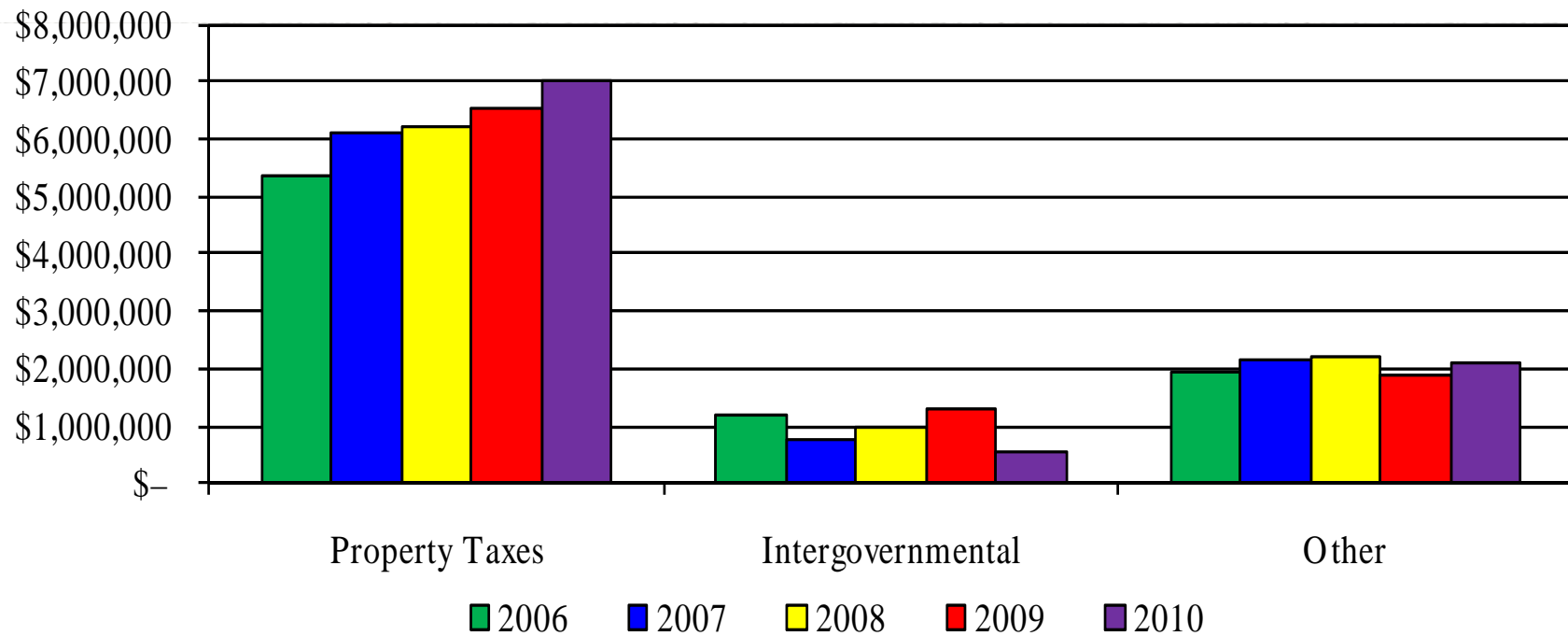
General Fund Revenues – Budget and Actual – 2010





General Fund Revenues by Source – Last Five Years

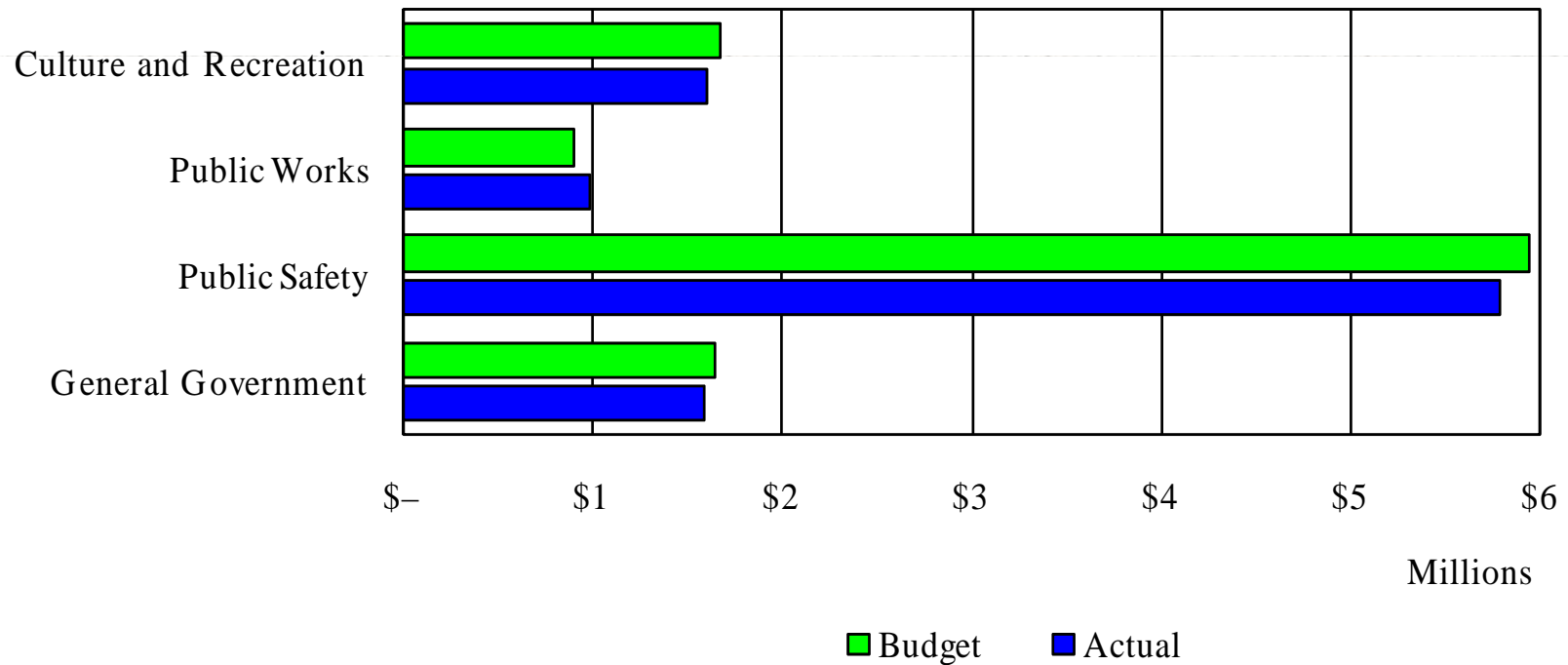
General Fund Revenue by Source
Year Ended December 31,





General Fund Expenditures – Budget and Actual – 2010

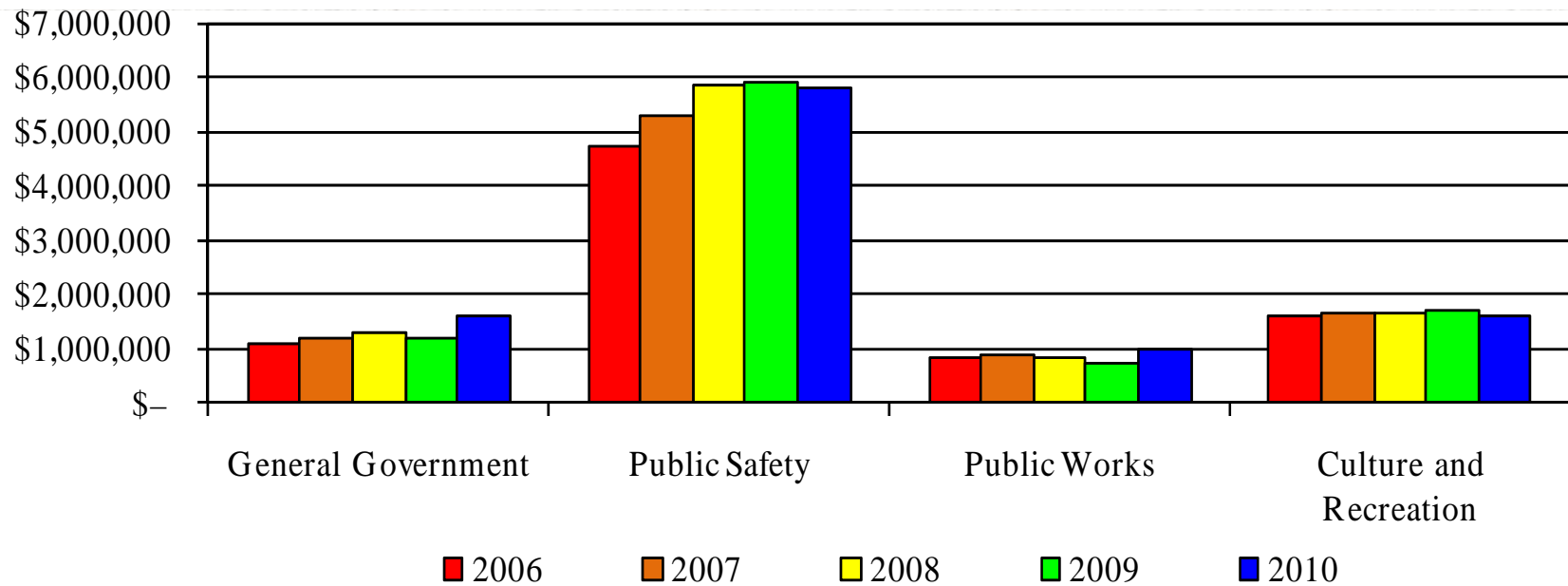
General Fund Expenditures
Budget to Actual





General Fund Expenditures by Function – Last Five Years

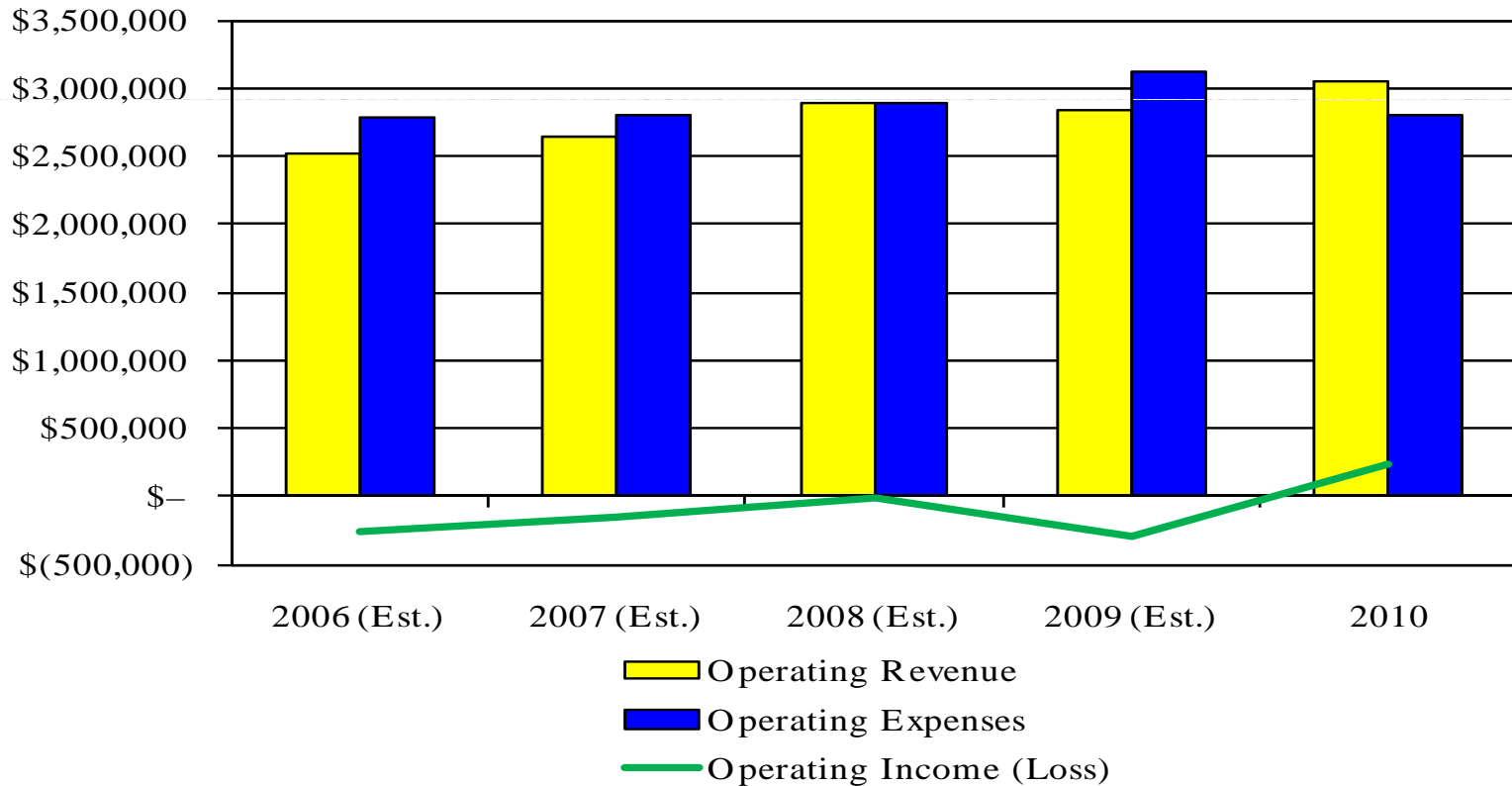
General Fund Expenditures by Function
Year Ended December 31,





Water Utility Operation

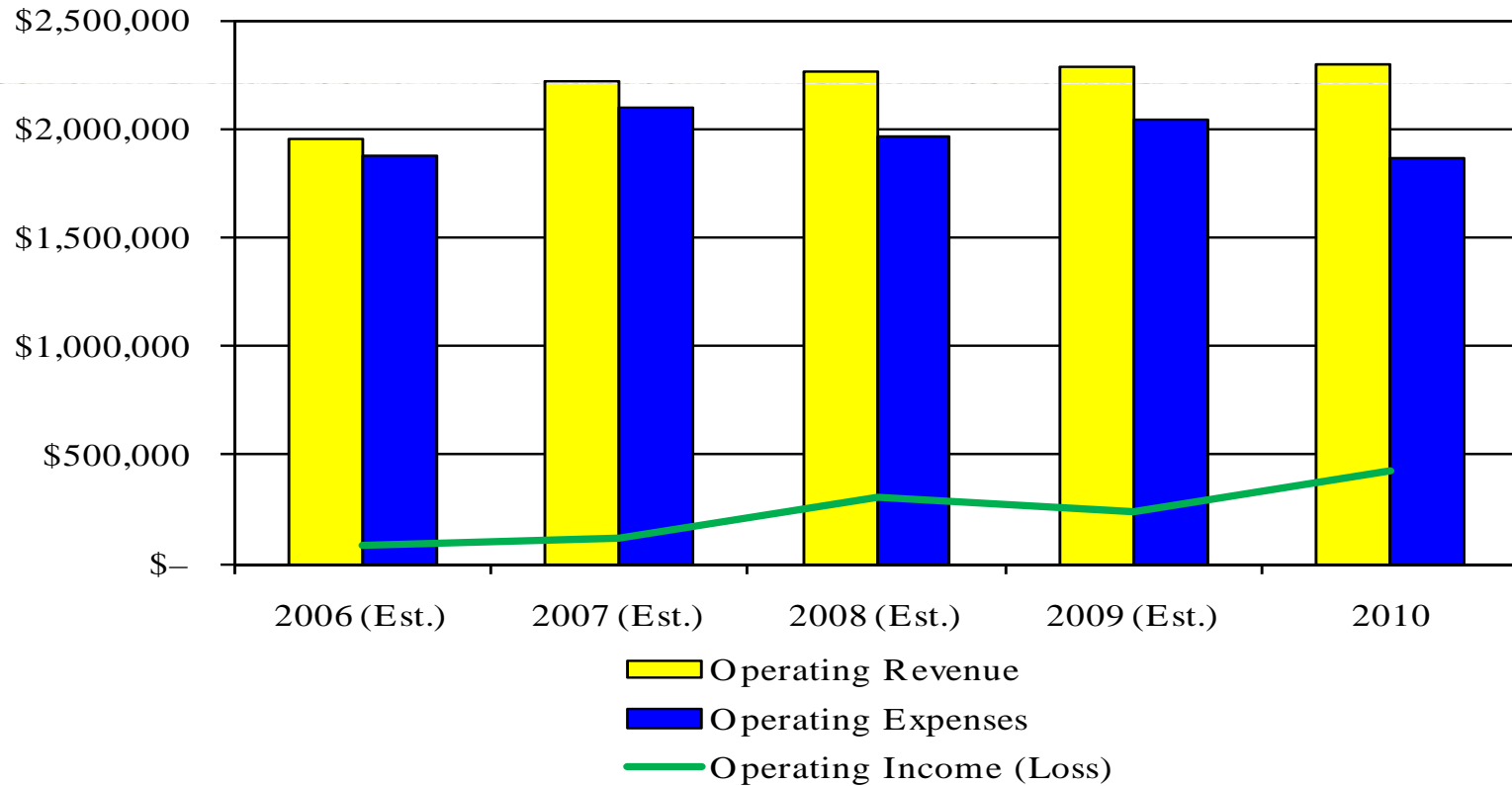
Water Utility Operating Results
Year Ended December 31,





Sewer Utility Operation

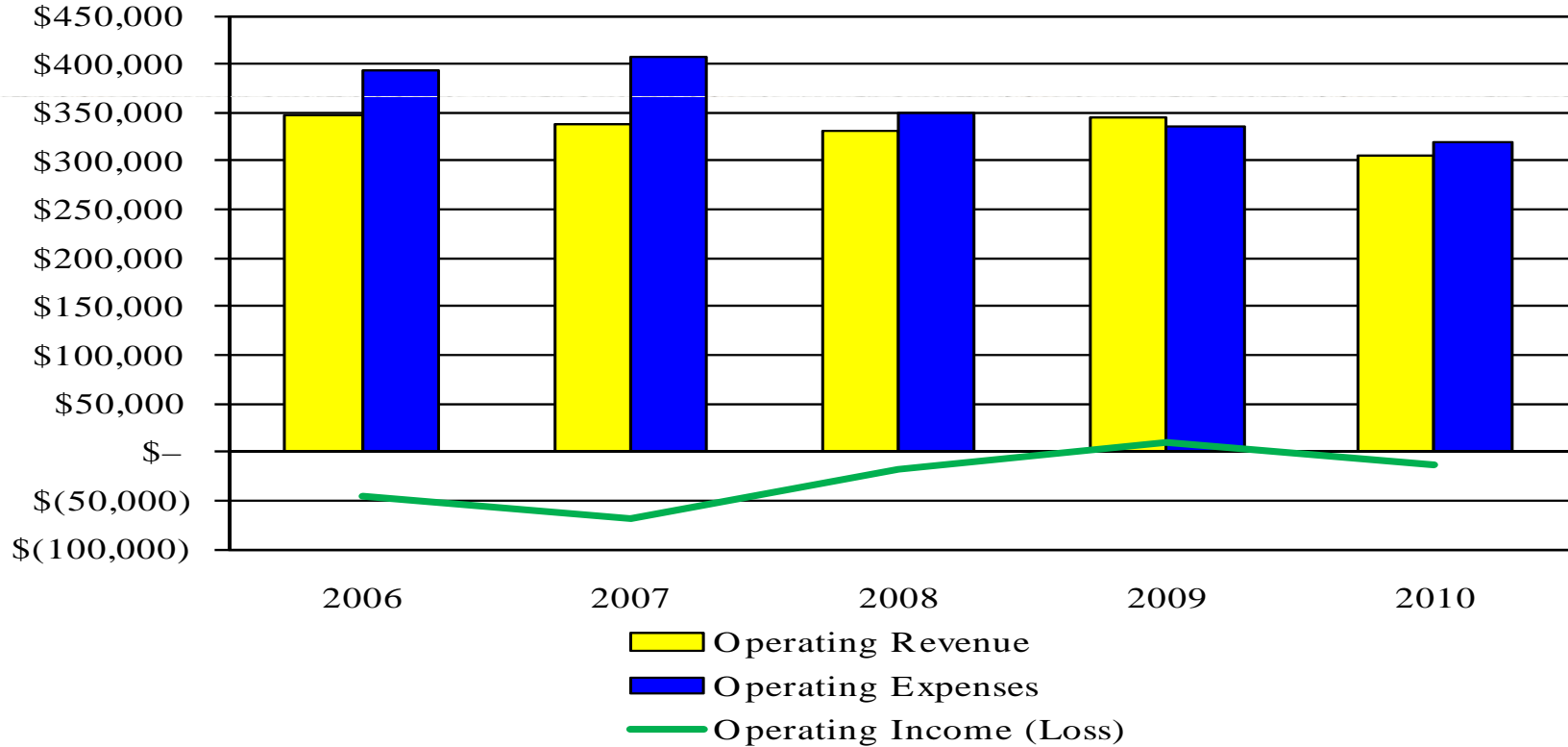
Sewer Utility Operating Results
Year Ended December 31,





Golf Course Fund

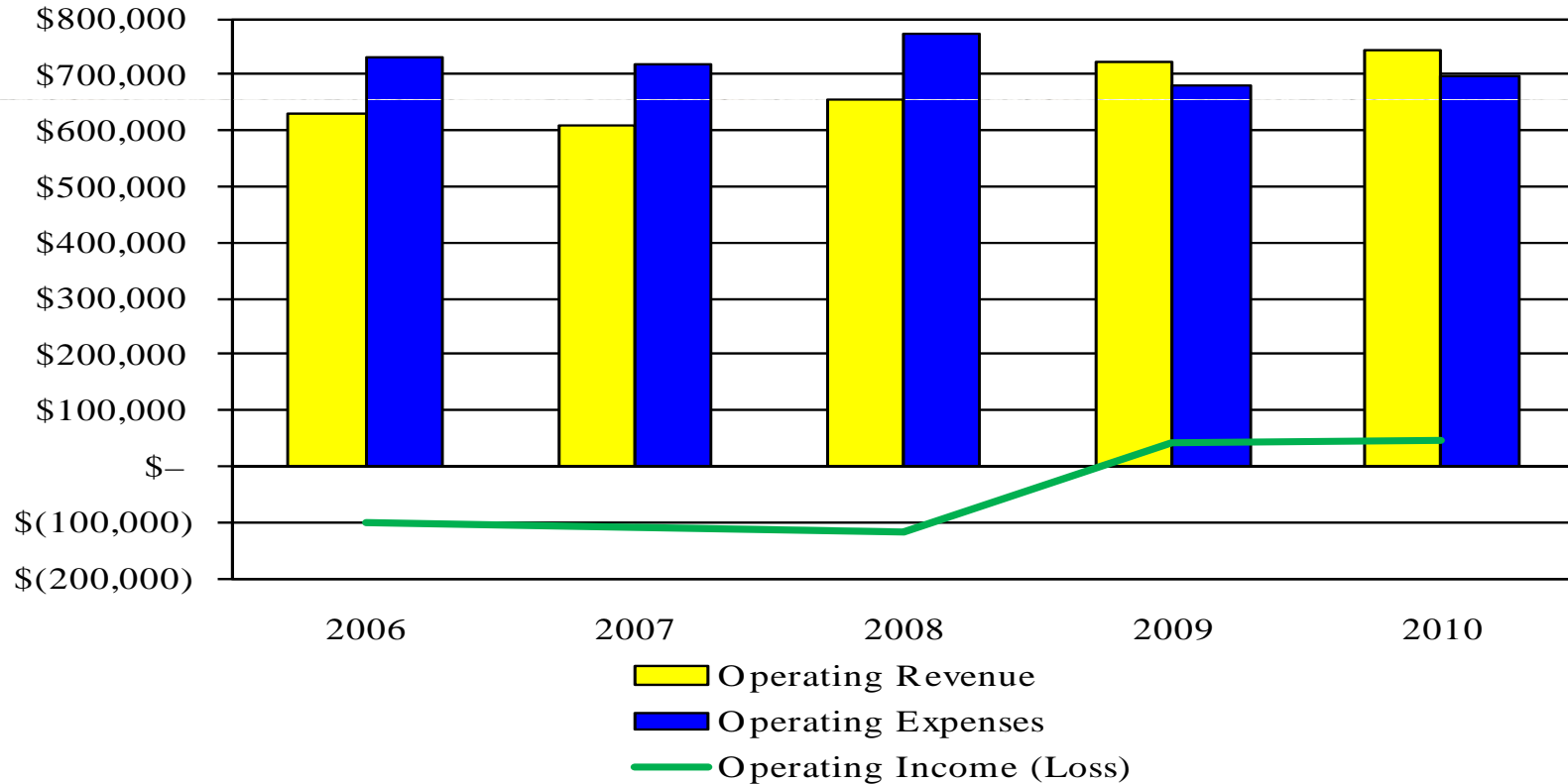
Golf Course Fund
Year Ended December 31,



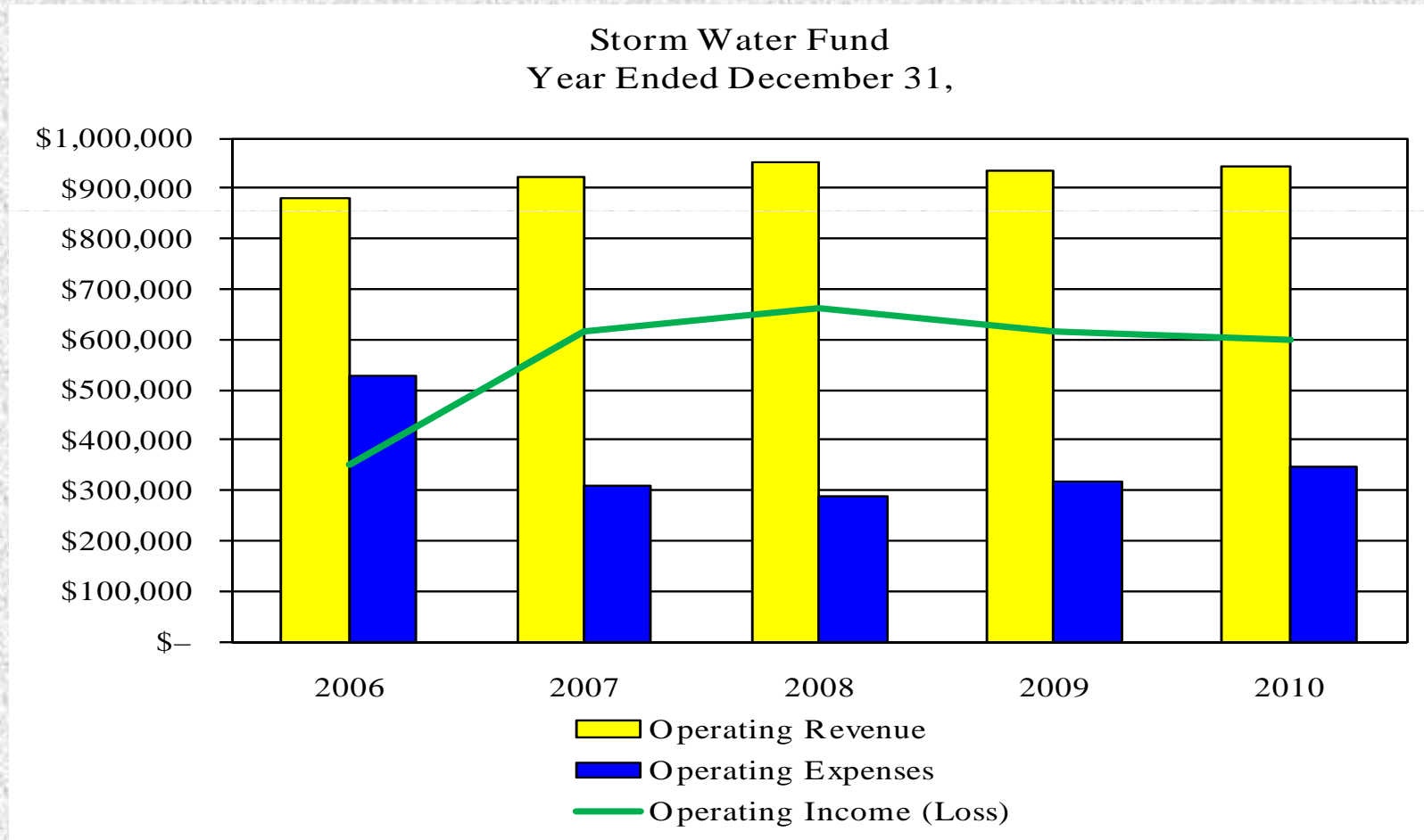


Ice Arena Fund

Ice Arena Fund
Year Ended December 31,



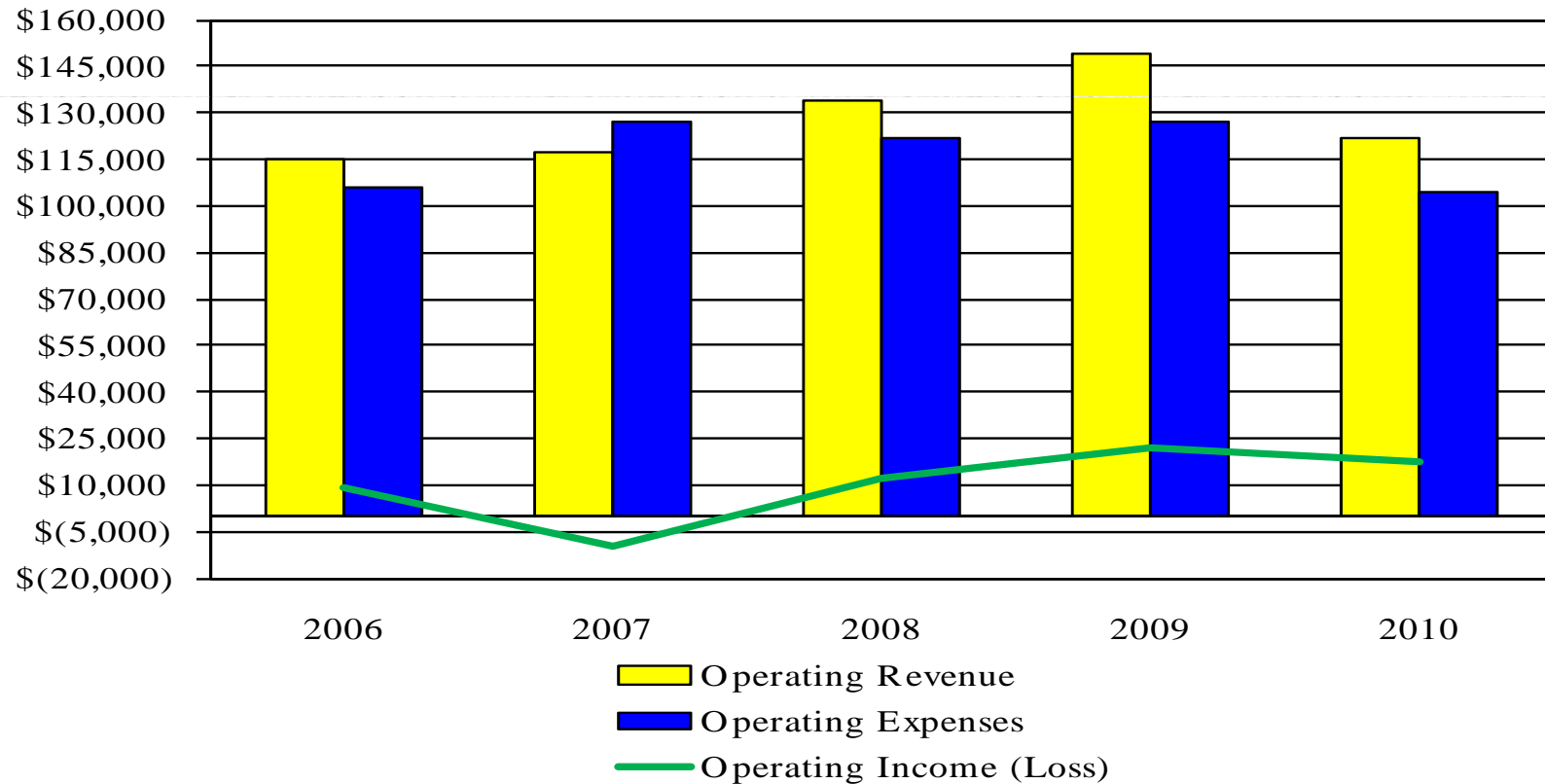
Storm Water Fund





Street Lighting Fund

Street Lighting Fund
Year Ended December 31,





Statement of Net Assets

	As of December 31,		Increase (Decrease)
	2010	2009	
Net assets			
Governmental activities			
Invested in capital assets, net of related debt	\$ 16,495,175	\$ 16,411,454	\$ 83,721
Restricted	4,572,601	6,730,905	(2,158,304)
Unrestricted	26,678,018	21,875,703	4,802,315
Total governmental activities	<u>47,745,794</u>	<u>45,018,062</u>	<u>2,727,732</u>
Business-type activities			
Invested in capital assets, net of related debt	9,989,405	9,395,068	594,337
Unrestricted	2,541,156	1,650,590	890,566
Total business-type activities	<u>12,530,561</u>	<u>11,045,658</u>	<u>1,484,903</u>
Total net assets	<u>\$ 60,276,355</u>	<u>\$ 56,063,720</u>	<u>\$ 4,212,635</u>



Statement of Activities

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Change</u>
Net (expense) revenue			
Governmental activities			
General government	\$ 2,552,425	\$ 1,264,431	\$ (1,287,994)
Public safety	5,864,775	463,951	(5,400,824)
Public works	1,625,959	1,528,957	(97,002)
Culture and recreation	1,899,105	616,801	(1,282,304)
Economic development	192,431	139,882	(52,549)
Interest on long-term debt	252,224	—	(252,224)
Business-type activities			
Water utility	2,915,757	3,354,212	438,455
Sewer utility	1,928,845	2,292,300	363,455
Golf course	346,345	313,941	(32,404)
Ice arena	712,153	741,266	29,113
Storm water	430,899	1,173,364	742,465
Street lighting	104,099	121,647	17,548
Total net (expense) revenue	<u>\$ 18,825,017</u>	<u>\$ 12,010,752</u>	(6,814,265)
Total general revenues			<u>11,026,900</u>
Change in net assets			<u>\$ 4,212,635</u>



Summary

- **Clean Opinion on Basic Financial Statements**
- **Clean Opinion on Schedule of Federal Awards Expenditures**
- **No Internal Control and Compliance Findings**
- **General Fund in Sound Financial Condition**
 - Ending Fund Balance about 45% of Annual Outflows
 - Fund Balance Increased by \$237,000 in 2010, Mainly Due to Expenditures Being Held Under Budget