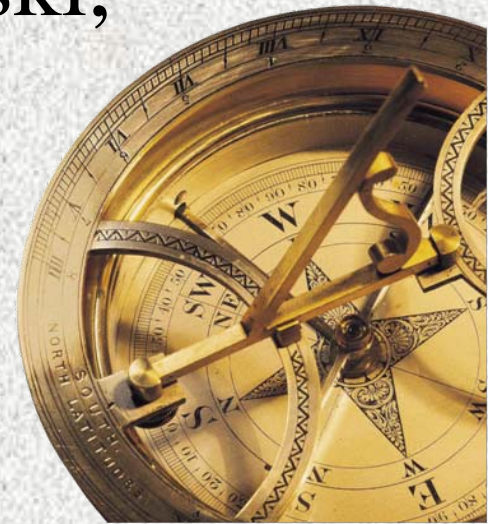




City of New Hope
Audit Report
Year Ended December 31, 2008

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



Auditor's Role

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

- **Review Internal Controls and Test Compliance**
 - **Financial Statement Audit**
 - **State Statutes**

Audit Summary

● **Basic Financial Statements**

- **Clean Opinion**

● **Special Purpose Audit Reports**

- **Report on Compliance and Internal Control**
- **Report on Compliance with State Laws**

Findings and Recommendations

❖ Internal Control Deficiencies

- **Segregation of Duties** (*City currently undergoing review of staffing by consultant*)
- **Controls Over Cash and Investments**
(*Reconciliations have been brought up to date and are now being completed in a timely manner*)
- **Audit Adjustments Necessary** (*One Audit Adjustment necessary in 2008*)

❖ Minnesota Legal Compliance

- **Broker Certification Not Obtained**

Follow-up on Prior-Year Findings

- ❖ **Internal Controls over Financial Reporting**
 - **Unable to provide timely and accurate financial data to meet external reporting requirements**
 - **Numerous audit entries required to correct financial statements**
 - **Legal compliance finding for not meeting state reporting deadlines**
 - **Unable to submit CAFR for GFOA Certificate of Excellence consideration**



Follow-up on Prior-Year Findings

● Significant Improvement for 2008 Audit

- Overall condition of financial records was greatly improved
- Year-end closing and workpapers prepared for audit were done accurately and completed on a timely basis
- Day-to-day financial controls, including the periodic reconciliation of key accounts, functioning as designed
- City is able to meet its financial reporting deadlines for 2008, and is submitting its CAFR to the GFOA for consideration for the Certificate of Excellence



Governmental Funds Revenue Per Capita

Year	State-Wide		City of New Hope		
	December 31, 2007		2006	2007	2008
Population	10,000–20,000	20,000–100,000	20,904	20,824	20,860
Property taxes	\$ 332	\$ 353	\$ 341	\$ 370	\$ 387
Tax increments	52	56	57	80	88
Franchise taxes	32	35	21	21	21
Special assessments	54	73	15	16	10
Licenses and permits	28	37	14	24	24
Intergovernmental	267	169	83	47	50
Charges for services	88	82	50	55	54
Other	108	113	62	96	57
Total revenue	\$ 961	\$ 918	\$ 642	\$ 709	\$ 691

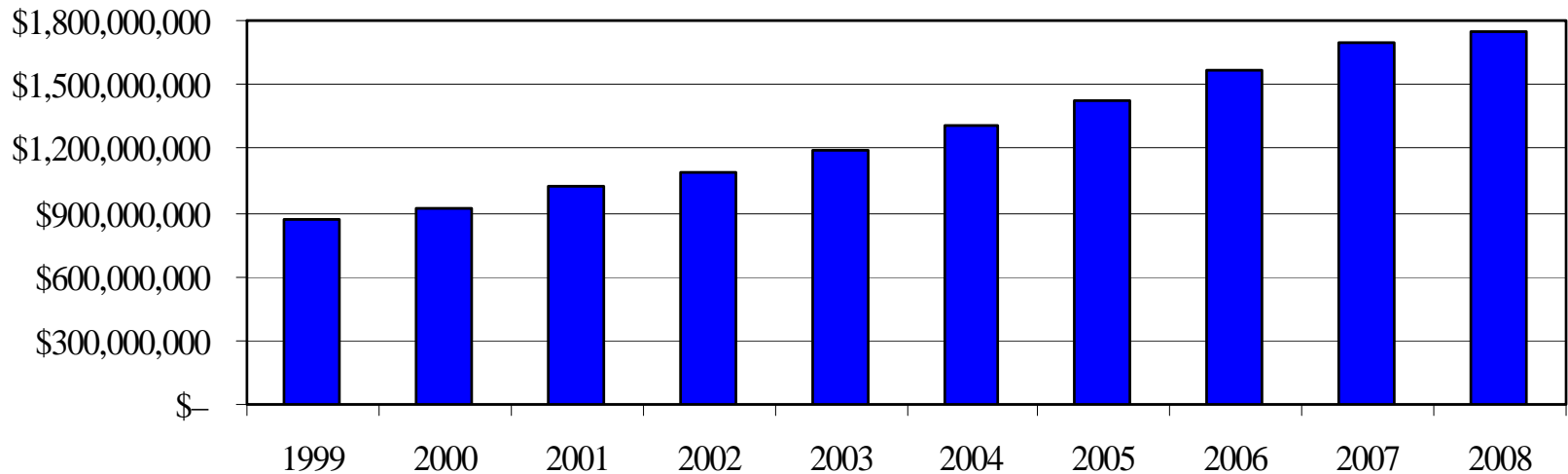


Tax Capacity Rates

	All Cities		Seven-County		City of New Hope	
	State-Wide		Metro Area			
	2007	2008	2007	2008	2007	2008
Average tax rate						
City	36.1	36.3	33.4	33.6	42.3	41.9
County	38.5	38.0	35.2	34.9	39.1	38.6
School	22.2	21.1	22.7	21.3	28.7	27.2
Special taxing	<u>5.5</u>	<u>5.6</u>	<u>6.8</u>	<u>7.0</u>	<u>7.4</u>	<u>7.8</u>
Total	<u><u>102.3</u></u>	<u><u>101.0</u></u>	<u><u>98.1</u></u>	<u><u>96.8</u></u>	<u><u>117.5</u></u>	<u><u>115.5</u></u>

Taxable Market Value of Property in New Hope

Taxable Market Value



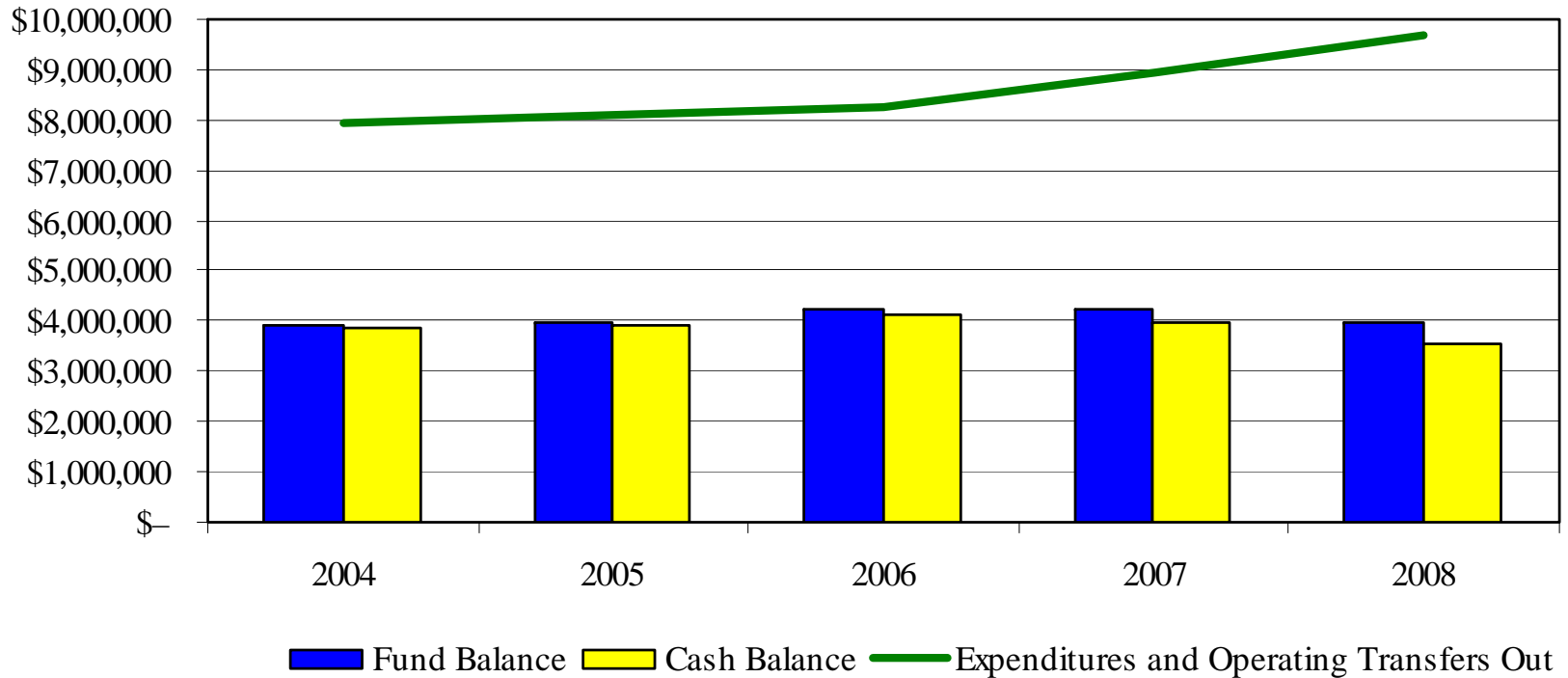


Governmental Funds Expenditures Per Capita

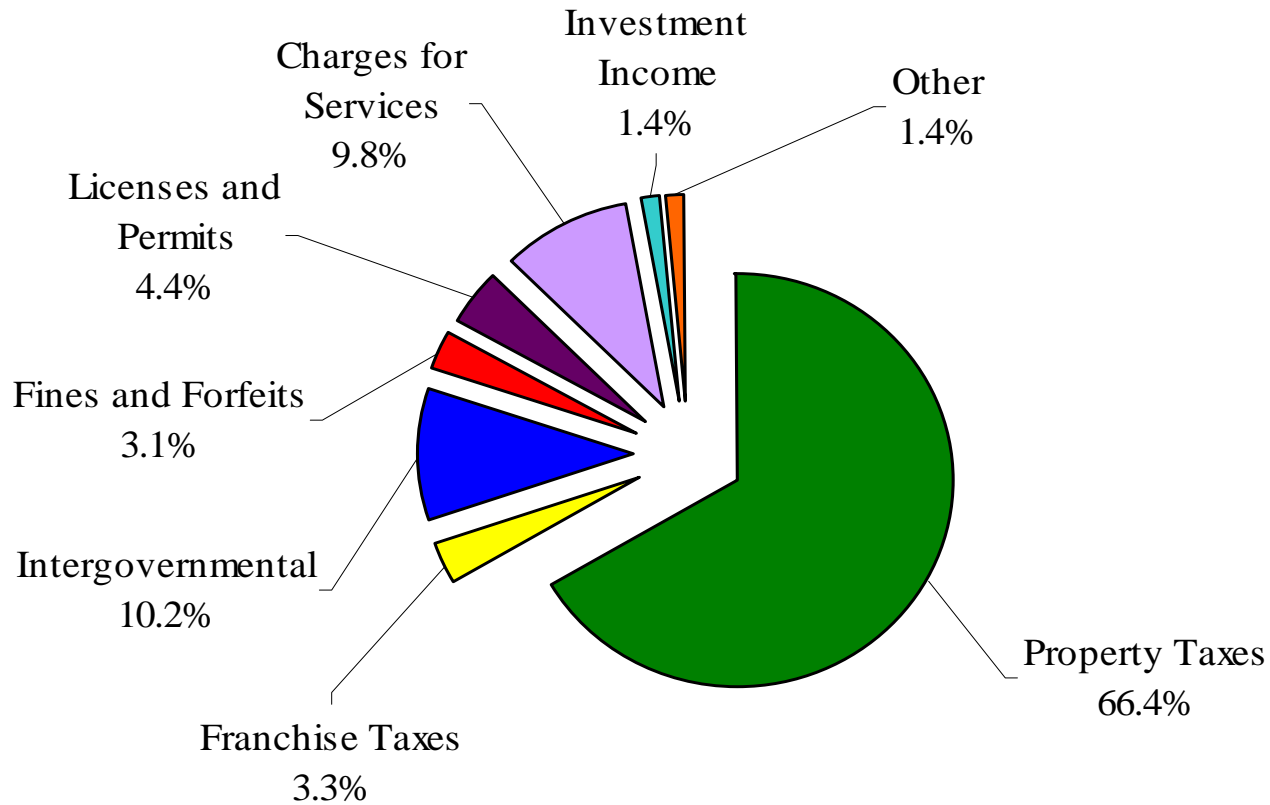
Year	State-Wide		City of New Hope		
	December 31, 2007		2006	2007	2008
Population	10,000–20,000	20,000–100,000	20,904	20,824	20,860
Current					
General government	\$ 106	\$ 83	\$ 85	\$ 94	\$ 93
Public safety	224	223	227	254	282
Public works	105	94	39	42	40
Culture and recreation	83	82	77	79	81
All other	98	97	–	–	–
	<u>\$ 616</u>	<u>\$ 579</u>	<u>\$ 428</u>	<u>\$ 469</u>	<u>\$ 496</u>
Capital outlay	<u>\$ 341</u>	<u>\$ 328</u>	<u>\$ 207</u>	<u>\$ 85</u>	<u>\$ 117</u>
Debt service	<u>\$ 180</u>	<u>\$ 139</u>	<u>\$ 66</u>	<u>\$ 90</u>	<u>\$ 56</u>

General Fund Financial Position

General Fund Financial Position
 Year Ended December 31,

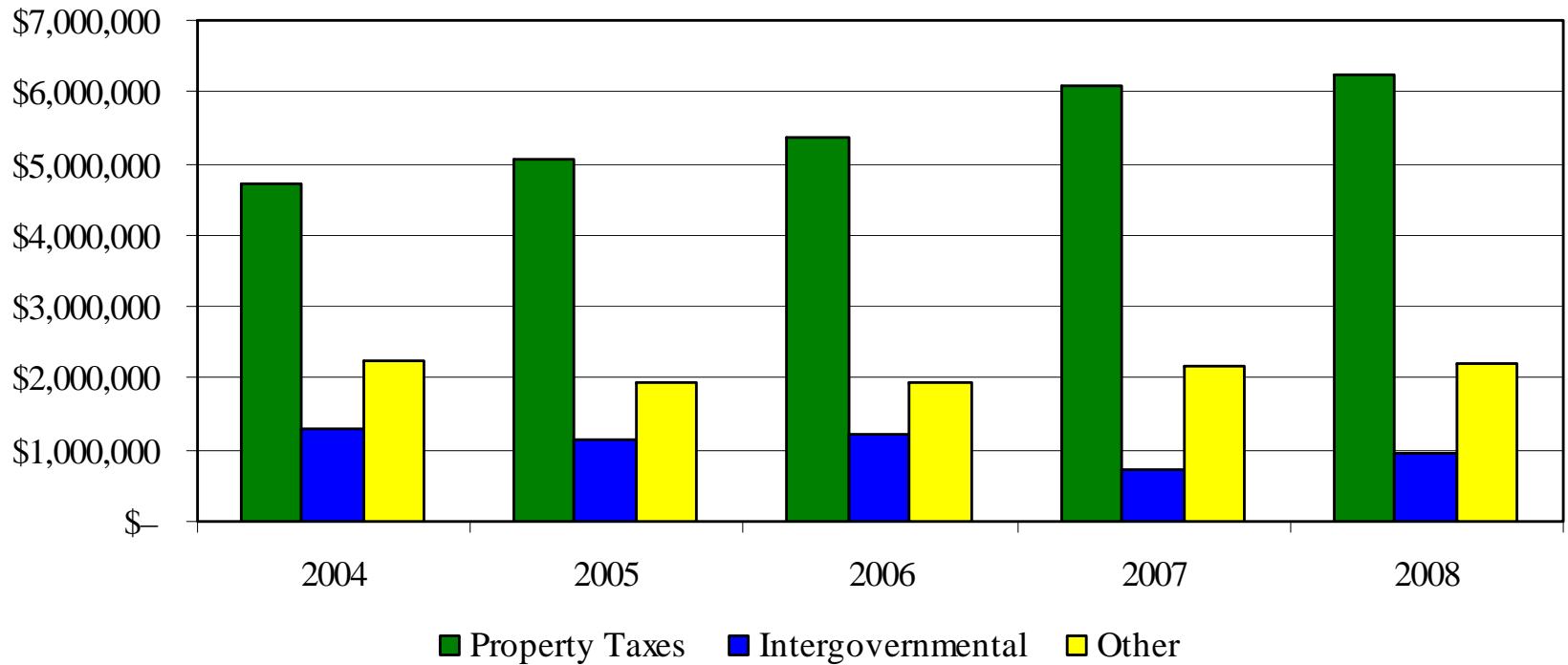


General Fund Revenues by Source – 2008

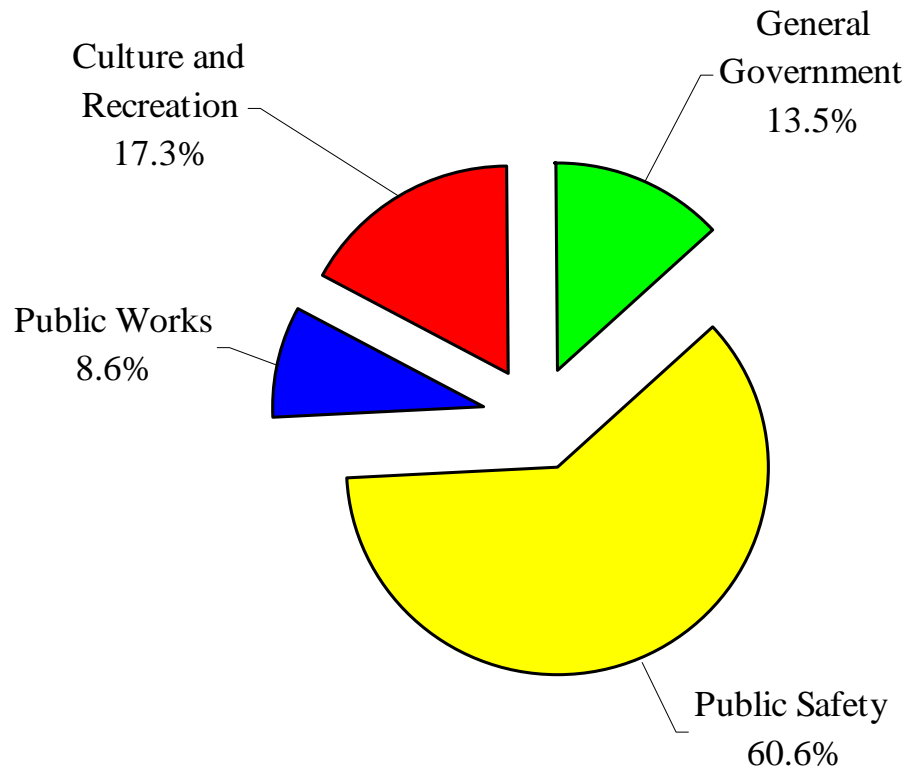


General Fund Revenues by Source – Last Five Years

General Fund Revenue by Source
Year Ended December 31,

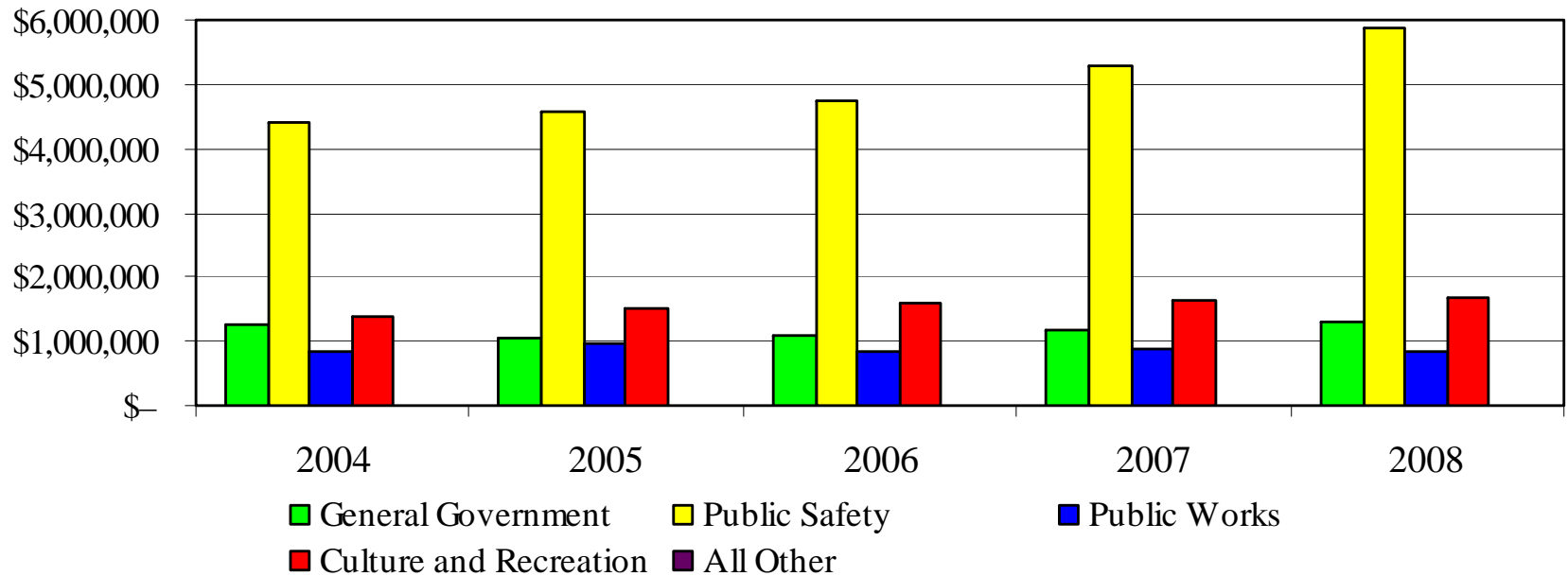


General Fund Expenditures by Function – 2008



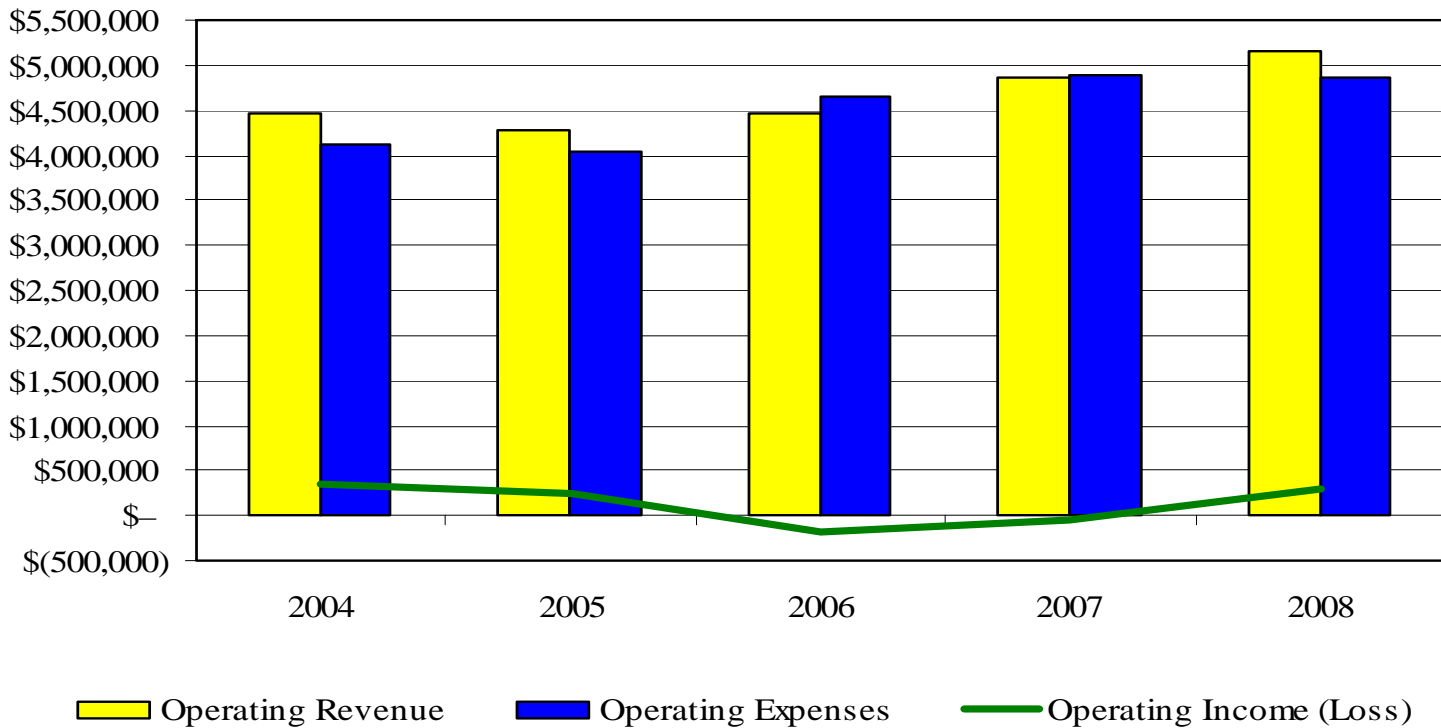
General Fund Expenditures by Function – Last Five Years

General Fund Expenditures by Function
 Year Ended December 31,



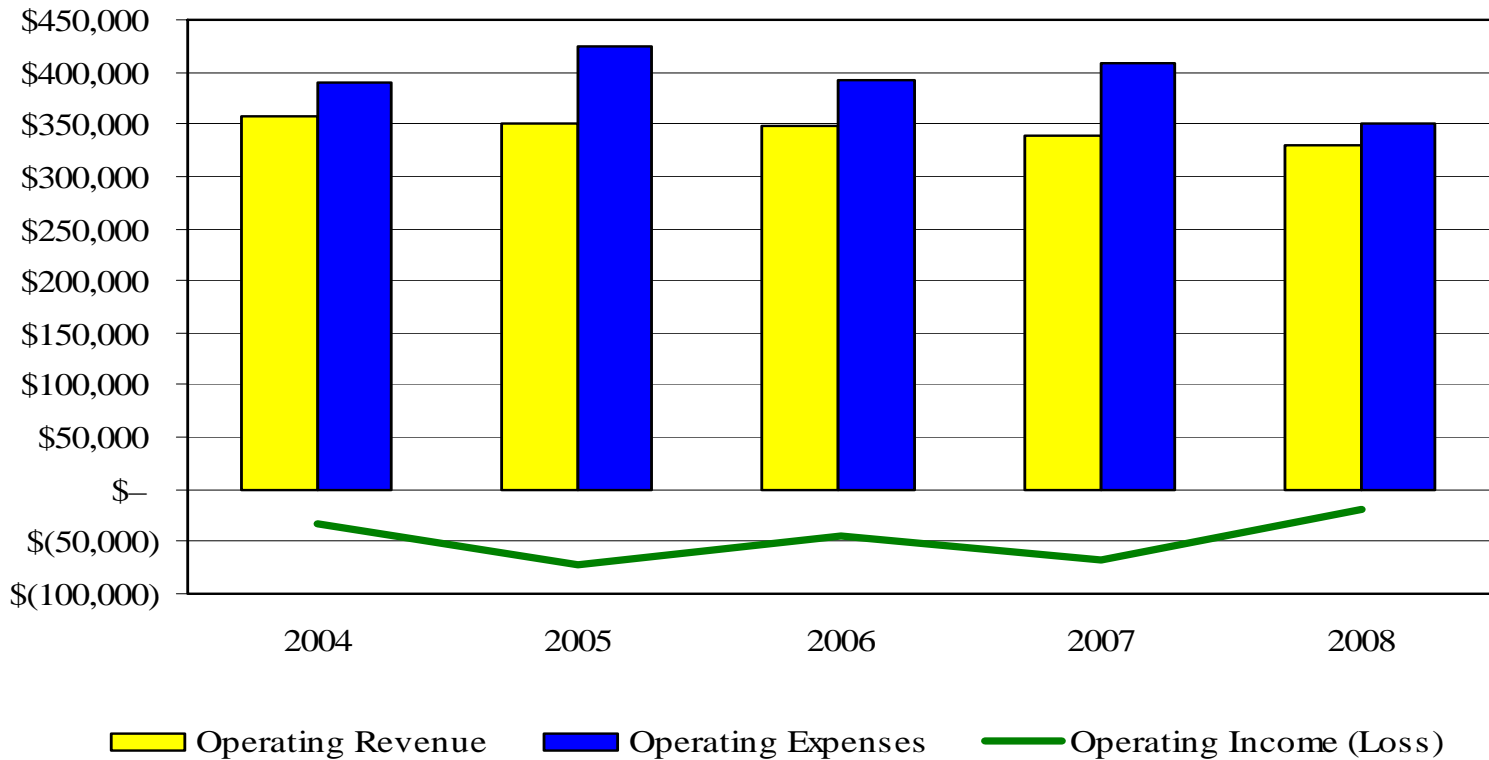
Water and Sewer Fund

Water and Sewer Fund
Year Ended December 31,



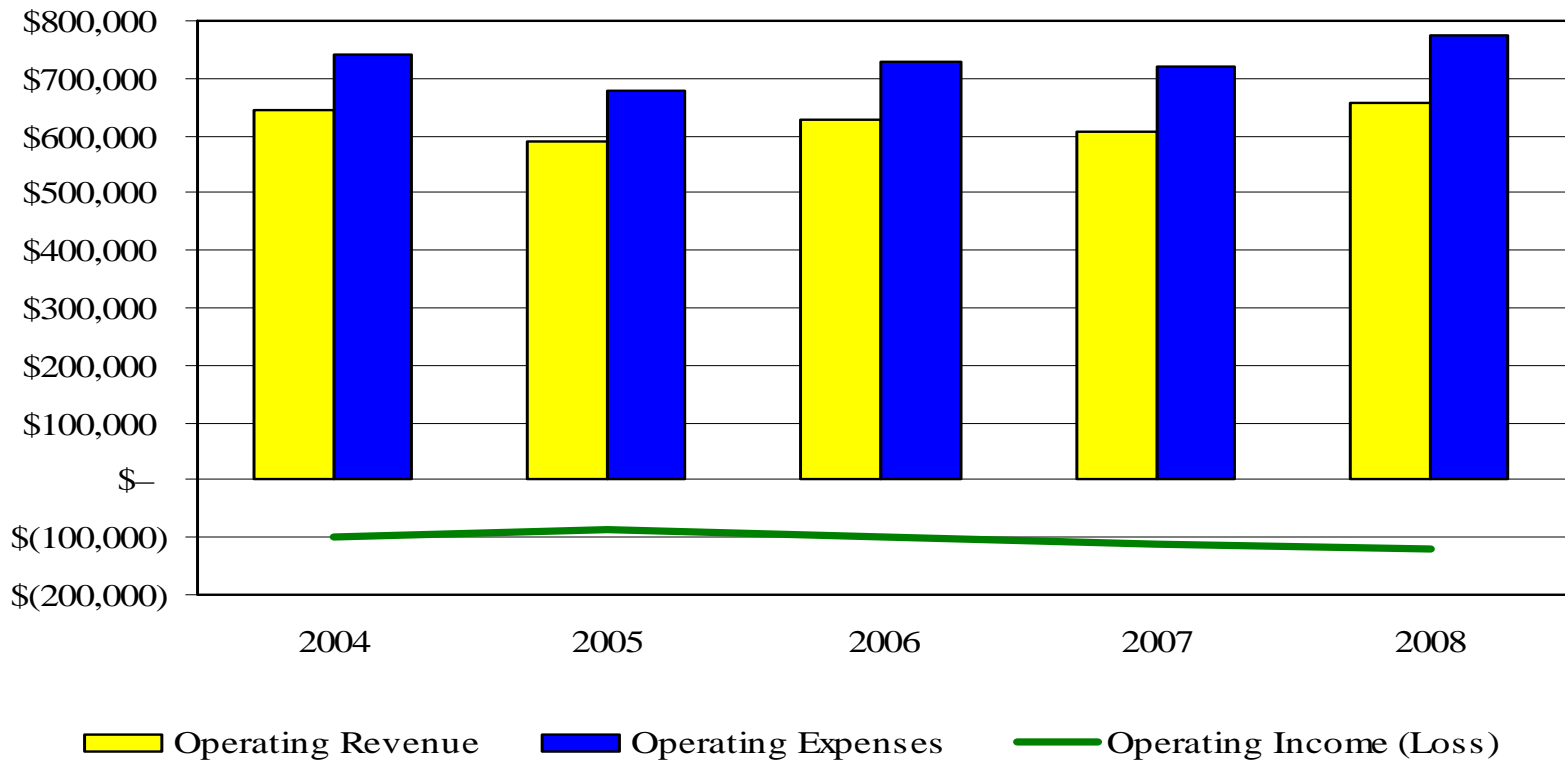
Golf Course Fund

Golf Course Fund
Year Ended December 31,



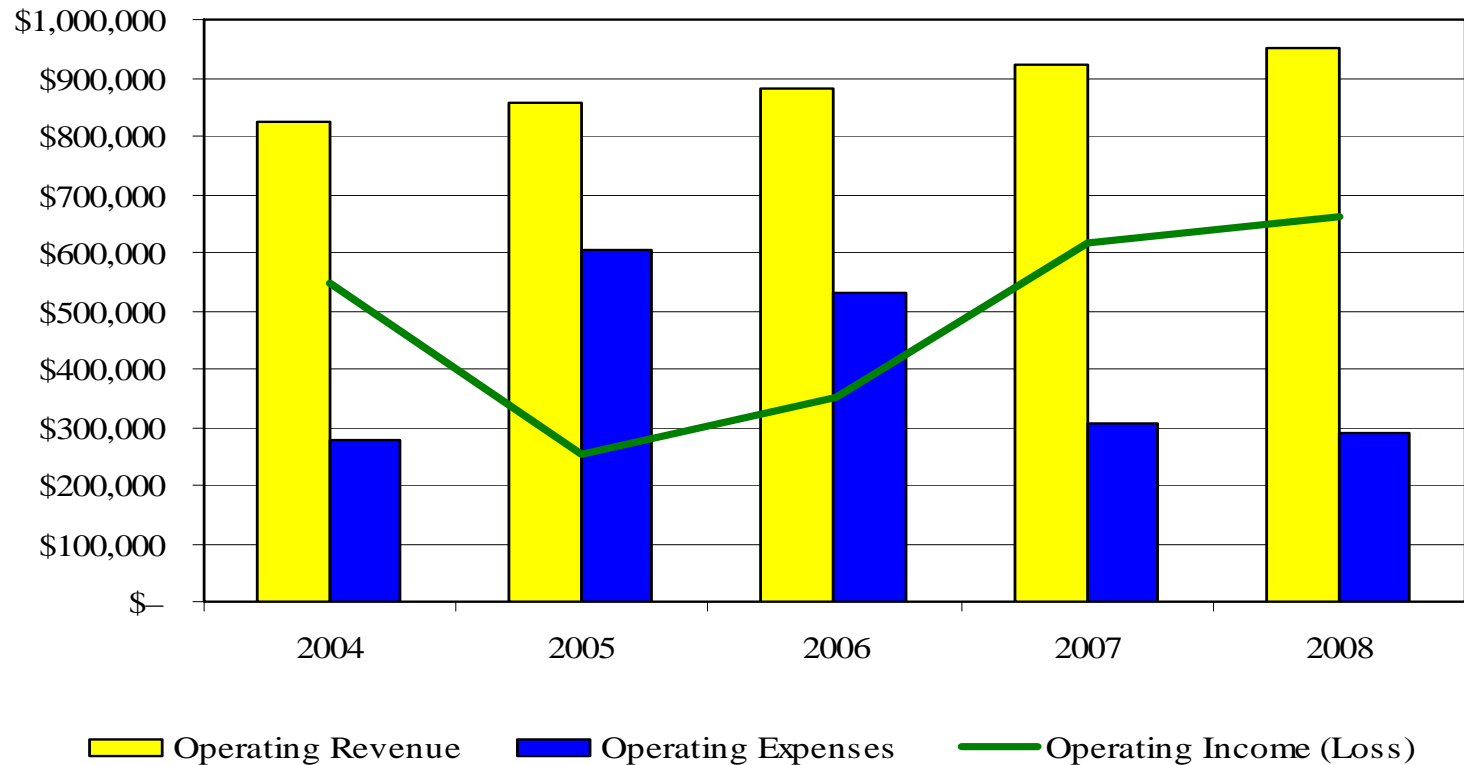
Ice Arena Fund

Ice Arena Fund
 Year Ended December 31,



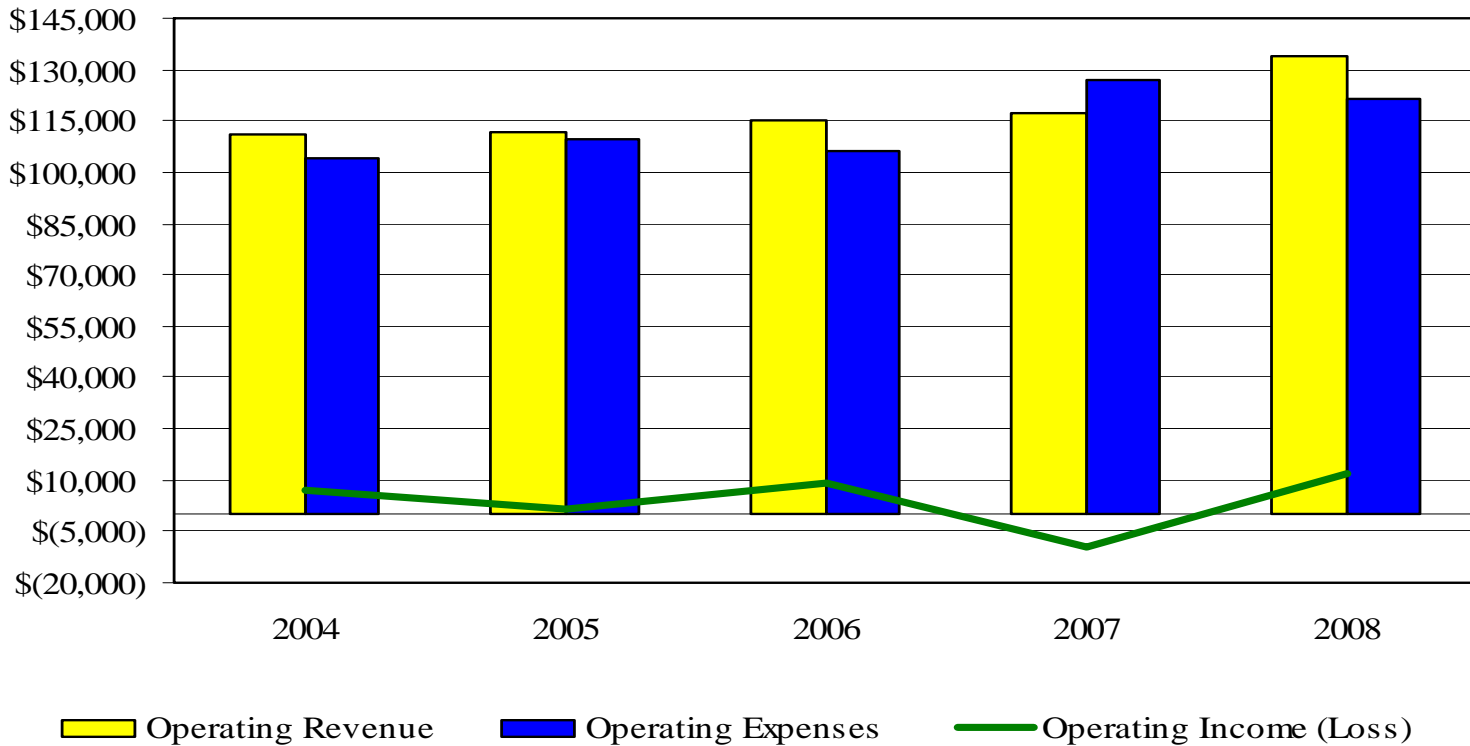
Storm Water Fund

Storm Water Fund
Year Ended December 31,



Street Lighting Fund

Street Lighting Fund
Year Ended December 31,





Statement of Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Calculation of net assets			
Current assets	\$ 33,176,731	\$ 2,130,639	\$ 35,307,370
Net book value of capital assets	17,637,025	11,638,223	29,275,248
Current liabilities	(697,163)	(707,528)	(1,404,691)
Long-term liabilities	(7,515,446)	(2,629,685)	(10,145,131)
Total net assets	<u><u>\$ 42,601,147</u></u>	<u><u>\$ 10,431,649</u></u>	<u><u>\$ 53,032,796</u></u>
Categories of net assets			
Invested in capital assets, net	\$ 16,099,860	\$ 9,008,538	\$ 25,108,398
Restricted	17,857,296	–	17,857,296
Unrestricted	8,643,991	1,423,111	10,067,102
Total net assets	<u><u>\$ 42,601,147</u></u>	<u><u>\$ 10,431,649</u></u>	<u><u>\$ 53,032,796</u></u>



Statement of Activities

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Net Change</u>
Net (expense) revenue			
Governmental activities			
General government	\$ 2,492,386	\$ 1,331,891	\$ (1,160,495)
Public safety	5,988,010	374,110	(5,613,900)
Public works	1,381,386	51,110	(1,330,276)
Culture and recreation	1,967,129	590,270	(1,376,859)
Interest and fiscal charges	340,081	–	(340,081)
Business-type activities			
Water and sewer	4,915,929	5,192,231	276,302
Golf course	383,521	347,032	(36,489)
Ice arena	780,816	659,377	(121,439)
Storm water	361,542	951,699	590,157
Street lighting	121,912	133,634	11,722
Total	<u>\$ 18,732,712</u>	<u>\$ 9,631,354</u>	(9,101,358)
General revenues			<u>12,486,956</u>
Change in net assets			<u>\$ 3,385,598</u>

Summary

- **Clean Opinion on Basic Financial Statements**
- **Internal Control and Compliance**
 - **Three Internal Control Deficiencies**
 - **One Minnesota Legal Compliance Finding**
- **Significant Improvement in Controls Over Financial Reporting**
- **General Fund in Sound Financial Condition**
 - **Ending Fund Balance about 41% of annual outflows**
 - **Spent Fund Balance down by \$297,000 in 2008**