

**CITY
COUNCIL/FINANCIAL
COMMISSION MEETING**
City Hall Council Chambers
October 14, 2024

AGENDA



1. Call to Order - 5:00 p.m.

The City Council requests that attendees turn off cell phones and pagers during the meeting. A copy of the full City Council packet is available to the public. The packet ring binder is located at the entrance of the council chambers.

2. Roll call

3. Presentation of the Audit Report and Management Letter

a. Presentation of the 2023 Audit Report

4. Council/Commission Questions

5. Miscellaneous

6. Adjourn

COUNCIL ITEM MEMORANDUM

DATE: 10/14/2024
TO: Dr. Reggie Edwards, City Manager
THROUGH: N/A
FROM: Angela Holm, Finance Director
SUBJECT: Presentation of the 2023 Audit Report

Background:

ATTACHMENTS:

Description	Upload Date	Type
2023 Audit Presentation	10/11/2024	Presentation



Lighting the path forward

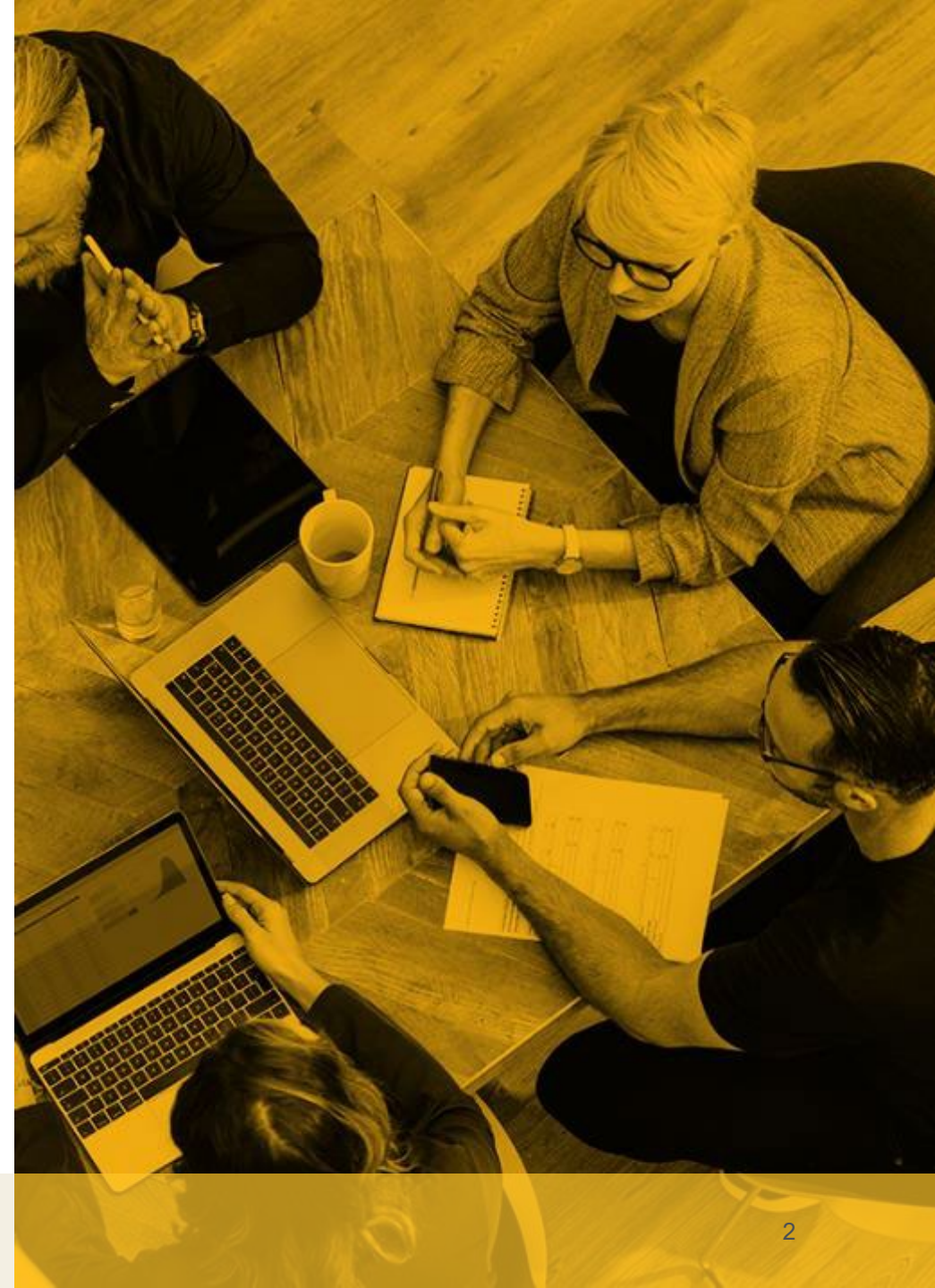
City of Brooklyn Center

2023 Financial Statement Audit



Introduction

- Audit Results
- General Fund
- Other Governmental Funds
- Enterprise Funds
- Key Performance Indicators



Audit Results

Auditor's Opinion



Unmodified opinion under GAAP

Minnesota Legal Compliance



No instances of noncompliance

Single Audit Report

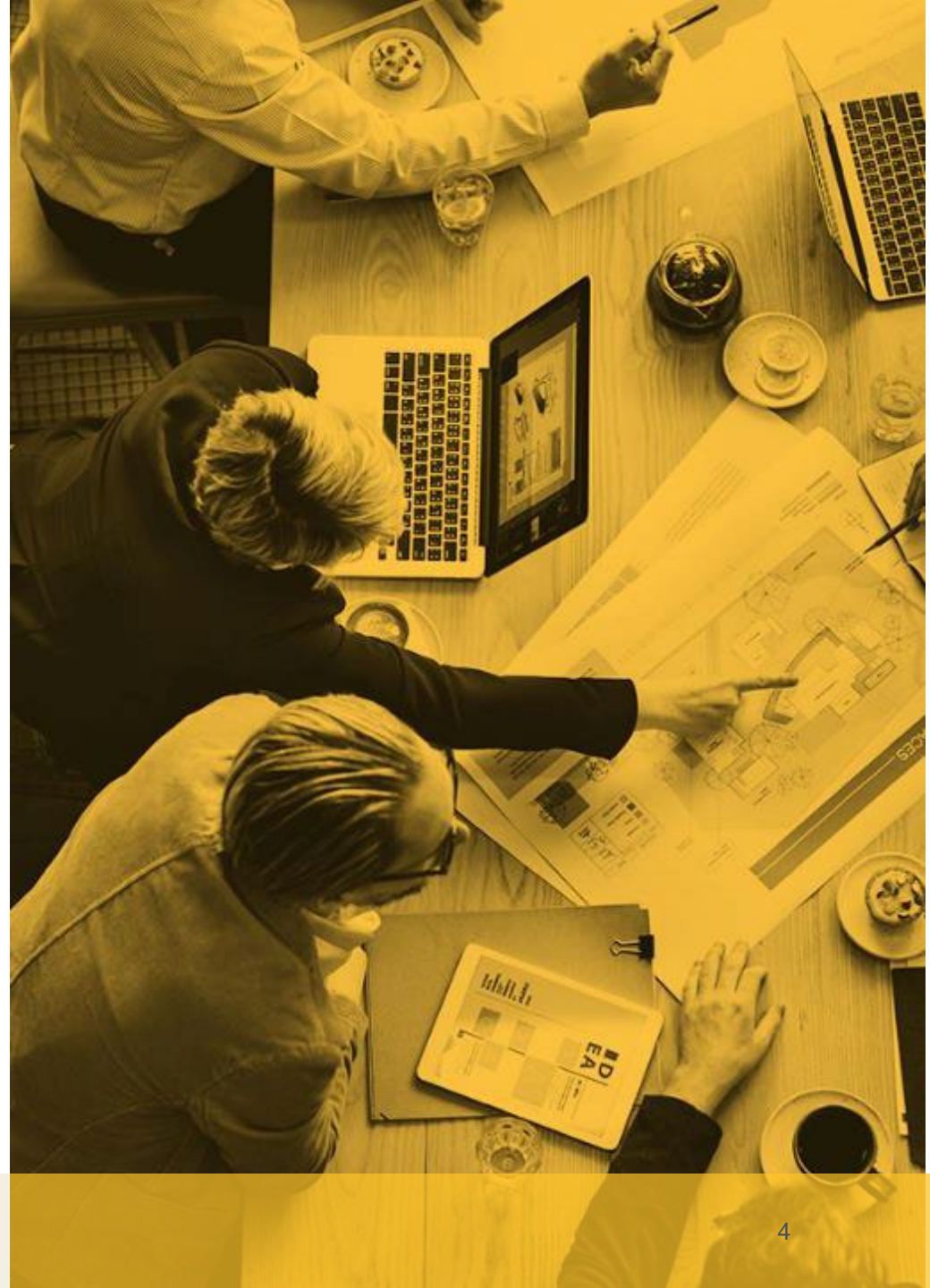


No instances of noncompliance with
OMB Compliance Supplement
requirements

Audit Results

2023 Audit Findings

- Internal Controls over Credit Cards
 - Internal Control Finding
- Monthly Reports and Monitoring
 - Internal Control Finding

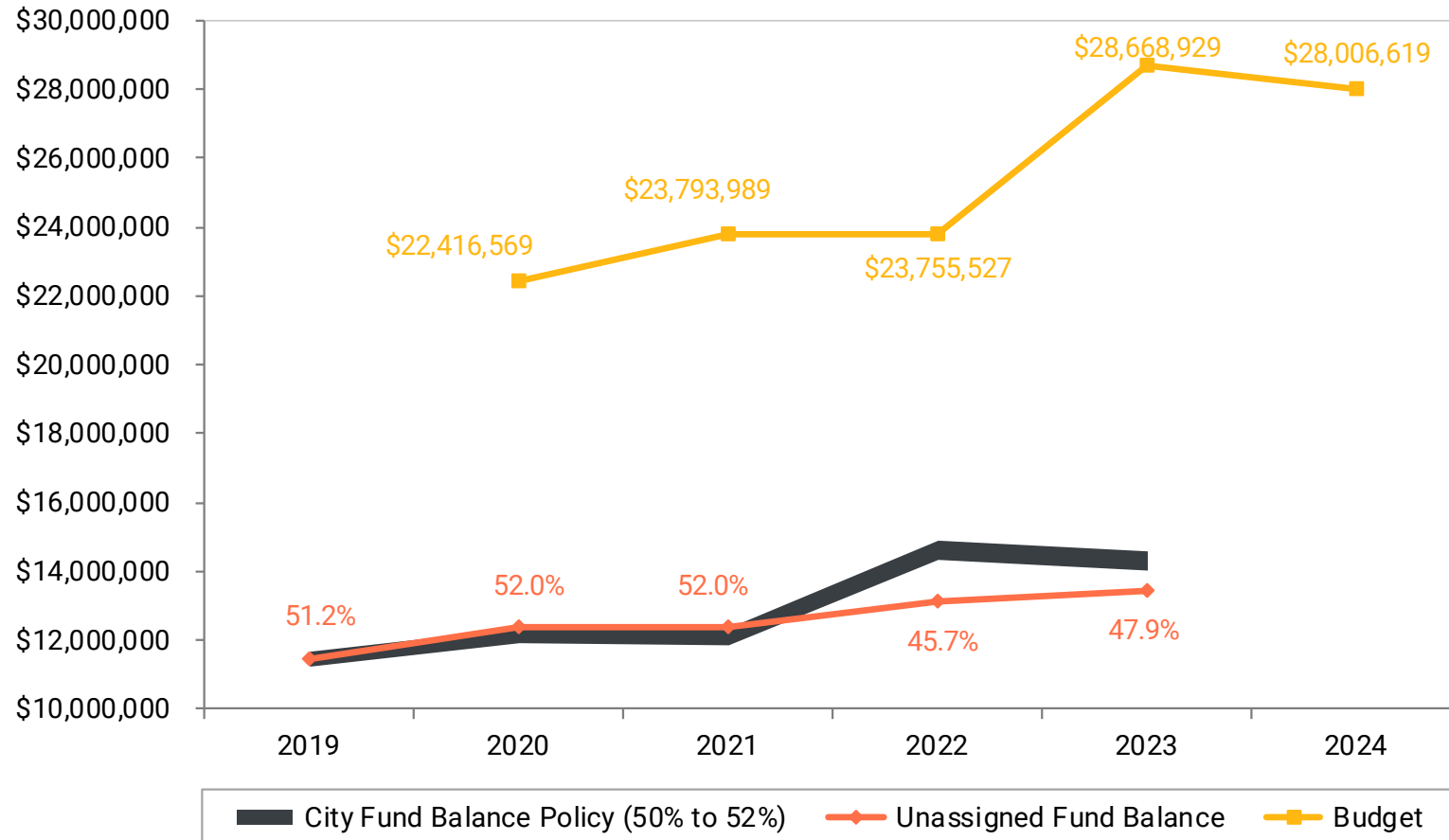


Results from Prior Year 2022 Audit Findings

- Internal Controls over Federal Procurement
 - Removed for 2023



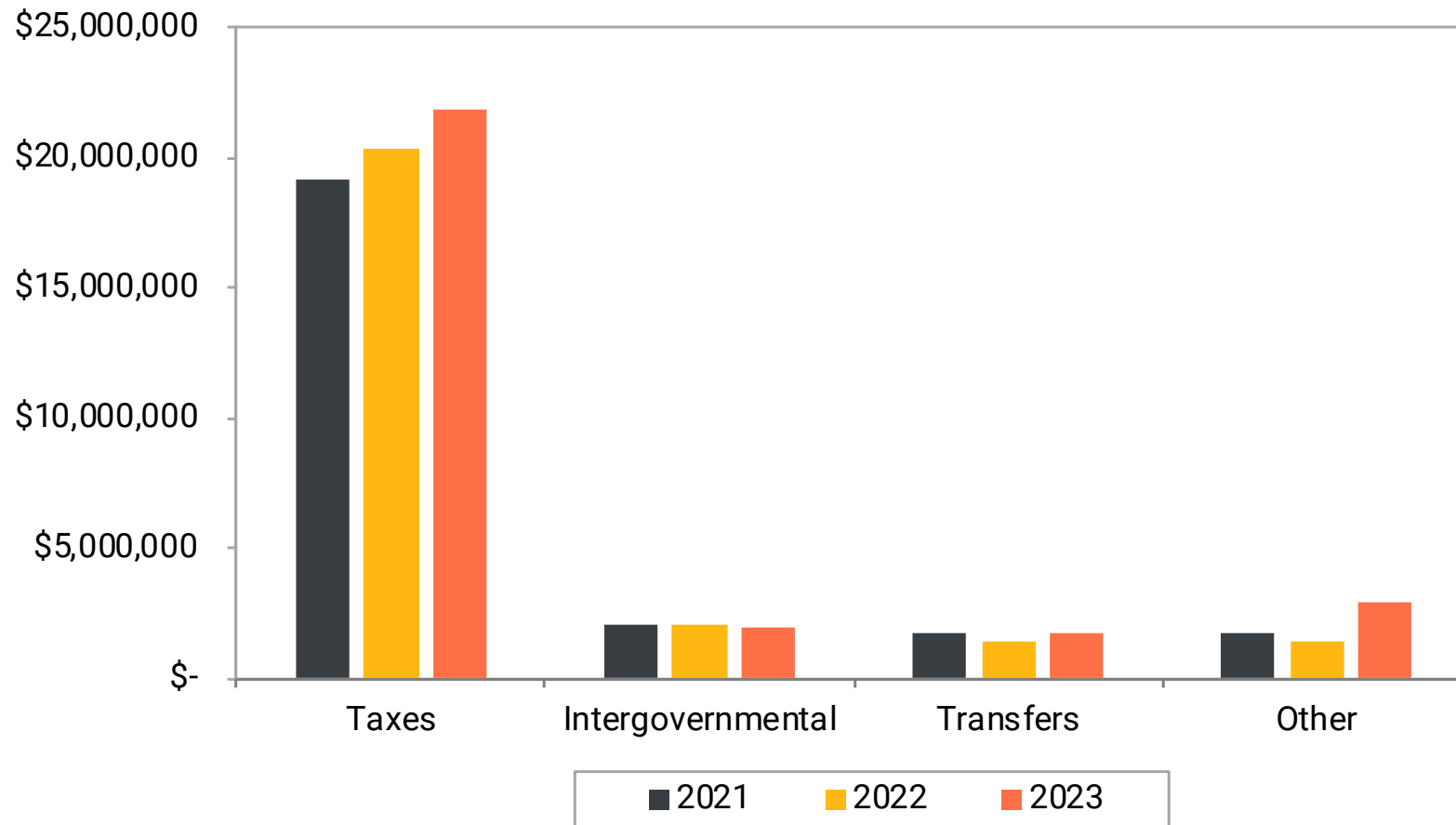
General Fund Fund Balances



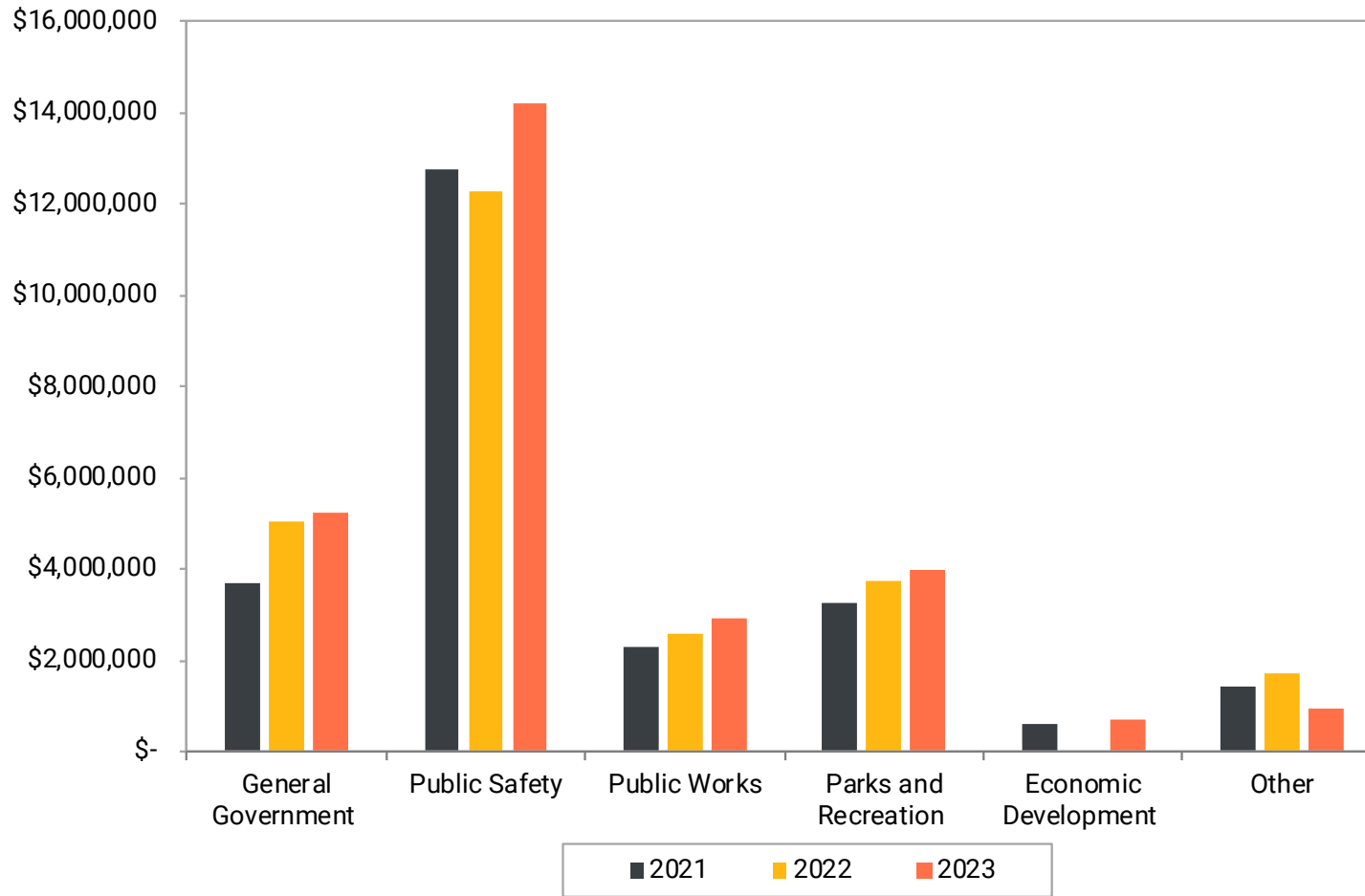
General Fund Budget to Actual

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$27,678,297	\$26,787,439	\$ (890,858)
Expenditures	<u>29,530,929</u>	<u>27,821,556</u>	<u>1,709,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,852,632)</u>	<u>(1,034,117)</u>	<u>818,515</u>
Other Financing Sources (Uses)			
Administrative services reimbursed	2,032,632	1,771,717	(260,915)
Transfers out	<u>(180,000)</u>	<u>(180,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,852,632</u>	<u>1,591,717</u>	<u>(260,915)</u>
Net Change in Fund Balances	-	557,600	557,600
Fund Balances, January 1	<u>13,038,219</u>	<u>13,038,219</u>	<u>-</u>
Fund Balances, December 31	<u>\$13,038,219</u>	<u>\$13,595,819</u>	<u>\$ 557,600</u>

General Fund Revenues by Type



General Fund Expenditures by Type



Fund	Fund Balances December 31		Increase (Decrease)
	2023	2022	
Major			
Tax Increment District No. 3	\$21,605,846	\$22,741,645	\$ (1,135,799)
Nonmajor			
Housing and Redevelopment Authority	1,612	2,338	(726)
Economic Development Authority	1,534,689	1,682,109	(147,420)
Community Development Block Grant	72,376	72,376	-
Police Forfeitures	104,772	87,490	17,282
Revolving Loan	142,405	41,272	101,133
Centerbrook Golf Course	(257,858)	(224,145)	(33,713)
Tax Increment District No. 2	1,711,863	1,664,926	46,937
Tax Increment District No. 5	552,893	379,386	173,507
Tax Increment District No. 6	36,237	54,962	(18,725)
Tax Increment District No. 7	451,317	304,496	146,821
Tax Increment District No. 8	128,534	44,041	84,493
Tax Increment District No. 9	(2,089)	-	(2,089)
Tax Increment District No. 10	(2,433)	-	(2,433)
City Initiative Grants	2,291,366	949,672	1,341,694
Opioid Settlement Funds	77,689	10,140	67,549
American Rescue Plan Act	-	-	-
Total	<u>\$28,449,219</u>	<u>\$27,810,708</u>	<u>\$ 638,511</u>

Special Revenue Fund Balances

Fund	Fund Balances December 31		Increase (Decrease)
	2023	2022	
Nonmajor			
Capital Improvements	\$ 1,728,419	\$ 1,463,955	\$ 264,464
Municipal State Aid for Construction	3,941,993	2,582,195	1,359,798
Capital Reserve Emergency	(543,963)	1,092,613	(1,636,576)
Special Assessment Construction	(798,565)	868,843	(1,667,408)
Street Reconstruction	6,282,679	5,465,268	817,411
Technology	341,388	285,160	56,228
Total	<u>\$10,951,951</u>	<u>\$11,758,034</u>	<u>\$ (806,083)</u>

Capital Project Fund Balances

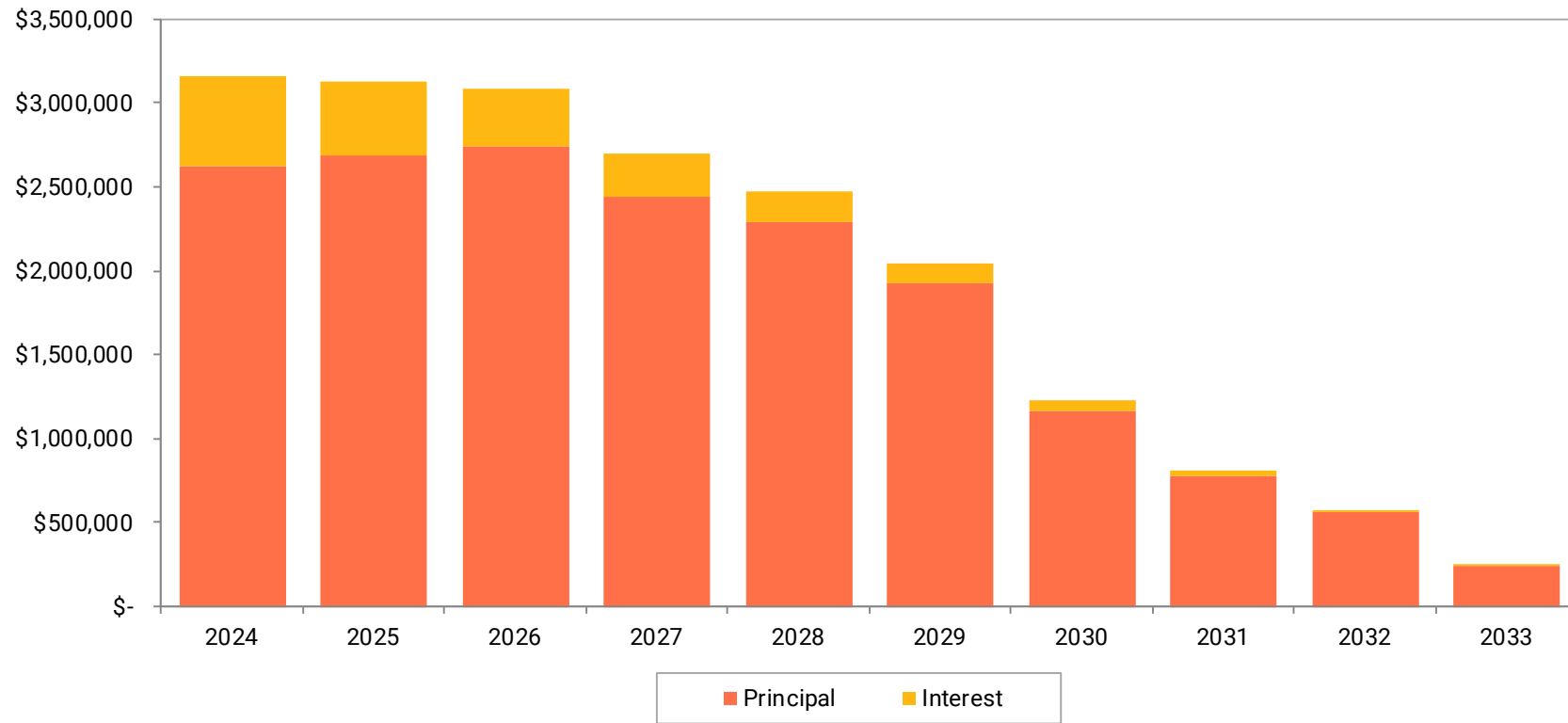


Capital Project Fund Balances

(Continued)

Description		Total Cash and Investments	Total Assets	Bonds Outstanding	Year of Maturity
316	General Obligation Improvements Bonds 2013B	\$ 99,797	\$ 104,425	\$ -	Matured
317	General Obligation Improvements Bonds 2015A	556,881	712,017	1,062,688	2026
318	General Obligation Improvements Bonds 2016A	266,294	266,981	775,000	2027
319	General Obligation Improvements Bonds 2017A	733,036	983,303	1,945,000	2028
320	General Obligation Improvements Bonds 2018A	825,217	1,405,030	2,415,000	2029
321	General Obligation Improvements Bonds 2019A	1,075,647	1,912,520	2,620,000	2030
322	General Obligation Improvements Bonds 2020A	245,203	245,968	1,720,000	2031
323	General Obligation Improvements Bonds 2021A	738,131	1,640,774	2,755,000	2032
324	General Obligation Improvements Bonds 2022A	525,296	785,748	2,095,000	2033
372	Tax Increment Bonds 2016C	1,650	1,650	-	Matured
373	Tax Increment Bonds 2016B	1,550	1,550	2,075,000	2029
374	Tax Increment Bonds 2013A	800	800	-	Matured
Total		<u>\$ 5,069,502</u>	<u>\$ 8,060,766</u>	<u>\$17,462,688</u>	
		Total Remaining Interest Paymen			<u>\$ 1,939,593</u>

Debt Service



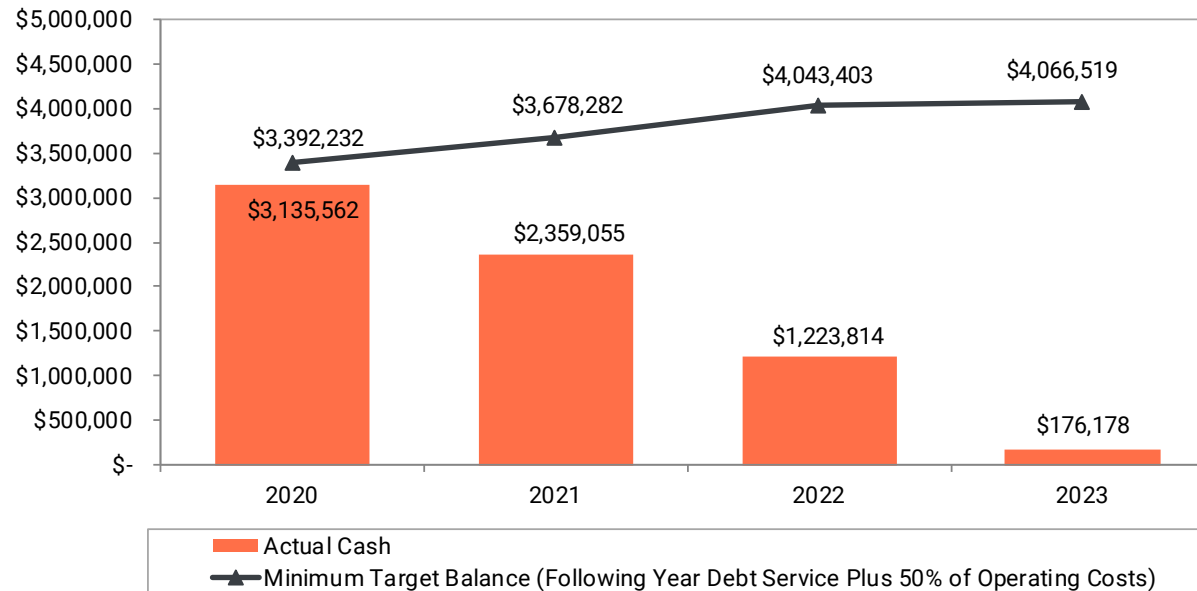
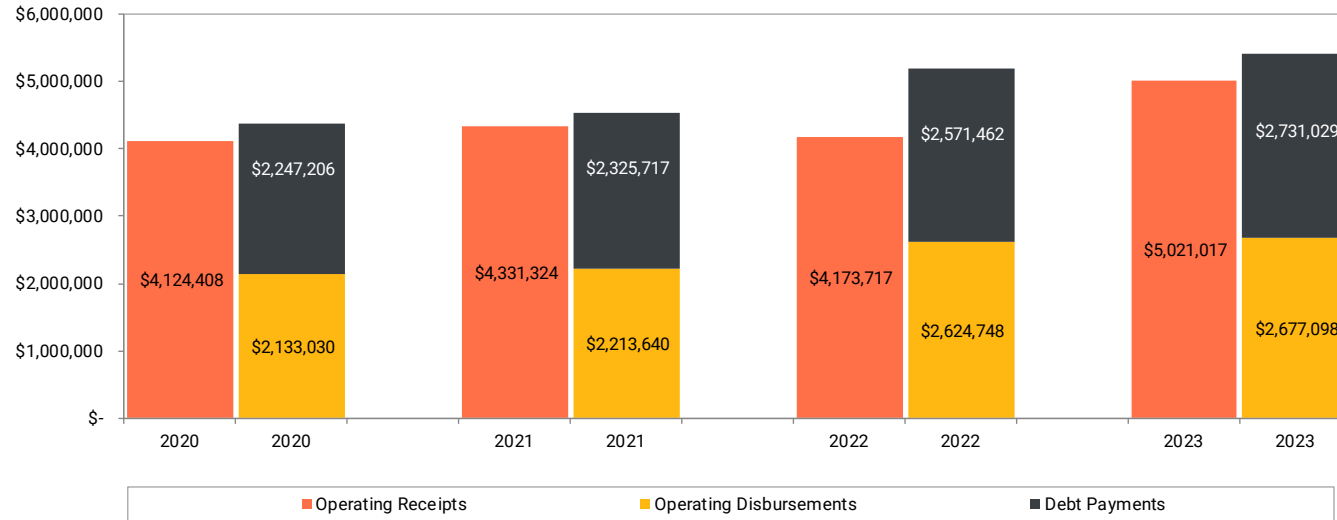
Debt Service

(Continued)

Fund	Fund Balances December 31		Increase (Decrease)	Cash Balance
	2023	2022		
Central Garage	\$ 8,971,626	\$ 8,178,227	\$ 793,399	\$ 3,816,736
EE Retirement Benefit	(2,812,944)	(2,499,351)	(313,593)	-
EE Comp Absences	-	-	-	1,372,807
Pension - GERP	(7,301,009)	(7,020,007)	(281,002)	-
Pension - PEPFP	(5,993,242)	(5,476,992)	(516,250)	-
Total	\$ (7,135,569)	\$ (6,818,123)	\$ (317,446)	\$ 5,189,543

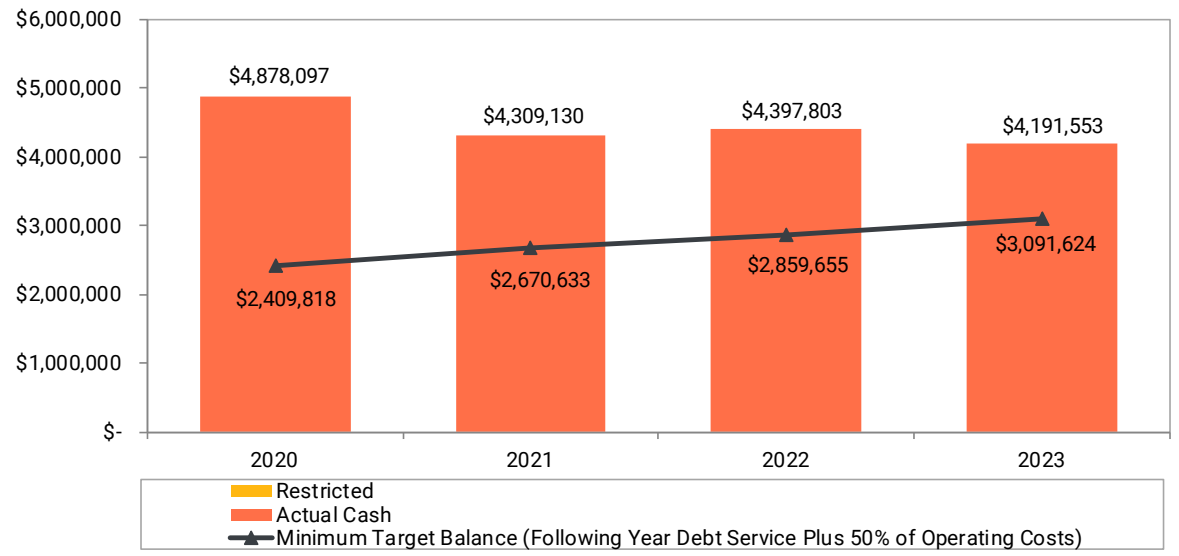
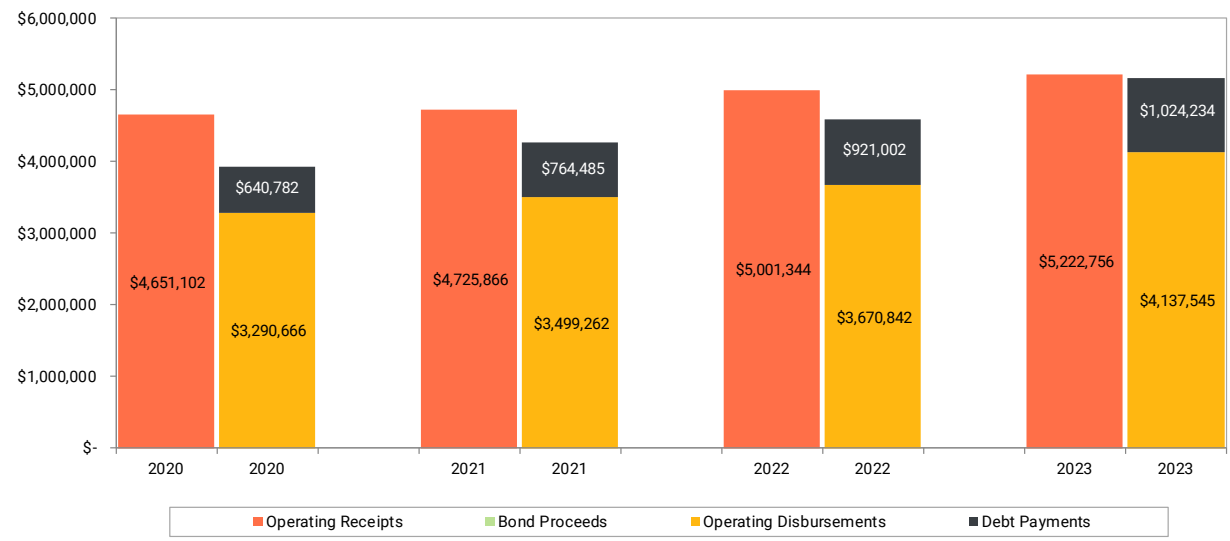
Internal Service Balances

Water Utility Fund



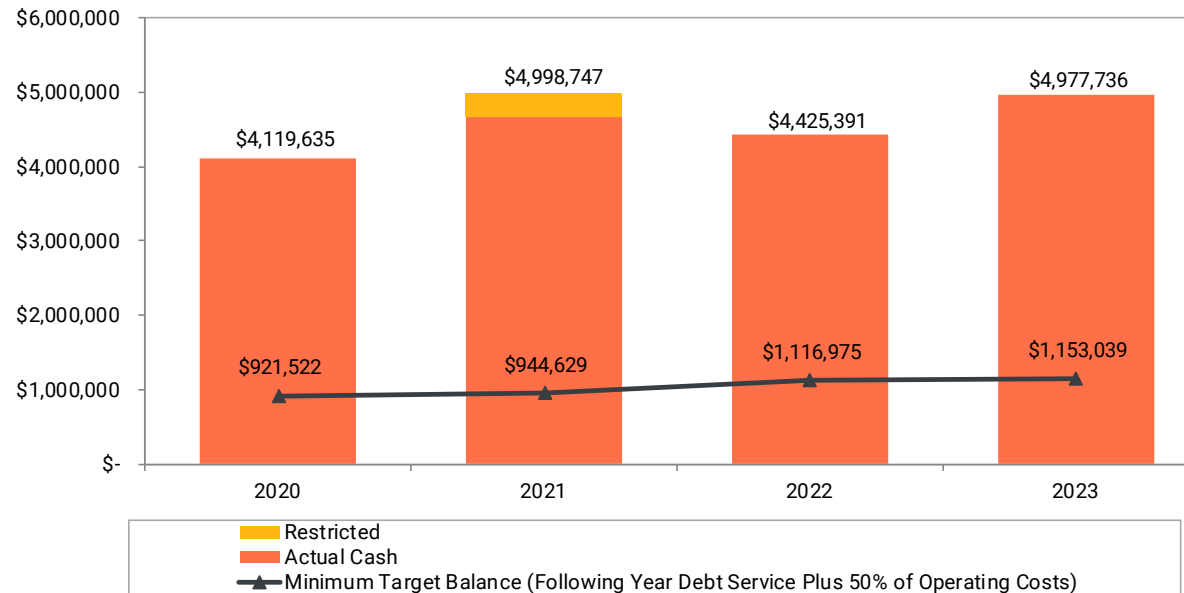
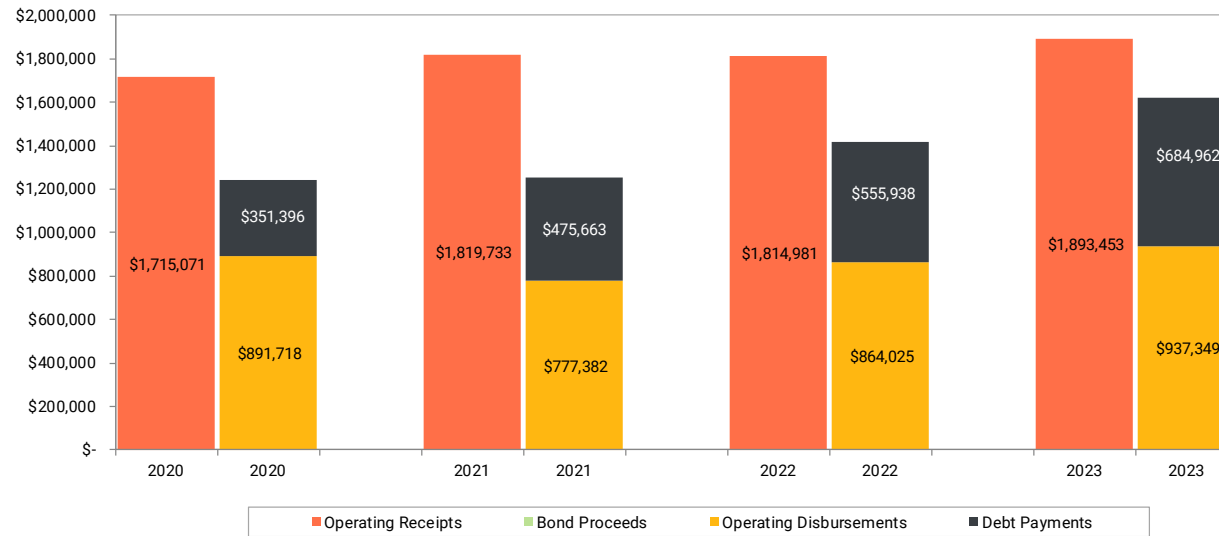
Cash Flows from Operations and Cash Balances

Sanitary Sewer Utility Fund



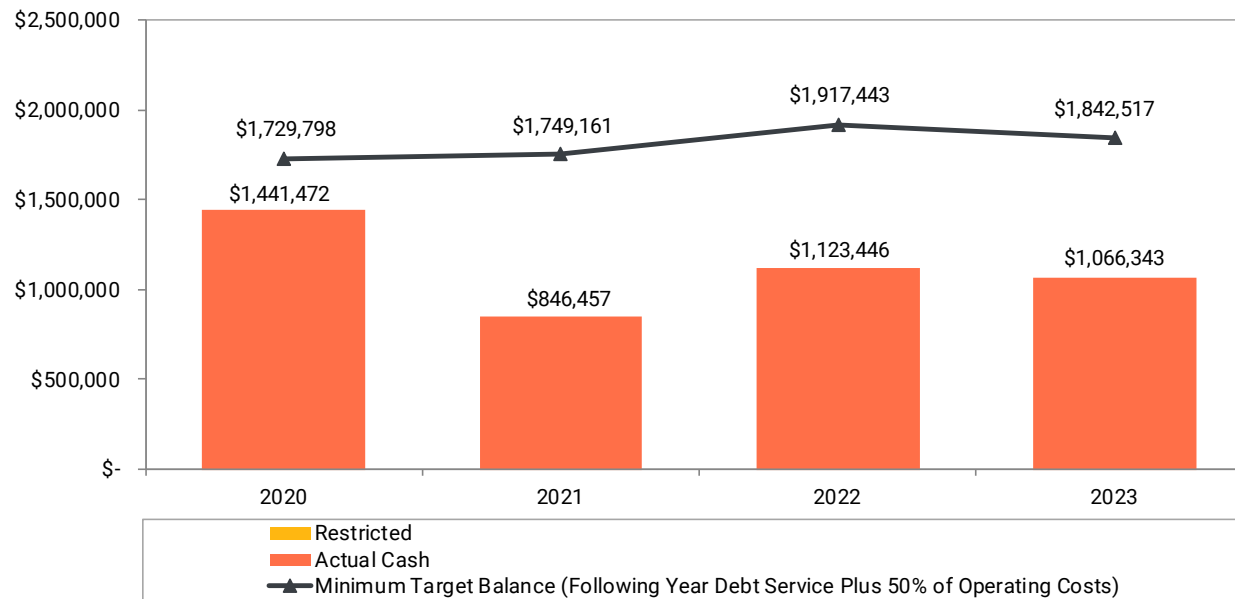
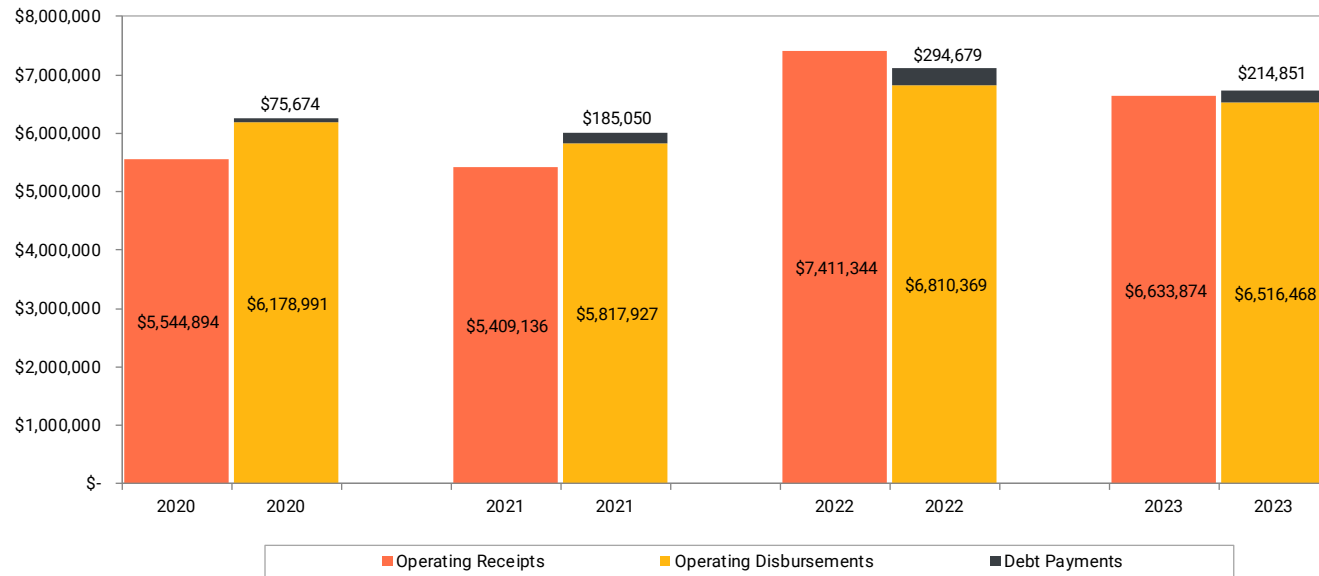
Cash Flows from Operations and Cash Balances

Storm Drainage Utility Fund



Cash Flows from Operations and Cash Balances

Municipal Liquor Fund



Cash Flows from Operations and Cash Balances

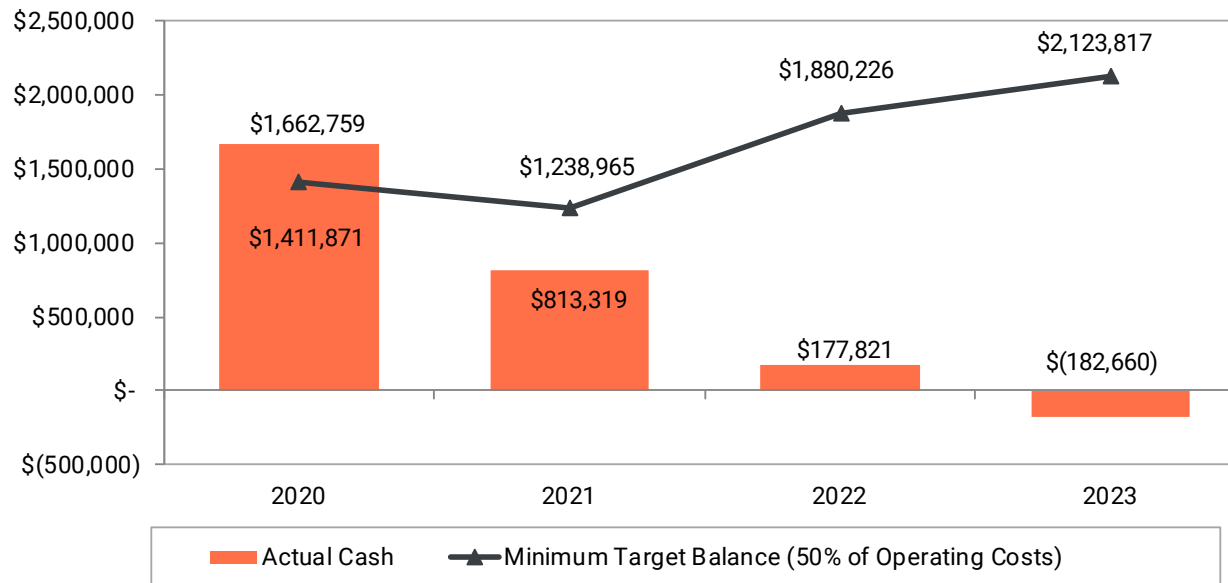
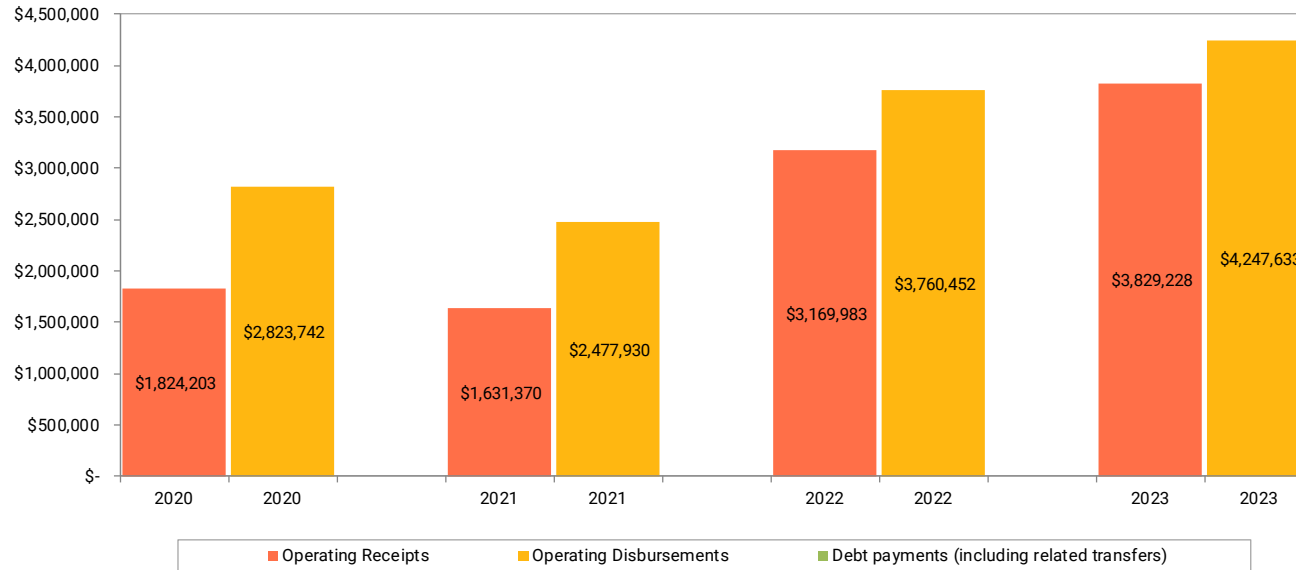
	2021		2022		2023	
	Total	Percent	Total	Percent	Total	Percent
Sales	\$ 5,556,568	100.0 %	\$ 6,909,980	100.0 %	\$ 6,565,245	100.0 %
Cost of Sales	(4,130,013)	(74.3)	(5,108,499)	(73.9)	(4,619,717)	(70.4)
Gross profit	1,426,555	25.7	1,801,481	26.1	1,945,528	29.6
Operating Expenses	(1,756,432)	(31.6)	(1,790,242)	(25.9)	(1,973,321)	(30.1)
Operating Income (Loss)	(329,877)	(5.9)	11,239	0.2	(27,793)	(0.5)
Nonoperating Income (Expenses)	278,706	5.0	(70,475)	(1.0)	(14,878)	(0.2)
Change in Net Position	\$ (51,171)	(0.9)	\$ (59,236)	(0.8)	\$ (42,671)	(0.7)
Cash and Temporary Investments	\$ 846,457		\$ 1,123,446		\$ 1,066,343	

	Off-Sale Only		
	2020	2021	2022
	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.0 %	100.0 %	100.0 %
Cost of Sales	74.1	73.7	73.7
Gross Profit	25.9	26.3	26.3
Operating Expenses	18.6	16.0	16.0
Operating Income	7.3	10.3	10.3
Nonoperating Revenues (Expenses)	-	0.3	0.3
Income Before Transfers	7.3 %	10.6 %	10.6 %

Source: Analysis of Municipal Liquor Store Operations, for the year ended December 31, 2021.
Published by the Minnesota Office of the State Auditor.

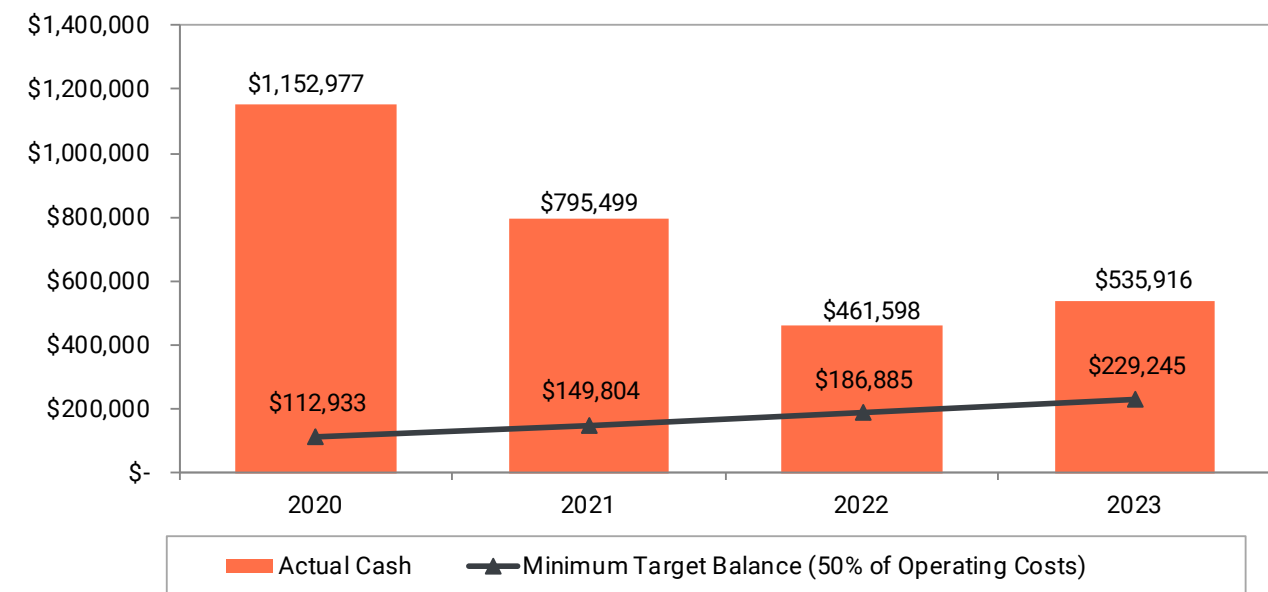
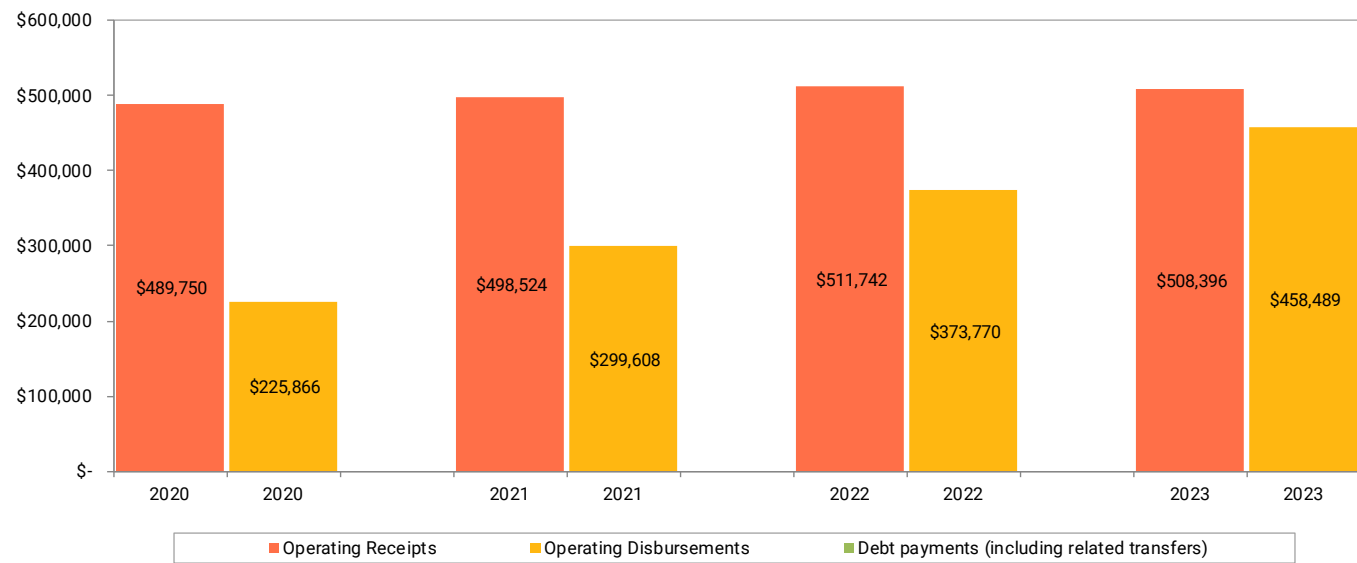
Liquor Store - Statewide Averages vs. Brooklyn Center Liquor Store

Heritage Center of Brooklyn Center Fund



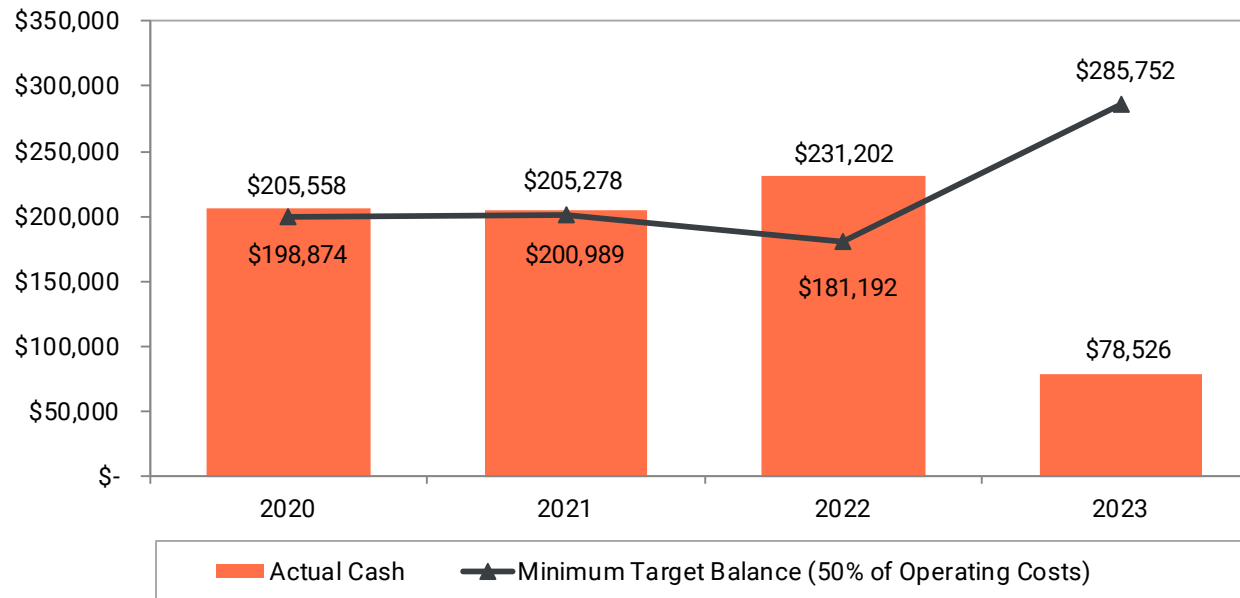
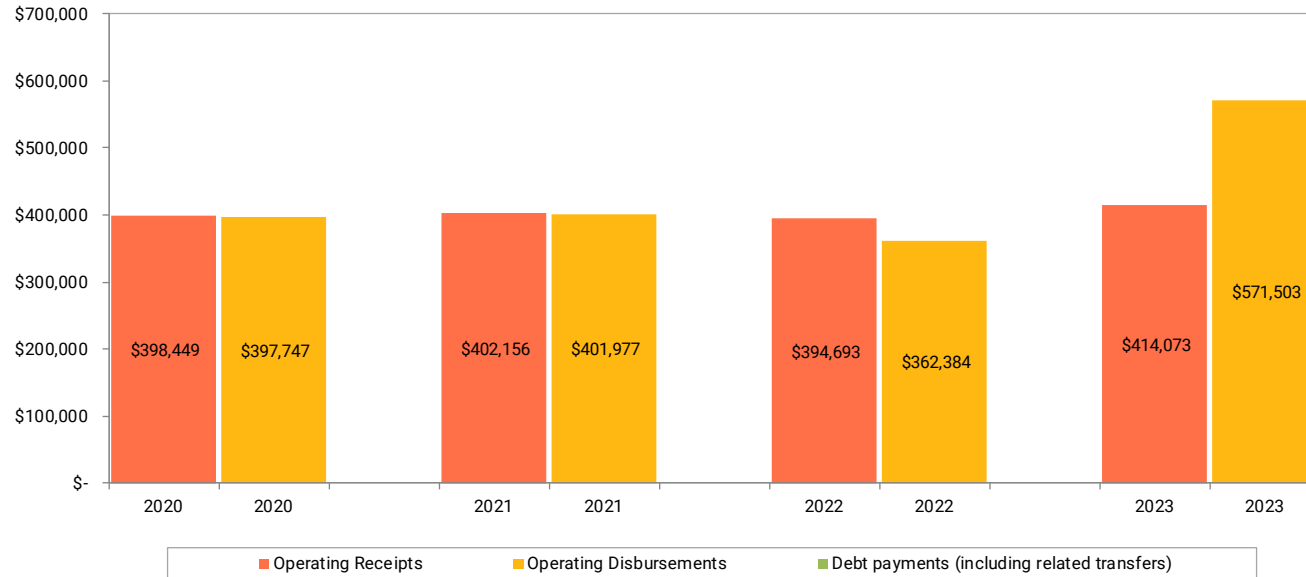
Cash Flows from Operations and Cash Balances

Street Light Utility Fund



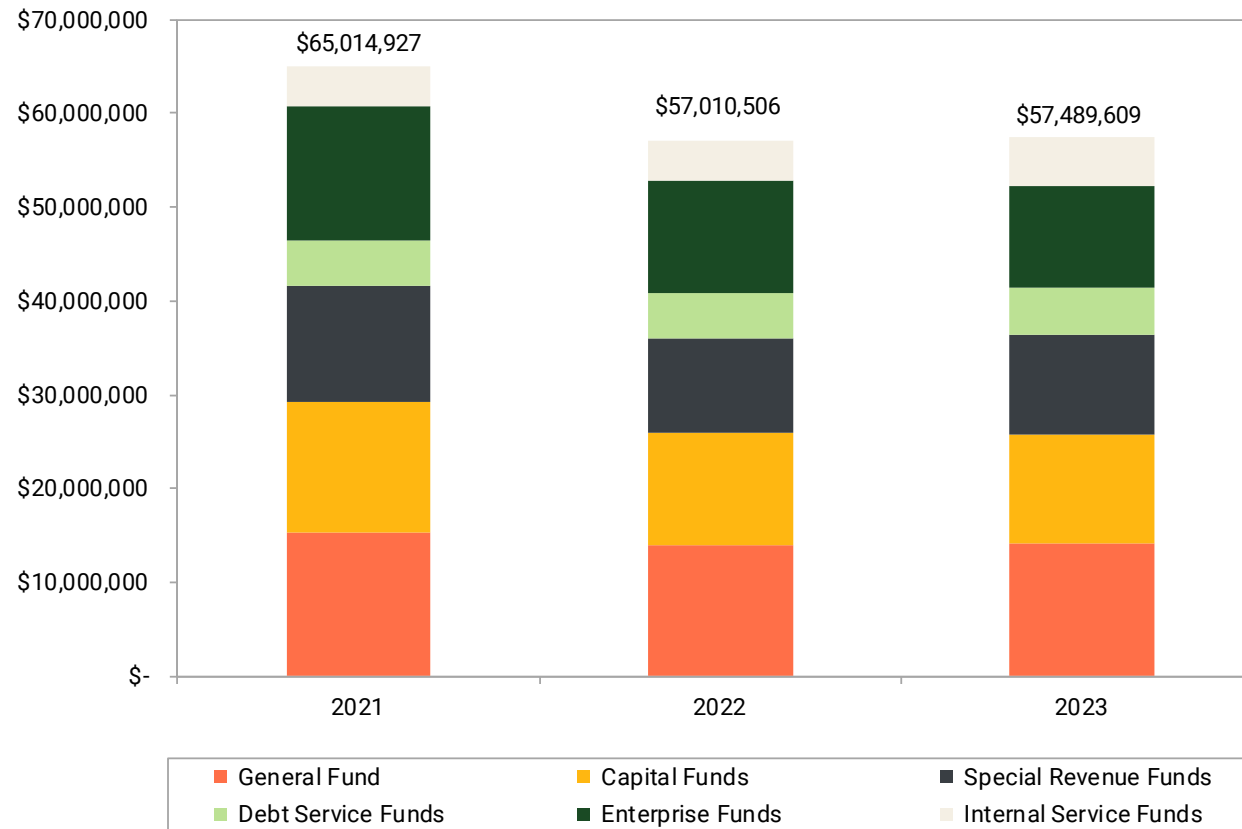
Cash Flows from Operations and Cash Balances

Recycling Utility Fund



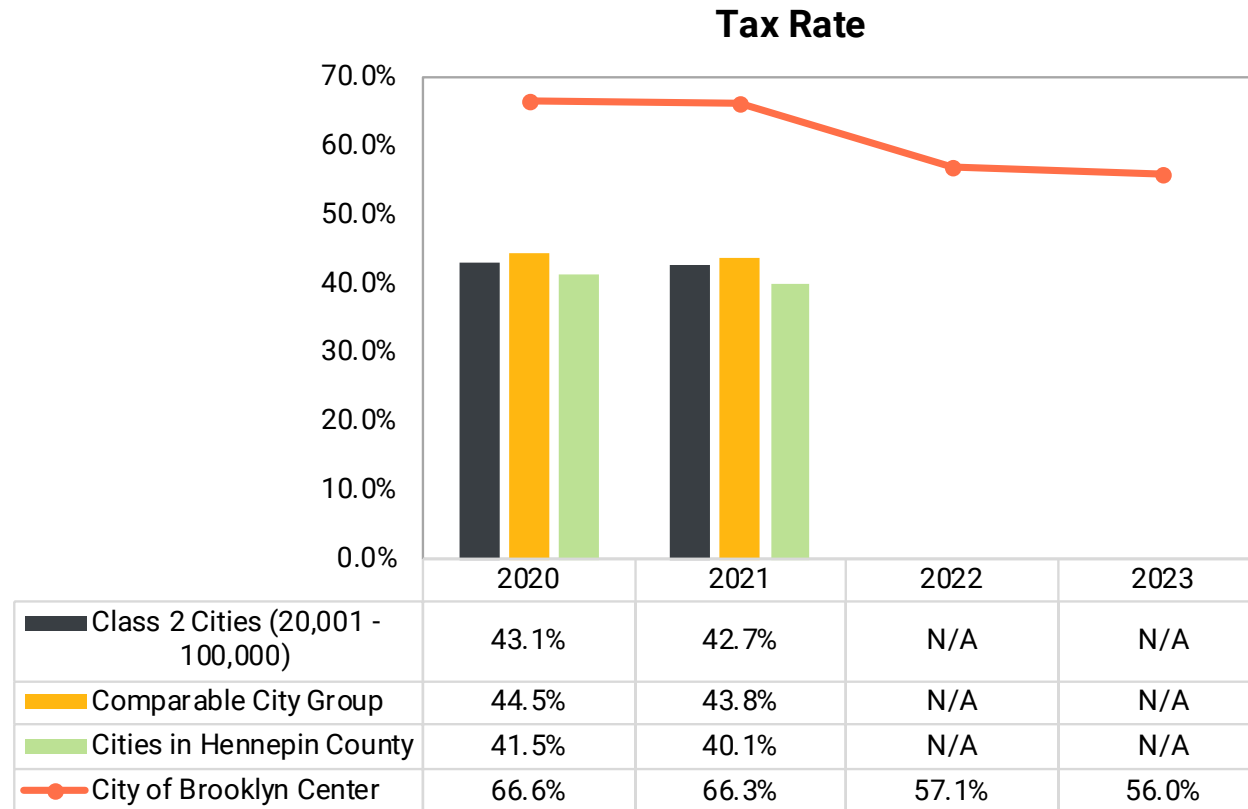
Cash Flows from Operations and Cash Balances

Cash and Investments Balances by Fund Type



Taxes

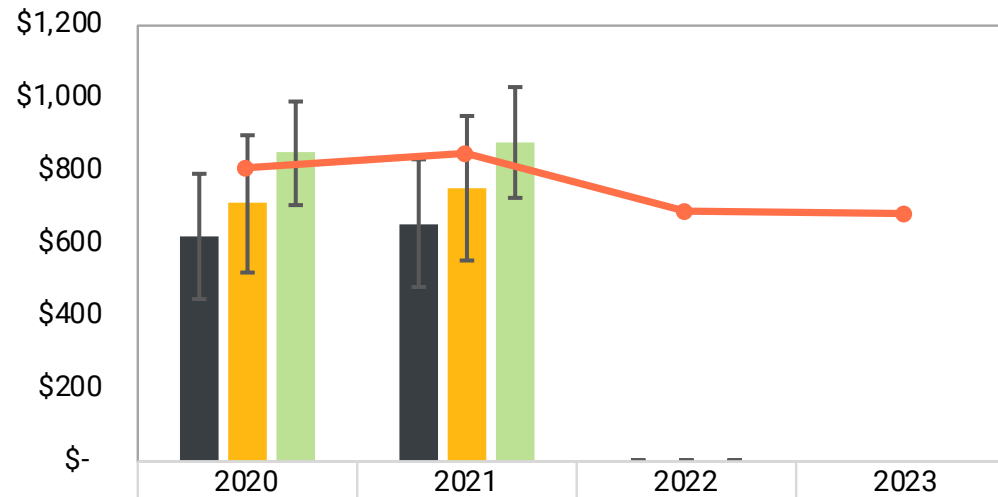
Key Performance Indicators



Taxes

Key Performance Indicators

Taxes - Per Capita

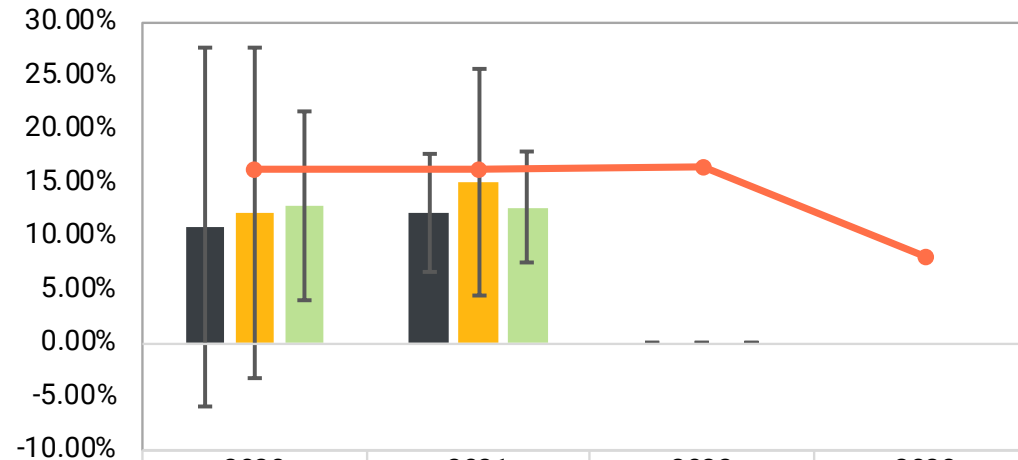


	2020	2021	2022	2023
Class 2 Cities (20,001 - 100,000)	\$620	\$654	N/A	N/A
Comparable City Group	\$710	\$751	N/A	N/A
Cities in Hennepin County	\$847	\$878	N/A	N/A
City of Brooklyn Center	\$807	\$848	\$690	\$680

Debt

Key Performance Indicators

Debt Service Expenditures as a Percent of Current Expenditures

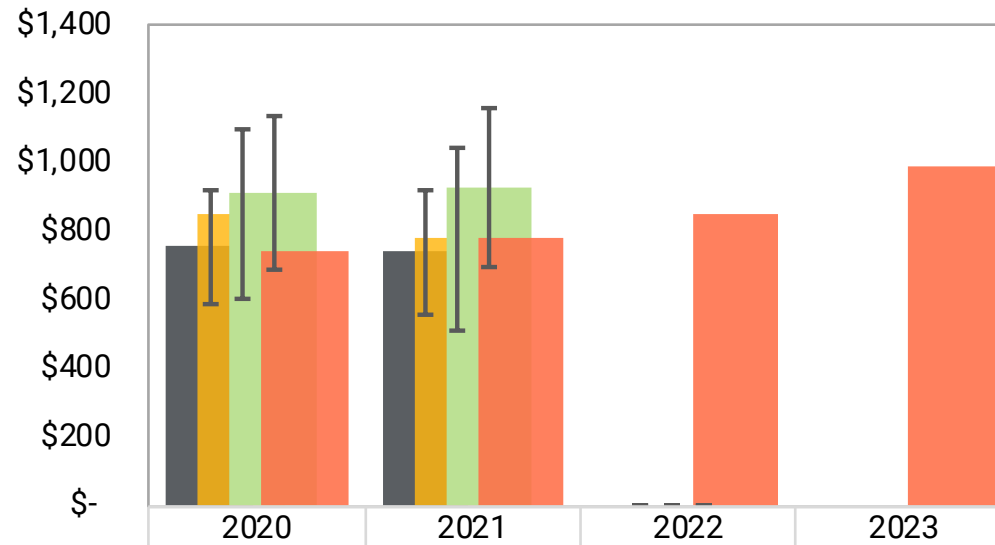


	2020	2021	2022	2023
■ Class 2 Cities (20,001 - 100,000)	10.85%	12.08%	N/A	N/A
■ Comparable City Group	12.13%	15.01%	N/A	N/A
■ Cities in Hennepin County	12.80%	12.62%	N/A	N/A
● City of Brooklyn Center	16.31%	16.21%	16.50%	8.05%

Expenditures

Key Performance Indicators

Current Expenditures - Per Capita

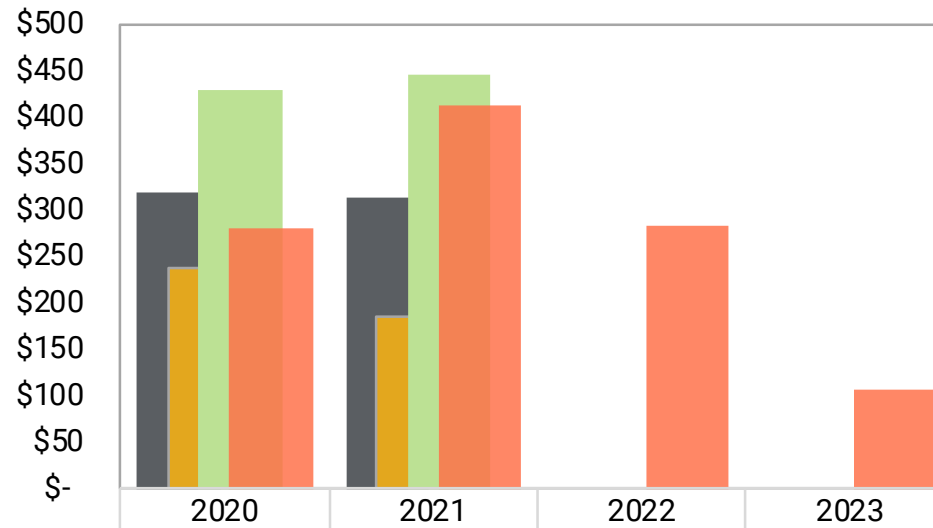


	2020	2021	2022	2023
■ Class 2 Cities (20,001 - 100,000)	\$755	\$739	N/A	N/A
■ Comparable City Group	\$851	\$778	N/A	N/A
■ Cities in Hennepin County	\$913	\$929	N/A	N/A
■ City of Brooklyn Center	\$744	\$784	\$850	\$990

Expenditures

Key Performance Indicators

Capital Expenditures - Per Capita



■ Class 2 Cities (20,001 - 100,000)	\$319	\$315	N/A	N/A
■ Comparable City Group	\$239	\$187	N/A	N/A
■ Cities in Hennepin County	\$430	\$447	N/A	N/A
■ City of Brooklyn Center	\$281	\$413	\$284	\$108

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