



Pine City
North. Nice *and* close.

Amended 4th Quarter Report

(Unaudited)

City of Pine City
Pine City, Minnesota

As of December 31, 2016



March 31, 2017

Honorable Mayor and City Council
 City of Pine City
 Pine City, Minnesota

Dear Honorable Mayor and City Council:

All City bank accounts have been reviewed reconciled through December 31, 2016. The following is a summary of staff's observations. All information presented is unaudited.

Cash and Investments

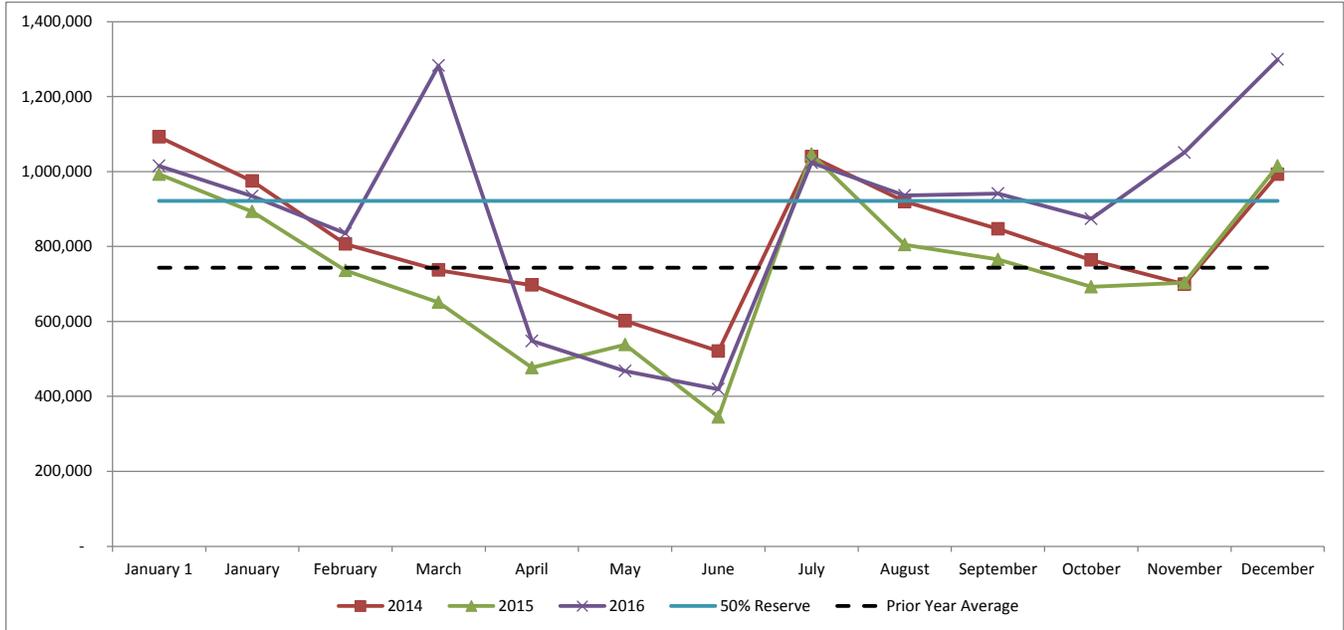
The City's cash and investment balances are as follows:

| | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>Increase/ (Decrease)</u> |
|-------------------------------|----------------------------|----------------------------|---------------------------------|
| Checking | \$ 3,304,926 | \$ 439,656 | \$ 2,865,270 |
| Investments (at market Value) | <u>4,695,352</u> | <u>6,631,012</u> | <u>(1,935,660)</u> |
| Total cash & investments | <u><u>\$ 8,000,278</u></u> | <u><u>\$ 7,070,668</u></u> | <u><u>\$ 929,610</u></u> |

| <u>Investment Type</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>Increase/ (Decrease)</u> |
|------------------------------|----------------------------|----------------------------|---------------------------------|
| Checking | \$ 3,304,926 | \$ 439,656 | \$ 2,865,270 |
| Money Market | 2,468,179 | 4,465,716 | (1,997,537) |
| Negotiable CDs | 2,227,173 | 1,965,200 | 261,973 |
| Government agency securities | <u>-</u> | <u>200,096</u> | <u>(200,096)</u> |
| Total investments | <u><u>\$ 8,000,278</u></u> | <u><u>\$ 7,070,668</u></u> | <u><u>\$ 929,610</u></u> |



General Fund Cash Balances 2014 - 2016



| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>50% Reserve</u> | <u>Prior Year Average</u> |
|-----------|-------------|-------------|-------------|--------------------|---------------------------|
| January 1 | 1,092,266 | 992,729 | 1,015,202 | 921,502 | 743,074 |
| January | 974,733 | 893,222 | 934,329 | 921,502 | 743,074 |
| February | 806,598 | 736,094 | 834,785 | 921,502 | 743,074 |
| March | 737,024 | 651,303 | 1,282,698 | 921,502 | 743,074 |
| April | 697,031 | 476,668 | 547,730 | 921,502 | 743,074 |
| May | 601,332 | 538,221 | 467,675 | 921,502 | 743,074 |
| June | 520,558 | 344,865 | 419,073 | 921,502 | 743,074 |
| July | 1,039,410 | 1,046,380 | 1,023,353 | 921,502 | 743,074 |
| August | 919,926 | 804,765 | 936,025 | 921,502 | 743,074 |
| September | 846,757 | 765,248 | 941,094 | 921,502 | 743,074 |
| October | 763,985 | 692,116 | 873,860 | 921,502 | 743,074 |
| November | 699,503 | 703,152 | 1,050,565 | 921,502 | 743,074 |
| December | 992,729 | 1,015,202 | 1,299,129 | 921,502 | 743,074 |



Receipts and Disbursements Budget to Actuals

Key

-  Varies more than 10% than budget positively
-  Varies more than 10% than budget Negatively
-  Within 10% of budget

| | YTD Budget | YTD Actual | Percent of YTD Budget | |
|----------------------------|---------------------|---------------------|--------------------------|---|
| Receipts | | | | |
| Taxes | \$ 667,228 | \$ 584,218 | 87.6% |  |
| Intergovernmental | 626,167 | 647,067 | 103.3% |  |
| Licenses and permits | 60,452 | 63,384 | 104.9% |  |
| Charges of Services | 333,083 | 290,506 | 87.2% |  |
| Fines and Forfeits | 11,000 | 2,839 | 25.8% |  |
| Interest Earned | 2,000 | 3,349 | 167.5% |  |
| Refunds and Reimbursements | 12,775 | 28,551 | 223.5% |  |
| Grants | - | 63,488 | N/A | (1) |
| Miscellaneous revenue | 13,000 | 98,350 | 756.5% |  |
| | <u>\$ 1,725,705</u> | <u>\$ 1,781,752</u> | <u>103.2%</u> |  |

| | YTD Budget | YTD Actual | Percent of YTD Budget | |
|-----------------------------|---------------------|---------------------|--------------------------|---|
| Disbursements | | | | |
| City Council | \$ 28,365 | \$ 24,732 | 87.2% |  |
| City Administration | 319,391 | 296,954 | 93.0% |  |
| Elections | 4,280 | 3,372 | 78.8% |  |
| City Treasurer | 99,974 | 102,838 | 102.9% |  |
| City Assessor | 15,417 | 17,260 | 112.0% |  |
| Planning | 89,118 | 64,993 | 72.9% |  |
| Building Inspection | 102,356 | 76,488 | 74.7% |  |
| Legal | 25,000 | 19,522 | 78.1% |  |
| Police Protection | 166,988 | 166,988 | 100.0% |  |
| Fire Protection | 354,749 | 317,358 | 89.5% |  |
| Street Department | 456,815 | 393,880 | 86.2% |  |
| Parks and Playgrounds | 97,950 | 82,653 | 84.4% |  |
| Swimming Beach | 56,500 | 49,798 | 88.1% |  |
| Recreation/Education Social | 26,100 | 27,822 | 106.6% |  |
| Miscellaneous | - | 40,282 | N/A | (1) |
| | <u>\$ 1,843,003</u> | <u>\$ 1,684,940</u> | <u>91.4%</u> |  |

Notes:

Revenues: (1) Act on Alzheimer \$18k, DNR \$39k, IF \$2k.



Current short-term rates being offered by financial institutions are very low as evidenced by the table of U.S. Treasury rates below. The U.S. Treasury rates provide a benchmark perspective for rate of return.

| Date | Treasury Yields | | | | | | | | |
|------------|-----------------|------|------|------|------|------|------|------|------|
| | 1 mo | 3 mo | 6 mo | 1 yr | 2 yr | 3 yr | 5 yr | 7 yr | 10yr |
| 12/31/2010 | 0.07 | 0.12 | 0.19 | 0.29 | 0.61 | 1.02 | 2.01 | 2.71 | 3.30 |
| 12/30/2011 | 0.01 | 0.02 | 0.06 | 0.12 | 0.25 | 0.36 | 0.83 | 1.35 | 1.89 |
| 12/31/2012 | 0.02 | 0.05 | 0.11 | 0.16 | 0.25 | 0.36 | 0.72 | 1.18 | 1.78 |
| 3/31/2013 | 0.04 | 0.07 | 0.11 | 0.14 | 0.25 | 0.36 | 0.77 | 1.24 | 1.87 |
| 6/30/2013 | 0.02 | 0.04 | 0.10 | 0.15 | 0.36 | 0.66 | 1.41 | 1.96 | 2.52 |
| 9/30/2013 | 0.03 | 0.02 | 0.04 | 0.10 | 0.33 | 0.63 | 1.39 | 2.02 | 2.64 |
| 12/31/2013 | 0.01 | 0.07 | 0.10 | 0.13 | 0.38 | 0.78 | 1.75 | 2.45 | 3.04 |
| 3/31/2014 | 0.03 | 0.05 | 0.07 | 0.13 | 0.44 | 0.90 | 1.73 | 2.30 | 2.73 |
| 6/30/2014 | 0.02 | 0.04 | 0.07 | 0.11 | 0.47 | 0.88 | 1.62 | 2.13 | 2.53 |
| 9/30/2014 | 0.02 | 0.02 | 0.03 | 0.13 | 0.58 | 1.07 | 1.78 | 2.22 | 2.52 |
| 12/31/2014 | 0.03 | 0.03 | 0.12 | 0.23 | 0.69 | 1.11 | 1.68 | 2.00 | 2.20 |
| 3/31/2015 | 0.05 | 0.03 | 0.14 | 0.26 | 0.56 | 0.89 | 1.37 | 1.71 | 1.94 |
| 6/30/2015 | 0.02 | 0.01 | 0.11 | 0.28 | 0.64 | 1.01 | 1.63 | 2.07 | 2.35 |
| 9/30/2015 | - | - | 0.08 | 0.33 | 0.64 | 0.92 | 1.37 | 1.75 | 2.06 |
| 12/31/2015 | 0.14 | 0.16 | 0.49 | 0.65 | 1.06 | 1.31 | 1.76 | 2.09 | 2.27 |
| 3/31/2016 | 0.18 | 0.21 | 0.39 | 0.59 | 0.73 | 0.87 | 1.21 | 1.54 | 1.78 |
| 6/30/2016 | 0.20 | 0.26 | 0.36 | 0.45 | 0.58 | 0.71 | 1.01 | 1.29 | 1.49 |
| 9/30/2016 | 0.20 | 0.29 | 0.45 | 0.59 | 0.77 | 0.88 | 1.14 | 1.42 | 1.60 |
| 12/31/2016 | 0.44 | 0.51 | 0.62 | 0.85 | 1.20 | 1.47 | 1.93 | 2.25 | 2.45 |

Budget Summary

A more detailed analysis of funds is included as Attachment A.

Cash Balance Summary

A detail view of department totals compared with budget is included in Attachment B.

Investment Summary

A detailed summary of current investments is included as Attachment C.

Enterprise Fund Summary

A detailed summary of enterprise fund financial results is included as Attachment D.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL -
GENERAL FUND (UNAUDITED)
FOR THE TWELVE MONTHS ENDED December 31, 2016



| | Annual Budget | Actual Thru 12/31/2016 | Variance - Favorable (Unfavorable) | Percent Received or Expended Based on Budget thru 12/31/2016 |
|---|------------------|------------------------------|--|---|
| REVENUES | | | | |
| Taxes | \$ 668,228 | \$ 584,218 | \$ (84,010) (1) | 87.4% |
| Intergovernmental | 586,167 | 589,214 | 3,047 | 100.5% |
| Licenses and permits | 63,160 | 68,036 | \$ 4,876 | 107.7% |
| Charges for services | 305,035 | 253,686 | (51,349) (2) | 83.2% |
| Fines and Forfeits | 11,000 | 2,922 | \$ (8,078) (3) | 26.6% |
| Interest Earned | 1,000 | 4,361 | 3,361 | 436.1% |
| Refunds and Reimbursements | 775 | - | \$ (775) | 0.0% |
| Grants | 40,000 | 122,491 | 82,491 (4) | 306.2% |
| Miscellaneous revenue | 52,340 | 64,443 | \$ 12,103 (5) | 123.1% |
| TOTAL REVENUES | 1,727,705 | 1,689,372 | (38,333) | 97.8% |
| EXPENDITURES | | | | |
| City Council | 28,365 | 25,054 | \$ 3,311 | 88.3% |
| City Administration | 329,391 | 310,272 | 19,119 | 94.2% |
| Elections | 4,280 | 3,372 | \$ 908 | 78.8% |
| City Treasurer | 99,974 | 101,140 | (1,166) | 101.2% |
| City Assessor | 15,417 | 17,260 | \$ (1,843) | 112.0% |
| Planning | 89,118 | 66,282 | 22,836 (6) | 74.4% |
| Building Inspection | 102,356 | 77,886 | \$ 24,470 (7) | 76.1% |
| Legal | 15,000 | 15,125 | (125) | 100.8% |
| Police Protection | 166,988 | 166,988 | \$ 0 | 100.0% |
| Fire Protection | 354,749 | 320,062 | 34,687 | 90.2% |
| Street Department | 456,815 | 399,160 | \$ 57,655 (8) | 87.4% |
| Capital Outlay | - | - | - | N/A |
| Parks and Playgrounds | 97,950 | 83,560 | \$ 14,391 | 85.3% |
| Swimming Beach | 56,500 | 49,798 | 6,702 | 88.1% |
| Recreation/Education Social | 26,100 | 28,152 | \$ (2,052) | 107.9% |
| Miscellaneous | - | 40,282 | (40,282) (4) | N/A |
| TOTAL EXPENDITURES | 1,843,003 | 1,704,392 | 138,611 | 92.5% |
| EXCESS REVENUES (EXPENDITURES) | (115,298) | (15,020) | (176,944) | 13.0% |
| OTHER FINANCING USES | | | | |
| Transfers in | 125,000 | 125,000.0 | - | 100.0% |
| Transfers Out | - | - | - | N/A |
| TOTAL OTHER FINANCING SOURCES (USES) | 125,000 | 125,000 | - | 100.0% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | | | | |
| | \$ 9,702 | \$ 109,980 | \$ (176,944) | 11.336 |

Item Explanation of items for which percentage received/expended less than 80% or greater than 120% and \$ variance greater than \$15,000.

- (1) Resulted from unpaid taxes and altered assessment valuations.
- (2) Variance due to salary allocation changes.
- (3) Budgeted based on historical trends - actual deviated from the trend.
- (4) Grants are an unknown at time of budgeting. No budget was set for 2016.
- (5) Budgeted \$6k for Escrow - Reclassed to a liability in 2016.
- (6) Wage costs have dropped from 2015.
- (7) Variance due to proposed employee not being hired. Budgeted wages of \$23,000 attributable to that position.
- (8) Variance due to salt/sand & overtime.

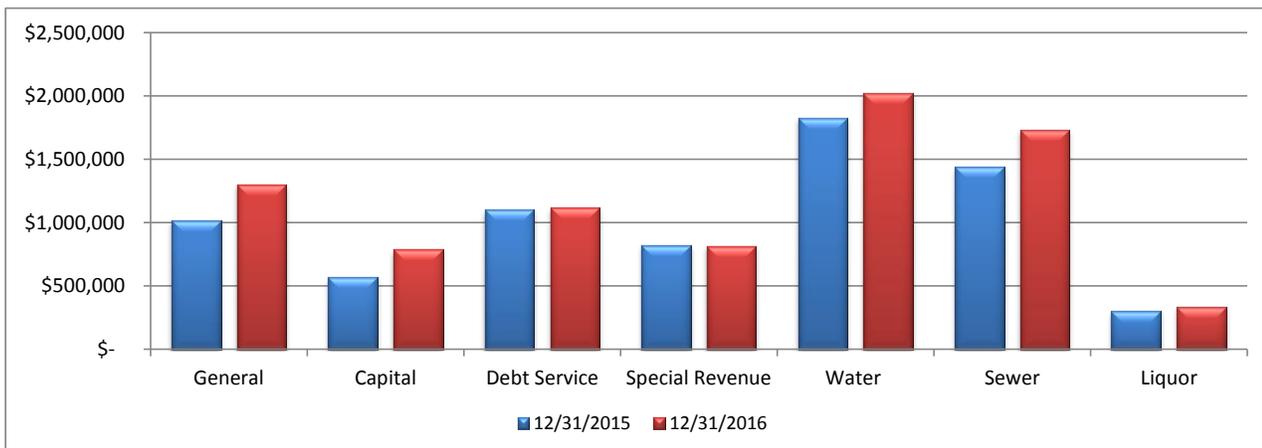


CITY OF PINE CITY, MINNESOTA
 UNAUDITED CASH BALANCES BY FUND
 DECEMBER 31, 2015 AND DECEMBER 31, 2016

| FUND | | Balance 12/31/2015 | Balance 12/31/2016 | YTD Change From 12/31/2015 |
|-------|---------------------------------|-----------------------|-----------------------|----------------------------------|
| 101 | General | \$ 1,015,202 | \$ 1,299,129 | \$ 283,927 (1) |
| 305 | Capital Improvement | 518,926 | 719,291 | \$ 200,365 (2) |
| 317 | 2017 Street Improvements | - | (3,799) | \$ (3,799) |
| 328 | 2009 Street Reconstruction | (259,310) | (233,379) | \$ 25,931 |
| 355 | Fire Hall Construction | (500) | (500) | \$ - |
| 360 | 2015 Street Improvement Project | 269,764 | 267,158 | \$ (2,606) |
| 407 | Refunding Bond Fund | 316,286 | 320,209 | \$ 3,923 |
| 408 | 2008 Debt Service Fund | 163,237 | 209,742 | \$ 46,505 |
| 410 | 2010 Debt Service Fund | 210,418 | 252,626 | \$ 42,208 |
| 411 | 2011 Debt Service Fund | 16,060 | 18,893 | \$ 2,833 |
| 412 | 2012 Debt Service Fund | 152,754 | 41,562 | \$ (111,192) (3) |
| 413 | 2013 Debt Service Fund | 109,545 | 121,398 | \$ 11,853 |
| 425 | GO Bonds 2007A Improv | - | - | \$ - |
| 427 | GO Improv Bonds 2008A | 107,886 | 112,909 | \$ 5,023 |
| 460 | 2015 Debt Service Fund | 9,291 | 11,961 | \$ 2,670 |
| 601 | Cemetery Maintenance | 185,183 | 188,075 | \$ 2,892 |
| 701 | Liquor | 300,471 | 337,315 | \$ 36,844 |
| 703 | Water | 1,827,939 | 2,023,184 | \$ 195,245 (4) |
| 707 | Sewer | 1,436,690 | 1,730,811 | \$ 294,121 (5) |
| 800 | EDA Basic | 119,128 | 92,495 | \$ (26,633) |
| 810 | Hardee's TIF District 1-1 | 53,841 | 53,097 | \$ (744) |
| 820 | Minnesota Investment Fund RLF | 29,316 | 34,250 | \$ 4,934 |
| 825 | EDA Revolving Loan Fund | 434,359 | 447,352 | \$ 12,993 |
| 855 | Northridge Apt - TIF | 16,602 | 17,017 | \$ 415 |
| 866 | Golden Horizon TIF 2003A | 16,641 | 30,700 | \$ 14,059 |
| 868 | Pine City Bottle Cap Condos | 20,939 | 21,487 | \$ 548 |
| 870 | Atscott Debt Service Fund | - | (20) | \$ (20) |
| Total | | \$ 7,070,668 | \$ 8,112,962 | \$ 1,042,294 |

Item Explanation of changes greater than \$50,000

- (1) Increase in fund balance is currently at \$221K which is reflected in the increase in cash. This is prior to audit prep being completed.
- (2) Levy was increased in 2016 and fewer capital outlay purchase were made in 2016
- (3) A transfer in of funds made in 2015 needed to be reversed in 2016
- (4) Revenues exceeded expenses for 2016.
- (5) Revenues exceeded expenses for 2016.





CITY OF PINE CITY, MINNESOTA
 SCHEDULE OF INVESTMENTS
 AS OF DECEMBER 31, 2016

| Institution | Description | Rate | Maturity Date | Market Value | | Cost | Market Value | Unrealized |
|---------------------------|------------------------------------|-------|---------------|--------------|-----------|--------------|--------------|---------------|
| | | | | 1/1/2016 | Interest | 12/31/2016 | 12/31/2016 | gain / (loss) |
| Northwoods Bank | Savings - XXX-6514 | 0.15% | Current | 2,282,969.14 | 2,051.57 | 2,564,186.45 | 2,564,186.45 | - |
| Northwoods Bank | Checking - XXX-5024 | 0.15% | Current | 332,824.47 | 649.62 | 630,040.31 | 630,040.31 | - |
| Northwoods Bank | Checking - XXX-4522 | | Current | 180,212.05 | - | 391,355.88 | 391,355.88 | - |
| Stearns Bank | Checking - XXX-0032 | 0.15% | Current | 19,449.13 | 19.59 | - | - | - |
| Stearns Bank | Savings - XXX-4752 | 0.15% | Current | 1,275,700.40 | 3,832.37 | 1,279,532.77 | 1,279,532.77 | - |
| Stearns Bank | Checking - XXX-4894 | | Current | 1,887.22 | - | 1,515.29 | 1,515.29 | - |
| Spire Bank | Savings - XXX-316 | 0.15% | Current | 29.08 | - | 131.71 | 131.71 | - |
| Stearns Bank | Savings - XXX-2095 | 0.15% | Current | 395,779.26 | 1,226.14 | 453,715.83 | 453,715.83 | - |
| Stearns Bank | Checking - XXX-7458 | | Current | 54,223.70 | - | (13,271.15) | (13,271.15) | - |
| Morgan Stanley | Money Market | 0.01% | Current | 511,266.95 | 26.93 | 186,693.28 | 186,693.28 | - |
| Morgan Stanley | Federal Home Loan Mortgage Corp | 2.00% | 3/27/2023 | 200,096.00 | 2,000.00 | - | - | - |
| Morgan Stanley | Federal National Mortgage Assn | 1.50% | 5/17/2024 | - | 750.00 | 100,001.00 | 97,797.00 | (2,204.00) |
| Morgan Stanley | Federal Home Loan Mortgage Corp | 1.25% | 9/30/2024 | - | - | 159,480.00 | 157,126.40 | (2,353.60) |
| Morgan Stanley | GE Capital Retail Bank, UT | 2.00% | 9/23/2016 | 201,706.00 | 4,010.96 | - | - | - |
| Morgan Stanley | Barclays Bank of Wilmington, DE | 1.05% | 12/19/2016 | 248,376.96 | 2,625.41 | 287.68 | - | (287.68) |
| Morgan Stanley | World Financial Network Bank, DE | 1.85% | 6/8/2017 | 202,008.00 | 3,710.16 | 201,360.00 | 200,944.00 | (416.00) |
| Morgan Stanley | State Bank of India, NY | 2.00% | 6/22/2017 | 126,466.25 | 2,506.84 | 126,246.25 | 125,745.00 | (501.25) |
| Morgan Stanley | Amex Centurion, Salk Lake City, UT | 2.00% | 8/29/2018 | 55,261.80 | 1,103.01 | 56,050.50 | 55,633.05 | (417.45) |
| Morgan Stanley | Amex Centurion, Salk Lake City, UT | 2.10% | 10/24/2018 | 190,636.50 | 4,000.94 | 193,794.30 | 192,205.90 | (1,588.40) |
| Morgan Stanley | Ally Bk Midvale UT | 1.60% | 1/14/2019 | - | 1,196.71 | 152,949.00 | 151,546.50 | (1,402.50) |
| Morgan Stanley | Goldman Sachs, New York, NY | 1.85% | 1/22/2019 | 145,134.85 | 2,689.85 | 147,752.10 | 146,403.60 | (1,348.50) |
| Morgan Stanley | Discover Greenwood DE | 1.65% | 12/23/2019 | - | - | 245,000.00 | 245,644.35 | - |
| Morgan Stanley | Goldman Sachs, New York, NY | 1.70% | 1/16/2020 | 95,109.47 | 1,653.52 | 98,685.86 | 97,356.96 | (1,328.90) |
| Morgan Stanley | HSBC Bk USA N A McLean VA | 1.50% | 12/30/2020 | - | 168.29 | 44,897.85 | 44,089.20 | (808.65) |
| Morgan Stanley | Kennett National Bank, MO | 1.70% | 5/18/2022 | - | 996.71 | 100,048.00 | 98,104.00 | (1,944.00) |
| Morgan Stanley | HSBC Bk USA N A McLean VA | 2.00% | 8/16/2024 | - | - | 199,392.00 | 191,894.00 | (7,498.00) |
| Northwoods Bank | Northwoods Bank CD | 1.10% | 12/2/2018 | 100,500.00 | - | 100,500.00 | 100,500.00 | - |
| Stearns Bank | Stearns Bank CD | 0.85% | 9/30/2017 | 100,000.00 | - | 100,000.00 | 100,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 50,000.00 | - | 50,000.00 | 50,000.00 | - |
| Wells Fargo | Wells Fargo | 0.85% | 7/6/2021 | 50,000.00 | - | 50,000.00 | 50,000.00 | - |
| Total cash and investment | | | | 7,219,637.23 | 35,218.62 | 8,020,344.91 | 7,998,890.33 | (22,098.93) |



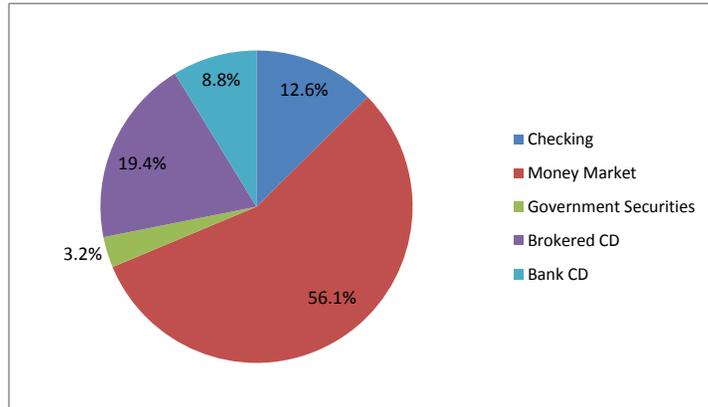
CITY OF PINE CITY, MINNESOTA
 INVESTMENT MATURITIES
 AS OF DECEMBER 31, 2016

Maturities



| Maturity | Cost | Market Value |
|--------------|---------------------|---------------------|
| | 12/31/2016 | 12/31/2016 |
| Current | 5,493,900.37 | 5,493,900.37 |
| < 1 year | 427,606.25 | 426,689.00 |
| 1-2 years | 350,344.80 | 348,338.95 |
| 2-3 years | 545,701.10 | 543,594.45 |
| 3-4 years | 143,583.71 | 141,446.16 |
| 5+ years | 1,058,921.00 | 1,044,921.40 |
| Total | 8,020,344.91 | 7,998,890.33 |

| | | |
|---------------------------------|---------|------------|
| Weighted Average Rate of Return | 1.42% | 12/31/2016 |
| Weighted Average Maturity | 113.49% | 12/31/2016 |



| Investment Type | Market Value 12/31/2016 |
|-----------------------|----------------------------|
| Checking | 1,009,640.33 |
| Money Market | 4,484,260.04 |
| Government Securities | 254,923.40 |
| Brokered CD | 1,549,566.56 |
| Bank CD | 700,500.00 |
| Total | 7,998,890.33 |



CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
SEWER FUND (UNAUDITED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

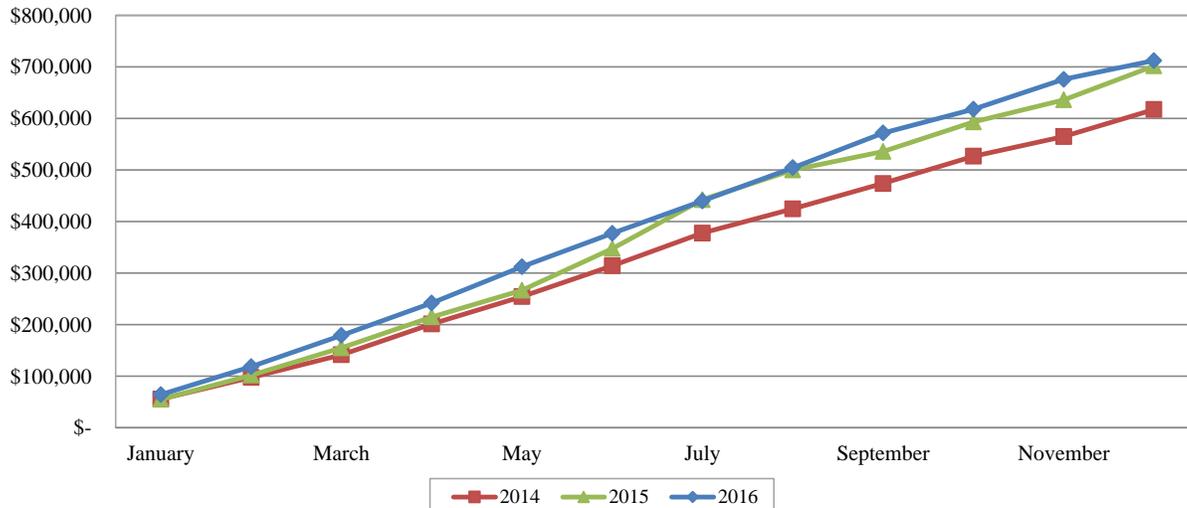
SEWER FUND

| | Annual Budget | Actual Thru 12/31/2016 | Variance - Favorable (Unfavorable) | Percent Received or Expended Based on Budget Thru 12/31/2016 |
|--|------------------|------------------------------|--|---|
| REVENUES | | | | |
| Charges for services | \$ 679,700 | \$ 719,725 | \$ 40,025 | 105.9% |
| Miscellaneous | 10,000 | 27,749 | 17,749 (1) | 277.5% |
| TOTAL REVENUES | 689,700 | 747,474 | 57,774 | 108.4% |
| EXPENSES | | | | |
| Salaries and benefits | 160,392 | 140,951 | 19,441 | 87.9% |
| Supplies | 3,150 | 3,844 | (694) | 122.0% |
| Other services and charges | 37,800 | 19,479 | 18,321 (2) | 51.5% |
| Repair and maintenance | 33,513 | 29,878 | 3,635 | 89.2% |
| Utilities | 64,400 | 61,461 | 2,939 | 95.4% |
| Interest | 30,821 | 29,953 | 868 | 97.2% |
| Depreciation | 119,400 | 621,964 | (502,564) (3) | 520.9% |
| TOTAL EXPENSES | 449,476 | 907,530 | (458,054) | 201.9% |
| OTHER FINANCING USES | | | | |
| Transfers Out | 221,066 | 75,068 | 145,998 (4) | 34.0% |
| EXCESS REVENUES OVER EXPENSES | \$ 19,158 | \$ (235,124) | \$ (254,282) | -1227.3% |

Item Explanation of items percentage received/expended less than 80% or greater than 120% and \$ variance greater than \$10,000.

- (1) Includes special assessment settlements.
- (2) Costs for Banyon software included in 2016
- (3) Includes adjustment for 2015 Depreciation Expense Error executed by AEM.
- (4) Budgeted transfers for debt service no longer necessary as fund 407 no longer pays debt service for sewer.

Sewer Sales Comparison 2014-2016





CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
WATER FUND (UNAUDITED)
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

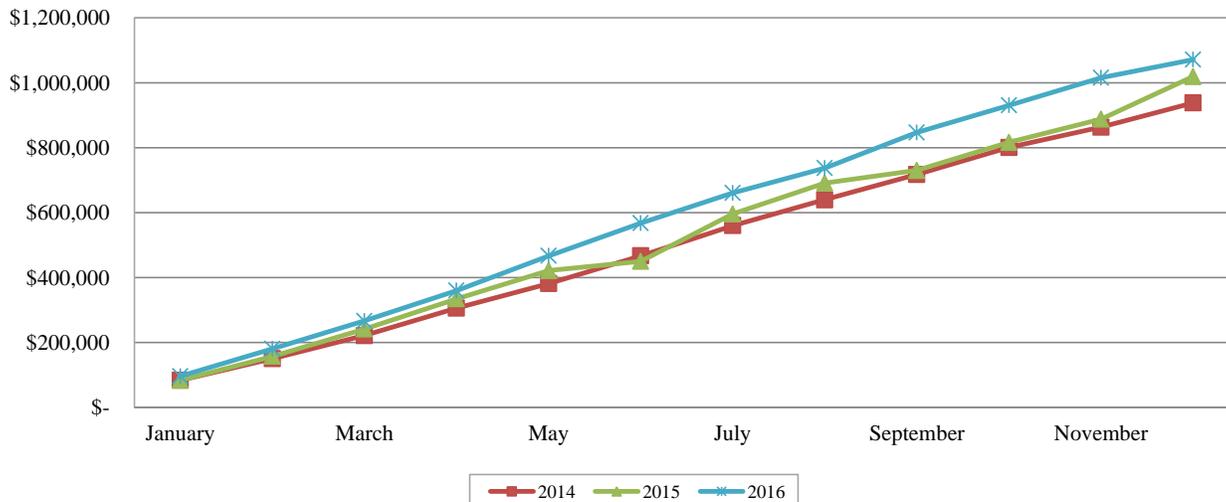
WATER FUND

| | <u>Annual Budget</u> | <u>Actual Thru 12/31/2016</u> | <u>Variance - Favorable (Unfavorable)</u> | <u>Percent Received or Expended Based on Actual Thru 12/31/2016</u> |
|--|--------------------------|---------------------------------------|---|---|
| REVENUES | | | | |
| Charges for services | \$ 1,050,800 | \$ 1,129,390 | \$ 78,590 | 107.5% |
| Miscellaneous | 5,900 | 29,199 | 23,299 (1) | 494.9% |
| TOTAL REVENUES | <u>1,056,700</u> | <u>1,158,589</u> | <u>101,889</u> | <u>109.6%</u> |
| EXPENSES | | | | |
| Salaries and benefits | 139,992 | 128,070 | 11,922 | 91.5% |
| Supplies | 21,350 | 14,199 | 7,151 (2) | 66.5% |
| Other services and charges | 85,190 | 44,362 | 40,828 (3) | 52.1% |
| Repair and maintenance | 13,313 | 17,015 | (3,702) | 127.8% |
| Utilities | 49,800 | 42,131 | 7,669 | 84.6% |
| Interest | 166,931 | 166,116 | 815 | 99.5% |
| Depreciation | 199,000 | (107,840) | 306,840 (4) | -54.2% |
| TOTAL EXPENSES | <u>675,576</u> | <u>304,054</u> | <u>371,522</u> | <u>45.0%</u> |
| OTHER FINANCING USES | | | | |
| Transfers In | 120,000 | - | (120,000) | - |
| Transfers Out | 91,916 | 72,993 | 18,923 (4) | 79.4% |
| EXCESS REVENUES OVER EXPENSES | <u>\$ 409,208</u> | <u>\$ 781,542</u> | <u>\$ 372,334</u> | <u>191.0%</u> |

Item Explanation of items percentage received/expended less than 80% or greater than 120% and \$ variance greater than \$10,000.

- (1) Increase in bulk water sales & Health Insurance Payments from retired staff.
- (2) Reduction in operating supplies expense.
- (3) Reduction in Liab. Ins, Repairs & Maint., & a change in Administrative service allocations.
- (4) Includes adjustment for 2015 Depreciation Expense Error executed by AEM.
- (4) Budgeted transfers for debt service no longer necessary as fund 407 no longer pays debt service for water.

Water Sales Comparison 2014-2016



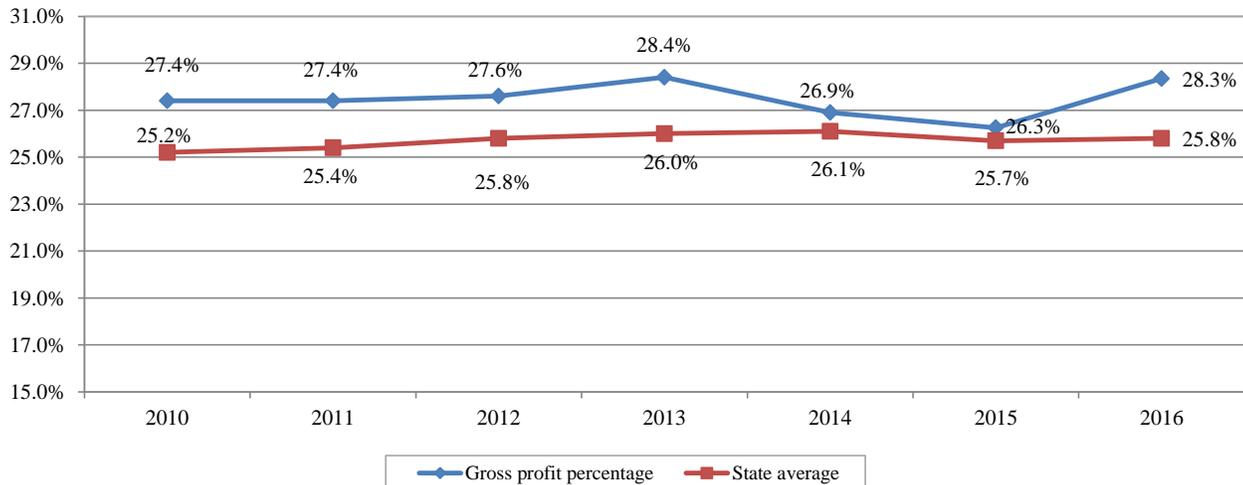


CITY OF PINE CITY, MINNESOTA
 STATEMENT OF REVENUES AND EXPENSES -
 BUDGET AND ACTUAL -
 LIQUOR STORE FUND (UNAUDITED)
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2016

LIQUOR STORE

| | Annual Budget | Actual Thru 12/31/2016 | Variance - Favorable (Unfavorable) | Percent Received or Expended Based on Budget Thru 09/30/2016 |
|---|------------------|------------------------------|--|---|
| REVENUES | | | | |
| Sales | \$ 1,700,500 | \$ 1,792,485 | \$ 91,985 | 105.4% |
| Miscellaneous | 4,300 | 2,333 | (1,967) | 54.3% |
| TOTAL REVENUES | 1,704,800 | 1,794,818 | 90,018 | 105.3% |
| EXPENSES | | | | |
| Salaries and benefits | 236,900 | 241,938 | (5,038) | 97.2 |
| Supplies | 15,250 | 14,793 | 457 | 101.7 |
| Services | 57,700 | 55,898 | 1,802 | 93.0 |
| Utilities | 18,000 | 15,594 | 2,406 | 100.2 |
| Cost of Goods Sold | 1,233,950 | 1,284,406 | (50,456) | 108.7 |
| Depreciation | 9,000 | 9,184 | (184) | 100.0 |
| TOTAL EXPENSES | 1,570,800 | 1,621,813 | (51,013) | 103.2% |
| TOTAL REVENUE OVER EXPENSES BEFORE TRANSFERS | 134,000 | 173,005 | 39,005 | 129.1% |
| OTHER FINANCING USES | | | | |
| Transfers Out | 134,000 | 125,000 | 9,000 | 93.3% |
| EXCESS REVENUES OVER EXPENSES | \$ - | \$ 48,005 | \$ 48,005 | |
| Sales | | \$ 1,792,485 | | |
| Cost of sales | | 1,284,406 | | |
| Gross profit | | <u>\$ 508,079</u> | | |
| Gross profit percentage 12/31/16 | | 28.3% | | |

Gross Profit Percentage vs. State Average



* 2016 municipal liquor state report is not available at this time. An average percent of 5 years has been used for the 2015 state average for 2016.
 Item Explanation of items percentage received/expended greater than 20% and \$ variance greater than \$10,000.