



Pine City
North. Nice *and* close.

Final 2nd Quarter Report

(Unaudited)

City of Pine City
Pine City, Minnesota

As of June 30, 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 and reconciled through June 30, 2017. The following is a summary of staff's observations. All information presented is unaudited.

Cash and Investments

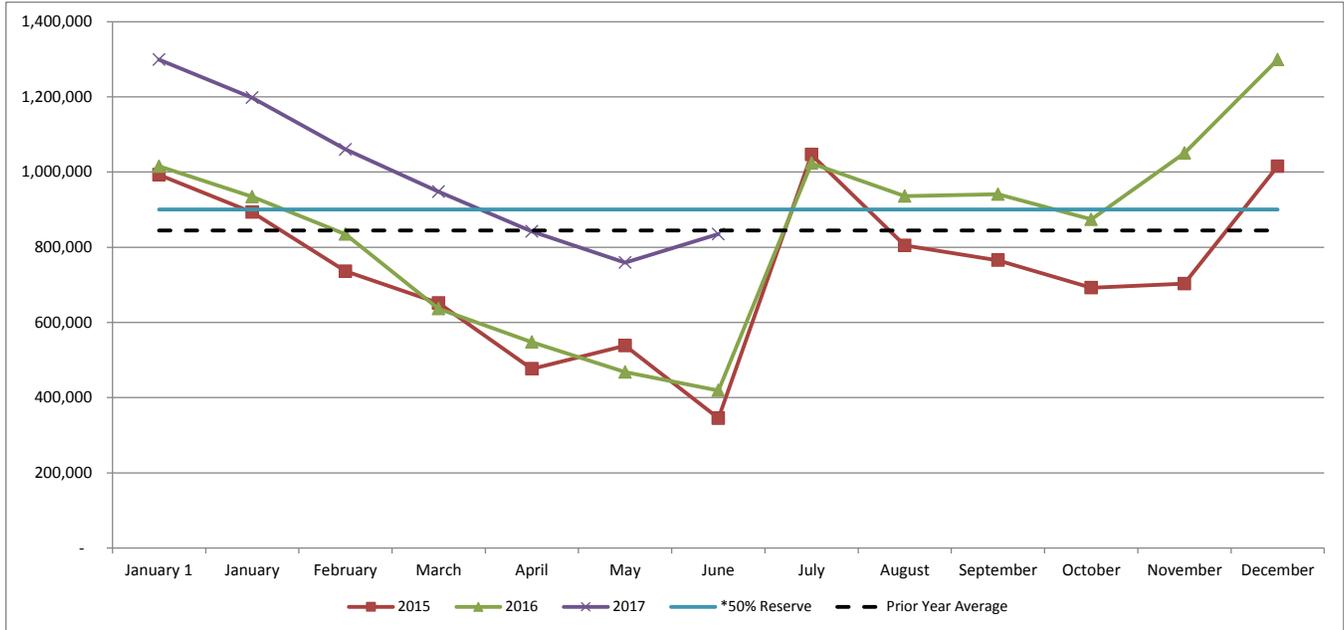
The City's cash and investment balances are as follows:

| | <u>6/30/2017</u> | <u>12/31/2016</u> | <u>Increase/ (Decrease)</u> |
|-------------------------------|---------------------|---------------------|---------------------------------|
| Cash/Checking | \$ 3,907,262 | \$ 3,304,926 | \$ 602,336 |
| Investments (at market Value) | <u>3,964,522</u> | <u>5,957,488</u> | <u>(1,992,966)</u> |
| Total cash & investments | <u>\$ 7,871,784</u> | <u>\$ 9,262,414</u> | <u>\$ (1,390,630)</u> |

| <u>Investment Type</u> | <u>6/30/2017</u> | <u>12/31/2016</u> | <u>Increase/ (Decrease)</u> |
|-------------------------------------|---------------------|---------------------|---------------------------------|
| Checking | \$ 1,581,605 | \$ 3,304,926 | \$ (1,723,321) |
| Money Market | 2,653,613 | 2,468,179 | 185,434 |
| Negotiable CDs | 2,117,777 | 2,227,173 | (109,396) |
| Government agency securities | 256,654 | - | 256,654 |
| Escrow (2016A Trust Escrow Account) | <u>1,262,136</u> | <u>1,262,136</u> | <u>(0)</u> |
| Total investments | <u>\$ 7,871,784</u> | <u>\$ 9,262,414</u> | <u>\$ (1,390,630)</u> |



General Fund Cash Balances 2015 - 2017



| | 2015 | 2016 | 2017 | *50% Reserve | Prior Year Average |
|-----------|-------------|-------------|-------------|---------------------|---------------------------|
| January 1 | 992,729 | 1,015,202 | 1,299,129 | 900,507 | 844,560 |
| January | 893,222 | 934,329 | 1,197,661 | 900,507 | 844,560 |
| February | 736,094 | 834,785 | 1,060,079 | 900,507 | 844,560 |
| March | 651,303 | 636,459 | 947,493 | 900,507 | 844,560 |
| April | 476,668 | 547,730 | 842,240 | 900,507 | 844,560 |
| May | 538,221 | 467,675 | 759,170 | 900,507 | 844,560 |
| June | 344,865 | 419,073 | 834,875 | 900,507 | 844,560 |
| July | 1,046,380 | 1,023,353 | | 900,507 | 844,560 |
| August | 804,765 | 936,025 | | 900,507 | 844,560 |
| September | 765,248 | 941,094 | | 900,507 | 844,560 |
| October | 692,116 | 873,860 | | 900,507 | 844,560 |
| November | 703,152 | 1,050,565 | | 900,507 | 844,560 |
| December | 1,015,202 | 1,299,129 | | 900,507 | 844,560 |



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.

| Treasury Yields | | | | | | | | | |
|------------------------|------|------|------|------|------|------|------|------|------|
| Date | 1 mo | 3 mo | 6 mo | 1 yr | 2 yr | 3 yr | 5 yr | 7 yr | 10yr |
| 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 |
| 1/31/2017 | 0.50 | 0.52 | 0.64 | 0.84 | 1.19 | 1.46 | 1.90 | 2.24 | 2.45 |
| 2/28/2017 | 0.40 | 0.53 | 0.69 | 0.88 | 1.22 | 1.49 | 1.89 | 2.19 | 2.36 |
| 3/31/2017 | 0.74 | 0.76 | 0.91 | 1.03 | 1.27 | 1.50 | 1.93 | 2.22 | 2.40 |
| 4/28/2017 | 0.68 | 0.80 | 0.99 | 1.07 | 1.28 | 1.45 | 1.81 | 2.10 | 2.29 |
| 5/31/2017 | 0.86 | 0.98 | 1.08 | 1.17 | 1.28 | 1.44 | 1.75 | 2.02 | 2.21 |
| 6/30/2017 | 0.84 | 1.03 | 1.14 | 1.24 | 1.38 | 1.55 | 1.89 | 2.14 | 2.31 |

Source: <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

Budget Summary

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

Cash Balance Summary

A detailed 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.

Liquor Estimated Net Earnings Summary

A detailed summary of estimated net earnings for the Liquor Store is included as Attachment E.

EDA Budget to Actuals Summary

A summary of the budget to actuals for the EDA is included as Attachment F.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL -
GENERAL FUND (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017



| | 2017 Annual Budget | YTD Budget as of 6/30/17 | Q2 Actual Thru 06/30/2017 | Q2 Budget to Actuals - Favorable (Unfavorable) | Percent Received or Expended Based on Budget thru 12/31/2017 |
|---|--------------------------|--------------------------------|------------------------------------|---|---|
| REVENUES | | | | | |
| Taxes | \$ 741,707 | \$ 370,854 | \$ 20,399 | \$ (350,455) (1) | 2.8% |
| Intergovernmental | 575,631 | 287,816 | - | (287,816) (2) | 0.0% |
| Licenses and permits | 48,436 | 24,218 | 21,556 | \$ (2,662) | 44.5% |
| Charges for services | 298,316 | 149,158 | 289,366 | 140,208 (3) | 97.0% |
| Fines and Forfeits | 7,000 | 3,500 | 1,555 | \$ (1,945) | 22.2% |
| Interest Earned | 4,000 | 2,000 | 862 | (1,139) | 21.5% |
| Refunds and Reimbursements | 21,205 | 10,603 | 20,901 | \$ 10,298 | 98.6% |
| Grants | 51,000 | 25,500 | 2,000 | (23,500) (4) | 3.9% |
| Miscellaneous revenue | 14,700 | 7,350 | 3,682 | \$ (3,668) | 25.0% |
| TOTAL REVENUES | 1,761,995 | 880,998 | 360,319 | (520,678) | 20.4% |
| EXPENDITURES | | | | | |
| City Council | 25,996 | 12,998 | 9,093 | \$ 3,905 | 35.0% |
| City Administration | 223,439 | 111,720 | 115,280 | (3,560) | 51.6% |
| Elections | 165 | 83 | 165 | \$ (83) | 100.1% |
| City Treasurer | 97,637 | 48,819 | 49,797 | (979) | 51.0% |
| City Assessor | 17,778 | 8,889 | 16,185 | \$ (7,296) (5) | 91.0% |
| Planning | 99,719 | 49,860 | 48,088 | 1,771 | 48.2% |
| Building Inspection | 83,854 | 41,927 | 40,563 | \$ 1,364 | 48.4% |
| Legal | 11,000 | 5,500 | 5,500 | - | 50.0% |
| Police Protection | 168,813 | 84,407 | 84,406 | \$ 0 | 50.0% |
| Fire Protection | 395,423 | 197,712 | 134,205 | 63,506 (6) | 33.9% |
| Street Department | 448,611 | 224,306 | 197,769 | \$ 26,536 (7) | 44.1% |
| Capital Outlay | - | - | - | - | N/A |
| Library | 29,500 | 14,750 | 16,028 | \$ (1,278) | 54.3% |
| Parks and Playgrounds | 56,170 | 28,085 | 32,984 | (4,899) | 58.7% |
| Swimming Beach | 62,750 | 31,375 | 10,959 | \$ 20,416 (8) | 17.5% |
| Recreation/Education Social | 26,750 | 13,375 | 16,100 | (2,725) | 60.2% |
| Softball Fields | 23,500 | 11,750 | 2,898 | \$ 8,852 (9) | 12.3% |
| Skating Rink/Warming House | 13,509 | 6,755 | - | 6,755 | 0.0% |
| Miscellaneous | - | - | 3,610 | \$ (3,610) | N/A |
| TOTAL EXPENDITURES | 1,784,614 | 892,307 | 783,632 | 108,675 | 43.9% |
| EXCESS REVENUES (EXPENDITURES) | (22,619) | (11,310) | (423,313) | (629,353) | 1871.5% |
| OTHER FINANCING USES | | | | | |
| Transfers In | 125,000 | 62,500 | 62,500.0 | - | 50.0% |
| Transfers Out | 16,400 | 8,200 | - | 8,200 (10) | N/A |
| TOTAL OTHER FINANCING SOURCES (USES) | 108,600 | 54,300 | 62,500 | 8,200 | 57.6% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | | | | | |
| | \$ 85,981 | \$ 42,991 | \$ (360,813) | \$ (621,153) | (4.196) |

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

- (1) Negative variance due to first-half tax settlement not being received until July.
- (2) Negative variance due to Local Government Aid not being received until July.
- (3) Overage due to timing of Fire Contract payments received in the 2nd Qtr
- (4) Budgeted \$50k for Fire Aid. Anticipated receipt in September/October.
- (5) Variance due to timing of Pine County for Assessment Services.
- (6) Variance due to timing of the payments to the FD Relief Association (~\$70k) - anticipated payments in November.
- (7) Variance due to timing of the Mill & Overlay projects. Anticipated unspent balance at year end.
- (8) Variance due to timing and a lower cost year.
- (9) Variance due to timing of the Softball season.

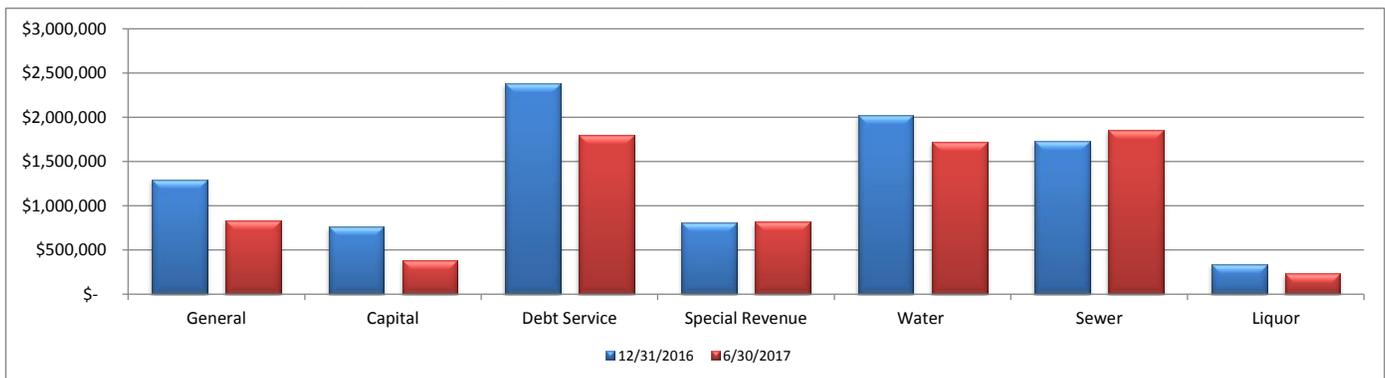


CITY OF PINE CITY, MINNESOTA
 UNAUDITED CASH BALANCES BY FUND
 DECEMBER 31, 2016 AND JUNE 30, 2017

| FUND | Q4 Balance 12/31/2016 | Q2 Balance 6/30/2016 | Q2 Balance 6/30/2017 | YTD Change From 6/30/2016 | YTD Change From 12/31/2016 |
|---|-----------------------------|----------------------------|----------------------------|---------------------------------|----------------------------------|
| 101 General | \$ 1,299,129 | \$ 429,359 | \$ 834,875 | \$ 405,516 | \$ (464,254) (1) |
| 305 Capital Improvement | 694,721 | 496,011 | 513,688 | 17,677 | \$ (181,033) (2) |
| 317 2017 Street Improvements | (3,799) | - | (184,581) | (184,581) | \$ (180,782) (3) |
| 328 2009 Street Reconstruction | (233,379) | (233,379) | (233,833) | (454) | \$ (455) |
| 355 Fire Hall Construction | (500) | (500) | (501) | (1) | \$ (1) |
| 360 2015 Street Improvement Project | 267,158 | 270,608 | 266,842 | (3,766) | \$ (316) |
| 407 Refunding Bond Fund | 320,209 | 320,238 | 320,580 | 342 | \$ 371 |
| 408 2008 Debt Service Fund | 209,742 | 18,018 | 60,961 | 42,943 | \$ (148,782) (4) |
| 410 2010 Debt Service Fund | 252,626 | (24,158) | (1,904) | 22,254 | \$ (254,530) (4) |
| 411 2011 Debt Service Fund | 18,893 | (9,067) | (5,518) | 3,549 | \$ (24,411) |
| 412 2012 Debt Service Fund | 41,562 | 81,916 | (110,703) | (192,619) | \$ (152,265) (4) |
| 413 2013 Debt Service Fund | 121,398 | 110,439 | 134,035 | 23,596 | \$ 12,637 |
| 416 2016A G.O. X-over Refund, Bond (Escrow) | 1,263,132 | - | 1,265,591 | 1,265,591 | \$ 2,459 |
| 427 GO Improv Bonds 2008A | 112,909 | 35,890 | 107,869 | 71,979 | \$ (5,040) |
| 460 2015 Debt Service Fund | 11,961 | 355 | 3,109 | 2,754 | \$ (8,852) |
| 601 Cemetery Maintenance | 187,340 | 185,479 | 188,198 | 2,719 | \$ 859 |
| 701 Liquor | 337,315 | 333,824 | 232,621 | (101,203) | \$ (104,694) (5) |
| 703 Water | 2,023,184 | 1,682,525 | 1,725,083 | 42,558 | \$ (298,101) (6) |
| 707 Sewer | 1,730,811 | 1,549,486 | 1,859,045 | 309,559 | \$ 128,235 (7) |
| 800 EDA Basic | 92,495 | 105,400 | 88,869 | (16,531) | \$ (3,626) |
| 810 Hardee's TIF District 1-1 | 53,097 | 54,010 | 53,200 | (810) | \$ 103 |
| 820 Minnesota Investment Fund RLF | 34,250 | 32,275 | 37,509 | 5,234 | \$ 3,259 |
| 825 EDA Revolving Loan Fund | 447,352 | 441,110 | 453,621 | 12,511 | \$ 6,269 |
| 855 Northridge Apt - TIF | 17,017 | 9,495 | 9,721 | 226 | \$ (7,296) |
| 866 Golden Horizon TIF 2003A | 30,700 | 20,631 | 27,972 | 7,341 | \$ (2,728) |
| 868 Pine City Bottle Cap Condos | 21,487 | 14,001 | 14,479 | 478 | \$ (7,008) |
| 870 Atscott Debt Service Fund | (20) | - | (20) | (20) | \$ - |
| Total | \$ 9,350,789 | \$ 5,923,966 | \$ 7,660,808 | \$ 1,736,842 | \$ (1,689,981) |

Item Explanation of changes greater than \$50,000

- (1) Decrease due to first-half tax settlement not being received until July.
- (2) Decrease due to final payment on PW Truck.
- (3) 2nd Street Project - Cost to be reallocated to Water & Sewer and Project end.
- (4) Decrease due to February/May payment of principal and interest (P&I). Correction to allocate P&I costs to Fund 407 executed in August.
- (5) Decrease due to remodel project outlays. Reclass to capital in quarter 3.
- (6) Decrease due to recording of Bond Series 2012A Payment & Debt Service Payments in January offset by positive operations.
- (7) Increase due to revenues exceeding expenses for Q1 & Q2.





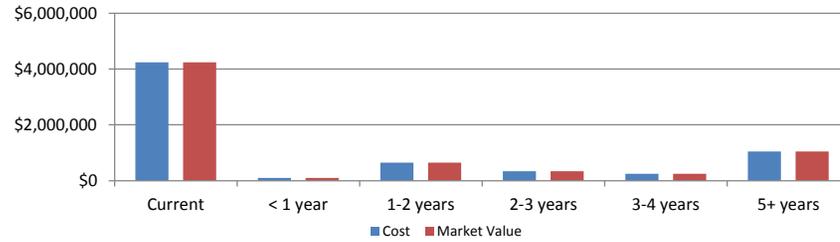
CITY OF PINE CITY, MINNESOTA
 SCHEDULE OF INVESTMENTS
 AS OF June 30, 2017

| Institution | Description | Type | Rate | Maturity Date | Market Value | | Cost | Market Value | Unrealized | |
|--|------------------------------------|-----------------------|-------|---------------|--------------|--------------|--------------|--------------|---------------|--------|
| | | | | | 1/1/2017 | YTD Interest | 6/30/2017 | 6/30/2017 | gain / (loss) | |
| Northwoods Bank | Savings - XXX-6514 | Money Market | 0.15% | Current | 2,564,186.45 | 808.56 | 634,006.86 | 634,006.86 | - | |
| Northwoods Bank | Checking - XXX-5024 | Checking | 0.15% | Current | 630,040.31 | 608.36 | 1,057,833.76 | 1,057,833.76 | - | |
| Northwoods Bank | Checking - XXX-4522 | Checking | | Current | 391,355.88 | - | 504,283.71 | 504,283.71 | - | |
| Northwoods Bank | Checking - XXX-6402 | Checking | | Current | 88,361.67 | - | - | - | - | |
| Stearns Bank | Savings - XXX-4752 | Money Market | 0.15% | Current | 1,279,532.77 | 2,183.75 | 1,281,716.52 | 1,281,716.52 | - | |
| Stearns Bank | Checking - XXX-4894 | Checking | | Current | 1,515.29 | 0.01 | - | - | - | |
| Spire Bank | Savings - XXX-316 | Money Market | 0.15% | Current | 131.71 | 0.04 | 131.75 | 131.75 | - | |
| Stearns Bank | Savings - XXX-2095 | Money Market | 0.15% | Current | 453,715.83 | 695.38 | 409,801.79 | 409,801.79 | - | |
| Stearns Bank | Checking - XXX-7458 | Checking | | Current | (13,271.15) | - | 19,487.65 | 19,487.65 | - | |
| Morgan Stanley | Money Market | Money Market | 0.01% | Current | 186,693.28 | 216.04 | 327,956.48 | 327,956.48 | - | |
| Morgan Stanley | Federal National Mortgage Assn | Government Securities | 1.50% | 5/17/2024 | 100,001.00 | 750.00 | 98,686.00 | 98,428.00 | (258.00) | |
| Morgan Stanley | Federal Home Loan Mortgage Corp | Government Securities | 1.25% | 9/30/2024 | 159,480.00 | 1,000.00 | 158,672.00 | 158,225.60 | (446.40) | |
| Morgan Stanley | Barclays Bank of Wilmington, DE | Brokered CD | 1.05% | 12/19/2016 | 287.68 | - | - | - | - | |
| Morgan Stanley | World Financial Network Bank, DE | Brokered CD | 1.85% | 6/8/2017 | 201,360.00 | 1,905.77 | 34.00 | - | (34.00) | |
| Morgan Stanley | State Bank of India, NY | Brokered CD | 2.00% | 6/22/2017 | 126,246.25 | 1,246.58 | 92.50 | - | (92.50) | |
| Morgan Stanley | Amex Centurion, Salk Lake City, UT | Brokered CD | 2.00% | 8/29/2018 | 56,050.50 | 545.48 | 55,446.60 | 55,355.30 | (91.30) | |
| Morgan Stanley | Amex Centurion, Salk Lake City, UT | Brokered CD | 2.10% | 10/24/2018 | 193,794.30 | 1,989.53 | 191,590.30 | 191,274.90 | (315.40) | |
| Morgan Stanley | Ally Bk Midvale UT | Brokered CD | 1.60% | 1/14/2019 | 152,949.00 | 1,209.86 | 151,119.00 | 150,879.00 | (240.00) | |
| Morgan Stanley | Goldman Sachs, New York, NY | Brokered CD | 1.85% | 1/22/2019 | 147,752.10 | 1,352.27 | 146,006.30 | 145,780.10 | (226.20) | |
| Morgan Stanley | Discover Greenwood DE | Brokered CD | 1.65% | 12/23/2019 | 245,000.00 | 2,015.71 | 244,657.00 | 244,691.30 | 34.30 | |
| Morgan Stanley | Goldman Sachs, New York, NY | Brokered CD | 1.70% | 1/16/2020 | 98,685.86 | 831.28 | 96,933.07 | 96,967.02 | 33.95 | |
| Morgan Stanley | HSBC Bk USA N A McLean VA | Brokered CD | 1.50% | 12/30/2020 | 44,897.85 | 336.58 | 44,026.20 | 44,122.95 | 96.75 | |
| Morgan Stanley | Kennett National Bank, MO | Brokered CD | 1.70% | 5/18/2022 | 100,048.00 | 847.66 | 97,137.00 | 97,872.00 | 735.00 | |
| Morgan Stanley | Comentiy Bank Jumbo | Brokered CD | 2.25% | 6/14/2021 | 199,392.00 | - | 200,000.00 | 201,226.00 | 1,226.00 | |
| Morgan Stanley | HSBC Bk USA N A McLean VA | Brokered CD | 2.00% | 8/16/2024 | 199,392.00 | 2,016.44 | 188,762.00 | 189,108.00 | 346.00 | |
| Northwoods Bank | Northwoods Bank CD | Bank CD | 1.10% | 12/2/2018 | 100,500.00 | - | 100,500.00 | 100,500.00 | - | |
| Stearns Bank | Stearns Bank CD | Bank CD | 0.85% | 9/30/2017 | 100,000.00 | - | 100,000.00 | 100,000.00 | - | |
| Wells Fargo | Wells Fargo | Bank CD | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - | |
| Wells Fargo | Wells Fargo | Bank CD | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - | |
| Wells Fargo | Wells Fargo | Bank CD | 0.85% | 7/6/2021 | 100,000.00 | - | 100,000.00 | 100,000.00 | - | |
| Wells Fargo | Wells Fargo | Bank CD | 0.85% | 7/6/2021 | 50,000.00 | - | 50,000.00 | 50,000.00 | - | |
| Wells Fargo | Wells Fargo | Bank CD | 0.85% | 7/6/2021 | 50,000.00 | - | 50,000.00 | 50,000.00 | - | |
| *Northland Securitie 2016A Trust Escrow Account | | | | | Current | 1,262,135.51 | - | 1,262,135.51 | 1,262,135.51 | - |
| Total cash and investments | | | | | | 9,570,234.09 | 20,559.30 | 7,871,016.00 | 7,871,784.20 | 768.20 |
| Total City-Wide Cash and Investments (Excludes Escrow) | | | | | | | | 6,608,880.49 | 6,609,648.69 | 768.20 |



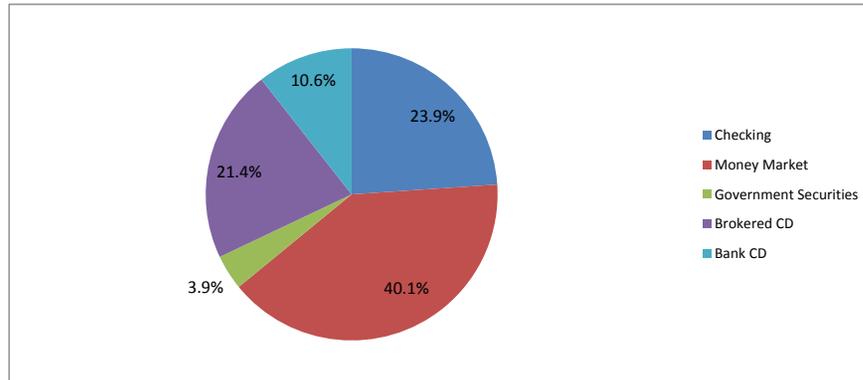
CITY OF PINE CITY, MINNESOTA
 SCHEDULE OF INVESTMENTS
 AS OF June 30, 2017

Maturities



| Maturity | Cost 6/30/2017 | Market Value 6/30/2017 |
|-----------|---------------------|---------------------------|
| Current | 4,235,218.52 | 4,235,218.52 |
| < 1 year | 100,126.50 | 100,000.00 |
| 1-2 years | 644,662.20 | 643,789.30 |
| 2-3 years | 341,590.07 | 341,658.32 |
| 3-4 years | 244,026.20 | 245,348.95 |
| 5+ years | 1,043,257.00 | 1,043,633.60 |
| | <u>6,608,880.49</u> | <u>6,609,648.69</u> |

| | | |
|-----------------------------|-------|-----------|
| Weighted Av. Rate of Return | 1.34% | 6/30/2017 |
| Weighted Average Maturity | 1.28 | 6/30/2017 |



| Investment Type | Market Value 6/30/2017 |
|-----------------------|---------------------------|
| Checking | 1,581,605.12 |
| Money Market | 2,653,613.40 |
| Government Securities | 256,653.60 |
| Brokered CD | 1,417,276.57 |
| Bank CD | 700,500.00 |
| Escrow | 1,262,135.51 |
| | <u>7,871,784.20</u> |



CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
SEWER FUND (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

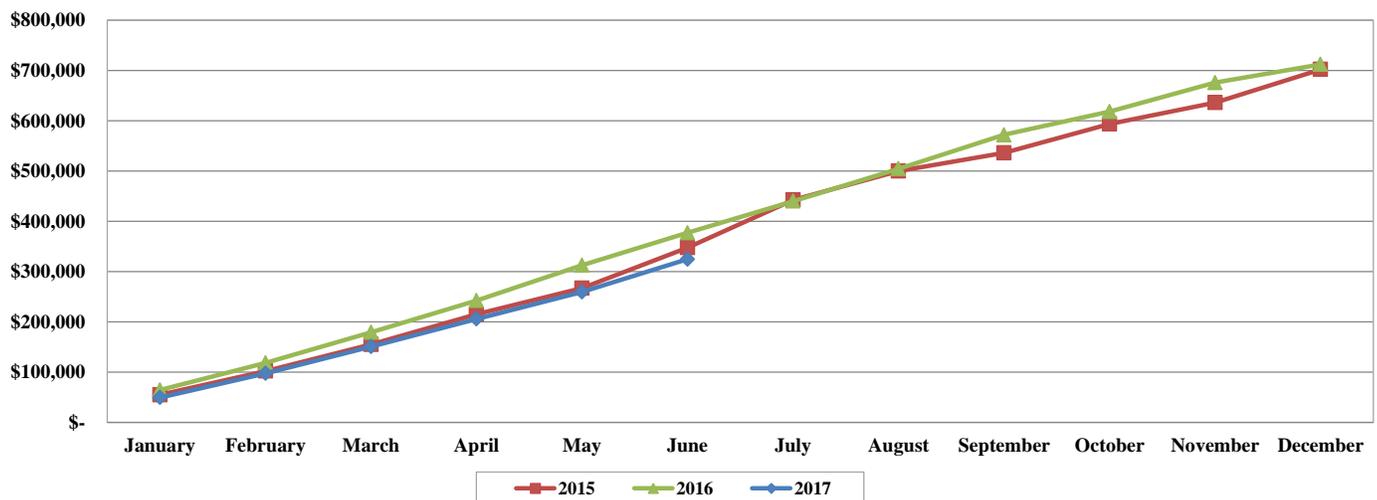
SEWER FUND

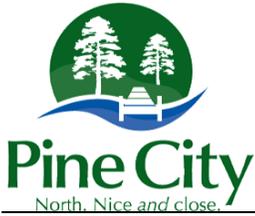
| | 2017 Annual Budget | YTD Budget as of 6/30/17 | Q2 Actual Thru 6/30/2016 | Q2 Actual Thru 06/30/2017 | Q 2 Budget to Actuals - Favorable (Unfavorable) | Percent Received or Expended Based on Budget Thru 12/31/2017 |
|--|--------------------------|--------------------------------|-----------------------------------|------------------------------------|--|---|
| REVENUES | | | | | | |
| Charges for services | \$ 700,800 | \$ 350,400 | \$ 380,153 | \$ 334,538 | \$ (15,863) | 47.7% |
| Miscellaneous | 15,000 | 7,500 | 6,615 | 3,020 | (4,480) | 20.1% |
| TOTAL REVENUES | 715,800 | 357,900 | 386,768 | 337,558 | (20,342) | 47.2% |
| EXPENSES | | | | | | |
| Salaries and benefits | 194,414 | 97,207 | 76,483 | 88,317 | 8,890 | 45.4% |
| Supplies | 350 | 175 | 3,208 | 541 | (366) | 154.6% |
| Other services and charges | 22,840 | 11,420 | 6,954 | 24,808 | (13,388) (1) | 108.6% |
| Repair and maintenance | 19,700 | 9,850 | 9,960 | 11,531 | (1,681) | 58.5% |
| Utilities | 66,300 | 33,150 | 32,860 | 35,367 | (2,217) | 53.3% |
| Interest | 29,985 | 14,993 | 27,087 | 21,684 | (6,691) (2) | 72.3% |
| Depreciation | 199,432 | 99,716 | 99,716 | 57,472 | 42,244 (3) | 28.8% |
| TOTAL EXPENSES | 533,021 | 266,511 | 256,268 | 239,720 | 26,791 | 45.0% |
| OTHER FINANCING USES | | | | | | |
| Transfers Out | 57,690 | 28,845 | 14,003 | - | 28,845 (4) | 0.0% |
| EXCESS REVENUES OVER EXPENSES | \$ 125,089 | \$ 62,545 | \$ 116,497 | \$ 97,838 | \$ 35,294 | 78.2% |

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

- (1) Increase due to Elhers Utility Rate Study and the work done at the WWTP.
- (2) Quarterly budget is 1/4 of annual budget. Debt payments are made in Q3 & Q4.
- (3) Depreciation budget based upon AEM error. Quarterly adjustment based upon corrected depreciation schedule.
- (4) No transfers out yet processed. Transfer to occur in December.

Sewer Sales Comparison 2015-2017





CITY OF PINE CITY, MINNESOTA
 STATEMENT OF REVENUES AND EXPENSES -
 BUDGET AND ACTUAL -
 WATER FUND (UNAUDITED)
 FOR THE SIX MONTHS ENDED JUNE 30, 2017

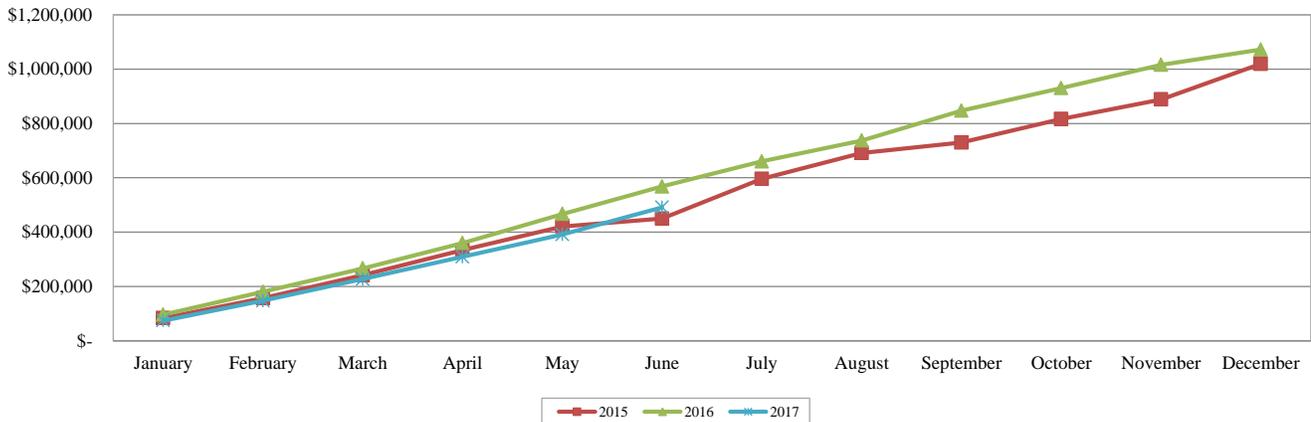
WATER FUND

| | 2017 Annual Budget | YTD Budget as of 6/30/17 | Q2 Actual Thru 06/30/2016 | Q2 Actual Thru 06/30/2017 | Q 2 Budget to Actuals - Favorable (Unfavorable) | Percent Received or Expended Based on Actual Thru 12/31/2017 |
|--|-----------------------------------|---|--|--|--|---|
| REVENUES | | | | | | |
| Charges for services | \$ 1,097,000 | \$ 548,500 | \$ 582,198 | \$ 539,532 | \$ (8,968) | 49.2% |
| Miscellaneous | 3,450 | 1,725.00 | 28,914 | 2,544 | 819 | 73.7% |
| TOTAL REVENUES | 1,100,450 | 550,225 | 611,112 | 542,076 | (8,149) | 49.3% |
| EXPENSES | | | | | | |
| Salaries and benefits | 193,978 | 96,989 | 70,460 | 87,806 | 9,183 | 45.3% |
| Supplies | 21,350 | 10,675 | 7,262 | 5,328 | 5,347 | 25.0% |
| Other services and charges | 17,840 | 8,920 | 12,601 | 12,588 | (3,668) (1) | 70.6% |
| Repair and maintenance | 25,000 | 12,500 | 6,489 | 9,743 | 2,757 | 39.0% |
| Utilities | 50,600 | 25,300 | 24,985 | 21,717 | 3,583 | 42.9% |
| Interest | 160,121 | 80,061 | 98,856 | 103,452 | (23,392) (2) | 64.6% |
| Depreciation | 115,696 | 57,848 | 57,848 | 99,874 | (42,026) (3) | 86.3% |
| TOTAL EXPENSES | 584,585 | 292,293 | 278,501 | 340,508 | (48,215) | 58.2% |
| OTHER FINANCING USES | | | | | | |
| Transfers In | - | - | - | - | - | N/A |
| Transfers Out | 53,540 | 26,770 | 11,928 | - | 26,770 (4) | 0.0% |
| EXCESS REVENUES OVER EXPENSES | \$ 462,325 | \$ 231,163 | \$ 320,683 | \$ 201,568 | \$ (29,594) | 43.6% |

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

- (1) Increase in Professional Services related to the Utility Rate Study with Elhers.
- (2) Quarterly budget is 1/4 of annual budget. Debt payments are made in Q3 & Q4.
- (3) Depreciation budget based upon AEM error. Quarterly adjustment based upon corrected depreciation schedule.
- (4) No transfers out yet processed. Transfer to occur in December.

Water Sales Comparison 2015-2017





CITY OF PINE CITY, MINNESOTA
 STATEMENT OF REVENUES AND EXPENSES -
 BUDGET AND ACTUAL -
 LIQUOR STORE FUND (UNAUDITED)
 FOR THE SIX MONTHS ENDED JUNE 30, 2017

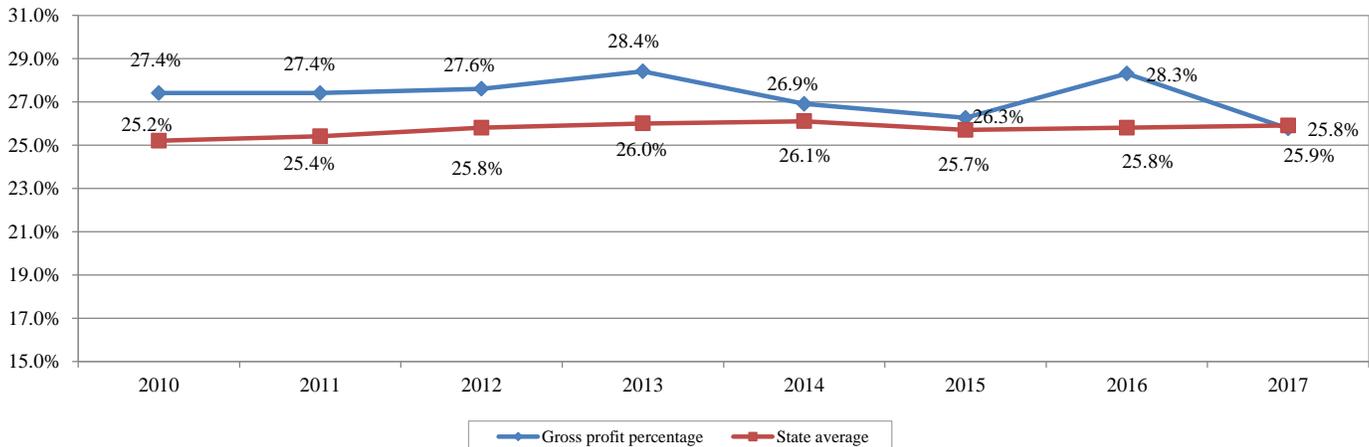
LIQUOR STORE

| | 2017 Annual Budget | YTD Budget as of 6/30/17 | Q2 Actual Thru 06/30/2016 | Q2 Actual Thru 06/30/2017 | Q2 Budget to Actuals - Favorable (Unfavorable) | Percent Received or Expended Based on Budget Thru 12/31/2017 |
|---|--------------------------|--------------------------------|------------------------------------|------------------------------------|---|---|
| REVENUES | | | | | | |
| Sales | \$ 1,700,500 | \$ 850,250 | \$ 795,048 | \$ 852,688 | \$ 2,438 | 50.1% |
| Miscellaneous | 4,300 | 2,150 | 1,987 | 1,553 | (597) | 36.1% |
| TOTAL REVENUES | 1,704,800 | 852,400 | 797,035 | 854,241 | 1,841 | 50.1% |
| EXPENSES | | | | | | |
| Salaries and benefits | 247,691 | 123,846 | 112,701 | 135,132 | (11,286) | 54.6% |
| Supplies | 15,250 | 7,625 | 8,023 | 5,488 | 2,137 | 36.0% |
| Services | 53,700 | 26,850 | 25,884 | 118,672 | (91,822) (1) | 221.0% |
| Utilities | 18,000 | 9,000 | 8,234 | 7,285 | 1,715 | 40.5% |
| Cost of Goods Sold | 1,233,950 | 616,975 | 591,043 | 632,999 | (16,024) | 51.3% |
| Depreciation | 9,000 | 4,500 | 4,592 | 4,592 | (92) | 51.0% |
| TOTAL EXPENSES | 1,577,591 | 788,796 | 750,477 | 904,167 | (115,372) | 57.3% |
| TOTAL REVENUE OVER EXPENSES BEFORE TRANSFERS | 127,209 | 63,605 | 46,558 | (49,926) | (113,531) | -39.2% |
| OTHER FINANCING USES | | | | | | |
| Transfers Out | 125,000 | 62,500 | 62,500 | 62,500 | - | 50.0% |
| EXCESS REVENUES OVER EXPENSES | \$ 2,209 | \$ 1,105 | \$ (15,942) | \$ (112,426) | \$ (113,531) | |
| Sales | | | | \$ 852,688 | | |
| Cost of sales | | | | 632,999 | | |
| | | | | <u>\$ 219,689</u> | | |
| | | | | Gross profit percentage 06/30/2017 | 25.8% | |

Item Explanation of items percentage received/expended greater than 20% and \$ variance greater than \$10,000.

- 1 Services includes costs for Liquor Store remodel. Costs to be moved to capital upon completion of the project.

Gross Profit Percentage thru Q2 2017 vs. Annual Estimated State Average



* 2016 & 2017 municipal liquor state reports are not available at this time. An average percent of the preceding 5 years has been used for 2016 & 2017.



CITY OF PINE CITY, MINNESOTA
ESTIMATED NET INCOME
LIQUOR STORE FUND (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017

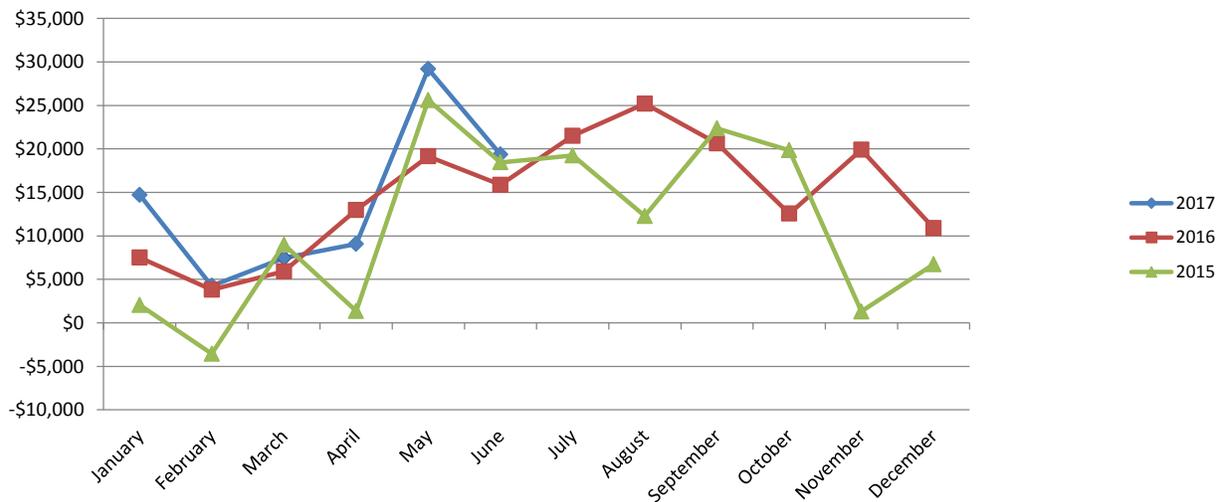
LIQUOR STORE ESTIMATED NET INCOME

| Month | 2017 | 2016 | 2015 |
|--------------|------------------|-------------------|-------------------|
| January | 14,703.19 | 7,518.71 | 2,035.61 |
| February | 4,260.46 | 3,811.60 | (3,551.42) |
| March | 7,471.33 | 5,928.74 | 8,992.30 |
| April | 9,079.06 | 12,975.30 | 1,355.19 |
| May | 29,200.18 | 19,143.65 | 25,607.98 |
| June | 19,365.43 | 15,864.39 | 18,454.10 |
| July | | 21,497.56 | 19,231.09 |
| August | | 25,203.33 | 12,284.30 |
| September | | 20,622.90 | 22,350.51 |
| October | | 12,567.06 | 19,841.55 |
| November | | 19,907.08 | 1,305.12 |
| December | | 10,900.28 | 6,723.47 |
| Total | 84,079.65 | 175,940.60 | 134,629.80 |

| | 2017 | 2016 | 2015 |
|---------|-----------|-----------|------------|
| Average | 14,013.28 | 14,661.72 | 11,219.15 |
| Minimum | 4,260.46 | 3,811.60 | (3,551.42) |
| Maximum | 29,200.18 | 25,203.33 | 25,607.98 |

| | | | |
|-------------------|-----------|-----------|-----------|
| QTR 1 | 26,434.98 | 17,259.05 | 7,476.49 |
| QTR 2 YTD | 57,644.67 | 47,983.34 | 45,417.27 |
| YTD Through QTR 2 | 84,079.65 | 65,242.39 | 52,893.76 |

Estimated Net Income



The estimated net income is derived from the Liquor Store monthly sales and Cost of Goods Sold summary spreadsheets and the actual expense from the General Ledger (G/L) in the given month. Estimated net income is delayed one month to allow for the proper posting of expense and payroll. Net income is reflected as an estimate as the timing of invoicing an invoice payment vary as does the posting of payroll (i.e. last payroll of the month is posted to the subsequent month). This estimate is intended to provide an approximation and is to be used as an additional metric for fiscal year

CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL -
EDA FUND (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017



| | 2017 Annual Budget | YTD Budget as of 6/30/17 | Q2 Actual Thru 06/30/2017 | Q2 Budget to Actuals - Favorable (Unfavorable) | Percent Received or Expended Based on Budget thru 12/31/2017 |
|---|--------------------------|--------------------------------|------------------------------------|---|---|
| REVENUES | | | | | |
| Taxes | \$ 36,369 | \$ 18,185 | \$ - | \$ (18,185) (1) | 0.0% |
| Intergovernmental | - | - | - | - | N/A |
| Charges for services | - | - | - | - | N/A |
| Interest Earned | 400 | 200 | 400 | 200 (2) | 100.0% |
| Refunds and Reimbursements | - | - | - | - | N/A |
| Grants | - | - | - | - | N/A |
| Miscellaneous revenue | 100 | 50 | 100 | \$ 50 (3) | 100.0% |
| TOTAL REVENUES | 36,869 | 18,435 | 500 | (17,935) | 1.4% |
| EXPENDITURES | | | | | |
| Professional Services | 2,000 | 1,000 | - | \$ 1,000 | 0.0% |
| Engineering Services | 1,275 | 638 | - | 638 | 0.0% |
| Audit | 1,250 | 625 | - | \$ 625 | 0.0% |
| Administrative Services | - | - | - | - | N/A |
| Billboard/Sign Promotion | 1,000 | 500 | - | 500 | 0.0% |
| Advertising and Promotion | 9,725 | 4,863 | 3,414 | \$ 1,449 (4) | 35.1% |
| Insurance | 1,597 | 799 | 925 | (127) | 57.9% |
| Lease Payments (Slip Lease w/ Bottle Cap Condos) | 1,000 | 500 | 1,050 | \$ (550) | 105.0% |
| Bank Service Charges | - | - | 30 | (30) | N/A |
| Dues and Subscriptions | 1,500 | 750 | 1,050 | \$ (300) | 70.0% |
| Conferences and Seminars | 750 | 375 | - | 375 | 0.0% |
| Travel, Meals, and Lodging | 750 | 375 | 531 | \$ (156) | 70.8% |
| City Staff Expense | 5,000 | 2,500 | - | 2,500 (5) | 0.0% |
| Miscellaneous | - | - | 261 | \$ (261) | N/A |
| TOTAL EXPENDITURES | 25,847 | 12,924 | 7,261 | 5,663 | 28.1% |
| EXCESS REVENUES (EXPENDITURES) | 11,022 | 5,511 | (6,761) | (23,597) | -61.3% |
| OTHER FINANCING USES | | | | | |
| Transfers In | - | - | - | - | N/A |
| Transfers Out | 11,021 | - | - | - | (6) N/A |
| TOTAL OTHER FINANCING SOURCES (USES) | (11,021) | - | - | - | 0.0% |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | \$ 1 | \$ 5,511 | \$ (6,761) | \$ (23,597) | (6,760.650) |

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

- (1) Negative variance due to first-half tax settlement not being received until July.
- (2) Interest settlement based on share of total city-wide investments.
- (3) Revolving Loan Fund application fee.
- (4) Website revamp expense to be in November.
- (5) City Staff Expense to be transferred in December.
- (6) Funds for RLF Fund will be transferred in December.