

City of Pine Springs 2017 Year End Financial Status

This is a recap of the City's finances based on the December 31, 2017 year-end Financial Report.

Funds	Beginning Cash Balance	Actual Receipts	Actual Disbursements	Ending Cash Balance	Investment Balance	Total Balance
General	\$21,472.84	\$137,219.97	\$54,347.81	\$110,345.00	\$0.00	\$110,345.00
Road & Bridge	\$60,000.00	\$8,053.00	\$50,855.85	\$11,197.15	\$100,728.58	\$111,925.73
Deposits Held	\$9,000.00	\$2,000.00	\$9,000.00	\$2,000.00	\$0.00	\$2,000.00
Total	\$90,472.84	\$147,272.97	\$114,203.66	\$123,542.15	\$100,728.58	\$224,270.73

Explanation:

There are three funds within the balance sheet: General, Road and Bridge and Deposits Held. The General Fund accounts for all expenditures of the City. Monies have been set aside in the Road and Bridge Fund to cover anticipated future expenses. As needed, Road and Bridge Fund monies are transferred to the General Fund to cover road maintenance and repairs as they occur. Your City typically does not assess property owners for road repairs and maintenance. Those costs are covered from the general property tax levy. The Deposits Held Fund accounts for deposits held by the City to insure certain code, regulation, and liability conditions are met.

2017 Receipts		
Taxes	\$49,908.16	33.89%
Land Rentals	\$43,826.08	29.76%
Fines and Forfeits	\$9,550.49	6.48%
Deposits Held	\$2,000.00	1.36%
License and Permits	\$1,580.44	1.07%
State/County Grants	\$14,661.75	9.96%
Education Bond Fee	\$25,250.00	17.15%
Miscellaneous	\$496.05	0.34%
Total	\$147,272.97	100.00%

2017 Disbursements		
Public Works	\$65,471.74	57.33%
Legal	\$17,418.25	15.25%
General Government	\$12,286.71	10.76%
Public Safety	\$10,026.96	8.78%
Deposits Refunded	\$9,000.00	7.88%
Total	\$114,203.66	100.00%

RECEIPTS:

The two major sources of revenue are the Tax Levies (property, cable franchise) and Land Rentals. Our City has been able to lease city property to American Tower for a cell tower and to Mogren Landscaping for business purposes. The Licenses and Permits account for animal licenses and building permit fees. The Fines and Forfeits account is for vehicle fines which are collected from traffic stops made in the City of Pine Springs.

Explanation:

- A one-time Educational Facilities Revenue Refunding Note fee is included in the receipts. See note 1.
- The Mogren Landscaping rent contract ended this year.
- The grant receipt amount includes a grant (\$6,609) from the Metro Council for the Comprehensive Plan development and a road maintenance assistance grant (\$8,053) from the State.

DISBURSEMENTS:

There are four major expenditure accounts: Public Works (Road Repair, Snow Removal, etc.), Legal (Legal Services, Printing, Publishing, Supplies, etc.), General Government (Property Tax Assessment, Elections, League of MN Cities, Insurance, Recycling, etc.), and Public Safety (Fire Protection, Animal Control, etc.). Our City is responsible for maintaining approximately four miles of streets. We are also responsible for the legal costs of prosecuting misdemeanors, for the costs of property tax assessment, and elections held within our City. Fire protection is contracted from the City of Oakdale Fire Department. Most government positions within our City are of a volunteer nature, so our Administration costs are minimal.

If you have further questions about our finances, you may address them to your City Council or our Treasurer, Gary Brown at gsbrown7680@comcast.net.

Notes to Financial Statements

- 1) **Conduit Debt Obligations:**
From time to time, the City has issued bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. A bank or financing institution finances this transaction, and the terms and conditions are contracted between the lender and the borrower. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of this statement date, there was one bond outstanding (Educational Facilities Revenue Refunding Note, Series 2017 - Hill-Murray School Project), with an aggregate principal amount payable of \$5,050,000. The payable due amount will be reduced each year of its 13 year term.
- 2) **Cash and investments:**
 - Cash balances from all funds are pooled and invested to the extent available in various securities as authorized by Minnesota statutes.
 - Investments are stated at fair value, based upon quoted market prices at the reporting date. Cash and cash equivalents, for purposes of the basic financial statements, includes amounts in demand deposits as well as all investments held by the City.
- 3) The City has no outstanding debt other than normal operating expenses.
- 4) The City has no employees and therefore no salary or pension expenses. All positions are voluntary except for the contract city clerk.
- 5) **Budgetary Information:**
Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General Fund and the special revenue funds.

The City follows these legal compliance procedures in establishing the budgetary data reflected in the financial statements.

- Budget requests are determined by the City Council, City Administrator, and Treasurer in August of each year. The Treasurer compiles the budget requests into an overall preliminary City budget, balancing budget requests with available revenue.
- The preliminary budget is submitted to the City Council in September for its review and/or modification. The budget is discussed, changed as needed, and adopted by the City Council.
- All budgeted appropriations lapse at the end of the fiscal year. The budget cannot change without the approval of the City Council once the budget has been approved.

- 6) **Deposits and Investments**
In accordance with applicable Minnesota statutes, the City maintains deposits at depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Minnesota statutes require that all deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or surety bonds. Authorized collateral includes certain state or local government obligations and legal investments described in the investment policy section. The City's deposits were entirely covered by federal depository insurance or collateral as of the date of this statement.

- 7) **Risk Management**
The City may be exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City purchases insurance in the League of Minnesota Cities Insurance Trust (LMCIT) to provide its general liability and property coverage. The LMCIT is a public entity risk pool currently operating as a common risk management and insurance program for participating Minnesota Cities. All Cities in the LMCIT are jointly and severally liable for all claims and expenses of the pool. The amount of any liability in excess of assets of the pool may be assessed to the participating cities if a deficiency occurs.