

# 1st Quarter Report

**City of Byron**  
Byron, Minnesota

As of March 31, 2019



June 3, 2019

## ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and City Council  
City of Byron  
Byron, Minnesota

Management is responsible for accompanying financial statements of the City of Byron, which comprise the budget to actual statement of revenues and expenditures for the General and enterprise funds as of March 31, 2019 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Sincerely,

AEM FINANCIAL SOLUTIONS, LLC



AEM Financial Solutions™

June 3, 2019

Honorable Mayor and City Council  
 City of Byron  
 Byron, Minnesota

Dear Honorable Mayor and City Council:

We have assisted in reconciling all bank accounts through March 31, 2019 and reviewed activity in all funds. The following is a summary of our observations. All information presented is unaudited.

**Cash and Investments**

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

	<u>3/31/2019</u>	<u>12/31/2018</u>	<u>Increase/ (Decrease)</u>
Checking and Savings	\$ 774,413	\$ 715,808	\$ 58,605
Investments (at Market Value)	<u>6,941,525</u>	<u>8,006,153</u>	<u>(1,064,627)</u>
 Total Cash and Investments	 <u>\$ 7,715,939</u>	 <u>\$ 8,721,961</u>	 <u>\$ (1,006,022)</u>
 <u>Investment Type</u>	 <u>03/31/2019</u>	 <u>12/31/2018</u>	 <u>Increase/ (Decrease)</u>
Checking and Savings	\$ 774,413	\$ 715,808	\$ 58,605
Cash with Fiscal Agent	-	293,340	(293,340)
Money Market	1,341,971	2,092,378	(750,407)
Negotiable CDs	<u>5,599,554</u>	<u>5,620,434</u>	<u>(20,880)</u>
 Total Investments	 <u>\$ 7,715,939</u>	 <u>\$ 8,721,961</u>	 <u>\$ (1,006,022)</u>



**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 as 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.

**Revenue and Expenditures**

A detail of revenues and expenditures is available upon request.

\* \* \* \* \*

This information is unaudited and is intended solely for the information and use of management and City Council and is not intended and should not be used by anyone other than these specified parties.

If you have any questions or wish to discuss any of the items contained in this letter or the attachments, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Sincerely,

AEM FINANCIAL SOLUTIONS, LLC

City of Byron, Minnesota  
Statement of Revenue and Expenditures -  
Budget and Actual -  
General Fund (Unaudited)  
For the Three Months Ended March 31, 2019

ATTACHMENT A

	Annual Budget	Budget Through 3/31/2019	Actual Through 3/31/2019	Variance - Favorable (Unfavorable)	Percent Received or Expended Based on Budget through 3/31/2019
<b>Revenues</b>					
Taxes	\$ 1,834,699	\$ 458,675	\$ 26,480	\$ (432,195) *	5.77 %
Tax abatements	19,500	19,500	1,813	(17,687)	N/A
Cable franchise fees	35,000	8,750	11,111	2,361	126.98
Licenses and permits	183,000	45,750	27,411	(18,339)	59.91
Intergovernmental	110,960	27,740	35,306	7,566	127.27
Charges for services	151,638	37,910	27,645	(10,265)	72.92
Fines and forfeitures	7,200	1,800	-	(1,800)	-
Interest on investments	500	125	7,114	6,989	5,691.20
Miscellaneous revenue	13,000	3,250	3,564	314	109.66
<b>Total Revenues</b>	<b>2,355,497</b>	<b>603,500</b>	<b>140,444</b>	<b>(463,056)</b>	<b>23.27</b>
<b>Expenditures</b>					
Mayor and City Council	104,687	26,172	23,330	2,842	89.14
Mayor and City Council - capital outlay	-	-	-	-	N/A
City Hall	45,000	11,250	9,319	1,931	82.84
Clerk/Treasurer	79,801	19,950	10,893	9,057	54.60
Auditing and accounting	40,000	10,000	26,500	(16,500)	265.00
Legal	5,000	1,250	525	725	42.00
Planning and zoning	97,822	24,456	22,121	2,335	90.45
Police	381,142	95,286	174,077	(78,791) (1)	182.69
Fire	198,120	49,530	13,309	36,221 (2)	26.87
Fire - capital outlay	123,047	30,762	-	30,762	-
First responders	38,543	9,636	3,945	5,691	40.94
Animal control	3,835	959	1,168	(209)	121.79
Building inspections	114,320	28,580	26,253	2,327	91.86
Engineering	15,000	3,750	1,615	2,135	43.07
Streets and alleys	349,438	87,360	66,164	21,196 (3)	75.74
Streets and alleys - capital outlay	-	-	-	-	-
Snow and ice removal	99,022	24,756	36,695	(11,939)	148.23
Street lighting	115,000	28,750	32,444	(3,694)	112.85
Municipal parks	324,724	81,181	35,356	45,825 (4)	43.55
Swimming pool	80,954	20,239	4,180	16,059	20.65
Cable	5,900	1,475	1,378	97	93.42
Economic development	134,142	33,536	19,692	13,844	58.72
<b>Total Expenditures</b>	<b>2,355,497</b>	<b>588,878</b>	<b>508,964</b>	<b>79,914</b>	<b>86.43 %</b>
<b>Net Revenues (Expenditures)</b>	<b>\$ -</b>	<b>\$ 14,622</b>	<b>\$ (368,520)</b>	<b>\$ (383,142)</b>	

\* State and local government aids are only paid second half of the year. Property taxes are received in July and December

Item      Explanation of Items Percentage Received/Expended Less than 80% or Greater than 120% and \$ Variance Greater than \$20,000.

- (1) Variance due to Olmsted County second quarter payments being paid in March.
- (2) Due to wages being paid later in the year.
- (3) Due to expenses relating to street repairs and maintenance that will occur later in the year.
- (4) Variance due to insurance premiums paid in August, seasonal wages, and majority of maintenance completed over the summer months.

City of Byron, Minnesota  
 Unaudited Cash Balances by Fund  
 March 31, 2018, December 31, 2018, and March 31, 2019

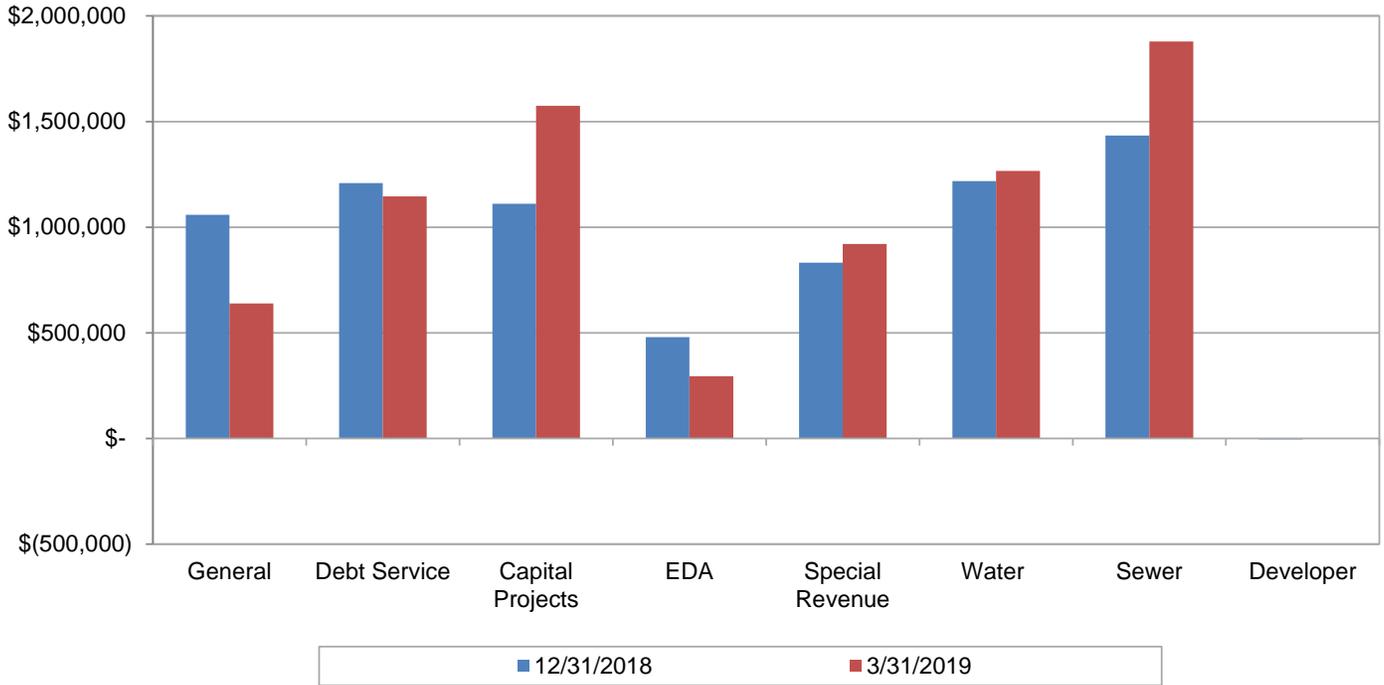
ATTACHMENT B

Fund	Balance 03/31/2018	Balance 12/31/2018	Balance 03/31/2019	YTD Change From 12/31/2018
101 General	\$ 1,058,867	\$ 1,005,529	\$ 638,743	\$ (366,786) (1)
201 Economic Development Authority	480,033	293,479	294,760	1,281
202 Gambling Donations	8,832	14,695	16,839	2,144
203 Substandard Roads	256,966	307,164	309,899	2,735
225 Surface Water Management	451,097	463,243	431,523	(31,720)
230 Park Dedication	114,429	155,582	161,793	6,211
304 PW Building Construction (2018 project)	-	144,263	96,057	(48,206)
308 TIF 2-2 Kodiak Housing	(400)	-	-	-
313 20th Street Project/2016 GO Abatement	622,930	-	(2,438)	(2,438)
317 CP 2002 WS Revenue Bond	-	120,000	93,333	(26,667)
320 Fire Department Capital Equipment	223,039	296,190	208,476	(87,714) (2)
450 Future Capital Reserves	264,578	1,261,226	1,179,310	(81,916) (3)
502 2007B Improvement Bonds	-	-	-	-
503 2016 GO Abatement	51,026	54,556	54,556	-
503 2016 GO Abatement-cash with fiscal agent	35,300	35,300	-	(35,300) (4)
507 2009B Improvement Bonds	(2,550)	-	-	-
508 2009A Refunding	-	-	384	384
511 2011 Street Bond	70,959	66,154	66,478	324
513 2013A Frontage Road	355,044	462,089	461,793	(296)
513 2013A Frontage Road-cash with fiscal agent	255,140	258,040	-	(258,040) (4)
515 2011B Refunding Bond	2,885	174,588	88,572	(86,016) (4)
518 2015 Street Improvement	440,191	470,831	473,135	2,304
703 Water	927,862	872,832	878,285	5,453
704 WAC Revenue	290,191	381,551	388,077	6,526
707 Sewer	984,934	1,325,808	1,304,353	(21,455)
708 SAC Revenue	449,290	564,945	573,640	8,695
802 Papplewick	-	(1,883)	-	1,883
803 Stone Haven Development	-	(1,676)	-	1,676
804 East Brookfield 4th	(564)	7,224	7,224	-
805 Towne Village 4th	5,347	2,085	2,085	-
806 Country View Estates	1,775	(3,095)	(3,095)	-
807 Misc Developer	(10,864)	(8,759)	(7,843)	916
<b>Total</b>	<b>\$ 7,336,337</b>	<b>\$ 8,721,961</b>	<b>\$ 7,715,939</b>	<b>\$ (1,006,022)</b>

Item Explanation for Changes Greater than \$50,000.

- (1) Decrease due to Olmsted County Finance department payments for law enforcement for second quarter paid in first quarter and revenue from tax settlements not received until July.
- (2) Decrease due to Brush Truck and Utility Task Vehicle purchases.
- (3) Decrease due to capital purchases (Mower, Bobcat S740, EMT Radios).
- (4) Decrease due to first half bond payment disbursement.

**Cash Balance by Fund Compared to Prior Year**



<b>Fund</b>	
↓ General	Impr. Revolving
↓ Debt Service	Water
↑ Capital Projects	Sewer
↓ EDA	Misc. Developer

<b>Key</b>	
↑	Balance increased more than 10% over prior year
↓	Balance decreased more than 10% over prior year
→	Balance within 10% of prior year

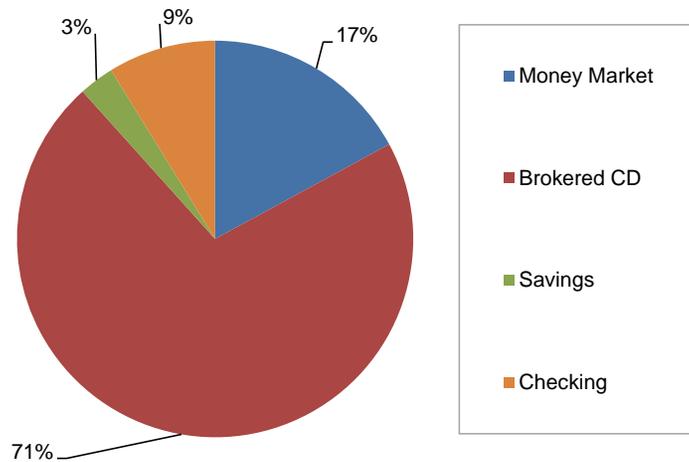
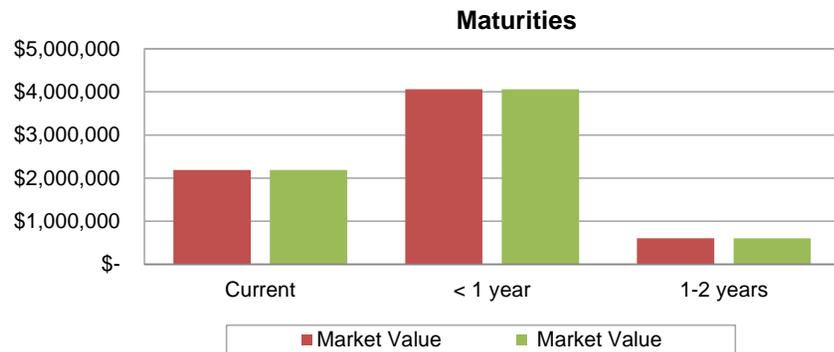
City of Byron, Minnesota  
Schedule of Investments  
For the Three Months Ending March 31, 2019

ATTACHMENT C

Institution	Description	Type	Market Value	Deposits -	Expenditures -	Unadjusted			Market Value	Unrealized
			1/1/2019	Purchases	Sales	Transfers	Interest	3/31/2019	3/31/2019	Gain/Loss
Northland	Money Market	Money market	\$ 62,810.05	\$ -	\$ -	\$ 7,141.86	\$ 252.49	\$ 70,204.40	\$ 70,204.40	\$ -
Northland	Goldman Sachs Bank USA New York	Brokered CD	247,389.92	-	-	-	-	247,389.92	247,940.48	550.56
Northland	Comenity Cap Bank SLC	Brokered CD	247,387.44	-	-	(978.41)	978.41	247,387.44	247,938.00	550.56
Northland	Discover Bank Greenwood Del	Brokered CD	247,347.76	-	-	-	-	247,347.76	247,930.56	582.80
Northland	Flushing Band NY	Brokered CD	248,058.78	-	-	(1,534.93)	1,534.93	248,058.78	249,042.33	983.55
Northland	Townebank Portsmouth VA	Brokered CD	246,333.10	-	-	(2,755.91)	2,755.91	246,333.10	246,814.75	481.65
Northland	Cathay BK Los Angeles	Brokered CD	244,671.70	-	-	-	-	244,671.70	244,960.80	289.10
Northland	Synchrony BK Retail	Brokered CD	243,624.24	-	-	-	-	243,624.24	243,931.68	307.44
Northland	Ally Bk Sandy Utah Ctf	Brokered CD	245,166.06	-	-	-	-	245,166.06	248,629.74	3,463.68
Northland	Barclays Bk Del Retail	Brokered CD	245,166.06	-	-	-	-	245,166.06	248,629.74	3,463.68
Northland	Citibank National Assn Sioux Falls	Brokered CD	245,490.78	-	-	-	-	245,490.78	248,929.86	3,439.08
Northland	Merrick Bk South Jordan Utah	Brokered CD	248,158.38	-	-	(1,872.61)	1,872.61	248,158.38	251,676.75	3,518.37
			2,771,604.27	-	-	0.00	7,394.35	2,778,998.62	2,796,629.09	17,630.47
4M	4M 2016 PRO BOND 35407-201	Money market	1,195,905.59	-	-	-	6,754.16	1,202,659.75	1,202,659.75	-
4M	Sonabank	Brokered CD	207,033.92	-	-	-	-	207,033.92	207,033.92	-
4M	Rockford B&TC	Brokered CD	103,516.96	-	-	-	-	103,516.96	103,516.96	-
First Alliance	Savings	Savings	224,895.36	150,000.00	(150,000.00)	-	256.34	225,151.70	225,151.70	-
First Alliance	CD	Brokered CD	-	150,000.00	-	-	-	150,000.00	150,905.91	905.91
1st Security Bank	CD	Brokered CD	304,088.65	-	-	-	-	304,088.65	304,088.65	-
1st Security Bank	CD	Brokered CD	200,000.00	-	-	-	-	200,000.00	200,000.00	-
1st Security Bank	Money Market #300049	Money market	826,870.91	-	(758,694.29)	-	896.92	69,073.54	69,073.54	-
			3,062,311.39	300,000.00	(908,694.29)	-	7,907.42	2,461,524.52	2,462,430.43	905.91
F & M Community Bank	2018A GO Cap Improvement	Checking	150,000.00	-	-	-	-	150,000.00	150,000.00	-
F & M Community Bank	Stifel Bank and Trust	Brokered CD	7,018.01	-	-	-	-	7,018.01	7,400.64	382.63
F & M Community Bank	The Park National Bank	Brokered CD	245,090.82	-	-	-	-	245,090.82	245,025.90	(64.92)
F & M Community Bank	United Bank	Brokered CD	6.71	-	-	-	-	6.71	6.71	-
F & M Community Bank		Brokered CD	700,000.00	-	-	-	-	700,000.00	700,000.00	-
F & M Community Bank		Brokered CD	300,000.00	-	-	-	-	300,000.00	300,000.00	-
			1,402,115.54	-	-	-	-	1,402,115.54	1,402,433.25	317.71
Edward Jones	Cash	Money Market	6,791.82	400,000.00	(411,494.36)	4,661.64	74.36	33.46	33.46	(0.00)
Edward Jones	Umpqua BanK CD	Brokered CD	199,893.20	-	(200,000.00)	(3,700.00)	3,700.00	(106.80)	-	106.80
Edward Jones	Wells Fargo Bank NA	Brokered CD	199,837.03	-	(200,000.00)	(961.64)	961.64	(162.97)	-	162.97
Edward Jones	Mufg Un Bk N A San Fran Calif	Brokered CD	199,655.18	-	-	-	-	199,655.18	199,924.99	269.81
Edward Jones	Morgan Stanley Bank Na	Brokered CD	245,499.52	-	-	-	-	245,499.52	245,995.38	495.86
Edward Jones	Morgan Stanley Private BK NATL	Brokered CD	-	210,000.00	-	-	-	210,000.00	209,230.35	(769.65)
			851,676.75	610,000.00	(811,494.36)	0.00	4,736.00	654,918.39	655,184.18	265.79
1st Security Bank	Checking	Checking	654,452.50	1,168,839.43	(1,352,830.97)	-	28.67	470,489.63	470,489.63	-
1st Security Bank	Gambling	Checking	30,910.87	2,143.84	-	-	10.82	33,065.53	33,065.53	-
1st Security Bank	EDA	Checking	37,200.98	-	-	-	26.91	37,227.89	37,227.89	-
1st Security Bank	Petty Cash	Checking	-	-	-	-	-	-	-	-
			722,564.35	1,170,983.27	(1,352,830.97)	-	66.40	540,783.05	540,783.05	-
			\$ 8,810,272.30	\$ 2,080,983.27	\$ (3,073,019.62)	\$ 0.00	\$ 20,104.17	\$ 7,838,340.12	\$ 7,857,460.00	\$ 19,119.88

Reconciliation  
Add Deposits:  
Gambling  
General Checking \$ 14,233.62  
Less O/S checks:  
Gambling  
General Checking \$ (155,756.90)  
\$ 7,715,936.72

City of Byron, Minnesota  
 Schedule of Investments (Continued)  
 For the Three Months Ending March 31, 2019



Maturity	Unadjusted Market Value 3/31/2019	Market Value 3/31/2019	Variance 3/31/2019
Current	\$ 2,188,562.59	\$ 2,188,832.36	\$ 269.77
< 1 year	4,060,296.73	4,064,629.91	4,333.18
1-2 years	605,500	606,132	632
	<u>\$ 7,838,340.12</u>	<u>\$ 7,857,460.00</u>	<u>\$ 19,119.88</u>

Weighted Average Rate of Return		3/31/2019
Average Maturity (years)	0.27	3/31/2019

Investment Type	Market Value 3/31/2019
Money Market	\$ 1,341,971.15
Brokered CD	5,599,554.10
Savings	225,151.70
Government Securities	-
Municipal Securities	-
Checking	690,783.05
	<u>\$ 7,857,460.00</u>

<b>Operating Account</b>	
O/S Deposits	\$ 14,233.62
O/S Checks	(155,756.90)
	<u>\$ 7,715,936.72</u>

City of Byron, Minnesota  
 Statement of Revenues and Expenses -  
 Budget and Actual -  
 Water Operating Fund (Unaudited)  
 For the Three Months Ended March 31, 2019

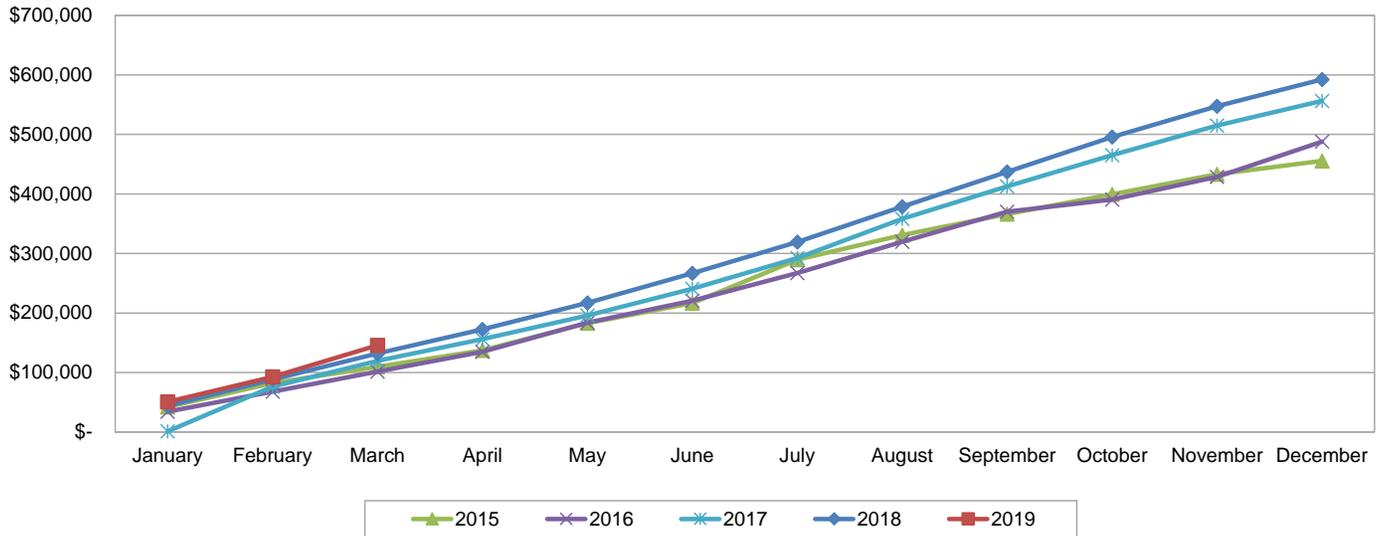
**WATER FUND**

	Annual Budget	Actual Thru 3/31/2018	Actual Thru 03/31/2019	Variance - Favorable (Unfavorable)		Percent Received or Expended Based on Budget Thru 03/31/2019
<b>Revenues</b>						
Charges for services	\$ 629,900	\$ 132,124	\$ 145,781	\$ 13,657	(1)	23.1 %
Interest earnings	6,000	2,212	4,424	2,212		73.7
Miscellaneous	-	1,000	-	(1,000)		-
<b>Total Revenues</b>	<b>635,900</b>	<b>135,336</b>	<b>150,205</b>	<b>14,869</b>		<b>90.1</b>
<b>Expenses</b>						
Salaries and benefits	207,239	41,632	45,958	(4,326)		22.2
Supplies	46,500	13,575	12,411	1,164		26.7
Other services and charges	47,000	9,669	11,619	(1,950)		24.7
Repair and maintenance	251,816	46,647	13,573	33,074	(2)	5.4
Utilities	58,000	9,250	6,444	2,806		11.1
Depreciation	-	39,243	40,000	(757)		N/A
Insurance	17,000	-	-	-		-
Bond principal and interest	-	53,244	54,040	(796)		N/A
<b>Total Expenses</b>	<b>627,555</b>	<b>213,260</b>	<b>184,045</b>	<b>29,215</b>		<b>115.9</b>
Transfers out	-	-	-	-		N/A
<b>Excess Revenues Over Expenses</b>	<b>\$ 8,345</b>	<b>\$ (77,924)</b>	<b>\$ (33,840)</b>	<b>\$ 44,084</b>		<b>N/A %</b>

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

- (1) Increase due to an increase in cash collections.
- (2) Variance due to watermain break repairs in the prior year.

**Water Sales Comparison 2015 - 2019**



City of Byron, Minnesota  
 Statement of Revenues and Expenses -  
 Budget and Actual -  
 Sewer Operating Fund (Unaudited)  
 For the Three Months Ended March 31, 2019

**SEWER FUND**

	Annual Budget	Actual Thru 3/31/2018	Actual Thru 03/31/2019	Variance - Favorable (Unfavorable)	Percent Received or Expended Based on Budget Thru 03/31/2019
<b>Revenues</b>					
Charges for services	\$ 1,218,000	\$ 289,609	\$ 294,290	\$ 4,681	24.2 %
Interest income	6,000	2,348	7,000	4,652	116.7
<b>Total Revenues</b>	<b>1,224,000</b>	<b>291,957</b>	<b>302,583</b>	<b>10,626</b>	<b>140.8</b>
<b>Expenses</b>					
Salaries and benefits	253,991	51,642	44,865	6,777	17.7
Supplies	43,800	9,391	7,186	2,205	16.4
Other services and charges	84,200	15,063	31,831	(16,768) (1)	37.8
Repair and maintenance	35,000	3	9,561	(9,558)	27.3
Utilities	70,000	16,786	19,620	(2,834)	28.0
Depreciation	-	112,225	112,500	(276)	-
Capital outlay	690,570	-	7,034	(7,034)	1.4
Insurance	31,500	-	-	-	-
Bond Principal and Interest	-	202,952	203,942	(990)	-
<b>Total Expenses</b>	<b>1,209,061</b>	<b>408,062</b>	<b>436,539</b>	<b>(28,478)</b>	<b>128.6</b>
Transfers out	-	-	-	-	N/A
<b>Excess Revenues Over Expenses</b>	<b>\$ 14,939</b>	<b>\$ (116,105)</b>	<b>\$ (133,956)</b>	<b>\$ (17,852)</b>	<b>N/A %</b>

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

(1) Variance due to the purchase of lift station pump and repairs.

**Sewer Sales Comparison 2015 - 2019**

