



STAFF REPORT

DATE: February 7, 2017
REGULAR
ITEM #: 15

AGENDA ITEM: Financial Management Services Agreement

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

Staff reached out to AEM Financial Management Services to provide financial services similar to a finance director position. AEM contracts with a number of cities in MN to provide this service and I received positive feedback from some of those other communities.

ISSUE BEFORE COUNCIL:

Should the Council contract with AEM Financial Services?

PROPOSAL:

Included in your packet is a proposal from AEM. The proposal includes information about the firm and personnel, an agreement for financial services through 12/31/19, the scope of services covered, list of communities with similar engagements, and a sample report of what would be provided to the Council on a quarterly basis. The city attorney has reviewed the agreement and no legal issue were noted.

FISCAL IMPACT:

The annual fee for the rest of 2017 is \$86,363. There will be additional charges related to audit preparation. The hourly rate is included and more details will be provided once they have an opportunity to look at our financial records.

In comparison, the annual cost for a finance director if hired at the market minimum (provided in the David Drown Associates Classification and Compensation Study), including taxes and benefits (assuming family insurance) would be \$113,706.15.

The annual cost for services under the agreement in 2018 and 2019 would be \$101,700 and \$104,280 respectively.

OPTIONS:

- 1) Approve the Agreement for Financial Services
- 2) Amend and then Approve the Agreement for Financial Services
- 3) Do not approve the agreement

RECOMMENDATION:

“Motion to approve the Agreement for Financial Services with AEM Financial Solutions.”

ATTACHMENTS:

- **AEM Financial Services Proposal**

Proposal

City of Lake Elmo

Lake Elmo, Minnesota

Submitted
February 1, 2017

AEM Financial Solutions, LLC

Grandview Square
5201 Eden Avenue, Suite 250
Edina, Minnesota 55436
952.835.9090

Contact Persons
Steven R. McDonald, CPA
952.715.3002
steven.mcdonald@aemcpas.com

Jean D. McGann, CPA
952.715.3059
jean.mcgann@aemfinancialsolutions.com



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LETTER OF TRANSMITTAL

Kristina Handt
City of Lake Elmo
3800 Laverne Ave. N
Lake Elmo, Minnesota 55042

Dear Kristina,

Thank you for the opportunity to submit this proposal to the City of Lake Elmo, Minnesota (the City) for financial management services. Based on our past experience with cities of comparable size and complexity, we believe our structured contract with defined outcomes offered through AEM Financial Solutions, LLC (AEMFS) would provide the City with excellent financial management services.

We believe our solution will continue to result in the City receiving high level information, continual improvement of processes and allow the City to keep overall costs stable. Our proposal is based on the past work we have done, the needs of the City, and the experiences we have had working with other cities. The proposal outlines the scope of services we believe will address the needs of the City.

The term of this contract shall be from February 18, 2017 through December 31, 2019 with a performance review at six months.

An AEMFS representative will be in the City offices as necessary to perform responsibilities as noted on the Scope of Services page. Services will also be performed remotely as necessary.

Investment by the City for services is indicated in the financial page.

AEMFS would like to thank the City for the opportunity. We look forward to exceeding your expectations and developing a long-term, mutually beneficial relationship.

Sincerely,

AEM Financial Solutions, LLC
an Abdo, Eick & Meyers, LLP Company

Steven R. McDonald, CPA
CEO

Jean D. McGann, CPA
President, AEM Financial Solutions, LLC
Partner, Abdo, Eick & Meyers, LLP

Welcome to ABDO, EICK & MEYERS, LLP

“The investments into our People and Process make a difference for you, our valued client. We focus on the challenges and needs that are relevant to your business or government agency. This allows us to be thoughtful in our approach in providing you with the best solutions, and leaves you assured in the value of our deliverable.”

Steve McDonald - Managing Partner



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People

Hire

We focus recruiting efforts on Minnesota state colleges and universities. Innovative recruiting strategies, including a strong social media presence, allow us to attract top talent.

Train

We've invested in a state-of-the-art, on-site training facility and a full-time Learning Director to ensure our team is prepared to exceed your expectations.

Reward

We focus on client results and reward our team based on specific goals, not hours billed.



Process

Listen

Our process begins with listening. We invest time to better understand your goals and challenges.

Engage

Active engagement with DFK International and domestic industry associations allows us to provide maximum value to your organization.

Deliver

Combining our internal expertise and technological resources with what we've learned about you allows us to deliver a solution that exceeds your expectations.



Going Beyond the Numbers

FIRM QUALIFICATIONS AND EXPERIENCE

For over 50 years, we've helped local governments throughout Minnesota serve their communities more efficiently. As the leading governmental auditing firm in the state, we provide accounting, financial, and audit services to over 200 governmental entities. In 2009, we established AEM Financial Solutions, LLC (AEMFS) a company dedicated to providing day-to-day accounting and financial management services for local governments. The success of AEMFS stems from having over 17 years of government finance and audit experience, six years of Big Four accounting Firm, and over 50 years of providing governmental services in Minnesota.

As an integral part of your team, we work with you to deliver one-of-a-kind solutions for improving best practices in your entire organization. You can expect to work with our partners and managers to resolve issues ranging from operational effectiveness to long term planning and workflow.

AEMFS is a division of Abdo, Eick & Meyers, LLP (the Firm). Overall the Firm has a professional staff of more than 131 in its Edina and Mankato offices. AEMFS specializes in the governmental industry. The following summarizes the type of services we provide.

Governmental Client Services

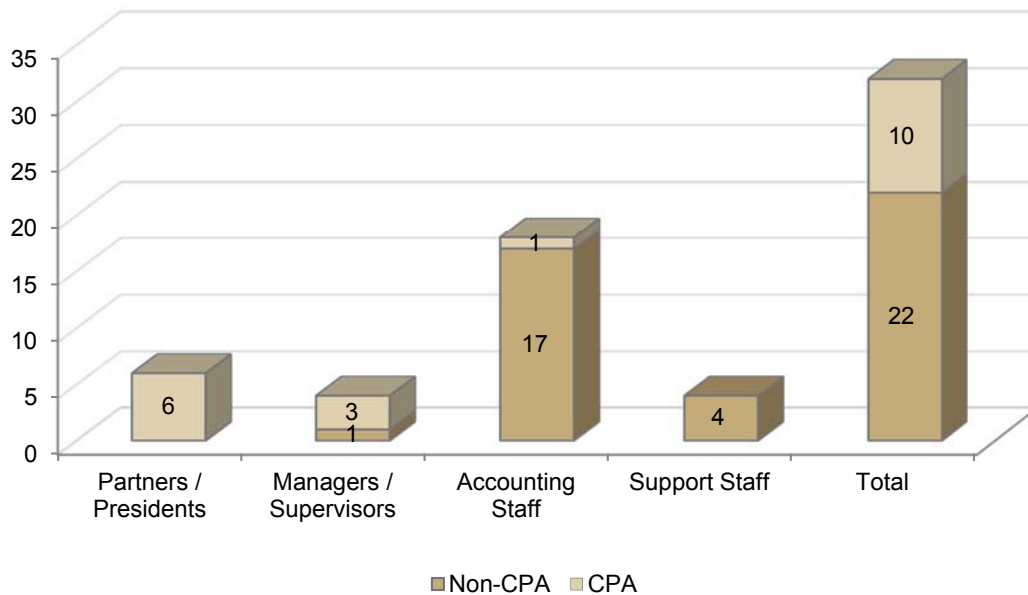
Our governmental client base is composed of cities, municipalities and other public entities. They are as follows:

- Finance director services for approximately 17 cities.
 - 2 municipal clients receive the GFOA's certificate of achievement for excellence in financial reporting
- Process evaluation studies and recommendations
- Operational effectiveness
- Work flow implementation
- Request for proposal development
- Project feasibility analysis
- Rate studies, long term strategic planning and capital improvement planning
- Budget development and analysis

Personnel

AEMFS has a tremendous level of expertise and experience in providing Governmental services. Detailed biographies can be found in Appendix A. This detail will demonstrate that when combined, we have over 55 years of providing solutions to governmental entities along with over 25 years of private sector experience.

Our substantial governmental client base and commitment of staff to governmental services has provided our firm with the competence to serve your professionally and efficiently.



AGREEMENT FOR FINANCIAL SERVICES

THIS AGREEMENT, is made and entered into on February 1, 2017 by and between the City of Lake Elmo, Minnesota (hereinafter referred to as the "City"), and AEM Financial Solutions LLC (hereinafter referred to as the "Contractor").

Articles of Agreement & Recitals

WHEREAS, the City is authorized and empowered to secure from time to time certain professional services through contracts with qualified consultants; and

WHEREAS, the Contractor understands and agrees that:

1. The Contractor will act as an Independent Contractor in the performance of all duties under this Agreement. Accordingly, the Contractor shall be responsible for payment of all taxes, including federal, state and local taxes and professional/business license fees arising out of the Contractor's activities;
2. The Contractor shall have no authority to bind the City for the performance of any services or to obligate the City. The Contractor is not an agent, servant, or employee of the City and shall not make any such representations or hold himself/herself out as such;
3. The Contractor shall be the exclusive outsourced accounting service provider for the City during the term of this Agreement;
4. The Contractor shall perform all professional services in a competent and professional manner, acting in the best interests of the City at all times.
5. The Contractor shall not accrue any continuing contract rights for the services performed under this contract.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein, it is agreed as follows:

ARTICLE I

INCORPORATION OF RECITALS

The recitals and agreement set forth above are hereby incorporated into this Agreement.

ARTICLE II

LIABILITY INSURANCE

Section 1 Liability Insurance: The Contractor shall obtain professional liability insurance, at their expense with liability insurance coverage minimums in the amount of \$2,000,000, which Contractor must secure and maintain during the term of this Agreement. Contractor will provide City with proof of liability insurance coverage under this Agreement in writing upon request by the City.

AGREEMENT FOR FINANCIAL SERVICES - CONTINUED

ARTICLE III

DURATION OF THE AGREEMENT

Section 1 Duration: This Agreement shall commence upon date of execution by all parties and will remain in effect until December 31, 2019 unless earlier terminated as provided in Sections 2 and 3.

Section 2 City's Termination Rights: City may terminate this Agreement upon sixty (60) days written notice in the event the City determines in its sole discretion that it is not in the City's best interest to continue using Contractor's services. The City may terminate on ten (10) days written notice of the Contractor fails to perform its obligations under this Agreement.

Section 3 Contractor's Termination Rights: Contractor may terminate this Agreement upon thirty (30) days written notice to City in the event City does not pay Contractor compensation as required under Article 5, Section 9 within fifteen (15) days after invoice is received by City. In the event of non-payment within thirty (30) days, Contractor shall give City an opportunity to cure the default by giving a notice of such non-payment and an additional five (5) days after the City's receipt of the notice to remit such payment, prior to giving a notice of termination. Contractor can also terminate the Agreement with one hundred twenty (120) days written notice if the Contractor believes it is in its best interests to terminate the Agreement.

ARTICLE IV

RENEWAL OF THE AGREEMENT

Section 1 Renewal Period: Not less than ninety (90) days prior to the expiration of this Agreement, the City may provide written notice of intent to renew this Agreement for an additional term of up to three years upon terms and conditions agreed upon by both parties to the Agreement. If no such renewal agreement is executed by the parties, the Agreement terminates without further action of either party on December 31, 2019.

ARTICLE V

GENERAL

Section 1 Authorized City Agent: The City's authorized agent for the purpose of administration of this Agreement is the City Administrator. Said agent shall have final authority for approval and acceptance of the Contractor's services performed under this Agreement and shall further have responsibility for administration of the terms and conditions of this Agreement. All notices under this Agreement shall be sent to the person and address indicated below on the signature lines.

Section 2 Amendments: No amendments or variations of the terms and conditions of this Agreement shall be valid unless in writing and signed by the parties.

Section 3 Assignability: The Contractor's rights and obligations under this Agreement are not assignable or transferable.

Section 4 Data: Any data or materials, including, but not limited to, reports, studies, photographs, negatives, or any and all other documents prepared by the Contractor or its outside consultants in the performance of the Contractor's obligations under this Agreement shall be the exclusive property of the City, and any such data and materials shall be remitted to the City by the Contractor upon completion, expiration, or termination of this Agreement. Further, any such data and materials shall be treated and maintained by the Contractor and its outside consultants in accordance with applicable federal, state and local. Further, Contractor will have access to data collected or maintained by the City to the extent necessary to perform Contractor's obligations under this Agreement. Contractor agrees to maintain all data obtained from the City in the same manner as the City is required under the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 or other applicable law (hereinafter referred to as the "Act"). Contractor will not release or disclose the contents of data classified as not public to any person except at the written direction of the City. Upon receipt of a request to obtain and/or review data as defined in the Act, Contractor will immediately notify the City. The City shall provide written direction to Contractor regarding the request within a reasonable time, not to exceed fifteen (15) days. The City agrees to indemnify, hold harmless and defend Contractor for any liability, expense, cost, damages, claim, and action, including attorneys' fees, arising out of or related to Contractor's complying with the City's direction. Subject to the aforementioned, Contractor agrees to defend and indemnify the City from any claim, liability, damage or loss asserted against the City as a result of Contractor's failure to comply with the requirements of the Act. Upon termination and/or completion of this Agreement, Contractor agrees to return all data to the City, as requested by the City.

AGREEMENT FOR FINANCIAL SERVICES - CONTINUED

ARTICLE V - CONTINUED

GENERAL - CONTINUED

Section 5 Entire Agreement: This Agreement is the entire agreement between the City and the Contractor and it supersedes all prior written or oral agreements. There are no other covenants, promises, undertakings, or understandings outside of this Agreement other than those specifically set forth. Any term, condition, prior course of dealing, course of performance, usage of trade, understanding, or agreement purporting to modify, vary, supplement, or explain any provision of this Agreement is null and void and of no effect unless in writing and signed by representatives of both parties authorized to amend this Agreement.

Section 6 Severability: All terms and covenants contained in this Agreement are severable. In the event any provision of this Agreement shall be held invalid by any court of competent jurisdiction, this Agreement shall be interpreted as if such invalid terms or covenants were not contained herein and such holding shall not invalidate or render unenforceable any other provision hereof.

Section 7 Contractor Fiscal Decision Waiver: Contractor is responsible for providing the City with timely and accurate financial recommendations and information that allows City Council the ability to make final financial decisions. Contractor will provide final financial recommendations, but is not responsible for the final decisions made regarding financial matters.

Section 8 City Employment of Contractors Employees; Should the City desire to employ the Contractors employee that is assigned to the City during the term of this Agreement, it must have the written consent of the Contractor to enter into a City employee contract with the Contractors employee. Should the Contractor agree to such arrangement, the agreement will include a payment equal to 50% of the annual contracted cost, in addition to the annual contracted cost already paid to the Contractor. This restriction on employment applies only during the term of this agreement.

Section 9 Compensation: The parties agree that the Contractor shall be paid compensation for the services provided hereunder, payable for work performed in accordance with this Agreement, based on the fees indicated in Table 1 and under the attached scope of services. Additional fees will not be incurred without prior approval of the City.

Table 1

<u>Services Period</u>	<u>Monthly Fee</u>	<u>Annual Fee</u>
February 18, 2017 - December 31, 2017	\$ 8,225	\$ 86,363
January 1, 2018 - December 31, 2018	8,475	101,700
January 1, 2019 - December 31, 2019	8,690	104,280

<u>Audit Preparation - 2016</u>	<u>Hourly Rate</u>
Gayle Bauman, Client Services Manager	\$ 185
Other accounting staff, as needed	125-335

Initial invoice will be sent within 10 days of the execution of this agreement. Monthly installment fees will be invoiced throughout the remainder of this contract.

Section 10 Additional Services: Should the City request additional services in addition to the Contracted Services, the Contractor will provide the City with proposed fees for the services to be provided. The City shall provide a written or electronic confirmation prior to the proposed services implementation.

Section 11 Outside Contractors: It shall be the responsibility of Contractor to compensate any other outside consultants retained or hired by Contractor to fulfill their obligations under this Agreement and shall be responsible for their work and Contractor, by using outside contractors, shall not be relieved of its obligations under this Agreement.

SCOPE OF SERVICES

Contract Task	City Responsibility	Planned Time Frame
1. Cash and Investment monitoring		
Reconcile cash and investments		Monthly
Review Monthly to ensure timely and accurately balance		Monthly
Verify bank has proper amount of collateral pledged to City's account	Request monthly collateral statement from the bank	Monthly
Review cash flow to ensure proper amounts are available for operations		Monthly
2. Monthly/Quarterly Reporting		
Complete quarterly dashboard of key indicators		Quarterly
Provide narrative to quarterly financial report	Review and provide input	Quarterly
Review monthly budget to actual reports for coding errors	Review and provide input	Monthly
Review journal entries and payroll entries to ensure accuracy	Review and provide input	Bi-weekly
Review payroll and other monthly/quarterly reports	Review and provide input	Quarterly
941 reconciliation	Review and provide input	Quarterly
3. Annual Reporting		
Complete Financial Reporting Form to the Office of the State Auditor		June 30
Property Tax Levy Report to the Minnesota Department of Revenue		December 31
PT Form 280 to the Minnesota Department of Revenue (if required)		September 30
4. Audit Preparation for 2017 - 2018		
Prepare work papers and gather support for the audit of the financial statements	Cooperation in location supporting documentation as needed	April 15
Prepare the Management Discussion and Analysis for the audit report	City Administrator to review	May 20
Prepare financial statements for auditors		May 20
5. Annual Budget Preparation		
Preliminary meeting with City management on budget objectives and strategy		May 15
Prepare a City management's recommended property tax levy along with a general outline of the City Budgeted funds including any potential budget funding gaps. This will include the all funds summary and preparation of all budget documents		May - August
Assist in presenting preliminary budget to Council prior to September 30.		August
Assist in the certification of the final of the tax levy to the County and Minnesota Department of Revenue		December 31

SCOPE OF SERVICES - CONTINUED

Contract Task	City Responsibility	Planned Time Frame
6. Utility Billing		
Review utility billing prepared by City Staff		
Update utility billing system rates		
Prepare assessment rolls for County		
6. Miscellaneous Tasks		
Provide oversight in recording/accounting for transactions		Weekly
Attend 6 Council meetings for action items and budget discussions		As needed
Attend monthly Finance Committee meetings as needed when on-site		Monthly
Update Council, Administrator and staff of new accounting standards		On-going
Provide assistance in reporting and closing out grant programs		Monthly
Respond to surveys and information requests as they are received from outside sources such as the League of MN Cities and Government Finance Officers Association		On-going
Monitor compliance for assigned activities		On-going
Maintain office hours at 8 a week or as arranged in advance with the City Administrator. May also utilize video conferencing as appropriate		On-going
7. Special projects		
Assist with issuance of bonds		As needed
Audit prep for 2016		March - April 2017

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENTAL ENTITIES

We have long-term relationships with many cities in Minnesota and have provided a sample of references of those we serve as their Finance Director. Additional references are available upon request.

City of New Hope

Kirk McDonald | 763.531.5112
Engagement Partner - Steve McDonald

City of Pine City

Ken Cammilleri | 320.629.2575
Engagement Partner - Jean McGann

City of Forest Lake

Aaron Parrish | 651.209.9750
Engagement Partner - Jean McGann

City of Le Sueur

Jenelle Teppen | 507.665.6401
Engagement Partner - Jean McGann

City of Oak Grove

Loren Wickham | 763.404.7075
Engagement Partner - Jean McGann

AGREEMENT FOR THE PROVISION OF PROFESSIONAL SERVICES

CITY OF LAKE ELMO, MINNESOTA

WHEREFORE, this Agreement was entered into on the date set forth below and the undersigned, by execution hereof, represent that they are authorized to enter into this Agreement on behalf of the respective parties and state that this Agreement has been read by them and that the undersigned understand and fully agree to each, all and every provision hereof, and hereby, acknowledge receipt of a copy hereof.

City of Lake Elmo
3800 Laverne Ave N
Lake Elmo, Minnesota 55042

Name _____

Title _____

Name _____

Title _____

Date _____

AEM Financial Solutions, LLC
5201 Eden Ave. Suite 250
Edina, Minnesota 55436

Name Steve McDonald

Title CEO

Date February 1, 2017

Appendix A



Jean McGann, CPA

Mrs. McGann joined the Firm in 2013. She is licensed to practice as a CPA in Minnesota. Jean leads the Financial Solutions group providing financial management services, day-to-day accounting and customized solutions for local governments and nonprofit agencies.

Outside of work Jean enjoys spending time with family and friends. Jean resides in Twin Cities with her husband and their 2 children.

Partner and President

Direct line 952.715.3059
jean.mcgann@aemfinancialsolutions.com

Qualifications

- 18 years of experience in government finance and auditing
- Over 7 years of experience in operations management
- Experienced in strategic planning and financial forecasting
- Experienced in identifying and implementing cost containment processes
- Policy development, internal control evaluation and project management experience

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- Minnesota Society of Certified Public Accountants
- Minnesota Government Finance Officers Association
- Government Finance Officers Association of the United States and Canada

Education

- Bachelor of Arts, Buena Vista University, Storm Lake, Iowa
- Continuing professional education as required by AICPA and Government Accountability Office



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Gayle Bauman

Client Services Manager

Direct line 952.715.3075

gayle.bauman@aemfinancialsolutions.com

Ms. Bauman joined the firm in 2016 after working for many years in City government finance. She has previously held the position of Finance Director for two cities in Minnesota. Gayle has experience in all areas of governmental finance including budgeting, capital planning, debt, financial reporting and cash management. Finance departments provide support to all city departments and Gayle is continually looking for efficiencies to assist others in doing the best job they can do.

In her free time, Gayle enjoys golfing, reading, crafts and spending time at the family cabin in northern Wisconsin.

Qualifications

- Over 18 years of experience working in City government finance
- Experience with budgeting, capital planning and debt management
- Budget reviewer for the Government Finance Officers Association

Professional Memberships

- Minnesota Government Finance Officers Association
- Government Finance Officers Association

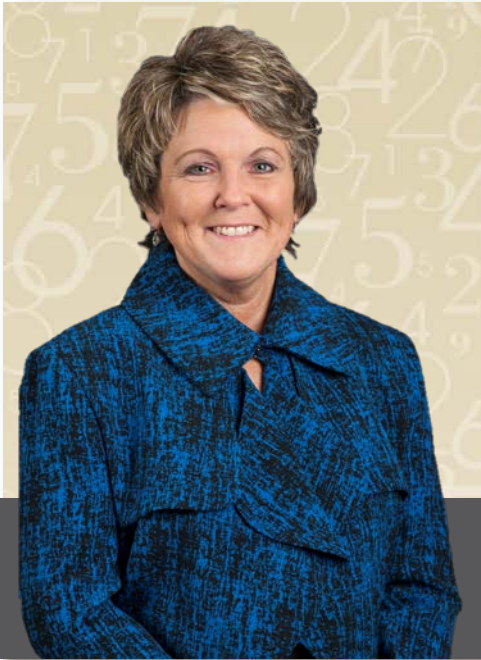
Education

- Bachelor of Science in Accounting, Gustavus Adolphus College
 - Minor in Mathematics
- Continuing professional education



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Jackie Thoennes

Jackie Thoennes joined the firm in September of 2016 as a Client Services Accountant. Jackie has over 20 years working in local government finance. She specializes in working with utility billing, payroll, fund accounting, and point-of-sale along with various accounting functions.

When not working, Jackie enjoys spending time with her family and attending her daughters sporting events. Some of her favorite pastimes include being at the lake and cheering on the MN Vikings/Twins.

Client Services Accountant

Direct line 952.715.3066

jackie.thoennes@aemfinancialsolutions.com

Qualifications

- 20 years of experience working with local governments in finance
- Works extensively with Utility Billing, Accounts Payable, Accounts Receivable, Payroll, Point of Sale, and Budget Process
- Payment Service Network (PSN)

Professional Memberships

- American Payroll Association Northstar Chapter

Education

- Minnesota Certified Municipal Clerk
- Continuing professional education

Appendix B

XX Quarter Report

City of Sample

City, Minnesota

As of March 31, 20XX



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ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and City Council
City of Sample
Sample, Minnesota

We have compiled the accompanying statement of revenues and expenditures for the General Fund and statements of revenues and expenses for the enterprise funds of the City of Sample as of March 31, 20XX, for the quarter then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the 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 Company'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™

Honorable Mayor and City Council
 City of Sample
 Sample, Minnesota

Dear Honorable Mayor and City Council:

We have reconciled all bank accounts through March 31, 20XX 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>3/31/20XX</u>	<u>3/31/20XX</u>	<u>Increase/ (Decrease)</u>
Checking	\$ 2,245,295	\$ 1,295,511	\$ 949,784
Investments (at market value)	<u>974,393</u>	<u>963,006</u>	<u>11,387</u>
 Total cash and investments	 <u>\$ 3,219,688</u>	 <u>\$ 2,258,517</u>	 <u>\$ 961,171</u>
 <u>Investment Type</u>	 <u>3/31/20XX</u>	 <u>3/31/20XX</u>	 <u>Increase/ (Decrease)</u>
Checking	\$ 2,245,295	\$ 1,295,511	\$ 949,784
Money market	70,131	4,649	65,482
Negotiable CDs	904,262	958,357	(54,095)
Municipal bond	-	-	-
Government agency securities	<u>-</u>	<u>-</u>	<u>-</u>
 Total investments	 <u>\$ 3,219,688</u>	 <u>\$ 2,258,517</u>	 <u>\$ 961,171</u>

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	10 yr
12/31/20XX	0.07	0.12	0.19	0.29	0.61	1.02	2.01	2.71	3.30
12/30/20XX	0.01	0.02	0.06	0.12	0.25	0.36	0.83	1.35	1.89
12/31/20XX	0.02	0.05	0.11	0.16	0.25	0.36	0.72	1.18	1.78
3/31/20XX	0.04	0.07	0.11	0.14	0.25	0.36	0.77	1.24	1.87
6/30/20XX	0.02	0.04	0.10	0.15	0.36	0.66	1.41	1.96	2.52
9/30/20XX	0.03	0.02	0.04	0.10	0.33	0.63	1.39	2.02	2.64
12/31/20XX	0.01	0.07	0.10	0.13	0.38	0.78	1.75	2.45	3.04
3/31/20XX	0.03	0.05	0.07	0.13	0.44	0.90	1.73	2.30	2.73
6/30/20XX	0.02	0.04	0.07	0.11	0.47	0.88	1.62	2.13	2.53
9/30/20XX	0.02	0.02	0.03	0.13	0.58	1.07	1.78	2.22	2.52
12/31/20XX	0.03	0.03	0.12	0.23	0.69	1.11	1.68	2.00	2.20
03/31/20XX	0.05	0.03	0.14	0.26	0.56	0.89	1.37	1.71	1.94

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 included.

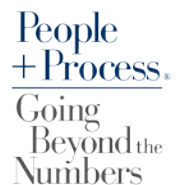
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This information is unaudited and is intended solely for the information and use of management and City Council and is not intended and should not be used by anyone other than these specified parties.

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 SAMPLE, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL -
GENERAL FUND (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 20XX

Attachment A

	Annual Budget	Budget thru 3/31/20XX	Actual Thru 3/31/20XX	Variance - Favorable (Unfavorable)	Percent Received or Expended Based on Budget thru 3/31/20XX
REVENUES					
Taxes*	\$ 313,918 *	\$ 78,480	\$ -	\$ (78,480)	N/A %
Local government aid*	228,078 *	57,020	-	(57,020)	N/A
Tax abatements	14,244 *	3,561	-	(3,561)	N/A
Intergovernmental	18,347	4,587	2,000	(2,587)	43.6
Licenses and permits	3,300	825	480	(345)	58.2
Charges for services					
Fire	18,500	4,625	1,418	(3,207)	30.7
Police	2,120	530	587	57	110.8
Other	2,280	570	170	(400)	29.8
Special assessments	5,500	1,375	-	(1,375)	-
Interest earnings	8,000	2,000	1,247	(753)	62.4
Miscellaneous revenue	12,400	3,100	4,365	1,265	140.8
Contributions and donations	3,000	750	975	225	130.0
TOTAL REVENUES	629,687	157,422	11,242	(146,180)	7.1
EXPENDITURES					
General government	50,391	12,598	15,006	(2,408)	119.1
City Council	11,800	2,950	584	2,366	19.8
Executive	7,480	1,870	401	1,469	21.4
City Clerk	20,840	5,210	4,899	311	94.0
Financial administration	76,280	19,070	19,000	70	99.6
Law/legal services	10,000	2,500	2,053	447	82.1
Community center	11,700	2,925	3,267	(342)	111.7
General government buildings	4,700	1,175	298	877	25.4
Police	172,222	43,056	33,669	9,387	78.2
Fire	60,150	15,038	6,507	8,531	43.3
Highways, streets and roads	134,831	33,708	12,765	20,943 (1)	37.9
Lions	2,800	700	471	229	67.3
Parks	20,962	5,241	123	5,118	2.3
TOTAL EXPENDITURES	584,156	146,039	99,043	46,996	67.8
EXCESS REVENUES (EXPENDITURES)	45,531	11,383	(87,801)	(99,184)	113.0
OTHER FINANCING USES					
Operating transfers out	(80,500)	(20,125)	-	20,125 (2)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (34,969)	\$ (8,742)	\$ (87,801)	\$ (79,059)	N/A %

* Property taxes, assessments, and local government aids are only paid twice a year

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

- (1) Capital outlay budgeted has not been expended or transferred to capital funds to procure capital equipment.
- (2) Operating transfers will be posted in 4th quarter.

CITY OF SAMPLE, MINNESOTA
 UNAUDITED CASH BALANCES BY FUND
 MARCH 31, 20XX, DECEMBER 31, 20XX AND MARCH 31, 20XX

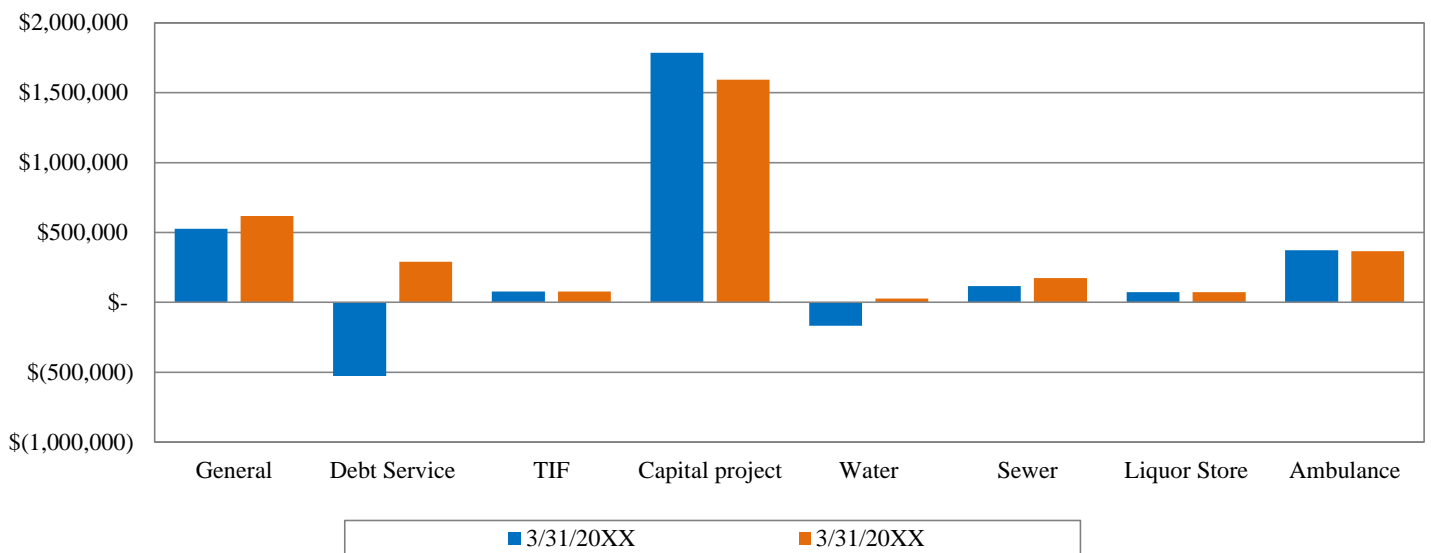
Attachment B

Fund	Balance 3/31/20XX	Balance 12/31/20XX	Balance 3/31/20XX	YTD Change From 12/31/20XX	Change From 3/31/20XX
101 General	\$ 526,826	\$ 702,975	\$ 619,063	\$ (83,912) (1)	\$ 92,237
301 G.O. Improvement Bonds 20XX	(628,348)	-	1,826	1,826	630,174
302 G.O. Improvement Bonds 20XX	100,886	135,411	96,744	(38,667)	(4,142)
303 G.O. Improvement Bonds 20XX	-	244,658	191,763	(52,895) (2)	191,763
376 TIF MN Energy	122,856	123,460	123,976	516	1,120
377 TIF MN Beef Industries, Inc	(46,124)	(46,124)	(46,124)	-	-
401 Fire Equipment Donations	20,262	37,722	42,622	4,900	22,360
402 Public Works Reserve	607,063	265,945	267,057	1,112	(340,006)
403 Police Reserve	76,009	41,191	41,363	172	(34,646)
404 Fire Reserve	1,346	14,365	14,425	60	13,079
405 Ambulance Reserve	43,700	62,933	63,196	263	19,496
406 General Government Reserve	65,000	70,319	70,613	294	5,613
407 Infrastructure Reserve	925,000	347,691	349,145	1,454	(575,855)
408 Culture and Recreation Reserve	47,500	42,275	42,452	177	(5,048)
409 2014 Street Improvements	-	715,927	702,334	(13,593)	702,334
601 Water	(166,695)	-	27,123	27,123	193,818
602 Sewer	116,001	166,065	173,272	7,207	57,271
609 Liquor Store	73,315	71,037	72,488	1,451	(827)
615 Ambulance	373,920	346,194	366,350	20,156	(7,570)
Total	\$ 2,258,517	\$ 3,342,044	\$ 3,219,688	\$ (122,356)	\$ 961,171

Item Explanation of changes greater than \$50,000.

- (1) See General Fund Budget and Actual Statement for additional detail. Property tax and intergovernmental revenue are not received until Ju December. General fund reserves must be used to finance general operations until these revenue sources become available.
- (2) Debt service obligations were due and paid. Property tax and special assessment will not be received until July and December.

Cash Balance by Fund Compared to Prior Year

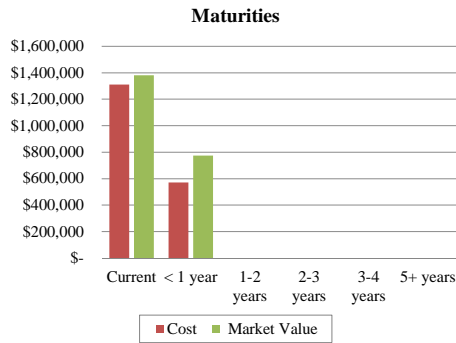


Fund	
↑	General
↑	Debt Service
→	TIF
↓	Capital project
↑	Water
↑	Sewer
↓	Liquor Store
↓	Ambulance

Key	
↑	Varies more than 10% than budget positively
↓	Balance decreased more than 10% over prior year
→	Balance within 10% of prior year

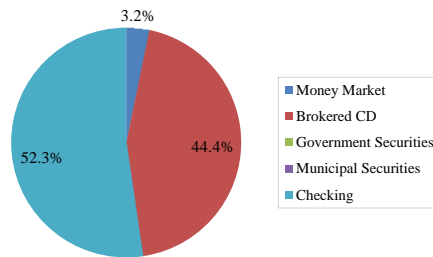
CITY OF SAMPLE, MINNESOTA
Schedule of Investments
For the Month Ending March 31, 20XX

Description	Market Value 1/1/20XX	Deposits	Expenditures	Transfers	Interest	Cost 3/31/20XX	Market Value 3/31/20XX	Unrealized Gain / Loss
General Fund	\$ 516,267.21	\$ 906,734.90	\$ (1,062,797.52)	\$ -	\$ 133.12	\$ 360,337.71	\$ 360,337.71	\$ -
Ambulance Donations	53,588.01	4,300.00	(535.44)	-	20.26	57,372.83	57,372.83	-
Ambulance Debit Card Acct	1,882.33	-	(250.93)	-	0.68	1,632.08	1,632.08	-
General Fund	923,197.66	-	(250,000.00)	-	2,270.84	675,468.50	675,468.50	-
Fire Dept Debit Card Acct	574.97	-	-	-	0.22	575.19	575.19	-
Twp/Donations Acct	4,741.30	12,055.00	-	-	2.88	16,799.18	16,799.18	-
Fire Truck Utility Acct	10,188.16	-	-	-	3.79	10,191.95	10,191.95	-
Police Dept	4,675.43	5.00	-	-	1.74	4,682.17	4,682.17	-
Liquor store Petty Cash	12.94	335.00	(335.00)	-	-	12.94	12.94	-
Ambulance CD	32,065.17	-	-	-	96.00	32,161.17	32,161.17	-
Ambulance CD	24,402.16	-	-	-	90.84	24,493.00	24,493.00	-
Ambulance CD	132,709.95	-	-	-	496.77	133,206.72	133,206.72	-
Money Market	3,852.48	273,000.00	(287,000.00)	10,486.07	2.85	341.40	70,000.00	69,658.60
BMW Bank	64,094.72	-	64,000.00	(548.47)	548.47	127,546.25	127,000.00	(546.25)
GE Cap Retail Draper Utah	62,155.62	-	(62,000.00)	340.07	340.07	495.69	62,269.70	61,774.01
CIT Bank	73,503.70	-	(73,000.00)	618.80	618.80	1,122.50	73,960.68	72,838.18
Goldman Sachs	74,780.70	-	(74,000.00)	649.27	649.27	1,429.97	75,084.10	73,654.13
GE Cap Bank Inc Retail	73,405.88	-	-	404.81	1,382.21	73,810.69	73,648.24	(162.45)
Goldman Sachs	62,981.73	-	-	693.00	693.00	63,674.73	63,151.20	(523.53)
Goldman Sachs USA NY	77,801.10	-	-	638.99	1,464.73	78,440.09	77,963.34	(476.75)
Safra Natl Bank NY	88,669.81	-	-	360.87	711.99	89,030.68	88,936.81	(93.87)
Sallie Mae SLC Bank	74,950.50	-	-	556.04	1,859.24	77,365.78	75,314.25	(2,051.53)
GE Cap Bk INC Retail	49,446.50	-	-	403.29	403.29	50,253.08	49,733.00	(520.08)
Sallie Mae BK Murray, UT	-	-	-	-	-	-	-	-
	\$ 2,409,948.03	\$ 1,196,429.90	\$ (1,745,918.89)	\$ 16,921.14	\$ 11,791.06	\$ 1,882,762.70	\$ 2,153,994.76	\$ 271,232.06



Maturity	Cost 3/31/20XX	Market Value 3/31/20XX	Variance 3/31/20XX
Current	\$ 1,311,614.37	\$ 1,380,726.72	\$ 69,112.35
< 1 year	571,148.33	773,268.04	202,119.71
1-2 years	-	-	-
2-3 years	-	-	-
3-4 years	-	-	-
5+ years	-	-	-
	\$ 1,882,762.70	\$ 2,153,994.76	\$ 271,232.06

Weighted average Rate of return	0.47%	3/31/20XX
Average Maturity (years)	0.97	3/31/20XX



Investment Type	Market Value 3/31/20XX
Money Market	\$ 70,000.00
Brokered CD	956,922.21
Government Securities	-
Municipal Securities	-
Checking	1,127,072.55
	\$ 2,153,994.76

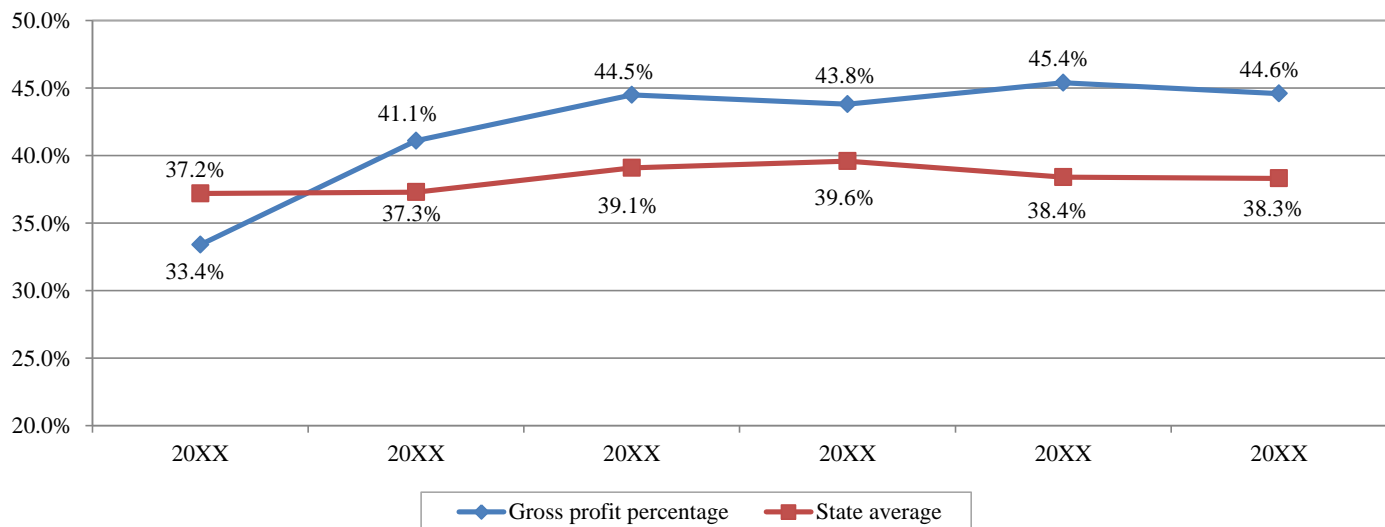
CITY OF SAMPLE, MINNESOTA
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL -
LIQUOR STORE FUND (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 20XX

Attachment D

	Actual Thru 3/31/20XX	Actual Thru 3/31/20XX	Variance - Favorable (Unfavorable)	Budget Thru 3/31/20XX	Percent Received or Expended Based on Budget Thru 3/31/20XX
REVENUES					
On sale	\$ 36,928	\$ 48,194	\$ 11,266 (1)	\$ 35,650	135.2 %
Off sale	39,802	42,505	2,703	44,750	95.0
Other merchandise	18,676	21,316	2,640	11,750	181.4
Cigarettes, other	1,744	1,886	142	2,000	94.3
Pulltab	2,047	2,593	546	2,500	103.7
Miscellaneous	3,176	10,056	6,880	1,800	558.7
TOTAL REVENUES	102,373	126,550	24,177	98,450	128.5
EXPENSES					
Salaries and benefits	29,593	32,523	2,930	28,892	112.6
Supplies	8,266	6,955	(1,311)	4,475	155.4
Cost of goods sold	69,372	75,207	5,835	51,300	146.6
Other	13,757	10,107	(3,650)	14,338	70.5
Depreciation	-	2,225	2,225	2,225	N/A
TOTAL EXPENSES	120,988	127,017	6,029	101,230	125.5
EXCESS REVENUES OVER EXPENSES	\$ (18,615)	\$ (467)	\$ 2,313	\$ (2,780)	- %

Sales	\$ 113,901
Cost of sales	75,207
Gross profit	<u>\$ 38,694</u>
Gross profit percentage March 31, 20XX	34.0%

Gross Profit Percentage vs. State Average



* 20XX municipal liquor state report is not available at this time. An estimated average has been used for comparison.

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

(1) Liquor sales are up 25% (\$5,241) from 1st Quarter of 20XX and beer sales are up 39% (6,101) from 1st quarter of 20XX.

CITY OF SAMPLE, MINNESOTA
 STATEMENT OF REVENUES AND EXPENSES -
 BUDGET AND ACTUAL -
 WATER FUND (UNAUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 20XX

Attachment D

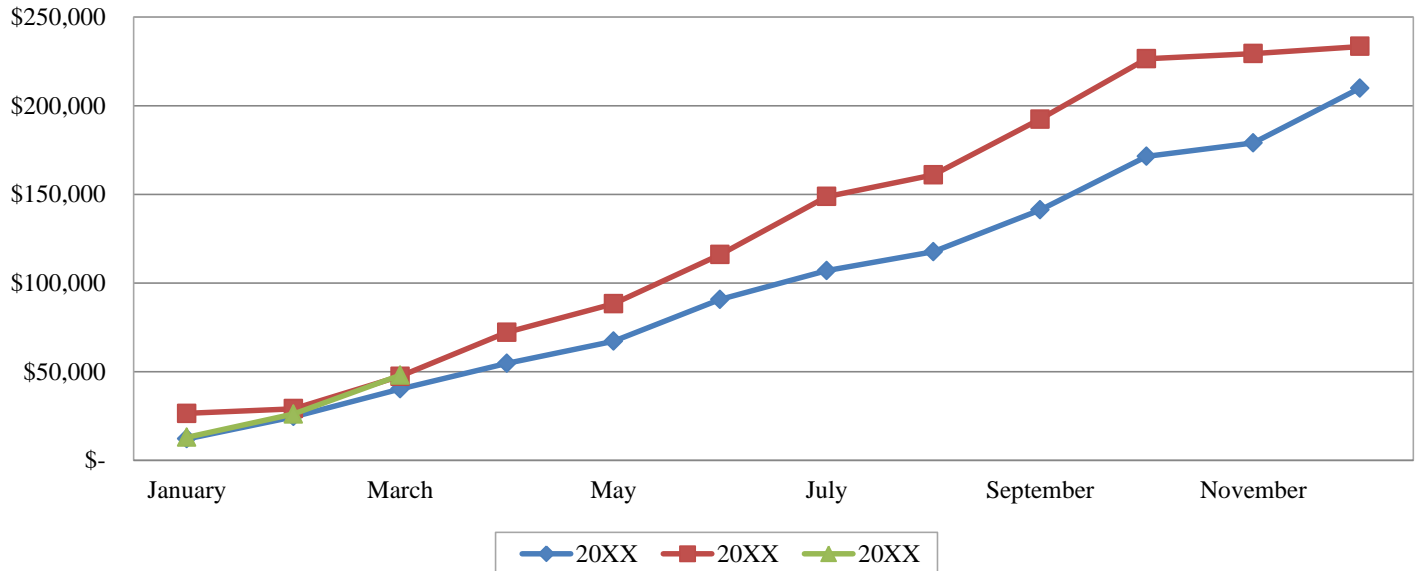
WATER FUND

	Actual Thru 3/31/20XX	Actual Thru 3/31/20XX	Variance - Favorable (Unfavorable)	Budget Thru 3/31/20XX	Percent Received or Expended Based on Budget Thru 3/31/20XX
REVENUES					
Charges for services	\$ 47,335	\$ 47,973	\$ 638	\$ 51,112	93.9 %
Miscellaneous	25	51	26	-	100.0
TOTAL REVENUES	47,360	48,024	664	51,112	94.0
EXPENSES					
Salaries and benefits	8,595	8,369	(226)	8,689	96.3
Supplies	2,387	4,608	2,221	6,125	75.2
Other services and charges	1,802	5,468	3,666	2,831	193.1
Repair and maintenance	460	-	(460)	5,125	-
Utilities	5,761	3,686	(2,075)	5,000	73.7
Interest	-	-	-	2,819	-
Depreciation	-	26,250	26,250	26,250	100.0
TOTAL EXPENSES	19,005	48,381	29,376	56,839	85.1
EXCESS REVENUES OVER EXPENSES	\$ 28,355	\$ (357)	\$ 5,370	\$ (5,727)	6.2 %

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

(1) NONE

Water Sales Comparison 20XX - 20XX



CITY OF SAMPLE, MINNESOTA
 STATEMENT OF REVENUES AND EXPENSES -
 BUDGET AND ACTUAL -
 SEWER FUND (UNAUDITED)
 FOR THE THREE MONTHS ENDED MARCH 31, 20XX

Attachment D

SEWER FUND

	Actual Thru 3/31/20XX	Actual Thru 3/31/20XX	Variance - Favorable (Unfavorable)	Budget Thru 3/31/20XX	Percent Received or Expended Based on Budget Thru 3/31/20XX
REVENUES					
Charges for services	\$ 14,243	\$ 15,935	\$ 1,693	\$ 18,860	84.5 %
Miscellaneous	-	347	347	250	138.8
TOTAL REVENUES	<u>14,243</u>	<u>16,282</u>	<u>2,040</u>	<u>19,110</u>	<u>85.2</u>
EXPENSES					
Salaries and benefits	5,855	5,324	(531)	6,475	82.2
Supplies	3,139	112	(3,027)	1,000	11.2
Other services and charges	1,755	1,716	(39)	2,334	73.5
Repair and maintenance	1,379	374	(1,005)	129,125	0.3
Utilities	480	1,549	1,069	2,500	62.0
Interest	-	-	-	1,320	-
Depreciation	-	19,950	19,950	19,950	100.0
TOTAL EXPENSES	<u>12,608</u>	<u>29,025</u>	<u>16,417</u>	<u>162,704</u>	<u>17.8</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 1,635</u>	<u>\$ (12,743)</u>	<u>\$ 130,850</u>	<u>\$ (143,593)</u>	<u>8.9 %</u>

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

(1) NONE

Sewer Sales Comparison 20XX - 20XX

