



ANNUAL FINANCIAL REPORT

2017

4638 Main Street
Pequot Lakes, MN 56472
(218)568-5222
cityhall@pequotlakes-mn.gov
www.pequotlakes-mn.gov

City of Pequot Lakes at a Glance

General Information	
Number of employees *	59
Volunteer positions **	60
Population	2,339
Budget	\$5,160,980
Police	
Calls for service	4,319
Arrests	145
Forfeiture cases	32
Training hours ***	368
Fire	
Number of calls	84
Training hours	63

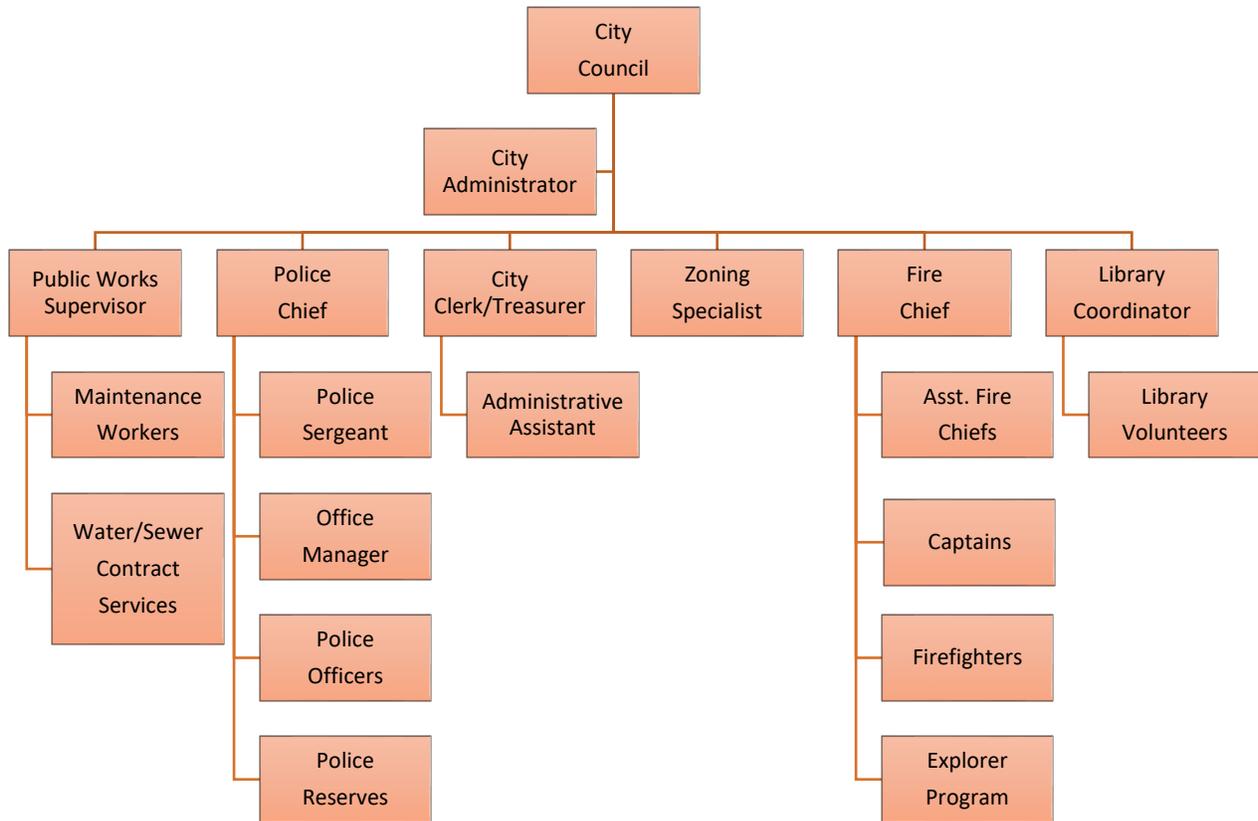
Parks	
Events & rentals	31
Band in the Park concerts	11
Public Works	
Miles of streets	36
Street signs installed and replaced	24
Sewer cleaning/flushing in lineal ft.	35,000
Planning & Zoning	
Permits issued	79
New home construction permits	8
Septic permits	14

* Includes full-time employees, part-time employees, firefighters, City Council, and Planning Commission.

** Includes police reserves, Park Commission, Economic Development Commission, Library Board, and Library volunteers.

*** Includes full-time police staff only.

Organizational Chart



City Budget

The City develops an annual operating budget and a 10-year Capital Improvement Plan (CIP) that projects capital needs with a focus on administration, fire, parks, police, public works, water, & sewer. Both are adopted by the City Council on or before December 28th of each year. The operating budget and CIP represent the City's financial plan and define the limits of spending authority. Below are the calendar year budget amounts by fund for a five year period.

City Budget	2017	2016	2015	2014	2013
General	\$1,806,087	\$1,844,587	\$1,806,238	\$1,901,775	\$1,681,369
Library	\$22,500	\$18,000	\$22,225	\$11,430	\$12,100
Cemetery	\$700	\$1,200	\$1,100	\$1,100	\$1,100
Fire	\$209,670	\$211,240	\$193,680	\$175,190	\$171,350
G.O. Equip. Cert. 2010A	\$0	\$0	\$0	\$29,768	\$30,083
G.O. Equip. Cert. 2014A	\$43,293	\$43,785	\$43,995	\$0	\$0
Business Park	\$1,200	\$294,500	\$1,500	\$1,500	\$1,500
Highway 371	\$741,100	\$71,100	\$27,400	\$23,800	\$23,600
Capital Improvement	\$2,006,000	\$1,200,000	\$180,000	\$905,000	\$0
Water	\$206,810	\$209,690	\$205,900	\$190,800	\$216,530
Sewer	\$123,620	\$519,160	\$118,630	\$131,750	\$118,070
Annual Operating Budget	\$5,160,980	\$4,413,262	\$2,600,668	\$3,372,113	\$2,255,702

Capital Improvement Plan

In 2017, the City of Pequot Lakes completed the following capital projects with a total value of \$61,751.

Project Name	Total Expenses
Swift Street Resurfacing Project	\$11,133
Ramsey Street Resurfacing Project	\$13,863
Pow Wow Point Road Resurfacing Project	\$9,226
Pederson Road Maintenance Project	\$3,380
Dog Park Parking Lot Project	\$6,449
East Woodman Street Sewer Main Project	\$17,700
Total	\$61,751

Revenues & Expenses

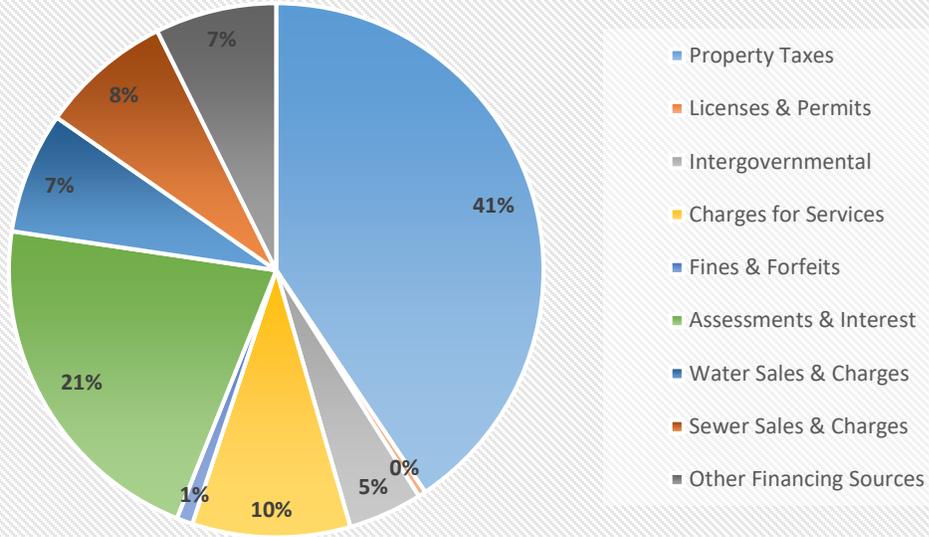
City funds are divided into two main categories – governmental activities and business-type activities.

- Governmental activities include multiple funds which include general, special revenue, debt service, and capital project funds. These funds include the basic services provided by the City including general administration, cemetery, parks, public safety, public works, and capital improvements. Property taxes, licenses & permits, intergovernmental revenues, charges for services, fines & forfeits, assessments & interest, and other financing sources fund these activities.
- Business-type activities include enterprise funds which include water and sewer services. The City charges fees to customers to help cover the cost of these services.

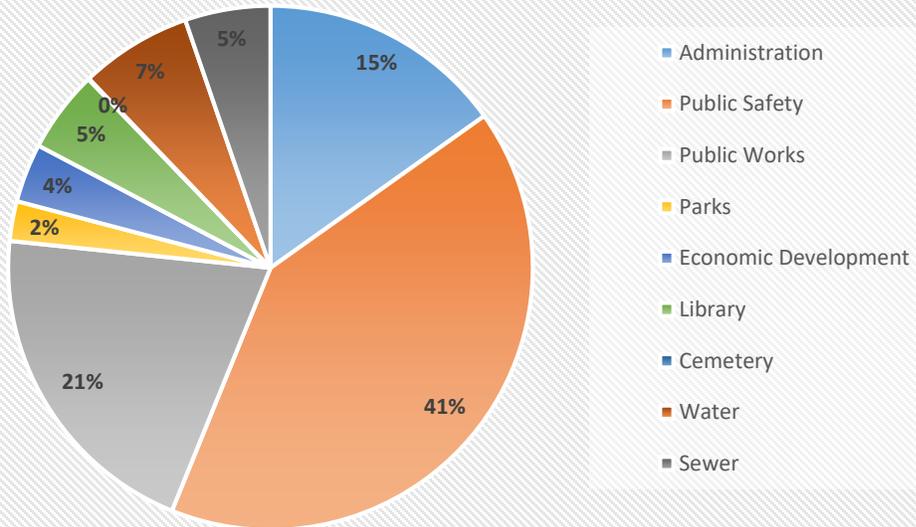
The following table illustrates the total revenue received for all City funds for the year including property taxes, land use fees, state aid, police & fire contracts, interest earnings, and water & sewer sales. Total expenses include the cost of all money spent for the year including staff salaries, supplies, services, and capital outlay.

Governmental Activities	2017	2016	2015	2014	2013
General Fund					
Revenues	\$1,925,972	\$1,970,405	\$1,919,126	\$1,871,625	\$1,747,428
Expenses	\$1,685,145	\$1,951,048	\$1,938,467	\$1,940,745	\$1,667,528
Special Revenue Funds					
Revenues	\$360,326	\$281,891	\$263,020	\$275,786	\$218,192
Expenses	\$483,629	\$270,351	\$286,058	\$257,157	\$159,729
Debt Service Funds					
Revenues	\$195,458	\$44,471	\$87,876	\$222,775	\$29,150
Expenses	\$180,453	\$42,867	\$76,982	\$222,914	\$28,290
Capital Project Funds					
Revenues	\$920,001	\$62,158	\$84,436	\$449,618	\$96,329
Expenses	\$224,361	\$173,656	\$170,304	\$424,530	\$67,789
Business-Type Activities					
Enterprise Funds					
Revenues	\$645,194	\$1,080,498	\$558,630	\$502,266	\$521,166
Expenses	\$350,630	\$321,188	\$349,375	\$357,560	\$316,427

2017 Revenues

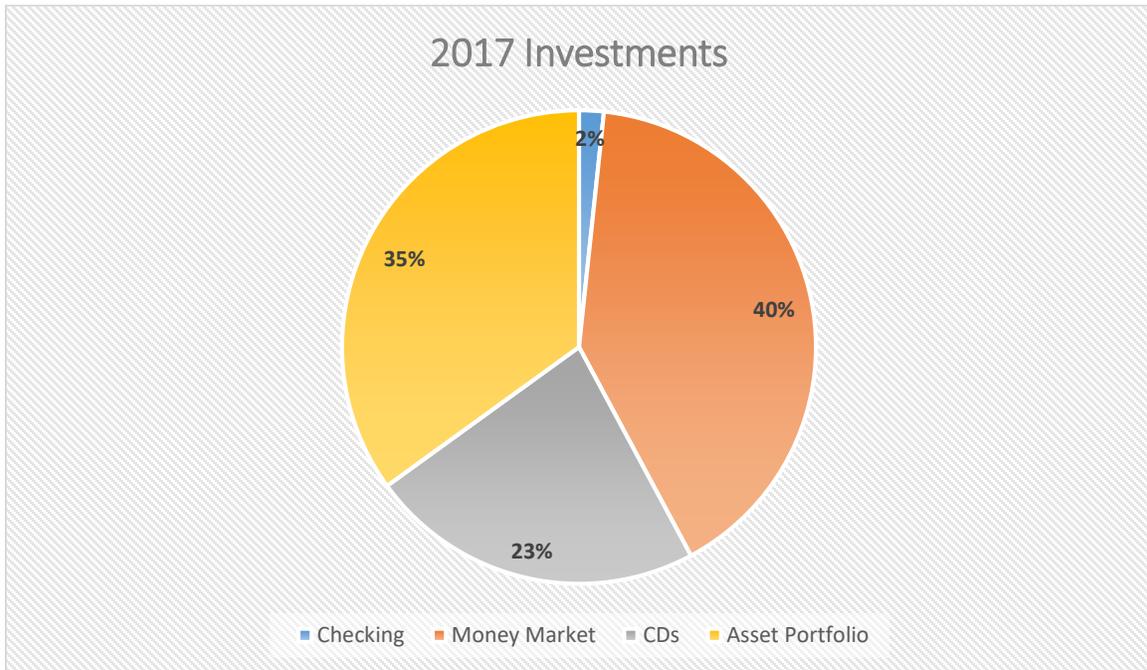


2017 Expenses

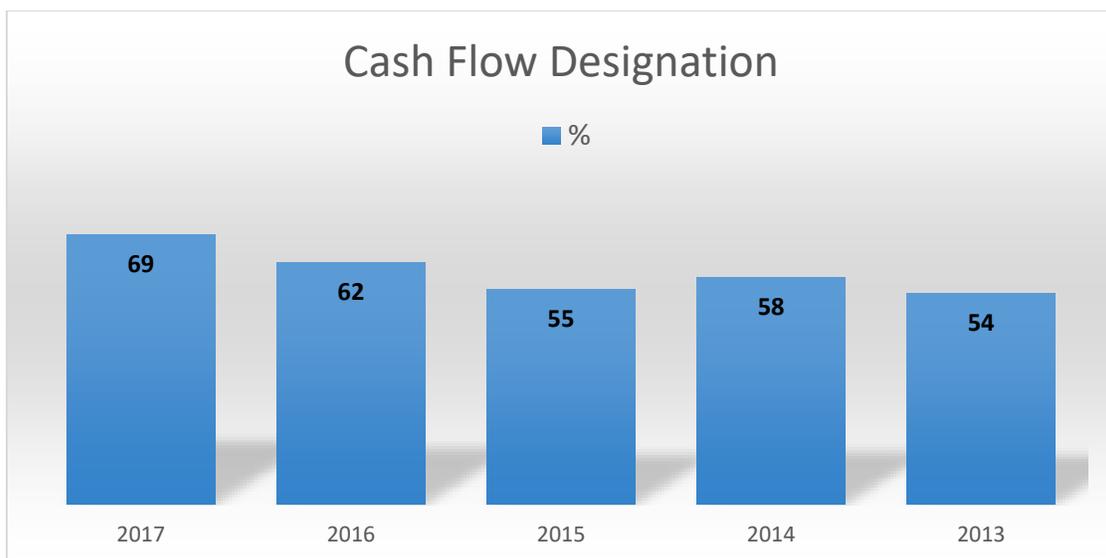


Cash Flow Analysis

The City's cash balance at the end of 2017 equates to \$4,504,224. The following chart illustrates the various investments the City utilizes for these funds.

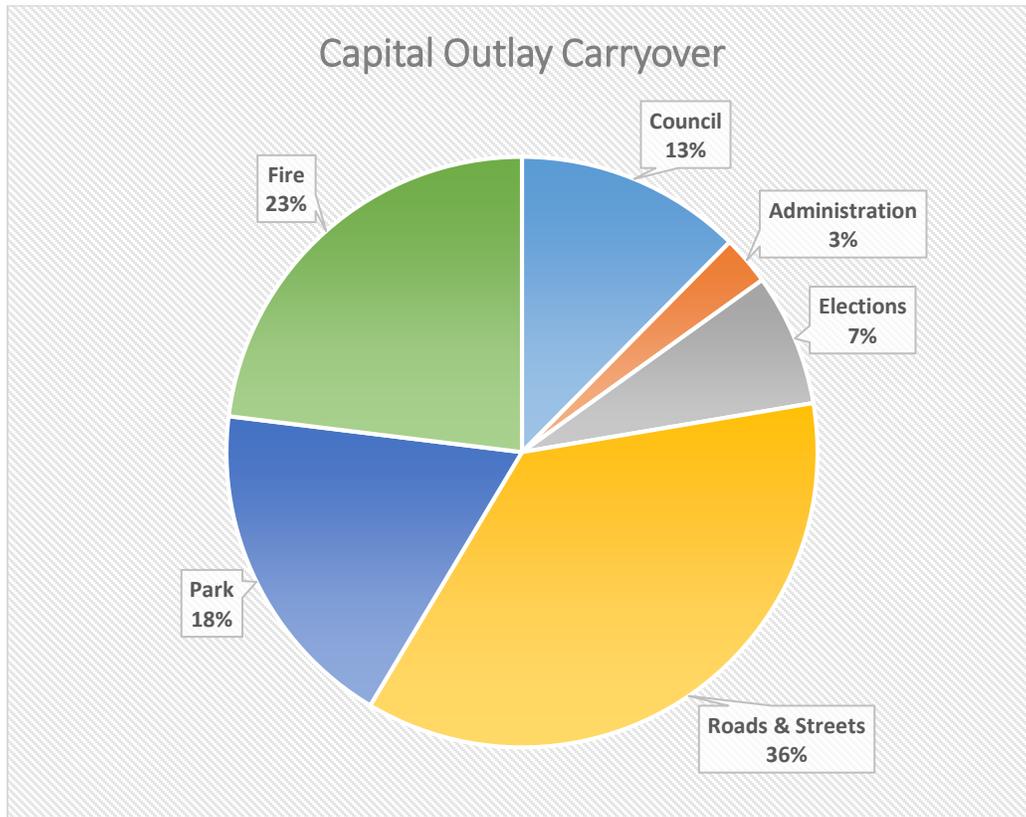


The Accounting and Reporting Policy requires the City to commit fund balance in the general fund of up to 50% of the following year's general fund budgeted expenditures for cash flow purposes. The following chart illustrates this designation for a five year period.



Capital Outlay Carryover

Capital outlay carryover is a budget line item for the purpose of designating monies for future City projects, programs, or equipment. Capital outlay carryover designations remaining at year end equate to \$124,398.56. The following chart illustrates these designations by City department.



Statement of Net Position

The Statement of Net Position illustrates the total assets and liabilities and is an indicator of the financial health of the City. This Statement, on the next page, is taken directly from the City's Audited Financial Statements and reflects a healthy financial condition as of December 31, 2017.

- Total assets are the investments, cash & cash equivalents, receivables, and capital assets of the City.
- Total liabilities are the financial obligations of the City including accounts payable, compensated absences, and long-term debt.
- Deferred outflows and inflows of resources are consumptions or acquisitions of net assets that are applicable to future reporting periods.

**STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash, Cash Equivalents and Investments	\$ 2,808,665	\$ 1,685,105	\$ 4,493,770
Property Taxes Receivable	216,180	-	216,180
Assessments Receivable	11,464	1,946	13,410
Accounts Receivable	19,897	149,645	169,542
Interest Receivable	39	-	39
Due from Other Governments	517	-	517
Debt Reserve Restricted Cash	11,397	-	11,397
Land Held For Resale	25,784	21,198	46,982
Noncurrent Assets:			
Capital Assets not Being Depreciated	1,605,118	156,969	1,762,087
Capital Assets Being Depreciated (Net)	5,690,399	2,652,965	8,343,364
Net Pension Asset	<u>469,991</u>	<u>-</u>	<u>469,991</u>
TOTAL ASSETS	<u>10,859,451</u>	<u>4,667,828</u>	<u>15,527,279</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	802,362	6,558	808,920
LIABILITIES			
Accounts Payable	80,138	98,022	178,160
Accrued Salaries	26,618	1,420	28,038
Accrued Interest	11,534	9,879	21,413
Other Liabilities	5,486	-	5,486
Noncurrent Liabilities:			
Long-term Debt, Due Within One Year	94,996	60,578	155,574
Long-term Debt, Due After One Year	603,510	913,080	1,516,590
Compensated Absences Due Within One Year	18,858	888	19,746
Compensated Absences Due After One Year	29,553	1,694	31,247
Net OPEB Liability	188,385	12,024	200,409
Net Pension Liability	<u>750,583</u>	<u>26,188</u>	<u>776,771</u>
TOTAL LIABILITIES	<u>1,809,661</u>	<u>1,123,773</u>	<u>2,933,434</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	<u>1,009,764</u>	<u>7,556</u>	<u>1,017,320</u>
NET POSITION			
Net Investment in Capital Assets	6,597,011	1,836,276	8,433,287
Restricted	94,559	-	94,559
Unrestricted	<u>2,150,818</u>	<u>1,706,781</u>	<u>3,857,599</u>
TOTAL NET POSITION	<u>\$ 8,842,388</u>	<u>\$ 3,543,057</u>	<u>\$ 12,385,445</u>