

# 1<sup>st</sup> Quarter Report

**City of Pine City**  
Pine City, Minnesota

As of March 31, 2016



*AEM Financial Solutions™*

**People  
+ Process®**  
*Going  
Beyond the  
Numbers*



May 31, 2016

## ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and City Council  
City of Pine City  
Pine City, Minnesota

Management is responsible for the accompanying financial statements of the City of Pine City, MN, which comprise the budget to actual statement of revenues and expenditures for the General fund and statements of revenues and expenses for the Water, Sewer, and Liquor funds as of March 31, 2016, 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 the 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™*

May 31, 2016

Honorable Mayor and City Council  
 City of Pine City  
 Pine City, Minnesota

Dear Honorable Mayor and City Council:

We have reconciled all bank accounts through March 31, 2016 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>03/31/2016</u>	<u>12/31/2015</u>	<u>Increase/ (Decrease)</u>
Checking	\$ 560,924	\$ 439,656	\$ 121,268
Investments (at market value)	<u>5,223,939</u>	<u>6,631,012</u>	<u>(1,407,073)</u>
 Total cash and investments	 <u>\$ 5,784,863</u>	 <u>\$ 7,070,668</u>	 <u>\$ (1,285,805)</u>
 <u>Investment Type</u>	 <u>03/31/2016</u>	 <u>12/31/2015</u>	 <u>Increase/ (Decrease)</u>
Checking	\$ 560,924	\$ 439,656	\$ 121,268
Money Market	2,639,723	4,465,716	(1,825,993)
Negotiable CDs	2,584,216	1,965,200	619,016
Cash with Fiscal Agent	-	-	-
Government agency securities	<u>-</u>	<u>200,096</u>	<u>(200,096)</u>
 Total investments	 <u>\$ 5,784,863</u>	 <u>\$ 7,070,668</u>	 <u>\$ (1,285,805)</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
12/31/2010	0.07	0.12	0.19	0.29	0.61	1.02	2.01	2.71	3.30
12/30/2011	0.01	0.02	0.06	0.12	0.25	0.36	0.83	1.35	1.89
12/31/2012	0.02	0.05	0.11	0.16	0.25	0.36	0.72	1.18	1.78
03/31/2013	0.04	0.07	0.11	0.14	0.25	0.36	0.77	1.24	1.87
06/30/2013	0.02	0.04	0.10	0.15	0.36	0.66	1.41	1.96	2.52
09/30/2013	0.03	0.02	0.04	0.10	0.33	0.63	1.39	2.02	2.64
12/31/2013	0.01	0.07	0.10	0.13	0.38	0.78	1.75	2.45	3.04
03/31/2014	0.03	0.05	0.07	0.13	0.44	0.90	1.73	2.30	2.73
06/30/2014	0.02	0.04	0.07	0.11	0.47	0.88	1.62	2.13	2.53
09/30/2014	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
03/31/2015	0.05	0.03	0.14	0.26	0.56	0.89	1.37	1.71	1.94
06/30/2015	0.02	0.01	0.11	0.28	0.64	1.01	1.63	2.07	2.35
09/30/2015	-	-	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
03/31/2016	0.18	0.21	0.39	0.59	0.73	0.87	1.21	1.54	1.78

**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.

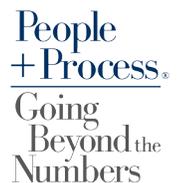
\* \* \* \* \*

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 PINE CITY, MINNESOTA  
 STATEMENT OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL -  
 GENERAL FUND (UNAUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2016

Attachment A

	<u>Annual Budget</u>	<u>Budget thru 03/31/2016</u>	<u>Actual Thru 03/31/2016</u>	<u>Variance - Favorable (Unfavorable)</u>	<u>Percent Received or Expended Based on Budget thru 03/31/2016</u>
<b>REVENUES</b>					
Taxes	\$ 667,228	\$ 166,807	\$ 314	\$ (166,493) (1)	0.2 %
Intergovernmental	626,167	156,542	-	(156,542) (2)	-
Licenses and permits	60,452	15,113	23,193	8,080	153.5
Charges for services	333,083	83,271	27,543	(55,728) (3)	33.1
Fines and Forfeits	11,000	2,750	500	(2,250)	18.2
Interest Earned	2,000	500	(769)	(1,269)	(153.8)
Refunds and Reimbursements	12,775	3,194	9,189	5,995	287.7
Grants	-	-	11,122	11,122	N/A
Miscellaneous revenue	13,000	3,250	2,750	(500)	84.6
<b>TOTAL REVENUES</b>	<u>1,725,705</u>	<u>431,426</u>	<u>73,842</u>	<u>(357,584)</u>	<u>17.1</u>
<b>EXPENDITURES</b>					
City Council	28,365	7,091	4,716	2,375	66.5
City Administration	319,391	79,848	72,145	7,703	90.4
Elections	4,280	1,070	165	905	15.4
City Treasurer	99,974	24,994	25,793	(800)	103.2
City Assessor	15,417	3,854	-	3,854	-
Planning	89,118	22,280	28,469	(6,190)	127.8
Building Inspection	102,356	25,589	18,788	6,801	73.4
Legal	15,000	3,750	4,125	(375)	110.0
Police Protection	166,988	41,747	41,747	-	100.0
Fire Protection	354,749	88,687	76,248	12,439	86.0
Street Department	455,815	113,954	101,614	12,340	89.2
Capital Outlay	-	-	-	-	N/A
Parks and Playgrounds	97,950	24,488	17,335	7,153	70.8
Swimming Beach	56,500	14,125	231	13,894	1.6
Recreation/Education Social	26,100	6,525	19,350	(12,825)	296.6
Miscellaneous	-	-	11,022	(11,022)	N/A
<b>TOTAL EXPENDITURES</b>	<u>1,832,003</u>	<u>458,001</u>	<u>421,748</u>	<u>36,253</u>	<u>92.1</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	(106,298)	(26,575)	(347,906)	(321,332)	1,309.2
<b>OTHER FINANCING USES</b>					
Transfers in	125,000	31,250	31,250.0	-	100.0
Transfers Out	-	-	-	-	N/A
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>125,000</u>	<u>31,250</u>	<u>31,250</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>\$ 18,702</u>	<u>\$ 4,676</u>	<u>\$ (316,656)</u>	<u>\$ (321,332)</u>	<u>(6,772.7) %</u>

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 till Q2.
- (2) Negative variance due to first-half LGA not being received till Q2.
- (3) Negative variance due to budgeted administrative fees from other funds and fire contracts with townships not billed yet.

CITY OF PINE CITY, MINNESOTA  
 UNAUDITED CASH BALANCES BY FUND  
 MARCH 31, 2015, DECEMBER 31, 2015 AND MARCH 31, 2016

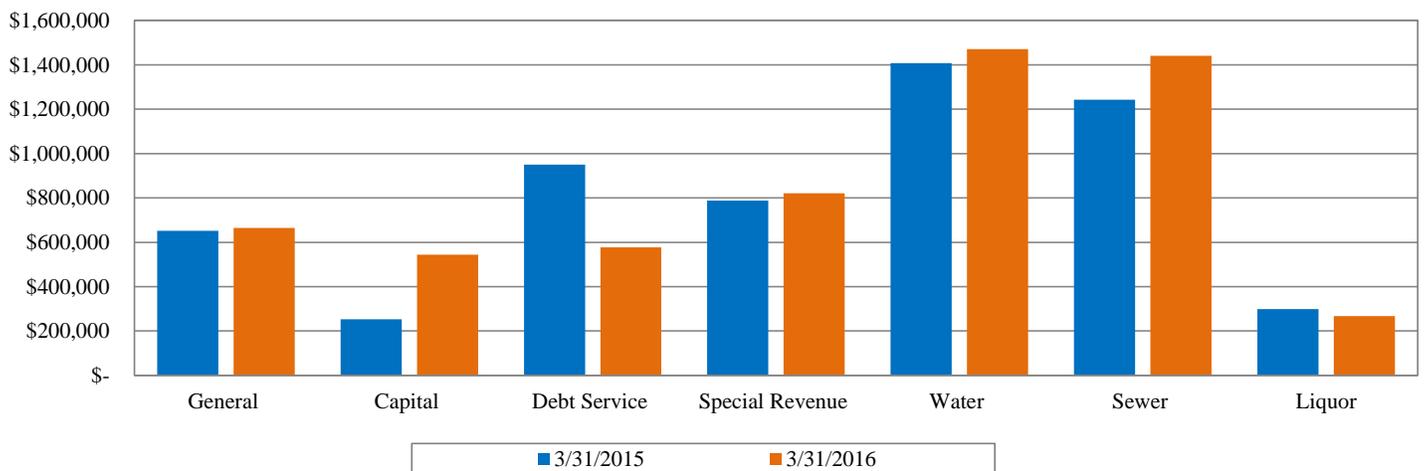
Attachment B

Fund	Balance 03/31/2015	Balance 12/31/2015	Balance 03/31/2016	YTD Change From 12/31/2015	Change From 03/31/2015
101 General	\$ 651,303	\$ 1,015,202	\$ 664,266	\$ (350,936) (1)	\$ 12,963
305 Capital Improvement	490,182	518,926	510,433	(8,493)	20,251
328 2009 Street Reconstruction	(259,310)	(259,310)	(259,310)	-	-
355 Fire Hall Construction	-	(500)	(500)	-	(500)
360 2015 Street Improvement Project	-	269,764	269,764	-	269,764
407 Refunding Bond Fund	907,353	316,286	319,248	2,962	(588,105)
408 2008 Debt Service Fund	-	163,237	18,099	(145,138) (2)	18,099
410 2010 Debt Service Fund	-	210,418	(30,337)	(240,755) (2)	(30,337)
411 2011 Debt Service Fund	-	16,060	16,060	-	16,060
412 2012 Debt Service Fund	-	152,754	81,814	(70,940) (2)	81,814
413 2013 Debt Service Fund	-	109,545	110,232	687	110,232
425 GO Bonds 2007A Improv.	-	-	-	-	-
427 GO Improv Bonds 2008A	33,019	107,886	35,915	(71,971) (2)	2,896
460 2015 Debt Service Fund	-	9,291	9,291	-	9,291
601 Cemetery Maintenance	187,187	185,183	187,338	2,155	151
701 Liquor	298,657	300,471	267,612	(32,859)	(31,045)
703 Water	1,408,172	1,827,939	1,470,615	(357,324) (2)	62,443
707 Sewer	1,242,034	1,436,690	1,440,307	3,617	198,273
800 EDA Basic	560,921	119,128	112,044	(7,084)	(448,877)
810 Hardee's TIF District 1-1	40,000	53,841	53,841	-	13,841
820 Minnesota Investment Fund RLF	-	29,316	31,228	1,912	31,228
825 EDA Revolving Loan Fund	-	434,359	437,054	2,695	437,054
855 DMC Company TIF	9,150	16,602	9,443	(7,159)	293
866 GO Taxable TIF of 2003	9,083	16,641	16,470	(171)	7,387
868 Pine City Bottle Cap Condos	13,202	20,939	13,936	(7,003)	734
870 Astcott Debt Service Fund	-	-	-	-	-
<b>Total</b>	<b>\$ 5,590,953</b>	<b>\$ 7,070,668</b>	<b>\$ 5,784,863</b>	<b>\$ (1,285,805)</b>	<b>\$ 193,910</b>

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

- (1) Decrease due to first-half tax settlement not being received till Q2; cash balance comparable to Q1 2015 ending balance.
- (2) Decrease due to February payment of principal and interest.

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



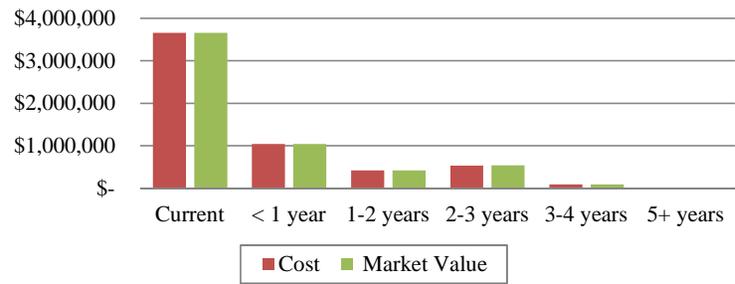
<p><b>Fund</b></p> <ul style="list-style-type: none"> <li>➡ General</li> <li>➡ Capital</li> <li>➡ Debt Service</li> <li>➡ Special Revenue</li> </ul>	<ul style="list-style-type: none"> <li>➡ Water</li> <li>➡ Sewer</li> <li>➡ Liquor</li> </ul>	<p><b>Key</b></p> <ul style="list-style-type: none"> <li>➡ Balance increased more than 10% over prior year</li> <li>➡ Balance decreased more than 10% over prior year</li> <li>➡ Balance within 10% of prior year</li> </ul>
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City of Pine City  
Schedule of Investments  
For the Month Ending March 31, 2016

Attachment C

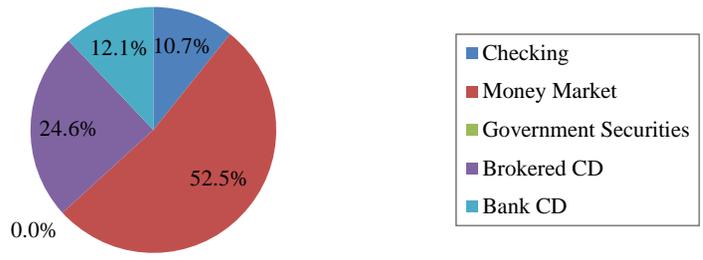
Institution	Description	Rate	Maturity Date	Cost		Market Value	Unrealized gain / (loss)	
				1/1/2016	Interest			
Northwoods Bank	Savings - XXX-6514	0.15%	Current	\$ 1,800,390.97	\$ 435.56	\$ 794,152.10	\$ 794,152.10	-
Northwoods Bank	Checking - XXX-5024	0.15%	Current	313,995.31	-	336,790.15	336,790.15	-
Northwoods Bank	Checking - XXX-4522		Current	131,555.65	-	226,295.22	226,295.22	-
Stearns Bank	Checkng - XXX-0032	0.15%	Current	19,400.57	12.12	19,461.25	19,461.25	-
Stearns Bank	Savings - XXX-4752	0.15%	Current	2,022,739.05	954.39	1,276,654.79	1,276,654.79	-
Stearns Bank	Checkng - XXX-4894		Current	1,887.22	-	3,265.87	3,265.87	-
Spire Bank	Savings - XXX-316	0.15%	Current	29.08	-	29.08	29.08	-
Stearns Bank	Savings - XXX-2095	0.15%	Current	377,674.96	296.66	397,972.78	397,972.78	-
Stearns Bank	Checking - XXX-7458		Current	25,037.84	-	35,688.07	35,688.07	-
Morgan Stanley	Money Market	0.01%	Current	511,266.95	4.16	568,920.14	568,920.14	-
Morgan Stanley	Federal Home Loan Morgate Corp	2.00%	3/27/2023	200,000.00	2,000.00	96.00	-	(96.00)
Morgan Stanley	GE Capital Retail Bank, UT	2.00%	9/23/2016	200,000.00	1,994.52	201,706.00	201,340.00	(366.00)
Morgan Stanley	Barclays Banke of Wilmington, DE	1.05%	12/19/2016	248,000.00	-	248,376.96	248,674.56	297.60
Morgan Stanley	World Financial Network Bank, DE	1.85%	6/8/2017	200,000.00	922.47	202,008.00	202,030.00	22.00
Morgan Stanley	State Bank of India, NY	2.00%	6/22/2017	125,000.00	-	126,466.25	126,711.25	245.00
Morgan Stanley	Amex Centurion, Salk Lake City, UT	2.00%	8/29/2018	55,000.00	548.49	55,261.80	55,931.15	669.35
Morgan Stanley	Amex Centurion, Salk Lake City, UT	2.10%	10/24/2018	190,000.00	-	190,636.50	193,228.10	2,591.60
Morgan Stanley	Ally Bk Midvale UT	1.60%	1/14/2019	-	-	150,000.00	152,220.00	2,220.00
Morgan Stanley	Goldman Sachs, New York, NY	1.85%	1/22/2019	145,000.00	1,352.27	145,134.85	147,408.45	2,273.60
Morgan Stanley	Goldman Sachs, New York, NY	1.70%	1/16/2020	97,000.00	831.28	95,109.47	97,217.28	2,107.81
Northwoods Bank	Northwoods Bank CD	1.10%	11/2/2016	100,500.00	-	100,500.00	100,500.00	-
Stearns Bank	Stearns Bank CD	0.85%	9/30/2017	100,000.00	-	100,000.00	100,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	100,000.00	-	100,000.00	100,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	100,000.00	-	100,000.00	100,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	100,000.00	-	100,000.00	100,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	100,000.00	-	100,000.00	100,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	50,000.00	-	50,000.00	50,000.00	-
Wells Fargo	Wells Fargo	0.85%	7/6/2016	50,000.00	-	50,000.00	50,000.00	-
Total cash and investments				\$ 7,364,477.60	\$ 9,351.92	\$ 5,774,525.28	\$ 5,784,490.24	\$ 9,964.96

### Maturities



Maturity	Cost 3/31/2016	Market Value 3/31/2016
Current	\$ 3,659,229.45	\$ 3,659,229.45
< 1 year	1,050,582.96	1,050,514.56
1-2 years	428,474.25	428,741.25
2-3 years	541,033.15	548,787.70
3-4 years	95,109.47	97,217.28
5+ years	96.00	-
	<u>\$ 5,774,525.28</u>	<u>\$ 5,784,490.24</u>

Weighted average rate of return 1.16%  
 Average Maturity 1.07



Investment Type	Market Value 3/31/2016
Checking	621,500.56
Money Market	3,037,728.89
Government Securities	-
Brokered CD	1,424,760.79
Bank CD	700,500.00
	<u>\$ 5,784,490.24</u>

CITY OF PINE CITY, MINNESOTA  
 STATEMENT OF REVENUES AND EXPENSES -  
 BUDGET AND ACTUAL -  
 WATER FUND (UNAUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2016

Attachment D

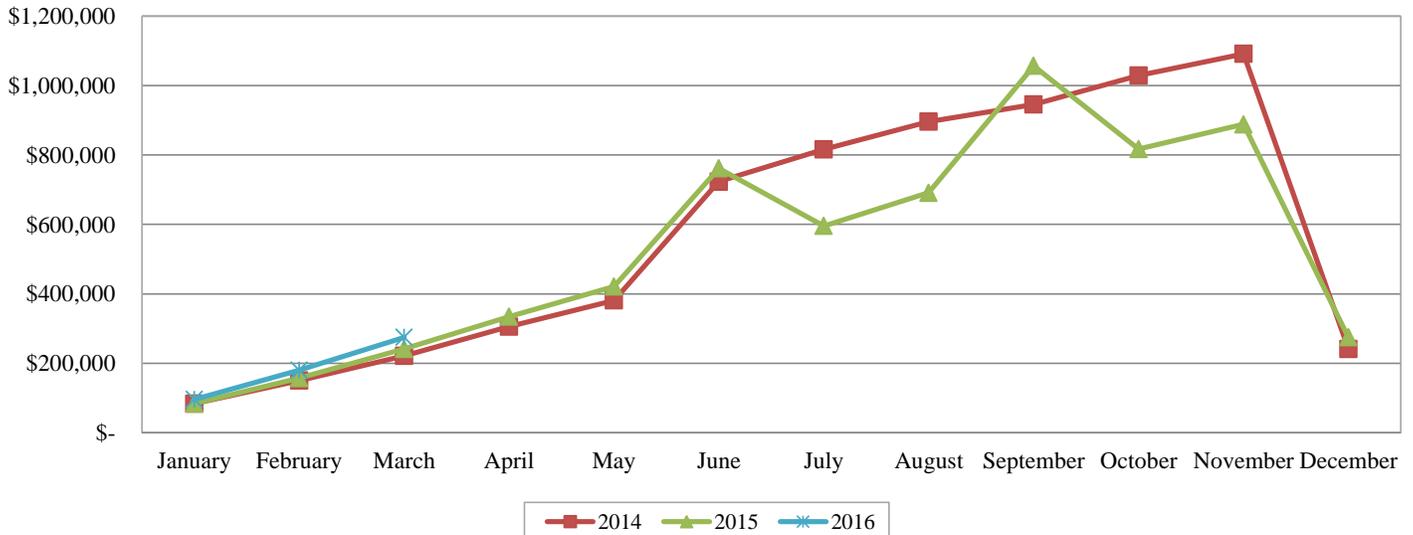
**WATER FUND**

	Actual Thru 3/31/2015	Actual Thru 03/31/2016	Variance - Favorable (Unfavorable)	Budget Thru 03/31/2016	Percent Received or Expended Based on Budget Thru 03/31/2016
<b>REVENUES</b>					
Charges for services	\$ 241,155	\$ 274,975	\$ 15,275	\$ 259,700	105.9 %
Miscellaneous	10,699	9,842	5,367	4,475	219.9
<b>TOTAL REVENUES</b>	<b>251,854</b>	<b>284,817</b>	<b>20,642</b>	<b>264,175</b>	<b>107.8</b>
<b>EXPENSES</b>					
Salaries and benefits	36,448	40,292	(1,994)	38,298	105.2
Supplies	4,146	4,855	1,045	5,900	82.3
Other services and charges	6,204	4,483	6,552	11,035	40.6
Repair and maintenance	5,288	1,223	6,505	7,728	15.8
Utilities	18,012	13,738	(538)	13,200	104.1
Interest	104,156	98,718	(56,985) (1)	41,733	236.5
Depreciation	49,858	-	49,750 (2)	49,750	-
<b>TOTAL EXPENSES</b>	<b>224,112</b>	<b>163,309</b>	<b>4,335</b>	<b>167,644</b>	<b>97.4</b>
<b>OTHER FINANCING USES</b>					
Transfers Out	60,410	-	60,410 (3)	31,250	-
<b>EXPENSES</b>	<b>\$ (32,668)</b>	<b>\$ 121,508</b>	<b>\$ (44,103)</b>	<b>\$ 65,281</b>	<b>186.1 %</b>

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

- (1) Negative variance due to first-half interest payment made in February.
- (2) Depreciation calculated annually for audit; non-cash expense.
- (3) Transfers for debt service and administrative fees not made till year-end.

**Water Sales Comparison 2014-2016**



CITY OF PINE CITY, MINNESOTA  
 STATEMENT OF REVENUES AND EXPENSES -  
 BUDGET AND ACTUAL -  
 SEWER FUND (UNAUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2016

Attachment D

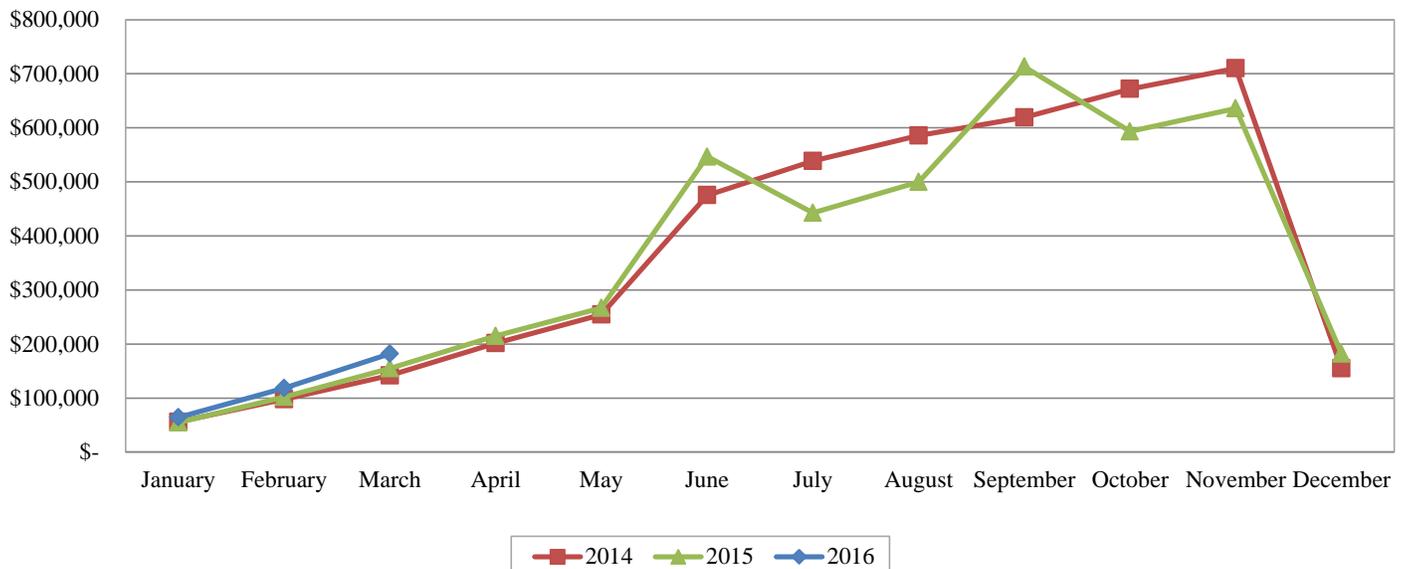
**SEWER FUND**

	Actual Thru 3/31/2015	Actual Thru 03/31/2016	Variance - Favorable (Unfavorable)	Budget Thru 03/31/2016	Percent Received or Expended Based on Budget Thru 03/31/2016
<b>REVENUES</b>					
Charges for services	\$ 155,088	\$ 181,699	\$ 11,774	\$ 169,925	106.9 %
Miscellaneous	8,586	(682)	(3,182)	2,500	(27.3)
<b>TOTAL REVENUES</b>	<b>163,674</b>	<b>181,017</b>	<b>8,592</b>	<b>172,425</b>	<b>105.0</b>
<b>EXPENSES</b>					
Salaries and benefits	43,195	46,316	(6,218)	40,098	115.5
Supplies	3,093	1,136	(349)	788	144.3
Other services and charges	3,293	1,030	7,170	8,200	12.6
Repair and maintenance	5,309	3,856	4,522	8,378	46.0
Utilities	14,051	16,602	(502)	16,100	103.1
Interest	28,054	26,949	(19,244) (1)	7,705	349.7
Depreciation	29,601	-	29,850 (2)	29,850	-
<b>TOTAL EXPENSES</b>	<b>126,596</b>	<b>95,889</b>	<b>15,230</b>	<b>111,119</b>	<b>86.3</b>
<b>OTHER FINANCING USES</b>					
Transfers Out	60,410	-	55,267 (3)	55,267	-
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ (23,332)</b>	<b>\$ 85,128</b>	<b>\$ (61,905)</b>	<b>\$ 6,040</b>	<b>1,409.5 %</b>

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

- (1) Negative variance due to first-half interest payment made in February.
- (2) Depreciation to be adjusted 2nd quarter
- (3) Transfers for debt service and administrative fees to be made 2nd quarter.

**Sewer Sales Comparison 2014-2016**



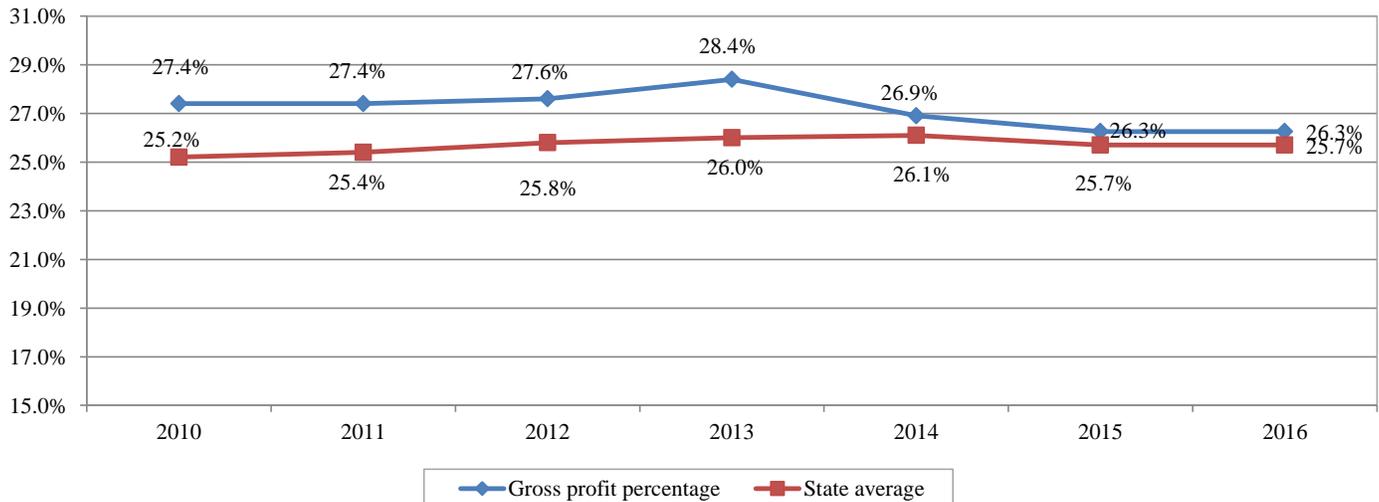
CITY OF PINE CITY, MINNESOTA  
 STATEMENT OF REVENUES AND EXPENSES -  
 BUDGET AND ACTUAL -  
 LIQUOR STORE FUND (UNAUDITED)  
 FOR THE THREE MONTHS ENDED MARCH 31, 2016

Attachment D

	Actual Thru 3/31/2015	Actual Thru 03/31/2016	Variance - Favorable (Unfavorable)	Budget Thru 03/31/2016	Percent Received or Expended Based on Budget Thru 03/31/2016
<b>REVENUES</b>					
Sales	\$ 312,579	\$ 325,633	\$ (99,492) (1)	\$ 425,125	76.6 %
Miscellaneous	642	153	(922)	1,075	14.2
<b>TOTAL REVENUES</b>	<b>313,221</b>	<b>325,786</b>	<b>(100,414)</b>	<b>426,200</b>	<b>76.4</b>
<b>EXPENSES</b>					
Salaries and benefits	56,014	62,014	(2,789)	59,225	104.7
Supplies	3,503	2,967	846	3,813	77.8
Services	13,071	9,823	4,602	14,425	68.1
Utilities	4,379	4,286	214	4,500	95.2
Cost of Goods Sold	249,490	240,141	68,347 (1)	308,488	77.8
Depreciation	2,296	0	2,250	2,250	-
<b>TOTAL EXPENSES</b>	<b>328,753</b>	<b>319,231</b>	<b>73,469</b>	<b>392,700</b>	<b>81.3</b>
<b>TOTAL REVENUE OVER EXPENSES BEFORE TRANSFERS</b>	<b>(15,532)</b>	<b>6,555</b>	<b>(26,945)</b>	<b>33,500</b>	<b>19.6</b>
<b>OTHER FINANCING USES</b>					
Transfers Out	31,250	31,250	-	31,250	100.0
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>\$ (46,782)</b>	<b>\$ (24,695)</b>	<b>\$ (173,883)</b>	<b>\$ 2,250</b>	<b>(1,097.6) %</b>

Sales	\$ 325,633
Cost of sales	<u>240,141</u>
Gross profit	<u>\$ 85,492</u>
Gross profit percentage 3/31/16	26.3%

**Gross Profit Percentage vs. State Average**



\* 2015 & 2016 municipal liquor state report is not available at this time. An average percent of 5 years has been used for the 2015 state average for 2015.

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

(1) Variances due to Q1 sales being slower than average for year; comparable to Q1 2015.