

3rd Quarter Report

City of Wayzata
Wayzata, Minnesota

As of September 30, 2016



AEM Financial Solutions™

People
+ Process®
Going
Beyond the
Numbers



AEM Financial Solutions™

October 28, 2016

ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and City Council
City of Wayzata
Wayzata, Minnesota

Management is responsible for the accompanying financial statements of the City of Wayzata, Minnesota (the City), which comprise the budget to actual statement of revenues and expenditures for the General fund and statements of revenues and expenses for the liquor enterprise funds as of September 30, 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™

October 28, 2016

Honorable Mayor and City Council
City of Wayzata
Wayzata, Minnesota

Dear Honorable Mayor and City Council:

We have reviewed all bank account reconciliations through September 30, 2016 and reviewed activity in all funds. A summary of our observations are listed below. All information presented is unaudited.

- Cash and investments - the City has \$17.9 million in cash. Most of the reduction from year-end 2015 is a result of road and other improvement projects and other capital-related purchases, offset by tax settlements. The payment of expenses accrued at year-end 2015 also contributed to the reduction in cash. Changes within individual funds are described in more detail on Attachment B.
- General fund budget performance - Attachment A is a summary of the budget and actual for the first quarter. There were no significant variances other than the timing of the Fire Relief transfer payment and City contribution as well as the large permit revenues associated with the Landing 31 Condominium Project. Total variances for revenues (taking into account special assessments received to General fund) and expenditures were both favorable.
- Cash balances for all funds are summarized on Attachment B. All funds have a positive cash balance and all but two are adequately funded at this time. Cash on hand is deemed appropriate for short-term operations.
- Attachment C is a summary of the cash and investment balances. As indicated, about one quarter of the City's funds have current maturities. The weighted average maturity is approximately three years and the weighted average rate of return of invested funds is approximately 1.80 percent, which is above the 3-year Treasury yield.
- Attachment D is a summary of the operations of the Liquor fund with a presentation of key operating results in a scorecard format.

* * * * *

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, 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 WAYZATA, MINNESOTA
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

Attachment A

	Annual Budget	Budget Through September	Actual Through September	Variance - Favorable (Unfavorable)		Percent Received or Expended Based on Budget Through September	* Indicator - Revenue > 100% positive Expense < 105% positive
REVENUES							
Taxes	\$ 4,056,795	\$ 2,028,398	\$ 2,271,770	\$ 243,372	(1)	112.00 %	↑
Licenses and permits	405,225	303,919	585,202	281,283	(2)	192.55	↑
Intergovernmental	183,400	183,400	185,171	1,771		100.97	↑
Charges for services	780,084	585,063	665,194	80,131	(3)	113.70	↑
Fines and forfeitures	73,500	55,125	51,748	(3,377)		93.87	↓
Interest	35,000	26,250	22,558	(3,692)		85.94	↓
Miscellaneous	5,000	3,750	25,305	21,555		674.80	↑
TOTAL REVENUES	5,539,004	3,185,905	3,806,948	621,043		119.49	
EXPENDITURES							
Mayor and City Council	46,236	34,677	30,755	3,922		88.69	↑
Administrative and finance	680,262	510,197	499,289	10,908		97.86	↑
Assessing	53,500	40,125	38,930	1,195		97.02	↑
Planning and zoning	123,038	92,279	88,257	4,022		95.64	↑
General government buildings	219,300	164,475	125,393	39,082	(4)	76.24	↑
Police protection	1,647,189	1,235,392	1,177,953	57,439	(5)	95.35	↑
Fire protection	344,305	258,229	93,518	164,711	(6)	36.22	↑
Building inspections	252,627	189,470	187,934	1,536		99.19	↑
Emergency management	5,350	4,013	527	3,486		13.13	↑
Health inspections	32,000	24,000	-	24,000		-	↑
Streets	549,125	411,844	376,896	34,948	(7)	91.51	↑
Street lighting	72,750	54,563	46,714	7,849		85.61	↑
Engineering	195,626	146,720	137,513	9,207		93.72	↑
Parks, recreation and forestry	543,922	407,942	343,774	64,168	(8)	84.27	↑
Unallocated	242,000	181,500	189,252	(7,752)		104.27	→
Capital outlay	6,000	4,500	1,754	2,746		38.98	↑
TOTAL EXPENDITURES	5,013,230	3,759,926	3,338,459	421,467		88.79	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES							
	525,774	(574,021)	468,489	1,042,510		(81.62)	
OTHER FINANCING SOURCES							
Transfers in	190,000	190,000	-	190,000	**	100.00	
Operating transfers out	(715,774)	(715,774)	-	(715,774)	**	100.00	
TOTAL OTHER FINANCING SOURCES (USES)	(525,774)	(525,774)	-	(525,774)		-	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES							
	\$ -	\$ (1,099,795)	\$ 468,489	\$ 516,736		(42.60) %	

Item Scope for explanation: \$25,000 variance and percentage variance of greater than 10%.

- (1) Special assessments recorded with general property taxes; reconciled and recoded at year-end.
- (2) Favorable variance due to large building & plumbing permits purchased for Landing 31 Condominium Project and renewal of rental licenses exceeding 2016 budgeted amount by end of June.
- (3) \$90,000 plan check fee for Landing 31 Condominium Project; annual budget for revenue line is \$101,000.
- (4) Building & equipment maintenance under budget due to minimal activity YTD.
- (5) Several expenditures slightly under budget including motor fuels, insurance, and FT & PT wages; nothing individually significant.
- (6) Fire Relief State aid payment received, but that amount and City contribution to pension not made till Q4.
- (7) Negligible expenditure on sand & gravel and road salt; motor fuels significantly under budget.
- (8) Several expenditures slightly under budget including FT wages, senior program fees, contract services, and motor fuels.

* Green (red) arrows indicate favorable (unfavorable) variance to prior actuals for the same period.

** Transfers made at year-end after excess cash is evaluated.

CITY OF WAYZATA, MINNESOTA
UNAUDITED CASH BALANCES BY FUND
DECEMBER 31, 2015 AND SEPTEMBER 30, 2016

Attachment B

Fund	Balance 12/31/15	Balance 09/30/16	YTD Change from 12/31/15	* Reserve Level
General				
101 General	\$ 2,511,056	\$ 2,905,449	\$ 394,393 (1)	●
Special Revenue				
232 Cemetery	47,523	47,821	298	●
235 Cable TV	45,935	48,284	2,349	●
236 Drug/DWI Forfeiture	19,556	105,014	85,458 (2)	●
237 Fire Relief / Pulltabs	53,976	108,981	55,005 (3)	●
239 Comp Plan - Land Use	120,763	136,855	16,092	●
Debt Service				
310 Superior/Lake Realignment (2010A)	200,092	164,285	(35,807)	●
311 Street Reconstruction (2009A)	17,161	30,647	13,486	●
315 Big Woods	180,970	267,950	86,980 (4)	●
Capital Projects				
233 Lakefront Improvements	838,032	523,500	(314,532) (5)	●
401 Permanent Improvement	732,192	412,872	(319,320) (6)	●
404 Park and Trail CIP	1,028,611	979,609	(49,002)	●
407 Cell Tower	475,776	468,159	(7,617)	●
408 General Fund CIF	1,486,077	1,248,196	(237,881) (7)	●
409 Equipment Revolving	1,615,809	1,040,926	(574,883) (8)	●
430 Street CIP	1,715,324	1,627,411	(87,913) (9)	●
437 Library/Community Room CIP	431,922	457,224	25,302	●
802 Escrows	53,021	102,308	49,287	●
Enterprise				
610 Water	3,939,867	3,310,916	(628,951) (10)	●
620 Sewer	770,506	644,012	(126,494) (11)	●
630 Motor Vehicle	54,801	223,445	168,644 (12)	●
640 Liquor	822,053	1,129,007	306,954 (13)	●
650 Solid Waste	229,461	227,172	(2,289)	●
670 Stormwater	445,510	655,351	209,841 (14)	●
HRA				
314 Widsten Tax Increment	762,905	660,098	(102,807) (15)	●
316 Baycenter	451,816	50,794	(401,022) (16)	●
440 Housing	285,626	314,946	29,320	●
Total	<u>\$ 19,336,341</u>	<u>\$ 17,891,232</u>	<u>\$ (1,445,109)</u>	

Item

Explanation of changes greater than \$50,000

- (1) See Attachment A for detail of fund activity.
- (2) \$17,500 in DWI forfeitures received in March; \$57,500 received in July.
- (3) \$57,500 in pull tab contributions received from Lions Club in June.
- (4) Property tax settlement of \$106,000 received in July.
- (5) Approximately \$210,000 in architect fees paid to Civitas, Mary DeLaittre, etc. for Lake Effect and payment on \$98,000 of 2015 accrued expenses.
- (6) Approximately \$280,000 in contract services for Parking Ramp project.
- (7) Payment on approximately \$27,000 of 2015 accrued expenses, several small furniture purchases, and \$158,000 for Peavey Bridge agreement.
- (8) Decrease due to small equipment purchases and four large purchases: 1) snow plow & sander for 1-ton truck; 2) sidewalk snowblower; 3) Bobcat loader, and; 4) utility truck. In addition, payment of 2015 accrued expenses (~\$208k).
- (9) Approximately \$100,000 apiece in receipts for water tower rentals and July tax settlement and \$300,000 in expenditures for sealcoating and road improvements.
- (10) Approximately \$570,000 in payments to Magney Construction for work on WTP #2 and \$63,000 in bond interest. Expenses offset by charges for services and lease revenues.
- (11) Approximately \$172,000 contract payment for 2016 Sewer lining project.
- (12) Increase due to excess of revenues over expenses and timing differences between collections and remittances to the State of MN.
- (13) Increase due to excess of revenues over expenditures. Budgeted operating transfers not made till year end.
- (14) Increase due to excess of revenues over expenses; no unusual activity YTD.
- (15) Approximately \$200,000 TIF settlement received in May and excess TIF payment of \$300,000 made in September.
- (16) Approximately \$860,000 TIF settlement received in May and payment on \$432,000 of 2015 accrued expenses. Remaining difference is architect fees.

* Green (red) indicates positive (negative) position relative to the 2015 Long-term plan or the 2016 budget. Yellow indicates anything between the green and red ranges.

CITY OF WAYZATA, MINNESOTA
INVESTMENT SCHEDULE
FOR THE MONTH ENDED SEPTEMBER 30, 2016

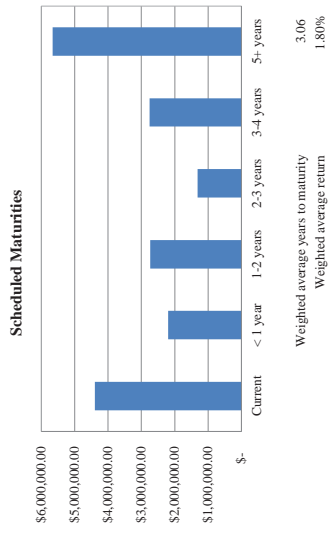
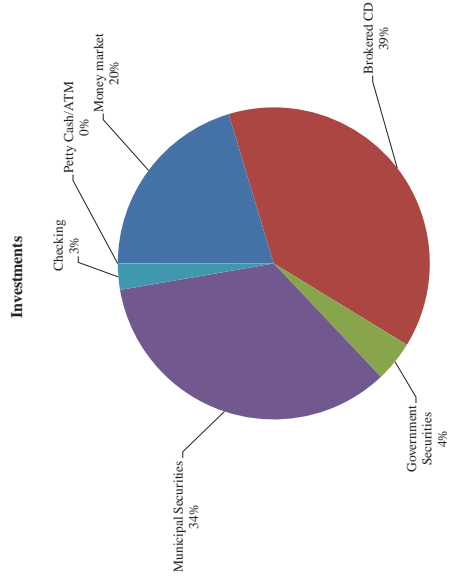
Institution	Description	Rate	Maturity Date	1/1/2016		9/30/2016	
				Purchases/Deposits	Sales/Expenditures	Interest	
Anchor	General	0.03%	Current	\$	\$	\$	\$
Anchor	Payroll	0.03%	Current	20,871,740.52	(20,867,703.28)	22.69	104,967.82
Anchor	Motor Vehicle	0.03%	Current	2,165,262.00	(2,165,262.00)	-	-
Anchor	City Hall Credit Card	0.03%	Current	24,533,453.84	(24,278,886.42)	63.28	320,154.33
Anchor	Bar and Grill	0.03%	Current	5,873.35	(5,873.35)	1.22	5,128.36
Anchor	Wine and Spirits	0.03%	Current	1,757,737.38	(1,746,541.83)	4.22	20,701.74
Anchor	Liquor Credit Card Account	0.00%	Current	7,236.79	(1,441,609.77)	4.97	23,446.09
Wells Fargo	Sweep	0.50%	Current	68,760.38	(869,837.56)	-	34,894.82
Anchor	Liquor ATM	N/A	Current	4,984,064.65	(11,089,839.94)	7,603.28	3,812,974.42
Petty Cash/ATM	Petty Cash	N/A	Current	3,778.00	(20.00)	-	3,758.00
Petty Cash/ATM	Change Fund	N/A	Current	4,100.00	-	-	4,930.00
4 M	4MP General Account	0.05%	Current	3,262.53	(4,050.00)	-	50.00
4 M	4M General Account	0.02%	Current	1,502.29	-	3.51	3,266.04
Morgan Stanley	Capital Bank - Miami FL	0.50%	04/28/16	247,987.60	(248,000.00)	0.47	1,502.76
Morgan Stanley	BMW, Salt Lake City, UT	1.00%	05/16/17	247,950.40	-	934.25	248,806.00
Morgan Stanley	Aly BK, Michals, UT	1.00%	06/19/17	247,714.80	-	1,367.74	248,877.92
Morgan Stanley	First Business - Madison WI	0.95%	07/20/17	248,032.24	-	2,362.45	249,195.36
Morgan Stanley	State Bank of India - IL	1.5%	07/25/17	250,323.76	-	3,854.53	250,415.52
Morgan Stanley	American Express Centurion	1.70%	07/26/17	248,736.41	-	4,210.51	249,106.91
Morgan Stanley	Saltie Mae Bank - UT	1.15%	11/06/17	247,015.44	-	1,422.69	249,125.92
Morgan Stanley	Mercantil - Coral Gables FL	0.85%	11/13/17	248,000.00	-	-	248,481.12
Morgan Stanley	BMO Harris - Chicago IL	1.27%	11/20/17	246,891.44	-	1,545.75	249,143.28
Morgan Stanley	Capital One Bank - VA	1.25%	01/22/18	246,636.00	-	3,108.49	249,398.72
Morgan Stanley	Oriental Bank	1.00%	05/14/18	-	249,000.00	641.26	249,622.50
Morgan Stanley	JP Morgan Chase Bank - Columbus OH	1.00%	05/16/18	-	249,000.00	627.62	249,851.58
Morgan Stanley	GE Capital Bank - SLC UT	2.00%	07/20/18	248,704.30	-	2,490.30	251,110.08
Morgan Stanley	GE Capital Bank - Draper UT	2.00%	07/20/18	247,787.93	-	4,953.53	251,774.51
Morgan Stanley	Third Federal - Cleveland OH	1.45%	11/28/18	245,115.76	-	4,070.81	250,465.12
Morgan Stanley	BankUnited - Miami Lakes FL	1.30%	11/30/18	246,489.68	-	1,793.07	251,524.08
Morgan Stanley	Discover BK, Greenwood DE	1.80%	06/17/19	243,672.91	-	2,229.09	250,653.13
Morgan Stanley	Carroll City - MO	1.80%	12/24/19	245,914.89	-	1,117.42	246,756.65
Morgan Stanley	Wells Fargo - Sioux Falls, SD	1.35%	05/26/21	242,721.50	-	-	-
Morgan Stanley	FHLMC Bond Step-Up	1.00%	05/13/20	499,770.00	-	-	-
Morgan Stanley	FHLM Bond Step-Up	1.50%	06/16/21	500,580.00	-	-	-
Morgan Stanley	FNMA Bond Step-Up	1.00%	06/09/21	315,000.00	-	-	314,836.20
Morgan Stanley	FHLM Bond Step-Up	1.00%	04/08/22	490,000.00	-	-	490,068.60
Morgan Stanley	MSLIF Government Cash Management (& Cash)	0.10%	Current	33,535.56	(10,010.27)	(32.85)	23,492.44
UBS	UBS Select Prime Institutional Fund	0.04%	Current	1,016,889.79	(1,011,847.06)	(1,463.09)	37,167.16
UBS	Bank of China	0.50%	01/22/16	240,000.00	-	1,200.00	-
UBS	Comenity Bank	0.55%	01/28/16	199,500.00	-	168.76	-
UBS	S&T Bank Ind - PA	0.50%	06/17/16	239,901.60	-	1,203.29	-
UBS	EverBank - FL	0.55%	06/17/16	239,899.20	-	1,316.38	-
UBS	Pacific Premier - CA	0.50%	08/17/16	239,666.40	-	700.28	-
UBS	People's United Bank - CT	0.85%	09/19/16	240,112.80	-	2,056.77	-
UBS	Investor's Bank - NJ	0.80%	09/29/16	239,892.00	-	1,925.26	-
UBS	CIT Bank Salt Lake City - UT	1.45%	07/31/17	240,134.40	-	3,489.53	240,175.20
UBS	Medallion Bank - UT	1.10%	08/03/17	239,088.00	-	1,989.05	240,705.60
UBS	BMW Bank of NA - UT	1.40%	08/09/17	241,116.00	-	3,369.21	241,816.80
UBS	FirstBank PR	1.30%	09/11/17	229,510.10	-	1,998.81	231,007.40
UBS	Key Bank PR - OH	1.10%	11/13/17	244,010.20	-	1,343.81	246,149.05
UBS	American Express - UT	1.70%	07/16/18	243,640.25	-	4,176.41	247,506.35
UBS	Compass Bank Birmingham - AL	1.75%	08/14/18	241,108.80	-	4,211.51	244,454.40
UBS	Luna Savings Bank - IA	1.25%	05/06/19	244,095.95	-	1,527.05	246,188.25
UBS	HSCB Bank - DE	1.25%	03/30/20	238,072.80	-	3,008.22	240,446.40
UBS	Capital One NA - VA	2.15%	11/04/20	243,669.65	-	2,656.53	254,052.75
UBS	World's Foremost Bank - NE	1.70%	04/21/21	200,000.00	-	1,425.21	198,096.00
UBS	Goldman Sachs Bank - NY	2.35%	06/17/21	256,858.40	-	2,827.73	248,311.20
UBS	Comenity Bank - DE	1.55%	08/17/21	200,000.00	-	144.38	196,524.00
UBS	Stratford - CT	3.42%	08/15/19	315,813.00	-	10,254.00	317,697.00
UBS	Cook County - IL	2.13%	12/01/19	346,531.58	-	-	342,148.90
UBS	Sacramento - CA	2.65%	12/01/19	792,246.00	-	13,254.91	809,140.80
UBS	City of NY	2.15%	03/01/20	463,426.36	-	7,120.00	448,435.40
UBS	Montgomery - AL	2.03%	04/01/20	392,164.00	-	4,300.00	405,552.00
UBS	Ypsilanti - MI	2.15%	05/01/20	509,715.25	-	4,694.44	505,950.00
UBS	New York City Transit - NY	1.69%	02/01/21	1,000,000.00	-	6,825.00	1,002,920.00
UBS	Chippewa Valley - MI	2.73%	05/01/21	500,000.00	-	-	524,220.00
UBS	Miam Area Schools - MI	2.13%	05/01/21	900,000.00	-	-	913,869.00
UBS	Reems-Putler - MI SCHS	2.50%	05/01/21	507,628.74	-	6,299.87	515,577.15
UBS	Palm Beach Co. - FL PUB	2.00%	12/01/21	507,628.74	-	6,098.80	510,075.30
UBS	Rosemount - IL	3.36%	12/01/22	253,208.45	-	-	250,358.40
UBS	FHLM Bond	1.20%	05/18/18	1,000,130.00	-	6,000.00	-
UBS	FHLM Bond Step-Up	1.50%	12/11/20	901,215.00	-	5,625.00	-
UBS	FNMA Bond Step-Up	2.25%	10/17/22	494,410.00	-	5,625.00	-
				\$	\$	\$	\$
				19,614,125.74	69,447,666.48	166,962.64	19,067,024.53
				Total cash and investments			

Checking			
DIT		\$	4,322,267.58
Outstanding			152,315.46
AP			(1,184,207.43)
Total Reconciled		\$	3,290,375.61
Per BDS		\$	3,289,780.32
Collateral Cover			
Anchor Bank	\$	8,537,330.00	
Sufficient		yes	
Collateral Cover			
Wells Fargo	\$	-	
Sufficient		yes	
GL Difference		\$	595,229

Investments			
Per BDS		\$	14,736,018.95
Gain/Loss			14,592,313.04
			68,041.35
GL Difference			14,660,354.39
			75,664,516

Petty cash/ATM			
Per BDS		\$	8,738.00
GL Difference		\$	8,738.00
			-

Maturity	Amount
Current	4,396,433.98
< 1 year	2,200,106.71
1-2 years	2,736,617.51
2-3 years	1,316,527.58
3-4 years	2,751,673.50
5+ years	5,665,665.25
	\$ 19,067,024.53



Weighted average years to maturity 3.06
 Weighted average return 1.80%

CITY OF WAYZATA, MINNESOTA
SUMMARY OF OPERATIONS - WWS SCORECARD

City of Wayzata - WWS Scorecard - Thru 9/30/16												
Measurable	Year	Budget Goal	January	February	March	April	May	June	July	August	September	Total thru 9/30/16
Sales	2016	\$ 2,559,400	\$ 161,591	\$ 178,331	\$ 200,664	\$ 202,807	\$ 243,615	\$ 265,530	\$ 287,831	\$ 274,052	\$ 252,020	\$ 2,066,441
Sales	2015	\$ 2,559,400	\$ 155,877	\$ 168,320	\$ 152,052	\$ 176,675	\$ 227,533	\$ 235,580	\$ 278,318	\$ 251,953	\$ 223,065	\$ 1,869,373
Gross profit	2016	\$ 707,900	\$ 38,005	\$ 46,480	\$ 53,147	\$ 53,080	\$ 69,532	\$ 60,617	\$ 76,415	\$ 67,046	\$ 43,619	\$ 507,943
Gross profit %	2016	26.0%	23.5%	26.1%	26.5%	26.2%	28.5%	22.8%	26.5%	24.5%	17.3%	24.6%
Gross profit %	2015	28.0%	26.4%	27.0%	16.4%	26.2%	24.8%	25.3%	27.9%	24.8%	22.0%	24.8%
Personnel costs	2016	\$ 296,269	\$ 17,990	\$ 19,244	\$ 19,254	\$ 20,170	\$ 20,298	\$ 21,311	\$ 21,938	\$ 22,414	\$ 20,921	\$ 183,541
Personnel costs	2015	\$ 313,067	\$ 27,434	\$ 27,379	\$ 25,616	\$ 25,856	\$ 25,798	\$ 27,612	\$ 26,649	\$ 22,189	\$ 22,915	\$ 231,448
Personnel as % of sales	2016	11.6%	11.1%	10.8%	9.6%	9.9%	8.3%	8.0%	7.6%	8.2%	8.3%	8.9%
Personnel as % of sales	2015	12.2%	17.6%	16.3%	16.8%	14.6%	11.3%	11.7%	9.6%	8.8%	10.3%	12.4%
Operating exp as % of sales	2016	8.7%	8.3%	7.3%	5.3%	6.1%	7.0%	5.9%	5.2%	7.4%	5.4%	1.8%
Operating exp as % of sales	2015	8.5%	14.1%	6.0%	9.0%	7.5%	4.4%	5.5%	7.0%	4.4%	6.2%	2.4%
Liquor turnover	2016		3.84	3.89	3.96	3.85	3.95	4.20	4.39	4.40	4.58	4.12
Wine turnover	2016		3.75	3.80	3.87	3.54	3.70	3.84	3.87	3.91	3.98	3.81
Beer turnover	2016		11.72	12.01	11.96	10.09	10.49	11.31	12.06	12.17	11.81	11.51
Misc	2016		5.42	5.61	5.77	4.82	5.26	6.17	6.98	7.45	7.76	6.14
Total Inventory Turn	2016	6.3	4.6	4.6	4.7	4.4	4.4	4.4	4.9	4.9	5.0	4.7
Total Inventory Turn	2015	6.3	3.6	3.6	3.8	3.8	4.0	4.1	4.3	4.5	4.5	4.0
Net income b4 transfers	2016	\$ 191,526	\$ 5,599	\$ 13,159	\$ 22,216	\$ 19,418	\$ 31,122	\$ 22,555	\$ 38,565	\$ 23,409	\$ 8,059	\$ 184,101
Net income b4 transfers	2015	\$ 180,262	\$ (9,207)	\$ 6,907	\$ (15,417)	\$ 6,211	\$ 19,552	\$ 17,965	\$ 30,652	\$ 28,095	\$ 11,243	\$ 96,002
Net income %	2016	7.48%	3.47%	7.38%	11.07%	9.57%	12.77%	8.49%	13.40%	8.54%	3.20%	8.91%
Net income %	2015	7.04%	-5.91%	4.10%	-10.14%	3.52%	8.59%	7.63%	11.01%	11.15%	5.04%	5.14%
Average ticket amount	2016	\$ 32.26	\$ 29.76	\$ 31.24	\$ 31.57	\$ 31.11	\$ 33.95	\$ 33.72	\$ 34.74	\$ 34.65	\$ 34.92	\$ 32.85
Average ticket amount	2015	\$ 32.26	\$ 29.76	\$ 32.88	\$ 28.67	\$ 30.70	\$ 33.61	\$ 33.01	\$ 34.49	\$ 33.44	\$ 33.78	\$ 32.26
Customer counts	2016		5,421	5,868	6,471	6,616	7,278	7,948	8,366	7,994	7,346	7,034.22
Customer counts	2015		5,421	5,263	5,512	5,925	6,938	7,251	8,181	7,673	6,746	6,545.56

Q3 Notes:

- Traffic count and average transaction still trending well, driven in large part by direct mail advertising campaign.
- Gross profit and net income percentage skewed by timing of invoice entry (inventory vs. purchases), should rebound in Q4.
- Wine is continued focus for now, we differentiate ourselves from competition with product knowledge while remaining competitive on price (especially top sellers).
- Total Wine's application to build store in Minnetonka was denied by City Council. 2017 budget adjusted to reflect positive sales impact.

CITY OF WAYZATA, MINNESOTA
SUMMARY OF OPERATIONS - WBG SCORECARD

Measurable	Year	Budget Goal	City of Wayzata - WBG Scorecard - Thru 9/30/16											
			January	February	March	April	May	June	July	August	September	Total Thru 9/30/16		
Sales	2016	\$ 3,011,500	\$ 214,391	\$ 214,521	\$ 237,441	\$ 245,664	\$ 257,894	\$ 263,388	\$ 255,598	\$ 291,117	\$ 2,239,120			
Sales	2015	\$ 3,119,200	\$ 236,664	\$ 210,699	\$ 246,211	\$ 242,227	\$ 262,171	\$ 272,931	\$ 271,430	\$ 283,329	\$ 2,297,765			
Gross profit	2016	\$ 1,998,375	\$ 159,148	\$ 139,262	\$ 160,702	\$ 172,754	\$ 182,597	\$ 196,807	\$ 178,825	\$ 210,403	\$ 1,579,200			
Gross profit	2015	\$ 2,094,075	\$ 156,449	\$ 140,288	\$ 166,029	\$ 160,696	\$ 180,576	\$ 181,654	\$ 185,586	\$ 205,605	\$ 1,562,691			
Gross profit %	2016	66.36%	75.01%	65.69%	68.37%	71.00%	71.50%	75.34%	70.64%	72.81%	70.53%			
Gross profit %	2015	67.00%	67.41%	68.25%	67.12%	69.02%	69.68%	67.25%	69.15%	73.34%	68.01%			
Personnel costs	2016	\$ 1,315,000	\$ 95,586	\$ 98,340	\$ 106,533	\$ 99,780	\$ 114,144	\$ 104,409	\$ 112,397	\$ 112,479	\$ 946,466			
Personnel costs	2015	\$ 1,282,366	\$ 95,464	\$ 91,313	\$ 92,845	\$ 100,389	\$ 117,342	\$ 108,121	\$ 100,231	\$ 104,080	\$ 911,626			
Personnel as % of sales	2016	43.67%	44.58%	45.84%	44.87%	40.62%	44.26%	39.64%	43.97%	38.64%	42.27%			
Personnel as % of sales	2015	41.00%	40.34%	43.34%	37.71%	41.44%	44.76%	39.61%	36.93%	36.73%	39.67%			
Operating exp	2016	\$ 484,522	\$ 28,855	\$ 33,543	\$ 32,905	\$ 38,546	\$ 36,635	\$ 33,522	\$ 35,486	\$ 34,648	\$ 304,515			
Operating exp	2015	\$ 479,772	\$ 29,623	\$ 44,946	\$ 30,965	\$ 42,652	\$ 34,412	\$ 39,804	\$ 31,088	\$ 42,422	\$ 325,844			
Operating as % of sales	2016	16.09%	13.46%	15.64%	13.86%	15.69%	14.21%	12.73%	13.88%	11.90%	13.60%			
Operating as % of sales	2015	15.00%	12.52%	21.33%	12.58%	17.61%	13.13%	14.58%	11.45%	14.97%	14.18%			
Net income before transfers	2016	\$ 211,907	\$ 35,628	\$ 8,978	\$ 24,933	\$ 35,344	\$ 32,739	\$ 59,811	\$ 33,394	\$ 64,377	\$ 342,019			
Net income before transfers	2015	\$ 346,972	\$ 32,396	\$ 5,470	\$ 43,116	\$ 18,889	\$ 29,868	\$ 34,798	\$ 56,228	\$ 60,078	\$ 335,742			
Net income %	2016	7.04%	16.62%	4.19%	10.50%	14.39%	12.69%	22.71%	13.07%	22.11%	15.27%			
Net income %	2015	11.12%	13.69%	2.60%	17.51%	7.80%	11.39%	12.75%	20.72%	21.20%	14.61%			
Guest check ave.	2016													
Guest check ave.	2015													

Q3 Notes:

- 1) Controllable costs all below budgeted percentages. Some concerns with ACA eligibility, but no impact on bottom line to date.
- 2) Net income percentage well above budget of 7.04% of sales. On track to match or exceed prior year net income \$ and %.
- 3) Top-line revenue is still down; JJ Hill Days and other promotions helping to shore up sales.