DEBT SERVICE FUNDS BUDGETS

Expense and revenue budgets were prepared for three debt service funds. Revenues ($383,632) will exceed expenses ($351,913) by $31,719, which will be added to reserves.

An updated Debt Management Analysis prepared by Northland Securities is included with the budget details of the Debt Service Funds.

DEBT SERVICE FUNDS **EXPENSE BUDGET**

2007 BLACKTOP (FUND 307)

Account Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Debt Service								
601 Long Term Debt Principal		250,000	135,000	135,000	135,000	135,000		
611 Long Term Debt Interest	32,178	55,211	46,038	41,043	41,043	35,980	-12.34%	
Statutory 5% Coverage Requirement				8,802	8,802	8,549	-2.87%	
Total Debt Service	32,178	305,211	181,038	184,845	184,845	179,529	-2.88%	
Contractual Services								
620 Fiscal Agent Fees	4,553						#DIV/0!	
Total Contractual Services	4,553						#DIV/0!	
Transfers								
720 Operating Transfers							#DIV/0!	
Total Transfers							#DIV/0!	
Total 2007 Blacktop (307)	36,731	305,211	181,038	184,845	184,845	179,529	-2.88%	

FIRE HALL/PUBLIC WORKS (FUND 310)

Account Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Debt Service								
601 Long Term Debt Principal	75,000	745000	85,000	90,000	90,000	95,000	5.56%	
611 Long Term Debt Interest	45,035	41,135	26,140	23,293	23,293	20,143	-13.52%	
Statutory 5% Coverage Requirement			425	5,665	5,665	5,757	1.62%	
Total Debt Service	120,035		111,140	118,958	118,958	120,900	1.63%	
Contractual Services								
620 Fiscal Agent Fees		403		425	425		-100.00%	
Total Contractual Services		403		425	425		-100.00%	
Transfers								
720 Operating Transfers							#DIV/0!	
Total Transfers							#DIV/0!	
Total Fire Hall/Public Works (310)	120,035	403	111,140	119,383	119,383	120,900	1.27%	

2010 EQUIPMENT CERTIFICATES (FUND 311)

Account Description	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Debt Service			
601 Long Term Debt Principal	40,000		
611 Long Term Debt Interest	9,020		
Statutory 5% Coverage Requirement	2,464		
Total Debt Service	51,484		
Contractual Services			
620 Fiscal Agent Fees			
Total Contractual Services			
Transfers			
720 Operating Transfers			
Total Transfers			
Total 2010 Equipment Certificates	51,484		

Total Debt Service	156,766	305,614	292,178	304,228	304,228	351,913

22 a)

DEBT SERVICE FUNDS **REVENUE BUDGET**

2007 BLACKTOP (FUND 307)

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Budget	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Taxes							
31000 Washington Cty. Tax Settlement		42,000	174,816	184,845	184,845	179,529	
Total Property Taxes	0	42,000	174,816	184,845	184,845	179,529	
Other Income							
36100 Special Assessments	0	98,925	35,377	31,640		28,482	
36210 Interest Income	0	-1,647	620	634	1,284	1,602	
36250 Misc. Refund			-716				
Total Other Income	0	97,278	35,281	32,274	1,284	30,084	
Other Financing Sources							
39200 Interfund Operating Transfer	32,178	212,396					
39300 Bond Proceeds			0	0			
Total Other Financing Sources	32,178	212,396	0	0	0	0	
Total 2007 Blacktop (307)	32,178	351,674	210,097	217,119	186,129	209,613	

FIRE HALL/PUBLIC WORKS (FUND 310)

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Budget	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Taxes							
31000 Washington Cty. Tax Settlement	99,987	127,717	106,777	118,958	118,958	120,900	
Total Property Taxes	99,987	127,717	106,777	118,958	118,958	120,900	
Other Income							
36210 Interest Income	6,377	3583	1,796	1,585	1,804	1,635	
Total Other Income	6,377	3,583	1,796	1,585	1,804	1,635	
Total Fire Hall/Public Works Bond (310)	106,364	131,300	108,573	120,543	120,762	122,535	

EQUIPMENT CERTIFICATES (FUND 311)

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Budget	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Taxes							
31000 Washington Cty. Tax Settlement						51,484	
Total Property Taxes	0	0	0	0	0	51,484	
Other Income							
36210 Interest Income						0	
Total Other Income	0	0	0	0	0	0	
Other Financing Sources							
39200 Interfund Operating Transfer							
39300 Bond Proceeds			0	0			
Total Other Financing Sources	0	0	0	0	0	0	
Total Fire Truck Equipment Certificates	0	0	0	0	0	51,484	
Total Debt Service	138,542	482,974	318,670	337,662	306,891	383,632	

22 b)

CITY OF SCANDIA, MINNESOTA
Summary of Outstanding Bond Issues

Total Bond Payments - Three Bond Issues							Revenue Sources				Cash Flow
Mo.	Year	Principal	Coupon	Interest	Payment	Statutory 5% Cov'g	Total Required	Rates	Special Assessments	Tax Levies	Interest Earnings	Cash Balance
												293,051
-	2010	225,000	-	64,335	289,335	14,467	303,802	0	29,754	247,000	2,931	268,934
-	2011	230,000	-	62,223	292,223	14,306	306,529	0	28,482	298,484	2,689	292,060
-	2012	275,000	-	52,925	327,925	16,396	344,321	0	27,209	284,208	2,921	262,077
-	2013	275,000	-	42,934	317,934	15,897	333,830	0	25,937	283,116	2,621	239,920
-	2014	275,000	-	32,643	307,643	15,382	323,025	0	24,665	271,877	2,399	215,836
-	2015	275,000	-	21,888	296,888	14,844	311,732	0	23,392	262,491	2,074	192,061
-	2016	165,000	-	10,898	175,898	8,795	184,692	0	22,120	110,000	596	52,480
-	2017	125,000	-	5,125	130,125	6,506	136,631	0	20,847	106,000	462	41,028
-	2018	0	-	0	0	0	0	0	0	0	0	0
		1,845,000		**292,969**	**2,137,969**	**106,593**	**2,244,562**	**0**	**202,406**	**1,863,176**	**16,692**	
		(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

(1) Indicates the total Principal payment due annually for all three bond issues.
(2) Indicates the total Interest payment due annually for all three bond issues.
(3) Principal and Interest payments due annually for all three bond issues.
(4) Indicates the Statutory 5% debt service coverage requirement for General Obligation debt (as per Minnesota Statutes § 475).
(5) Combines the Payment and the 5% Coverage columns for total annual payment requirement.
(6) Indicates the annual anticipated water rates and sewer rates as a revenue source.
(7) Indicates the annual anticipated special assessments as a revenue source.
(8) Indicates the annual anticipated tax levies as a revenue source.
(9) Indicates the annual anticipated level of interest earnings (at 1.0%) on the debt service Fund Balance as a revenue source.
(10) Indicates the yearend annual debt service Fund Balance following payment of Principal and Interest from expected revenue sources.

685M G.O. Building Crossover Refunding Bonds of 2005 (Fund #310)
Callable 12-1-13 @ 100

Mo.	Year	Principal	Coupon	Interest	Payment	5% Cov'g	Total Required	Year	Rates	Special Assessments	Tax Levies	Interest Earnings	Fund Balance
													164,575
12	2010	90,000	3.50%	23,293	113,293	5,665	**118,957**	2010	0	0	106,000	1,646	153,264
12	2011	95,000	3.65%	20,143	115,143	5,757	**120,900**	2011	0	0	106,000	1,533	139,897
12	2012	100,000	3.80%	16,675	116,675	5,834	**122,509**	2012	0	0	106,000	1,399	124,787
12	2013	100,000	3.95%	12,875	112,875	5,644	**118,519**	2013	0	0	106,000	1,248	113,516
12	2014	105,000	4.10%	8,925	113,925	5,696	**119,621**	2014	0	0	106,000	1,135	101,030
12	2015	110,000	4.20%	4,620	114,620	5,731	**120,351**	2015	0	0	106,000	926	87,605
		600,000		**86,530**	**686,530**	**34,327**	**720,857**		**0**	**0**	**636,000**	**7,886**	

The Building Crossover Refunding Bonds of 2005 were issued for a total Principal amount of $685,000. Final bond payment is scheduled for December of 2015. Bond proceeds refunded the 2009 through 2015 maturities of the G.O. Building Bonds of 2000 (which financed the Fire Hall/Public Works building). The bonds are payable solely from annual tax levies and are additionally secured by unlimited ad valorem taxes. The early call feature becomes effective December 1, 2013.

Recommendation: Based upon the current cash balance, the final tax levy could be reduced to $20,000, still producing a positive cash flow upon final maturity of this issue.

1,430M G.O. Improvement Bonds of 2007, Series A (Fund #307)
Callable 12-1-15 @ 100

Mo.	Year	Principal	Coupon	Interest	Payment	5% Cov'g	Total Required	Year	Rates	Special Assessments	Tax Levies	Interest Earnings	Fund Balance
													128,476
12	2010	135,000	3.75%	41,043	176,043	8,802	**184,845**	2010	0	29,754	141,000	1,285	115,670
12	2011	135,000	3.80%	35,980	170,980	8,549	**179,529**	2011	0	28,482	141,000	1,157	106,779
12	2012	135,000	3.88%	30,850	165,850	8,293	**174,143**	2012	0	27,209	131,000	1,068	91,914
12	2013	135,000	3.88%	25,619	160,619	8,031	**168,650**	2013	0	25,937	131,000	919	81,120
12	2014	130,000	4.00%	20,388	150,388	7,519	**157,907**	2014	0	24,665	121,000	811	69,689
12	2015	125,000	4.00%	15,188	140,188	7,009	**147,197**	2015	0	23,392	113,000	697	59,581
12	2016	125,000	4.05%	10,188	135,188	6,759	**141,947**	2016	0	22,120	110,000	596	50,350
12	2017	125,000	4.10%	5,125	130,125	6,506	**136,631**	2017	0	20,847	106,000	462	41,028
		1,045,000		**184,379**	**1,229,379**	**61,469**	**1,290,848**		**0**	**202,406**	**994,000**	**6,994**	

The Improvement Bonds of 2007, Series A were issued for a total Principal amount of $1,430,000. Final bond payment is scheduled for December of 2017. Bond proceeds financed the 2007 road improvement project. The bonds are payable from special assessments, annual tax levies and are additionally secured by unlimited ad valorem taxes. The early call feature becomes effective December 1, 2015.

Recommendation: Based upon the current cash balance, the final tax levy could be reduced to $65,000, still producing a positive cash flow upon final maturity of this issue.

200M G.O. Certificates of Indebtedness of 2010
Noncallable

Mo.	Year	Principal	Coupon	Interest	Payment	5% Cov'g	Total Required	Year	Rates	Special Assessments	Tax Levies	Interest Earnings	Fund Balance
													0
2	2010	0	0.00%	0	0	0	**0**	2010	0	0	0	0	0
2	2011	0	2.20%	6,100	6,100	0	**6,100**	2011	0	0	51,484	0	45,384
2	2012	40,000	2.20%	5,400	45,400	2,270	**47,670**	2012	0	0	47,208	454	45,376
2	2013	40,000	2.60%	4,440	44,440	2,222	**46,662**	2013	0	0	46,116	454	45,284
2	2014	40,000	2.95%	3,330	43,330	2,167	**45,497**	2014	0	0	44,877	453	45,117
2	2015	40,000	3.30%	2,080	42,080	2,104	**44,184**	2015	0	0	43,491	451	44,875
2	2016	40,000	3.55%	710	40,710	2,036	**42,746**	2016	0	0	0	0	2,130
		200,000		**22,060**	**222,060**	**10,798**	**232,858**		**0**	**0**	**233,176**	**1,812**	

The Certificates of Indebtedness of 2010 was issued for a total Principal amount of $200,000. Final bond payment is scheduled for February of 2016. Bond proceeds financed the purchase of a Fire Rescue truck. The bonds are payable solely from annual tax levies and are additionally secured by unlimited ad valorem taxes. This issue does not have an early call feature.

Recommendation: Provided annual tax levies are received as indicated, no special action by the City Council is required regarding this bond issue.

CAPITAL IMPROVEMENT FUND BUDGET

The proposed expenditures from the Capital Improvement Fund in 2011 is a study of city meeting and office space needs (CIP Project # A-001, $18,000) and a $10,000 transfer to the Equipment Replacement Fund, needed to balance that budget.

The proposed revenue to this fund is $38,500 from the property tax levy.

The projected fund balance at the end of 2010 is $195,092 and $207,604 at the end of 2011.

CAPITAL IMPROVEMENTS (FUND 401) EXPENSE BUDGET

Account	Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Contractual Services									
308	Other Professional Services			5,833			18,000	#DIV/0!	1
312	Planning Services	2,051	3,950					#DIV/0!	
438	Misc Contractual							#DIV/0!	
Total Contractual Services		2,051	3,950	5,833			18,000	#DIV/0!	
Capital Outlays									
520	Capital Improvements to Bldgs		800		60,000	39,315		-100.00%	2
530	Capital Improvements other than Bldgs		5,239	13,021				#DIV/0!	
540	Heavy Machinery Capital							#DIV/0!	
550	Motor Vehicles Capital		14,084					#DIV/0!	
Total Capital Outlays			20,123	13,021	60,000	39,315		-100.00%	
Transfers									
720	Operating Transfers	28,700					10,000	#DIV/0!	
Total Transfers		28,700					10,000	#DIV/0!	
Total Capital Improvements (401)		30,751	24,072	18,854	60,000	39,315	28,000	-53.33%	

Notes:
1. Meeting/Office Space Study (CIP Project A-001)
2. Salt/Sand Storage Shelter (CIP Project PW-011)

23a)

CAPITAL IMPROVEMENTS FUND 401 — REVENUE BUDGET

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Revenue	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Taxes							
31000 Washington Cty. Tax Settlement	48,190	524	237	30,000	30,000	38,500	1
Total Property Taxes	48,190	524	237	30,000	30,000	38,500	
Intergovernmental Revenues							
33401 LGA	1,717	12,567		0			
Total Intergovernmental Aid	1,717	12,567	0	0	0	0	
Other Income							
36210 Interest Income	8,139	4,769	2,210	3,925	2,233	2,012	
Total Other Income	8,139	4,769	2,210	3,925	2,233	2,012	
Other Financing Sources							
39200 Interfund Operating Transfer							
Total Other Financing Sources	0	0	0	0	0	0	
Total Capital Improvements Fund 403	58,047	17,860	2,447	33,925	32,233	40,512	

1. Budget contingency, if revenue is available

23 b)

PARK CAPITAL IMPROVEMENT FUND BUDGET

This budget includes proposed 2011 expenses of $14,300 for two multi-year projects listed in the CIP: Lilleskogen, PR-001 and Wind in the Pines, PR-002.

No new revenues are anticipated as subdivision activity, and therefore park dedication fee revenue, has halted due to the economy.

The projected fund balance at the end of 2010 is $16,320 and $3,287 at the end of 2011.

2011 Draft Budget

PARK CAPITAL IMPROVEMENTS (FUND 404) EXPENSE BUDGET

Account	Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Contractual Services									
303	Engineering Services			13,950				#DIV/0!	
312	Planning Services		13,991					#DIV/0!	
Total Contractual Services			13,991	13,950				#DIV/0!	
Capital Outlays									
530	Capital Improvements other than Bldgs		2,495	9,543	12,300	4,800	14,300	16.26%	1
Total Capital Outlays			2,495	9,543	12,300	4,800	14,300	16.26%	
Total Dept. Fund 404			16,486	23,493	12,300	4,800	14,300	16.26%	

1. Lilleskogen (CIP Project PR-001)
   2011- Wetland Restoration (depends on grant revenue)
2. Wind in the Pines (CIP Project PR-002)
   2010-- Site Survey and Boundary Markers
   2011-- Park Sign(s)

24a)

PARK CAPITAL IMPROVEMENTS FUND 404 REVENUE BUDGET

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Revenue	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Intergovernmental Revenues							
33640 Other Grants						12,300	1
Total Intergovernmental Aid	0	0	0	0	0	12,300	
Charges for Services							
34780 Park Dedication Fees	42,000	4500		0			
Total Charges for Services	42,000	4,500	0	0	0	0	
Other Income							
36210 Interest Income	1,097	898	293	0		267	
36230 Donations	0	0		0	340	1,000	2
Total Other Income	1,097	898	293	0	340	1,267	
Total Park Capital Improvements Fund 404	43,097	5,398	293	0	340	13,567	

1. Grant for Lillesokogen Project
2. Donation for Park signs (Friends of Scandia Parks?)

246)

EQUIPMENT REPLACEMENT FUND BUDGETS

Expenditures from the Equipment Replacement Fund are three CIP projects: a rear ditch mower replacement (PW-0007) for $15,000, replacement of the 1995 GMC pickup and plow (PW-014) for $27,500, and replacement of the Ford Dump Truck with Plow (PW-006) for $192,000. The pick-up truck replacement was not previously on the replacement schedule, but is proposed to be added in the current CIP update. The replacement of the dump truck is proposed to be moved up to 2011 due to recent mechanical problems that indicate immediate replacement is necessary.

Revenues will be from $110,000 in transfers from operating budgets, and a $10,000 transfer from the Capital Improvement Fund.

The budget does not reflect any revenues that might be realized from sale of old equipment. The budget for the dump truck replacement does include the trade-in of the old truck. The projected fund balance at the end of 2010 is $114,767 and $658 at the end of 2011.

EQUIPMENT REPLACEMENT (FUND 406) EXPENSE BUDGET

Account Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11 Budget	Notes:
Contractual Services								
304 Legal Services					2,536		#DIV/0!	
Total Contractual Services	0	0	0	0	2,536	0	#DIV/0!	
Capital Outlays								
540 Heavy Machinery Capital		4,065	19,034	194,336	192,749		-100.00%	
550 Motor Vehicles Capital		21,365	42,664			234,500	#DIV/0!	1
Total Capital Outlays	0	25,430	61,699	194,336	192,749	234,500	20.67%	
Total Equipment Replacement Fund (406)	0	25,430	61,699	194,336	195,285	234,500	20.67%	

1. CIP Projects PW-007 Ditch Mower Replacement and PW-014 Pickup w/Plow 1995 GMC Replacement and PW-006, Ford Dump Truck/Plow Replacement

25a)

EQUIPMENT REPLACEMENT FUND 406 REVENUE BUDGET

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Revenue	2010 Estimated Revenue	2011 Proposed Revenue	Notes:
Taxes							
31000 Washington Cty. Tax Settlement			0			0	
Total Property Taxes	0	0	0	0	0	0	
Other Income							
36210 Interest Income	687	940	430	3,925	331	391	
36260 Sale of Equipment			500	0			
Total Other Income	687	940	930	3,925	331	391	
Other Financing Sources							
39101 Sale of General Fixed Assets	33,820						
39200 Interfund Operating Transfer		40,000	40,000	80,000	80,000	120,000	
39350 Certificate of Indebtedness				200,000	200,000		
Total Other Financing Sources	33,820	40,000	40,000	280,000	280,000	120,000	
Total Equipment Replacement Fund 406	34,507	40,940	40,930	283,925	280,331	120,391	

25 b)

210 SEWER PROJECT BUDGETS

The 201 Sewer Project Fund is an enterprise fund that does not receive property tax support. User fees must pay the costs of operating the system and provide reserves for operations, major repairs and eventual replacement of system components. The draft 2011 budget shows little change from 2010.

Some additional analysis will be necessary to determine whether any rate increases will be recommended. Revenues should exceed expenses in order to increase reserves (which have been deemed inadequate by the State Auditor.)

201 SEWER PROJECT (602)

EXPENSE BUDGET

Account	Description	2007 Actual Expenses	2008 Actual Expenses	2009 Actual Expenses	2010 Adopted Budget	2010 Estimated Expdtrs	2011 Proposed Budget	Change '10-'11	Notes:
Contractual Services									
311	Permit Fees		505	855	855	855	855		
321	Telephone		888	962	888	888	888		
361	Insurance	2,948	1,075	1,938	2,000	1,299	2,570	28.51%	
381	Utilities	2,210	1,353	1,625	1,600	1,600	1,600		
386	201 Operation & Maintenance	34,408	58,892	24,650	32,825	32,825	48,450	47.60%	
420	Depreciation Expense	30,000	30,000	30,000	5,500	5,500	5,500		2
438	Misc Contractual				16,000			-100.00%	3
439	Refunds Issued		420					#DIV/0!	
Total Contractual Services		69,566	93,132	60,030	59,668	42,967	59,863	0.33%	
Transfers									
720	Operating Transfers		3,339	3,600	3,645	3,645	3,645	0.00%	1
Total Transfers			3,339	3,600	3,645	3,645	3,645	0.00%	
Total 201 Sewer Project (602)		70,080	96,471	63,630	63,313	46,612	63,508	0.31%	

1. Transfer to General Fund for staff time & grounds care, postage & supplies
2. Add to depreciation for long term reserves
3. Operating reserve for pumping in future years

26 a)

201 PROJECT SEWER FUND 602 REVENUE BUDGET

Account Description	2007 Actual Revenue	2008 Actual Revenue	2009 Actual Revenue	2010 Adopted Budget	2010 Estimated Revenue	2011 Proposed Revenue
36100 Special Assessments	13,903	3,328	3,763	8,436	2,779	2,800
Other Income						
36210 Interest Income	4,948	2,915	1,441	810	1,828	1,312
36250 Misc. Refunds			17			
Total Other Income	4,948	2,915	1,458	810	1,828	1,312
Proprietary Fund Revenues						
34401 Sewer Charges	22,024	57,010	59,652	62,579	59,450	62,938
37250 Sewer Connection/Reconnection Fees	0	0		0	0	
Total Proprietary Fund	22,024	57,010	59,652	62,579	59,450	62,938
Total 201 Project Sewer Fund 602	40,874	63,253	64,873	71,825	64,057	67,050

266)