



## Memorandum

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To: Mayor and City Council Members  
From: Clara Thorne, Finance Director  
Subject: 2013 Budget  
Date: November 29, 2012  
Cc:

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At the November 13, 2012 Budget Workshop, Council requested the following:

1. Debt Service Levy for Potential Street Projects
  - a. Belgrade Hill Project
  - b. Cliff Court Project
  - c. Belgrade Hill Project and Cliff Court Project Combined
2. CIP Equipment Certificate Levy Impact
3. Effect on Levy for joining GMG
4. Printout of Community Development Fund

### Levy Worksheet

Attached is a recap of the Levy Worksheet showing those items requested by departments and Council under the Department Requested Item column. The 2013 Gross Levy column shows the base levy of \$5,278,269 for 2013 and lists those items considered necessary and critical. In this same column is included the potential levy for bond payments related to the street projects for Cliff Court and Belgrade Hill. The Equipment Certificates do not have a levy impact in 2013, but will have an impact in 2014. The levy impact for joining Greater Mankato Growth (GMG) is approximately 0.57%. However, it is my understanding this amount will come out of the Community Development Fund balance for 2013.

### Debt Service for Potential Street Projects

Page 2 of the \$1,705,000 Bonds shows both Cliff Court and Belgrade Hill combined.

Page 3 breaks out the debt service for Cliff Court and page 4 shows the net levy required once special assessments (assumed at 20%) are deducted.

Page 5 shows the debt service for the Belgrade Hill project.

### Debt Service for Equipment Certificates

Page 2 of the \$755,000 Equipment Certificates shows the debt service for purchase of \$719,095 of equipment in 2013. A list of the applicable equipment follows the debt service schedules.

### Community Development

The final attachment is a current balance sheet and income statement for the Community Development Fund. The transfer of \$100,000 was approved by Council as Resolution 83-11 in 2011.

THE CITY OF NORTH MANKATO  
2013 Budget  
Levy Worksheet

	Rank	Departmental Requested Item	2013 Gross Levy	2012 Gross Levy	Increase/ Decrease	Percent Change
<b>Base Levy as of 08/31/2012</b>			5,278,269	5,152,123	126,146	2.45%
<b>Requested Increases For Operating</b>						
<b>101 General Fund</b>						
Finance Department						
FT employee overtime	1	3,500	-			0.00%
Professional services	2	9,850	-			0.00%
Auditing & account services	3	1,200	-			0.00%
City Attorney						
Legal fees	1	2,880	-			0.00%
General Government Building						
Office equipment & furnishings	1	10,000	-			0.00%
Replace exterior doors Municipal Bldg - ADA		15,000	15,000			0.29%
Remodel lower level restroom Municipal Bldg		10,000	10,000			0.19%
Police						
Additional radios (5)	1 *	13,000	13,000			0.25%
Squad computer software upgrade	2 *	15,000	15,000			0.29%
Tactical Response Team equipment	3 *	3,000	3,000			0.06%
Office computers & upgrades	4	10,000	-			0.00%
Fire Fighting						
Computer/software -Chief's office	2 *	2,500	2,500			0.05%
Computer/software -Training Officer	3 *	2,500	2,500			0.05%
Toughbook computer	4	5,000	-			0.00%
Replace hoses & fittings	5	2,500	-			0.00%
Repaint station overhead doors	6	2,500	-			0.00%
Building Inspector						
Vacant position - if not filled	*	(79,657)	(79,657)			-1.55%
Code books	1 *	4,000	4,000			0.08%
Metal detectors	2 *	2,000	2,000			0.04%
Building permit software	3	3,000	-			0.00%
Civil Defense						
Standby power from Water II to Fire II	2	10,000	-			0.00%
Paved Streets						
Sign repair materials	1 *	8,500	8,500			0.16%
Temporary employees	2	10,000	-			0.00%
Sealcoating oil	3	15,000	-			0.00%
Asphalt	4	5,000	-			0.00%
Sealcoating rock	5	4,000	-			0.00%
Maintenance of Equipment (Shop)						
Equipment parts	1 *	6,000	6,000			0.12%
Tires	2 *	1,000	1,000			0.02%
Desktop computer	3 *	1,500	1,500			0.03%
Street Lighting & Traffic Signals						
Equipment parts	1 *	3,200	3,200			0.06%
Sandblast & paint signal standards	2	2,000	-			0.00%
Swimming Facility						
Professional services - YMCA ( 1 )	*	17,500	17,500			0.34%
Mechanical maintenance	1	15,000	-			0.00%
Replace diving boards & guard towers	2	6,000	-			0.00%
Park Areas						
Temporary employees ( 1 )		14,000	-			0.00%
<b>Auxiliary Funds</b>						
<b>211 Library</b>						
Library Materials - Books		4,800	-			0.00%
<b>220 Community Development</b>						
Greater Mankato Growth-Reg. Econ. Devl. Alliance		29,403	-			0.00%
<b>226 Flood Control</b>						
Weed & tree clearing; Levee & Core	1 *	6,000	6,000			0.12%
Station maintenance & repair						
Debt Service Levy Impact						
Equipment Certificates	*	-	-			0.00%
Bonds - Cliff Court	*	23,386	23,386			0.45%
Bonds - Roe Crest/Noeretta/Old Belgrade Hill S	*	73,436	51,086			0.99%
<b>Adjusted Levy</b>			5,383,784	5,152,123	231,661	4.50%

( 1 ) Finance Director recommendation  
( \* ) Denotes essential or critical

## **\$1,705,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013

Rates as of November 15, 2012 plus .25%

20 Year Scenario

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## **\$1,705,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013

Rates as of November 15, 2012 plus .25%

20 Year Scenario

### **Total Issue Sources And Uses**

Dated 07/01/2012 | Delivered 07/01/2012

	Street Portion	Sewer Portion	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$520,000.00	\$1,185,000.00	\$1,705,000.00
<b>Total Sources</b>	<b>\$520,000.00</b>	<b>\$1,185,000.00</b>	<b>\$1,705,000.00</b>
<b>Uses Of Funds</b>			
Total Costs of Issuance	15,826.46	36,066.04	51,892.50
Deposit to Project Construction Fund	500,000.00	1,150,000.00	1,650,000.00
Rounding Amount	4,173.54	(1,066.04)	3,107.50
<b>Total Uses</b>	<b>\$520,000.00</b>	<b>\$1,185,000.00</b>	<b>\$1,705,000.00</b>



## **\$1,705,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013

Rates as of November 15, 2012 plus .25%

20 Year Scenario

### **Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
02/01/2013	-	-	-	-
02/01/2014	55,000.00	0.600%	48,073.96	103,073.96
02/01/2015	80,000.00	0.700%	30,032.50	110,032.50
02/01/2016	80,000.00	0.800%	29,472.50	109,472.50
02/01/2017	80,000.00	0.900%	28,832.50	108,832.50
02/01/2018	80,000.00	1.000%	28,112.50	108,112.50
02/01/2019	80,000.00	1.150%	27,312.50	107,312.50
02/01/2020	80,000.00	1.300%	26,392.50	106,392.50
02/01/2021	80,000.00	1.450%	25,352.50	105,352.50
02/01/2022	80,000.00	1.600%	24,192.50	104,192.50
02/01/2023	85,000.00	1.750%	22,912.50	107,912.50
02/01/2024	85,000.00	1.850%	21,425.00	106,425.00
02/01/2025	85,000.00	2.000%	19,852.50	104,852.50
02/01/2026	85,000.00	2.100%	18,152.50	103,152.50
02/01/2027	85,000.00	2.200%	16,367.50	101,367.50
02/01/2028	95,000.00	2.250%	14,497.50	109,497.50
02/01/2029	95,000.00	2.350%	12,360.00	107,360.00
02/01/2030	95,000.00	2.450%	10,127.50	105,127.50
02/01/2031	100,000.00	2.500%	7,800.00	107,800.00
02/01/2032	100,000.00	2.600%	5,300.00	105,300.00
02/01/2033	100,000.00	2.700%	2,700.00	102,700.00
<b>Total</b>	<b>\$1,705,000.00</b>	<b>-</b>	<b>\$419,268.96</b>	<b>\$2,124,268.96</b>

#### **Date And Term Structure**

Dated	7/01/2012
Delivery Date	7/01/2012
First Coupon Date	8/01/2013
First available call date	
Call Price	-

#### **Yield Statistics**

Bond Year Dollars	\$19,929.58
Average Life	11.689 Years
Average Coupon	2.1037518%
Net Interest Cost (NIC)	2.2192459%
True Interest Cost (TIC)	2.2109162%
All Inclusive Cost (AIC)	2.3822622%

#### **IRS Form 8038**

Net Interest Cost	2.1037518%
Weighted Average Maturity	11.689 Years
Bond Yield for Arbitrage Purposes	2.0771800%

## **\$520,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013 Street Portion

Rates as of November 15, 2012 plus .25%

20 Year Scenario

### **Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
02/01/2013	-	-	-	-
02/01/2014	15,000.00	0.600%	14,637.92	29,637.92
02/01/2015	25,000.00	0.700%	9,155.00	34,155.00
02/01/2016	25,000.00	0.800%	8,980.00	33,980.00
02/01/2017	25,000.00	0.900%	8,780.00	33,780.00
02/01/2018	25,000.00	1.000%	8,555.00	33,555.00
02/01/2019	25,000.00	1.150%	8,305.00	33,305.00
02/01/2020	25,000.00	1.300%	8,017.50	33,017.50
02/01/2021	25,000.00	1.450%	7,692.50	32,692.50
02/01/2022	25,000.00	1.600%	7,330.00	32,330.00
02/01/2023	25,000.00	1.750%	6,930.00	31,930.00
02/01/2024	25,000.00	1.850%	6,492.50	31,492.50
02/01/2025	25,000.00	2.000%	6,030.00	31,030.00
02/01/2026	25,000.00	2.100%	5,530.00	30,530.00
02/01/2027	25,000.00	2.200%	5,005.00	30,005.00
02/01/2028	30,000.00	2.250%	4,455.00	34,455.00
02/01/2029	30,000.00	2.350%	3,780.00	33,780.00
02/01/2030	30,000.00	2.450%	3,075.00	33,075.00
02/01/2031	30,000.00	2.500%	2,340.00	32,340.00
02/01/2032	30,000.00	2.600%	1,590.00	31,590.00
02/01/2033	30,000.00	2.700%	810.00	30,810.00
<b>Total</b>	<b>\$520,000.00</b>	<b>-</b>	<b>\$127,490.42</b>	<b>\$647,490.42</b>

#### **Date And Term Structure**

Dated	7/01/2012
Delivery Date	7/01/2012
First Coupon Date	8/01/2013
First available call date	
Call Price	-

#### **Yield Statistics**

Bond Year Dollars	\$6,068.33
Average Life	11.670 Years
Average Coupon	2.1009133%
Net Interest Cost (NIC)	2.2165958%
True Interest Cost (TIC)	2.2080780%
All Inclusive Cost (AIC)	2.3796163%

#### **IRS Form 8038**

Net Interest Cost	2.1009133%
Weighted Average Maturity	11.670 Years
Bond Yield for Arbitrage Purposes	2.0771800%

GO Bonds 2013 20 Year | Street Portion | 11/15/2012 | 10:54 AM

## **\$520,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013 Street Portion

Rates as of November 15, 2012 plus .25%

20 Year Scenario

### **Revenue vs D/S**

Date	Scheduled P+I	105% Levy	Less: Assessment Revenues*	Equals: City Net Levy	Levy Year	Collection Year
02/01/2013	-	-	-	-	-	-
02/01/2014	29,637.92	31,119.82	7,733.93	23,385.89	2012	2013
02/01/2015	34,155.00	35,862.75	7,733.93	28,128.82	2013	2014
02/01/2016	33,980.00	35,679.00	7,733.93	27,945.07	2014	2015
02/01/2017	33,780.00	35,469.00	7,733.93	27,735.07	2015	2016
02/01/2018	33,555.00	35,232.75	7,733.94	27,498.81	2016	2017
02/01/2019	33,305.00	34,970.25	7,733.93	27,236.32	2017	2018
02/01/2020	33,017.50	34,668.38	7,733.92	26,934.46	2018	2019
02/01/2021	32,692.50	34,327.13	7,733.93	26,593.20	2019	2020
02/01/2022	32,330.00	33,946.50	7,733.94	26,212.56	2020	2021
02/01/2023	31,930.00	33,526.50	7,733.92	25,792.58	2021	2022
02/01/2024	31,492.50	33,067.13	7,733.93	25,333.20	2022	2023
02/01/2025	31,030.00	32,581.50	7,733.94	24,847.56	2023	2024
02/01/2026	30,530.00	32,056.50	7,733.93	24,322.57	2024	2025
02/01/2027	30,005.00	31,505.25	7,733.93	23,771.32	2025	2026
02/01/2028	34,455.00	36,177.75	7,733.94	28,443.81	2026	2027
02/01/2029	33,780.00	35,469.00	7,733.94	27,735.06	2027	2028
02/01/2030	33,075.00	34,728.75	7,733.93	26,994.82	2028	2029
02/01/2031	32,340.00	33,957.00	7,733.92	26,223.08	2029	2030
02/01/2032	31,590.00	33,169.50	7,733.92	25,435.58	2030	2031
02/01/2033	30,810.00	32,350.50	7,733.93	24,616.57	2031	2032
Total	\$647,490.42	\$679,864.94	\$154,678.61	\$525,186.33	-	-

\*Assumes assessments of \$104,000 (20% of project) for a term of 20 years at a rate of 4.10% (2% over the average coupon on the Bonds).



**\$1,185,000.00 North Mankato, Minnesota**

General Obligation Bonds Series 2013 - Utility Portion

Rates as of November 15, 2012 plus .25%

20 Year Scenario

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I
02/01/2013	-	-	-	-
02/01/2014	40,000.00	0.600%	33,436.04	73,436.04
02/01/2015	55,000.00	0.700%	20,877.50	75,877.50
02/01/2016	55,000.00	0.800%	20,492.50	75,492.50
02/01/2017	55,000.00	0.900%	20,052.50	75,052.50
02/01/2018	55,000.00	1.000%	19,557.50	74,557.50
02/01/2019	55,000.00	1.150%	19,007.50	74,007.50
02/01/2020	55,000.00	1.300%	18,375.00	73,375.00
02/01/2021	55,000.00	1.450%	17,660.00	72,660.00
02/01/2022	55,000.00	1.600%	16,862.50	71,862.50
02/01/2023	60,000.00	1.750%	15,982.50	75,982.50
02/01/2024	60,000.00	1.850%	14,932.50	74,932.50
02/01/2025	60,000.00	2.000%	13,822.50	73,822.50
02/01/2026	60,000.00	2.100%	12,622.50	72,622.50
02/01/2027	60,000.00	2.200%	11,362.50	71,362.50
02/01/2028	65,000.00	2.250%	10,042.50	75,042.50
02/01/2029	65,000.00	2.350%	8,580.00	73,580.00
02/01/2030	65,000.00	2.450%	7,052.50	72,052.50
02/01/2031	70,000.00	2.500%	5,460.00	75,460.00
02/01/2032	70,000.00	2.600%	3,710.00	73,710.00
02/01/2033	70,000.00	2.700%	1,890.00	71,890.00
Total	\$1,185,000.00	-	\$291,778.54	\$1,476,778.54

**Date And Term Structure**

Dated	7/01/2012
Delivery Date	7/01/2012
First Coupon Date	8/01/2013
First available call date	
Call Price	-

**Yield Statistics**

Bond Year Dollars	\$13,861.25
Average Life	11.697 Years
Average Coupon	2.1049944%
Net Interest Cost (NIC)	2.2204061%
True Interest Cost (TIC)	2.2121593%
All Inclusive Cost (AIC)	2.3834211%

**IRS Form 8038**

Net Interest Cost	2.1049944%
Weighted Average Maturity	11.697 Years
Bond Yield for Arbitrage Purposes	2.0771800%



## **\$755,000.00 North Mankato, Minnesota**

General Obligation Equipment Certificates of Indebtedness, Series 2013

Rates as of November 15, 2012 plus .25%

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## **\$755,000.00 North Mankato, Minnesota**

General Obligation Equipment Certificates of Indebtedness, Series 2013

Rates as of November 15, 2012 plus .25%

### **Sources & Uses**

Dated 08/01/2013 | Delivered 08/01/2013

#### **Sources Of Funds**

Par Amount of Bonds	\$755,000.00
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<b>Total Sources</b>	<b>\$755,000.00</b>
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#### **Uses Of Funds**

Total Costs of Issuance	34,715.00
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Deposit to Project Construction Fund	719,095.00
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Rounding Amount	1,190.00
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<b>Total Uses</b>	<b>\$755,000.00</b>
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**\$755,000.00 North Mankato, Minnesota**

General Obligation Equipment Certificates of Indebtedness, Series 2013

Rates as of November 15, 2012 plus .25%

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2013	-	-	-	-	-
08/01/2014	70,000.00	0.600%	8,575.00	78,575.00	78,575.00
02/01/2015	-	-	4,077.50	4,077.50	-
08/01/2015	75,000.00	0.700%	4,077.50	79,077.50	83,155.00
02/01/2016	-	-	3,815.00	3,815.00	-
08/01/2016	75,000.00	0.800%	3,815.00	78,815.00	82,630.00
02/01/2017	-	-	3,515.00	3,515.00	-
08/01/2017	75,000.00	0.900%	3,515.00	78,515.00	82,030.00
02/01/2018	-	-	3,177.50	3,177.50	-
08/01/2018	75,000.00	1.000%	3,177.50	78,177.50	81,355.00
02/01/2019	-	-	2,802.50	2,802.50	-
08/01/2019	75,000.00	1.150%	2,802.50	77,802.50	80,605.00
02/01/2020	-	-	2,371.25	2,371.25	-
08/01/2020	75,000.00	1.300%	2,371.25	77,371.25	79,742.50
02/01/2021	-	-	1,883.75	1,883.75	-
08/01/2021	75,000.00	1.450%	1,883.75	76,883.75	78,767.50
02/01/2022	-	-	1,340.00	1,340.00	-
08/01/2022	80,000.00	1.600%	1,340.00	81,340.00	82,680.00
02/01/2023	-	-	700.00	700.00	-
08/01/2023	80,000.00	1.750%	700.00	80,700.00	81,400.00
<b>Total</b>	<b>\$755,000.00</b>	<b>-</b>	<b>\$55,940.00</b>	<b>\$810,940.00</b>	<b>-</b>

**Date And Term Structure**

Dated	8/01/2013
Delivery Date	8/01/2013
First Coupon Date	8/01/2014
First available call date	
Call Price	-

**Yield Statistics**

Bond Year Dollars	\$4,215.00
Average Life	5.583 Years
Average Coupon	1.3271649%
Net Interest Cost (NIC)	1.5600237%
True Interest Cost (TIC)	1.5668732%
All Inclusive Cost (AIC)	2.2108589%

**IRS Form 8038**

Net Interest Cost	1.3271649%
Weighted Average Maturity	5.583 Years
Bond Yield for Arbitrage Purposes	1.3211471%



Equipment Certificates		
2012	2013	Total

Administration

Public Buildings

Replace Ext. Doors (ADA)-Muni Bldg		0
Remodel Restrooms-Muni Bldg		0
HVAC		0

Police

Vehicle Equipment	7,500	7,500
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Fire

SCBA Air Packs	123,795	123,795
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Civil Defense

Sirens	20,000	20,000
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Inspections

4 Wheel Drive Pickup	28,000	28,000
GPS-SPS Equipment & Software	30,000	30,000

Street

1 Ton Truck w/Box	34,800	34,800
Chip Spreader	125,000	125,000
1 Ton Trucks w/Box (2)	40,000	40,000
Street Sweeper	0	0
Tractor Backhoe	100,000	100,000

Park

Tractor	55,000	55,000
Mower	85,000	85,000

Library

Bookmobile	70,000	70,000
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Sanitation

Auto Tie Baler	0	0
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187,300	531,795	719,095
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City of North Mankato  
Community Development Fund  
01/01/2012 thru 11/28/2012

Balance Sheet

11/28/2012

Cash	\$ 77,007
Due from Other Funds	\$ 88,101
Prepaid Insurance	\$ 182
Total Assets	<u>\$ 165,290</u>

Payroll Liability	<u>\$ 98</u>
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Committed for Community Development	\$ 200,987
Assigned	\$ 47,515
2012 Revenues Over/(Under) Expenditures	\$ (83,310)
Total Fund Balance	<u>\$ 165,192</u>

Total Liability and Fund Balance	<u>\$ 165,290</u>
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Revenue and Expenditure

	Budget	Actual	Difference
Property Tax	15,978	7,989	7,989
Franchise Tax	223,000	177,029	45,971
Hotel-Motel Tax	40,000	42,205	(2,205)
Oter Income Taxable		12,178	(12,178)
Other Income	1,000	15,023	(14,023)
Refund & Reimbursement	7,000	7,970	(970)
State Tax		837	(837)
City Sales Tax		61	(61)
Total Revenue	<u>286,978</u>	<u>263,292</u>	<u>23,686</u>
Wages and Benefits	91,255	71,839	19,416
Supplies	8,500	4,003	4,497
Non-Capitalized Equipment	5,000	350	4,650
Tournament/Event Expenditures	22,000	44,740	(22,740)
Professional Service	30,000	16,121	13,879
Telephone Service	780	707	73
Travel	5,000	118	4,882
Internet Servcie	1,500	-	1,500
Advertising	18,000	13,122	4,878
Newsletter	11,000	10,179	821
Legal notices	1,000	729	271
Abatement	15,978	17,445	(1,467)
dues and Subscriptions	1,000	440	560
Miscellaneous	64,965	65,911	(946)
State Tax	-	898	(898)
Transfers Out	11,000	100,000	(89,000)
	<u>286,978</u>	<u>346,602</u>	<u>(59,624)</u>
2012 Revenues Over/(Under) Expenditures	<u>-</u>	<u>(83,310)</u>	<u>83,310</u>

# *MEMORANDUM*

TO: Honorable Mayor and City Council

FROM: Michael Fischer, Interim City Administrator

DATE: November 29, 2012

SUBJECT: Financial Management/Utility Billing Software

We received notice yesterday from our Financial Management (FM) and Utility Billing (UB) software provider that they may be unable to support our version of that product within their operation.

The following is an estimated cost of replacement based on technologies of delivery available by our current provider and typically available for organizations of our size. The most significant difference in deployment is by a locally-hosted solution versus a vendor-hosted solution. The budgeting examples below are based on current use assumptions. Our current provider has both types available. The estimate used in this example was provided by our current provider which has a strong presence locally. Their product in a newer version is in use locally at St. Peter, New Ulm and New Prague. The City of Mankato has 7 IT personnel and a programmer. Their UB system also has electronic meter reading versus our system which is manual resident-provided readings.

In summary, this is not a specific recommendation for a product but what is thought to be a fair representation of available product costs and estimated implementation costs over a five-year period. Based on the timing of this issue, this is the only cost estimate we have received and is for budgetary purposes only.

	<u>HOSTED SERVICE</u>	<u>OWNED SERVICE</u>
SOFTWARE	\$66,380.00	\$106,250.00
Server Hardware	NA	\$29,000.00
Work Station	\$14,000.00	\$14,000.00
Annual Fee	\$33,724.00	\$23,750.00
Design Upgrades	\$15,000.00	\$15,000.00
YEAR ONE Total	\$129,104.00	\$188,000.00
YEAR TWO	\$33,724.00	\$23,750.00
YEAR THREE	\$33,724.00	\$23,750.00
YEAR FOUR	\$33,724.00	\$23,750.00
YEAR FIVE	\$33,724.00	\$23,750.00
EST 5 YEAR- TCO *	\$264,000.00	\$283,000.00

\* Total Cost of Ownership