



**LE SUEUR CITY COUNCIL  
WORK SESSION AGENDA  
Monday, August 29, 2016  
203 South Second Street  
6:00 P.M.**

1. Call to Order
2. Joint Discussion with City Council/MVHC Board
3. Continued Discussion Proposed 2017 General Fund Budgets
4. Adjourn



CITY OF LE SUEUR  
MEMORANDUM

TO: Mayor and City Council

FROM: Jenelle Teppen, City Administrator  
Zach Doud, Finance Director

SUBJECT: Proposed 2017 Budgets

DATE: For the City Council Work Session of Monday, August 29, 2017

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**PURPOSE/ACTION REQUESTED**

Consider proposed 2017 budgets.

**SUMMARY**

Attached are revised material for the proposed 2017 budgets – General Fund and Utility budgets.

Revisions have been made to the General Fund, there are no changes to Utility Funds from the information you received previously.

With revisions (detailed below) the overall tax levy is now 5.48% which includes the EDA levy.

Tax capacity information was received from the County which reflects a 4.6% increase in market values over 2016 (shown on page 4 of the attached) which brings the overall tax impact on each household to 1.30% (shown on page 5). Compared to 2015 however, it's a decrease of .36% tax impact because in 2016 there was a tax impact decrease of about 8% because of the increase in values relative to the tax levy.

Since the meeting on August 15, we received the health insurance renewal for 2017 which is 15.9% and translates to approximately \$50,000. I'm working with our local agent on options, but at this time it's unclear if we'll be able to change anything.

The funds going towards the pavement management plan were reduced in order to offset the increase in both the General Fund and the Community Center Fund from the salary allocation changes and the increase in health insurance expenses.

The proposed levy is set in September and the final levy is adopted in December. The proposed levy adopted in September cannot be increased in December, it can only be decreased.

**RECOMMENDATION**

Staff recommends the Council review and discuss the 2017 proposed budget and provide direction to staff on preparation of the proposed budget for adoption in September.

CITY OF LE SUEUR, MINNESOTA  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY  
GENERAL FUND  
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014-2015, PERIOD TO DATE MAY 31, 2016 AND  
BUDGET FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

	Actual	Actual	YTD	Budget	Budget	Percent
	2014	2015	May-16	2016	2017	Change
<b>REVENUES</b>						
Taxes	\$ 750,698	\$ 714,393	\$ 22,142	\$ 769,778	\$ 843,907	10%
Special Assessments	-	-	-	-	-	
Licenses and permits	105,338	129,170	21,889	95,700	61,100	-36% (1)
Intergovernmental	1,004,439	1,031,904	31,418	1,028,376	1,033,903	1%
Charges for services	55,001	18,457	8,637	23,550	14,250	-39% (2)
Fines and forfeits	24,045	25,854	11,148	24,100	24,000	0%
Investment earnings	4,310	3,057	1,591	2,500	3,500	40%
Miscellaneous	143,330	88,293	56,828	91,016	139,050	53% (3)
<b>TOTAL REVENUES</b>	<b>2,087,161</b>	<b>2,011,128</b>	<b>153,653</b>	<b>2,035,020</b>	<b>2,119,710</b>	<b>4%</b>
<b>EXPENDITURES</b>						
Mayor and council	27,713	32,113	14,546	32,000	33,000	3%
Administration	240,739	243,906	112,449	304,220	415,840	37% (4)
City clerk	93,364	121,736	62,746	103,700	-	-100% (4)
Accounting	58,046	51,805	4,653	72,700	117,800	62% (5)
City attorney	21,484	39,928	8,629	13,000	15,000	15%
Planning and zoning	10,284	6,537	188	8,000	35,000	338% (6)
Police	830,780	859,128	179,976	899,800	956,460	6%
Police Reserves	24,405	27,989	10,259	8,250	15,250	85% (7)
Emergency Management/EOC	5,159	5,035	1,751	3,750	4,100	9%
Building inspection	72,896	60,631	6,973	50,050	51,250	2%
Streets	553,052	562,828	156,835	634,600	659,500	4%
Safety & Wellness	13,704	15,988	4,734	13,850	13,800	0%
Parks and recreation	114,906	139,976	67,995	203,550	243,550	20% (8)
Forestry	15,805	12,795	2,609	22,050	22,000	0%
Library utilities	30,396	27,884	10,037	31,000	33,200	7%
<b>TOTAL EXPENDITURES</b>	<b>2,112,735</b>	<b>2,208,278</b>	<b>644,379</b>	<b>2,400,520</b>	<b>2,615,750</b>	<b>9%</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>(25,573)</b>	<b>(197,150)</b>	<b>(490,726)</b>	<b>(365,500)</b>	<b>(496,040)</b>	<b>36%</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	350,000	350,000	145,833	350,000	500,000	43% (9)
TRANSFERS OUT	(14,649)	(10,297)	(4,290)	-	(3,960)	0%
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>335,351</b>	<b>339,703</b>	<b>141,543</b>	<b>350,000</b>	<b>496,040</b>	<b>42%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>						
	<b>\$ 309,778</b>	<b>\$ 142,553</b>	<b>\$ (349,183)</b>	<b>\$ (15,500)</b>	<b>\$ -</b>	

**Explanation of Budget Changes in revenue and expenditures over 10%**

- (1) Estimated decrease in Building Permits by \$30,000.
- (2) Refuse and recycling charges are now in there own fund (Fund 607).
- (3) Cable TV Franchise Fees are now tracked without netting them with expenditures.
- (4) Moving City Clerk budget dollars into the Administration Dept.
- (5) Changes in wage allocations
- (6) This is for new Community Development Director. 25% of salary will be covered by General Fund.
- (7) Police Reserve wages not fully budgeted for in 2016. Budgeted additional \$6,700 in 2017.
- (8) Wage Allocation change for the Community Center and the General Fund Parks Dept.
- (9) This has to compensate the General Fund for the wage allocation changes that are occurring in 2017. Electric Fund losses approx. \$150,000 worth of salary and benefits

CITY OF LE SUEUR, MINNESOTA  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - SUMMARY  
COMMUNITY CENTER - 615  
ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014-2015, PERIOD TO DATE MAY 31, 2016 AND  
BUDGET FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2017

	Actual 2014	Actual 2015	YTD May-16	Budget 2016	Budget 2017	Percent Change
<b>REVENUES</b>						
Taxes	\$ 317,320	\$ 430,878	\$ -	\$ 401,058	\$ 498,538	24%
Special Assessments	-	-	-	-	-	
Charges for services	438,284	608,967	324,617	467,200	653,600	40%
Miscellaneous	35,713	31,634	6,793	23,000	24,000	4%
<b>TOTAL REVENUES</b>	<b>791,317</b>	<b>1,071,479</b>	<b>331,410</b>	<b>891,258</b>	<b>1,176,138</b>	<b>32%</b>
<b>EXPENDITURES</b>						
Swimming Pool	70,712	75,109	6,215	86,250	87,650	2%
Personnel Services	364,844	352,260	133,605	286,700	306,300	7% (1)
Repairs and maintenance	56,549	84,232	37,692	94,500	96,000	2%
Administrative and general	243,684	416,920	117,742	244,135	440,485	80%
Capital outlay	1,063	4,999	4,869	8,000	10,000	25% (2)
<b>TOTAL EXPENDITURES</b>	<b>736,853</b>	<b>933,520</b>	<b>300,122</b>	<b>719,585</b>	<b>940,435</b>	<b>31%</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>54,464</b>	<b>137,959</b>	<b>31,288</b>	<b>171,673</b>	<b>235,703</b>	<b>37%</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	0%
TRANSFER OUT	(119,275)	(212,723)	(88,635)	(176,873)	(235,703)	33% (3)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(119,275)</b>	<b>(212,723)</b>	<b>(88,635)</b>	<b>(176,873)</b>	<b>(235,703)</b>	<b>33%</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>\$ (64,811)</b>	<b>\$ (74,764)</b>	<b>\$ (57,347)</b>	<b>\$ (5,200)</b>	<b>\$ -</b>	

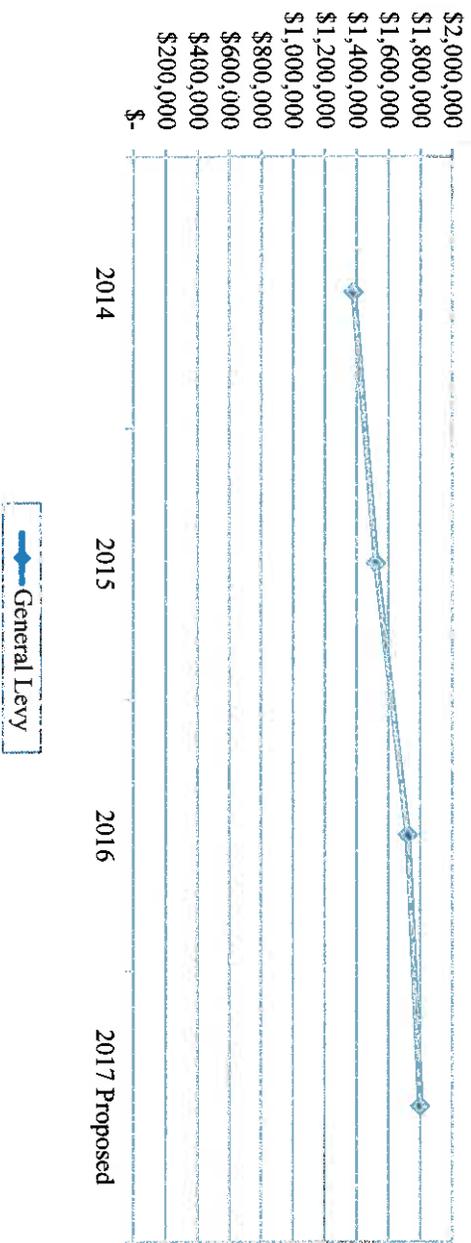
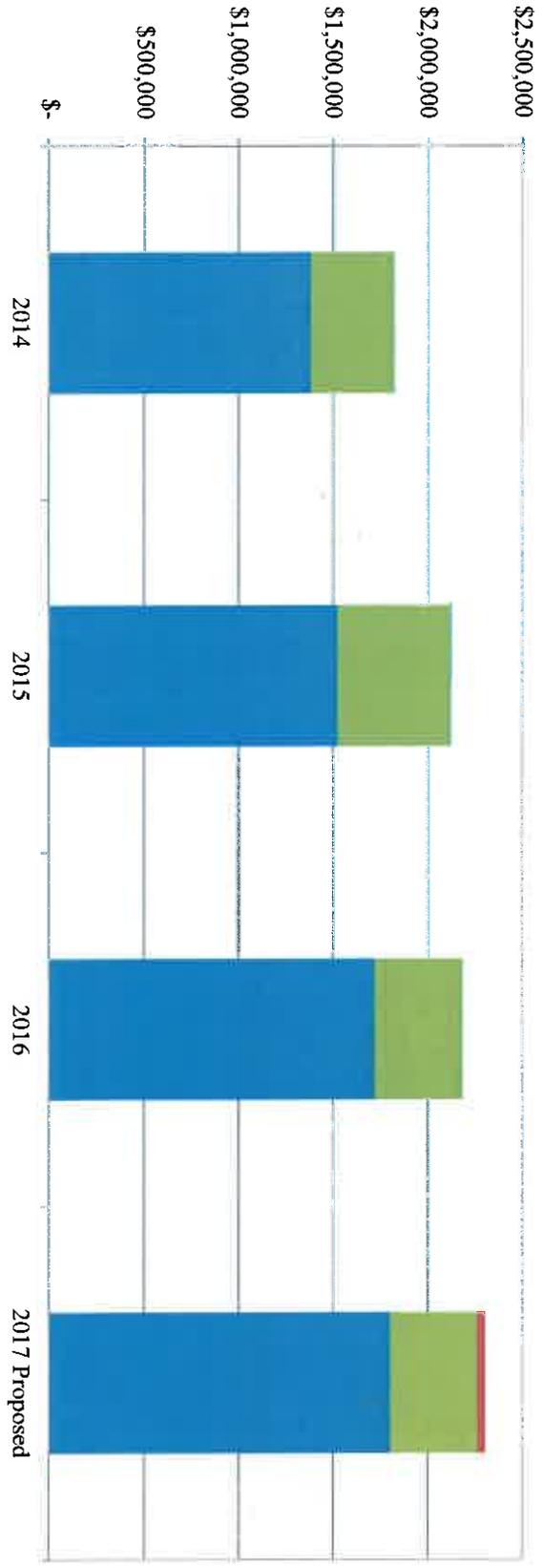
**Explanation of Budget Changes in revenue and expenditures over 5%**

- (1) Change of wage allocation between the General Fund and the Community Center Fund
- (2) Outdoor Pool facility design of \$6,700 in 2017.
- (3) Increase in transfer to cover the debt payments for 2017 in the 2014 Rec Facility Bond.

	2015	2016 Budget		2017 Budget		Increase (Decrease)		% Change
<b>taxes</b>								
<b>Base Levy</b>								
101 General	\$ 689,804	\$ 769,778	\$ 843,907	\$ 74,129	9.63%			
225 Fire	119,482.00	-	-	-	0.00%			
615 Community Center	430,878.00	401,058	498,538	97,480	24.31%			
415 Sidewalk reconstruction	160,000.00	185,500	185,500	-	0.00%			
316 Johnson Control Loan	122,000.00	122,000	122,000	-	0.00%			
416 Pavement Management Plan	-	242,000	150,000	(92,000)	100.00%			
<b>Total Base Levy</b>	<b>1,522,164.16</b>	<b>1,720,336</b>	<b>1,799,945.00</b>	<b>79,609.00</b>	<b>4.63%</b>			
<b>Debt Service</b>								
306 2003 Participation Advance Refunding	599,426.00	-	-	-	-			
312 2004 Equipment Lease Purchase	-	-	-	-	-			
318 2008A GO Tax Abatement Bonds	-	50,000	50,000	-	-			
505 2009A GO Imp. Bonds	-	40,500	40,500	-	-			
319 2010A GO Equipment Cert.	-	-	-	-	-			
320 2010D GO Capital Improvement	-	54,500	52,250	(2,250)	-			
507 2011B SA GO Refunding Bonds	-	15,000	15,000	-	-			
508 2012A GO Improvement Bonds	-	70,000	70,000	-	-			
510 2013B GO Street Reconstruction	-	77,000	77,000	-	-			
301 2014A Recreational Facilities Bond	-	-	-	-	-			
502 2014B GO Refunding Bonds imp.	-	-	-	-	-			
309 2014B Go Refunding Bonds - Library	-	68,000	68,000	-	-			
477 169 Frontage Road	-	-	-	-	-			
310 2014B GO Refunding bonds - fire	-	90,000	92,500	2,500	0.05%			
<b>Total Debt Service Levy</b>	<b>599,426</b>	<b>465,000</b>	<b>465,250</b>	<b>250</b>	<b>0.05%</b>			
<b>Total General Levy</b>	<b>\$ 2,121,590</b>	<b>\$ 2,185,336</b>	<b>\$ 2,265,195</b>	<b>\$ 79,859</b>	<b>3.65%</b>			
<b>EDA Taxes</b>								
<b>EDA Levy</b>								
380 EDA General Fund	-	-	40,000	40,000	100%			
<b>Total EDA Levy</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>40,000</b>	<b>100%</b>			
<b>Total City Wide Levy</b>	<b>\$ 2,185,336</b>	<b>\$ 2,305,195</b>	<b>\$ 2,305,195</b>	<b>\$ 119,859</b>	<b>5.48%</b>			

\*\*Note that debt was not broken out by each debt service in 2015 and is presented as one lump number for the 2015 Budget.

# Tax Levy Summary



**CITY OF LE SUEUR  
IMPACT ON TAX BILL**

<u>Value of Home</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Estimated</u>	<u>2017 Monthly</u>	<u>\$ Increase / (decrease)</u>	<u>% Increase / (decrease)</u>	<u>2-year \$ Increase / (decrease)</u>	<u>% Increase / (decrease)</u>
\$ 100,000	804	\$ 791	\$ 801	\$ 67	\$ 10	1.30%	\$ (3)	-0.36%
136,700 *	1,099	1,081	1,095	91	14	1.30%	(4)	-0.36%
150,000	1,206	1,186	1,201	100	15	1.30%	(4)	-0.36%
200,000	1,607	1,581	1,602	133	21	1.30%	(6)	-0.36%
250,000	2,009	1,976	2,002	167	26	1.30%	(7)	-0.36%
300,000	2,411	2,372	2,402	200	31	1.30%	(9)	-0.36%

\* Average 2015 home value.

City of Le Sueur  
 Property Type - Tax Capacities  
 Property Type

	2013 Pay 2014	2014 Pay 2015	2015 Pay 2016	2016 Pay 2017	% Change	\$ Change
Commercial/Industrial	\$ 851,695	\$ 1,119,526	\$ 1,170,171	\$ 1,196,355	2.24%	26,184
Apartment	327,259	321,675	361,444	384,739	6.44%	23,295
Residential	1,191,811	1,200,708	1,234,272	1,239,242	0.40%	4,970
Agriculture	39,058	38,090	37,519	37,878	0.96%	359
Other	28,205	28,238	29,539	20,321	-31.21%	(9,218)
<b>Total</b>	<b>\$ 2,438,028</b>	<b>\$ 2,708,237</b>	<b>\$ 2,832,945</b>	<b>\$ 2,878,535</b>	<b>4.60%</b>	<b>45,590</b>

CITY OF LE SUEUR  
WATER FUND 601  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For The Year Ended January 00, 1900  
For The Year Ended January 00, 1900

	Actual 2014	Actual 2015	YTD May-16	Budget 2016	Proposed 2017	Percent Change	
<b>Operating Revenues</b>							
Charges for Services	\$ 1,129,974	\$ 1,031,913	\$ 414,242	\$ 1,042,500	\$ 1,068,000	2%	
<b>Operating Expenses</b>							
Source of power	5,744	63,913	40,995	2,200	37,000	1582%	1
Power and pumping	110,255	111,822	43,553	93,750	95,000	1%	
Purification	68,144	7,009	4,727	18,000	11,500	-36%	2
Distribution	119,166	31,585	4,359	17,500	18,000	3%	
Administrative and general	198,808	274,488	131,453	443,225	518,167	17%	3
Metering	14,702	15,906	6,722	17,800	17,800	0%	
Bond related	-	2,153	-	70,000	-	-100%	4
Depreciation	236,695	197,735	116,667	236,000	210,000	-11%	5
<b>Total Operating Expenses</b>	<b>753,514</b>	<b>704,611</b>	<b>348,475</b>	<b>898,475</b>	<b>907,467</b>	<b>1%</b>	
<b>Operating Income (Loss)</b>	<b>376,460</b>	<b>327,302</b>	<b>65,767</b>	<b>144,025</b>	<b>160,533</b>	<b>11%</b>	
<b>Nonoperating Revenues (Expenses)</b>							
Investment earnings	43	16	-	-	-	0%	
Rental income	6,000	6,000	2,500	6,000	6,000	0%	
Other income	10,815	5,562	1,198	6,000	5,000	-17%	6
Interest and related expenses	(28,068)	(14,961)	(4,166)	(6,583)	(5,683)	-14%	7
Issuance cost	(7,428)	(250)	-	-	(1,000)	0%	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(18,637)</b>	<b>(3,634)</b>	<b>(469)</b>	<b>5,418</b>	<b>4,317</b>	<b>-20%</b>	
<b>Capital Contributions and Transfers</b>							
Special assessments	2,832	4,461	2,615	5,000	5,000	0%	
Transfers out	-	(301,200)	-	(80,450)	(80,450)		
Connection fees	14,685	28,507	-	6,000	6,000	0%	
<b>Change in Net Position</b>	<b>375,340</b>	<b>55,436</b>	<b>67,913</b>	<b>79,993</b>	<b>95,400</b>	<b>19%</b>	
<b>Net Position, January 1</b>	<b>4,521,875</b>	<b>4,897,218</b>	<b>4,249,753</b>	<b>4,249,753</b>	<b>4,329,746</b>	<b>2%</b>	
<b>Adjustments (see financials)</b>		<b>(702,901)</b>					
<b>Net Position, December 31</b>	<b>\$ 4,897,218</b>	<b>\$ 4,249,753</b>	<b>\$ 4,317,667</b>	<b>\$ 4,329,746</b>	<b>\$ 4,425,146</b>	<b>2%</b>	

**Explanation of Changes over 10%**

- 1 Combined multiple line items together to reduce the number of expense line items for the same items. Also an increase in repairs items.
- 2 Chemical expenses budget reduced and moving expenses to source of power for repair items.
- 3 Change in salary allocations
- 4 No principal payment should be budgeted for as these are journaled out at year end to reduce the bond payable balance.
- 5 Change in accounting policy removed numerous items that were still being depreciated in 2015.
- 6 Not receiving as many miscellaneous monies, therefore reduced it in the budget.
- 7 Reduced bond payment interest which is consistent with bond payments over the life of a bond.

- The Water fund is also responsible for \$70,000 of bond principal payments as well as advances to debt service funds for principal payments totaling \$80,450. Debt principal payments are balance sheet transactions within the Enterprise funds. Also note, purchases of Capital assets are not recorded on the Income statement for enterprise funds, but do impact cash flows.

**\*\*NOTE**

CITY OF LE SUEUR  
SEWER FUND 602  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For The Year Ended January 00, 1900  
For The Year Ended January 00, 1900

	Actual 2014	Actual 2015	YTD May-16	Budget 2016	Proposed 2017	Percent Change	
<b>Operating Revenues</b>							
Charges for Services	\$ 1,544,589	\$ 1,746,439	\$ 719,808	\$ 1,974,299	\$ 2,118,463	7%	
<b>Operating Expenses</b>							
Administrative and general	206,901	197,394	96,796	286,475	315,566	10%	1
Sanitary sewer cleaning	17,859	12,231	102	1,500	-	-100%	2
Sewer lift stations	15,106	9,626	11,472	14,000	17,500	25%	3
Sewer treatment plants	564,706	579,915	197,947	567,500	502,500	-11%	4
Metering	11,178	14,590	6,552	16,800	17,500	4%	
Bond related	-	0	-	1,053,000	-	-100%	5
Depreciation	600,299	563,219	237,708	570,500	525,000	-8%	
<b>Total Operating Expenses</b>	<b>1,416,192</b>	<b>1,376,975</b>	<b>550,578</b>	<b>2,509,775</b>	<b>1,378,066</b>	<b>-45%</b>	
<b>Operating Income (Loss)</b>	<b>128,397</b>	<b>369,463</b>	<b>169,230</b>	<b>(535,476)</b>	<b>740,397</b>	<b>-238%</b>	
<b>Nonoperating Revenues (Expenses)</b>							
Income from investment in joint venture	407,821	254,140	-	-	-	0%	
Investment earnings	-	-	-	1,000	1,000	0%	
Other income	150,328	48,016	18,630	79,700	79,700	0%	
Interest and related expenses	(170,204)	(158,020)	(75,524)	(148,948)	(137,968)	-7%	
Bond premium	1,574	1,837	-	-	-	0%	
<b>Total Nonoperating Revenues (Expenses)</b>	<b>389,519</b>	<b>145,973</b>	<b>(56,894)</b>	<b>(68,248)</b>	<b>(57,268)</b>	<b>-16%</b>	
<b>Capital Contributions and Transfers</b>							
Special assessments	6,064	405	-	5,000	5,000	0%	
Transfer in	-	300,000	-	-	-	0%	
Transfers out	-	(1,150)	-	(111,375)	(111,550)	0%	
Connection fees	15,068	28,891	-	6,000	6,000	0%	
<b>Change in Net Position</b>	<b>539,049</b>	<b>843,993</b>	<b>112,336</b>	<b>(704,099)</b>	<b>694,129</b>	<b>-199%</b>	
<b>Net Position, January 1</b>	<b>6,954,537</b>	<b>7,493,586</b>	<b>7,797,640</b>	<b>7,797,640</b>	<b>7,093,541</b>	<b>-9%</b>	
<b>Adjustments (see financials)</b>		<b>(539,939)</b>					
<b>Net Position, December 31</b>	<b>7,493,586</b>	<b>7,797,640</b>	<b>7,909,975</b>	<b>7,093,541</b>	<b>7,787,671</b>	<b>10%</b>	

**Explanation of Changes over 15%**

- 1 Change in salary allocations
- 2 Moved expenses to Administrative to reduce the number of line items needed to be budgeted for.
- 3 Gravity main maintenance was budgeted for in 2017. No such maintenance was budgeted for in 2016.
- 4 MRVPUC charges were reduced in the budget based on information received from them.
- 5 No principal payment should be budgeted for as these are journaled out at year end to reduce the bond payable balance.

- The Sewer fund is also responsible for \$1,053,000 of loan principal payments as well as advances to debt service funds for principal payments totaling \$111,550. Debt principal payments are balance sheet transactions within the Enterprise funds. Also note, purchases of Capital assets are not recorded on the Income statement for enterprise funds, but do impact cash flows.

**\*\*NOTE**

CITY OF LE SUEUR  
ELECTRIC FUND 604  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For The Year Ended January 00, 1900  
For The Year Ended January 00, 1900

	Actual 2014	Actual 2015	YTD May-16	Budget 2016	Proposed 2017	Percent Change	
<b>Operating Revenues</b>							
Charges for Services	\$ 8,917,608	\$ 9,054,612	\$ 3,556,152	\$ 8,843,000	\$ 8,843,000	0%	
<b>Operating Expenses</b>							
Administrative and general	948,236	1,031,712	422,318	1,051,700	947,367	-10%	1
Purchased power	6,667,562	6,736,950	2,094,714	6,200,000	6,250,000	1%	
Transmission and distribution	485,001	564,833	166,211	453,450	473,850	5%	
Customer collection and meter	42,425	308,728	13,102	33,700	34,000	1%	
Bond related		0		90,000		-100%	2
Depreciation	480,889	455,918	177,083	420,000	375,000	-11%	3
<b>Total Operating Expenses</b>	<b>8,624,113</b>	<b>9,098,140</b>	<b>2,873,429</b>	<b>8,248,850</b>	<b>8,080,217</b>	<b>-2%</b>	
<b>Operating Income (Loss)</b>	<b>293,495</b>	<b>(43,528)</b>	<b>682,723</b>	<b>594,150</b>	<b>762,783</b>	<b>28%</b>	
<b>Nonoperating Revenues (Expenses)</b>							
Investment earnings	19,518	1,199	-	1,000	1,000	0%	
Other income	11,557	134,620	36,219	25,000	25,000	0%	
Interest and related expenses	(35,796)	(27,217)	(15,681)	(23,738)	(20,588)	-13%	4
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(4,721)</b>	<b>108,603</b>	<b>20,538</b>	<b>2,262</b>	<b>5,412</b>	<b>139%</b>	
<b>Capital Contributions and Transfers</b>							
Transfers	(350,000)	(354,250)	(145,833)	(350,000)	(500,000)	43%	
<b>Change in Net Position</b>	<b>(61,225)</b>	<b>(289,175)</b>	<b>557,428</b>	<b>246,412</b>	<b>268,195</b>	<b>9%</b>	
<b>Net Position, January 1</b>	<b>8,449,238</b>	<b>8,388,013</b>	<b>6,820,659</b>	<b>6,820,659</b>	<b>7,067,071</b>	<b>4%</b>	
<b>Adjustments (see financials)</b>		(1,278,178)					
<b>Net Position, December 31</b>	<b>\$ 8,388,013</b>	<b>\$ 6,820,659</b>	<b>\$ 7,378,087</b>	<b>\$ 7,067,071</b>	<b>\$ 7,335,266</b>	<b>4%</b>	

**Explanation of Changes over 10%**

- 1 Change in salary allocations
- 2 No principal payment should be budgeted for as these are journaled out at year end to reduce the bond payable balance.
- 3 Change in accounting policy removed numerous items that were still being depreciated in 2015.
- 4 Reduced bond payment interest which is consistent with bond payments over the life of a bond.

- The Electric fund is also responsible for \$90,000 of bond principal payments. Debt principal payments are balance sheet transactions within the Enterprise funds. Also note, purchases of Capital assets are not recorded on the Income statement for enterprise funds, but do impact cash flows.

\*\*NOTE