



MAYOR & COUNCIL COMMUNICATION

DATE: **October 18, 2016**
REGULAR
ITEM **#17**
MOTION

AGENDA ITEM: Financial Management Plan for Enterprise Funds

SUBMITTED BY: Cathy Bendel, Finance Director

THROUGH: Tammy Omdal, Northland Securities

REVIEWED BY: Kristina Handt, City Administrator
 Julie Fliflet, Finance Committee Chair
 Tammy Omdal, Northland Securities
 Bernie Bullert, TKDA

SUGGESTED ORDER OF BUSINESS:

- Introduction of ItemFinance Director
- Report/Presentation..... City Staff, Tammy Omdal, Northland Securities
- Questions from Council to Staff Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion..... Mayor Facilitates

SUMMARY AND ACTION REQUESTED: The City has retained the services of Northland Services and TKDA to prepare a Financial Management Plan for the City of Lake Elmo Enterprise Funds. Tammy Omdal of Northland Securities will be presenting the report to the City Council.

BACKGROUND INFORMATION: The City approved and entered into agreements with Northland Securities and TKDA to prepare a Financial Management Plan for the City of Lake Elmo Enterprise Funds. Bernie Bullert from TKDA is an expert in the utility field and was tasked with compiling a recommendation for the operational costs to be incorporated into the model. Tammy Omdal of Northland Securities was tasked with preparing a Financial Management Plan which would become a projection report which could be updated and shared with the City Council on a quarterly basis. The report being presented is that report.

This version was shared with the Finance Committee on October 11, 2016 and some changes and recommendations came of that review to be incorporated into the next version including the following:

- The Finance Committee felt the 30% variance on build outs was too high. A 20% has been recommended for future models.
- The MN DEED grant was identified as something needing to be reviewed closer to be sure it is properly accounted for in the report.
- In past models, 100% of CIP expenses were funded through bonding. This version assumed that any CIP items under \$500k would be purchased from reserves rather than funding through bonding to avoid interest and bonding costs since the cash balances were strong. (\$2.5M in the water fund and \$2.5M in the sewer fund). The Finance Committee will be reviewing the reserve policy for the Enterprise Funds to make a recommendation related to the model assumptions to use related to bonding vs the use of cash reserves for future capital purchases and the paying down of debt.
- The Inwood water system will not be completed until later in 2017 so the model will need to be updated to reflect that the City will need to continue to purchase water from Oakdale through the end of 2017.
- The model needs to be updated for the recent policy changes impacting fees (early connection incentive plan, longer special assessment repayment terms and allowing existing residents to defer connection fees).

The Finance Committee recommended that the next version be prepared with preliminary year end 2016 information which will be ready the middle of February 2017. A draft will be presented to the Finance Committee at their March 2017 meeting.

RECOMMENDATION: It is recommended that the City Council accept the Financial Management Plan for the Enterprise Funds dated October 11, 2016.

ATTACHMENT:

1. Memo from Northland Securities
2. Financial Management Plan presentation
3. Detailed Financial Management Plan Report for Water, Sanitary Sewer and Storm Water Funds (aka The Enterprise Funds)
4. TKDA Report



MEMORANDUM

To: Cathy Bendel - Finance Director
From: Tammy Omdal - Northland Securities
Date: September 15, 2016
Re: Scope of Services for Financial Planning

This memorandum is provided at your request. The purpose of this memorandum is to confirm to you the services Northland agreed to provide to the City of Lake Elmo (the "City") pursuant to an executed service agreement dated January 2016 (the "Agreement"). As defined in the Agreement, the City is using the services of Northland for financial planning for the City's water, sanitary sewer, and storm water utility systems, including review of user charges and rates.

Northland's scope of work is based on the following factors, which were defined by the City and outlined in the Agreement:

1. User charges for water, sanitary sewer, and storm sewer service need to be reviewed to ensure adequate operating revenues and reserves are maintained.
2. The analysis of user charges must consider current and future capital improvements.
3. City is seeking to understand the pace of growth needed to cash flow the City enterprise funds.
4. City desires to understand the potential for lowering water rates in the future.

In performing this work, pursuant to the tasks outlined in the Agreement, Northland prepared its own spreadsheets to model future estimated financial performance of the utility systems. The information provided by the City to Northland to perform this work is outlined in the Agreement and includes annual financial statements, operating budgets, user rate schedules, and customer data information.

You have asked for a response to the following two questions:

1. Was Northland hired to complete an audit of the City of Lake Elmo's previous pro forma?
 - No, see Agreement.
2. Did you review or look at the City of Lake Elmo's previous pro forma as part of the Utility Study you were hired to prepare?
 - No, see Agreement.



**FINANCIAL MANAGEMENT PLAN
FOR WATER, SANITARY SEWER, AND
STORM WATER FUNDS
FINAL DRAFT REPORT
DATED AS OF JUNE 1, 2016**

City of Lake Elmo, MN

Presentation to Finance Committee

October 11, 2016

Tammy Omdal

Senior Vice President, Northland Securities



Member FINRA and SIPC

The information in this presentation is based on sources believed to be reliable, but does not purport to be complete and is not warranted by Northland Securities, Inc..

ITEMS TO COVER

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- ◎ **Study approach**
 - **Original Report, dated June 1, 2016**
 - **Other Alternative Scenarios**
- ◎ **Overview of conclusions and recommendations**
- ◎ **CIP and debt service**
- ◎ **Utility rates**
- ◎ **Financial plans**

ITEMS TO COVER

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- ◎ Other Alternative Scenarios - For this presentation, Northland was asked to present information on three scenarios that modify the original assumptions made in the final draft report dated June 1, 2016:
 - **Scenario A**
 - Assume 30% fewer REU connections and SAC/WAC
 - Assume projected annual % increase in customers is 30% less per year
 - Adjust water and sewer operating expense based on 30% reduction in the projected annual % change; no change to operating expense for storm water
 - No other changes
 - **Scenario B**
 - Assume 30% more REU connections and SAC/WAC
 - Assume projected annual % increase in customers is 30% greater per year
 - Adjust water and sewer operating expense based on 30% increase in the projected annual % change; no change to operating expense for storm water
 - No other changes
 - **Scenario C**
 - Assume no change in rates, rates to remain at 2016 levels; no other changes

ITEMS TO COVER

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◎ Other Alternative Scenarios

- **In considering the other scenarios, it is important to note the following disclaimers:**
 - The City's engineer and other consultants have not had the opportunity to consider the impact of changing the original assumption for REU connections and SAC/WAC and customers on the capital improvement plans, and operating expense included in the original report dated June 1, 2016.
 - Debt issuance plans and anticipated structure of debt was not modified for any of the alternative scenarios; there may be impact to both amounts, timing, and structure of future debt based on each the alternative scenarios.
 - Further review of the requested scenarios, and the impact on both revenues and expenses, including impact on fees, volume of water sold, and timing of planned capital outlays and structuring of related debt, may result in a different outcome than what is included in this presentation and the alternative scenarios requested by the City.
 - The updated reports for each of the alternative scenarios should be considered preliminary and subject to change upon further review and discussion.

EXECUTIVE SUMMARY

STUDY APPROACH – FOR ORIGINAL REPORT

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- ◎ **City provided information on key inputs**
 - Historical spending and revenue trends
 - Projected growth in customers
 - Preliminary 2015 financial results (report was prepared before the City's final 2015 audited financial statements were available)
- ◎ **Meetings held with city staff and other consultants to review preliminary draft report**
- ◎ **Certain aspects not reviewed as part of the study**
 - Comparison of rates to other communities
 - Comparison to city prepared pro forma
 - Historical volume data by tier

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS – FOR ORIGINAL REPORT

6

- ◎ **Growth in customer units**
 - Impact on CIP
 - Impact on future revenue estimates
- ◎ **Utility rate Increases**
 - 1% annual increase for sewer and water
 - \$10 annual increase for storm water
- ◎ **Management of Cash Balances and Assets**
 - Cash for operations, CIP, and debt service

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

From Original Report

Table A Growth in Residential Equivalent Units <i>Total Projected Growth For Years 2016 Through 2025</i>	
Platted - Sewer Access	2,306
Platted - Water Access	1,965
Connected - Sewer	2,511
Connected - Water	2,487

Alternative Scenarios

Scenario A - 30% Fewer REU	Scenario B - 30% More REU
1,614	2,998
1,376	2,555
1,758	3,264
1,741	3,233

See disclaimer on Slide 4.

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS – FROM ORIGINAL REPORT

TABLE B						
Establishment of Utility Rates						
Service	2016	2017	2018	2019	2020	
WATER RATES						
Residential Quarterly Base Fee	\$20.00	\$20.00	\$20.20	\$20.40	\$20.61	
Residential Tier 1: 0-15,000 gallons	\$2.00	\$2.00	\$2.02	\$2.04	\$2.06	
Commercial Quarterly Base Fee	\$25.00	\$25.00	\$25.25	\$25.50	\$25.76	
Commercial Tier 1: 0-15,000 gallons	\$3.11	\$3.11	\$3.14	\$3.17	\$3.20	
Water Availability Charge	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Water Connection Charge	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
SANITARY SEWER RATES						
Sewer per 1,000 gallons	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	
Sanitary Sewer Availability Charge	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Sanitary Sewer Connection Charge	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
STORM WATER RATES						
Annual fee	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	

Utility rate Increases

- 1% annual increase for sewer and water
- \$10 annual increase for storm water

Other Scenarios

- Scenario C – presented later in this presentation, is based on the assumption there are no rate increases between years 2017-2025

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

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From Original Report

Table C Management of Cash Balances and Assets Combined Utility Funds			
Year	Cash	Net Assets	Cash as % of Net Assets
2015	\$4,139,984	\$17,695,463	23%
2016	\$6,027,123	\$19,548,501	31%
2017	\$9,512,080	\$23,868,177	40%
2018	\$10,502,094	\$26,933,282	39%
2019	\$12,361,080	\$30,575,311	40%
2020	\$13,157,837	\$31,666,610	42%
2021	\$13,993,165	\$32,947,730	42%

Alternative Scenarios

Scenario A - 30% Fewer REU	Scenario B - 30% More REU	Scenario C - No Rate Increases
Cash as % of Net Assets	Cash as % of Net Assets	Cash as % of Net Assets
23%	23%	23%
28%	34%	31%
34%	44%	40%
32%	44%	39%
32%	46%	40%
33%	48%	40%
32%	49%	41%

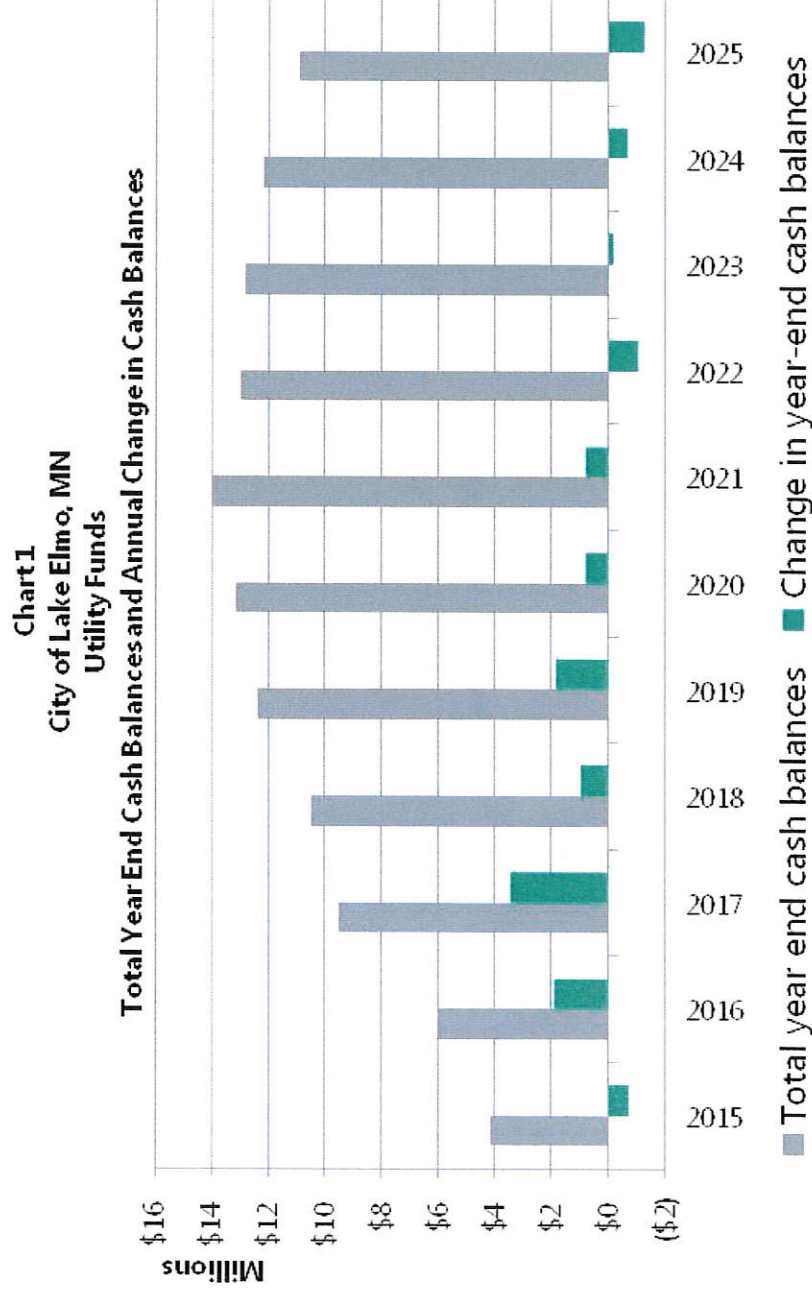
See disclaimer on Slide 4.



EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS – FROM ORIGINAL REPORT

10



Note: Year 2015 is (un-audited) actual. Years 2016 - 2025 are projected.

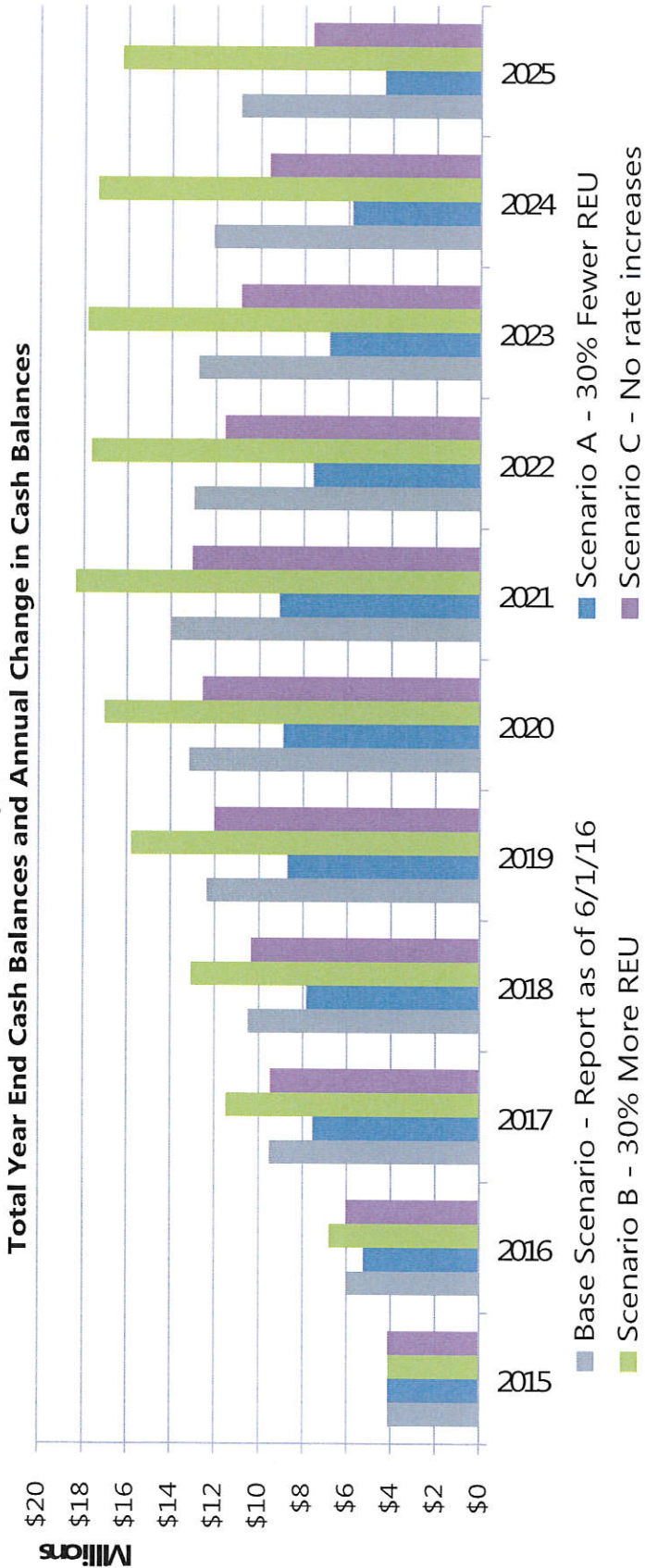
Cash balances are projected to increase over the next several years as a result of revenue collection from development.

Cash will be needed to pay future debt service.

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

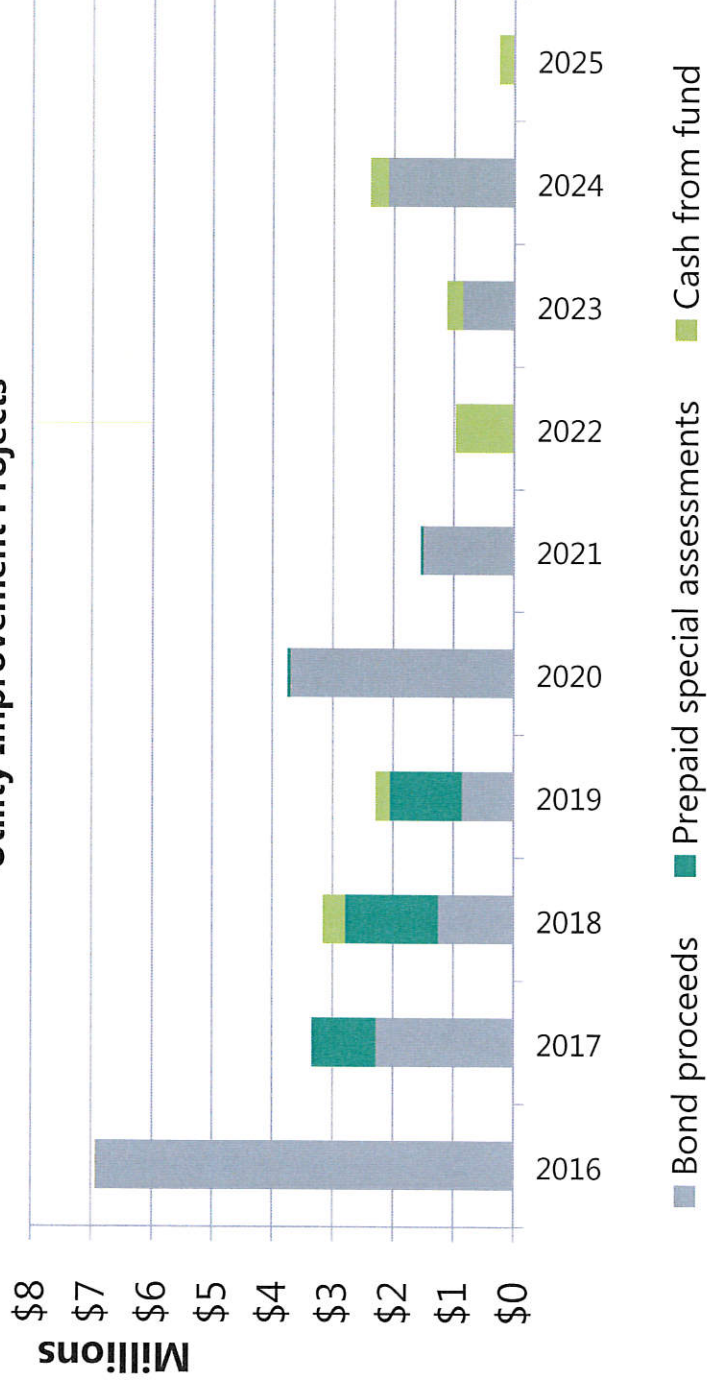
Chart 1 - Including Comparison of Scenarios
City of Lake Elmo, MN
Utility Funds



Note: Year 2015 is (un-audited) actual, Years 2016 - 2025 are projected.

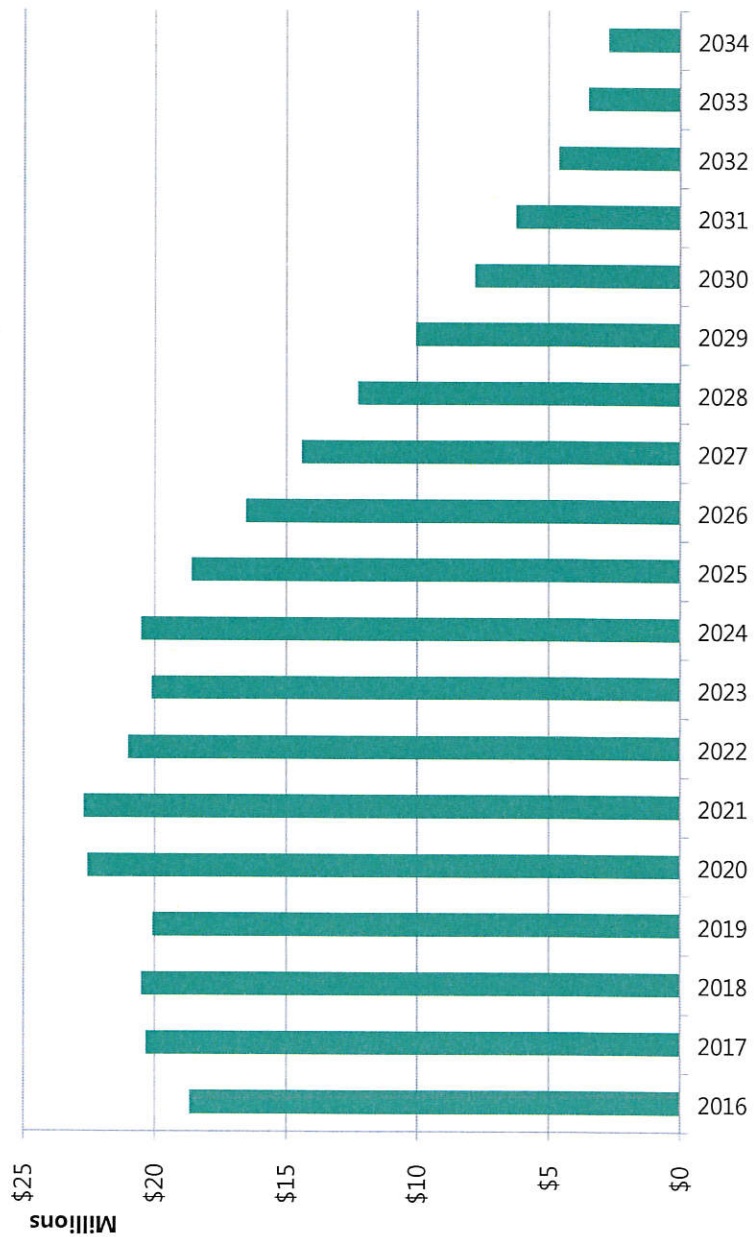
CIP AND DEBT SERVICE – FROM ORIGINAL REPORT

City of Lake Elmo, MN
Annual Source of Funds for Projected Capital Spending
Utility Improvement Projects



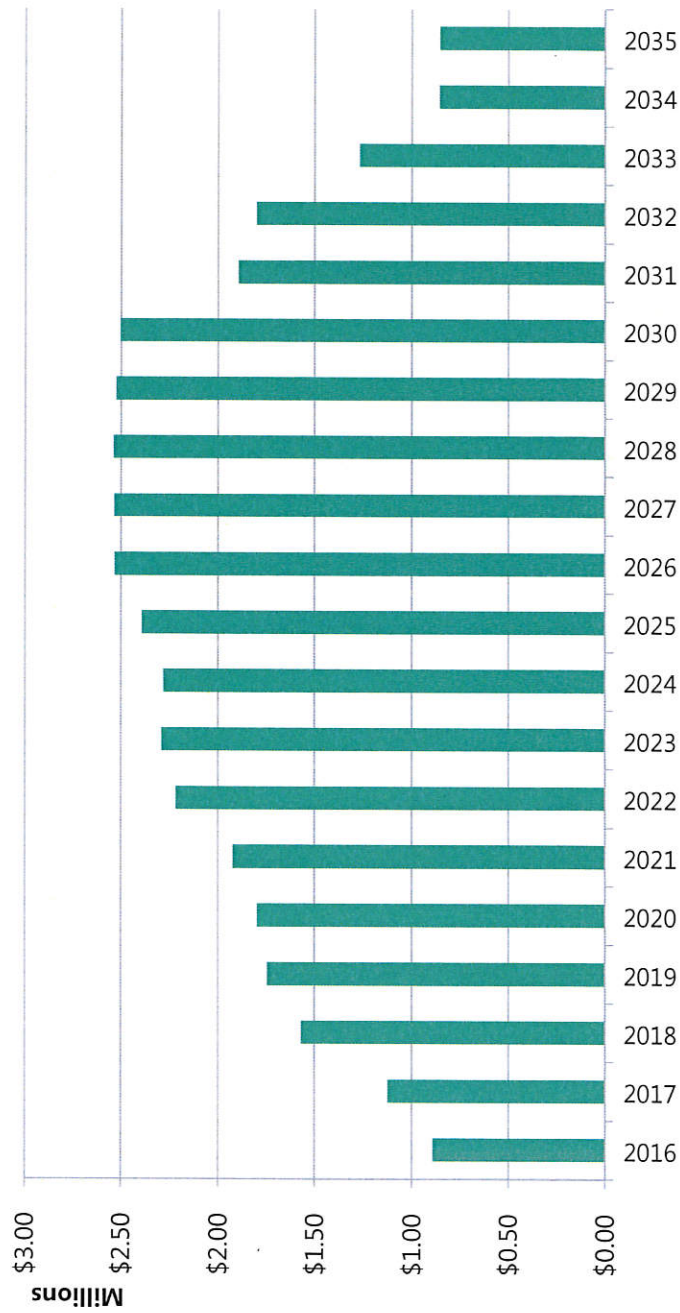
CIP AND DEBT SERVICE – FROM ORIGINAL REPORT

Chart 2
City of Lake Elmo, MN
Estimated Debt Outstanding at Year-End
Includes Existing Debt and Projected Debt Issuance
Includes Debt Supported by Utility Funds Only



CIP AND DEBT SERVICE – FROM ORIGINAL REPORT

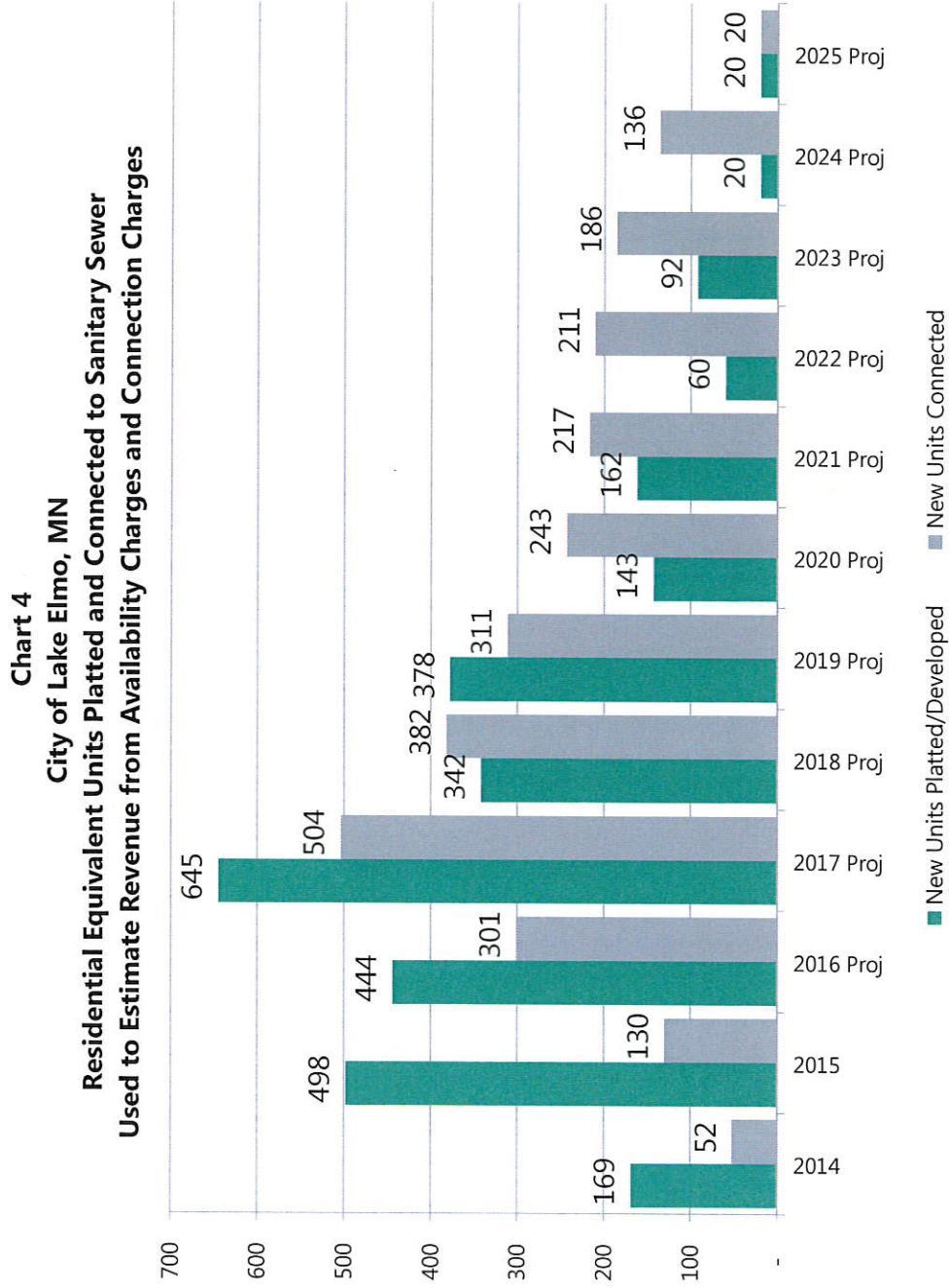
Chart 3
City of Lake Elmo, MN
Estimated Annual Debt Service
Includes Existing Debt and Projected Debt Issuance
Includes Debt Supported by Utility Funds Only



UTILITY RATES

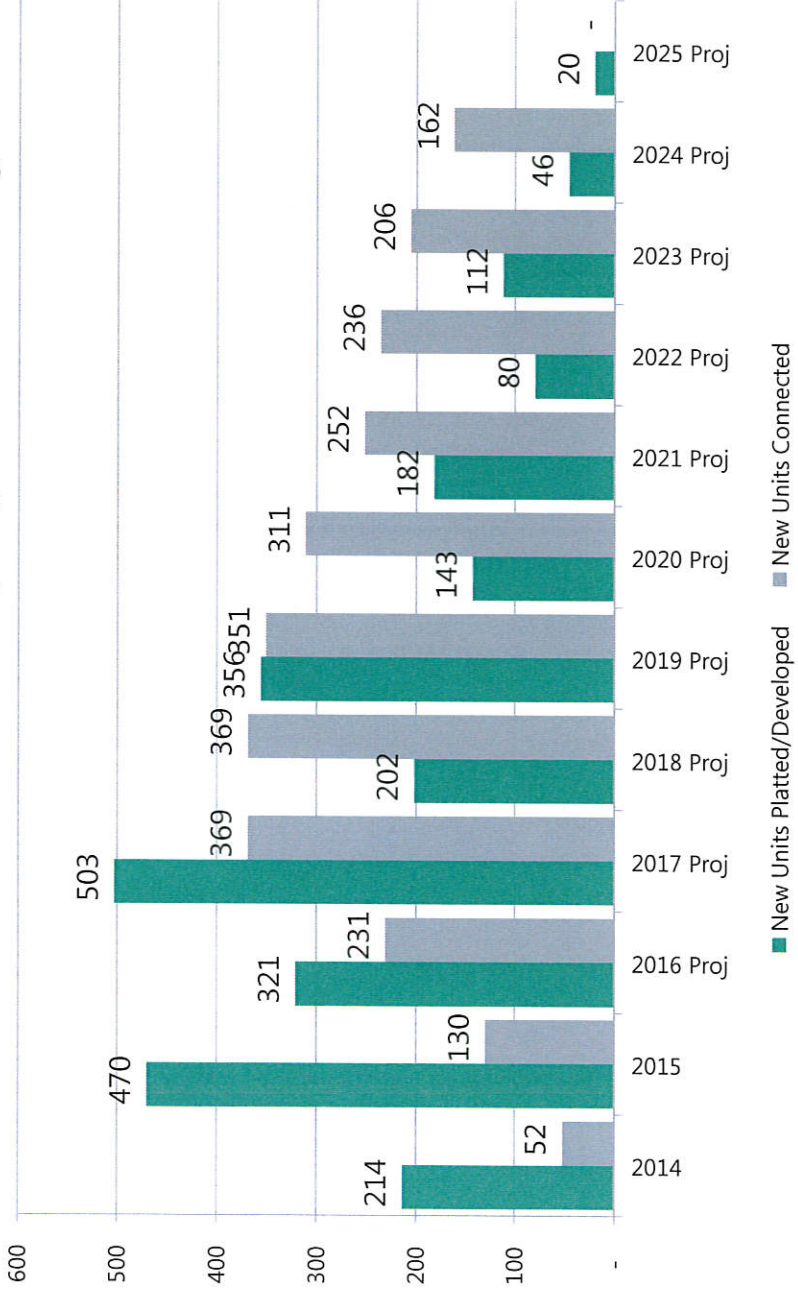
INCREASE IN CUSTOMERS – FROM ORIGINAL REPORT

15



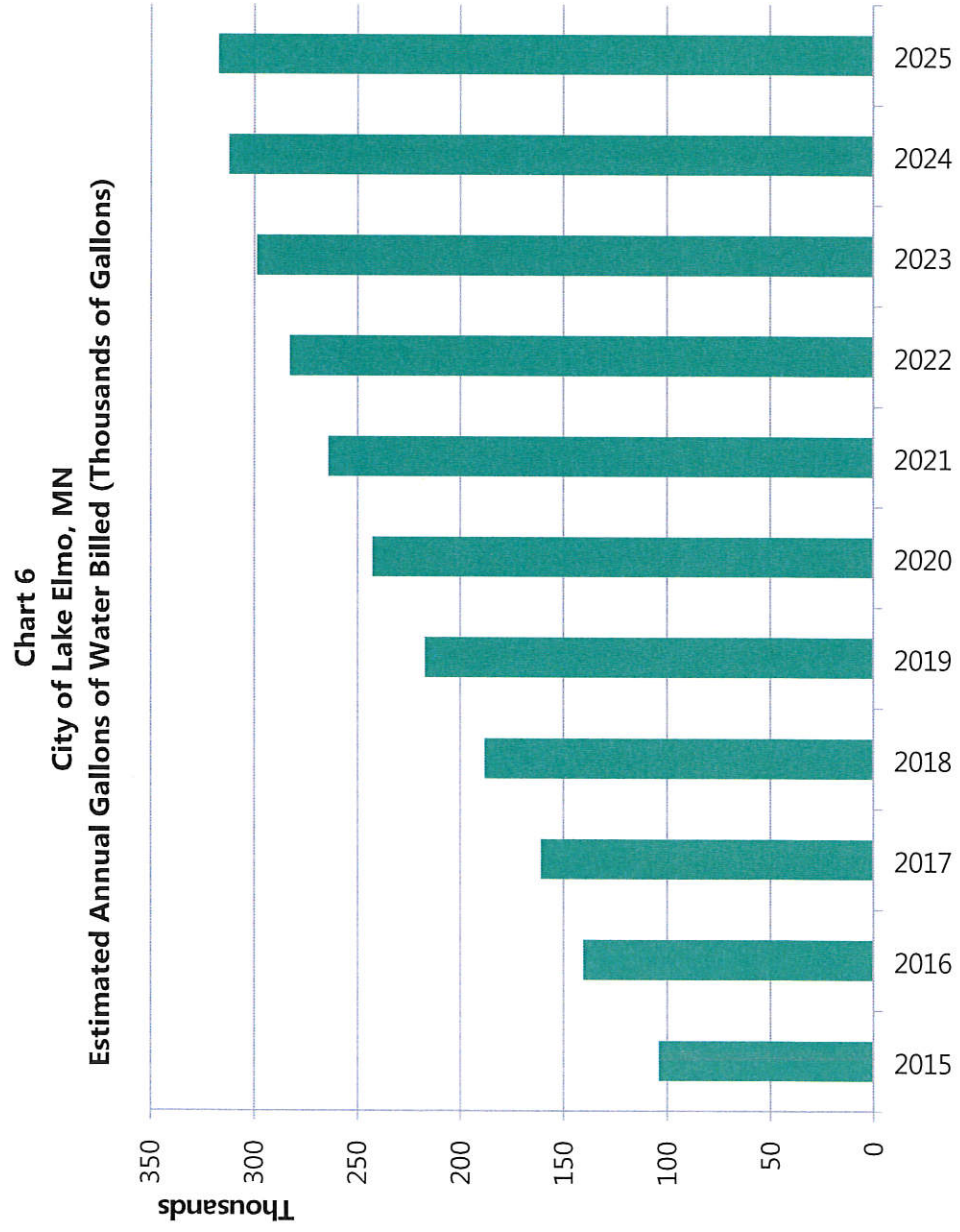
UTILITY RATES INCREASE IN CUSTOMERS – FROM ORIGINAL REPORT

Chart 5
City of Lake Elmo, MN
Residential Equivalent Units Platted and Connected to Water
Used to Estimate Revenue from Availability Charges and Connection Charges



UTILITY RATES

INCREASE IN CUSTOMERS – FROM ORIGINAL REPORT



FINANCIAL PLANS

WATER FUND – FROM ORIGINAL REPORT

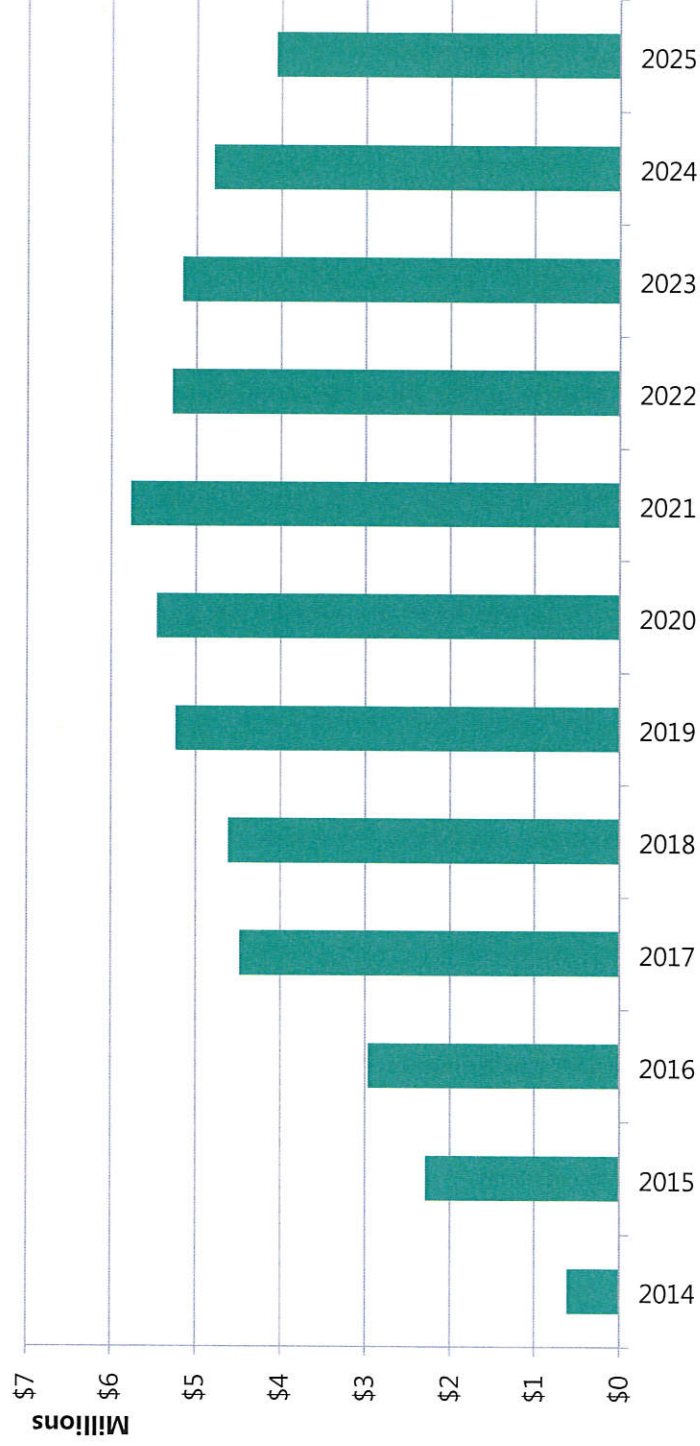
18

- ◎ **Water Fund is in sound financial condition**
- ◎ **Future performance will be impacted by the timing of future development and receipt of future fees and charges**
- ◎ **1% annual fee increase is assumed**
- ◎ **Based on CIP, annual debt service is projected to increase from \$0.6M in 2016 to \$1.5M in the next ten years**

FINANCIAL PLANS

WATER FUND – FROM ORIGINAL REPORT

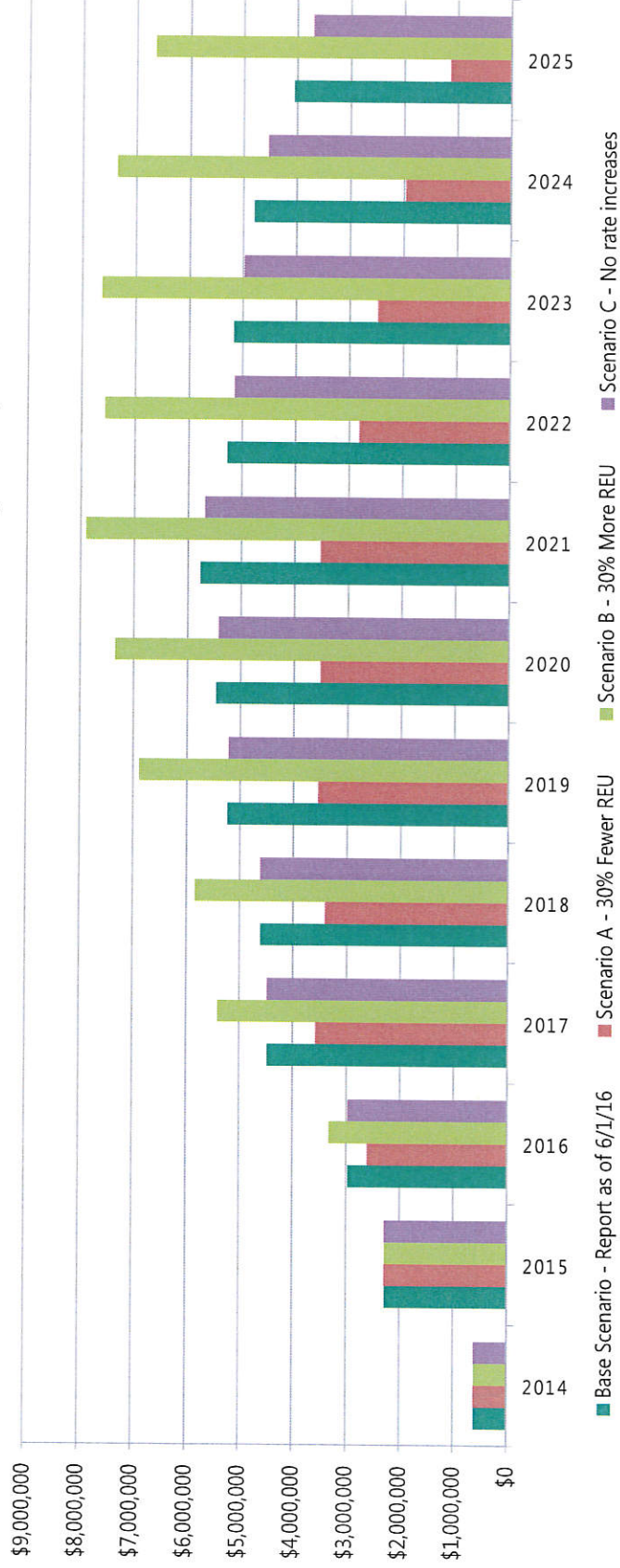
Chart 7
City of Lake Elmo, MN
Water Fund
Year End Cash Balance
(Does Not Include Cash Held in Escrow in Year 2014 for Refunding of Bonds)



FINANCIAL PLANS WATER FUND

20

Chart 7 - With Scenarios
City of Lake Elmo, MN
Water Fund
Year End Cash Balance
(Does Not Include Cash Held in Escrow in Year 2014 for Refunding of Bonds)



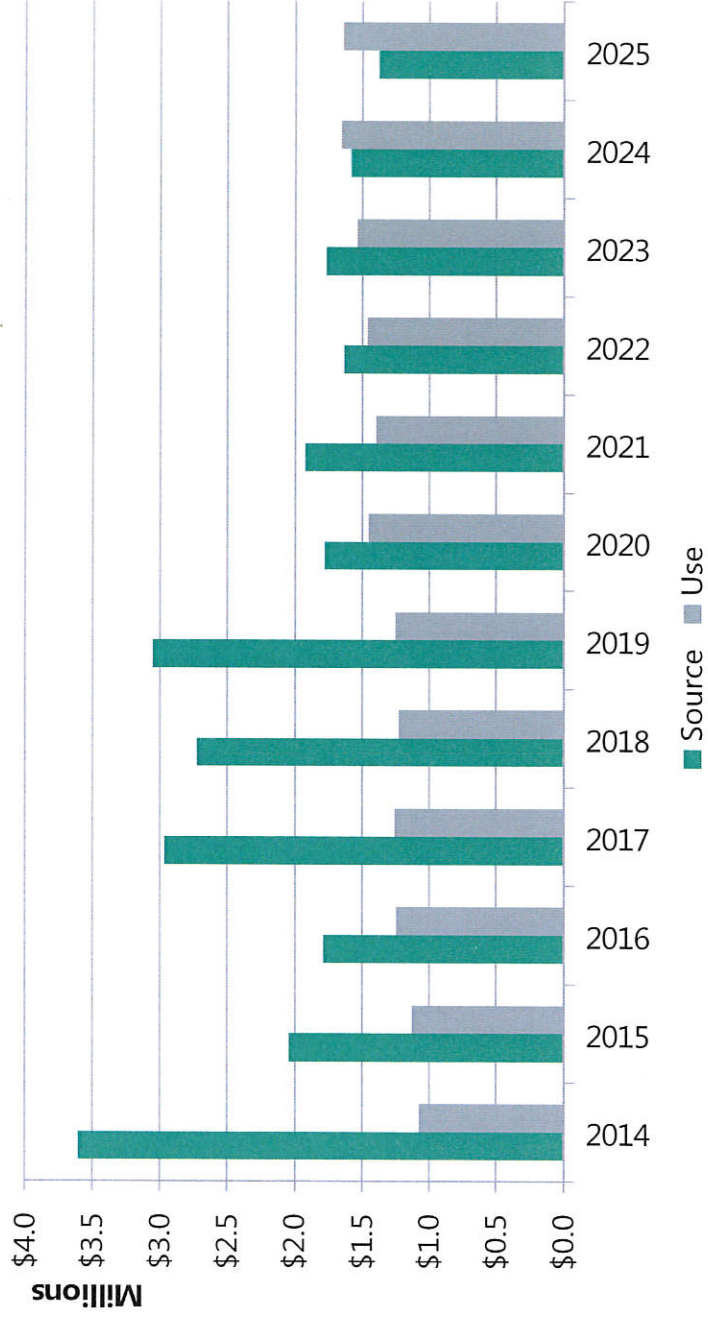
See disclaimer on Slide 4.



FINANCIAL PLANS

WATER FUND – FROM ORIGINAL REPORT

Chart 8
City of Lake Elmo, MN
Water Fund
Difference Between Source and Use of Funds (Change in Net Assets)



FINANCIAL PLANS

SANITARY SEWER FUND – FROM ORIGINAL REPORT

22

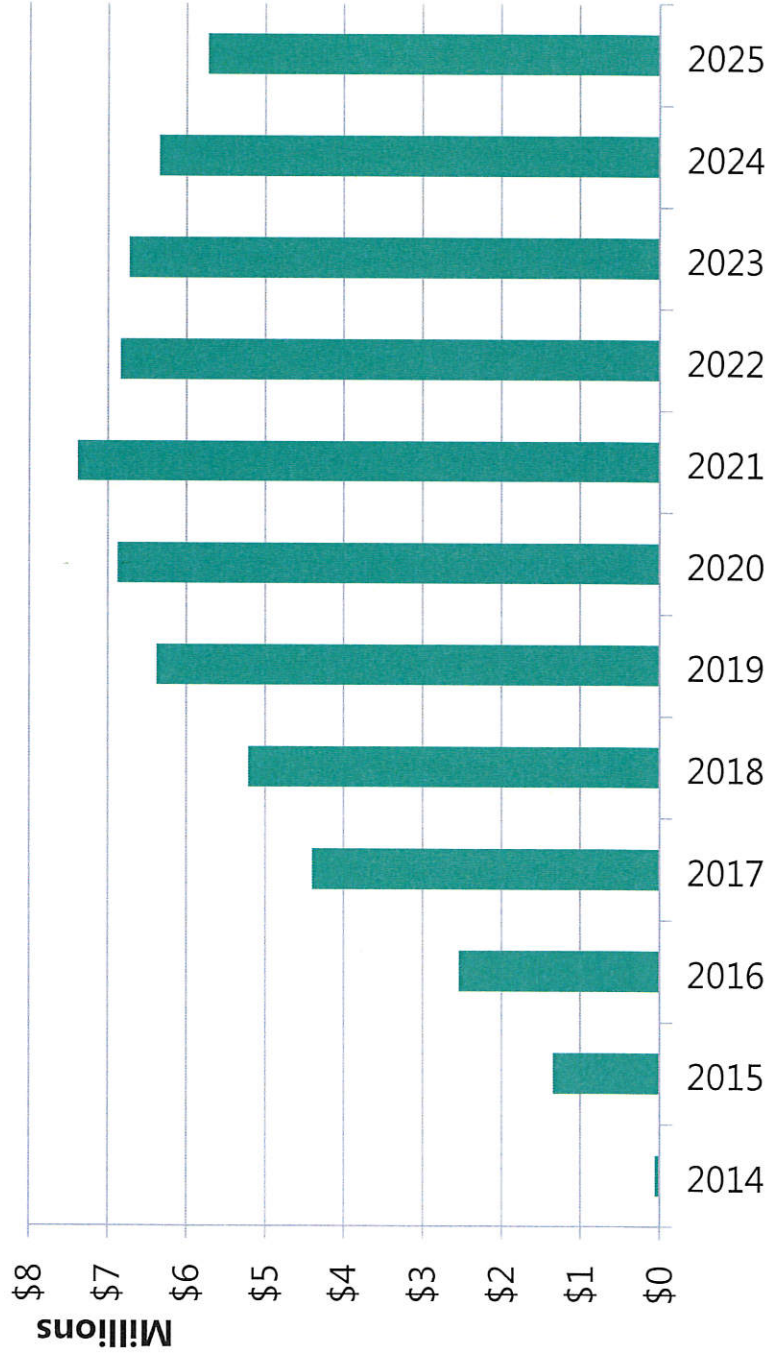
- ◎ **Sanitary Sewer Fund is in sound financial condition**
- ◎ **Future performance will be impacted by the timing of future development and receipt of future fees and charges**
- ◎ **1% annual fee increase is assumed**
- ◎ **Based on CLP, annual debt service is projected to increase from \$0.3M in 2016 to \$0.5M in the next ten years**

FINANCIAL PLANS

SANITARY SEWER FUND – FROM ORIGINAL REPORT

23

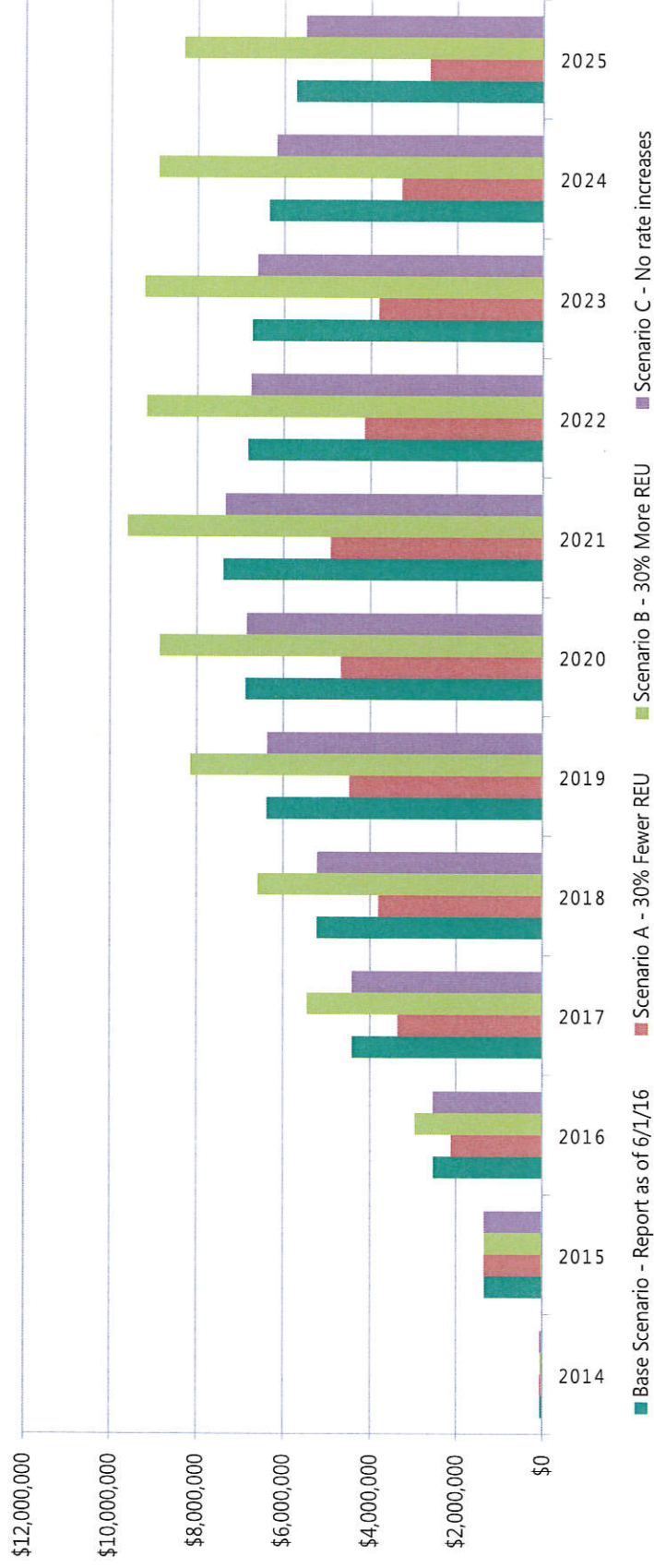
Chart 9
City of Lake Elmo, MN
Sanitary Sewer Fund
Year End Cash Balance



FINANCIAL PLANS SANITARY SEWER FUND

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Chart 9 - With Scenarios
City of Lake Elmo, MN
Sanitary Sewer Fund
Year End Cash Balance



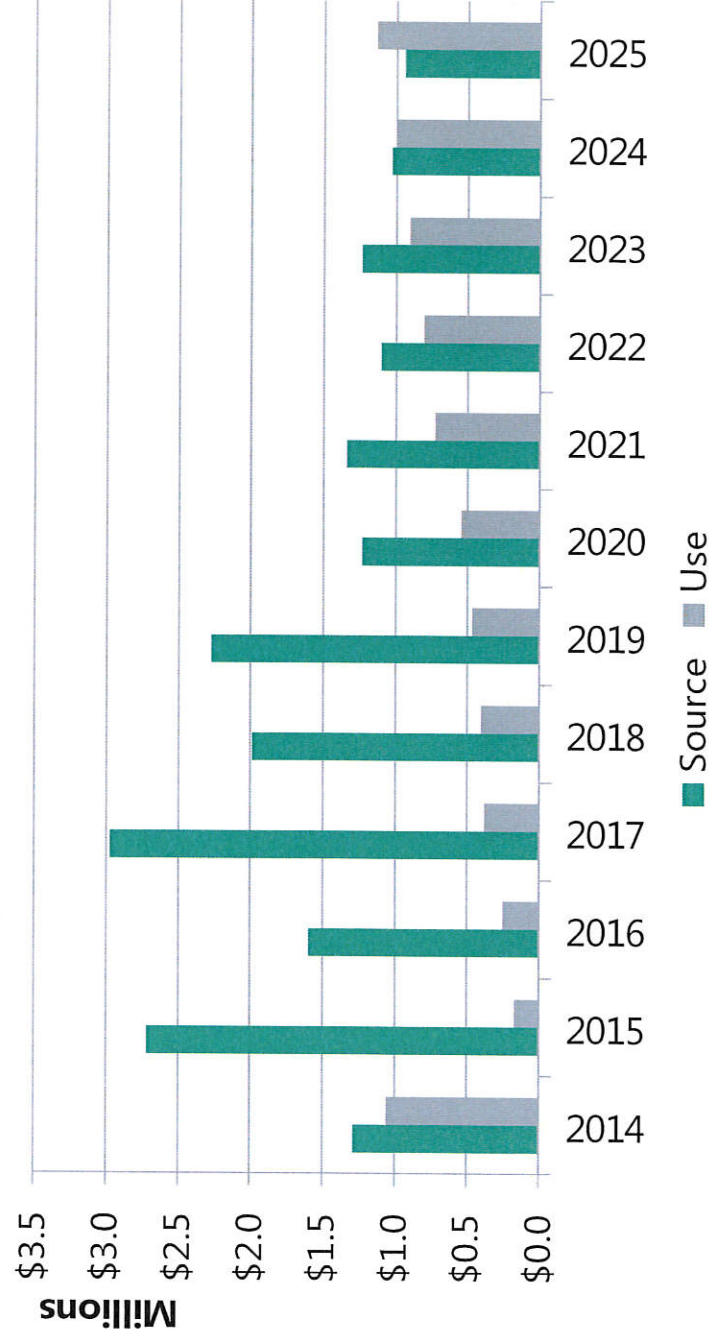
See disclaimer on Slide 4.



FINANCIAL PLANS

SANITARY SEWER FUND – FROM ORIGINAL REPORT

Chart 10
City of Lake Elmo, MN
Sanitary Sewer Fund
Difference Between Source and Use of Funds (Change in Net Assets)



FINANCIAL PLANS

STORM WATER FUND – FROM ORIGINAL REPORT

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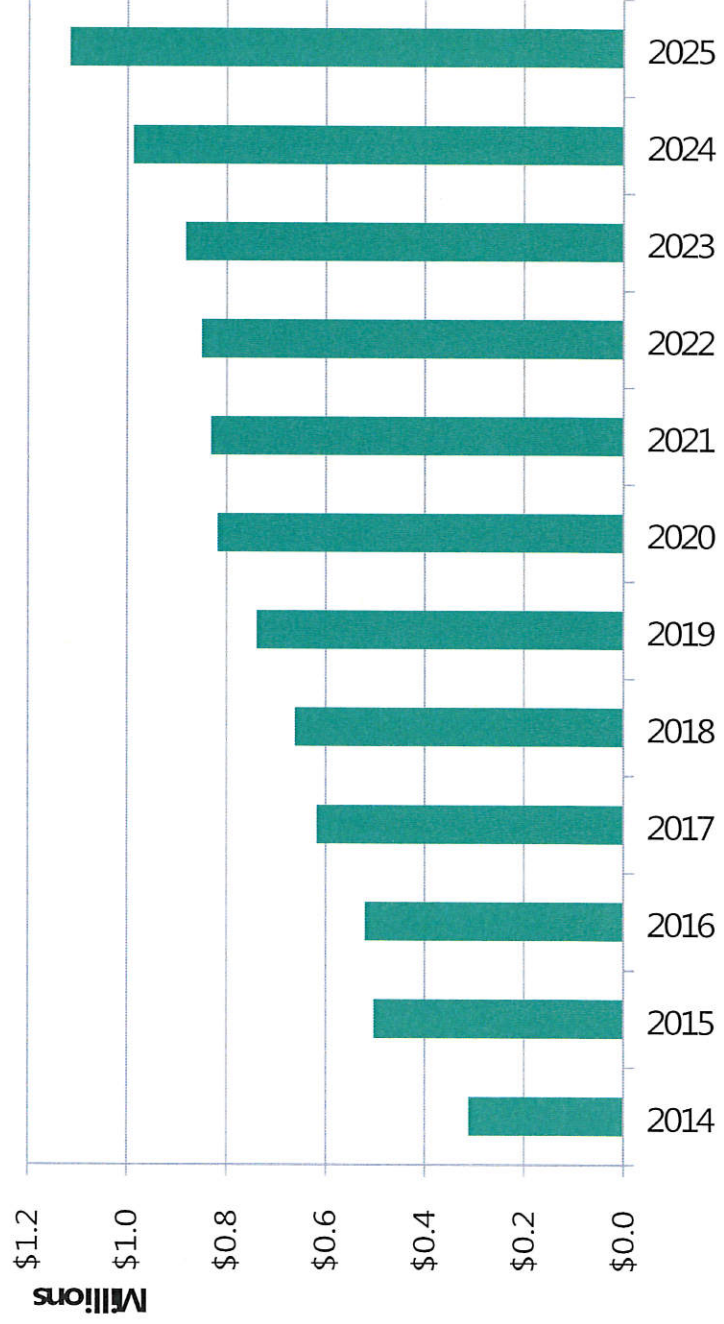
- ◎ **Storm Water Fund is in sound financial condition**
- ◎ **Future performance will be impacted by capital project spending**
- ◎ **\$10.00 annual fee increase is assumed**
- ◎ **Based on CIP, annual debt service is projected to increase from \$0M in 2016 to \$0.4M in the next ten years**

FINANCIAL PLANS

STORM WATER FUND – FROM ORIGINAL REPORT

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Chart 11
City of Lake Elmo, MN
Storm Water Fund
Year End Cash Balance
(does not include cash held in escrow for refunding of bonds)

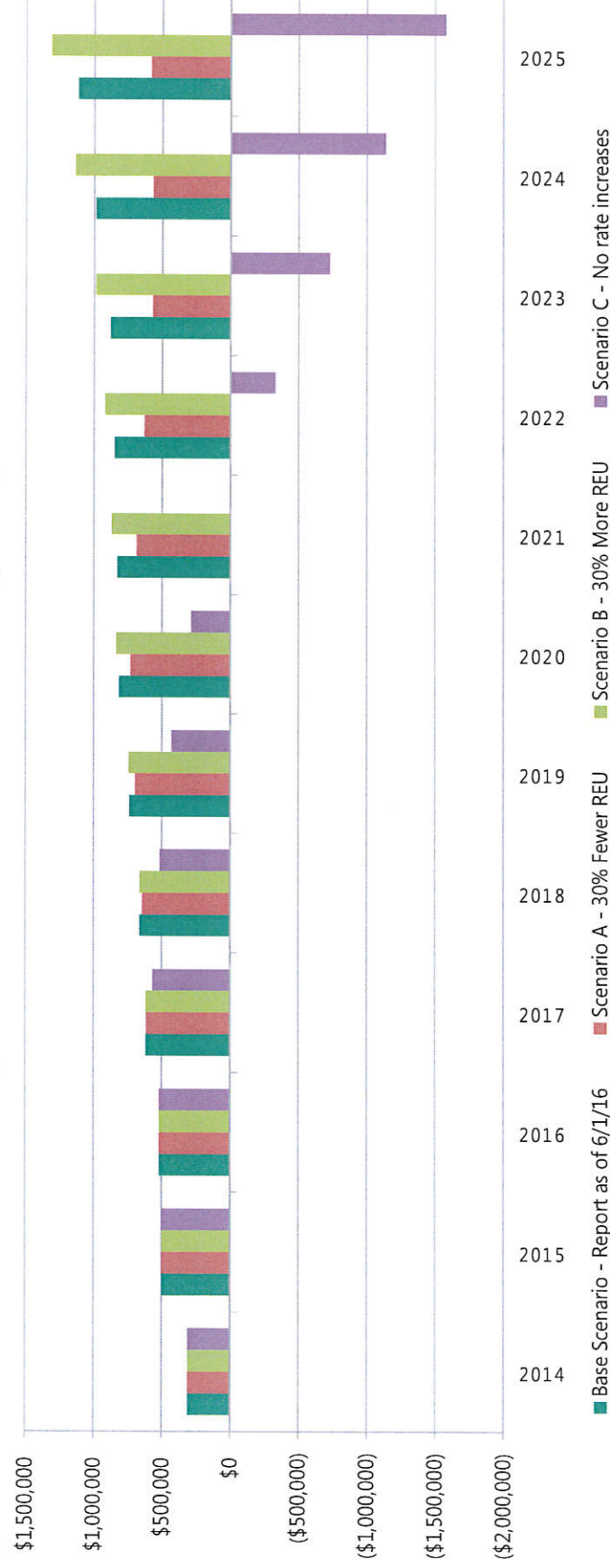


FINANCIAL PLANS STORM WATER FUND

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Chart 11 - With Scenarios
City of Lake Elmo, MN
Storm Water Fund
Year End Cash Balance

(does not include cash held in escrow for refunding of bonds)



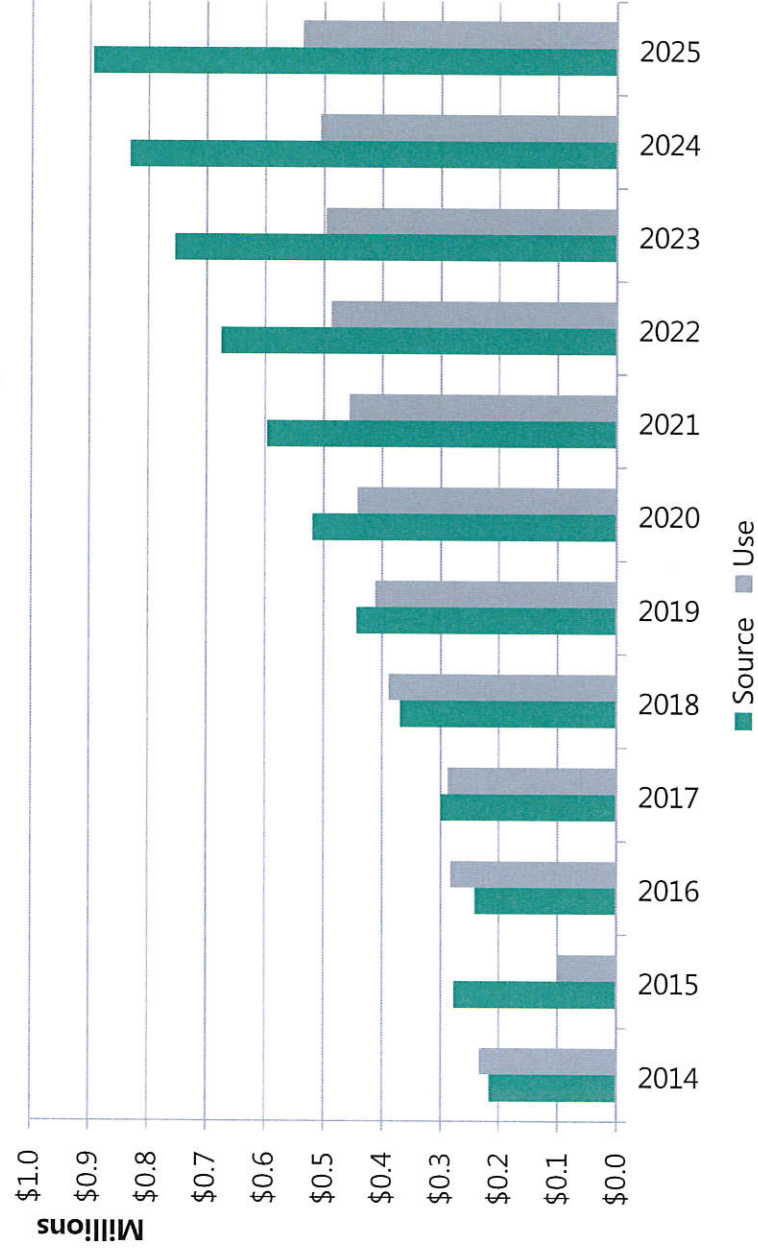
See disclaimer on Slide 4.

FINANCIAL PLANS

STORM WATER FUND – FROM ORIGINAL REPORT

Chart 12
City of Lake Elmo, MN
Storm Water Fund

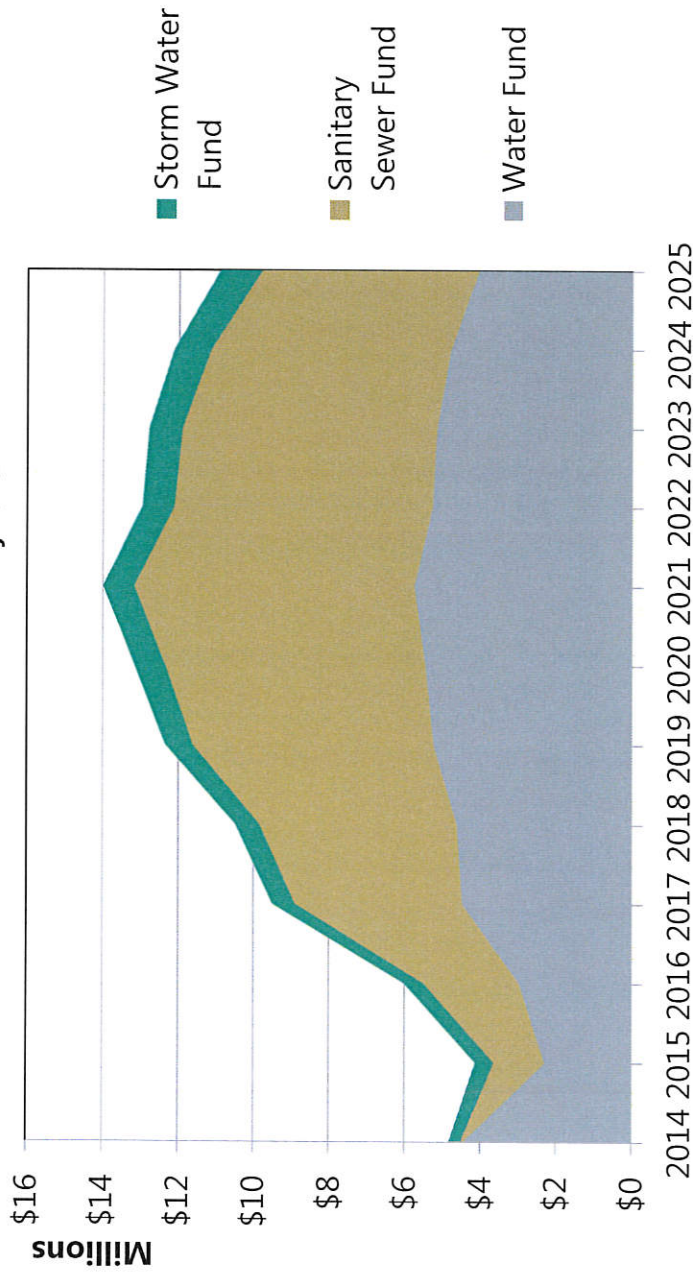
Difference Between Source and Use of Funds (Change in Net Assets)



FINANCIAL PLANS

YEAR END CASH PROJECTIONS – FROM ORIGINAL REPORT

Appendix E
Chart 13
Year End Cash Estimates By Fund



Note: Year 2015 is estimated (un-audited) and years 2016 through 2025 are projected based on financial plans (pro forma) for each of the funds.

FINANCIAL PLANS

YEAR END CASH PROJECTIONS – ORIGINAL REPORT AND ALTERNATIVE SCENARIOS

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Year 2015 (Un-
Audited,
Preliminary)

Scenarios	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
Report as of 6/1/2016, Base Scenario	\$4,139,984	\$9,512,080	\$10,502,094	\$12,361,080	\$13,157,837
Scenario A - 30% Fewer REU	\$4,139,984	\$7,538,978	\$7,848,682	\$8,716,734	\$8,914,090
Scenario B - 30% More REU	\$4,139,984	\$11,533,574	\$13,276,903	\$16,245,176	\$17,878,992
Scenario C - No Rate Increases	\$4,139,984	\$9,465,020	\$10,345,362	\$12,021,879	\$12,555,957

Scenarios

	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025
Report as of 6/1/2016, Base Scenario	\$13,993,165	\$12,968,845	\$12,788,482	\$12,137,166	\$10,911,755
Scenario A - 30% Fewer REU	\$9,108,005	\$7,585,596	\$6,860,366	\$5,827,597	\$4,359,872
Scenario B - 30% More REU	\$19,709,761	\$19,624,667	\$20,559,060	\$20,992,705	\$20,809,673
Scenario C - No Rate Increases	\$13,042,250	\$11,577,389	\$10,859,940	\$9,573,671	\$7,625,685

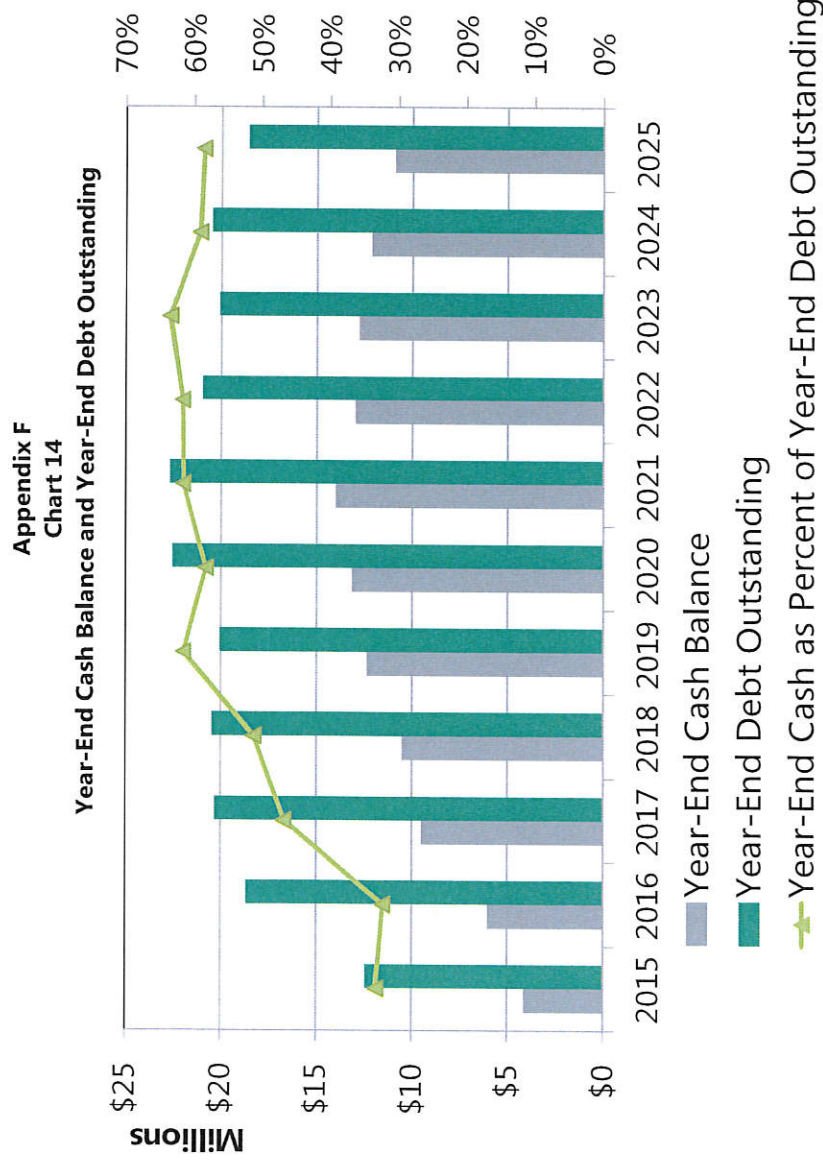
Notes:

1. The Base Scenario includes a 1% annual increase for sewer and water usage charges (no increase for connection and SAC/WAC) and a \$10 annual increase for storm water. Scenario C assumes there is no change to rates between years 2017 and 2025.
2. The City's final 2015 Audited Financial Statements were not available prior to the completion of the final draft of the Financial Management Plan, dated June 1, 2016.
3. See Disclaimer on Slide 4 regarding Scenarios A, B, and C.

FINANCIAL PLANS

YEAR END CASH PROJECTIONS – FROM ORIGINAL REPORT

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Note: Amounts for Year 2015 are un-audited actual. Years 2016-2025 are projected



QUESTIONS/ANSWERS

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Tammy Omdal

Senior Vice President

612-851-4964

tomdal@northlandsecurities.com

Northland Securities, Inc.

45 South 7th Street, Suite 2000

Minneapolis, Minnesota 55402

800-851-2920

www.northlandsecurities.com





**City of Lake Elmo, MN
Financial Management Plan
for
Water, Sanitary Sewer, and
Storm Water Funds**

2016 REPORT

Dated October 11, 2016



Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC

Letter of Transmittal

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October 11, 2016

Kristina Handt
City Administrator

Cathy Bendel
Finance Director

Lake Elmo City Hall
3800 Laverne Avenue North
Lake Elmo, MN 55042

RE: Financial Management Plan for City Utility Funds

Dear Kristina and Cathy:

Northland Securities, Inc. is pleased to present the City of Lake Elmo with an updated Financial Management Plan for the City Utility Funds. Northland was hired for financial planning services for utility system user charges and rates. Services include performing a utility rate analysis for the Water, Sanitary Sewer, and Storm Water Utility Systems of the City of Lake Elmo. The analysis and report includes a review of the past performance of the systems, projected growth in residential equivalent connections from new development, determines the adequacy of current revenues, and provides recommendation on future rates which reflect recent and projected cost experience in addition to anticipated capital project expenditures and estimated future debt service.

As requested Appendix G to the report includes the alternative scenarios requested by the City after the initial completion of the final draft report dated June 1, 2016.

We appreciate the opportunity to provide service to the City of Lake Elmo.

Sincerely,

Tammy Omdal
Senior Vice President

45 South 7th Street, Suite 2000, Minneapolis, MN 55402
Main: (612) 851-5900 / Direct: (612) 851-4964 / Email: tomdal@northlandsecurities.com
Member FINRA and SIPC

EXECUTIVE SUMMARY

This report was prepared by Northland Securities for the purpose of reviewing the financial performance of the City of Lake Elmo's enterprise funds, including the Water Fund, the Sanitary Sewer Fund, and the Storm Water Fund (collectively, the "utility funds") to determine the appropriate fees and charges and other revenue needed to fund operations through 2025.

The process involved the projection of revenues and expenditures for the utility funds and included incorporating the City's plans for capital improvements, and plans for financing, into the financial projections along with projected growth in customers.

Recommendations included in the report are based on information provided to Northland Securities from City staff and other City consultants and certain assumptions as prepared by Northland Securities and detailed in the report.

To the extent the assumptions in the report change in the months and years ahead, which they will, the City will need to adjust its ongoing financial plans accordingly.

Before offering the conclusions and recommendations from the study, an explanation of the organization of the report and the study approach is offered.

Organization of Report

This report is organized into six sections:

1. Executive Summary provides information on the organization of the report, study approach, and conclusions and recommendations.

2. Background discusses the historical context, including growth and development of the community, and performance of the utilities.

3. Capital Improvement Plan provides information on the City's plans for infrastructure improvements for the utilities. This includes estimates on project costs and sources of funds to pay for the improvements. Information on debt service is also included.

4. Utility Rates provides current, and future projected utility rates that will be necessary to maintain a positive financial condition for the utility funds. Information is provided in the Appendix of this report on what proposed rate increases will mean to customers of the utility systems.

5. Financial Plans are provided for the Water Fund, Sanitary Sewer Fund, and Storm Water Fund. The financial plans provide both historical, current, and future projected sources and uses of funds and balance sheet information. Financial plans take into account capital improvement plans, debt service, and proposed rates.

6. Appendix provides information on calculation of net assets and depreciation for the utility funds, and change in cash balances.

Study Approach

The following steps were taken as part of the study:

- City provided information on the following:
 - historical spending and revenues, and future capital improvement plans;
 - projected growth in customer units from future residential and commercial development; and
 - preliminary 2015 financial results, the City's Com-

Conclusions and Recommendations

prehensive Annual Financial Reports as of December 31, 2015 was not yet available for the study.

- Information provided by the City was organized, analyzed, and used to support the development of financial plans. Once the preliminary financial plans were developed then different scenarios were considered and analyzed with City staff and other City consultants to determine impact on utility rates.
- City staff offered input and feedback on the assumptions and desired outcomes.
- A final draft of the report was prepared for presentation to the City Council.

It is important to note aspects of financial performance not reviewed as part of this study:

- The validity of the assumptions and figures provided by the City on future growth was not reviewed.
- Analysis of the basis for the City's determination of current utility fees and charges was not reviewed.
- The financial impact to the City of potential changes to the existing customer tier structure for charging for water and sanitary sewer services was not reviewed.
- Northland did not review any City prepared pro forma as part of the study and we are not aware of how this report may compare to any prior or current City pro forma.
- The scope of the study did not include a review and comparison of the City's utility fees and charges to other cities.
- The City was not able to provide volume data by tier. Because historical volume data was not available for review, the report makes certain assumptions for future volume of water sold by tier.

The following conclusions and recommendations are offered as a result of the study:

1. Growth in Customers (Residential Equivalent Units)

To meet service demands from growth in customers, the City is planning for capital improvement projects. It needs to be emphasized that the scope, timing, and cost of the capital improvement projects included in this report are preliminary estimates. The City Engineer provided a projection of improvement projects with gross estimates for project costs to provide a reasonable basis for the pro forma analysis included in this report. The City will need to continue to review and revise the capital improvement plan on an ongoing basis.

Timing for future projects will be driven by future development. The planned improvements that are currently included in the capital improvement plan are anticipated to be paid for through a combination of issuance of debt, special assessments (pre-paid), and cash.

In addition to the impact of future growth on the capital improvement plan, the actual timing for the build out of already approved housing development and commercial areas will have a significant impact on the estimates for future revenues to the utility funds, from both the collection of development fees and usage fees.

Table A provides the estimated growth projections for residential equivalent units (platted and connected). The growth estimates were prepared by City staff. **Table F** on page 20 provides detailed information on

the growth projections summarized in **Table A**. The assumptions for growth in customers have an impact on the establishment of future utility rates and the resulting revenue and year-end cash projections for the utility funds. The City should continue to carefully monitor its assumptions for future growth in customers against actual development.

Table A Growth in Residential Equivalent Units <i>Total Projected Growth For Years 2016 Through 2025</i>	
Platted - Sewer Access	2,306
Platted - Water Access	1,965
Connected - Sewer	2,511
Connected - Water	2,487

Note to Table A: There is a difference between Sewer and Water units shown in Table A because some customers will connect to either municipal water or sanitary sewer, but not both.

2. **Establishment of Utility Rates**

The report assumes a 1.0% annual increase in water and sewer rates, beginning in year 2018. The annual rate increase is assumed on the quarterly base fee and usage fees only. The annual fee for storm water is assumed to increase by \$10.00 per year, beginning in year 2017. The increases are needed to ensure the City is able to maintain sufficient cash in the utility funds over the long-term. There is no assumed change to the

development fees (connection and available charges).

The City should establish annual user rates concurrent with the development of the following year's budget and based on the City's financial plans. It is important to maintain a long term, forward looking view for the ongoing management of the utility funds to avoid potential adjustments to utility rates based on prior year financial performance alone without taking into account future financial projections and potential challenges. Future financial challenges may come from the difference between projected and actual growth in customers, unanticipated capital funding pressures, and other unanticipated expense or revenue shortfalls.

There are no changes recommended at this time to the City's rate structure (i.e., volume tiers). As the City gains more experience operating the expanded utilities and more financial history becomes available, the City should evaluate whether the current rate structure is continuing to meet the City's objectives.

An increase in revenue from growth in customers is projected; revenue collection will come from platted and connected units and customer usage of the systems.

Table B provides a summary of utility rates as assumed in the report for the next five years. Actual future financial results and growth in customer units will impact the future utility rates that will be needed.

It is important to note that beginning in year 2022, both the Water Fund and Sanitary Sewer Fund will begin to draw on projected cash balances to cover expenses. Current projections suggest that the City may need to consider rate increases beyond what is presently included in this report. Actual financial results will need to be monitored to determine what may be necessary in the future years.

Table C provides a summary of the projected year-end cash balances, combined net assets, and combined cash as a percentage of combined net assets. **Chart 1, on page 5,** provides a summary of the total estimated year end cash balances and annual change in cash balances.

TABLE B Establishment of Utility Rates					
Service	2016	2017	2018	2019	2020
WATER RATES					
Residential Quarterly Base Fee	\$20.00	\$20.00	\$20.20	\$20.40	\$20.61
Residential Tier 1: 0-15,000 gallons	\$2.00	\$2.00	\$2.02	\$2.04	\$2.06
Commercial Quarterly Base Fee	\$25.00	\$25.00	\$25.25	\$25.50	\$25.76
Commercial Tier 1: 0-15,000 gallons	\$3.11	\$3.11	\$3.14	\$3.17	\$3.20
Water Availability Charge	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Water Connection Charge	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
SANITARY SEWER RATES					
Sewer per 1,000 gallons	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64
Sanitary Sewer Availability Charge	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Sanitary Sewer Connection Charge	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
STORM WATER RATES					
Annual fee	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00

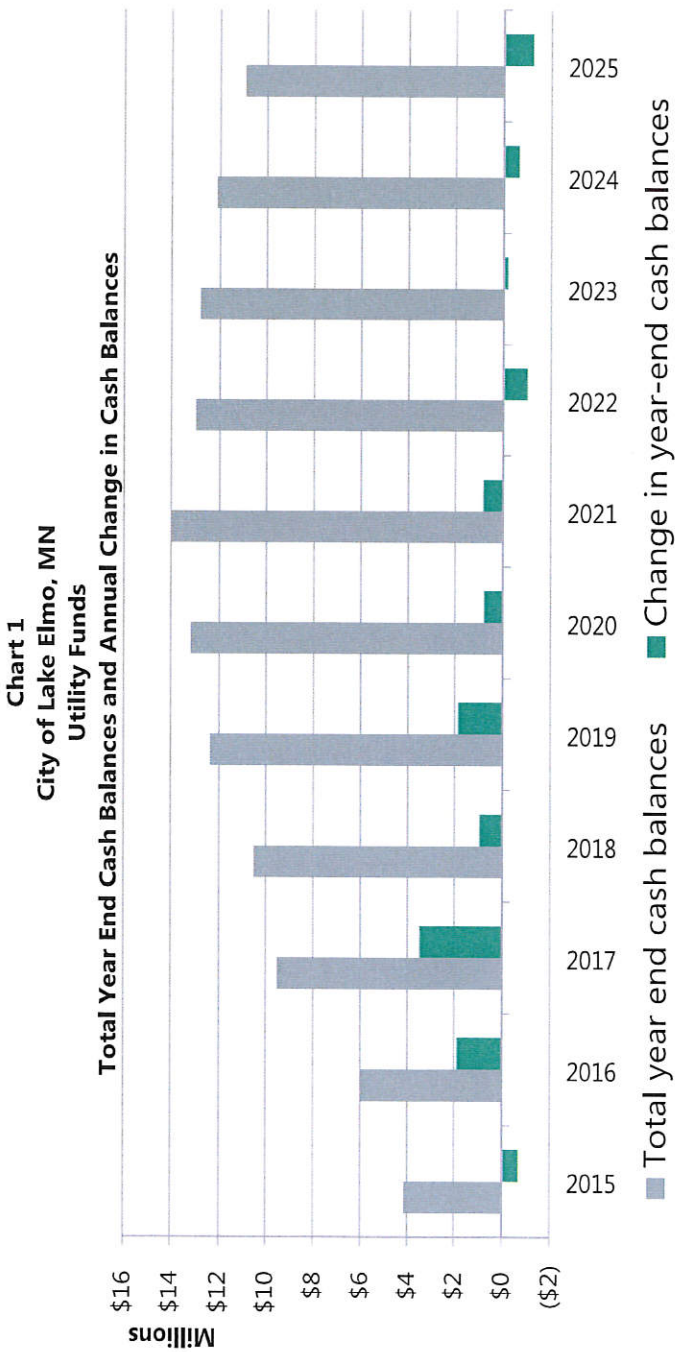
Note to Table B: Table B does not include all of the tier rates. See Table G, Table H, and Table I for more information.

3. Management of Cash Balances and Assets

The assumed level of utility rates included in this report, combined with the projected volume of water sold and sanitary sewer billed, plus the projected revenue to be collected from development charges, will provide cash needed to operate the utilities, maintain capital assets, and to pay debt service. The Financial Plan Section of this report provides a break-down of cash balances for each of the utility funds based on the following: 1) cash available to cover at least six months of anticipated operating expenses; 2) cash available to cover the following year's capital improvements that are planned to be funded with cash; and 3) cash available to cover the following year debt service.

Table C Management of Cash Balances and Assets Combined Utility Funds				
Year	Cash	Net Assets	Cash as % of Net Assets	
2015	\$4,139,984	\$17,695,463	23%	
2016	\$6,027,123	\$19,548,501	31%	
2017	\$9,512,080	\$23,868,177	40%	
2018	\$10,502,094	\$26,933,282	39%	
2019	\$12,361,080	\$30,575,311	40%	
2020	\$13,157,837	\$31,666,610	42%	
2021	\$13,993,165	\$32,947,730	42%	

Executive Summary



Note: Year 2015 is (un-audited) actual, Years 2016 - 2025 are projected.

Chart 1 shows that cash balances in the utility funds are projected to increase over the next several years as a result of revenue collection from development (availability and connection charges). The cash balances will begin to decline as cash collected over the next several years is then used to pay debt service in the future years.

Chart 14, on page 48 provides a comparison of projected year-end cash balances to projected year-end outstanding debt obligations.

BACKGROUND

The City of Lake Elmo is located on the eastern edge of the Twin Cities metropolitan area. The City's 2030 Comprehensive Plan forecasts and provides for approximately eight times the growth in households and population during the 2000-2030 planning period than was experienced during the 1980-2000 period.

The City reports an estimated 2010 population of 8,069 and 2,774 households (2010 Census). Population is estimated to increase to 10,500 by 2020 and households to 3,800 (source: *Metropolitan Council's System Statement Dated September 17, 2015*). The land area for the City encompasses approximately 15,250 acres.

The City's 2030 Comprehensive Plan provides guidance on the City's plans for managing future demand for utility infrastructure. The City is preparing to update to its Comprehensive Plan, the updated Plan will likely have implications for the assumptions included in this report.

Water Utility

Lake Elmo owns, operates and maintains a municipal water supply and distribution system. The City has a goal to serve existing population desiring public water supply while preparing the system to allow people to connect as development occurs or existing areas request service. This policy guides the City's capital improvement planning and the need to maintain a flexible and responsive water system. Capital planning includes projects to correct existing deficiencies and to expand the system.

The City uses an enterprise fund to account for its water operations. The net assets in the Water Fund totaled

\$9,360,075 and cash balance was \$617,655 as of December 31, 2014 (the most recent audited financial statements for the City).

Sanitary Sewer Utility

Property owners in the City are served by individual sewer systems or in limited areas by municipal sewer. Capital plans will provide for an increase in the number of properties to be served by municipal sewer and connection to the Regional Sewer System. The Metropolitan Council Environmental Services (MCES) has extended regional sewer service to serve a greater area of the City.

The City uses an enterprise fund to account for its sewer operations. The net assets in the Sewer Fund totaled \$3,611,364 and cash balance was \$60,592 as of December 31, 2014 (the most recent audited financial statement for the City).

Storm Water Utility

The City operates a storm water utility. The system of conveyances is owned and operated by the City and designed for collecting or conveying storm water. The City collects an annual fee from property owners that is used to pay for the cost of constructing and maintaining the system.

The City uses an enterprise fund to account for its storm water operations. The net assets in the Storm Water Fund totaled \$1,095,528 and cash balance was \$312,746 as of December 31, 2014 (the most recent audited financial statement for the City).

CAPITAL IMPROVEMENT PLAN AND DEBT
SERVICE

This report includes a capital improvement plan (the “CIP”) that includes capital projects funded from utility revenues and accounted for in the utility funds. **Table D**, which can be found beginning on page 9, provides details on the annual capital spending that is projected and included in this report for each of the utility funds.

It is important to emphasize that the CIP included in this report should be considered a working draft. The City Engineer prepared the CIP included in this report. The specific cost estimates included for each of the projects provides a reasonable basis for the pro forma analysis included in this report. But it is important to recognize that the specific projects that may actually be authorized in the future, and the actual costs, may vary greatly from what is included in this report.

Capital Projects

The projects included in the CIP include projects to expand the capacity and correct deficiencies of the water and sanitary sewer systems. The City is a developing community with utility expansion needs. Planned projects include expansion of the City’s water supply capacity and distribution system. Sanitary sewer services have been expanded through the construction of connections to the Regional Sewer System.

As a developing community, the City’s capital improvement plans focus on expansion and does not presently include capital spending for maintenance of existing systems. This will need future consideration by the City as the community develops and infrastructure ages and requires

major maintenance and/or replacement.

Storm Water Projects

It should be noted that for the storm water CIP, the City Engineer has included projects for Phases 2 and 3 for regional drainage improvements. The City Engineer has identified the following issues for the storm water utility that are anticipated to be addressed in the next five to ten years:

- Phase 2 Downtown Regional Drainage project consisting of land acquisition (Shiltgen property west of Lake Elmo Avenue and north of CSAH 14), a storm water pond, and storm water diversion piping to Sunfish Lake.
- Phase 3 Downtown Regional Drainage project consisting of storm sewer piping south of CSAH 14 near Hagbergs. The ponding may be developer paid, but for the purposes of this report it is assumed to be paid from utility revenue.
- Kraemer Lake Floodplain study will be needed before development can occur in I-94 corridor, Phase 3 area (between Keats-Lake Elmo Avenue).

Source of Funding for Capital Projects

The source of funding for the planned capital projects includes one of the following sources or a combination thereof: fund balance (cash); bond proceeds; and special assessments.

Debt Service

Planned funding for utility infrastructure projects anticipates the issuance of debt to undertake planned improvements and to manage annual fee increases.

The projections assume that the City will issue general obligation bonds secured by revenues from the utility funds

to pay principal and interest. This approach provides the lowest cost of debt. These bonds will not count against the City's debt limit. Debt management is an important factor in the City's ongoing capital improvements planning.

The estimates for debt service are based on bonds to be paid over 15 years and level annual debt service. The estimated interest rates used to calculate annual debt service are generally based on today's current rate environment. The actual interest rates will depend on final structure and market conditions at time of issuance.

Tables E1 and E2, beginning on page 12, provides information on the City's existing and projected future debt obligations supported by the utility funds.

- **Table E-1** includes information on projected debt (bonds) outstanding as of year-end for each of the utility funds.
- **Table E-2** includes information on projected annual debt service (principal and interest) payments for each of the utility funds.

Capital Improvement Plan and Debt Service

Table D-1
City of Lake Elmo, MN
Water Fund CIP

Source/Use of Funds	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use of Funds										
Hammes Estates Trunk WM 12" Prv with Bypass		120,000								
Village East Trunk WM 12" Prv with Bypass			120,000							
Low Pressures Zone 12" Prv with Bypass - Connection to WT #3							120,000			
Pull and Rebuild Well Pump #2		25,000								
Pull and Rebuild Well Pump #4							35,000			
Paint Water Tower #2 (PWs Bldg)								800,000		
SCADA Upgrade								50,000		
Utility Truck (portion charged to Water and Sewer)									48,000	
Kelvin Avenue Utilities	58,600									
Inwood Booster Station	493,000									
Inwood Water Tower	1,779,000									
Lake Elmo Ave/JDT Improvements	925,728	1,120,189								
Old Village Sewer Extensions Phase 3: Elem School, 31st, and 32nd St.		400,000								
Old Village Sewer Extensions Phase 4: 32nd St. W & Layton/36th St			350,000							
Old Village Sewer Extensions - Phase 5: Up 33rd, Low-33rd, 34/36th St.W.				450,000						
2018 Street and Utility Improvements: Watermain: 38th/39th & Innsdale			600,000							
2019 Street and Utility Improvements: Watermain: 37th/38th & Irwin				300,000						
2020 Street and Utility Improvements: Watermain: Heritage Farms					50,000					
2021 Street and Utility Improvements: Watermain: Fields/Tamarack FMS						50,000				
Hidden Meadows Trunk Watermain Connection					350,000					
Property Acquisition for Elevated Storage Tank #3				200,000						
Elevated Storage Tank No. 3 (for low pressure systems)					2,800,000					
Well & Pumphouse No. 5 (@10,000 Water service population)									2,100,000	
Watermain oversizing - Based on Developer Pace and Phasing		201,000	215,000	42,000			119,000			
Total	3,256,328	1,866,189	1,285,000	992,000	3,200,000	50,000	274,000	850,000	2,148,000	-
Source of Funds										
GO Bonds					3,150,000			850,000	2,100,000	
Special Assessments Prepaid					50,000	50,000				
Cash from Water Fund					-		274,000		48,000	
Total	3,256,328	1,866,189	1,285,000	992,000	3,200,000	50,000	274,000	850,000	2,148,000	-

Notes:

1. This report was prepared based on estimates developed by the City Engineer.
2. Special assessments are assumed to be prepaid and available cash in this schedule. The City may determine to finance through the issuance of bonds.
3. Kelvin Avenue Utilities is supported 100% by special assessments and will be accounted for in the Governmental Funds.

Capital Improvement Plan and Debt Service

Table D-2
City of Lake Elmo, MN
Sanitary Sewer CIP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use of Funds										
Olson Lake Trail Sanitary Sewer Phase 2		260,000								
Hudson Blvd LS Replacement and Sewer Upsize		500,000								
Old Village Sewer Extensions Phase 3: Elem School, 31st, and 32nd St.		400,000								
Old Village Sewer Extensions Phase 4: 32nd St. W & Layton/36th St			350,000							
Old Village Sewer Extensions Phase 5: Up 33rd, Low-33rd, 34/36th St.W				450,000						
Section 36 Trunk Sewer Main (Cimarron/Oakland Jr High					1,500,000					
Section 35 Lift Station and Foremain						700,000				
Sewer Oversizing - Based on Developer Pace and Phasing		129,000	35,000							
Hamlet on Sunfish Lake Sewer Extension and Liftstation			240,000							
Lake Elmo Ave/DT Improvements	870,650	183,687								
Inspection cameras	12,500							12,000		
Utility Truck (portion charged to Water and Sewer)								200,000	200,000	200,000
Future projects								200,000	200,000	200,000
Total	883,150	1,472,687	625,000	450,000	-	1,500,000	700,000	212,000	200,000	200,000
Source of Funds										
GO Revenue Bonds	870,650	812,687				1,500,000				
Special Assessments Prepaid		660,000	590,000	450,000						
Cash from Sewer Fund	12,500		35,000	-	-		700,000	212,000	200,000	200,000
Total	883,150	1,472,687	625,000	450,000	-	1,500,000	700,000	212,000	200,000	200,000

Notes:

1. This report was prepared based on estimates developed by the City Engineer.
2. Special assessments are assumed to be prepaid and available cash in this schedule. The City may determine to finance through the issuance of bonds.
3. The City has not made any determination on bonding for future projects, and may decide to use cash in lieu of bonding if cash balances are sufficient to allow.

Table D-3
City of Lake Elmo, MN
Storm Water CIP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Use of Funds										
Lake Elmo Ave/DT Improvements	2,796,107									
Phase 2 Regional Drainage Improvements: Land Acquisition			1,200,000							
Phase 2 Regional Drainage Improvements: Sunfish Lake Retention/Diversion				800,000						
Phase 3 Regional Drainage Improvements: Lions Park Drainage Retention					500,000					
Kramer Lake Floodplain Study								60,000		
Future annual estimate for projects									50,000	50,000
Total	2,796,107	-	1,200,000	800,000	500,000	-	-	60,000	50,000	50,000
Source of Funds										
GO Revenue Bonds	2,796,107		1,250,000	850,000	550,000					
Cash from Storm Water Fund		-	-	-	-	-	-	60,000	50,000	50,000
Total	2,796,107	-	1,250,000	850,000	550,000	-	-	60,000	50,000	50,000

Notes:

1. This report was prepared based on estimates developed by the City Engineer.

Capital Improvement Plan and Debt Service

Table E-1
City of Lake Elmo, MN
Utility Funds
Projected Debt (Bonds) Outstanding as of Year End

Original Par Amount	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Utility Fund											
GO Ref Bond 2009A (Refund 2002B)	280,000	240,000	195,000	150,000	100,000	50,000					
GO Ref Bond 2005A											
GO Ref Bond 2012A (Refund 2005A)	4,035,000	3,840,000	3,650,000	3,435,000	3,225,000	3,015,000	2,810,000	2,530,000	2,230,000	1,940,000	1,630,000
GO 2013 Bonds	915,000	865,000	815,000	760,000	705,000	650,000	595,000	540,000	495,000	450,000	405,000
GO 2014 Bonds	2,545,000	2,415,000	2,260,000	2,105,000	1,945,000	1,785,000	1,625,000	1,460,000	1,295,000	1,125,000	950,000
GO 2015 Bonds	840,000	840,000	795,000	740,000	685,000	630,000	575,000	515,000	455,000	395,000	335,000
GO 2016 Bonds		3,225,000	3,225,000	3,040,000	2,850,000	2,655,000	2,455,000	2,255,000	2,050,000	1,840,000	1,625,000
GO 2017 Bonds Projected	3,225,000		1,520,000	1,520,000	1,430,000	1,340,000	1,250,000	1,160,000	1,065,000	970,000	875,000
GO 2020 Bonds Projected	3,270,000		-	-	-	3,270,000	3,270,000	3,080,000	2,890,000	2,695,000	2,495,000
GO 2021 Bonds Projected			-	-	-		-	-	900,000	900,000	850,000
GO 2023 Bonds Projected	900,000									2,195,000	2,195,000
GO 2024 Bonds Projected	2,195,000									12,510,000	11,360,000
Total	8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	13,395,000	12,580,000	11,540,000	11,380,000	12,510,000	11,360,000
Sanitary Sewer Fund											
GO 2013 Bonds	2,725,000	2,570,000	2,415,000	2,255,000	2,095,000	1,935,000	1,775,000	1,615,000	1,475,000	1,335,000	1,195,000
GO 2014 Bonds	840,000	795,000	745,000	695,000	645,000	590,000	535,000	480,000	425,000	370,000	310,000
GO 2015 Bonds	260,000	260,000	245,000	230,000	215,000	200,000	180,000	160,000	140,000	120,000	100,000
GO 2016 Bonds		860,000	860,000	810,000	760,000	710,000	655,000	600,000	545,000	490,000	435,000
GO 2017 Bonds Projected	860,000		855,000	855,000	805,000	755,000	705,000	655,000	600,000	545,000	490,000
GO 2021 Bonds Projected	1,570,000						1,570,000	1,570,000	1,480,000	1,390,000	1,295,000
Total	3,825,000	4,485,000	5,120,000	4,845,000	4,520,000	4,190,000	5,420,000	5,080,000	4,665,000	4,250,000	3,825,000
Storm Water Fund											
GO 2016 Bonds		2,770,000	2,770,000	2,610,000	2,445,000	2,280,000	2,110,000	1,935,000	1,760,000	1,580,000	1,395,000
GO 2018 Bonds Preliminary				1,310,000	1,310,000	1,255,000	1,200,000	1,145,000	1,090,000	1,035,000	980,000
GO 2019 Bonds Preliminary					875,000	875,000	825,000	775,000	725,000	675,000	620,000
GO 2020 Bonds Preliminary						575,000	575,000	540,000	505,000	470,000	435,000
Total	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Total Utility Funds											
Existing Debt	12,440,000	18,680,000	17,975,000	16,830,000	15,670,000	14,500,000	13,315,000	12,090,000	10,870,000	9,645,000	8,380,000
Estimated (New) Debt	-	-	2,375,000	3,685,000	4,420,000	8,070,000	9,395,000	8,925,000	9,255,000	10,875,000	10,235,000
Total Existing and New Debt	12,440,000	18,680,000	20,350,000	20,515,000	20,090,000	22,570,000	22,710,000	21,015,000	20,125,000	20,520,000	18,615,000

Notes:

1. Preliminary 2016 and estimated amounts for future years are based on the capital improvement plan included in this report; 2. Annual debt service figures are preliminary. Actual structure may vary depending on financial management decisions made by the City; 3. Interest rates and terms will vary for future debt issuance from what is shown here; and 3. Estimated (new) debt is debt issued after May 2016.

Capital Improvement Plan and Debt Service

Table E-2
City of Lake Elmo, MN
Utility Funds

Projected Annual Debt Service - Principal and Interest Payments on Bonds

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Water Utility Fund										
GO Ref Bond 2009A (Refund 2002B)	49,880	53,680	52,128	55,575	53,850	51,925	-	-	-	-
GO Ref Bond 2005A	-	-	-	-	-	-	-	-	-	-
GO Ref Bond 2012A (Refund 2005A)	281,044	272,144	293,344	284,044	279,844	270,644	341,544	355,944	339,944	354,144
GO 2013 Bonds	77,203	76,203	80,203	79,103	78,003	76,903	75,693	64,400	63,050	61,700
GO 2014 Bonds	194,536	216,686	213,586	215,436	212,236	209,036	210,704	207,033	207,544	207,369
GO 2015 Bonds	21,667	67,225	76,225	75,125	74,025	72,925	76,775	75,500	74,150	72,725
GO 2016 Bonds	-	72,383	247,650	248,900	250,050	251,100	247,100	248,050	248,900	249,650
GO 2017 Bonds Projected	-	-	25,686	126,405	125,325	124,110	122,715	126,140	124,335	122,388
GO 2020 Bonds Projected	-	-	-	-	-	55,275	268,343	266,063	268,498	270,475
GO 2021 Bonds Projected	-	-	-	-	-	-	-	-	-	-
GO 2023 Bonds Projected	-	-	-	-	-	-	-	-	15,192	71,533
GO 2024 Bonds Projected	-	-	-	-	-	-	-	-	-	37,135
Total	624,330	758,321	988,821	1,084,588	1,073,333	1,111,918	1,342,873	1,343,129	1,341,612	1,447,118
Sanitary Sewer Fund										
GO 2013 Bonds	195,531	193,981	197,431	195,831	194,231	192,631	190,871	168,991	166,891	164,791
GO 2014 Bonds	66,254	70,304	69,304	68,304	72,254	71,154	70,026	68,803	67,331	70,606
GO 2015 Bonds	6,593	21,750	21,450	21,150	20,850	25,500	25,100	24,675	24,225	23,750
GO 2016 Bonds	-	19,302	66,700	65,700	64,700	68,650	67,550	66,450	65,350	64,250
GO 2017 Bonds Projected	-	-	14,459	70,493	69,893	69,218	68,443	72,568	71,523	70,395
GO 2018 Bonds Projected	-	-	-	-	-	-	-	-	-	-
GO 2020 Bonds Projected	-	-	-	-	-	-	-	-	-	-
GO 2021 Bonds Projected	-	-	-	-	-	-	26,555	127,638	126,558	130,343
Total	268,378	305,337	369,344	421,478	421,928	427,153	448,545	529,124	521,878	524,135
Storm Water Fund										
GO 2016 Bonds	-	62,171	213,800	215,550	212,250	213,900	215,450	211,950	213,400	214,750
GO 2018 Bonds Preliminary	-	-	-	24,924	90,325	89,665	88,923	88,070	87,108	86,063
GO 2019 Bonds Preliminary	-	-	-	-	909	73,375	72,600	71,725	70,775	74,750
GO 2020 Bonds Preliminary	-	-	-	-	-	9,703	48,753	48,333	47,860	47,318
Total	-	62,171	213,800	240,474	303,484	386,643	425,725	420,078	419,143	422,880
Total Utility Funds										
Existing Debt	892,708	1,125,829	1,531,820	1,524,718	1,512,293	1,504,368	1,520,813	1,491,795	1,470,785	1,483,735
Estimated (New) Debt	-	-	40,144	221,821	286,452	421,346	696,330	800,535	811,847	910,398
Total Existing and New Debt	892,708	1,125,829	1,571,964	1,746,539	1,798,744	1,925,713	2,217,143	2,292,330	2,282,632	2,394,133

Notes:

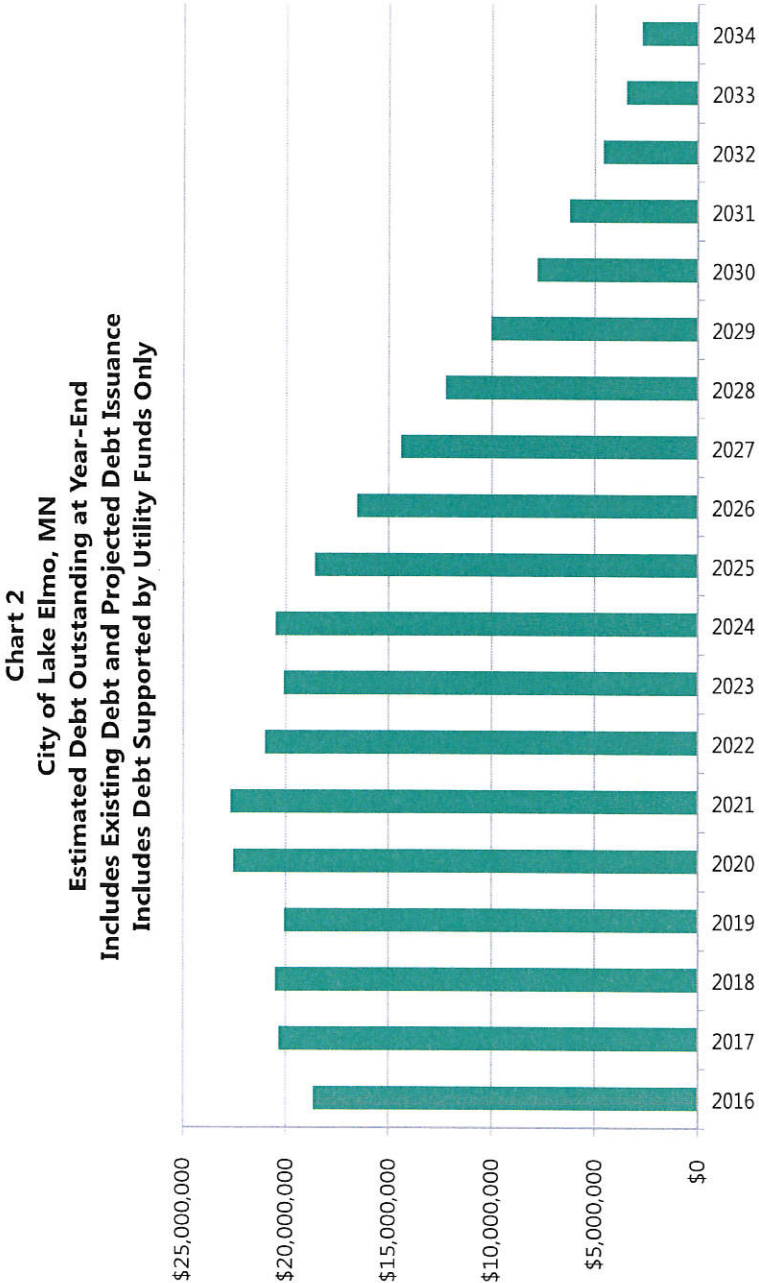
1. Preliminary 2016 and estimated amounts for future years are based on the capital improvement plan included in this report; 2. Annual debt service figures are preliminary. Actual structure may vary depending on financial management decisions made by the City; 3. Interest rates and terms will vary for future debt issuance from what is shown here; and 4. Estimated (new) debt is debt issued after May 2016.

Capital Improvement
Plan and Debt Service

The annual debt outstanding as of year-end shown in Chart 2 includes G.O. revenue bonds secured by water, sanitary sewer, and storm water revenues.

The chart includes both existing debt and estimated debt anticipated to be issued in the future and paid from utility revenues. Future bond issuance estimates are based on the City's capital improvement plan.

Chart 2 includes debt supported by utility revenue only and does not include existing or future estimated debt that is paid from property tax levy.



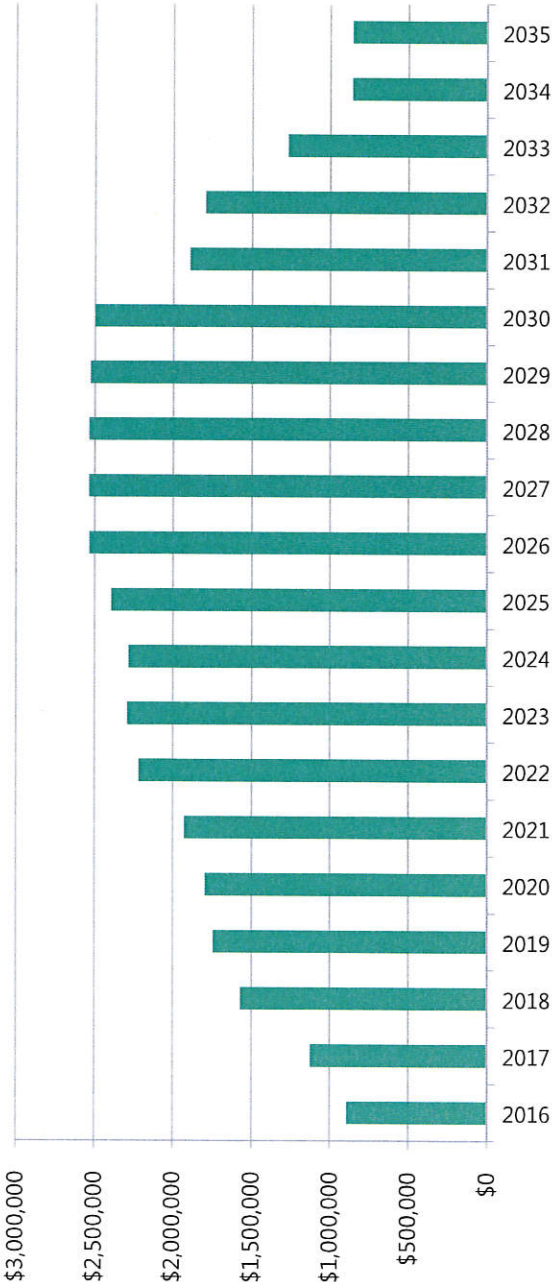
Capital Improvement
Plan and Debt Service

The annual debt service (principal and interest) shown in Chart 3 includes G.O. revenue bonds secured by water, sanitary sewer, and storm water revenues.

The annual amounts include both existing debt service (on outstanding bonds) and estimated debt service on bonds anticipated to be issued in the future and paid from utility revenues. Future bond issuance estimates are based on the City's capital improvement plan (see Table D).

Chart 3 includes debt supported by utility revenue only and does not include existing or future estimated debt that is paid from property tax levy.

Chart 3
City of Lake Elmo, MN
Estimated Annual Debt Service
Includes Existing Debt and Projected Debt Issuance
Includes Debt Supported by Utility Funds Only



UTILITY RATES

Key Factors

Projecting the utility rates necessary to maintain the financial stability of the City's utility operations requires development and analysis of the following key factors:

- Estimates for future annual operating expenditures, including personnel, materials and supplies, cost of electricity, and other operating expenses. The City contracted with TKDA Engineering Firm to perform a review of the City's operations. The results of the TKDA review are included in the future annual operating expenditures included in this report.
- Metropolitan Council Environmental Service (MCES) sewer fee charged to the City by the Metropolitan Council for regional collection and treatment of waste water. This is an operating expense that the City does not have control over.
- Annual capital expenditure to maintain and improve the utility systems.
- Annual debt service on bonds issued to finance capital improvements.
- Growth in customers using and paying for the systems. This growth will provide additional revenue to the systems at time of platting, connection, and ongoing usage, but will also create additional demand for services.
- Available other revenue sources other than fees and charges to users of the water and sanitary sewer services.

Annual Operating Expenditures

Costs incurred in operating the utility systems, which are used up in the period in which acquired, are recorded as operating expenditures. Annual growth in operating expenditures, not including the MCES charge, has been modest. It is anticipated that growth in future years will be 2.0% annually.

The operating expense projections included in this report were prepared by Bernie Bullert, from TKDA. The City contracted with TKDA to perform a review of the City's operations for the utility systems and to provide input into future estimated capital improvement projects. TKDA will provide the City with a report that explains the assumptions and other factors behind the operating expenses that are included in the pro forma for each of the utility funds.

Depreciation is reported as an operating expenditures and is the process of allocating the costs of an asset over its useful life in a systematic and rational manner. Depreciation is projected to change with capital spending and depreciation of both existing and future acquired assets. The appendix to this report includes information on the calculation of depreciation for this report.

Metropolitan Council Environmental Services

The MCES charge to cities for regional collection and treatment has been volatile in recent years. MCES experienced revenue losses from the significant drop in regional development during the recession which has caused a corresponding decline in revenue collected by the Council for Sewer Availability Charges (a one time fee for new connections). For projection purposes, the study assumes that future charges paid to MCES for collection and treatment

will increase by 5.0% annually. This is part of the annual operating expense to the City's Sewer Fund.

The City accounts for the collection and payment of the MCES "Sewer Availability Charge" (SAC) through an accounts payable account. Therefore the pro forma for the sanitary sewer fund (see **Table K-3, on page 34**) does not include a separate revenue and expense line item for the MCES SAC.

Annual Capital Expenditures

The CIP anticipates paying for future capital improvement project costs with a combination of revenue sources. The City anticipates future development will provide the needed revenue to the City for paying for utility expansion through the collection of development fees (an availability and a connection charge).

Paying for annual planned capital improvement projects with cash may be a sound strategy depending on the details of the project. It avoids incurring annual interest expense. However, this strategy requires advance planning and implementation of utility fees and charges that provide adequate cash flow.

For large (non-routine) capital expenditures or unanticipated capital expenditures, the use of bonding to fund capital minimizes annual rate increases that otherwise would be necessary. It also allows the City to charge future customers the cost of infrastructure with a longer useful life, versus putting the entire burden on today's customers. The CIP anticipates bonding for certain project costs. The resulting annual debt service on the bonds is included

ed in the financial plans for the Utility Funds.

Debt Service

Debt service in the Utility Funds is paid from revenue collected from utility fees, availability and connection charges, and special assessments. The CIP anticipates debt issuance to be supported by the revenues within the utility funds.

All current and future debt is accounted for in the financial plans that are included in this report. The estimated debt service is based on 15 years bonds payable at current market interest rates. Future estimated utility fees and charges reflect the cost of the estimated increase for debt service.

Growth in Customers

Growth in customers from future land development is the most important factor in determining the projections for future utility rates. Build out of approved developments will bring an increase in revenue to the City's utility funds through the collection of availability and connection charges and fees collected for service and usage of the systems. Availability charges and connection charges are one time charges collected at the time of development and connection to the system. Estimating the increase in future customers from growth in residential and commercial development is the most volatile factor in developing financial projections for the utility funds. **Table F and Chart 4 and Chart 5, beginning on page 18**, include information on the assumed growth in residential equivalent units ("REU") from future development. The projected annual growth in REU's was established by City staff and provided to Northland for this report.

The pace of future development will increase or decrease projected revenues shown in this report and impact future utility rates. For this reason it is critical that the City

Table F
City of Lake Elmo, MN
Growth Projections
Amounts Shown Equal Residential Equivalent Units (REU)

	Actual		Current	Projected									
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2016-2025

WATER CONNECTIONS - PAID AT TIME OF PERMIT													
Residential	17	130	140	249	287	281	223	197	161	151	100	0	1,789
Commercial	35	0	51	40	82	70	88	55	75	55	62	0	578
School	0	0	40	80	0	0	0	0	0	0	0	0	120
Total	52	130	231	369	369	351	311	252	236	206	162	0	2,487

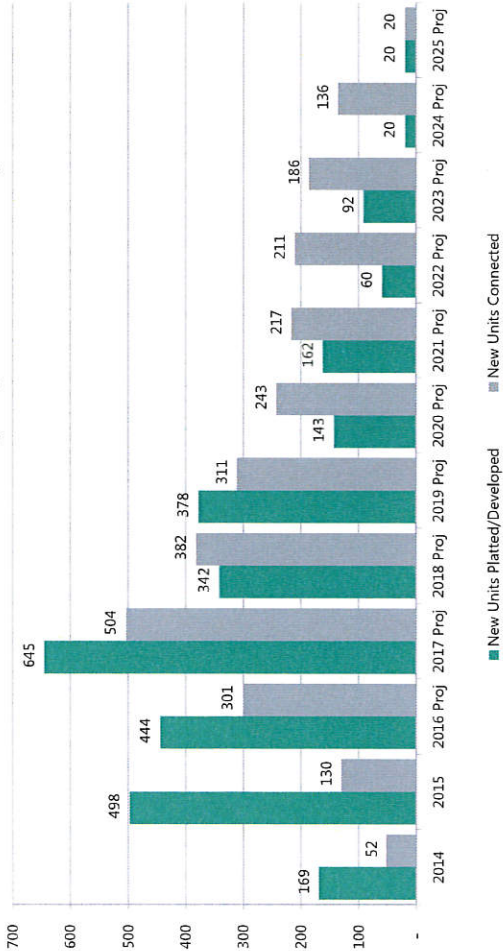
SANITARY SEWER CONNECTIONS - PAID AT TIME OF PERMIT													
Residential	17	130	180	349	287	281	223	197	191	171	127	20	2,026
Commercial	35	0	81	75	95	30	20	20	20	15	9	0	365
School	0	0	40	80	0	0	0	0	0	0	0	0	120
Total	52	130	301	504	382	311	243	217	211	186	136	20	2,511

WATER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING													
Residential	179	420	250	372	147	321	90	162	40	72	0	20	1,474
Commercial	35	50	31	51	55	35	53	20	40	40	46	0	371
School	0	0	40	80	0	0	0	0	0	0	0	0	120
Total	214	470	321	503	202	356	143	182	80	112	46	20	1,965

SANITARY SEWER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING													
Residential	134	448	303	409	202	333	130	162	60	92	20	20	1,731
Residential Downtown			40	50	50								140
Commercial	35	50	31	31	15	15	13	0	0	0	0	0	105
Commercial - Downtown			30	75	75	30							210
School	0	0	40	80	0	0	0	0	0	0	0	0	120
Total	169	498	444	645	342	378	143	162	60	92	20	20	2,306

Utility Rates

Chart 4
City of Lake Elmo, MN
Residential Equivalent Units Platted and Connected to Sanitary Sewer
Used to Estimate Revenue from Availability Charges and Connection Charges



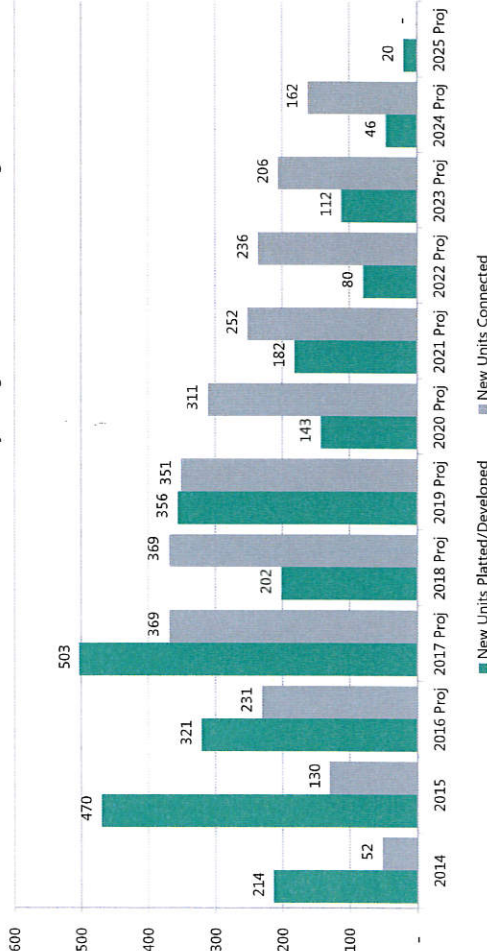
The estimates for future growth from development, shown in residential equivalent units in Chart 4 and Chart 5, was prepared by City staff.

The data was provided to Northland Securities as an input for the study and this report.

The assumption on growth, and annual units platted and connected, is an important input for projecting future revenue for the utility funds.

Revenue from increased residential equivalent units comes from a one time payment of the City's availability charge and connection charge and then from ongoing payment for use of the systems. The availability charge is paid at time of platting and the connection charge at time of connection.

Chart 5
City of Lake Elmo, MN
Residential Equivalent Units Platted and Connected to Water
Used to Estimate Revenue from Availability Charges and Connection Charges



update its financial plans based on actual growth.

Available Other Revenues

There is limited other revenues that provide a source of funding for utility services. The majority of the cost to operate and maintain the system is paid from fees and charges collected from those using the system. Other revenue includes interest income on cash balances, special assessments, grants, and rents.

Historical Utility Rates

Information on historical rates is provided in **Table G, Table H, and Table I, beginning on page 21**, for each of the utility funds. Rates shown are billed quarterly, with the exception of the storm water fee which is billed to customers receiving this charge on an annual basis. The City charges a basic service fee for water only.

Future Utility Rates

Information on future projected utility rates for years 2017 to 2025 is also included in **Table G, Table H, and Table I**, for each of the utility funds. The projected future rates reflect the rates necessary to maintain adequate cash balance in the utility funds. These rates applied against projected customers and usage is used to calculate the annual estimated charges for services fees shown in the financial plans (pro forma) for each utility fund.

The report assumes a 1.0% annual increase in water and sewer rates, beginning in year 2018. The annual rate increase is assumed on the quarterly base fee and usage fees only. The annual fee for storm water is assumed to increase by \$10.00 per year, beginning in year 2017. As stated, the increases are needed to ensure the City is able to maintain sufficient cash in the utility funds over the long-term. There is no assumed change to the develop-

ment fees (connection and available charges).

The validity of the tier structure the City uses for charging customers for water, based on volume of water sold, was not reviewed as part of this study. The current adopted tier structure appears to be reasonable.

Projected Volumes of Water Sold and Sanitary Sewer Billed

Annual estimated volume of water sold by tier and estimated sanitary sewer billed by year is included in **Table G and Table H**. The estimated gallons of water billed is summarized in **Chart 6, on page 24**.

The City was not able to provide information on historical volume sold per tier so assumptions were made on the volumes sold per tier in order to prepare this report and to project future revenues from billing of water usage. The assumptions should be updated in the future as better is available from the City's billing system.

The report assumes average annual volume of 96,000 gallons per residential customer (or 8,000 gallons per month). This volume is pro-rated across the City's tier structure using estimated historical data (actual data was not available). For commercial customers, annual volume is calculated based on prior year estimated volumes adjusted by the percentage increase in commercial (and school) customers. The report assumes annual sewer volume billed per customer, for both residential and commercial, of 72,000 gallons (or 6,000 per month).

The assumptions for residential and commercial customers volume usage for both water and sanitary sewer needs to be revisited and reviewed as better information becomes available from the City's utility billing system in the future and historical billing data becomes available.

Utility Rates

TABLE G
City of Lake Elmo, MN
Water Fund

Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)													
Residential customer units	1,050	1,115	1,250	1,445	1,713	1,997	2,249	2,459	2,638	2,794	2,919	2,969	
Commercial and school customer units	50	52	54	58	62	66	70	73	77	80	84	84	
Total customer units	1,100	1,167	1,304	1,503	1,775	2,063	2,319	2,532	2,715	2,874	3,003	3,053	
Total Volume Sold Per Year in Thousand of Gallons (Gal)													
Residential Usage per 1,000 gallons:													
Tier 1: 0-15,000 gallons	38,573	24,007	34,293	39,643	46,995	54,786	61,700	67,461	72,372	76,651	80,081	81,452	
Tier 2: 15,001-30,000 gallons	50,000	50,000	71,423	82,565	97,878	114,105	128,504	140,503	150,730	159,644	166,786	169,643	
Tier 3: 30,001-50,000 gallons	10,000	10,000	14,285	16,513	19,576	22,821	25,701	28,101	30,146	31,929	33,357	33,929	
Subtotal	98,573	84,007	120,000	138,720	164,448	191,712	215,904	236,064	253,248	268,224	280,224	285,024	
Commercial Usage per 1,000 gallons													
Tier 1: 0-15,000 gallons	156	8,000	8,308	8,923	9,538	10,154	10,769	11,231	11,846	12,308	12,923	12,923	
Tier 2: 15,001-30,000 gallons	10,000	10,000	10,385	11,154	11,923	12,692	13,462	14,038	14,808	15,385	16,154	16,154	
Tier 3: 30,001-50,000 gallons	2,000	2,000	2,077	2,231	2,385	2,538	2,692	2,808	2,962	3,077	3,231	3,231	
Subtotal	12,156	20,000	20,769	22,308	23,846	25,385	26,923	28,077	29,615	30,769	32,308	32,308	
Total Volume Billed (in thousand of gallons)	110,729	104,007	140,769	161,028	188,294	217,097	242,827	264,141	282,863	298,993	312,532	317,332	
Connections (Number of REC)	214	130	231	369	369	351	311	252	236	206	162	-	
Availability Charge (Number of REC)	52	470	321	503	202	356	143	182	80	112	46	20	
Charges for Service Fees (per 1,000 gallons)													
Residential quarterly base fee	\$25.00	\$25.00	\$20.00	\$20.00	\$20.20	\$20.40	\$20.61	\$20.81	\$21.02	\$21.23	\$21.44	\$21.66	
Residential Tier 1: 0-15,000 gallons	\$2.14	\$2.14	\$2.00	\$2.00	\$2.02	\$2.04	\$2.06	\$2.08	\$2.10	\$2.12	\$2.14	\$2.17	
Residential Tier 2: 15,001-30,000 gallons	\$2.86	\$2.86	\$2.60	\$2.60	\$2.63	\$2.65	\$2.68	\$2.71	\$2.73	\$2.76	\$2.79	\$2.82	
Residential Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.38	\$3.38	\$3.41	\$3.45	\$3.48	\$3.52	\$3.55	\$3.59	\$3.62	\$3.66	
Residential Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$4.39	\$4.39	\$4.43	\$4.48	\$4.52	\$4.57	\$4.61	\$4.66	\$4.71	\$4.75	
Residential Tier 5: >80,001 gallons	\$6.63	\$6.63	\$5.71	\$5.71	\$5.77	\$5.82	\$5.88	\$5.94	\$6.00	\$6.06	\$6.12	\$6.18	
Commercial quarterly base fee	\$25.00	\$25.00	\$25.00	\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	
Commercial Tier 1: 0-15,000 gallons	\$3.11	\$3.11	\$3.11	\$3.11	\$3.14	\$3.17	\$3.20	\$3.24	\$3.27	\$3.30	\$3.33	\$3.37	
Commercial Tier 2: 15,001-30,000 gallons	\$3.26	\$3.26	\$3.26	\$3.26	\$3.29	\$3.33	\$3.36	\$3.39	\$3.43	\$3.46	\$3.50	\$3.53	
Commercial Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.77	\$3.77	\$3.81	\$3.85	\$3.88	\$3.92	\$3.96	\$4.00	\$4.04	\$4.08	
Commercial Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$5.00	\$5.00	\$5.05	\$5.10	\$5.15	\$5.20	\$5.26	\$5.31	\$5.36	\$5.41	
Commercial Tier 5: >80,001 gallons	\$6.63	\$6.63	\$6.63	\$6.63	\$6.70	\$6.76	\$6.83	\$6.90	\$6.97	\$7.04	\$7.11	\$7.18	
Development Fees													
Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Annual Revenue													
Base charges	\$110,000	\$116,700	\$105,400	\$121,400	\$144,672	\$169,704	\$192,584	\$212,304	\$229,898	\$245,763	\$259,371	\$266,296	
Usage charges	\$303,871	\$297,095	\$370,087	\$422,289	\$497,082	\$577,280	\$651,051	\$714,360	\$772,298	\$824,087	\$870,129	\$891,936	
Total Charges for Service Fees	\$413,871	\$413,795	\$475,487	\$543,689	\$641,755	\$746,984	\$843,635	\$926,664	\$1,002,196	\$1,069,850	\$1,129,500	\$1,158,232	
Connection charges	\$214,000	\$130,000	\$231,000	\$369,000	\$369,000	\$351,000	\$311,000	\$252,000	\$236,000	\$206,000	\$162,000	\$0	
Availability charges	\$156,000	\$1,410,000	\$963,000	\$1,509,000	\$606,000	\$1,068,000	\$429,000	\$546,000	\$240,000	\$336,000	\$138,000	\$60,000	
Total Development Fees	\$370,000	\$1,540,000	\$1,194,000	\$1,878,000	\$975,000	\$1,419,000	\$740,000	\$798,000	\$476,000	\$542,000	\$300,000	\$60,000	
Total Revenue	\$783,871	\$1,953,795	\$1,669,487	\$2,421,689	\$1,616,755	\$2,165,984	\$1,583,635	\$1,724,664	\$1,478,196	\$1,611,850	\$1,429,500	\$1,218,232	

Utility Rates

TABLE H
City of Lake Elmo, MN
Sanitary Sewer Fund
Fees and Charges and Customer Data

	Actual		Current	Projected									
	2014 Actual	2015 Actual (Un-Audit)	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)	Residential customer units	17	82	237	502	820	1,104	1,356	1,566	1,760	1,941	2,090	2,163
	Commercial customer units	35	37	39	45	51	55	59	62	64	66	68	68
	Total customer units	52	119	276	547	871	1,159	1,415	1,628	1,824	2,007	2,158	2,231
	Total Volume Sold Per Year in Thousand of Gallons (Gal)												
	Residential Tier 1: per 1,000 gallons	-	6,790	17,064	36,144	59,040	79,488	97,632	112,752	126,720	139,752	150,480	155,736
	Commercial Tier 1: per 1,000 gallons	6,532	6,905	2,808	3,240	3,672	3,960	4,248	4,464	4,608	4,752	4,896	4,896
	Total Volume Billed (in thousand of gallons)	6,532	13,695	19,872	39,384	62,712	83,448	101,880	117,216	131,328	144,504	155,376	160,632
	Connections (Number of REC)	214	130	301	504	382	311	243	217	211	186	136	20
	Availability Charge (Number of REC)	52	498	374	520	217	348	143	162	60	92	20	20
	Availability Charge (Number of REC) - Downtown	-	-	70	125	125	30	-	-	-	-	-	-
Charges for Service Fees	Residential usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.87	\$4.87
	Commercial quarterly base fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Commercial usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.87	\$4.87
Development Fees	Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
	SAC Charge (pass-thru payable to Met Council)	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485
Annual Revenue	Base charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Usage charges	\$29,394	\$61,627	\$89,424	\$177,228	\$285,026	\$383,064	\$472,352	\$548,889	\$621,122	\$690,273	\$749,628	\$782,736
	Total Charges for Service Fees	\$29,394	\$61,627	\$89,424	\$177,228	\$285,026	\$383,064	\$472,352	\$548,889	\$621,122	\$690,273	\$749,628	\$782,736
	Connection charges	\$214,000	\$130,000	\$301,000	\$504,000	\$382,000	\$311,000	\$243,000	\$217,000	\$211,000	\$186,000	\$136,000	\$20,000
	Availability charge Per REC Unit	\$156,000	\$1,494,000	\$1,122,000	\$1,560,000	\$651,000	\$1,044,000	\$429,000	\$486,000	\$180,000	\$276,000	\$60,000	\$60,000
	Availability charge Per REC Unit - Downtown			\$10,500	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250
	Total Development Fees	\$370,000	\$1,624,000	\$1,433,500	\$2,093,250	\$1,062,250	\$1,384,250	\$701,250	\$732,250	\$420,250	\$491,250	\$225,250	\$109,250
Total Revenue	\$399,394	\$1,685,627	\$1,522,924	\$2,270,478	\$1,347,276	\$1,767,314	\$1,173,602	\$1,281,139	\$1,041,372	\$1,181,523	\$974,878	\$891,986	

Note: The Availability charger per REC Unit is broken-out separately for the "Downtown" because the charge to the Downtown units is spread over 20 years.

Table I
City of Lake Elmo, MN
Storm Water Fund
Fees and Charges and Customer Data

	Actual		Current	Projected								
	2014 Actual	2015 Actual (Un-Audit)	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Units Billed (Quarterly Average)												
Residential units billed	2,472	2,602	2,742	2,991	3,278	3,559	3,782	3,979	4,140	4,291	4,391	4,391
Commercial residential equivalent units billed	1,675	1,685	1,695	1,715	1,735	1,755	1,775	1,790	1,810	1,825	1,845	1,845
Total residential equivalent units billed	4,147	4,287	4,437	4,706	5,013	5,314	5,557	5,769	5,950	6,116	6,236	6,236
Charges for Service Fees												
Residential fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Commercial fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Annual Revenue												
Base charges	\$207,350	\$214,350	\$221,850	\$282,360	\$350,910	\$425,120	\$500,130	\$576,900	\$654,500	\$733,920	\$810,680	\$873,040
Total Revenue	\$207,350	\$214,350	\$221,850	\$282,360	\$350,910	\$425,120	\$500,130	\$576,900	\$654,500	\$733,920	\$810,680	\$873,040

Note: The commercial residential equivalents units (REU) billed are based on 5X the amount billed for a single REU.

Utility Rates

The estimated annual gallons of water billed is projected to increase as more customers connect to the water system.

This report assumes that the average annual usage per customer, for residential and commercial, remains constant.

Chart 6
City of Lake Elmo, MN
Estimated Annual Gallons of Water Billed (Thousands of Gallons)



FINANCIAL PLANS

Based on historical financial performance, projected utility rates and structure, and anticipated future capital projects, financial plans (pro forma) have been prepared for each the utility funds.

Key Assumptions

The financial plans for each of the utility funds was developed based on several key assumptions which are as follows:

- Operating expenditures, including personnel costs and materials supplies and all other operating expense will increase by 2.0% annually along with other adjustments as prepared by TKDA Engineering Firm. The City contracted with TKDA to perform a review of the City's operations for the utility systems and to provide input into future estimated capital improvement projects. TKDA is to present the City with a report that will provide information on the assumptions and other factors behind the operating expenses that are included in the pro forma for each of the utility funds.
- No change in existing tier structure for fees and charges.
- Depreciation is estimated based on projected capital improvements with new assets assumed to be depreciated over a 40 year term. Information on calculation of net capital assets, including depreciation is included in the Appendix.
- Current capital improvement plan will be implemented at estimated project costs and projected sources of funding as included in this report. This includes an

increase in future debt service for payment on bonds to be issued.

- Utility fees for use of the system are assumed to increase by 1.0% annually for water and sanitary sewer services, beginning in year 2018. The annual rate increase is assumed on the quarterly base fee and usage fees only. The annual fee for storm water is assumed to increase by \$10.00 per year, beginning in year 2017.
- Connection and availability charges are assumed to remain constant for years 2016-2025. Revenue from these charges is used to pay for the system, including the planned capital projects and related debt service.
- The proposed future utility fees and charges are shown to be at a level that is adequate to maintain cash balances in the funds sufficient to cover the following: 1) six months of operating expenses; 2) the following year's capital improvements that are planned to be funded with cash; and 3) the following year's debt service.

WATER FUND

Fund Description

The Water Fund is used to account for the operating and capital improvement costs of the water utility system.

Background

The Water Fund is in sound financial condition. Future financial performance will be impacted by the timing of future development of land in the City and the timing of receipt of development fees (trunk line availability charges and connection charges) that will support infrastructure costs and receipt of charges for service for usage of the system.

Source of Funds

There are two major source of funds for the Water Fund: the collection of charges for service fees (base fee and volume usage fees) and development fees collected at time of platting and time of connection to the system. Future revenue from charges for service fees will increase as the number of customers increases over time and the volume of water sold increases.

The financial plan for the Water Fund assumes no change in the City's existing rate structure and assumes rates increase of 1.0% annually beginning in year 2018.

The City collects revenue from a rental fee for access to the City's water tower by communication companies.

Interest income is earned on the cash balance in the Water Fund that is recorded as revenue. The investment earnings rate is projected to be 0.5% for future years.

Special assessments levied for water infrastructure improvements is recorded as revenue in the Water Fund.

Use of Funds

The use of funds is to pay for the operation of the water system, debt service expense, depreciation, and authorized transfers to other funds that may occur from time to time.

Operating expense line item details can be found in **Table J-3**.

Debt service expense, which includes interest expense on bonds, can be found in **Table E-2**. (Principal payments on bonds supported by the Water Fund result in a reduction of liability for the Fund.)

Depreciation expense details, including calculation of projected net capital assets, can be found in **Appendix A**.

Transfers

The financial plan does not anticipate any future transfers in or out of funds from the Water Fund to other city funds. Presently the City does not charge the utility funds for General Fund overhead but does charge the fund for administrative staff time.

Balance Sheet Items

The financial plan includes projected assets and liabilities for the Water Fund, this includes projected annual year-end cash balance. **Table J-2** provides a detailed summary on projected change in cash year by year. The Water Fund cash balance includes funds collected and recorded as deferred revenue and funds held in escrow related to the refunding of bonds.

Financial Plans

WATER FUND

Table J-1
City of Lake Elmo, MN
Water Fund
Pro Forma

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	379,262	433,229	475,487	543,689	641,755	746,984	843,635	926,664	1,002,196	1,069,850	1,129,500	1,158,232
Charges for service fees - meters	16,994	65,875	40,000	68,000	72,760	54,955	58,802	62,918	67,322	72,035	77,078	82,473
Special assessments		163,405	17,477	16,950	16,423	15,897	15,370	14,844	14,317	12,688	8,151	7,856
Special assessments prepaid				400,000	950,000	750,000	50,000	50,000	-	-	-	-
Intergovernmental	663,994											
Investment income	16,668	26,925	19,788	14,834	22,434	23,114	26,203	27,318	28,858	26,406	25,848	24,011
Contributions and donations	848,074											
Water availability charge	797,400	1,237,500	963,000	1,509,000	606,000	1,068,000	429,000	546,000	240,000	336,000	138,000	60,000
Water connection fee	50,500	66,000	231,000	369,000	369,000	351,000	311,000	252,000	236,000	206,000	162,000	-
Rents/leases	46,935	49,742	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transfer in from other funds	784,801											
Total Source of Funds	3,604,628	2,042,676	1,792,752	2,967,473	2,724,372	3,055,950	1,780,010	1,925,744	1,634,693	1,768,979	1,586,576	1,378,572
Use of Funds												
Operating and other expense	325,495	454,358	636,321	539,546	469,046	474,272	615,232	517,413	568,488	643,914	715,833	678,621
Debt service expense	327,152	356,613	209,330	273,321	278,821	274,588	258,333	296,918	302,873	283,129	276,612	297,118
Depreciation	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843	666,843
Transfer out to other funds	7,895		-									
Total Use of Funds	1,077,406	1,129,776	1,245,864	1,259,735	1,226,860	1,252,652	1,457,357	1,399,373	1,463,253	1,540,186	1,659,288	1,642,582
Change in net assets	2,527,222	912,900	546,888	1,707,738	1,497,512	1,803,298	322,653	526,371	171,440	228,793	(72,712)	(264,010)
Net Assets	9,360,075	10,272,975	10,819,862	12,527,601	14,025,113	15,828,411	16,151,064	16,677,434	16,848,874	17,077,667	17,004,955	16,740,945
Assets												
Cash and investments	617,655	2,290,526	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	5,771,507	5,281,293	5,169,622	4,802,146	4,061,372
Cash and investments escrow	3,848,031	-										
Due from other funds												
Special assessments receivable	786,047	117,955	106,399	94,843	83,287	71,731	60,175	48,619	38,166	31,773	25,380	18,986
Accounts receivable	339,822	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000
Capital assets	19,107,587	20,319,595	23,575,923	25,442,112	26,727,112	27,719,112	30,919,112	30,969,112	31,243,112	32,093,112	34,241,112	34,241,112
Less accumulated depreciation	(3,217,170)	(3,535,975)	(3,936,188)	(4,383,056)	(4,862,049)	(5,365,842)	(5,949,635)	(6,534,678)	(7,126,571)	(7,739,714)	(8,406,557)	(9,073,400)
Total Assets	21,481,972	19,365,101	22,885,988	25,813,727	26,744,239	27,838,537	30,666,190	30,427,560	29,609,000	29,727,793	30,835,081	29,421,071
Liabilities												
Due to other funds	795											
Deferred revenue		214,000	378,000	563,000	706,000	807,000	857,000	907,000	957,000	1,007,000	1,057,000	1,057,000
Bonds payable	11,798,596	8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	13,395,000	12,580,000	11,540,000	11,380,000	12,510,000	11,360,000
Accounts payable	322,506	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126
Total Liabilities	12,121,897	9,092,126	12,066,126	13,286,126	12,719,126	12,010,126	14,515,126	13,750,126	12,760,126	12,650,126	13,830,126	12,680,126
Total Liabilities and Net Assets	21,481,972	19,365,101	22,885,988	25,813,727	26,744,239	27,838,537	30,666,190	30,427,560	29,609,000	29,727,793	30,835,081	29,421,071

Financial Plans WATER FUND

Table J-2
City of Lake Elmo, MN
Water Fund
Cash Balance

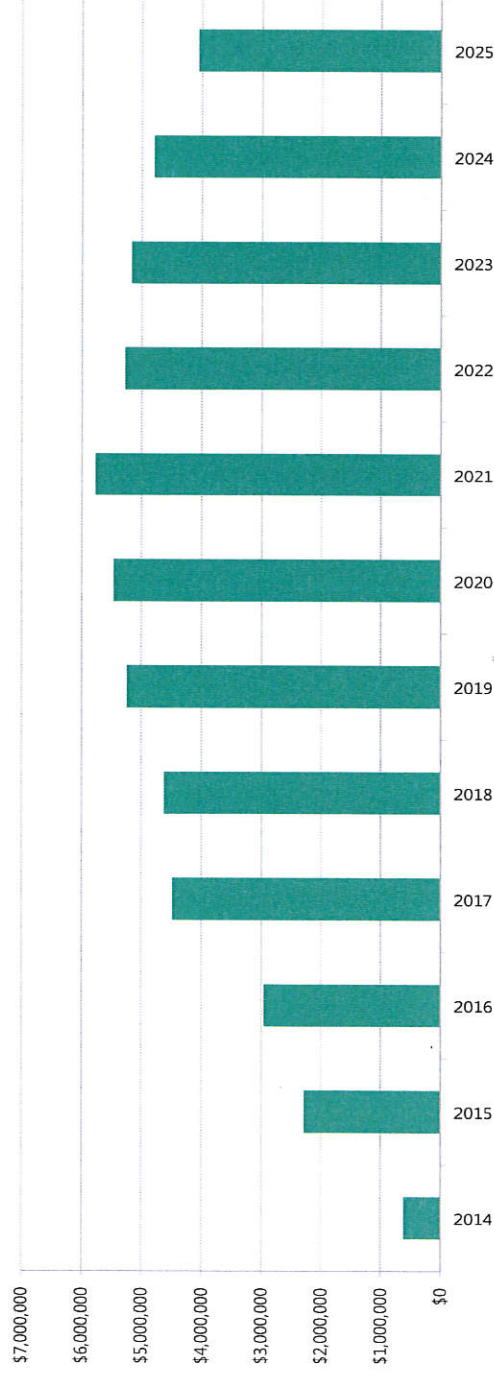
	Actual		Current	Projected									
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Beginning Cash	4,528,855	4,465,686	2,290,526	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	5,771,507	5,281,292	5,169,622	4,802,146	4,061,372
Plus revenues	1,406,438	2,042,676	1,792,752	2,967,473	2,724,372	3,055,950	1,780,010	1,925,744	1,634,693	1,768,979	1,586,576	1,378,572	
Plus bond proceeds	2,545,000	915,000	3,225,000	1,520,000	0	0	3,270,000	0	0	900,000	2,195,000		
Less acquisition of capital assets	(3,775,676)	(1,006,492)	(3,256,328)	(1,866,189)	(1,285,000)	(992,000)	(3,200,000)	(50,000)	(274,000)	(850,000)	(2,148,000)	0	
Less principal on debt	(230,000)	(4,015,000)	(415,000)	(485,000)	(710,000)	(810,000)	(815,000)	(815,000)	(1,040,000)	(1,060,000)	(1,065,000)	(1,150,000)	
Less interest on debt	(292,324)	(356,613)	(209,330)	(273,321)	(278,821)	(274,588)	(258,333)	(296,918)	(302,873)	(283,129)	(276,612)	(297,118)	
Less operating and other costs	(350,836)	(454,358)	(636,321)	(539,546)	(469,046)	(474,272)	(615,232)	(517,413)	(568,488)	(643,914)	(715,833)	(678,621)	
Plus transfers in	784,801	-	-	-	-	-	-	-	-	-	-	-	
Less transfers out	(7,895)	-	-	-	-	-	-	-	-	-	-	-	
Incr/decr in other assets and liabilities	(142,677)	699,627	175,556	196,556	154,556	112,556	61,556	61,556	60,453	56,393	56,393	6,393	
Change in cash	(63,169)	(2,175,160)	676,329	1,519,973	136,061	617,647	223,002	307,969	(490,214)	(111,671)	(367,476)	(740,774)	
Total Ending Cash	4,465,686	2,290,526	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	5,771,507	5,281,292	5,169,622	4,802,146	4,061,372	
Estimated Cash Balance Purposes													
For 6-months operating expense	162,748	227,179	318,161	269,773	234,523	237,136	307,616	258,707	284,244	321,957	357,917	339,311	
For following year debt service	4,371,613	624,330	758,321	988,821	1,084,588	1,073,333	1,111,918	1,342,873	1,343,129	1,341,612	1,447,118	1,587,638	
For next year planned capital		-	-	335,000	242,000	-	-	274,000	-	48,000	-	-	
For reserves and future capital	(3,916,706)	1,439,017	1,890,373	2,893,234	3,061,778	3,930,067	4,044,004	3,895,928	3,653,920	3,458,052	2,997,112	2,134,424	
For cash held with fiscal agent	3,848,031	-	-	-	-	-	-	-	-	-	-	-	
Total Ending Cash	4,465,686	2,290,526	2,966,854	4,486,828	4,622,889	5,240,535	5,463,537	5,771,507	5,281,292	5,169,622	4,802,146	4,061,372	
Net Assets	9,360,075	10,272,975	10,819,862	12,527,601	14,025,113	15,828,411	16,151,064	16,677,434	16,848,874	17,077,667	17,004,955	16,740,945	
Cash as % of Net Assets	47.7%	22.3%	27.4%	35.8%	33.0%	33.1%	33.8%	34.6%	31.3%	30.3%	28.2%	24.3%	

Financial Plans WATER FUND

Table J-3
City of Lake Elmo, MN
Water Fund

	Operating and Other Expenses (Not Including Depreciation)											
	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Personnel Services												
Full-time Salaries	78,893	91,718	140,000	144,184	156,640	168,686	172,060	175,501	198,832	202,809	206,865	232,037
PERA Contributions	5,686	6,707	10,500	10,814	11,748	12,651	12,905	13,163	14,912	15,211	15,515	17,403
FICA Contributions	4,757	5,498	8,750	9,012	9,790	10,543	10,754	10,969	12,427	12,676	12,929	14,502
Medicare Contributions	1,114	1,286	2,030	2,091	2,271	2,446	2,495	2,545	2,883	2,941	3,000	3,365
Health\Dental Insurance	17,836	15,653	17,609	28,837	31,328	33,737	34,412	35,100	39,766	40,562	41,373	46,407
Unemployment Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Workers Compensation	3,155	2,072	4,000	5,767	6,266	6,747	6,882	7,020	7,953	8,112	8,275	9,281
Total Personnel Services	111,440	122,933	182,889	200,705	218,043	234,810	239,508	244,298	276,773	282,311	287,957	322,995
Supplies												
Office Supplies	360	1,933	500	700	749	801	858	918	982	1,051	1,124	1,203
Printed Forms	375	239	750	750	803	859	919	983	1,052	1,126	1,204	1,289
Chemicals	10,713	1,473	13,000	13,000	13,910	14,884	15,926	17,040	18,233	19,509	20,875	22,336
Utility System Maintenance	5,282	25,257	11,500	25,000	26,750	28,623	30,626	32,770	35,064	37,518	40,145	42,955
Water Meters & Supplies	21,242	82,343	50,000	85,000	90,950	68,694	73,503	78,648	84,153	90,044	96,347	103,091
Small Tools & Minor Equipment	2,223	5,016	3,500	5,000	5,350	5,725	6,125	6,554	7,013	7,504	8,029	8,591
Total Supplies	40,195	116,263	79,250	129,450	138,512	119,586	127,957	136,913	146,497	156,752	167,724	179,465
Other Services and Charges												
Engineering Services	29,614	14,725	50,000	20,000	21,400	22,898	24,501	26,216	28,051	30,015	32,116	34,364
Eng Svcs-Water Syst Master Plng	-	-	30,000	-	-	-	-	-	-	-	-	-
Legal Services	179	388	5,000	5,000	5,350	5,725	6,125	6,554	7,013	7,504	8,029	8,591
Contract Services	9,674	16,305	13,500	14,000	14,980	16,029	17,151	18,351	19,636	21,010	22,481	24,055
Software Support	17,541	4,774	3,200	9,600	9,792	9,988	10,188	10,391	10,599	10,811	11,027	11,248
Telephone	523	775	600	800	856	916	980	1,049	1,122	1,201	1,285	1,375
Postage	1,506	2,500	3,000	1,880	2,012	2,152	2,303	2,464	2,637	2,821	3,019	3,230
Insurance	5,432	6,799	9,500	10,000	10,700	11,449	12,250	13,108	14,026	15,007	16,058	17,182
Electric Utility	21,008	33,410	27,000	30,000	32,100	34,347	36,751	39,324	42,077	45,022	48,173	51,546
Water Utility	81,096	107,029	170,000	50,000	-	-	-	-	-	-	-	-
Repairs\Maint Imp Bldgs	-	-	-	-	-	-	-	-	-	-	-	-
Repairs\Maint Imp Not Bldgs	29,791	7,116	10,000	10,000	10,700	11,449	12,250	13,108	14,026	15,007	16,058	17,182
Miscellaneous	1,245	188	4,000	2,000	2,140	2,290	2,450	2,622	2,805	3,001	3,212	3,436
Conferences & Training	1,468	460	1,500	1,500	1,605	1,717	1,838	1,966	2,104	2,251	2,409	2,577
Cost of issuance of bonds	19,994	20,000	46,457	53,811	-	-	120,000	-	-	50,000	95,000	-
Fiscal Agent Fees	445	694	425	800	856	916	980	1,049	1,122	1,201	1,285	1,375
Other	(45,657)											
Total Other Services and Charges	173,860	215,162	374,182	209,391	112,491	119,876	247,767	136,202	145,218	204,851	260,152	176,161
Total Operating and Other Expenses	325,495	454,358	636,321	539,546	469,046	474,272	615,232	517,413	568,488	643,914	715,833	678,621

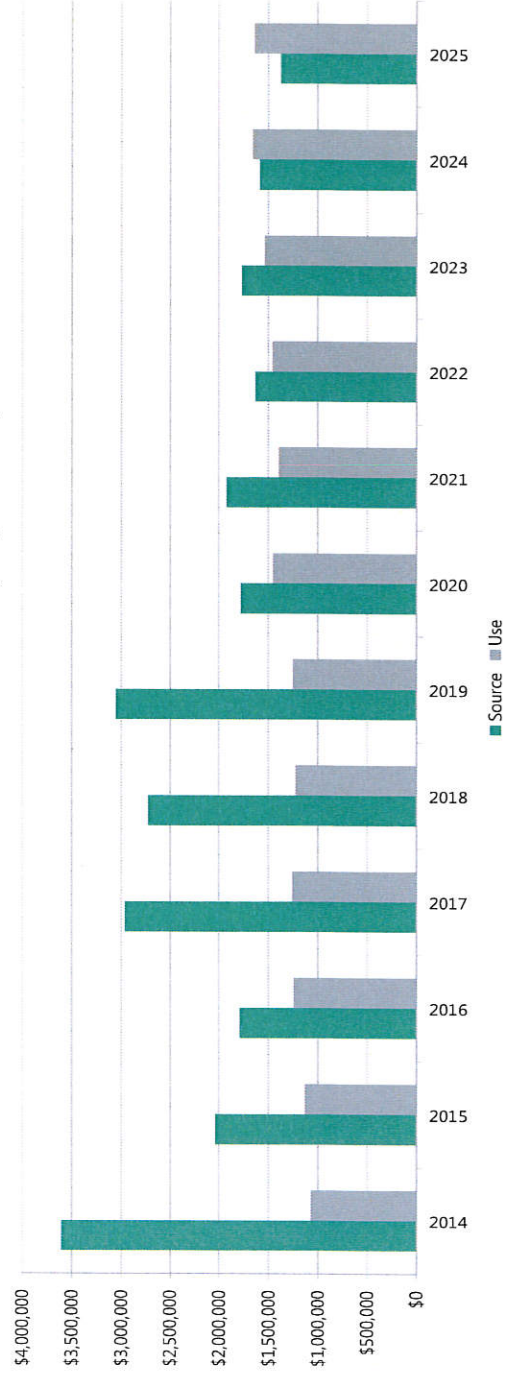
Chart 7
City of Lake Elmo, MN
Water Fund
Year End Cash Balance
(Does Not Include Cash Held in Escrow in Year 2014 for Refunding of Bonds)



Estimated year end cash balances are projected to increase over the next five years and then will be spent down as projects are implemented and cash balances are drawn down.

The source and use of funds includes depreciation and capital contributions. The difference between the annual source and use of funds is the change in net assets of the fund.

Chart 8
City of Lake Elmo, MN
Water Fund
Difference Between Source and Use of Funds (Change in Net Assets)



SANITARY SEWER FUND

Fund Description

The Sanitary Sewer Fund is used to account for the operating and capital improvement costs of the sanitary sewer utility system.

Background

The Sanitary Sewer Fund is in sound financial condition. Future financial performance will be impacted by the timing of future development of land in the City and the timing of receipt of development fees (trunk line availability charges and connection charges) that will support infrastructure costs and receipt of charges for service for usage of the system.

Source of Funds

There are two major source of funds for the Sanitary Sewer Fund: the collection of charges for service fees (base fee and volume usage fees) and development fees collected at time of platting and time of connection to the system. Future revenue from charges for service fees will increase as the number of customers increases over time and the volume of water sold increases. Future development of land through platting will result in increased revenue from water availability and connection charges.

The financial plan for the Sanitary Sewer Fund assumes no change in the City's existing rate structure and assumes a rate increase of 1.0% annually beginning in year 2018.

Interest income is earned on the cash balance in the Water Fund that is recorded as revenue. The investment earnings rate is projected to be 0.5% for future years.

Special assessments levied for sanitary sewer infrastruc-

ture improvements is recorded as revenue in the Sanitary Sewer Fund.

Use of Funds

The use of funds is to pay for the operation of the sanitary sewer system, debt service expense, depreciation, and authorized transfers to other funds that may occur from time to time.

Operating expense line item details can be found in **Table K-3**.

Debt service expense, which includes interest expense on bonds, can be found in **Table E-2**. (Principal payments on bonds supported by the Sanitary Sewer Fund result in a reduction of liability for the Fund.)

Depreciation expense details, including calculation of projected net capital assets, can be found in **Appendix B**.

Transfers

The financial plan does not anticipate any future transfers in or out of funds from the Sanitary Sewer Fund to other city funds. Presently the City does not charge the utility funds for General Fund overhead but does charge the fund for administrative staff time.

Balance Sheet Items

The financial plan includes projected assets and liabilities for the Sanitary Sewer Fund, this includes projected annual year-end cash balance. **Table K-2** provides a detailed summary on projected change in cash year by year.

Financial Plans

SANITARY SEWER FUND

Table K-1
City of Lake Elmo, MN
Sanitary Sewer Fund
Pro Forma

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	31,054	61,627	89,424	177,228	285,026	383,064	472,352	548,889	621,122	690,273	749,628	782,736
Special assessments		1,189,663	63,870	62,133	60,396	58,658	56,921	55,184	53,447	51,710	49,972	48,235
Special assessments prepaid				660,000	590,000	450,000	-	-	-	-	-	-
Intergovernmental	378,819			12,699	22,038	26,085	31,906	34,379	36,954	34,184	33,681	31,733
Investment income	1,430	9,929	19,788									
Contributions and donations	166,148											
Sewer availability charge	693,000	1,280,820	1,122,000	1,560,000	651,000	1,044,000	429,000	486,000	180,000	276,000	60,000	60,000
Sewer connection fee	17,000	180,000	301,000	504,000	382,000	311,000	243,000	217,000	211,000	186,000	136,000	20,000
Rents/leases												
Miscellaneous				-	-	-	-	-	-	-	-	-
Sale of capital assets												
Transfer in from other funds												
Total Source of Funds	1,287,451	2,722,039	1,596,082	2,976,060	1,990,459	2,272,807	1,233,179	1,341,453	1,102,523	1,238,166	1,029,282	942,705
Use of Funds												
Operating and other expense	225,160	98,964	149,592	223,228	224,793	274,953	354,741	507,279	546,038	635,714	734,881	870,320
Debt service expense	116,463	63,735	68,378	85,337	94,344	96,478	91,928	87,153	108,545	114,124	106,878	99,135
Depreciation	11,815	8,739	30,818	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810	164,810
Transfer out to other funds	704,637		-									
Total Use of Funds	1,058,075	171,438	248,788	376,200	402,396	465,940	541,179	726,441	804,093	904,648	1,001,568	1,134,264
Change in net assets	229,376	2,550,601	1,347,294	2,599,859	1,588,063	1,806,866	692,001	615,012	298,429	333,518	27,713	(191,559)
Net Assets	3,599,549	6,150,150	7,497,444	10,097,303	11,685,366	13,492,233	14,184,233	14,799,245	15,097,674	15,431,192	15,458,905	15,267,346
Assets												
Cash and investments	60,592	1,346,782	2,539,753	4,407,570	5,216,902	6,381,288	6,875,808	7,390,839	6,836,788	6,736,125	6,346,658	5,732,918
Cash and investments escrow		-										
Due from other funds	54,305											
Special assessments receivable	1,615,978	527,199	489,189	451,180	413,170	375,161	337,152	299,142	261,133	223,123	185,114	147,104
Accounts receivable	190,412	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000
Capital assets	5,829,132	8,228,132	9,111,282	10,583,969	11,208,969	11,658,969	11,658,969	13,158,969	13,858,969	14,070,969	14,270,969	14,470,969
Less accumulated depreciation	(207,224)	(215,963)	(246,781)	(314,416)	(397,676)	(492,186)	(586,695)	(718,705)	(868,215)	(1,023,025)	(1,182,835)	(1,347,645)
Total Assets	7,543,195	10,182,150	12,189,444	15,424,303	16,737,366	18,219,233	18,581,233	20,426,245	20,384,674	20,303,192	19,915,905	19,299,346
Liabilities												
Due to other funds												
Deferred revenue												
Bonds payable	3,732,046	3,825,000	4,485,000	5,120,000	4,845,000	4,520,000	4,190,000	5,420,000	5,080,000	4,665,000	4,250,000	3,825,000
Accounts payable	211,600	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000
Total Liabilities	3,943,646	4,032,000	4,692,000	5,327,000	5,052,000	4,727,000	4,397,000	5,627,000	5,287,000	4,872,000	4,457,000	4,032,000
Total Liabilities and Net Assets	7,543,195	10,182,150	12,189,444	15,424,303	16,737,366	18,219,233	18,581,233	20,426,245	20,384,674	20,303,192	19,915,905	19,299,346

Financial Plans
SANITARY SEWER FUND

Table K-2
City of Lake Elmo, MN
Sanitary Sewer Fund
Cash Balance

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	566,631	60,592	1,346,783	2,539,754	4,407,570	5,216,903	6,381,289	6,875,808	7,390,839	6,836,788	6,736,126	6,346,658
Plus revenues	1,207,110	2,722,039	1,596,082	2,976,060	1,990,459	2,272,807	1,233,179	1,341,453	1,102,523	1,238,166	1,029,282	942,705
Plus bond proceeds	840,000	280,000	860,000	855,000				1,570,000				
Less acquisition of capital assets	(1,518,430)	(2,399,000)	(883,150)	(1,472,687)	(625,000)	(450,000)	0	(1,500,000)	(700,000)	(212,000)	(200,000)	(200,000)
Less principal on debt	(135,000)	(150,000)	(200,000)	(220,000)	(275,000)	(325,000)	(330,000)	(340,000)	(340,000)	(415,000)	(415,000)	(425,000)
Less interest on debt	(68,507)	(63,735)	(68,378)	(85,337)	(94,344)	(96,478)	(91,928)	(87,153)	(108,545)	(114,124)	(106,878)	(99,135)
Less operating and other costs	(781,675)	(98,964)	(149,592)	(223,228)	(224,793)	(274,953)	(354,741)	(507,279)	(546,038)	(635,714)	(734,881)	(870,320)
Plus transfers in	0	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(2,606)	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(46,931)	995,851	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009
Change in cash	(506,039)	1,286,191	1,192,971	1,867,817	809,332	1,164,386	494,520	515,031	(554,051)	(100,663)	(389,468)	(613,740)
Ending cash	60,592	1,346,783	2,539,754	4,407,570	5,216,903	6,381,289	6,875,808	7,390,839	6,836,788	6,736,126	6,346,658	5,732,918
Estimated Cash Balance Purposes												
For 6-months operating expense	112,580	49,482	74,796	111,614	112,396	137,476	177,371	253,639	273,019	317,857	367,440	435,160
For following year debt service	213,735	268,378	305,337	369,344	421,478	421,928	427,153	448,545	529,124	521,878	524,135	520,903
For next year planned capital		12,500	-	35,000	-	-	-	700,000	212,000	200,000	200,000	-
For reserves and future capital	(265,723)	1,016,422	2,159,621	3,891,613	4,683,029	5,821,885	6,271,285	5,988,655	5,822,645	5,696,391	5,255,083	4,776,856
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	60,592	1,346,783	2,539,754	4,407,570	5,216,903	6,381,289	6,875,808	7,390,839	6,836,788	6,736,126	6,346,658	5,732,918
Net Assets	3,599,549	6,150,150	7,497,444	10,097,303	11,685,366	13,492,233	14,184,233	14,799,245	15,097,674	15,431,192	15,458,905	15,267,346
Cash as % of Net Assets	1.7%	21.9%	33.9%	43.7%	44.6%	47.3%	48.5%	49.9%	45.3%	43.7%	41.1%	37.6%

Financial Plans SANITARY SEWER FUND

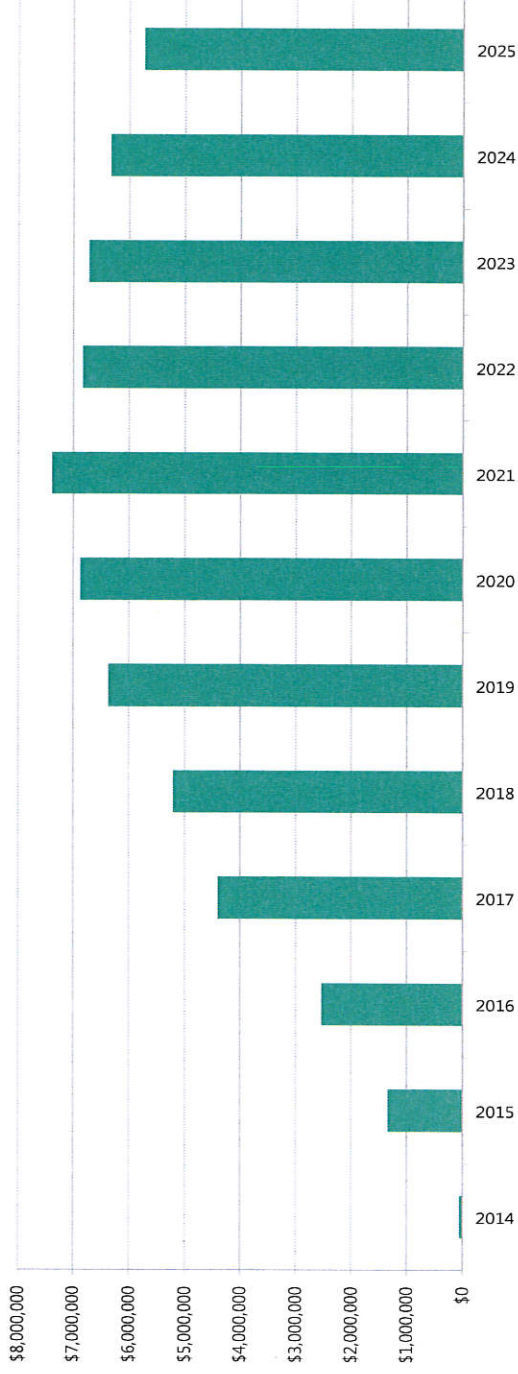
Table K-3
City of Lake Elmo, MN
Sanitary Sewer Fund
Operating and Other Expenses (Not Including Depreciation)

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Personnel Services												
Full-time Salaries	33,585	23,522	25,874	65,606	72,900	83,272	84,938	86,636	104,304	106,390	108,518	127,599
PERA Contributions	2,472	1,697	1,867	4,756	5,285	6,037	6,158	6,281	7,562	7,713	7,868	9,251
FICA Contributions	2,034	1,378	1,515	4,068	4,520	5,163	5,266	5,371	6,467	6,596	6,728	7,911
Medicare Contributions	477	322	355	951	1,057	1,207	1,232	1,256	1,512	1,543	1,574	1,850
Health\Dental Insurance	6,984	7,165	7,882	13,121	14,580	16,654	16,988	17,327	20,861	21,278	21,704	25,520
Unemployment Benefits	-	-	-	-	-	-	-	-	-	-	-	-
Workers Compensation	1,484	221	243	2,624	2,916	3,331	3,398	3,465	4,172	4,256	4,341	5,104
Total Personnel Services	47,036	34,304	37,735	91,126	101,258	115,664	117,980	120,336	144,878	147,776	150,733	177,235
Supplies												
Utility System Maint Supplies	858	1,910	1,000	1,000	1,320	1,742	2,300	3,036	4,007	5,290	6,983	9,217
Small Tools & Minor Equipment	117	200	500	500	660	871	1,150	1,518	2,004	2,645	3,491	4,609
Total Supplies	975	2,110	1,500	1,500	1,980	2,613	3,450	4,554	6,011	7,935	10,474	13,826
Other Services and Charges												
Engineering Services	17,408	14,921	20,000	20,000	20,800	21,632	22,497	23,397	24,333	25,306	26,319	27,371
Eng Svs Sewer Syst Master Planning	-	-	10,000	-	-	-	-	-	-	-	-	-
Contract Services	1,875	3,085	9,500	5,000	6,600	8,712	11,500	15,180	20,037	26,449	34,913	46,085
Telephone	1,184	992	1,500	1,500	1,980	2,614	3,450	4,554	6,011	7,935	10,474	13,826
Mileage	-	-	100	100	132	174	230	304	401	529	698	922
Software Support				6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030
Postage				1,175	1,551	2,047	2,702	3,567	4,709	6,216	8,205	10,830
Insurance	120	185	2,000	2,000	2,640	3,485	4,600	6,072	8,015	10,580	13,965	18,434
Electric Utility	3,343	4,621	1,500	5,000	6,600	8,712	11,500	15,180	20,037	26,449	34,913	46,085
Sewer Utility - Met Council	18,546	17,592	16,500	44,514	71,172	97,830	163,565	228,532	292,960	353,912	416,347	481,025
Repairs\Maint Imp Not Bldgs	837	1,131	1,000	1,200	1,584	2,091	2,760	3,643	4,809	6,348	8,379	11,060
Miscellaneous Expenses	-	-	300	300	396	523	690	911	1,202	1,587	2,095	2,765
Conferences & Training	572	23	1,500	1,500	1,980	2,614	3,450	4,554	6,011	7,935	10,474	13,826
Other	126,701			-	-	-	-	-	-	-	-	-
Cost of issuance of bonds	6,563	20,000	46,457	42,313	-	-	-	70,000	-	-	-	-
Total Other Services and Charges	177,149	62,550	110,357	130,602	121,555	156,676	233,311	382,389	395,149	480,003	573,674	679,259
Total Operating and Other Expenses	225,160	98,964	149,592	223,228	224,793	274,953	354,741	507,279	546,038	635,714	734,881	870,320

Financial Plans

SANITARY SEWER FUND

Chart 9
City of Lake Elmo, MN
Sanitary Sewer Fund
Year End Cash Balance

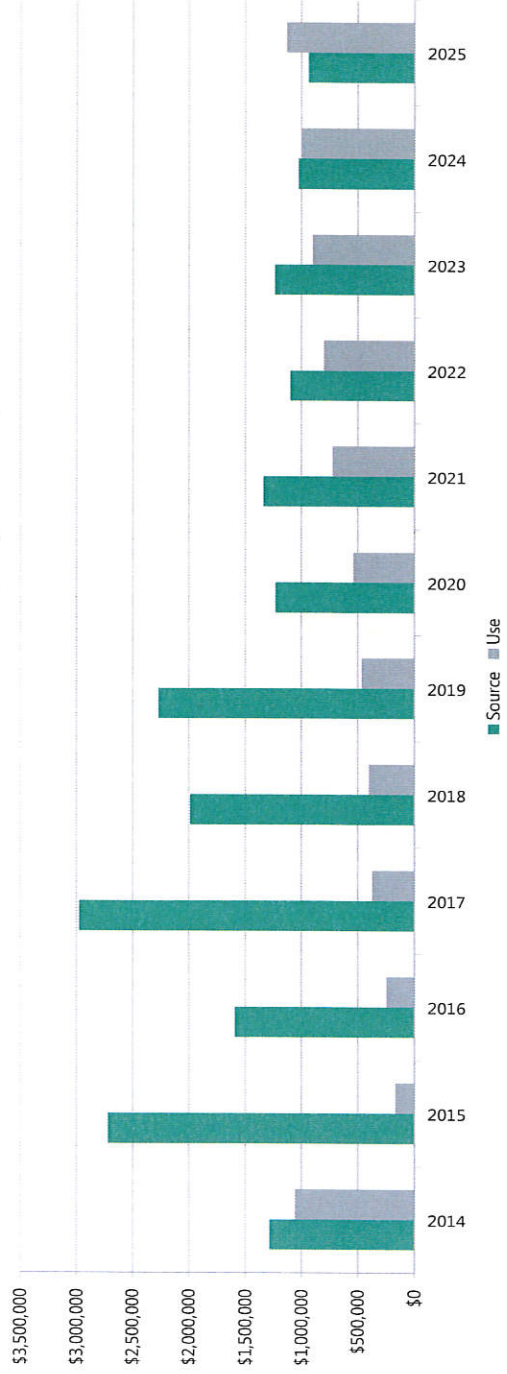


Estimated year end cash balances are projected to increase annually between years 2016 and 2025. This is due the projected annual revenue collection exceeding the use.

The actual year-end cash balances will be impacted by changes in planned capital spending. As projects are implemented, beyond what is included in the draft CIP, cash balances may be lower than what is projected in this report.

The source and use of funds includes depreciation and capital contributions. The difference between the annual source and use of funds is the change in net assets of the fund. The difference is driven by the projected collection of trunk line availability charges in advance of further build-out of the system.

Chart 10
City of Lake Elmo, MN
Sanitary Sewer Fund
Difference Between Source and Use of Funds (Change in Net Assets)



STORM WATER FUND

Fund Description

The Storm Water Fund is used to account for the operating and capital improvement costs of the storm water utility system.

Background

The Storm Water Fund is in sound financial condition. Future financial performance will be impacted by the timing of future development of land in the City. Future development will increase the demands on the storm water utility infrastructure and provide opportunity for increased revenue to support the infrastructure and operation of the system.

Source of Funds

There is one major source of funds for the Storm Water Fund, the collection of a fixed annual charge for service fee. The City does not charge an availability fee for the storm water utility system. Build out of the system has been paid as part of the developer's project costs.

The annual fee, presently at \$50.00, is assumed to increase by \$10.00 per year, beginning in 2017. This increase is needed in order to maintain cash balance. Beginning in 2017, the City will begin paying debt service on the bonds issued in 2016 to finance storm water improvements. Some cities choose to manage storm water utility fees through financing certain capital improvements with tax levy, the City will have the ability in the future to consider what costs, if any, of the storm water utility should be spread over the cities entire tax base.

Interest income is earned on the cash balance in the Water Fund that is recorded as revenue. The investment earnings

rate is projected to be 0.5% for future years.

Special assessments levied and recorded as revenue to the Storm Water Fund relate to unpaid utility bills and are not related to project costs.

Use of Funds

The use of funds is to pay for the operation of the storm water system, debt service expense, and depreciation, expense.

Operating expense line item details can be found in **Table L-3**.

Debt service expense, which includes interest expense on bonds, can be found in **Table E-2**. (Principal payments on bonds supported by the Storm Water Fund result in a reduction of liability for the Fund.)

Depreciation expense details, including calculation of projected net capital assets, can be found in **Appendix C**.

Transfers

The financial plan does not anticipate any future transfers in or out of funds from the Storm Water Fund to other city funds. Presently the City does not charge the utility funds for General Fund overhead but does charge the fund for administrative staff time.

Balance Sheet Items

The financial plan includes projected assets and liabilities for the Storm Water Fund, this includes projected annual year-end cash balance. **Table L-2** provides a detailed summary on projected change in cash year by year.

Financial Plans

STORM WATER FUND

Table L-1
City of Lake Elmo, MN
Storm Water Fund
Pro Forma

	Actual		Current 2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
	2014 Actual	2015 Prel										
Source of Funds												
Charges for service fees	214,915	264,350	221,850	282,360	350,910	425,120	500,130	576,900	654,500	733,920	810,680	873,040
Special assessments	837		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental												
Investment income	1,239	2,844	5,000	2,603	3,088	3,312	3,696	4,092	4,154	4,254	4,414	4,942
Contributions and donations												
Development fees												
Miscellaneous												
Sale of capital assets		10,125	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Transfer in from other funds												
Total Source of Funds	216,991	277,319	241,850	300,163	369,402	444,044	519,651	597,033	674,916	754,661	831,810	894,933
Use of Funds												
Operating and other expense	134,302	85,321	197,904	140,824	220,983	201,616	211,931	198,063	229,245	242,614	257,040	292,950
Debt service expense	459	-	-	62,171	53,800	75,474	83,484	111,643	110,725	105,078	99,143	92,880
Depreciation	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340	151,590
Transfer out to other funds	82,770		-									
Total Use of Funds	233,494	100,508	282,994	288,085	389,872	412,179	443,005	457,296	487,560	496,781	506,522	537,420
Change in net assets	(16,503)	176,811	(41,144)	12,078	(20,470)	31,864	76,646	139,738	187,356	257,880	325,288	357,513
<i>Prior period adjustment</i>												
Net Assets	1,095,528	1,272,339	1,231,195	1,243,273	1,222,803	1,254,668	1,331,313	1,471,051	1,658,407	1,916,287	2,241,575	2,599,088
Assets												
Cash and investments	312,746	502,676	520,515	617,682	662,302	739,256	818,492	830,819	850,765	882,734	988,362	1,117,465
Cash and investments escrow		-										
Due from other funds	23,915	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Special assessments receivable	22,667	20,000	20,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Accounts receivable	222,732	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Capital assets	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444
Less accumulated depreciation	(86,487)	(101,674)	(186,764)	(271,853)	(386,943)	(522,033)	(669,622)	(817,212)	(964,802)	(1,113,891)	(1,264,231)	(1,415,821)
Total Assets	1,106,910	1,272,339	4,001,195	4,013,273	5,142,803	5,884,668	6,316,313	6,181,051	6,053,407	5,996,287	6,001,575	6,029,088
Liabilities												
Due to other funds												
Unearned revenue	-	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Bonds payable	11,382		-	-	-	-	-	-	-	-	-	-
Accounts payable	11,382	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Total Liabilities	1,106,910	1,272,339	4,001,195	4,013,273	5,142,803	5,884,668	6,316,313	6,181,051	6,053,407	5,996,287	6,001,575	6,029,088
Total Liabilities and Net Assets												

Financial Plans

STORM WATER FUND

Table L-2
City of Lake Elmo, MN
Storm Water Fund
Cash Balance

	Actual	Current	Projected									
	2014 Actual	2015 Prel Estimated	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	230,718	312,746	502,676	520,515	617,682	662,302	739,256	818,492	830,819	850,765	882,734	988,362
Plus revenues	221,045	277,319	241,850	300,163	369,402	444,044	519,651	597,033	674,916	754,661	831,810	894,933
Plus bond proceeds			2,770,000		1,310,000	875,000	575,000					
Less acquisition of capital assets		-	(2,796,107)	-	(1,200,000)	(800,000)	(500,000)	-	-	(60,000)	(50,000)	(50,000)
Less principal on debt		-	-	-	(160,000)	(165,000)	(220,000)	(275,000)	(315,000)	(315,000)	(320,000)	(330,000)
Less interest on debt	(459)	-	-	(62,171)	(53,800)	(75,474)	(83,484)	(111,643)	(110,725)	(105,078)	(99,143)	(92,880)
Less operating and other costs	(138,558)	(85,321)	(197,904)	(140,824)	(220,983)	(201,616)	(211,931)	(198,063)	(229,245)	(242,614)	(257,040)	(292,950)
Plus transfers in		-	-	-	-	-	-	-	-	-	-	-
Less transfers out		-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities		(2,068)	-	-	-	-	-	-	-	-	-	-
Change in cash	82,028	189,930	17,839	97,167	44,620	76,954	79,236	12,327	19,946	31,970	105,628	129,103
Ending cash	312,746	502,676	520,515	617,682	662,302	739,256	818,492	830,819	850,765	882,734	988,362	1,117,465
Estimated Cash Balance Purposes												
For 6-months operating expense	67,151	42,661	98,952	70,412	110,491	100,808	105,965	99,031	114,623	121,307	128,520	146,475
For following year debt service	-	-	62,171	213,800	240,474	303,484	386,643	425,725	420,078	419,143	422,880	426,180
For next year planned capital		-	-	-	-	-	-	-	60,000	50,000	50,000	-
For reserves and future capital	245,595	460,016	359,392	333,470	311,337	334,964	325,883	306,063	256,065	292,285	386,962	544,810
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	312,746	502,676	520,515	617,682	662,302	739,256	818,492	830,819	850,765	882,734	988,362	1,117,465
Net Assets	1,095,528	1,272,339	1,231,195	1,243,273	1,222,803	1,254,668	1,331,313	1,471,051	1,658,407	1,916,287	2,241,575	2,599,088
Cash as % of Net Assets	28.5%	39.5%	42.3%	49.7%	54.2%	58.9%	61.5%	56.5%	51.3%	46.1%	44.1%	43.0%

Financial Plans

STORM WATER FUND

Table L-3
City of Lake Elmo, MN
Storm Water Fund

	Actual		Current	Operating and Other Expenses (Not Including Depreciation)									Projected		
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025			
Personnel Services															
Full-time Salaries	31,708	23,522	25,874	36,630	45,738	51,109	52,132	53,174	68,034	69,394	70,782	86,837			
PERA Contributions	2,290	1,697	1,867	2,656	3,316	3,705	3,780	3,855	4,932	5,031	5,132	6,296			
FICA Contributions	1,857	1,378	1,515	2,271	2,836	3,169	3,232	3,297	4,218	4,302	4,388	5,384			
Medicare Contributions	436	322	355	531	663	741	756	771	986	1,006	1,026	1,259			
Health\Dental Insurance	7,641	7,165	7,882	7,326	9,148	10,222	10,426	10,635	13,607	13,879	14,156	17,367			
Unemployment Benefits	-	-	-	-	1	2	3	4	5	6	7	8			
Workers Compensation	1,312	221	243	1,465	1,830	2,044	2,085	2,127	2,721	2,776	2,831	3,473			
Total Personnel Services	45,244	34,305	37,736	50,879	63,531	70,993	72,414	73,863	94,504	96,395	98,323	120,624			
Supplies															
Office Supplies	375	2,172	375	500	545	594	648	706	769	839	914	996			
Utility System Maint Supplies	411	551	500	1,000	1,090	1,188	1,295	1,412	1,539	1,677	1,828	1,993			
Small Tools & Minor Equipment	299	200	1,000	1,000	1,090	1,188	1,295	1,412	1,539	1,677	1,828	1,993			
Other Equipment	8,422	-	-	-	-	-	-	-	-	-	-	-			
Total Supplies	9,507	2,923	1,875	2,500	2,725	2,970	3,238	3,529	3,847	4,193	4,570	4,981			
Other Services and Charges															
Comprehensive Planning	-	-	3,000	-	-	-	-	-	-	-	-	-			
Engineering Services	21,009	20,332	30,000	20,000	21,800	23,762	25,901	28,232	30,772	33,542	36,561	39,851			
Eng Svcs SW Master Planning	-	-	15,000	-	-	-	-	-	-	-	-	-			
Contract Services	9,711	9,941	7,500	10,000	10,900	11,881	12,950	14,116	15,386	16,771	18,280	19,926			
Software Support	3,268	3,617	1,500	8,400	8,568	8,739	8,914	9,092	9,274	9,460	9,649	9,842			
Postage	1,700	1,500	1,700	1,645	1,793	1,954	2,130	2,322	2,531	2,759	3,007	3,278			
Insurance	-	-	-	1,500	1,635	1,782	1,943	2,117	2,308	2,516	2,742	2,989			
Street Sweeping	12,403	10,438	22,000	20,000	21,800	23,762	25,901	28,232	30,772	33,542	36,561	39,851			
Repairs/Maint Not Bldg	5,304	-	1,500	3,000	3,270	3,564	3,885	4,235	4,616	5,031	5,484	5,978			
Miscellaneous Expenses	459	-	400	400	436	475	518	565	615	671	731	797			
Conferences & Training	2,225	2,265	1,800	2,500	2,725	2,970	3,238	3,529	3,847	4,193	4,570	4,981			
Improvements Other Than Bldgs	18,190	-	30,000	20,000	21,800	23,762	25,901	28,232	30,772	33,542	36,561	39,851			
Vehicles	5,743	-	-	-	-	-	-	-	-	-	-	-			
Cost of issuance of bonds	-	-	43,893	-	60,000	25,000	25,000	-	-	-	-	-			
Other/adjustments	(461)	-	-	-	-	-	-	-	-	-	-	-			
Total Other Services and Charges	79,551	48,093	158,293	87,445	154,727	127,653	136,280	120,671	130,895	142,026	154,146	167,344			
Total Operating and Other Expenses	134,302	85,321	197,904	140,824	220,983	201,616	211,931	198,063	229,245	242,614	257,040	292,950			

Financial Plans

STORM WATER FUND

Estimated year end cash balances are projected to decline due to the increase in debt service expense related to the financing of capital improvement projects. Year-end cash balances are expected to recover due to the projected increase in the annual storm water fee (assumed to be \$5 per year increase).

The actual year-end cash balances will be impacted by changes in planned capital spending. As projects are implemented, beyond what is included in the draft CIP, cash balances may be lower than what is projected in this report.

The source and use of funds includes depreciation. The difference between the annual source and use of funds is the change in net assets of the fund.

Chart 11
City of Lake Elmo, MN
Storm Water Fund
Year End Cash Balance
(does not include cash held in escrow for refunding of bonds)

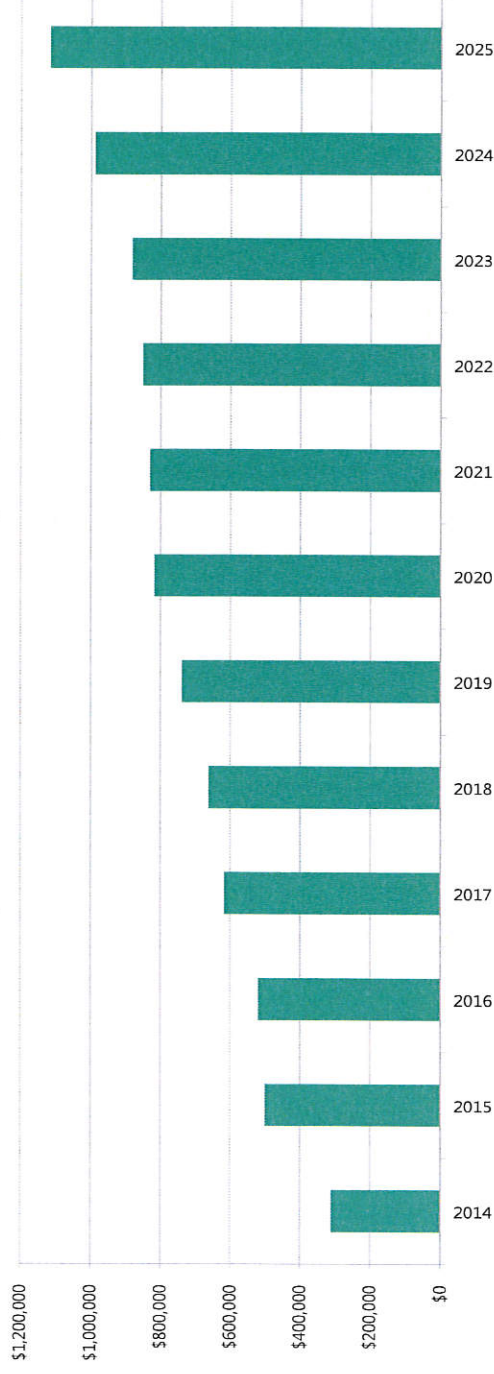


Chart 12
City of Lake Elmo, MN
Storm Water Fund
Difference Between Source and Use of Funds (Change in Net Assets)



APPENDIX A
City of Lake Elmo, MN
Water Fund

Calculation of Net Capital Assets

	Actual		Current	Projected								
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Balance of Capital Assets and Depreciation												
Land	54,675	54,675	54,675	54,675	54,675	54,675	54,675	54,675	54,675	54,675	54,675	54,675
Construction in progress	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086	1,201,086
Machinery & Equipment	300,587	300,587	300,587	300,587	300,587	300,587	300,587	300,587	300,587	300,587	300,587	300,587
Infrastructure	17,551,239	18,763,247	22,019,575	23,885,764	25,170,764	26,162,764	29,362,764	29,412,764	29,686,764	30,536,764	32,684,764	32,684,764
Total capital assets	19,107,587	20,319,595	23,575,923	25,442,112	26,727,112	27,719,112	30,919,112	30,969,112	31,243,112	32,093,112	34,241,112	34,241,112
Less allowance for depreciation	3,217,170	3,535,975	3,936,188	4,383,056	4,862,049	5,365,842	5,949,635	6,534,678	7,126,571	7,739,714	8,406,557	9,073,400
Net capital assets	15,890,417	16,783,620	19,639,735	21,059,056	21,865,063	22,353,270	24,969,477	24,434,434	24,116,541	24,353,398	25,834,555	25,167,712
Changes in Capital Assets and Depreciation												
Land	1,075,430											
Construction in progress	17,727											
Machinery & Equipment	3,842,011	1,212,008	3,256,328	1,866,189	1,285,000	992,000	3,200,000	50,000	274,000	850,000	2,148,000	-
Infrastructure	4,935,168	1,212,008	3,256,328	1,866,189	1,285,000	992,000	3,200,000	50,000	274,000	850,000	2,148,000	-
Total capital assets												
Less allowance for depreciation on current assets	317,759	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843
Less allowance for depreciation on new assets	99,105	(98,059)	81,408	46,655	32,125	24,800	80,000	1,250	6,850	21,250	53,700	-
Total increase in allowance for depreciation	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843	666,843
Change in net capital assets	4,518,304	893,203	2,856,115	1,419,321	806,007	488,207	2,616,207	(535,043)	(317,893)	236,857	1,481,157	(666,843)

* New assets depreciated over 40 years.

APPENDIX B
City of Lake Elmo, MN
Sanitary Sewer Fund
Calculation of Net Capital Assets

	Actual		Current	Projected								
	2014 Actual	2015 Un- Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Balance of Capital Assets and Depreciation												
Land		-	-	-	-	-	-	-	-	-	-	-
Construction in progress	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146	5,467,146
Machinery & Equipment		-	-	-	-	-	-	-	-	-	-	-
Infrastructure	361,986	2,760,986	3,644,136	5,116,823	5,741,823	6,191,823	6,191,823	7,691,823	8,391,823	8,603,823	8,803,823	9,003,823
Total capital assets	5,829,132	8,228,132	9,111,282	10,583,969	11,208,969	11,658,969	11,658,969	13,158,969	13,858,969	14,070,969	14,270,969	14,470,969
Less allowance for depreciation	207,224	215,963	246,781	314,416	397,676	492,186	586,695	718,705	868,215	1,023,025	1,182,835	1,347,645
Net capital assets	5,621,908	8,012,169	8,864,501	10,269,553	10,811,293	11,166,783	11,072,274	12,440,264	12,990,754	13,047,944	13,088,134	13,123,324
Changes in Capital Assets and Depreciation												
Land		-										
Construction in progress	2,313,830											
Machinery & Equipment												
Infrastructure	(8,071)	2,399,000	883,150	1,472,687	625,000	450,000	-	1,500,000	700,000	212,000	200,000	200,000
Total capital assets	2,305,759	2,399,000	883,150	1,472,687	625,000	450,000	-	1,500,000	700,000	212,000	200,000	200,000
Less allowance for depreciation on current assets	8,740	11,815	8,739	30,818	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810
Less allowance for depreciation on new assets	3,075	(3,076)	22,079	36,817	15,625	11,250	-	37,500	17,500	5,300	5,000	5,000
Total increase in allowance for depreciation	11,815	8,739	30,818	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810	164,810
Change in net capital assets	2,293,944	2,390,261	852,332	1,405,052	541,740	355,490	(94,510)	1,367,990	550,490	57,190	40,190	35,190

* New assets depreciated over 40 years.

APPENDIX C
City of Lake Elmo, MN
Storm Water Fund

Calculation of Net Capital Assets

	Actual		Current	Projected								
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Balance of Capital Assets and Depreciation												
Land		-	-	-	-	-	-	-	-	-	-	-
Construction in progress		-	-	-	-	-	-	-	-	-	-	-
Machinery & Equipment		-	-	-	-	-	-	-	-	-	-	-
Infrastructure	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444
Total capital assets	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444
Less allowance for depreciation	86,487	101,674	186,764	271,853	386,943	522,033	669,622	817,212	964,802	1,113,891	1,264,231	1,415,821
Net capital assets	524,850	509,663	3,220,680	3,135,591	4,220,501	4,885,411	5,237,822	5,090,232	4,942,642	4,853,553	4,753,213	4,651,623
Changes in Capital Assets and Depreciation												
Land												
Construction in progress												
Machinery & Equipment												
Infrastructure	-	-	2,796,107	-	1,200,000	800,000	500,000	-	-	60,000	50,000	50,000
Total capital assets	(82,770)	-	2,796,107	-	1,200,000	800,000	500,000	-	-	60,000	50,000	50,000
Less allowance for depreciation on current assets	15,187	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340
Less allowance for depreciation on new assets	776	(776)	69,903	-	30,000	20,000	12,500	-	-	1,500	1,250	1,250
Total increase in allowance for depreciation	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340	151,590
Change in net capital assets	(98,733)	(15,187)	2,711,017	(85,090)	1,084,910	664,910	352,410	(147,590)	(147,590)	(89,090)	(100,340)	(101,590)

* New assets depreciated over 40 years.

APPENDIX D

City of Lake Elmo, MN

Example Quarterly Utility Fees Payable by Property Types

	Current	Projected								
	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Residential Customer										
<i>Gallons of water per month</i>	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Water Bill	\$36	\$36	\$36	\$37	\$37	\$37	\$38	\$38	\$39	\$39
Sanitary Sewer Bill	\$108	\$108	\$109	\$110	\$111	\$112	\$114	\$115	\$116	\$117
Storm Sewer Bill	\$13	\$15	\$18	\$20	\$23	\$25	\$28	\$30	\$33	\$35
Total	\$157	\$159	\$163	\$167	\$171	\$175	\$179	\$183	\$187	\$191
Commercial Customer										
<i>Gallons of water per quarter</i>	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Water Bill	\$196	\$196	\$198	\$200	\$202	\$204	\$206	\$208	\$210	\$212
Sanitary Sewer Bill	\$225	\$225	\$227	\$230	\$232	\$234	\$236	\$239	\$241	\$244
Storm Sewer Bill	\$13	\$15	\$18	\$20	\$23	\$25	\$28	\$30	\$33	\$35
Total	\$433	\$436	\$443	\$449	\$456	\$463	\$470	\$477	\$484	\$491

Note:

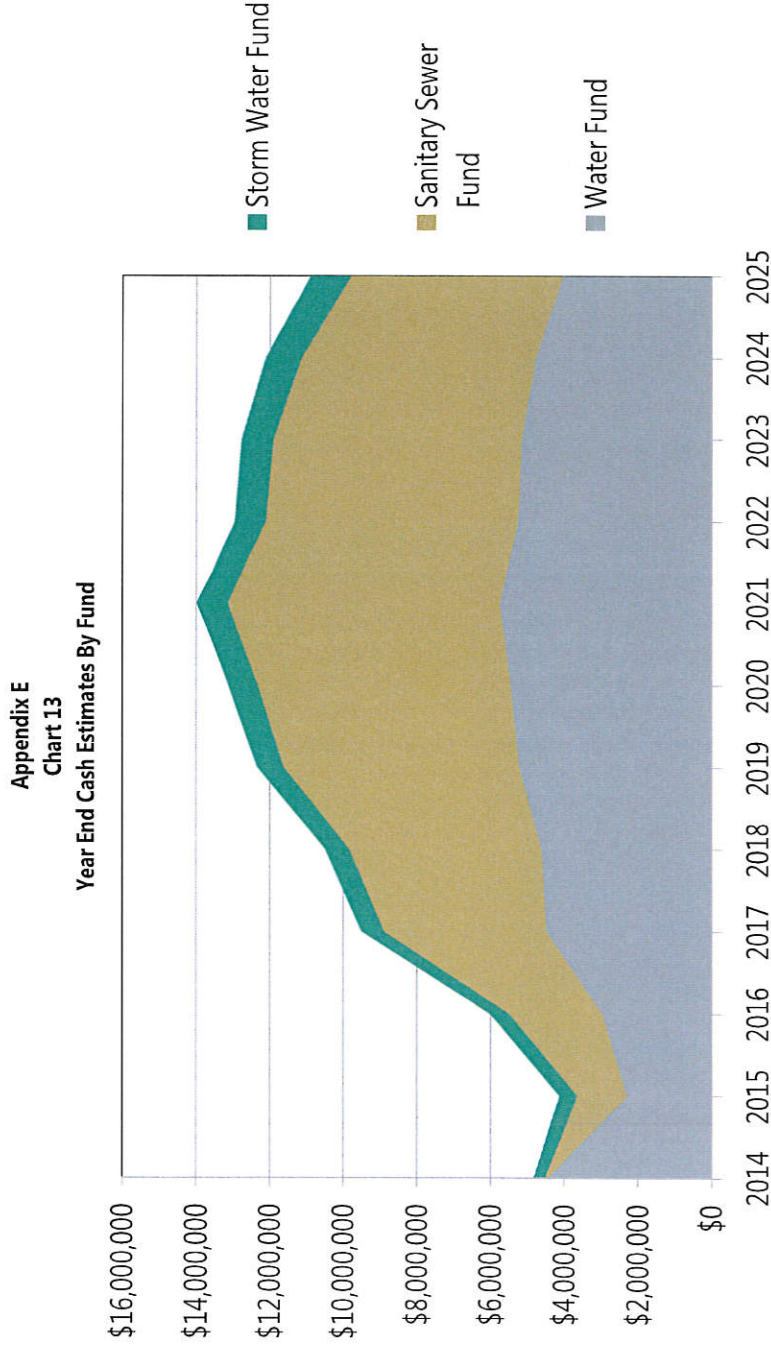
1. City bills the storm sewer charge on an annual basis. For the purpose of this report it is shown on a quarterly basis.
2. The commercial residential equivalents units (REU) billed are based on 5X the amount billed for a single REU.

Appendix

The increase in estimated year-end cash is due to the collection of charges from development to pay for future capital improvement projects, including debt service issued to finance the projects.

The estimated spend down of cash is projected to occur as projected development units are realized and the collection of development fees begins to decline and debt service payments are met.

For year by year explanation of projected change in year-end cash balances, see Table J-2 on page 29 for the Water Fund), Table K-2 on page 34 for the Sanitary Sewer Fund, and Table L-2 on page 39 for the Storm Water Fund.



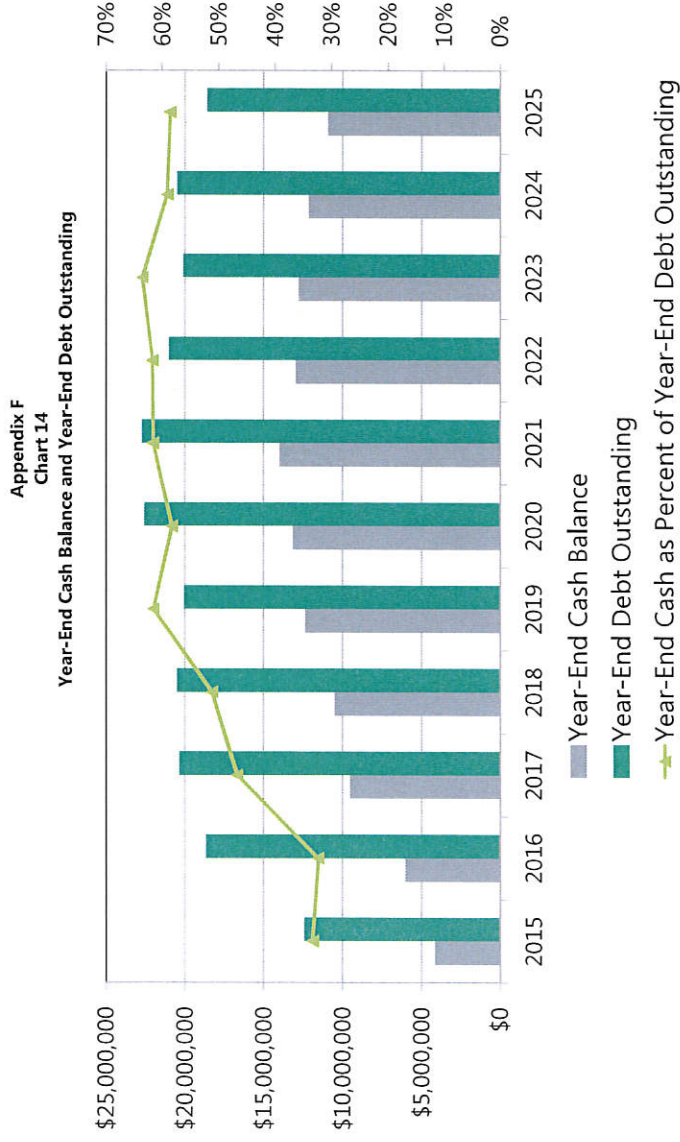
Note: Year 2015 is estimated (un-audited) and years 2016 through 2025 are projected based on financial plans (pro forma) for each of the funds.

Appendix

As noted for Chart 13 on page 46, the increase in estimated year-end cash is due to the collection of charges from development to pay for future capital improvement projects, including debt service issued to finance the projects.

The CIP anticipates the issuance of debt in the future to pay for capital improvements.

The projected future year-end cash as percent of year-end debt outstanding will increase as cash increases from the collection of development charges. The cash collected will be used to pay future debt service.



Note: Amounts for Year 2015 are un-audited actual. Years 2016-2025 are projected amounts based on this report.

APPENDIX G

Background

City staff requested that Northland prepare three alternative Scenarios to the Financial Management Plan for Water, Sanitary Sewer, and Storm Water Funds, dated October 5, 2016 (the "Original Report"). The three alternative Scenarios are as follows:

Scenario A

- Assume 30% fewer REU connections and SAC/WAC
- Assume projected annual % increase in customers is 30% less per year
- Adjust water and sewer operating expense based on 30% reduction in the projected annual % change; no change to operating expense for storm water

Scenario B

- Assume 30% more REU connections and SAC/WAC
- Assume projected annual % increase in customers is 30% greater per year
- Adjust water and sewer operating expense based on 30% increase in the projected annual % change; no change to operating expense for storm water

Scenario C

- Assume no change in rates; rates to remain at 2016 levels; no other changes.

Disclaimer

In considering the three alternative scenarios to the Original Report, it is important to note the following:

- The City's engineer and other consultants have not had the opportunity to consider the impact of changing the original assumption for REU connections and SAC/WAC and customers on the capital improvement plans, and operating expense included in the original report dated June 1, 2016.

- Debt issuance plans and anticipated structure of debt was not modified for any of the alternative scenarios; there may be impact to both amounts, timing, and structure of future debt based on each the alternative scenarios.
- Further review of the requested scenarios, and the impact on both revenues and expenses, including impact on fees, volume of water sold, and timing of planned capital outlays and structuring of related debt, may result in a different outcome than what is included in this presentation and the alternative scenarios requested by the City.
- The update reports for the alternative scenarios should be considered preliminary and subject to change upon further review and discussion.
- Included in this Appendix is the following updated Tables to the Original Report, based on Scenario A, Scenario B, and Scenario C:
 - Updated Table F – Growth Projections
 - Updated Table G – Water Fund – Fees and Charges and Customer Data
 - Updated Table H – Sanitary Sewer Fund – Fees and Charges and Customer Data
 - Updated Table I – Storm Water Fund – Fees and Charges and Customer Data
 - Updated Table J-1 – Water Fund Pro Forma
 - Updated Table J-2 – Water Fund Cash Balance
 - Updated Table K-1 – Sanitary Sewer Fund Pro Forma
 - Updated Table K-2 – Sanitary Sewer Fund Cash Balance
 - Updated Table L-1 – Storm Water Fund Pro Forma
 - Updated Table L-2 – Storm Water Fund Cash Balance

ALTERNATIVE SCENARIO A - 30% FEWER REU

Table F

City of Lake Elmo, MN
Growth Projections

Amounts Shown Equal Residential Equivalent Units (REU)

	Actual		Current	Projected										
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total 2016-2025	

WATER CONNECTIONS - PAID AT TIME OF PERMIT														
Residential	17	130	98	174	201	197	156	138	113	106	70	0	1,252	
Commercial	35	0	36	28	57	49	62	39	53	39	43	0	405	
School	0	0	28	56	0	0	0	0	0	0	0	0	84	
Total	52	130	162	258	258	246	218	176	165	144	113	0	1,741	

SANITARY SEWER CONNECTIONS - PAID AT TIME OF PERMIT														
Residential	17	130	126	244	201	197	156	138	134	120	89	14	1,418	
Commercial	35	0	57	53	67	21	14	14	14	11	6	0	256	
School	0	0	28	56	0	0	0	0	0	0	0	0	84	
Total	52	130	211	353	267	218	170	152	148	130	95	14	1,758	

WATER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING														
Residential	179	420	175	260	103	225	63	113	28	50	0	14	1,032	
Commercial	35	50	22	36	39	25	37	14	28	28	32	0	260	
School	0	0	28	56	0	0	0	0	0	0	0	0	84	
Total	214	470	225	352	141	249	100	127	56	78	32	14	1,376	

SANITARY SEWER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING														
Residential	134	448	212	286	141	233	91	113	42	64	14	14	1,212	
Residential Downtown			28	35	35	0	0	0	0	0	0	0	98	
Commercial	35	50	22	22	11	11	9	0	0	0	0	0	74	
Commercial - Downtown			21	53	53	21	0	0	0	0	0	0	147	
School	0	0	28	56	0	0	0	0	0	0	0	0	84	
Total	169	498	311	452	239	265	100	113	42	64	14	14	1,614	

Disclaimer: The City Engineer and City Staff have not reviewed the impact of this Scenario on capital improvement plans and operating costs. This Scenario is provided at the City's request. The information is preliminary and subject to change.

TABLE G
City of Lake Elmo, MN
Water Fund
Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)													
Residential customer units	1,050	1,115	1,250	1,384	1,559	1,736	1,887	2,008	2,110	2,196	2,265	2,291	
Commercial and school customer units	50	52	54	57	60	62	65	67	69	71	74	74	
Total customer units	1,100	1,167	1,304	1,440	1,618	1,798	1,951	2,075	2,179	2,267	2,339	2,365	
Total Volume Sold Per Year in Thousand of Gallons (Gal)													
Residential Usage per 1,000 gallons:													
Tier 1: 0-15,000 gallons	38,573	24,007	34,293	37,956	42,764	47,622	51,758	55,086	57,873	60,245	62,138	62,862	
Tier 2: 15,001-30,000 gallons	50,000	50,000	71,423	79,052	89,067	99,183	107,798	114,729	120,533	125,475	129,417	130,925	
Tier 3: 30,001-50,000 gallons	10,000	10,000	14,285	15,810	17,813	19,837	21,560	22,946	24,107	25,095	25,883	26,185	
Subtotal	98,573	84,007	120,000	132,819	149,645	166,641	181,116	192,761	202,513	210,815	217,439	219,973	
Commercial Usage per 1,000 gallons													
Tier 1: 0-15,000 gallons	156	8,000	8,308	8,738	9,160	9,574	9,980	10,280	10,674	10,965	11,349	11,349	
Tier 2: 15,001-30,000 gallons	10,000	10,000	10,385	10,923	11,450	11,968	12,475	12,849	13,342	13,706	14,186	14,186	
Tier 3: 30,001-50,000 gallons	2,000	2,000	2,077	2,185	2,290	2,394	2,495	2,570	2,668	2,741	2,837	2,837	
Subtotal	12,156	20,000	20,769	21,846	22,901	23,935	24,950	25,699	26,685	27,412	28,372	28,372	
Total Volume Billed (in thousand of gallons)	110,729	104,007	140,769	154,665	172,545	190,576	206,066	218,460	229,198	238,227	245,810	248,345	
Connections (Number of REC)	214	130	162	258	258	246	218	176	165	144	113	-	
Availability Charge (Number of REC)	52	470	225	352	141	249	100	127	56	78	32	14	
Charges for Service Fees (per 1,000 gallons)													
Residential quarterly base fee	\$25.00	\$25.00	\$20.00	\$20.00	\$20.20	\$20.40	\$20.61	\$20.81	\$21.02	\$21.23	\$21.44	\$21.66	
Residential Tier 1: 0-15,000 gallons	\$2.14	\$2.14	\$2.00	\$2.00	\$2.02	\$2.04	\$2.06	\$2.08	\$2.10	\$2.12	\$2.14	\$2.17	
Residential Tier 2: 15,001-30,000 gallons	\$2.86	\$2.86	\$2.60	\$2.60	\$2.63	\$2.65	\$2.68	\$2.71	\$2.73	\$2.76	\$2.79	\$2.82	
Residential Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.38	\$3.38	\$3.41	\$3.45	\$3.48	\$3.52	\$3.55	\$3.59	\$3.62	\$3.66	
Residential Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$4.39	\$4.39	\$4.43	\$4.48	\$4.52	\$4.57	\$4.61	\$4.66	\$4.71	\$4.75	
Residential Tier 5: >80,001 gallons	\$6.63	\$6.63	\$5.71	\$5.71	\$5.77	\$5.82	\$5.88	\$5.94	\$6.00	\$6.06	\$6.12	\$6.18	
Commercial quarterly base fee	\$25.00	\$25.00	\$25.00	\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	
Commercial Tier 1: 0-15,000 gallons	\$3.11	\$3.11	\$3.11	\$3.11	\$3.14	\$3.17	\$3.20	\$3.24	\$3.27	\$3.30	\$3.33	\$3.37	
Commercial Tier 2: 15,001-30,000 gallons	\$3.26	\$3.26	\$3.26	\$3.26	\$3.29	\$3.33	\$3.36	\$3.39	\$3.43	\$3.46	\$3.50	\$3.53	
Commercial Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.77	\$3.77	\$3.81	\$3.85	\$3.88	\$3.92	\$3.96	\$4.00	\$4.04	\$4.08	
Commercial Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$5.00	\$5.00	\$5.05	\$5.10	\$5.15	\$5.20	\$5.26	\$5.31	\$5.36	\$5.41	
Commercial Tier 5: >80,001 gallons	\$6.63	\$6.63	\$6.63	\$6.63	\$6.70	\$6.76	\$6.83	\$6.90	\$6.97	\$7.04	\$7.11	\$7.18	
Development Fees													
Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	
Annual Revenue													
Base charges	\$110,000	\$116,700	\$105,400	\$116,363	\$131,965	\$148,007	\$162,187	\$174,109	\$184,661	\$194,052	\$202,178	\$206,487	
Usage charges	\$303,871	\$297,095	\$370,087	\$405,910	\$456,280	\$507,988	\$554,072	\$592,698	\$627,836	\$658,846	\$686,685	\$700,471	
Total Charges for Service Fees	\$413,871	\$413,795	\$475,487	\$522,272	\$588,244	\$655,994	\$716,259	\$766,807	\$812,498	\$852,899	\$888,863	\$906,958	
Connection charges	\$214,000	\$130,000	\$161,700	\$258,300	\$258,300	\$245,700	\$217,700	\$176,400	\$165,200	\$144,200	\$113,400	\$0	
Availability charges	\$156,000	\$1,410,000	\$674,100	\$1,056,300	\$424,200	\$747,600	\$300,300	\$382,200	\$168,000	\$235,200	\$96,600	\$42,000	
Total Development Fees	\$370,000	\$1,540,000	\$835,800	\$1,314,600	\$682,500	\$993,300	\$518,000	\$558,600	\$333,200	\$379,400	\$210,000	\$42,000	
Total Revenue	\$783,871	\$1,953,795	\$1,311,287	\$1,836,872	\$1,270,744	\$1,649,294	\$1,234,259	\$1,325,407	\$1,145,698	\$1,232,299	\$1,098,863	\$948,958	

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ALTERNATIVE SCENARIO A - 30% FEWER REU

TABLE H
City of Lake Elmo, MN
Sanitary Sewer Fund
Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)	Residential customer units	17	82	237	423	610	758	879	974	1,058	1,135	1,196	1,225
	Commercial customer units	35	37	39	43	47	50	52	54	55	57	58	58
	Total customer units	52	119	276	466	657	808	931	1,028	1,114	1,191	1,254	1,283
	Total Volume Sold Per Year in Thousand of Gallons (Gal)												
	Residential Tier 1: per 1,000 gallons	-	6,790	17,064	30,420	43,909	54,554	63,271	70,130	76,212	81,698	86,088	88,193
	Commercial Tier 1: per 1,000 gallons	6,532	6,905	2,808	3,110	3,401	3,587	3,770	3,904	3,992	4,080	4,166	4,166
	Total Volume Billed (in thousand of gallons)	6,532	13,695	19,872	33,530	47,310	58,142	67,041	74,034	80,204	85,778	90,254	92,359
	Connections (Number of REC)	214	130	211	353	267	218	170	152	148	130	95	14
	Availability Charge (Number of REC)	52	498	262	364	152	244	100	113	42	64	14	14
	Availability Charge (Number of REC) - Downtown	-	-	49	88	88	21	-	-	-	-	-	-
Charges for Service Fees	Residential usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.87
	Commercial quarterly base fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Commercial usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.87
Development Fees	Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
	SAC Charge (pass-thru payable to Met Council)	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485
Annual Revenue	Base charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Usage charges	\$29,394	\$61,627	\$89,424	\$150,887	\$215,023	\$266,897	\$310,827	\$346,682	\$379,329	\$409,747	\$435,442	\$450,053
	Total charges for Service Fees	\$29,394	\$61,627	\$89,424	\$150,887	\$215,023	\$266,897	\$310,827	\$346,682	\$379,329	\$409,747	\$435,442	\$450,053
	Connection charges	\$214,000	\$130,000	\$210,700	\$352,800	\$267,400	\$217,700	\$170,100	\$151,900	\$147,700	\$130,200	\$95,200	\$14,000
	Availability charge Per REC Unit	\$156,000	\$1,494,000	\$785,400	\$1,092,000	\$455,700	\$730,800	\$300,300	\$340,200	\$126,000	\$193,200	\$42,000	\$42,000
	Availability charge Per REC Unit - Downtown			\$7,350	\$20,475	\$20,475	\$20,475	\$20,475	\$20,475	\$20,475	\$20,475	\$20,475	\$20,475
	Total Development Fees	\$370,000	\$1,624,000	\$1,003,450	\$1,465,275	\$743,575	\$968,975	\$490,875	\$512,575	\$294,175	\$343,875	\$157,675	\$76,475
Total Revenue	\$399,394	\$1,685,627	\$1,092,874	\$1,616,162	\$958,598	\$1,235,872	\$801,702	\$859,257	\$673,504	\$753,622	\$593,117	\$526,528	

Note: The Availability charge per REC Unit is broken-out separately for the "Downtown" because the charge to the Downtown units is spread over 20 years.

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table I
City of Lake Elmo, MN
Storm Water Fund

Fees and Charges and Customer Data												
	Actual		Current	Projected								
	2014 Actual	2015 Actual (Un-Audit)	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Units Billed (Quarterly Average)												
Residential units billed	2,472	2,602	2,742	2,916	3,112	3,243	3,345	3,434	3,506	3,573	3,616	3,616
Commercial residential equivalent units billed	1,675	1,685	1,695	1,709	1,723	1,737	1,751	1,761	1,775	1,785	1,799	1,799
Total residential equivalent units billed	4,147	4,287	4,437	4,625	4,835	4,980	5,096	5,195	5,281	5,358	5,415	5,415
Charges for Service Fees												
Residential fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Commercial fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Annual Revenue												
Base charges	\$207,350	\$214,350	\$221,850	\$277,518	\$338,459	\$398,381	\$458,604	\$519,488	\$580,859	\$642,919	\$703,984	\$758,136
Total Revenue	\$207,350	\$214,350	\$221,850	\$277,518	\$338,459	\$398,381	\$458,604	\$519,488	\$580,859	\$642,919	\$703,984	\$758,136

Note: The commercial residential equivalents units (REU) billed are based on 5X the amount billed for a single REU.

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table J-1
City of Lake Elmo, MN
Water Fund
Pro Forma

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	379,262	433,229	475,487	522,272	588,244	655,994	716,259	766,807	812,498	852,899	888,863	906,958
Charges for service fees - meters	16,994	65,875	40,000	68,000	72,760	54,955	58,802	62,918	67,322	72,035	77,078	82,473
Special assessments		163,405	17,477	16,950	16,423	15,897	15,370	14,844	14,317	12,688	8,151	7,856
Special assessments prepaid				400,000	950,000	750,000	50,000	50,000	-	-	-	-
Intergovernmental	663,994											
Investment income	16,668	26,925	19,788	13,043	17,855	17,009	17,719	17,541	17,576	14,061	12,371	9,814
Contributions and donations	848,074											
Water availability charge	797,400	1,237,500	674,100	1,056,300	424,200	747,600	300,300	382,200	168,000	235,200	96,600	42,000
Water connection fee	50,500	66,000	161,700	258,300	258,300	245,700	217,700	176,400	165,200	144,200	113,400	-
Rents/leases	46,935	49,742	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transfer in from other funds	784,801											
Total Source of Funds	3,604,628	2,042,676	1,434,552	2,380,866	2,373,783	2,533,155	1,422,150	1,516,710	1,290,913	1,377,082	1,242,463	1,095,101
Use of Funds												
Operating and other expense	325,495	454,358	636,321	510,513	423,795	427,100	515,958	409,313	437,596	478,237	515,628	480,782
Debt service expense	327,152	356,613	209,330	273,321	278,821	274,588	258,333	296,918	302,873	283,129	276,612	297,118
Depreciation	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843	666,843
Transfer out to other funds	7,895		-									
Total Use of Funds	1,077,406	1,129,776	1,245,864	1,230,702	1,181,609	1,205,481	1,338,084	1,291,273	1,332,361	1,374,509	1,459,083	1,444,742
Change in net assets	2,527,222	912,900	188,688	1,150,163	1,192,174	1,327,674	64,066	225,437	(41,448)	2,573	(216,620)	(349,641)
Net Assets	9,360,075	10,272,975	10,461,662	11,611,825	12,803,999	14,131,674	14,195,740	14,421,177	14,379,729	14,382,303	14,165,682	13,816,041
Assets												
Cash and investments	617,655	2,290,526	2,608,654	3,571,053	3,401,775	3,543,799	3,508,214	3,515,250	2,812,148	2,474,257	1,962,873	1,136,468
Cash and investments escrow	3,848,031	-										
Due from other funds												
Special assessments receivable	786,047	117,955	106,399	94,843	83,287	71,731	60,175	48,619	38,166	31,773	25,380	18,986
Accounts receivable	339,822	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000
Capital assets	19,107,587	20,319,595	23,575,923	25,442,112	26,727,112	27,719,112	30,919,112	30,969,112	31,243,112	32,093,112	34,241,112	34,241,112
Less accumulated depreciation	(3,217,170)	(3,535,975)	(3,936,188)	(4,383,056)	(4,862,049)	(5,365,842)	(5,949,635)	(6,534,678)	(7,126,571)	(7,739,714)	(8,406,557)	(9,073,400)
Total Assets	21,481,972	19,365,101	22,527,788	24,897,951	25,523,125	26,141,800	28,710,866	28,171,303	27,139,855	27,032,429	27,995,808	26,496,167
Liabilities												
Due to other funds	795											
Deferred revenue		214,000	378,000	563,000	706,000	807,000	857,000	907,000	957,000	1,007,000	1,057,000	1,057,000
Bonds payable	11,798,596	8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	13,395,000	12,580,000	11,540,000	11,380,000	12,510,000	11,360,000
Accounts payable	322,506	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126
Total Liabilities	12,121,897	9,092,126	12,066,126	13,286,126	12,719,126	12,010,126	14,515,126	13,750,126	12,760,126	12,650,126	13,830,126	12,680,126
Total Liabilities and Net Assets	21,481,972	19,365,101	22,527,788	24,897,951	25,523,125	26,141,800	28,710,866	28,171,303	27,139,855	27,032,429	27,995,808	26,496,167

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table J-2
City of Lake Elmo, MN
Water Fund
Cash Balance

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	4,528,855	4,465,686	2,290,526	2,608,654	3,571,052	3,401,775	3,543,799	3,508,214	3,515,250	2,812,148	2,474,257	1,962,873
Plus revenues	1,406,438	2,042,676	1,434,552	2,380,866	2,373,783	2,533,155	1,422,150	1,516,710	1,290,913	1,377,082	1,242,463	1,095,101
Plus bond proceeds	2,545,000	915,000	3,225,000	1,520,000	0	0	3,270,000	0	0	900,000	2,195,000	0
Less acquisition of capital assets	(3,775,676)	(1,006,492)	(3,256,328)	(1,866,189)	(1,285,000)	(992,000)	(3,200,000)	(50,000)	(274,000)	(850,000)	(2,148,000)	(1,150,000)
Less principal on debt	(230,000)	(4,015,000)	(415,000)	(485,000)	(710,000)	(810,000)	(815,000)	(815,000)	(1,040,000)	(1,060,000)	(1,065,000)	(297,118)
Less interest on debt	(292,324)	(356,613)	(209,330)	(273,321)	(278,821)	(274,588)	(258,333)	(296,918)	(302,873)	(283,129)	(276,612)	(480,782)
Less operating and other costs	(350,836)	(454,358)	(636,321)	(510,513)	(423,795)	(427,100)	(515,958)	(409,313)	(437,596)	(478,237)	(515,628)	(826,405)
Plus transfers in	784,801	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(7,895)	-	-	196,556	154,556	112,556	61,556	61,556	60,453	56,393	56,393	6,393
Incr/decr in other assets and liabilities	(142,677)	699,627	175,556	962,398	(169,277)	142,023	(35,585)	7,036	(703,102)	(337,891)	(511,384)	(826,405)
Change in cash	(63,169)	(2,175,160)	318,129	962,398	(169,277)	142,023	(35,585)	7,036	(703,102)	(337,891)	(511,384)	(826,405)
Total Ending Cash	4,465,686	2,290,526	2,608,654	3,571,052	3,401,775	3,543,799	3,508,214	3,515,250	2,812,148	2,474,257	1,962,873	1,136,468
Estimated Cash Balance Purposes												
For 6-months operating expense	162,748	227,179	318,161	255,257	211,898	213,550	257,979	204,656	218,798	239,119	257,814	240,391
For following year debt service	4,371,613	624,330	758,321	988,821	1,084,588	1,073,333	1,111,918	1,342,873	1,343,129	1,341,612	1,447,118	1,587,638
For next year planned capital	-	-	-	335,000	242,000	-	-	274,000	-	48,000	-	-
For reserves and future capital	(3,916,706)	1,439,017	1,532,173	1,991,975	1,863,290	2,256,916	2,138,317	1,693,721	1,250,221	845,526	257,942	(691,560)
For cash held with fiscal agent	3,848,031	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	4,465,686	2,290,526	2,608,654	3,571,052	3,401,775	3,543,799	3,508,214	3,515,250	2,812,148	2,474,257	1,962,873	1,136,468
Net Assets	9,360,075	10,272,975	10,461,662	11,611,825	12,803,999	14,131,674	14,195,740	14,421,177	14,379,729	14,382,303	14,165,682	13,816,041
Cash as % of Net Assets	47.7%	22.3%	24.9%	30.8%	26.6%	25.1%	24.7%	24.4%	19.6%	17.2%	13.9%	8.2%

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table K-1
City of Lake Elmo, MN
Sanitary Sewer Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Source of Funds	Charges for service fees	31,054	61,627	150,887	215,023	266,897	310,827	346,682	379,329	409,747	435,442	450,053	
	Special assessments		1,189,663	62,133	60,396	58,658	56,921	55,184	53,447	51,710	49,972	48,235	
	Special assessments prepaid			660,000	590,000	450,000	-	-	-	-	-	-	
	Intergovernmental	378,819											
	Investment income	1,430	9,929	10,564	16,775	19,010	22,389	23,366	24,528	20,704	19,068	16,474	
	Contributions and donations	166,148											
	Sewer availability charge	693,000	1,280,820	1,092,000	455,700	730,800	300,300	340,200	126,000	193,200	42,000	42,000	
	Sewer connection fee	17,000	180,000	352,800	267,400	217,700	170,100	151,900	147,700	130,200	95,200	14,000	
	Rents/leases												
	Miscellaneous			-	-	-	-	-	-	-	-	-	
	Sale of capital assets												
	Transfer in from other funds												
	Total Source of Funds	1,287,451	2,722,039	1,169,182	2,328,384	1,605,294	1,743,065	860,537	917,333	731,004	805,560	641,682	570,762
	Use of Funds	Operating and other expense	225,160	98,964	201,137	202,124	233,695	281,167	365,797	385,361	429,663	476,580	538,064
		Debt service expense	116,463	63,735	85,337	94,344	96,478	91,928	87,153	108,545	114,124	106,878	99,135
		Depreciation	11,815	8,739	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810	164,810
		Transfer out to other funds	704,637										
Total Use of Funds		1,058,075	171,438	248,788	379,728	424,683	467,604	584,959	643,417	698,597	743,267	802,009	
Change in net assets		229,376	2,550,601	1,974,275	1,225,566	1,318,382	392,933	332,373	87,587	106,963	(101,585)	(231,246)	
Net Assets		3,599,549	6,150,150	9,044,818	10,270,384	11,588,766	11,981,699	12,314,072	12,401,660	12,508,623	12,407,038	12,175,792	
Assets	Cash and investments	60,592	1,346,782										
	Cash and investments escrow		-										
	Due from other funds	54,305											
	Special assessments receivable	1,615,978	527,199	451,180	413,170	375,161	337,152	299,142	261,133	223,123	185,114	147,104	
	Accounts receivable	190,412	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	
	Capital assets	5,829,132	8,228,132	10,583,969	11,208,969	11,658,969	11,658,969	13,158,969	13,858,969	14,070,969	14,270,969	14,470,969	
	Less accumulated depreciation	(207,224)	(215,963)	(314,416)	(397,676)	(492,186)	(586,695)	(718,705)	(868,215)	(1,023,025)	(1,182,835)	(1,347,645)	
	Total Assets	7,543,195	10,182,150	14,371,818	15,322,384	16,315,766	16,378,699	17,941,072	17,688,660	17,380,623	16,864,038	16,207,792	
	Liabilities	Due to other funds											
		Deferred revenue											
Bonds payable		3,732,046	3,825,000	5,120,000	4,845,000	4,520,000	4,190,000	5,420,000	5,080,000	4,665,000	4,250,000	3,825,000	
Accounts payable		211,600	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	
Total Liabilities		3,943,646	4,032,000	5,327,000	5,052,000	4,727,000	4,397,000	5,627,000	5,287,000	4,872,000	4,457,000	4,032,000	
Total Liabilities and Net Assets		7,543,195	10,182,150	14,371,818	15,322,384	16,315,766	16,378,699	17,941,072	17,688,660	17,380,623	16,864,038	16,207,792	

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table K-2
City of Lake Elmo, MN
Sanitary Sewer Fund
Cash Balance

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	566,631	60,592	1,346,783	2,112,854	3,355,086	3,801,921	4,477,822	4,673,274	4,905,667	4,140,773	3,813,556	3,294,790
Plus revenues	1,207,110	2,722,039	1,169,182	2,328,384	1,605,294	1,743,065	860,537	917,333	731,004	805,560	641,682	570,762
Plus bond proceeds	840,000	280,000	860,000	855,000				1,570,000				
Less acquisition of capital assets	(1,518,430)	(2,399,000)	(883,150)	(1,472,687)	(625,000)	(450,000)	0	(1,500,000)	(700,000)	(212,000)	(200,000)	(200,000)
Less principal on debt	(135,000)	(150,000)	(200,000)	(220,000)	(275,000)	(325,000)	(330,000)	(340,000)	(340,000)	(415,000)	(415,000)	(425,000)
Less interest on debt	(68,507)	(63,735)	(68,378)	(85,337)	(94,344)	(96,478)	(91,928)	(87,153)	(108,545)	(114,124)	(106,878)	(99,135)
Less operating and other costs	(781,675)	(98,964)	(149,592)	(201,137)	(202,124)	(233,695)	(281,167)	(365,797)	(385,361)	(429,663)	(476,580)	(538,064)
Plus transfers in	0	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(2,606)	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(46,931)	995,851	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009
Change in cash	(506,039)	1,286,191	766,071	1,242,232	446,835	675,901	195,452	232,393	(764,893)	(327,217)	(518,766)	(653,427)
Ending cash	60,592	1,346,783	2,112,854	3,355,086	3,801,921	4,477,822	4,673,274	4,905,667	4,140,773	3,813,556	3,294,790	2,641,364
Estimated Cash Balance Purposes												
For 6-months operating expense	112,580	49,482	74,796	100,569	101,062	116,848	140,583	182,898	192,681	214,832	238,290	269,032
For following year debt service	213,735	268,378	305,337	369,344	421,478	421,928	427,153	448,545	529,124	521,878	524,135	520,903
For next year planned capital	-	12,500	-	35,000	-	-	-	700,000	212,000	200,000	200,000	-
For reserves and future capital	(265,723)	1,016,422	1,732,721	2,850,173	3,279,381	3,939,047	4,105,538	3,574,223	3,206,969	2,876,847	2,332,365	1,851,429
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	60,592	1,346,783	2,112,854	3,355,086	3,801,921	4,477,822	4,673,274	4,905,667	4,140,773	3,813,556	3,294,790	2,641,364
Net Assets	3,599,549	6,150,150	7,070,544	9,044,818	10,270,384	11,588,766	11,981,699	12,314,072	12,401,660	12,508,623	12,407,038	12,175,792
Cash as % of Net Assets	1.7%	21.9%	29.9%	37.1%	37.0%	38.6%	39.0%	39.8%	33.4%	30.5%	26.6%	21.7%

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Table L-1
City of Lake Elmo, MN
Storm Water Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	214,915	264,350	221,850	277,518	338,459	398,381	458,604	519,488	580,859	642,919	703,984	758,136
Special assessments	837		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental												
Investment income	1,239	2,844	5,000	2,603	3,064	3,225	3,476	3,663	3,435	3,163	2,863	2,850
Contributions and donations												
Development fees												
Miscellaneous		10,125	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Sale of capital assets												
Transfer in from other funds												
Total Source of Funds	216,991	277,319	241,850	295,321	356,928	417,218	477,904	539,192	600,556	662,569	723,563	777,937
Use of Funds												
Operating and other expense	134,302	85,321	197,904	140,824	220,983	201,616	211,931	198,063	229,245	242,614	257,040	292,950
Debt service expense	459	-	-	62,171	53,800	75,474	83,484	111,643	110,725	105,078	99,143	92,880
Depreciation	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340	151,590
Transfer out to other funds	82,770		-									
Total Use of Funds	233,494	100,508	282,994	288,085	389,872	412,179	443,005	457,296	487,560	496,781	506,522	537,420
Change in net assets												
<i>Prior period adjustment</i>	(16,503)	176,811	(41,144)	7,236	(32,945)	5,039	34,899	81,896	112,996	165,789	217,041	240,517
Net Assets	1,095,528	1,272,339	1,231,195	1,238,431	1,205,486	1,210,525	1,245,424	1,327,320	1,440,317	1,606,105	1,823,146	2,063,664
Assets												
Cash and investments	312,746	502,676	520,515	612,840	644,985	695,114	732,602	687,088	632,674	572,553	569,933	582,040
Cash and investments escrow		-										
Due from other funds	23,915	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Special assessments receivable	22,667	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Accounts receivable	222,732	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Capital assets	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444
<i>Less accumulated depreciation</i>	(86,487)	(101,674)	(186,764)	(271,853)	(386,943)	(522,033)	(669,622)	(817,212)	(964,802)	(1,113,891)	(1,264,231)	(1,415,821)
Total Assets	1,106,910	1,272,339	4,001,195	4,008,431	5,125,486	5,840,525	6,230,424	6,037,320	5,835,317	5,686,105	5,583,146	5,493,664
Liabilities												
Due to other funds												
Unearned revenue	-	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Bonds payable	11,382		-	-	-	-	-	-	-	-	-	-
Accounts payable	11,382	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Total Liabilities												
Total Liabilities and Net Assets	1,106,910	1,272,339	4,001,195	4,008,431	5,125,486	5,840,525	6,230,424	6,037,320	5,835,317	5,686,105	5,583,146	5,493,664

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ALTERNATIVE SCENARIO A - 30% FEWER REU

Table L-2
City of Lake Elmo, MN
Storm Water Fund
Cash Balance

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	230,718	312,746	502,676	520,515	612,840	644,985	695,114	732,602	687,088	632,674	572,553	569,933
Plus revenues	221,045	277,319	241,850	295,321	356,928	417,218	477,904	539,192	600,556	662,569	723,563	777,937
Less acquisition of capital assets	-	-	2,770,000 (2,796,107)	-	1,310,000 (1,200,000)	875,000 (800,000)	575,000 (500,000)	-	-	(60,000)	(50,000)	(50,000)
Less principal on debt	-	-	-	-	(160,000)	(165,000)	(220,000)	(275,000)	(315,000)	(315,000)	(320,000)	(330,000)
Less interest on debt	(459)	-	-	(62,171)	(53,800)	(75,474)	(83,484)	(111,643)	(110,725)	(105,078)	(99,143)	(92,880)
Less operating and other costs	(138,558)	(85,321)	(197,904)	(140,824)	(220,983)	(201,616)	(211,931)	(198,063)	(229,245)	(242,614)	(257,040)	(292,950)
Plus transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(2,068)	-	-	-	-	-	-	-	-	-	-	-
Change in cash	82,028	189,930	17,839	92,325	32,145	50,128	37,489	(45,514)	(54,414)	(60,122)	(2,619)	12,107
Ending cash	312,746	502,676	520,515	612,840	644,985	695,114	732,602	687,088	632,674	572,553	569,933	582,040
Estimated Cash Balance Purposes												
For 6-months operating expense	67,151	42,661	98,952	70,412	110,491	100,808	105,965	99,031	114,623	121,307	128,520	146,475
For following year debt service	-	-	62,171	213,800	240,474	303,484	386,643	425,725	420,078	419,143	422,880	426,180
For next year planned capital	-	-	-	-	-	-	-	-	60,000	50,000	50,000	-
For reserves and future capital	245,595	460,016	359,392	328,628	294,020	290,822	239,994	162,332	37,974	(17,897)	(31,467)	9,385
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	312,746	502,676	520,515	612,840	644,985	695,114	732,602	687,088	632,674	572,553	569,933	582,040
Net Assets	1,095,528	1,272,339	1,231,195	1,238,431	1,205,486	1,210,525	1,245,424	1,327,320	1,440,317	1,606,105	1,823,146	2,063,664
Cash as % of Net Assets	28.5%	39.5%	42.3%	49.5%	53.5%	57.4%	58.8%	51.8%	43.9%	35.6%	31.3%	28.2%

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table F

City of Lake Elmo, MN
Growth Projections

Amounts Shown Equal Residential Equivalent Units (REU)

	Actual		Current	Projected							Total 2016-2025
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	

WATER CONNECTIONS - PAID AT TIME OF PERMIT

Residential	17	130	182	324	373	365	290	256	209	196	130	0	2,326
Commercial	35	0	66	52	107	91	114	72	98	72	81	0	751
School	0	0	52	104	0	0	0	0	0	0	0	0	156
Total	52	130	300	480	480	456	404	328	307	268	211	0	3,233

SANITARY SEWER CONNECTIONS - PAID AT TIME OF PERMIT

Residential	17	130	234	454	373	365	290	256	248	222	165	26	2,634
Commercial	35	0	105	98	124	39	26	26	26	20	12	0	475
School	0	0	52	104	0	0	0	0	0	0	0	0	156
Total	52	130	391	655	497	404	316	282	274	242	177	26	3,264

WATER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING

Residential	179	420	325	484	191	417	117	211	52	94	0	26	1,916
Commercial	35	50	40	66	72	46	69	26	52	52	60	0	482
School	0	0	52	104	0	0	0	0	0	0	0	0	156
Total	214	470	417	654	263	463	186	237	104	146	60	26	2,555

SANITARY SEWER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING

Residential	134	448	394	532	263	433	169	211	78	120	26	26	2,250
Residential - Downtown			52	65	65	0	0	0	0	0	0	0	182
Commercial	35	50	40	40	20	20	17	0	0	0	0	0	137
Commercial - Downtown			39	98	98	39	0	0	0	0	0	0	273
School	0	0	52	104	0	0	0	0	0	0	0	0	156
Total	169	498	577	839	445	491	186	211	78	120	26	26	2,998

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TABLE G
City of Lake Elmo, MN
Water Fund
Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)													
Residential customer units	1,050	1,115	1,250	1,498	1,850	2,241	2,602	2,913	3,187	3,429	3,629	3,708	3,708
Commercial and school customer units	50	52	54	59	65	70	75	80	85	90	95	95	95
Total customer units	1,100	1,167	1,304	1,557	1,915	2,311	2,678	2,993	3,272	3,519	3,725	3,803	3,803
Total Volume Sold Per Year in Thousand of Gallons (Gal)													
Residential Usage per 1,000 gallons:													
Tier 1: 0-15,000 gallons	38,573	24,007	34,293	41,096	50,765	61,472	71,389	79,913	87,422	94,077	99,567	101,722	101,722
Tier 2: 15,001-30,000 gallons	50,000	50,000	71,423	85,592	105,729	128,030	148,684	166,437	182,075	195,937	207,370	211,859	211,859
Tier 3: 30,001-50,000 gallons	10,000	10,000	14,285	17,118	21,146	25,606	29,737	33,287	36,415	39,187	41,474	42,372	42,372
Subtotal	98,573	84,007	120,000	143,807	177,639	215,108	249,809	279,638	305,912	329,202	348,411	355,952	355,952
Commercial Usage per 1,000 gallons													
Tier 1: 0-15,000 gallons	156	8,000	8,308	9,108	9,924	10,757	11,604	12,251	13,123	13,788	14,684	14,684	14,684
Tier 2: 15,001-30,000 gallons	10,000	10,000	10,385	11,385	12,405	13,446	14,505	15,313	16,404	17,235	18,355	18,355	18,355
Tier 3: 30,001-50,000 gallons	2,000	2,000	2,077	2,277	2,481	2,689	2,901	3,063	3,281	3,447	3,671	3,671	3,671
Subtotal	12,156	20,000	20,769	22,769	24,811	26,891	29,010	30,627	32,808	34,470	36,710	36,710	36,710
Total Volume Billed (in thousand of gallons)	110,729	104,007	140,769	166,576	202,450	242,000	278,820	310,264	338,720	363,672	385,121	392,663	392,663
Connections (Number of REC)	214	130	300	480	480	456	404	328	307	268	211	-	-
Availability Charge (Number of REC)	52	470	417	654	263	463	186	237	104	146	60	26	26
Charges for Service Fees (per 1,000 gallons)													
Residential quarterly base fee	\$25.00	\$25.00	\$20.00	\$20.00	\$20.20	\$20.40	\$20.61	\$20.81	\$21.02	\$21.23	\$21.44	\$21.66	\$21.66
Residential Tier 1: 0-15,000 gallons	\$2.14	\$2.14	\$2.00	\$2.00	\$2.02	\$2.04	\$2.06	\$2.08	\$2.10	\$2.12	\$2.14	\$2.17	\$2.17
Residential Tier 2: 15,001-30,000 gallons	\$2.86	\$2.86	\$2.60	\$2.60	\$2.63	\$2.65	\$2.68	\$2.71	\$2.73	\$2.76	\$2.79	\$2.82	\$2.82
Residential Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.38	\$3.38	\$3.41	\$3.45	\$3.48	\$3.52	\$3.55	\$3.59	\$3.62	\$3.66	\$3.66
Residential Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$4.39	\$4.39	\$4.43	\$4.48	\$4.52	\$4.57	\$4.61	\$4.66	\$4.71	\$4.75	\$4.75
Residential Tier 5: >80,001 gallons	\$6.63	\$6.63	\$5.71	\$5.71	\$5.77	\$5.82	\$5.88	\$5.94	\$6.00	\$6.06	\$6.12	\$6.18	\$6.18
Commercial quarterly base fee	\$25.00	\$25.00	\$25.00	\$25.00	\$25.25	\$25.50	\$25.76	\$26.02	\$26.28	\$26.54	\$26.80	\$27.07	\$27.07
Commercial Tier 1: 0-15,000 gallons	\$3.11	\$3.11	\$3.11	\$3.11	\$3.14	\$3.17	\$3.20	\$3.24	\$3.27	\$3.30	\$3.33	\$3.37	\$3.37
Commercial Tier 2: 15,001-30,000 gallons	\$3.26	\$3.26	\$3.26	\$3.26	\$3.29	\$3.33	\$3.36	\$3.39	\$3.43	\$3.46	\$3.50	\$3.53	\$3.53
Commercial Tier 3: 30,001-50,000 gallons	\$3.77	\$3.77	\$3.77	\$3.77	\$3.81	\$3.85	\$3.88	\$3.92	\$3.96	\$4.00	\$4.04	\$4.08	\$4.08
Commercial Tier 4: 50,001-80,000 gallons	\$5.00	\$5.00	\$5.00	\$5.00	\$5.05	\$5.10	\$5.15	\$5.20	\$5.26	\$5.31	\$5.36	\$5.41	\$5.41
Commercial Tier 5: >80,001 gallons	\$6.63	\$6.63	\$6.63	\$6.63	\$6.70	\$6.76	\$6.83	\$6.90	\$6.97	\$7.04	\$7.11	\$7.18	\$7.18
Development Fees													
Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Annual Revenue													
Base charges	\$110,000	\$116,700	\$105,400	\$125,759	\$156,028	\$189,992	\$222,254	\$250,780	\$276,896	\$300,725	\$321,520	\$331,540	\$331,540
Usage charges	\$303,871	\$297,095	\$370,087	\$436,615	\$533,842	\$642,454	\$746,121	\$837,313	\$922,767	\$1,000,065	\$1,069,802	\$1,101,090	\$1,101,090
Total Charges for Service Fees	\$413,871	\$413,795	\$475,487	\$562,374	\$689,870	\$832,447	\$968,375	\$1,088,093	\$1,199,663	\$1,300,790	\$1,391,322	\$1,432,630	\$1,432,630
Connection charges	\$214,000	\$130,000	\$300,300	\$479,700	\$479,700	\$456,300	\$404,300	\$327,600	\$306,800	\$267,800	\$210,600	\$0	\$0
Availability charges	\$156,000	\$1,410,000	\$1,251,900	\$1,961,700	\$787,800	\$1,388,400	\$557,700	\$709,800	\$312,000	\$436,800	\$179,400	\$78,000	\$78,000
Total Development Fees	\$370,000	\$1,540,000	\$1,552,200	\$2,441,400	\$1,267,500	\$1,844,700	\$962,000	\$1,037,400	\$618,800	\$704,600	\$390,000	\$78,000	\$78,000
Total Revenue	\$783,871	\$1,953,795	\$2,027,687	\$3,003,774	\$1,957,370	\$2,677,147	\$1,930,375	\$2,125,493	\$1,818,463	\$2,005,390	\$1,781,322	\$1,510,630	\$1,510,630

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ALTERNATIVE SCENARIO B - 30% MORE REU

TABLE H

City of Lake Elmo, MN
Sanitary Sewer Fund

Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)	Residential customer units	17	82	237	582	1,060	1,538	1,994	2,396	2,781	3,153	3,468	3,625
	Commercial customer units	35	37	39	47	55	61	66	71	74	77	80	80
	Total customer units	52	119	276	628	1,115	1,598	2,060	2,466	2,855	3,230	3,547	3,705
	Total Volume Sold Per Year in Thousand of Gallons (Gal)												
	Residential Tier 1: per 1,000 gallons	-	6,790	17,064	41,868	76,347	110,721	143,576	172,482	200,260	227,033	249,690	261,028
	Commercial Tier 1: per 1,000 gallons	6,532	6,905	2,808	3,370	3,954	4,357	4,769	5,084	5,297	5,512	5,729	5,729
	Total Volume Billed (in thousand of gallons)	6,532	13,695	19,872	45,238	80,300	115,078	148,345	177,566	205,557	232,546	255,419	266,757
	Connections (Number of REC)	214	130	391	655	497	404	316	282	274	242	177	26
	Availability Charge (Number of REC)	52	498	486	676	282	452	186	211	78	120	26	26
	Availability Charge (Number of REC) - Downtown		-	91	163	163	39	-	-	-	-	-	-
Charges for Service Fees													
Residential usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.82	\$4.87
Commercial quarterly base fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Commercial usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.55	\$4.59	\$4.64	\$4.68	\$4.73	\$4.78	\$4.82	\$4.82	\$4.87
Development Fees													
Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
SAC Charge (pass-thru payable to Met Council)	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485
Annual Revenue													
Base charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Usage charges	\$29,394	\$61,627	\$89,424	\$203,569	\$364,964	\$528,259	\$687,780	\$831,492	\$972,192	\$1,110,834	\$1,232,299	\$1,299,869	\$1,299,869
Total Charges for Service Fees	\$29,394	\$61,627	\$89,424	\$203,569	\$364,964	\$528,259	\$687,780	\$831,492	\$972,192	\$1,110,834	\$1,232,299	\$1,299,869	\$1,299,869
Connection charges	\$214,000	\$130,000	\$391,300	\$655,200	\$496,600	\$404,300	\$315,900	\$282,100	\$274,300	\$241,800	\$176,800	\$26,000	\$26,000
Availability charge Per REC Unit	\$156,000	\$1,494,000	\$1,458,600	\$2,028,000	\$846,300	\$1,357,200	\$557,700	\$631,800	\$234,000	\$358,800	\$78,000	\$78,000	\$78,000
Availability charge Per REC Unit - Downtown			\$13,650	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025	\$38,025
Total Development Fees	\$370,000	\$1,624,000	\$1,863,550	\$2,721,225	\$1,380,925	\$1,799,525	\$911,625	\$951,925	\$546,325	\$638,625	\$292,825	\$292,825	\$142,025
Total Revenue	\$399,394	\$1,685,627	\$1,952,974	\$2,924,794	\$1,745,889	\$2,327,784	\$1,599,405	\$1,783,417	\$1,518,517	\$1,749,459	\$1,525,124	\$1,441,894	\$1,441,894

Note: The Availability charge per REC Unit is broken-out separately for the "Downtown" because the charge to the Downtown units is spread over 20 years.

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table 1
City of Lake Elmo, MN
Storm Water Fund
Fees and Charges and Customer Data

	Actual		Current	Projected								
	2014 Actual	2015 Actual (Un-Audit)	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Units Billed (Quarterly Average)												
Residential units billed	2,472	2,602	2,742	3,066	3,448	3,948	4,356	4,725	5,032	5,324	5,519	5,519
Commercial residential equivalent units billed	1,675	1,685	1,695	1,721	1,747	1,773	1,800	1,819	1,846	1,866	1,892	1,892
Total residential equivalent units billed	4,147	4,287	4,437	4,787	5,195	5,721	6,156	6,544	6,877	7,189	7,412	7,412
Charges for Service Fees												
Residential fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Commercial fee	\$50.00	\$50.00	\$50.00	\$60.00	\$70.00	\$80.00	\$90.00	\$100.00	\$110.00	\$120.00	\$130.00	\$140.00
Annual Revenue												
Base charges	\$207,350	\$214,350	\$221,850	\$287,202	\$363,665	\$457,674	\$553,999	\$654,404	\$756,506	\$862,695	\$963,496	\$1,037,611
Total Revenue	\$207,350	\$214,350	\$221,850	\$287,202	\$363,665	\$457,674	\$553,999	\$654,404	\$756,506	\$862,695	\$963,496	\$1,037,611

Note: The commercial residential equivalents units (REU) billed are based on 5X the amount billed for a single REU.

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table J-1
City of Lake Elmo, MN
Water Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	379,262	433,229	475,487	562,374	689,870	832,447	968,375	1,088,093	1,199,663	1,300,790	1,391,322	1,432,630
Charges for service fees – meters	16,994	65,875	40,000	68,000	72,760	54,955	58,802	62,918	67,322	72,035	77,078	82,473
Special assessments		163,405	17,477	16,950	16,423	15,897	15,370	14,844	14,317	12,688	8,151	7,856
Special assessments prepaid				400,000	950,000	750,000	50,000	50,000	-	-	-	-
Intergovernmental	663,994											
Investment income	16,668	26,925	19,788	16,625	27,145	29,551	35,228	38,122	41,720	41,034	42,517	42,522
Contributions and donations	848,074											
Water availability charge	797,400	1,237,500	1,251,900	1,961,700	787,800	1,388,400	557,700	709,800	312,000	436,800	179,400	78,000
Water connection fee	50,500	66,000	300,300	479,700	479,700	456,300	404,300	327,600	306,800	267,800	210,600	-
Rents/leases	46,935	49,742	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transfer in from other funds	784,801											
Total Source of Funds	3,604,628	2,042,676	2,150,952	3,551,349	3,069,698	3,573,550	2,135,775	2,337,377	1,987,821	2,177,147	1,955,067	1,689,481
Use of Funds												
Operating and other expense	325,495	454,358	636,321	539,546	469,046	474,272	615,232	517,413	568,488	643,914	715,833	678,621
Debt service expense	327,152	356,613	209,330	273,321	278,821	274,588	258,333	296,918	302,873	283,129	276,612	297,118
Depreciation	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843	666,843
Transfer out to other funds	7,895		-									
Total Use of Funds	1,077,406	1,129,776	1,245,864	1,259,735	1,226,860	1,252,652	1,457,357	1,399,373	1,463,253	1,540,186	1,659,288	1,642,582
Change in net assets	2,527,222	912,900	905,088	2,291,614	1,842,838	2,320,898	678,418	938,003	524,568	636,961	295,778	46,899
Net Assets	9,360,075	10,272,975	11,178,062	13,469,677	15,312,515	17,633,412	18,311,830	19,249,833	19,774,401	20,411,363	20,707,141	20,754,040
Assets												
Cash and investments	617,655	2,290,526	3,325,054	5,428,904	5,910,291	7,045,537	7,624,304	8,343,906	8,206,820	8,503,317	8,504,332	8,074,467
Cash and investments escrow	3,848,031	-										
Due from other funds												
Special assessments receivable	786,047	117,955	106,399	94,843	83,287	71,731	60,175	48,619	38,166	31,773	25,380	18,986
Accounts receivable	339,822	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000
Capital assets	19,107,587	20,319,595	23,575,923	25,442,112	26,727,112	27,719,112	30,919,112	30,969,112	31,243,112	32,093,112	34,241,112	34,241,112
Less accumulated depreciation	(3,217,170)	(3,535,975)	(3,936,188)	(4,383,056)	(4,862,049)	(5,365,842)	(5,949,635)	(6,534,678)	(7,126,571)	(7,739,714)	(8,406,557)	(9,073,400)
Total Assets	21,481,972	19,365,101	23,244,188	26,755,803	28,031,641	29,643,538	32,826,956	32,999,959	32,534,527	33,061,489	34,537,267	33,434,166
Liabilities												
Due to other funds	795											
Deferred revenue		214,000	378,000	563,000	706,000	807,000	857,000	907,000	957,000	1,007,000	1,057,000	1,057,000
Bonds payable	11,798,596	8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	13,395,000	12,580,000	11,540,000	11,380,000	12,510,000	11,360,000
Accounts payable	322,506	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126
Total Liabilities	12,121,897	9,092,126	12,066,126	13,286,126	12,719,126	12,010,126	14,515,126	13,750,126	12,760,126	12,650,126	13,830,126	12,680,126
Total Liabilities and Net Assets	21,481,972	19,365,101	23,244,188	26,755,803	28,031,641	29,643,538	32,826,956	32,999,959	32,534,527	33,061,489	34,537,267	33,434,166

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table J-2
City of Lake Elmo, MN
Water Fund
Cash Balance

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	4,528,855	4,465,686	2,290,526	3,325,054	5,428,904	5,910,290	7,045,537	7,624,304	8,343,906	8,206,820	8,503,317	8,504,332
Plus revenues	1,406,438	2,042,676	2,150,952	3,551,349	3,069,698	3,573,550	2,135,775	2,337,377	1,987,821	2,177,147	1,955,067	1,689,481
Less bond proceeds	2,545,000	915,000	3,225,000	1,520,000	0	0	3,270,000	0	900,000	900,000	2,195,000	0
Less acquisition of capital assets	(3,775,676)	(1,006,492)	(3,256,328)	(1,866,189)	(1,285,000)	(992,000)	(3,200,000)	(50,000)	(274,000)	(850,000)	(2,148,000)	0
Less principal on debt	(230,000)	(4,015,000)	(415,000)	(485,000)	(710,000)	(810,000)	(815,000)	(815,000)	(1,040,000)	(1,060,000)	(1,065,000)	(1,150,000)
Less interest on debt	(292,324)	(356,613)	(209,330)	(273,321)	(278,821)	(274,588)	(258,333)	(296,918)	(302,873)	(283,129)	(276,612)	(297,118)
Less operating and other costs	(350,836)	(454,358)	(636,321)	(539,546)	(469,046)	(474,272)	(615,232)	(517,413)	(568,488)	(643,914)	(715,833)	(678,621)
Plus transfers in	784,801	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(7,895)	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(142,677)	699,627	175,556	196,556	154,556	112,556	61,556	61,556	60,453	56,393	56,393	6,393
Change in cash	(63,169)	(2,175,160)	1,034,529	2,103,849	481,387	1,135,247	578,767	719,602	(137,086)	296,497	1,014	(429,864)
Total Ending Cash	4,465,686	2,290,526	3,325,054	5,428,904	5,910,290	7,045,537	7,624,304	8,343,906	8,206,820	8,503,317	8,504,332	8,074,467
Estimated Cash Balance Purposes												
For 6-months operating expense	162,748	227,179	318,161	269,773	234,523	237,136	307,616	258,707	284,244	321,957	357,917	339,311
For following year debt service	4,371,613	624,330	758,321	988,821	1,084,588	1,073,333	1,111,918	1,342,873	1,343,129	1,341,612	1,447,118	1,587,638
For next year planned capital	-	-	-	335,000	242,000	-	-	274,000	-	48,000	-	-
For reserves and future capital	(3,916,706)	1,439,017	2,248,573	3,835,310	4,349,180	5,735,069	6,204,770	6,468,327	6,579,447	6,791,748	6,699,297	6,147,519
For cash held with fiscal agent	3,848,031	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	4,465,686	2,290,526	3,325,054	5,428,904	5,910,290	7,045,537	7,624,304	8,343,906	8,206,820	8,503,317	8,504,332	8,074,467
Net Assets	9,360,075	10,272,975	11,178,062	13,469,677	15,312,515	17,633,412	18,311,830	19,249,833	19,774,401	20,411,363	20,707,141	20,754,040
Cash as % of Net Assets	47.7%	22.3%	29.7%	40.3%	38.6%	40.0%	41.6%	43.3%	41.5%	41.7%	41.1%	38.9%

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table K-1
City of Lake Elmo, MN
Sanitary Sewer Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Source of Funds													
Charges for service fees	31,054	61,627	89,424	203,569	364,964	528,259	687,780	831,492	972,192	1,110,834	1,232,299	1,299,869	
Special assessments		1,189,663	63,870	62,133	60,396	58,658	56,921	55,184	53,447	51,710	49,972	48,235	
Special assessments prepaid				660,000	590,000	450,000	-	-	-	-	-	-	
Intergovernmental	378,819												
Investment income	1,430	9,929	19,788	14,833	27,411	33,433	42,051	46,659	51,763	51,409	53,787	54,648	
Contributions and donations	166,148												
Sewer availability charge	693,000	1,280,820	1,458,600	2,028,000	846,300	1,357,200	557,700	631,800	234,000	358,800	78,000	78,000	
Sewer connection fee	17,000	180,000	391,300	655,200	496,600	404,300	315,900	282,100	274,300	241,800	176,800	26,000	
Rents/leases													
Miscellaneous				-	-	-	-	-	-	-	-	-	
Sale of capital assets													
Transfer in from other funds													
Total Source of Funds	1,287,451	2,722,039	2,022,982	3,623,735	2,385,671	2,831,851	1,660,352	1,847,235	1,585,702	1,814,553	1,590,859	1,506,752	
Use of Funds													
Operating and other expense	225,160	98,964	149,592	223,228	224,793	274,953	354,741	507,279	546,038	635,714	734,881	870,320	
Debt service expense	116,463	63,735	68,378	85,337	94,344	96,478	91,928	87,153	108,545	114,124	106,878	99,135	
Depreciation	11,815	8,739	30,818	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810	164,810	
Transfer out to other funds	704,637		-										
Total Use of Funds	1,058,075	171,438	248,788	376,200	402,396	465,940	541,179	726,441	804,093	904,648	1,001,568	1,134,264	
Change in net assets	229,376	2,550,601	1,774,194	3,247,535	1,983,274	2,365,911	1,119,173	1,120,794	781,609	909,905	589,291	372,487	
Net Assets	3,599,549	6,150,150	7,924,344	11,171,879	13,155,153	15,521,064	16,640,238	17,761,032	18,542,641	19,452,545	20,041,836	20,414,323	
Assets													
Cash and investments	60,592	1,346,782	2,966,653	5,482,146	6,686,689	8,410,120	9,331,812	10,352,626	10,281,754	10,757,478	10,929,588	10,879,895	
Cash and investments escrow		-											
Due from other funds	54,305												
Special assessments receivable	1,615,978	527,199	489,189	451,180	413,170	375,161	337,152	299,142	261,133	223,123	185,114	147,104	
Accounts receivable	190,412	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	
Capital assets	5,829,132	8,228,132	9,111,282	10,583,969	11,208,969	11,658,969	11,658,969	13,158,969	13,858,969	14,070,969	14,270,969	14,470,969	
Less accumulated depreciation	(207,224)	(215,963)	(246,781)	(314,416)	(397,676)	(492,186)	(586,695)	(718,705)	(868,215)	(1,023,025)	(1,182,835)	(1,347,645)	
Total Assets	7,543,195	10,182,150	12,616,344	16,498,879	18,207,153	20,248,064	21,037,238	23,388,032	23,829,641	24,324,545	24,498,836	24,446,323	
Liabilities													
Due to other funds													
Deferred revenue													
Bonds payable	3,732,046	3,825,000	4,485,000	5,120,000	4,845,000	4,520,000	4,190,000	5,420,000	5,080,000	4,665,000	4,250,000	3,825,000	
Accounts payable	211,600	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	
Total Liabilities	3,943,646	4,032,000	4,692,000	5,327,000	5,052,000	4,727,000	4,397,000	5,627,000	5,287,000	4,872,000	4,457,000	4,032,000	
Total Liabilities and Net Assets	7,543,195	10,182,150	12,616,344	16,498,879	18,207,153	20,248,064	21,037,238	23,388,032	23,829,641	24,324,545	24,498,836	24,446,323	

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table K-2
City of Lake Elmo, MN
Sanitary Sewer Fund
Cash Balance

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	566,631	60,592	1,346,783	2,966,654	5,482,146	6,686,690	8,410,120	9,331,813	10,352,627	10,281,755	10,757,478	10,929,588
Plus revenues	1,207,110	2,722,039	2,022,982	3,623,735	2,385,671	2,831,851	1,660,352	1,847,235	1,585,702	1,814,553	1,590,859	1,506,752
Plus bond proceeds	840,000	280,000	860,000	855,000				1,570,000				
Less acquisition of capital assets	(1,518,430)	(2,399,000)	(883,150)	(1,472,687)	(625,000)	(450,000)	0	(1,500,000)	(700,000)	(212,000)	(200,000)	(200,000)
Less principal on debt	(135,000)	(150,000)	(200,000)	(220,000)	(275,000)	(325,000)	(330,000)	(340,000)	(340,000)	(415,000)	(415,000)	(425,000)
Less interest on debt	(68,507)	(63,735)	(68,378)	(85,337)	(94,344)	(96,478)	(91,928)	(87,153)	(108,545)	(114,124)	(106,878)	(99,135)
Less operating and other costs	(781,675)	(98,964)	(149,592)	(223,228)	(224,793)	(274,953)	(354,741)	(507,279)	(546,038)	(635,714)	(734,881)	(870,320)
Plus transfers in	0	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(2,606)	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(46,931)	995,851	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009
Change in cash	(506,039)	1,286,191	1,619,871	2,515,492	1,204,544	1,723,430	921,693	1,020,814	(70,872)	475,724	172,110	(49,693)
Ending cash	60,592	1,346,783	2,966,654	5,482,146	6,686,690	8,410,120	9,331,813	10,352,627	10,281,755	10,757,478	10,929,588	10,879,895
Estimated Cash Balance Purposes												
For 6-months operating expense	112,580	49,482	74,796	111,614	112,396	137,476	177,371	253,639	273,019	317,857	367,440	435,160
For following year debt service	213,735	268,378	305,337	369,344	421,478	421,928	427,153	448,545	529,124	521,878	524,135	520,903
For next year planned capital	-	12,500	-	35,000	-	-	-	700,000	212,000	200,000	200,000	-
For reserves and future capital	(265,723)	1,016,422	2,586,521	4,966,188	6,152,816	7,850,716	8,727,289	8,950,442	9,267,612	9,717,744	9,838,013	9,923,833
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	60,592	1,346,783	2,966,654	5,482,146	6,686,690	8,410,120	9,331,813	10,352,627	10,281,755	10,757,478	10,929,588	10,879,895
Net Assets												
Cash as % of Net Assets	3,599,549	6,150,150	7,924,344	11,171,879	13,155,153	15,521,064	16,640,238	17,761,032	18,542,641	19,452,545	20,041,836	20,414,323
	1.7%	21.9%	37.4%	49.1%	50.8%	54.2%	56.1%	58.3%	55.4%	55.3%	54.5%	53.3%

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table L-1
City of Lake Elmo, MN
Storm Water Fund

	Pro Forma												
	Actual		Current	Projected									
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Source of Funds													
Charges for service fees	214,915	264,350	221,850	287,202	363,665	457,674	553,999	654,404	756,506	862,695	963,496	1,037,611	
Special assessments	837		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Intergovernmental													
Investment income	1,239	2,844	5,000	2,603	3,113	3,400	3,948	4,614	5,066	5,680	6,491	7,794	
Contributions and donations													
Development fees													
Miscellaneous		10,125	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951	
Sale of capital assets													
Transfer in from other funds													
Total Source of Funds	216,991	277,319	241,850	305,005	382,181	476,686	573,771	675,059	777,834	884,863	986,703	1,062,355	
Use of Funds													
Operating and other expense	134,302	85,321	197,904	140,824	220,983	201,616	211,931	198,063	229,245	242,614	257,040	292,950	
Debt service expense	459	-	-	62,171	53,800	75,474	83,484	111,643	110,725	105,078	99,143	92,880	
Depreciation	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340	151,590	
Transfer out to other funds	82,770		-										
Total Use of Funds	233,494	100,508	282,994	288,085	389,872	412,179	443,005	457,296	487,560	496,781	506,522	537,420	
Change in net assets	(16,503)	176,811	(41,144)	16,920	(7,691)	64,506	130,767	217,763	290,274	388,082	480,181	524,936	
Prior period adjustment													
Net Assets	1,095,528	1,272,339	1,231,195	1,248,115	1,240,424	1,304,931	1,435,697	1,653,461	1,943,735	2,331,816	2,811,998	3,336,934	
Assets													
Cash and investments	312,746	502,676	520,515	622,524	679,923	789,519	922,876	1,013,229	1,136,092	1,298,264	1,558,785	1,855,311	
Cash and investments escrow		-											
Due from other funds	23,915			20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
Special assessments receivable	22,667	20,000	20,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	
Accounts receivable	222,732	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	
Capital assets	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444	
Less accumulated depreciation	(86,487)	(101,674)	(186,764)	(271,853)	(386,943)	(522,033)	(669,622)	(817,212)	(964,802)	(1,113,891)	(1,264,231)	(1,415,821)	
Total Assets	1,106,910	1,272,339	4,001,195	4,018,115	5,160,424	5,934,931	6,420,697	6,363,461	6,338,735	6,411,816	6,571,998	6,766,934	
Liabilities													
Due to other funds													
Unearned revenue		-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000	
Bonds payable	11,382		-	-	-	-	-	-	-	-	-	-	
Accounts payable	11,382	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000	
Total Liabilities													
Total Liabilities and Net Assets	1,106,910	1,272,339	4,001,195	4,018,115	5,160,424	5,934,931	6,420,697	6,363,461	6,338,735	6,411,816	6,571,998	6,766,934	

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ALTERNATIVE SCENARIO B - 30% MORE REU

Table L-2
City of Lake Elmo, MN
Storm Water Fund
Cash Balance

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	230,718	312,746	502,676	520,515	622,524	679,923	789,519	922,876	1,013,229	1,136,092	1,298,264	1,558,785
Plus revenues	221,045	277,319	241,850	305,005	382,181	476,686	573,771	675,059	777,834	884,863	986,703	1,062,355
Plus bond proceeds			2,770,000		1,310,000	875,000	575,000					
Less acquisition of capital assets		-	(2,796,107)	-	(1,200,000)	(800,000)	(500,000)	-	-	(60,000)	(50,000)	(50,000)
Less principal on debt		-	-	-	(160,000)	(165,000)	(220,000)	(275,000)	(315,000)	(315,000)	(320,000)	(330,000)
Less interest on debt	(459)	-	-	(62,171)	(53,800)	(75,474)	(83,484)	(111,643)	(110,725)	(105,078)	(99,143)	(92,880)
Less operating and other costs	(138,558)	(85,321)	(197,904)	(140,824)	(220,983)	(201,616)	(211,931)	(198,063)	(229,245)	(242,614)	(257,040)	(292,950)
Plus transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(2,068)		-	-	-	-	-	-	-	-	-	-
Change in cash	82,028	189,930	17,839	102,009	57,399	109,596	133,356	90,353	122,864	162,172	260,521	296,526
Ending cash	312,746	502,676	520,515	622,524	679,923	789,519	922,876	1,013,229	1,136,092	1,298,264	1,558,785	1,855,311
Estimated Cash Balance Purposes												
For 6-months operating expense	67,151	42,661	98,952	70,412	110,491	100,808	105,965	99,031	114,623	121,307	128,520	146,475
For following year debt service	-	-	62,171	213,800	240,474	303,484	386,643	425,725	420,078	419,143	422,880	426,180
For next year planned capital	-	-	-	-	-	-	-	-	60,000	50,000	50,000	-
For reserves and future capital	245,595	460,016	359,392	338,312	328,958	385,227	430,267	488,472	541,392	707,815	957,385	1,282,656
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	312,746	502,676	520,515	622,524	679,923	789,519	922,876	1,013,229	1,136,092	1,298,264	1,558,785	1,855,311
Net Assets	1,095,528	1,272,339	1,231,195	1,248,115	1,240,424	1,304,931	1,435,697	1,653,461	1,943,735	2,331,816	2,811,998	3,336,934
Cash as % of Net Assets	28.5%	39.5%	42.3%	49.9%	54.8%	60.5%	64.3%	61.3%	58.4%	55.7%	55.4%	55.6%

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ALTERNATIVE SCENARIO C - NO RATE CHANGES

Table F

City of Lake Elmo, MN
Growth Projections

Amounts Shown Equal Residential Equivalent Units (REU)

	Actual		Current	Projected										Total 2016-2025	
	2014 Actual	2015 Un-Audited	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025			
WATER CONNECTIONS - PAID AT TIME OF PERMIT															
Residential	17	130	140	249	287	281	223	197	161	151	100	0	1,789		
Commercial	35	0	51	40	82	70	88	55	75	55	62	0	578		
School	0	0	40	80	0	0	0	0	0	0	0	0	120		
Total	52	130	231	369	369	351	311	252	236	206	162	0	2,487		
SANITARY SEWER CONNECTIONS - PAID AT TIME OF PERMIT															
Residential	17	130	180	349	287	281	223	197	191	171	127	20	2,026		
Commercial	35	0	81	75	95	30	20	20	20	15	9	0	365		
School	0	0	40	80	0	0	0	0	0	0	0	0	120		
Total	52	130	301	504	382	311	243	217	211	186	136	20	2,511		
WATER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING															
Residential	179	420	250	372	147	321	90	162	40	72	0	20	1,474		
Commercial	35	50	31	51	55	35	53	20	40	40	46	0	371		
School	0	0	40	80	0	0	0	0	0	0	0	0	120		
Total	214	470	321	503	202	356	143	182	80	112	46	20	1,965		
SANITARY SEWER AVAILABILITY CHARGE - PAID AT TIME OF PLATTING															
Residential	134	448	303	409	202	333	130	162	60	92	20	20	1,731		
Residential - Downtown			40	50	50								140		
Commercial	35	50	31	31	15	15	13	0	0	0	0	0	105		
Commercial - Downtown			30	75	75	30							210		
School	0	0	40	80	0	0	0	0	0	0	0	0	120		
Total	169	498	444	645	342	378	143	162	60	92	20	20	2,306		

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ALTERNATIVE SCENARIO C - NO RATE CHANGES

TABLE G
City of Lake Elmo, MN
Water Fund

Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025
Customer Units Billed (Quarterly Average) Residential customer units Commercial and school customer units Total customer units Total Volume Sold Per Year in Thousand of Gallons (Gal) Residential Usage per 1,000 gallons: Tier 1: 0-15,000 gallons Tier 2: 15,001-30,000 gallons Tier 3: 30,001-50,000 gallons Subtotal Commercial Usage per 1,000 gallons Tier 1: 0-15,000 gallons Tier 2: 15,001-30,000 gallons Tier 3: 30,001-50,000 gallons Subtotal Total Volume Billed (in thousand of gallons) Connections (Number of REC) Availability Charge (Number of REC)	1,050	1,115	1,250	1,445	1,713	1,997	2,249	2,459	2,638	2,794	2,919	2,969
	50	52	54	58	62	66	70	73	77	80	84	84
	1,100	1,167	1,304	1,503	1,775	2,063	2,319	2,532	2,715	2,874	3,003	3,053
	38,573	24,007	34,293	39,643	46,995	54,786	61,700	67,461	72,372	76,651	80,081	81,452
	50,000	50,000	71,423	82,565	97,878	114,105	128,504	140,503	150,730	159,644	166,786	169,643
	10,000	10,000	14,285	16,513	19,576	22,821	25,701	28,101	30,146	31,929	33,357	33,929
	98,573	84,007	120,000	138,720	164,448	191,712	215,904	236,064	253,248	268,224	280,224	285,024
	156	8,000	8,308	8,923	9,538	10,154	10,769	11,231	11,846	12,308	12,923	12,923
	10,000	10,000	10,385	11,154	11,923	12,692	13,462	14,038	14,808	15,385	16,154	16,154
	2,000	2,000	2,077	2,231	2,385	2,538	2,692	2,808	2,962	3,077	3,231	3,231
Charges for Service Fees (per 1,000 gallons) Residential quarterly base fee Residential Tier 1: 0-15,000 gallons Residential Tier 2: 15,001-30,000 gallons Residential Tier 3: 30,001-50,000 gallons Residential Tier 4: 50,001-80,000 gallons Residential Tier 5: >80,001 gallons Commercial quarterly base fee Commercial Tier 1: 0-15,000 gallons Commercial Tier 2: 15,001-30,000 gallons Commercial Tier 3: 30,001-50,000 gallons Commercial Tier 4: 50,001-80,000 gallons Commercial Tier 5: >80,001 gallons Development Fees Connection charge Per REC Unit Availability charge Per REC Unit	12,156	20,000	20,769	22,308	23,846	25,385	26,923	28,077	29,615	30,769	32,308	32,308
	110,729	104,007	140,769	161,028	188,294	217,097	242,827	264,141	282,863	298,993	312,532	317,332
	214	130	231	369	369	351	311	252	236	206	162	-
	52	470	321	503	202	356	143	182	80	112	46	20
	\$25.00	\$25.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
	\$2.14	\$2.14	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
	\$2.86	\$2.86	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60
	\$3.77	\$3.77	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38	\$3.38
	\$5.00	\$5.00	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39	\$4.39
	\$6.63	\$6.63	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71	\$5.71
Annual Revenue Base charges Usage charges Total Charges for Service Fees Connection charges Availability charges Total Development Fees Total Revenue	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11
	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26	\$3.26
	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77	\$3.77
	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00
	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63	\$6.63
	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
	\$110,000	\$116,700	\$105,400	\$121,400	\$143,240	\$166,360	\$186,920	\$204,020	\$218,740	\$231,520	\$241,920	\$245,920
	\$303,871	\$297,095	\$370,087	\$422,289	\$492,161	\$565,905	\$631,904	\$686,486	\$734,815	\$776,327	\$811,585	\$823,688

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ALTERNATIVE SCENARIO C - NO RATE CHANGES

TABLE H

City of Lake Elmo, MN
Sanitary Sewer Fund

Fees and Charges and Customer Data

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Actual (Un-Audit)		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)	Residential customer units	17	82	237	502	820	1,104	1,356	1,566	1,760	1,941	2,090	2,163
	Commercial customer units	35	37	39	45	51	55	59	62	64	66	68	68
	Total customer units	52	119	276	547	871	1,159	1,415	1,628	1,824	2,007	2,158	2,231
	Total Volume Sold Per Year in Thousand of Gallons (Gal)												
	Residential Tier 1: per 1,000 gallons	-	6,790	17,064	36,144	59,040	79,488	97,632	112,752	126,720	139,752	150,480	155,736
	Commercial Tier 1: per 1,000 gallons	6,532	6,905	2,808	3,240	3,672	3,960	4,248	4,464	4,608	4,752	4,896	4,896
	Total Volume Billed (in thousand of gallons)	6,532	13,695	19,872	39,384	62,712	83,448	101,880	117,216	131,328	144,504	155,376	160,632
	Connections (Number of REC)	214	130	301	504	382	311	243	217	211	186	136	20
	Availability Charge (Number of REC)	52	498	374	520	217	348	143	162	60	92	20	20
	Availability Charge (Number of REC) - Downtown	-	-	70	125	125	30	-	-	-	-	-	-
Charges for Service Fees	Residential usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
	Commercial quarterly base fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Commercial usage per 1,000 gallons:	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
Development Fees	Connection charge Per REC Unit	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
	Availability charge Per REC Unit	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
	SAC Charge (pass-thru payable to Met Council)	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485	\$2,485
Annual Revenue	Base charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Usage charges	\$29,394	\$61,627	\$89,424	\$177,228	\$282,204	\$375,516	\$458,460	\$527,472	\$590,976	\$650,268	\$699,192	\$722,844
	Total Charges for Service Fees	\$29,394	\$61,627	\$89,424	\$177,228	\$282,204	\$375,516	\$458,460	\$527,472	\$590,976	\$650,268	\$699,192	\$722,844
	Connection charges	\$214,000	\$130,000	\$301,000	\$504,000	\$382,000	\$311,000	\$243,000	\$217,000	\$211,000	\$186,000	\$136,000	\$20,000
	Availability charge Per REC Unit	\$156,000	\$1,494,000	\$1,122,000	\$1,560,000	\$651,000	\$1,044,000	\$429,000	\$486,000	\$180,000	\$276,000	\$60,000	\$60,000
	Availability charge Per REC Unit - Downtown			\$10,500	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250	\$29,250
	Total Development Fees	\$370,000	\$1,624,000	\$1,433,500	\$2,093,250	\$1,062,250	\$1,384,250	\$701,250	\$732,250	\$420,250	\$491,250	\$225,250	\$109,250
Total Revenue	\$399,394	\$1,685,627	\$1,522,924	\$2,270,478	\$1,344,454	\$1,759,766	\$1,159,710	\$1,259,722	\$1,011,226	\$1,141,518	\$924,442	\$832,094	

Note: The Availability charger per REC Unit is broken-out separately for the "Downtown" because the charge to the Downtown units is spread over 20 years.

ALTERNATIVE SCENARIO C - NO RATE CHANGES

Table 1
City of Lake Elmo, MN
Storm Water Fund

Fees and Charges and Customer Data													
	Actual		Current	Projected									
	2014 Actual	2015 Actual (Un-Audit)	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Customer Units Billed (Quarterly Average)													
Residential units billed	2,472	2,602	2,742	2,991	3,278	3,559	3,782	3,979	4,140	4,291	4,391	4,391	
Commercial residential equivalent units billed	1,675	1,685	1,695	1,715	1,735	1,755	1,775	1,790	1,810	1,825	1,845	1,845	
Total residential equivalent units billed	4,147	4,287	4,437	4,706	5,013	5,314	5,557	5,769	5,950	6,116	6,236	6,236	
Charges for Service Fees													
Residential fee	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	
Commercial fee	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	
Annual Revenue													
Base charges	\$207,350	\$214,350	\$221,850	\$235,300	\$250,650	\$265,700	\$277,850	\$288,450	\$297,500	\$305,800	\$311,800	\$311,800	
Total Revenue	\$207,350	\$214,350	\$221,850	\$235,300	\$250,650	\$265,700	\$277,850	\$288,450	\$297,500	\$305,800	\$311,800	\$311,800	

Note: The commercial residential equivalents units (REU) billed are based on 5X the amount billed for a single REU.

ALTRENTATIVE SCENARIO C - NO RATE CHANGES

Table J-1
City of Lake Elmo, MN
Water Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	379,262	433,229	475,487	543,689	635,401	732,265	818,824	890,506	953,555	1,007,847	1,053,505	1,069,608
Charges for service fees - meters	16,994	65,875	40,000	68,000	72,760	54,955	58,802	62,918	67,322	72,035	77,078	82,473
Special assessments		163,405	17,477	16,950	16,423	15,897	15,370	14,844	14,317	12,688	8,151	7,856
Special assessments prepaid				400,000	950,000	750,000	50,000	50,000	-	-	-	-
Intergovernmental	663,994											
Investment income	16,668	26,925	19,788	14,834	22,434	23,083	26,097	27,088	28,445	25,749	24,877	22,655
Contributions and donations	848,074											
Water availability charge	797,400	1,237,500	963,000	1,509,000	606,000	1,068,000	429,000	546,000	240,000	336,000	138,000	60,000
Water connection fee	50,500	66,000	231,000	369,000	369,000	351,000	311,000	252,000	236,000	206,000	162,000	-
Rents/leases	46,935	49,742	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Transfer in from other funds	784,801											
Total Source of Funds	3,604,628	2,042,676	1,792,752	2,967,473	2,718,018	3,041,200	1,755,094	1,889,356	1,585,640	1,706,319	1,509,611	1,288,592
Use of Funds												
Operating and other expense	325,495	454,358	636,321	539,546	469,046	474,272	615,232	517,413	568,488	643,914	715,833	678,621
Debt service expense	327,152	356,613	209,330	273,321	278,821	274,588	258,333	296,918	302,873	283,129	276,612	297,118
Depreciation	416,864	318,805	400,213	446,868	478,993	503,793	583,793	585,043	591,893	613,143	666,843	666,843
Transfer out to other funds	7,895		-									
Total Use of Funds	1,077,406	1,129,776	1,245,864	1,259,735	1,226,860	1,252,652	1,457,357	1,399,373	1,463,253	1,540,186	1,659,288	1,642,582
Change in net assets	2,527,222	912,900	546,888	1,707,738	1,491,158	1,788,547	297,736	489,982	122,387	166,133	(149,678)	(353,990)
Net Assets	9,360,075	10,272,975	10,819,862	12,527,601	14,018,759	15,807,306	16,105,043	16,595,025	16,717,412	16,883,545	16,733,867	16,379,877
Assets												
Cash and investments	617,655	2,290,526	2,966,854	4,486,828	4,616,535	5,219,431	5,417,516	5,689,098	5,149,830	4,975,500	4,531,058	3,700,305
Cash and investments escrow	3,848,031	-										
Due from other funds												
Special assessments receivable	786,047	117,955	106,399	94,843	83,287	71,731	60,175	48,619	38,166	31,773	25,380	18,986
Accounts receivable	339,822	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000	173,000
Capital assets	19,107,587	20,319,595	23,575,923	25,442,112	26,727,112	27,719,112	30,919,112	30,969,112	31,243,112	32,093,112	34,241,112	34,241,112
Less accumulated depreciation	(3,217,170)	(3,535,975)	(3,936,188)	(4,383,056)	(4,862,049)	(5,365,842)	(5,949,635)	(6,534,678)	(7,126,571)	(7,739,714)	(8,406,557)	(9,073,400)
Total Assets	21,481,972	19,365,101	22,885,988	25,813,727	26,737,885	27,817,432	30,620,169	30,345,151	29,477,538	29,533,671	30,563,993	29,060,003
Liabilities												
Due to other funds	795											
Deferred revenue		214,000	378,000	563,000	706,000	807,000	857,000	907,000	957,000	1,007,000	1,057,000	1,057,000
Bonds payable	11,798,596	8,615,000	11,425,000	12,460,000	11,750,000	10,940,000	13,395,000	12,580,000	11,540,000	11,380,000	12,510,000	11,360,000
Accounts payable	322,506	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126	263,126
Total Liabilities	12,121,897	9,092,126	12,066,126	13,286,126	12,719,126	12,010,126	14,515,126	13,750,126	12,760,126	12,650,126	13,830,126	12,680,126
Total Liabilities and Net Assets	21,481,972	19,365,101	22,885,988	25,813,727	26,737,885	27,817,432	30,620,169	30,345,151	29,477,538	29,533,671	30,563,993	29,060,003

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ALTRENTATIVE SCENARIO C - NO RATE CHANGES

Table J-2
City of Lake Elmo, MN
Water Fund
Cash Balance

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	4,528,855	4,465,686	2,290,526	2,966,854	4,486,828	4,616,535	5,219,431	5,417,516	5,689,097	5,149,830	4,975,499	4,531,058
Plus revenues	1,406,438	2,042,676	1,792,752	2,967,473	2,718,018	3,041,200	1,755,094	1,889,356	1,585,640	1,706,319	1,509,611	1,288,592
Plus bond proceeds	2,545,000	915,000	3,225,000	1,520,000	0	0	3,270,000	0		900,000	2,195,000	
Less acquisition of capital assets	(3,775,676)	(1,006,492)	(3,256,328)	(1,866,189)	(1,285,000)	(992,000)	(3,200,000)	(50,000)	(274,000)	(850,000)	(2,148,000)	0
Less principal on debt	(230,000)	(4,015,000)	(415,000)	(485,000)	(710,000)	(810,000)	(815,000)	(815,000)	(1,040,000)	(1,060,000)	(1,065,000)	(1,150,000)
Less interest on debt	(292,324)	(356,613)	(209,330)	(273,321)	(278,821)	(274,588)	(258,333)	(296,918)	(302,873)	(283,129)	(276,612)	(297,118)
Less operating and other costs	(350,836)	(454,358)	(636,321)	(539,546)	(469,046)	(474,272)	(615,232)	(517,413)	(568,488)	(643,914)	(715,833)	(678,621)
Plus transfers in	784,801	-	-	-	-	-	-	-	-	-	-	-
Less transfers out	(7,895)	-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities	(142,677)	699,627	175,556	196,556	154,556	112,556	61,556	61,556	60,453	56,393	56,393	6,393
Change in cash	(63,169)	(2,175,160)	676,329	1,519,973	129,707	602,896	198,085	271,581	(539,267)	(174,331)	(444,442)	(830,753)
Total Ending Cash	4,465,686	2,290,526	2,966,854	4,486,828	4,616,535	5,219,431	5,417,516	5,689,097	5,149,830	4,975,499	4,531,058	3,700,304
Estimated Cash Balance Purposes												
For 6-months operating expense	162,748	227,179	318,161	269,773	234,523	237,136	307,616	258,707	284,244	321,957	357,917	339,311
For following year debt service	4,371,613	624,330	758,321	988,821	1,084,588	1,073,333	1,111,918	1,342,873	1,343,129	1,341,612	1,447,118	1,587,638
For next year planned capital	-	-	-	335,000	242,000	-	-	274,000	-	48,000	-	-
For reserves and future capital	(3,916,706)	1,439,017	1,890,373	2,893,234	3,055,424	3,908,962	3,997,983	3,813,518	3,522,458	3,263,930	2,726,024	1,773,356
For cash held with fiscal agent	3,848,031	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	4,465,686	2,290,526	2,966,854	4,486,828	4,616,535	5,219,431	5,417,516	5,689,097	5,149,830	4,975,499	4,531,058	3,700,304
Net Assets	9,360,075	10,272,975	10,819,862	12,527,601	14,018,759	15,807,306	16,105,043	16,595,025	16,717,412	16,883,545	16,733,867	16,379,877
Cash as % of Net Assets	47.7%	22.3%	27.4%	35.8%	32.9%	33.0%	33.6%	34.3%	30.8%	29.5%	27.1%	22.6%

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ALTERNATIVE SCENARIO C - NO RATE CHANGES

Table K-1
City of Lake Elmo, MN
Sanitary Sewer Fund
Pro Forma

	Actual		Current 2016 Estimated	Projected									
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025	
Source of Funds	Charges for service fees	31,054	61,627	177,228	282,204	375,516	458,460	527,472	590,976	650,268	699,192	722,844	
	Special assessments		1,189,663	62,133	60,396	58,658	56,921	55,184	53,447	51,710	49,972	48,235	
	Special assessments prepaid			660,000	590,000	450,000	-	-	-	-	-	-	
	Intergovernmental	378,819											
	Investment income	1,430	9,929	12,699	22,038	26,070	31,855	34,257	36,725	33,803	33,097	30,895	
	Contributions and donations	166,148											
	Sewer availability charge	693,000	1,280,820	1,560,000	651,000	1,044,000	429,000	486,000	180,000	276,000	60,000	60,000	
	Sewer connection fee	17,000	180,000	504,000	382,000	311,000	243,000	217,000	211,000	186,000	136,000	20,000	
	Rents/leases												
	Miscellaneous			-	-	-	-	-	-	-	-	-	
	Sale of capital assets												
	Transfer in from other funds												
	Total Source of Funds	1,287,451	2,722,039	1,596,082	2,976,060	1,987,637	2,265,245	1,219,236	1,319,913	1,072,148	1,197,780	978,262	881,974
Use of Funds	Operating and other expense	225,160	98,964	223,228	224,793	274,953	354,741	507,279	546,038	635,714	734,881	870,320	
	Debt service expense	116,463	63,735	85,337	94,344	96,478	91,928	87,153	108,545	114,124	106,878	99,135	
	Depreciation	11,815	8,739	67,635	83,260	94,510	94,510	132,010	149,510	154,810	159,810	164,810	
	Transfer out to other funds	704,637											
	Total Use of Funds	1,058,075	171,438	376,200	402,396	465,940	541,179	726,441	804,093	904,648	1,001,568	1,134,264	
Change in net assets		229,376	2,550,601	2,599,859	1,585,241	1,799,304	678,057	593,472	268,054	293,132	(23,306)	(252,290)	
	Net Assets	3,599,549	6,150,150	10,097,303	11,682,544	13,481,849	14,159,906	14,753,378	15,021,432	15,314,565	15,291,258	15,038,968	
Assets	Cash and investments	60,592	1,346,782	4,407,570	5,214,080	6,370,904	6,851,480	7,344,972	6,760,546	6,619,498	6,179,010	5,504,540	
	Cash and investments escrow		-										
	Due from other funds	54,305											
	Special assessments receivable	1,615,978	527,199	451,180	413,170	375,161	337,152	299,142	261,133	223,123	185,114	147,104	
	Accounts receivable	190,412	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	296,000	
	Capital assets	5,829,132	8,228,132	10,583,969	11,208,969	11,658,969	11,658,969	13,158,969	13,858,969	14,070,969	14,270,969	14,470,969	
	Less accumulated depreciation	(207,224)	(215,963)	(314,416)	(397,676)	(492,186)	(586,695)	(718,705)	(868,215)	(1,023,025)	(1,182,835)	(1,347,645)	
	Total Assets	7,543,195	10,182,150	15,424,303	16,734,544	18,208,849	18,556,906	20,380,378	20,308,432	20,186,565	19,748,258	19,070,968	
	Liabilities	Due to other funds											
		Deferred revenue											
Bonds payable		3,732,046	3,825,000	5,120,000	4,845,000	4,520,000	4,190,000	5,420,000	5,080,000	4,665,000	4,250,000	3,825,000	
Accounts payable		211,600	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	207,000	
Total Liabilities		3,943,646	4,032,000	5,327,000	5,052,000	4,727,000	4,397,000	5,627,000	5,627,000	4,872,000	4,457,000	4,032,000	
Total Liabilities and Net Assets		7,543,195	10,182,150	15,424,303	16,734,544	18,208,849	18,556,906	20,380,378	20,308,432	20,186,565	19,748,258	19,070,968	

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ALTRENTATIVE SCENARIO C - NO RATE CHANGES

Table K-2
City of Lake Elmo, MN
Sanitary Sewer Fund

	Cash Balance												
	Actual		Current	Projected									
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Beginning Cash	566,631	60,592	1,346,783	2,539,754	4,407,570	5,214,081	6,370,905	6,851,481	7,344,973	6,760,546	6,619,498	6,179,011	
Plus revenues	1,207,110	2,722,039	1,596,082	2,976,060	1,987,637	2,265,245	1,219,236	1,319,913	1,072,148	1,197,780	978,262	881,974	
Plus bond proceeds	840,000	280,000	860,000	855,000				1,570,000					
Less acquisition of capital assets	(1,518,430)	(2,399,000)	(883,150)	(1,472,687)	(625,000)	(450,000)	0	(1,500,000)	(700,000)	(212,000)	(200,000)	(200,000)	
Less principal on debt	(135,000)	(150,000)	(200,000)	(220,000)	(275,000)	(325,000)	(330,000)	(340,000)	(340,000)	(415,000)	(415,000)	(425,000)	
Less interest on debt	(68,507)	(63,735)	(68,378)	(85,337)	(94,344)	(96,478)	(91,928)	(87,153)	(108,545)	(114,124)	(108,878)	(99,135)	
Less operating and other costs	(781,675)	(98,964)	(149,592)	(223,228)	(224,793)	(274,953)	(354,741)	(507,279)	(546,038)	(635,714)	(734,881)	(870,320)	
Plus transfers in	0	-	-	-	-	-	-	-	-	-	-	-	
Less transfers out	(2,606)	-	-	-	-	-	-	-	-	-	-	-	
Incr/decr in other assets and liabilities	(46,931)	995,851	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	38,009	
Change in cash	(506,039)	1,286,191	1,192,971	1,867,817	806,510	1,156,824	480,576	493,492	(584,426)	(141,048)	(440,487)	(674,471)	
Ending cash	60,592	1,346,783	2,539,754	4,407,570	5,214,081	6,370,905	6,851,481	7,344,973	6,760,546	6,619,498	6,179,011	5,504,540	
Estimated Cash Balance Purposes													
For 6-months operating expense	112,580	49,482	74,796	111,614	112,396	137,476	177,371	253,639	273,019	317,857	367,440	435,160	
For following year debt service	213,735	268,378	305,337	369,344	421,478	421,928	427,153	448,545	529,124	521,878	524,135	520,903	
For next year planned capital	12,500		-	35,000	-	-	-	700,000	212,000	200,000	200,000	-	
For reserves and future capital	(265,723)	1,016,422	2,159,621	3,891,613	4,680,207	5,811,501	6,246,958	5,942,788	5,746,403	5,579,763	5,087,435	4,548,478	
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-	
Total Ending Cash	60,592	1,346,783	2,539,754	4,407,570	5,214,081	6,370,905	6,851,481	7,344,973	6,760,546	6,619,498	6,179,011	5,504,540	
Net Assets	3,599,549	6,150,150	7,497,444	10,097,303	11,682,544	13,481,849	14,159,906	14,753,378	15,021,432	15,314,565	15,291,258	15,038,968	
Cash as % of Net Assets	1.7%	21.9%	33.9%	43.7%	44.6%	47.3%	48.4%	49.8%	45.0%	43.2%	40.4%	36.6%	

Disclaimer: The City Engineer and City Staff have not reviewed the impact of this Scenario on capital plans and operating costs. This Scenario is provided at the City's request. The information is preliminary and subject to change.

ALTERNATIVE SCENARIO C - NO RATE CHANGES

Table L-1
City of Lake Elmo, MN
Storm Water Fund
Pro Forma

	Actual		Current	Projected								
	2014 Actual	2015 Prel	2016 Estimated	2017	2018	2019	2020	2021	2022	2023	2024	2025
Source of Funds												
Charges for service fees	214,915	264,350	221,850	235,300	250,650	265,700	277,850	288,450	297,500	305,800	311,800	311,800
Special assessments	837		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Intergovernmental												
Investment income	1,239	2,844	5,000	2,603	2,853	2,574	2,158	1,435	41	(1,665)	(3,675)	(5,682)
Contributions and donations												
Development fees												
Miscellaneous		10,125	10,000	10,200	10,404	10,612	10,824	11,041	11,262	11,487	11,717	11,951
Sale of capital assets												
Transfer in from other funds												
Total Source of Funds	216,991	277,319	241,850	253,103	268,907	283,886	295,832	305,926	313,803	320,622	324,841	323,069
Use of Funds												
Operating and other expense	134,302	85,321	197,904	140,824	220,983	201,616	211,931	198,063	229,245	242,614	257,040	292,950
Debt service expense	459	-	-	62,171	53,800	75,474	83,484	111,643	110,725	105,078	99,143	92,880
Depreciation	15,963	15,187	85,090	85,090	115,090	135,090	147,590	147,590	147,590	149,090	150,340	151,590
Transfer out to other funds	82,770		-									
Total Use of Funds	233,494	100,508	282,994	288,085	389,872	412,179	443,005	457,296	487,560	496,781	506,522	537,420
Change in net assets												
Prior period adjustment	(16,503)	176,811	(41,144)	(34,982)	(120,965)	(128,293)	(147,173)	(151,370)	(173,757)	(176,159)	(181,681)	(214,351)
Net Assets	1,095,528	1,272,339	1,231,195	1,196,213	1,075,248	946,954	799,782	648,412	474,655	298,496	116,815	(97,536)
Assets												
Cash and investments	312,746	502,676	520,515	570,622	514,747	431,543	286,960	8,180	(332,988)	(735,057)	(1,136,398)	(1,579,159)
Cash and investments escrow		-										
Due from other funds	23,915											
Special assessments receivable	22,667	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Accounts receivable	222,732	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Capital assets	611,337	611,337	3,407,444	3,407,444	4,607,444	5,407,444	5,907,444	5,907,444	5,907,444	5,967,444	6,017,444	6,067,444
Less accumulated depreciation	(86,487)	(101,674)	(186,764)	(271,853)	(386,943)	(522,033)	(669,622)	(817,212)	(964,802)	(1,113,891)	(1,264,231)	(1,415,821)
Total Assets	1,106,910	1,272,339	4,001,195	3,966,213	4,995,248	5,576,954	5,784,782	5,358,412	4,869,655	4,378,496	3,876,815	3,332,464
Liabilities												
Due to other funds												
Unearned revenue	-	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Bonds payable	11,382		-	-	-	-	-	-	-	-	-	-
Accounts payable												
Total Liabilities	11,382	-	2,770,000	2,770,000	3,920,000	4,630,000	4,985,000	4,710,000	4,395,000	4,080,000	3,760,000	3,430,000
Total Liabilities and Net Assets	1,106,910	1,272,339	4,001,195	3,966,213	4,995,248	5,576,954	5,784,782	5,358,412	4,869,655	4,378,496	3,876,815	3,332,464

Disclaimer: The City Engineer and City Staff have not reviewed the impact of this Scenario on capital plans and operating costs. This Scenario is provided at the City's request. The information is preliminary and subject to change.

ALTERNATIVE SCENARIO C - NO RATE CHANGES

Table L-2
City of Lake Elmo, MN
Storm Water Fund
Cash Balance

	Actual		Current 2016 Estimated	Projected								
	2014 Actual	2015 Prel		2017	2018	2019	2020	2021	2022	2023	2024	2025
Beginning Cash	230,718	312,746	502,676	520,515	570,622	514,747	431,543	286,960	8,180	(332,988)	(735,057)	(1,136,398)
Plus revenues	221,045	277,319	241,850	253,103	268,907	283,886	295,832	305,926	313,803	320,622	324,841	323,069
Less bond proceeds			2,770,000	-	1,310,000	875,000	575,000	-	-	-	-	-
Less acquisition of capital assets		-	(2,796,107)	-	(1,200,000)	(800,000)	(500,000)	-	-	(60,000)	(50,000)	(50,000)
Less principal on debt		-	-	-	(160,000)	(165,000)	(220,000)	(275,000)	(315,000)	(315,000)	(320,000)	(330,000)
Less interest on debt	(459)	-	-	(62,171)	(53,800)	(75,474)	(83,484)	(111,643)	(110,725)	(105,078)	(99,143)	(92,880)
Less operating and other costs	(138,558)	(85,321)	(197,904)	(140,824)	(220,983)	(201,616)	(211,931)	(198,063)	(229,245)	(242,614)	(257,040)	(292,950)
Plus transfers in			-	-	-	-	-	-	-	-	-	-
Less transfers out		-	-	-	-	-	-	-	-	-	-	-
Incr/decr in other assets and liabilities		(2,068)	-	-	-	-	-	-	-	-	-	-
Change in cash	82,028	189,930	17,839	50,107	(55,875)	(83,204)	(144,583)	(278,780)	(341,168)	(402,069)	(401,341)	(442,761)
Ending cash	312,746	502,676	520,515	570,622	514,747	431,543	286,960	8,180	(332,988)	(735,057)	(1,136,398)	(1,579,159)
Estimated Cash Balance Purposes												
For 6-months operating expense	67,151	42,661	98,952	70,412	110,491	100,808	105,965	99,031	114,623	121,307	128,520	146,475
For following year debt service	-	-	62,171	213,800	240,474	303,484	386,643	425,725	420,078	419,143	422,880	426,180
For next year planned capital	-	-	-	-	-	-	-	-	60,000	50,000	50,000	-
For reserves and future capital	245,595	460,016	359,392	286,410	163,782	27,251	(205,649)	(516,577)	(927,688)	(1,325,506)	(1,737,798)	(2,151,814)
For cash held with fiscal agent	-	-	-	-	-	-	-	-	-	-	-	-
Total Ending Cash	312,746	502,676	520,515	570,622	514,747	431,543	286,960	8,180	(332,988)	(735,057)	(1,136,398)	(1,579,159)
Net Assets	1,095,528	1,272,339	1,231,195	1,196,213	1,075,248	946,954	799,782	648,412	474,655	298,496	116,815	(97,536)
Cash as % of Net Assets	28.5%	39.5%	42.3%	47.7%	47.9%	45.6%	35.9%	1.3%	-70.2%	-246.3%	-972.8%	1619.1%

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Northland Securities, Inc.
45 South 7th Street, Suite 2000
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC



**CITY OF LAKE ELMO, MN
COST OF SERVICE STUDY FOR
WATER, SANITARY SEWER, AND
STORM WATER FUNDS**

2016 REPORT

JUNE 10, 2016

PREPARED BY:



444 Cedar Street, Suite 1500
Saint Paul, MN 55101
651.292.4400
tkda.com



444 Cedar Street, Suite 1500
Saint Paul, MN 55101
651.292.4400
tkda.com

June 10, 2016

Kristina Handt
City Administrator

Cathy Bendel
Finance Director

Lake Elmo City Hall
3800 Laverne Ave N.
Lake Elmo, MN 55042

Re: Cost of Service Study for City Utility Funds
TKDA Project No. 16102.000

Dear Kristina and Cathy:

TKDA is pleased to present the City of Lake Elmo with a cost of service study for the City's Utility Funds to be part of an overall Financial Management Plan for said funds. TKDA was hired to analyze and present a 10 year cost of service projection for the three utility funds. The analysis and report includes a cost analysis of past costs and a projection for each, added staffing, and some capital investments for the existing system. Also included were a recommendation for a work order system, a change in some depreciation schedules, and a recommendation to use a higher projected rate of inflation for the utilities rather than 2%.

We appreciate the opportunity to provide service to the City of Lake Elmo.

Sincerely,

Bernie Bullert
Senior Water/Wastewater Engineer

Lake Elmo Cost of Service Study

TKDA was tasked with doing a cost of service study for the water, sanitary sewer, and storm sewer utilities. The projected 10 year costs of operations will be used to project utility rates going forward for the next 10 year period with adjustments annually based on actual costs over time. A three year actual cost history was used, although the sanitary and storm system are small and changing in size rapidly, therefore the cost history was not as relevant.

This report highlights all the assumptions put into the model in order to bring the cost of operations forward over the next 10 year period. The assumptions are as follows:

1.
 - a) Expenses are coded in two different ways. Supplies and other charges are directly coded to the appropriate utility fund. Labor charges are prorated by staff as the percentage of their time spent working on each utility and are subject to change.
 - b) Some of the citywide overhead is not charged to the utilities but is paid through general tax revenue. These include city clerk time, city council costs, attorney costs, building costs, and equipment cost. This may be noticeable to the customers who have well and septic systems as they are funding some utility costs through the general tax revenue.
 - c) In order to charge costs accurately, a work order system should be implemented and an overhead rate could be determined and charged as a percentage of the budget to each utility in order to reimburse the general tax revenue.
 - d) Depreciation schedules looked appropriate except for water distribution pipe which was scheduled at 30 to 33 years. The normal industry practices depreciate water distribution pipe over 75 years.
2.
 - a) The inflation rate generally used by Lake Elmo is 2%. It was not revised for this study. However, utilities usually experience inflation in the range of 3 to 3.5%. We would recommend the City use a higher inflation rate for this utility rate study.
 - b) The water system growth in system miles over the next 10 years is projected at 5% per year.
 - c) The sanitary system growth in system miles over the next 10 years is projected at 50% per year.
 - d) The storm system growth in system miles over the next 10 years is projected at 7% per year.
 - e) Maintenance costs are generally related to pipe length and volume but greater emphases is placed on the length of pipe. Therefore costs for a new system are expected to increase as the length of the new system expands.
 - f) For purposes of future expenses, we used 5% for water plus inflation, 30% for sanitary plus inflation, and 7% for storm plus inflation. The sanitary number was reduced from 50% to 30% to maintain a more proper balance in the budget numbers for water and sanitary operational costs.
3.
 - a) Staff does not code labor time or equipment time to jobs however, materials are charged directly to the correct utility. A work order system will help correctly track all costs to the correct utility.
 - b) Not all preventative maintenance on the utility systems is currently being done. For example, the hydrant flushing program is incomplete and there is no valve operating program on the water system.

c) The utility staffing level of three staff members for 2016 is low when compared to other utilities and we have increased it to 3.5 for 2017. This should allow for additional preventative maintenance.

d) Staffing added over the next 10 years is as follows:

1. ½ laborer added in 2017, .2FTE water, .2FTE sanitary, .1FTE storm
2. ½ laborer added in 2019, .2FTE water, .2FTE sanitary, .1FTE storm
3. ½ laborer added in 2022, .2FTE water, .2FTE sanitary, .1FTE storm
4. ½ laborer added in 2025, .2 FTE water, .2 FTE sanitary, .1FTE storm
5. ½ billing clerk added in 2018; 40% water, 25% sanitary, 35% storm
6. ½ billing clerk added in 2022; 40% water, 25% sanitary, 35% storm
7. ½ billing clerk added in 2025; 40% water, 25% sanitary, 35% storm

e) Another ½ FTE laborer should to be added to streets based on increased street miles. That is a suggestion but was not part of this study. A new billing system is needed and the efficiencies gained with a new system will affect the hiring of clerical staff. The billing clerk was re-proportioned for 2017 and going forward to the three utilities based on staff recommendations. Postage and software support were also re-proportioned to the three utilities based on staff experience. Based on a previous staffing study of east metro suburbs completed for White Bear Township by TKDA, the average staffing level for four similar cities was 13 staff in Public Works based on your 2025 projected population. The additions recommended here bring utility staffing to 12. It should be able to be slightly smaller as Lake Elmo's systems will be new relative to other suburbs.

4. Other operational expense adjustments were made as follows:

- a) \$25,000 in meters was added for 2017 and 2018 to replace old water meters that should be replaced. The balance of water meter costs is for meters for new buildings and other maintenance replacements.
- b) Water purchased from Oakdale is discontinued from the projections as Lake Elmo will end the purchase in 2017.
- c) Software support was increased across the three utilities to implement a new billing system shown in the capital projects.
- d) Insurance costs were increased for the three utilities as they expand. This insurance would be purchased from the League of Cities.
- e) The Metropolitan Council Wastewater Treatment expenses are based on projected flows. The numbers were shifted two years because MCES uses actual flows from the last complete year to project their next year's bill. Therefore the 2017 charges are based on the 2015 flows.

The new operating cost projections for the next 10 year period should be a reasonable estimate of costs. Each year after the annual accounting is complete, the costs should be compared to the projection and the next budget cycle adjusted accordingly to align with actual costs.

**City of Lake Elmo
Budget 2016**

Account Number	Description	2013 Actual	2014 Actual	2015 Budget	Projected Actual	2016 Budget	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
WATER	Inflation								2%	2%	2%	2%	2%	2%	2%	2%
	Growth Percent								5%	5%	5%	5%	5%	5%	5%	5%
	Total Increase (percent)								7%	7%	7%	7%	7%	7%	7%	7%
	Operating Revenues															
601-000-0000-36100	Special Assessments	\$34,403	\$116,409	\$158,547	\$163,405	\$158,547										
601-000-0000-36205	Refunds and Reimbursements	\$0	\$0	\$0	\$0	\$0										
601-000-0000-37100	Water Sales	\$536,438	\$383,268	\$503,018	\$442,428	\$725,000										
601-000-0000-37120	Bulk Water	\$2,843	\$2,834	\$2,000	\$1,241	\$2,500										
601-000-0000-37170	Meter Sales	\$10,634	\$10,150	\$15,000	\$55,435	\$32,000										
	Total Operating Revenues	\$584,317	\$512,661	\$678,565	\$662,509	\$918,047										
	Operating Expenses															
Personnel Services																
601-494-9400-41010	Full-time Salaries	\$78,073	\$78,893	\$140,000	\$91,718	\$140,000	\$144,184	\$156,640	\$168,686	\$172,060	\$175,501	\$198,832	\$202,809	\$206,865	\$232,037	\$236,677
601-494-9400-41210	PERA Contributions	\$5,609	\$5,686	\$10,000	\$6,707	\$10,500	\$10,814	\$11,748	\$12,651	\$12,905	\$13,163	\$14,912	\$15,211	\$15,515	\$17,403	\$17,751
601-494-9400-41220	FICA Contributions	\$4,619	\$4,757	\$8,000	\$5,498	\$8,750	\$9,012	\$9,790	\$10,543	\$10,754	\$10,969	\$12,427	\$12,676	\$12,929	\$14,502	\$14,792
601-494-9400-41230	Medicare Contributions	\$1,080	\$1,114	\$1,600	\$1,286	\$2,030	\$2,091	\$2,271	\$2,446	\$2,495	\$2,545	\$2,883	\$2,941	\$3,000	\$3,365	\$3,432
601-494-9400-41300	Health/Dental Insurance	\$15,241	\$17,836	\$14,400	\$15,653	\$17,609	\$28,837	\$31,328	\$33,737	\$34,412	\$35,100	\$39,766	\$40,562	\$41,373	\$46,407	\$47,335
601-494-9400-41420	Unemployment Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
601-494-9400-41510	Workers Compensation	\$1,067	\$3,155	\$4,000	\$2,072	\$4,000	\$5,767	\$6,266	\$6,747	\$6,882	\$7,020	\$7,953	\$8,112	\$8,275	\$9,281	\$9,467
Total Personnel Services		\$105,689	\$111,440	\$178,000	\$122,933	\$182,889	\$200,704	\$218,042	\$234,812	\$239,508	\$244,298	\$276,775	\$282,310	\$287,956	\$322,995	\$329,455
Supplies																
601-494-9400-42000	Office Supplies	\$691	\$360	\$500	\$1,933	\$500	\$700	\$749	\$801	\$858	\$918	\$982	\$1,051	\$1,124	\$1,203	\$1,287
601-494-9400-42030	Printed Forms	\$0	\$375	\$1,000	\$239	\$750	\$750	\$803	\$859	\$919	\$983	\$1,052	\$1,126	\$1,204	\$1,289	\$1,379
601-494-9400-42160	Chemicals	\$13,932	\$10,713	\$13,000	\$1,473	\$13,000	\$13,000	\$13,910	\$14,884	\$15,926	\$17,040	\$18,233	\$19,509	\$20,875	\$22,336	\$23,900
601-494-9400-42270	Utility System Maintenance	\$1,088	\$5,282	\$3,500	\$25,257	\$11,500	\$25,000	\$26,750	\$28,623	\$30,626	\$32,770	\$35,064	\$37,518	\$40,145	\$42,955	\$45,961
601-494-9400-42300	Water Meters & Supplies	\$18,716	\$21,242	\$50,000	\$82,343	\$50,000	\$85,000	\$90,950	\$68,694	\$73,503	\$78,648	\$84,153	\$90,044	\$96,347	\$103,091	\$110,308
601-494-9400-42400	Small Tools & Minor Equipment	\$5,893	\$2,223	\$5,500	\$5,016	\$3,500	\$5,000	\$5,350	\$5,725	\$6,125	\$6,554	\$7,013	\$7,504	\$8,029	\$8,591	\$9,192
Total Supplies		\$40,320	\$40,195	\$73,500	\$116,263	\$79,250	\$129,450	\$138,512	\$119,585	\$127,956	\$136,913	\$146,497	\$156,751	\$167,724	\$179,465	\$192,027
Other Services and Charges																
601-494-9400-43030	Engineering Services	\$108,430	\$29,614	\$100,000	\$14,725	\$50,000	\$20,000	\$21,400	\$22,898	\$24,501	\$26,216	\$28,051	\$30,015	\$32,116	\$34,364	\$36,769
601-494-9400-43030	Eng Svcs-Water Syst Master Plar	\$0	\$0	\$30,000	\$0	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
601-494-9400-43040	Legal Services	\$4,662	\$179	\$5,000	\$388	\$5,000	\$5,000	\$5,350	\$5,725	\$6,125	\$6,554	\$7,013	\$7,504	\$8,029	\$8,591	\$9,192
601-494-9400-43150	Contract Services	\$884	\$9,674	\$10,000	\$16,305	\$13,500	\$14,000	\$14,980	\$16,029	\$17,151	\$18,351	\$19,636	\$21,010	\$22,481	\$24,055	\$25,738
601-494-9400-43180	Software Support	\$855	\$17,541	\$3,200	\$4,774	\$3,200	\$9,600	\$9,792	\$9,988	\$10,188	\$10,391	\$10,599	\$10,811	\$11,027	\$11,248	\$11,473
601-494-9400-43210	Telephone	\$550	\$523	\$600	\$775	\$600	\$800	\$856	\$916	\$980	\$1,049	\$1,122	\$1,201	\$1,285	\$1,375	\$1,471
601-494-9400-43220	Postage	\$2,500	\$1,506	\$3,000	\$2,500	\$3,000	\$1,880	\$2,012	\$2,152	\$2,303	\$2,464	\$2,637	\$2,821	\$3,019	\$3,230	\$3,456
601-494-9400-43320	Depreciation Expense	\$317,759	\$416,864	\$375,000	\$318,805	\$450,000		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
601-494-9400-43610	Insurance	\$6,408	\$5,432	\$9,000	\$6,799	\$9,500	\$10,000	\$10,700	\$11,449	\$12,250	\$13,108	\$14,026	\$15,007	\$16,058	\$17,182	\$18,385
601-494-9400-43810	Electric Utility	\$27,063	\$21,008	\$27,000	\$33,410	\$27,000	\$30,000	\$32,100	\$34,347	\$36,751	\$39,324	\$42,077	\$45,022	\$48,173	\$51,546	\$55,154
601-494-9400-43820	Water Utility	\$94,457	\$81,096	\$100,000	\$107,029	\$40,000	\$50,000									
	Repairs/Maint Imp Bldgs	\$0	\$0	\$12,000	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
601-494-9400-44030	Repairs/Maint Imp Not Bldgs	\$13,376	\$29,791	\$32,000	\$7,116	\$10,000	\$10,000	\$10,700	\$11,449	\$12,250	\$13,108	\$14,026	\$15,007	\$16,058	\$17,182	\$18,385
601-494-9400-44300	Miscellaneous	\$1,623	\$1,245	\$4,000	\$188	\$4,000	\$2,000	\$2,140	\$2,290	\$2,450	\$2,622	\$2,805	\$3,001	\$3,212	\$3,436	\$3,677
601-494-9400-44370	Conferences & Training	\$3,264	\$1,468	\$1,500	\$460	\$1,500	\$1,500	\$1,605	\$1,717	\$1,838	\$1,966	\$2,104	\$2,251	\$2,409	\$2,577	\$2,758
601-494-9400-46200	Fiscal Agent Fees	\$1,921	\$445	\$425	\$694	\$425	\$800	\$856	\$916	\$980	\$1,049	\$1,122	\$1,201	\$1,285	\$1,375	\$1,471
Total Other Services and Charges		\$583,752	\$616,387	\$712,725	\$513,967	\$647,725	\$155,580	\$112,491	\$119,875	\$127,767	\$136,202	\$145,216	\$154,851	\$165,150	\$176,159	\$187,928
	Total Operating Expenses	\$729,761	\$768,022	\$964,225	\$753,163	\$909,864	\$485,734	\$469,045	\$474,272	\$495,231	\$517,412	\$568,487	\$593,913	\$620,831	\$678,619	\$709,410
	Operating Income (Loss)	(\$145,444)	(\$255,361)	(\$285,660)	(\$90,654)	\$8,183										
Nonoperating Revenues																
601-000-0000-36210	Interest on Investments	\$2,586	\$16,668	\$7,000	\$26,925	\$18,000										
601-000-0000-33419	Grants/MSA	\$0	\$771,641	\$0	\$0	\$0										
601-000-0000-36231	Contrib. of Capital Assets	\$0	\$0	\$0	\$0	\$0										
601-000-0000-36232	Developer Contributions	\$0	\$0	\$0	\$0	\$0										
601-000-0000-37xxx	Water Availability Charges		\$797,400	\$1,029,000	\$1,237,500	\$775,000										
601-000-0000-37150	Water Connections - Municipal	\$106,900	\$50,500	\$205,000	\$66,000	\$117,500										
601-000-0000-37180	Tower Rent	\$46,506	\$46,935	\$46,000	\$49,742	\$46,000										
601-000-0000-39210	Transfer In	\$0	\$0	\$0	\$0	\$0										
Total Nonoperating Revenues		\$155,992	\$1,683,144	\$1,287,000	\$1,380,166	\$956,500										
	Nonoperating Expenses		24	0	10	0										
			17	132	130	140										
			30	0	5											
			0	0	2	0										
601-494-9400-46110	Bond Interest	\$189,130	\$306,888	\$270,481	\$368,465	\$289,781										
601-494-9400-46xxx	Bonding Costs															
601-494-9400-46300	Deferred Charges Amort.	\$0	\$0	\$0	\$0	\$0										
Total Nonoperating Expenses		\$189,130	\$306,888	\$270,481	\$368,465	\$289,781										
Change in Net Assets		(\$178,581)	\$1,120,895	\$730,859	\$921,047	\$674,902										
USE OF NET ASSETS TO BALANCE BUDGET		\$178,581	\$0	\$0	\$0	\$0										

**City of Lake Elmo
Budget 2016**

		2015														
Account Number	Description	2013 Actual	2014 Actual	2015 Budget	Projected Actual	2016 Budget	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected
SEWER	Inflation							2%	2%	2%	2%	2%	2%	2%	2%	2%
	Growth Percent							30%	30%	30%	30%	30%	30%	30%	30%	30%
	Total Increase (percent)							32%	32%	32%	32%	32%	32%	32%	32%	32%
	Operating Revenues															
602-000-0000-36100	Special Assessments	\$0	\$0	\$1,000	\$0	\$1,000										
602-000-0000-36100	Special Assessments-100% Proj	\$0	\$155,481	\$99,884	\$99,000	\$99,884										
602-000-0000-37200	Sewer Sales	\$53,142	\$46,547	\$100,000	\$61,920	\$75,000										
	Total Operating Revenues	\$53,142	\$202,028	\$200,884	\$160,920	\$175,884										
	Operating Expenses															
Personnel Services		2.3%														
		19%														
602-495-9450-41010	Full-time Salaries	\$34,216	\$33,585	\$41,981	\$37,638	\$47,047	\$65,606	\$72,900	\$83,272	\$84,938	\$86,636	\$104,304	\$106,390	\$108,518	\$127,599	\$130,151
602-495-9450-41210	PERA Contributions	\$2,481	\$2,472	\$3,044	\$2,689	\$3,411	\$4,756	\$5,285	\$6,037	\$6,158	\$6,281	\$7,562	\$7,713	\$7,868	\$9,251	\$9,436
602-495-9450-41220	FICA Contributions	\$2,022	\$2,034	\$2,603	\$2,254	\$2,917	\$4,068	\$4,520	\$5,163	\$5,266	\$5,371	\$6,467	\$6,596	\$6,728	\$7,911	\$8,069
602-495-9450-41230	Medicare Contributions	\$473	\$477	\$609	\$527	\$682	\$951	\$1,057	\$1,207	\$1,232	\$1,256	\$1,512	\$1,543	\$1,574	\$1,850	\$1,887
602-495-9450-41300	Health/Dental Insurance	\$6,567	\$6,984	\$8,730	\$6,138	\$7,672	\$13,121	\$14,580	\$16,654	\$16,988	\$17,327	\$20,861	\$21,278	\$21,704	\$25,520	\$26,030
602-495-9450-41420	Unemployment Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
602-495-9450-41510	Workers Compensation	\$800	\$1,484	\$1,855	\$1,392	\$1,740	\$2,624	\$2,916	\$3,331	\$3,398	\$3,465	\$4,172	\$4,256	\$4,341	\$5,104	\$5,206
Total Personnel Services		\$46,558	\$47,036	\$58,821	\$50,637	\$63,469	\$91,127	\$101,258	\$115,665	\$117,978	\$120,338	\$144,878	\$147,776	\$150,731	\$177,235	\$180,780
Supplies																
602-495-9450-42270	Utility System Maint Supplies	\$0	\$858	\$1,000	\$1,910	\$1,000	\$1,000	\$1,320	\$1,742	\$2,300	\$3,036	\$4,007	\$5,290	\$6,983	\$9,217	\$12,166
602-495-9450-42400	Small Tools & Minor Equipment	\$0	\$117	\$500	\$200	\$500	\$500	\$660	\$871	\$1,150	\$1,518	\$2,004	\$2,645	\$3,491	\$4,609	\$6,083
Total Supplies		\$0	\$975	\$1,500	\$2,110	\$1,500	\$1,500	\$1,980	\$2,614	\$3,450	\$4,554	\$6,011	\$7,935	\$10,474	\$13,826	\$18,250
Other Services and Charges																
	Engineering Services Inflation and Growth							4%	4%	4%	4%	4%	4%	4%	4%	4%
602-495-9450-43030	Engineering Services	\$40,802	\$17,408	\$20,000	\$14,291	\$20,000	\$20,000	\$20,800	\$21,632	\$22,497	\$23,397	\$24,333	\$25,306	\$26,319	\$27,371	\$28,466
602-495-9450-43030	Eng Svs Sewer Syst Master Plannii	\$0	\$0	\$10,000	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
602-495-9450-43150	Contract Services	\$15,344	\$1,875	\$9,500	\$3,085	\$9,500	\$5,000	\$6,600	\$8,712	\$11,500	\$15,180	\$20,037	\$26,449	\$34,913	\$46,085	\$60,832
602-495-9450-43210	Telephone	\$1,572	\$1,184	\$1,500	\$992	\$1,500	\$1,500	\$1,980	\$2,614	\$3,450	\$4,554	\$6,011	\$7,935	\$10,474	\$13,826	\$18,250
602-495-9450-43310	Mileage	\$0	\$0	\$100	\$0	\$100	\$100	\$132	\$174	\$230	\$304	\$401	\$529	\$698	\$922	\$1,217
	Software Support						\$6,000	\$6,120	\$6,242	\$6,367	\$6,495	\$6,624	\$6,757	\$6,892	\$7,030	\$7,171
	Postage						\$1,175	\$1,551	\$2,047	\$2,702	\$3,567	\$4,709	\$6,216	\$8,205	\$10,830	\$14,296
602-495-9450-43320	Depreciation Expense	\$8,740	\$11,815	\$84,200	\$8,740	\$84,200		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
602-495-9450-43610	Insurance	\$115	\$120	\$2,000	\$185	\$2,000	\$2,000	\$2,640	\$3,485	\$4,600	\$6,072	\$8,015	\$10,580	\$13,965	\$18,434	\$24,333
602-495-9450-43810	Electric Utility	\$1,088	\$3,343	\$1,500	\$4,621	\$1,500	\$5,000	\$6,600	\$8,712	\$11,500	\$15,180	\$20,037	\$26,449	\$34,913	\$46,085	\$60,832
602-495-9450-43820	Sewer Utility - Met Council	\$14,912	\$18,546	\$16,500	\$17,592	\$16,500	\$44,514	\$71,172	\$97,830	\$163,565	\$228,532	\$292,960	\$353,912	\$416,347	\$481,025	\$543,076
602-495-9450-44030	Repairs\Maint Imp Not Bldgs	\$13,018	\$837	\$1,000	\$1,131	\$1,000	\$1,200	\$1,584	\$2,091	\$2,760	\$3,643	\$4,809	\$6,348	\$8,379	\$11,060	\$14,600
602-495-9450-44300	Miscellaneous Expenses	\$0	\$0	\$300	\$0	\$300	\$300	\$396	\$523	\$690	\$911	\$1,202	\$1,587	\$2,095	\$2,765	\$3,650
602-495-9450-44370	Conferences & Training	\$0	\$572	\$1,500	\$23	\$1,500	\$1,500	\$1,980	\$2,614	\$3,450	\$4,554	\$6,011	\$7,935	\$10,474	\$13,826	\$18,250
Total Other Services and Charges		\$95,590	\$55,700	\$148,100	\$50,660	\$148,100	\$88,289	\$121,555	\$156,675	\$233,312	\$312,387	\$395,150	\$480,003	\$573,674	\$679,259	\$794,972
	Total Operating Expenses	\$142,148	\$103,711	\$208,421	\$103,407	\$213,069	\$180,916	\$224,793	\$274,954	\$354,740	\$437,279	\$546,040	\$635,713	\$734,879	\$870,320	\$994,002
	Operating Income (Loss)	(\$89,006)	\$98,317	(\$7,537)	\$57,513	(\$37,185)										
	Nonoperating Revenues															
602-000-0000-36210	Interest on Investments	\$9,395	\$1,430	\$100	\$9,929	\$5,000										
	Lateral Benefit Fees		\$2,900	\$29,000	\$2,900	\$14,500										
	Sewer Availability Fees		\$693,000	\$1,206,000	\$1,394,920	\$590,000										
602-000-0000-37260	Connection Fees Municipal	\$0	\$17,000	\$180,000	\$63,000	\$140,000										
	Total Nonoperating Revenues	\$9,395	\$714,330	\$1,415,100	\$1,470,749	\$749,500										
	Nonoperating Expenses		24	0	10	0										
			17	132	130	140										
			30	0	5											
			0	0	2	0										
602-495-9450-46110	Bond Interest	\$0	\$116,403	\$135,372	\$134,613	\$105,469										
	Total Nonoperating Expenses	\$0	\$116,403	\$135,372	\$134,613	\$105,469										
	Change in Net Assets	(\$79,611)	\$696,244	\$1,272,191	\$1,393,649	\$606,846										
USE OF NET ASSETS TO BALANCE BUDGET		\$79,611	\$0	\$0	\$0	\$0										

City of Lake Elmo Budget 2016

		2013	2014	2015	2015	2016	2015	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Account Number	Description	Actual	Actual	Budget	Projected Actual	Budget	to 2016 Change	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
SURFACE WATER	Inflation								2%	2%	2%	2%	2%	2%	2%	2%	2%
	Growth Percent								7%	7%	7%	7%	7%	7%	7%	7%	7%
	Total Increase (percent)								9%	9%	9%	9%	9%	9%	9%	9%	9%
Operating Revenues																	
603-000-0000-36100	Special Assessment Revenue	\$20,168	\$837	\$5,000	\$0	\$5,000	100.0%										Actively bill all delinquencies each year
603-000-0000-36200	Miscellaneous Revenue	\$0	\$0	\$0	\$10,125	\$0	0.0%										SW permit review fee (new 1/1/15)
603-000-0000-37100	Surface Water Utility Sales	\$191,087	\$214,915	\$215,000	\$220,956	\$221,500	0.2%										
Total Operating Revenues		\$211,255	\$215,752	\$220,000	\$231,081	\$226,500	2.0%										
Operating Expenses																	
Personnel Services																	
603-496-9500-41010	Full-time Salaries	\$34,681	\$31,708	\$34,879	\$23,522	\$25,874	-10.0%	\$36,630	\$45,738	\$51,109	\$52,132	\$53,174	\$68,034	\$69,394	\$70,782	\$86,837	\$88,574
603-496-9500-41210	PERA Contributions	\$2,514	\$2,290	\$2,519	\$1,697	\$1,867	-10.0%	\$2,656	\$3,316	\$3,705	\$3,780	\$3,855	\$4,932	\$5,031	\$5,132	\$6,296	\$6,422
603-496-9500-41220	FICA Contributions	\$2,028	\$1,857	\$2,042	\$1,378	\$1,515	-10.0%	\$2,271	\$2,836	\$3,169	\$3,232	\$3,297	\$4,218	\$4,302	\$4,388	\$5,384	\$5,492
603-496-9500-41230	Medicare Contributions	\$474	\$436	\$479	\$322	\$355	-10.0%	\$531	\$663	\$741	\$756	\$771	\$986	\$1,006	\$1,026	\$1,259	\$1,284
603-496-9500-41300	Health/Dental Insurance	\$6,942	\$7,641	\$8,405	\$7,165	\$7,882	-10.0%	\$7,326	\$9,148	\$10,222	\$10,426	\$10,635	\$13,607	\$13,879	\$14,156	\$17,367	\$17,715
603-496-9500-41420	Unemployment Benefits	\$0	\$0	\$0	\$0	\$0	0.0%	\$0	\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9
603-496-9500-41510	Workers' Compensation	\$848	\$1,312	\$1,443	\$221	\$243	-10.0%	\$1,465	\$1,830	\$2,044	\$2,085	\$2,127	\$2,721	\$2,776	\$2,831	\$3,473	\$3,543
Total Personnel Services		\$47,486	\$45,243	\$49,767	\$34,304	\$37,735	-10.0%	\$50,879	\$63,531	\$70,993	\$72,414	\$73,863	\$94,504	\$96,395	\$98,323	\$120,624	\$123,038
Supplies																	
603-496-9500-42000	Office Supplies	\$238	\$375	\$200	\$2,172	\$375	82.7%	\$500	\$545	\$594	\$648	\$706	\$769	\$839	\$914	\$996	\$1,086
603-496-9500-42270	Utility System Maint Supplies	\$0	\$411	\$500	\$551	\$500	9.3%	\$1,000	\$1,090	\$1,188	\$1,295	\$1,412	\$1,539	\$1,677	\$1,828	\$1,993	\$2,172
603-496-9500-42400	Small Tools & Minor Equipment	\$452	\$299	\$1,000	\$200	\$1,000	-400.0%	\$1,000	\$1,090	\$1,188	\$1,295	\$1,412	\$1,539	\$1,677	\$1,828	\$1,993	\$2,172
603-496-9500-42400	Other Equipment	\$0	\$8,422	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Supplies		\$690	\$9,507	\$1,700	\$2,924	\$1,875	35.9%	\$2,500	\$2,725	\$2,970	\$3,238	\$3,529	\$3,847	\$4,193	\$4,570	\$4,981	\$5,430
Other Services and Charges																	
603-496-9500-43020	Comprehensive Planning	\$0	\$0	\$3,000	\$0	\$3,000	100.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
603-496-9500-43030	Engineering Services	\$27,893	\$21,009	\$30,000	\$20,332	\$30,000	-47.5%	\$20,000	\$21,800	\$23,762	\$25,901	\$28,232	\$30,772	\$33,542	\$36,561	\$39,851	\$43,438
SW System Master Planning to be done by Focus																	
603-496-9500-43030	Eng Svcs SW Master Planning	\$0	\$0	\$15,000	\$0	\$15,000	100.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
603-496-9500-43150	Contract Services	\$7,504	\$9,711	\$5,000	\$9,941	\$7,500	24.6%	\$10,000	\$10,900	\$11,881	\$12,950	\$14,116	\$15,386	\$16,771	\$18,280	\$19,926	\$21,719
603-496-9500-43180	Software Support	\$442	\$3,268	\$1,000	\$3,617	\$1,500	58.5%	\$8,400	\$8,568	\$8,739	\$8,914	\$9,092	\$9,274	\$9,460	\$9,649	\$9,842	\$10,039
Annual bills plus delinquency mailer cost (required to																	
603-496-9500-43220	Postage	\$1,973	\$1,700	\$1,700	\$1,500	\$1,700	-13.3%	\$1,645	\$1,793	\$1,954	\$2,130	\$2,322	\$2,531	\$2,759	\$3,007	\$3,278	\$3,573
603-496-9500-43320	Depreciation Expense	\$15,187	\$15,963	\$17,000	\$15,187	\$17,000	-11.9%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance																	
603-496-9500-44010	Street Sweeping	\$11,498	\$12,403	\$22,000	\$10,438	\$22,000	-110.8%	\$20,000	\$21,800	\$23,762	\$25,901	\$28,232	\$30,772	\$33,542	\$36,561	\$39,851	\$43,438
603-496-9500-44030	Repairs/Maint Not Bldg	\$0	\$5,304	\$1,500	\$0	\$1,500	100.0%	\$3,000	\$3,270	\$3,564	\$3,885	\$4,235	\$4,616	\$5,031	\$5,484	\$5,978	\$6,516
603-496-9500-44300	Miscellaneous Expenses	\$119	\$459	\$400	\$0	\$400	100.0%	\$400	\$436	\$475	\$518	\$565	\$615	\$671	\$731	\$797	\$869
603-496-9500-44370	Conferences & Training	\$3,483	\$2,225	\$1,800	\$2,265	\$1,800	20.5%	\$2,500	\$2,725	\$2,970	\$3,238	\$3,529	\$3,847	\$4,193	\$4,570	\$4,981	\$5,430
603-496-9500-45300	Improvements Other Than Bldgs	\$0	\$18,190	\$30,000	\$0	\$30,000	100.0%	\$20,000	\$21,800	\$23,762	\$25,901	\$28,232	\$30,772	\$33,542	\$36,561	\$39,851	\$43,438
603-496-9500-45500	Vehicles	\$0	\$5,743	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Other Services and Charges		\$68,100	\$95,974	\$128,400	\$63,281	\$131,400	-107.6%	\$87,445	\$94,727	\$102,653	\$111,280	\$120,671	\$130,895	\$142,026	\$154,146	\$167,344	\$181,716
Operating Expenses		\$116,275	\$150,723	\$179,867	\$100,509	\$171,010	-70.1%	\$140,824	\$160,983	\$176,616	\$186,931	\$198,063	\$229,245	\$242,614	\$257,040	\$292,950	\$310,184
Operating Income (Loss)		\$94,980	\$65,029	\$40,133	\$130,572	\$55,490	57.5%										
Nonoperating Revenues																	
603-000-0000-36205	Refunds and Reimbursements	\$0	\$0	\$0	\$0	\$0	0.0%										
603-000-0000-36210	Interest on Investment	\$1,098	\$1,239	\$1,100	\$2,844	\$5,000	0.0%										
603-000-0000-36231	Contrib. of Capital Assets	\$0	\$0	\$0	\$0	\$0	0.0%										
603-000-0000-36232	Developer Contributions	\$0	\$0	\$0	\$0	\$0	0.0%										
Total Nonoperating Revenues		\$1,098	\$1,239	\$1,100	\$2,844	\$5,000	0.0%										
Change in Net Assets		\$96,078	\$66,268	\$41,233	\$133,417	\$60,490	54.7%										