



City of Spring Lake Park, MN

**Financial Management Plan For Utility Fund
Water, Sewer, and Storm Water**

Draft for November 6, 2023 Meeting



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November 6, 2023

Dan Buchholtz
City Administrator
City of Spring Lake Park
1301 81st Ave. NE
Spring Lake Park, MN 55432

RE: Financial Management Plan for Utility Fund

Dear Dan,

Northland is pleased to present the City of Spring Lake Park with a Financial Management Plan for the Utility Fund, including water, sewer, and storm water systems (the "Plan").

The Plan provides the results of our analytical work and facilitation of the process to guide the city towards arriving at a conclusion on utility fee schedule for the next decade. The Plan provides options for revenue generation structure that is projected to be financially solvent for the Utility Fund.

Sincerely,

NORTHLAND SECURITIES, INC.

A handwritten signature in black ink, appearing to read "Tammy Omdal", written over the printed name.

Tammy Omdal
Managing Director

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INTRODUCTION AND SUMMARY

Overview

The Financial Management Plan for the Utility Fund (the “Plan”) is intended to serve as a guide for fiscal management of the water, sewer, and storm water systems of the city (the “Utilities”).

The objectives of the study for the Plan were as follows:

- Revenue Sufficiency - develop and populate a forecasting model to determine the revenue needed to satisfy projected operating, capital improvements, and debt service for the Utility Fund while maintaining adequate reserves for future capital needs.
- Utility Rates and Fees - Review existing rates and fees for the Utilities and propose future rates and fees to ensure revenue sufficiency for the Utility Fund.

The Plan includes anticipated future capital improvements for the Utility Fund for years 2024-2028 (the “CIP”). Estimates prepared by the city include future costs and timing of projects. While the specific timing of projects may vary, the awareness of the necessity of these future improvements is important when considering rates and level of reserves as presented in the Plan.

Revenue Sufficiency

The study evaluated the sufficiency of revenues to meet current and projected financial requirements for the Utility Fund over the next decade and determined rates necessary in each year of the projection period to provide sufficient revenues to meet objectives.

For purposes of the Plan, the objectives included providing revenue sufficient to achieve year-end cash balances to cover the following purposes:

- Three-months of operating expense
- Following year debt service payments
- Following year capital acquisition (planned to be paid from cash)
- Reserves for future capital improvements

The city accounts for water, sewer, and storm water services in the Utility Fund, reported as a Proprietary Fund in the city’s audited financial statements. Proprietary Funds are used by cities to account for ongoing activities similar to businesses found in the private sector.

The Proprietary Funds, such as the City’s Utility Fund, are considered self-supporting in that the services rendered by them are financed primarily through user charges. The costs of providing services, such as capital costs, depreciation, and debt service, are recovered with fees and charges, rather than with taxes or similar revenues.

The Plan provides a second criteria to evaluate revenue sufficiency. The second criteria is ending unrestricted net position as percent of expense. The unrestricted net assets of the Utility Fund can be considered a measure of available financial resources.

The Plan sets a target (a floor) to strive to maintain an unrestricted net position in the Utility Fund in the range of 50% of the subsequent year’s estimated expenditures.

The majority of revenue in the Utility Fund comes from user charges. Maintaining an unrestricted net position that is equal to at least 50% of the subsequent year’s expenditures will help to ensure that sufficient resources are available to fund services between receipts of user charges.

The graphics and tables that follow provide a summary of key financial information for the Utility Fund, including the revenue sufficiency of the proposed rates to meet ending cash objectives and ending net position over the planning period.

Utility Rates and Fees

In recent years, the city has not adjusted its utility rates and fees. A purpose of the Plan is to inform city decisions on future rates and fees.

The city, with a few exceptions, uses a two-part structure for charging water and sewer services, comprised of both a fixed fee and variable rates based on volume billed. A tier structure is recommended by generally accepted practices and is a practice followed by most cities within the Twin Cities metropolitan area. A two-part rate structure recovers a portion of system costs in a fixed charge, recognizing that the water and sewer services have certain fixed costs that are incurred year-round regardless of the level of water usage by customers. Storm water services are billed based on a fixed fee per residential equivalency factor (REF) that is determined by the city. The calculation of REF for properties was not reviewed as part of the study.

It is estimated that 40-50% of the Utility Fund expenses, including depreciation, are fixed expenses. For this calculation, the collection and treatment charges paid to the Metropolitan Council Environmental Services (MCES) are assumed to be variable as they fluctuate with volume.

Based on the results of the study, the following is recommended with respect for fees and rates charged:

- Establish rates and fees at levels that will provide revenue for cash reserves for future capital improvements. The reserves should be maintained at a level that is consistent with the city’s experience for contingency

and at a level that reflects uncertainty about cost and timing of future infrastructure needs, and the city’s desire to limit the issuance of debt financing when feasible.

- Maintain the city’s current structure for charging customers which includes base (fixed) fees and volumetric rates.
- Adjust the base (fixed) quarterly fees as shown in Figure 1. The higher increases for sewer fees is due to the MCES disposal charge (per unit of volume) increasing by approximately 13% in 2022, and 14% in 2023. The Plan assumes 6.0-7.0% annual increases in future years. If the actual annual increase in the disposal charge is not as high as estimated in the Plan than the city fee amounts should be less.
- Adjust the volumetric rates as shown in Figure 2. There is no proposed change to the current maximum volume (gallons) per tier.

Figure 1
Base (Fixed) Quarterly Fees

		2023	2024	2025	2026	2027	2028	2029
<u>Fee Description</u>	<u>Customer Classification</u>	<u>Annual % Change</u>						
Water base charge	Commercial / All Other	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	4.0%
Water base charge	Residential	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	4.0%
Sewer base charge	Commercial / All Other	10.0%	8.8%	8.5%	8.0%	8.0%	7.0%	7.0%
Sewer base charge	Residential	10.0%	8.8%	8.5%	8.0%	8.0%	7.0%	7.0%
Storm water charge	All Customers	5.3%	5.0%	4.8%	4.5%	4.0%	4.0%	4.0%
<u>Fee Description</u>	<u>Customer Classification</u>	<u>Fee Amount (in Dollars)</u>						
Water base charge	Commercial / All Other	17.64	18.52	19.45	20.37	21.27	22.12	23.00
Water base charge	Residential	17.64	18.52	19.45	20.37	21.27	22.12	23.00
Sewer base charge	Commercial / All Other	67.26	73.99	80.46	87.30	94.28	101.83	108.95
Sewer base charge	Residential	67.26	73.99	80.46	87.30	94.28	101.83	108.95
Storm water charge	All Customers	6.00	6.32	6.63	6.95	7.26	7.55	7.85

Note: Commercial / All Other includes apartments, mobile homes, institutional, commercial, and industrial customers.

Figure 2
Volumetric Rates Based on Quarterly Usage, Per 1,000 Gallons

Fee Description	Customer Classification	2023	2024	2025	2026	2027	2028	2029
		Annual % Change						
Water Volume Tier 1: first 9,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Water Volume Tier 2: 9,001 to 18,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Water Volume Tier 3: 18,001 to 27,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Water Volume Tier 4: 27,001 to 36,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Water Volume Tier 5: 36,001 to 45,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Water Volume Tier 6: greater than 45,000 gallons	All Customers	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	
Sewer Volume: Over 18,000 gallons	Commercial / All Other	10.0%	8.8%	8.5%	8.0%	8.0%	7.0%	

Fee Description	Customer Classification	Fee Amount (in Dollars)						
Water Volume Tier 1: first 9,000 gallons	All Customers	1.84	1.93	2.03	2.12	2.22	2.31	2.40
Water Volume Tier 2: 9,001 to 18,000 gallons	All Customers	2.07	2.17	2.28	2.39	2.50	2.60	2.70
Water Volume Tier 3: 18,001 to 27,000 gallons	All Customers	3.19	3.35	3.52	3.68	3.85	4.00	4.16
Water Volume Tier 4: 27,001 to 36,000 gallons	All Customers	3.55	3.73	3.91	4.10	4.28	4.45	4.63
Water Volume Tier 5: 36,001 to 45,000 gallons	All Customers	3.85	4.04	4.24	4.45	4.64	4.83	5.02
Water Volume Tier 6: greater than 45,000 gallons	All Customers	4.18	4.39	4.61	4.83	5.04	5.24	5.45
Sewer Volume: Over 18,000 gallons	Commercial / All Other	3.67	4.04	4.39	4.76	5.14	5.56	5.94

Note: Commercial / All Other includes apartments, mobile homes, institutional, commercial, and industrial customers.

The graphics that follow shown the impact to an average residential customer at various levels of water use resulting from the proposed fees.

Utility fees should be reviewed annually to ensure that fees are providing sufficient revenue based on actual experience. Actual experience refers to the number of customers billed, volume (usage) billed to customers, among other factors that may impact revenues. Future fees should be set based on actual financial performance.

Study Approach

The following steps were taken as part of the study:

- City provided information on customer data, including number of customers, and adopted fee schedules. Northland relied on the data as presented by the city for projection of water use and volumes by tier and average number of billing units per year.

- City provided historical financial data along with current budget plans and CIP.
- Information provided by the city was organized, analyzed, and used to support the development of the Plan. Prior year data is reconciled with the city’s audited financial statements.
- City staff offered input and feedback on assumptions for the study.

Organization of Plan

The Plan is organized into seven sections:

1. Introduction and Summary provides information on the study approach, revenue sufficiency, and rate calculations.
2. Rate Structure provides information on equity of the current rate structure, evaluation of funding approach for infrastructure, and approach for funding depreciation.
3. Capital Improvement Plan provides information on the city’s plans for maintaining and improving the water and sanitary sewer systems. This includes estimates on project costs, timing, and sources of funds. Information on estimated debt obligations and debt service of the Utility Fund is included in this section.
4. Financial Plan provides pro forma for the Utility Fund, including historical, current, and projected revenue and expense, ending cash balances, among other information. The financial plan considers capital improvement plans and proposed rates.
5. Appendixes provides fee information and graphics, including comparison of utility bills to other cities.

Table 1
Utility Fund
Financial Summary

Utility Fund

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Revenue	1,978,567	2,153,593	2,273,009	2,430,233	2,566,754	2,746,830	2,873,001	2,978,870	3,107,327	3,242,189
Expense	2,202,102	2,226,662	2,422,765	2,531,127	2,658,220	2,795,390	2,893,494	2,976,259	3,062,987	3,153,991
Revenue Over (Under) Expense	(223,535)	(73,069)	(149,756)	(100,894)	(91,466)	(48,560)	(20,493)	2,611	44,339	88,198

Projected Ending Cash by Purpose

For future capital and unassigned	907,923	1,311,703	1,673,646	2,044,209	2,651,781	1,862,341	1,950,683	2,052,262	2,180,104	2,226,003
For planned capital	1,152,108	-	536,937	-	1,142,760	1,139,406	303,876	319,070	335,019	456,770
For 3-months of operating cash	372,771	414,497	432,862	450,608	469,171	488,594	508,920	530,196	552,471	575,797
For following year debt service	160,000	160,000	201,000	250,000	335,900	436,600	440,000	433,200	431,300	434,100
Total Projected Ending Cash	2,592,801	1,886,200	2,844,445	2,744,817	4,599,612	3,926,941	3,203,479	3,334,729	3,498,894	3,692,670

Net Position

Ending unrestricted net position	2,632,568	1,925,967	2,884,212	2,784,584	4,639,379	3,966,708	3,243,246	3,374,496	3,538,661	3,732,437
As % of expense	120%	86%	119%	110%	175%	142%	112%	113%	116%	118%

Net Revenues as % of Debt Service

	300%	330%	239%	208%	165%	198%	212%	219%	227%	239%
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Customers

Total Average Annual # of Customer Accounts	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270
Total Water Volume Billed (1,000 of gallons)	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426
Total Sewer Volume Billed (1,000 of gallons)	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592

Residential Customer with Quarterly Water Volume of 7,000 Gallons

Total City Utility Bill (Water, Sewer, and Stormwater)	132.47	142.47	152.37	162.62	172.93	183.62	194.02	202.87	212.13	221.81
\$ Change in Total Annual Billed		10.00	9.90	10.25	10.31	10.69	10.40	8.85	9.26	9.69
% Change in Total Annual Billed		7.6%	6.9%	6.7%	6.3%	6.2%	5.7%	4.6%	4.6%	4.6%

Notes:

- Expenses includes depreciation expense.

Introduction and Summary

Ending cash is projected to be sufficient to meet policy objectives and to position city to maintain contingency, cash above the desired minimum, for future projects and other needs. The Plan provides for the City to begin to position itself for a “pay-go” strategy for capital improvements for the Utilities.

Chart 1
Utility Fund

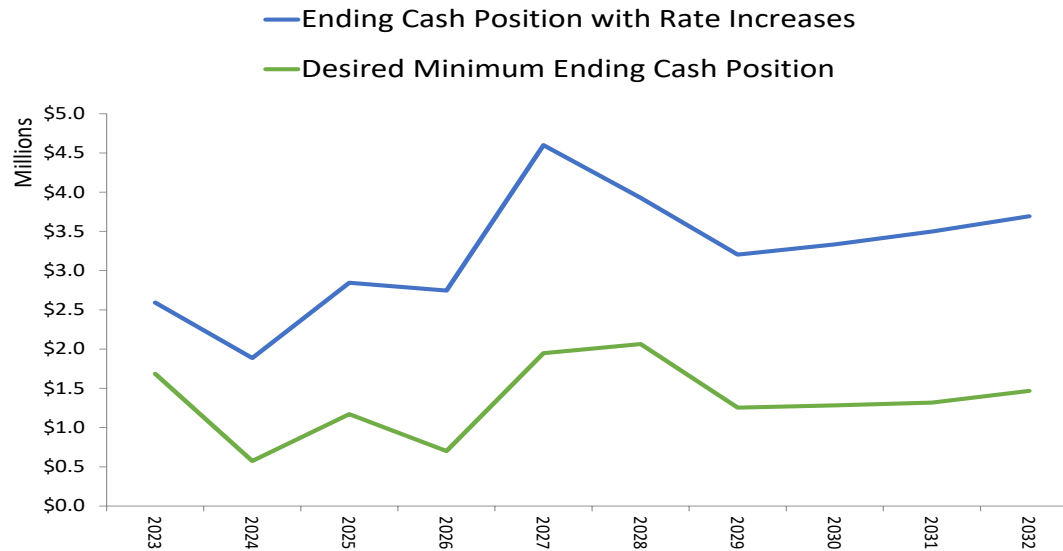
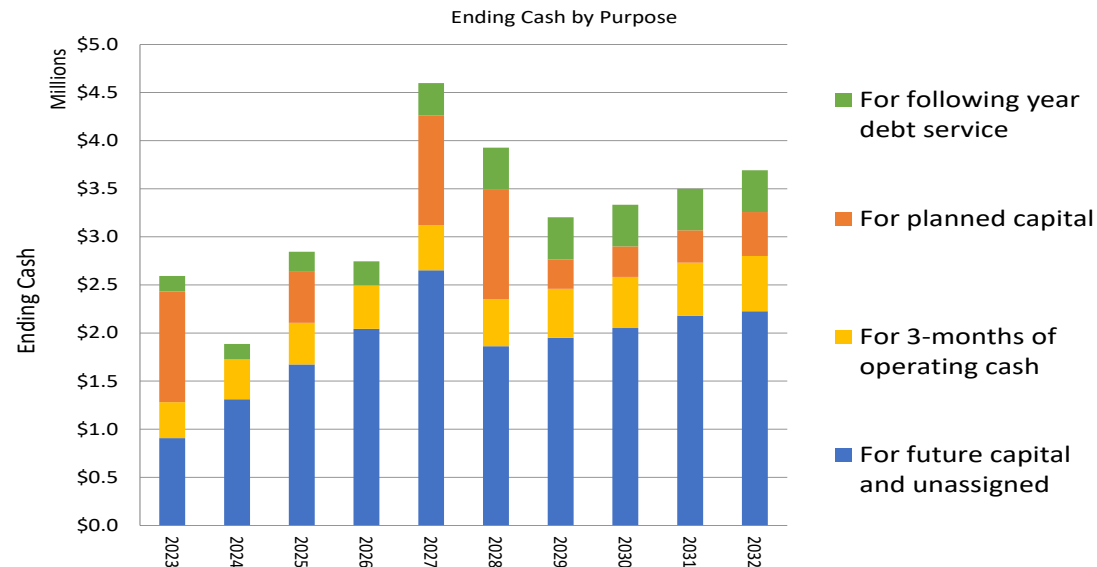


Chart 2
Utility Fund

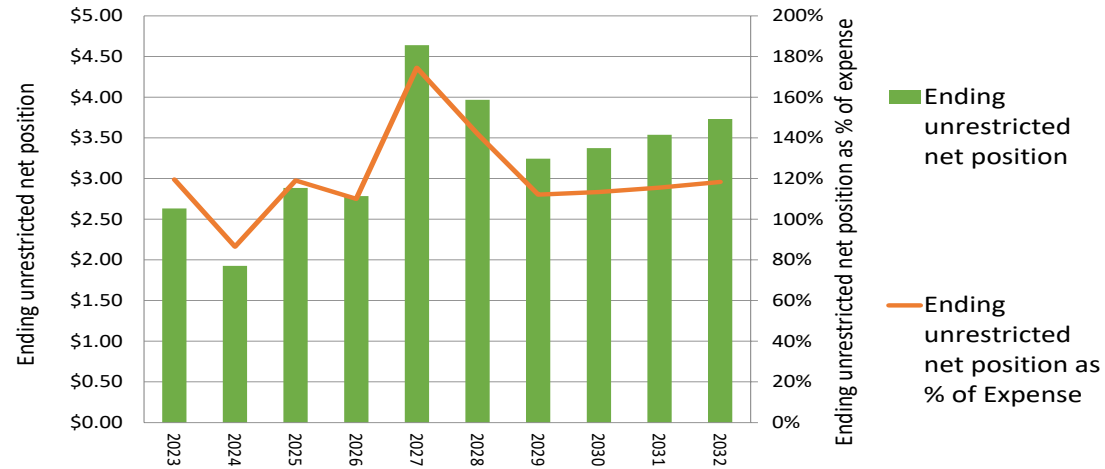


Introduction and Summary

The proposed fee increases in the Plan are projected over time to provide revenue in excess of expense, including depreciation expense.

Chart 3
Utility Fund

Ending Unrestricted Net Position as % of Expense is projected to be above the minimum 50% target



*The reduction in ending unrestricted net position as % of expense is due to planned capital outlay in 2027 and 2028.

Chart 4
Utility Fund

Revenues are projected to begin to come closer to covering expenses, including depreciation, with rate increases over time

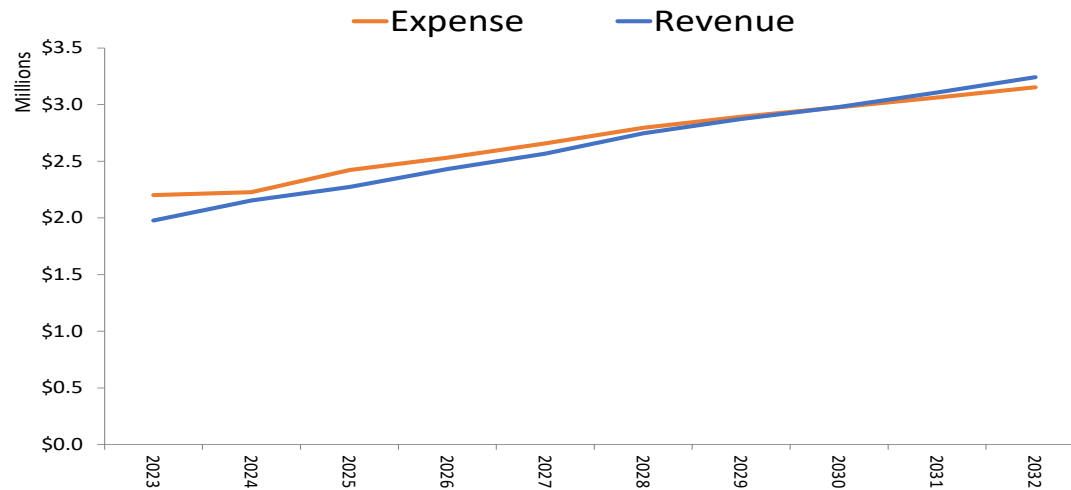
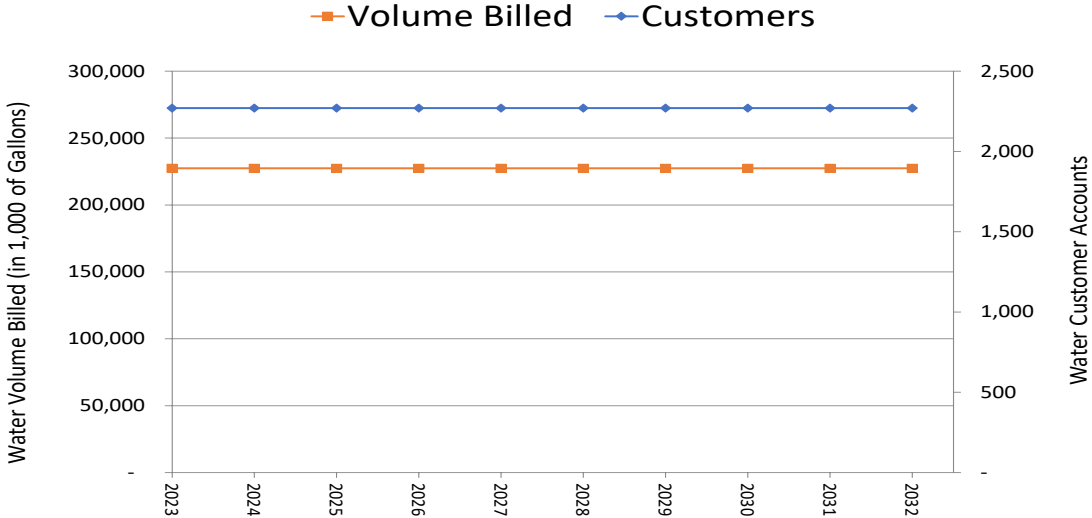


Chart 5
Utility Fund

Water Utility Customers and volume billed are projected to remain at historical levels



Introduction and Summary

The Plan provides for increases in utility bills over the planning period. The increase will be spread equally across customers and customers classifications. The Plan does not propose any changes in the current structure the city uses for charging its customers. For example, the city uses a tiered structure for charging fees for water volume based on maximum volumes per tier. There is no change proposed to this structure.

Chart 6
Municipal Utility Bill
Residential Customer Example
10,000 Gallons Per Quarter Water Usage

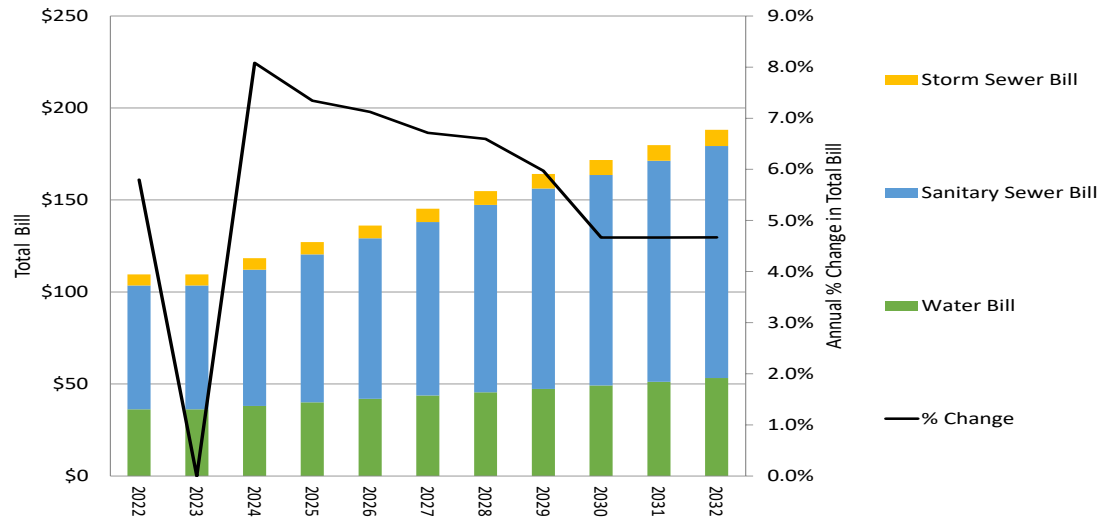
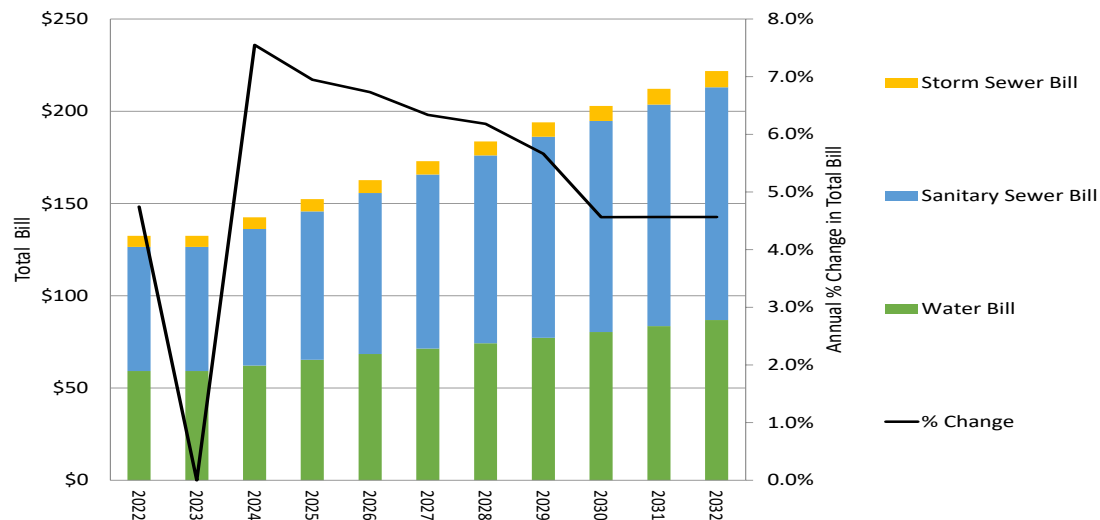


Chart 7
Municipal Utility Bill
Residential Customer Example
20,000 Gallons Per Month Water Usage



Rate Structure

The study included review and analysis of the city's current utility fees and rates. The existing rate structure is comprised of quarterly fixed fees per customer for water, sewer, and storm water services and volumetric rates charged based on volume billed for water and sewer. A description of the current rate structure is described below. The Plan proposes annual adjustments to these fee amounts to provide revenue sufficient cover expense and capital improvements.

Water Rate Structure

All properties (customers) in the city pay water rates based on the same schedule. The quarterly bill includes an administrative base rate and a volumetric charge based on volume billed. The current administrative base rate is currently at \$17.64 per quarter.

The volumetric charge is billed based on a six-tier block rate structure, with volumes capped by tier and different rates charged per 1,000 gallons by tier. The volumes by tier and current and proposed future rates are shown in Figure 2 on page 2:

Sewer Rate Structure

All properties in the city pay a fixed quarterly (base) charge for sewer services. The fee is currently \$67.26 per quarter. This is the only sewer fee paid by properties classified as single family, duplex, townhouse, and similar residential.

Properties classified as apartment, mobile home, institutional, commercial, and industrial also pay a fixed fee per 1,000 gallons for all usage over 18,000 gallons. The current fee is \$3.67 per 1,000 gallons.

Storm Water Rate Structure

All properties in the city pay a fixed quarterly (base) charge for storm water services. The fee is currently \$6.00 per quarter per residential equivalency factor (REF). The City determines the REF for each customer (property). The calculation of REF for customers was not reviewed as part of the study.

Funding Approach for Infrastructure

The city desires to fund infrastructure for water, sewer, and storm water systems with cash versus debt when doing so does not put undue pressure on utility fee and rates and the rate structure.

The Plan includes bond issuance to pay for utility infrastructure capital improvements and cost of issuance of bonds as follows:

- \$1,025,000 in 2025 to finance capital projects planned for 2025-2026
- \$2,075,000 in 2027 to finance capital projects planned for 2027-2028

The Plan proposed the city adopt annual rate increases to ensure sufficient cash is available to pay for planned capital improvements, operations, and debt service. The Plan includes issuance of bonds to finance improvements to minimize the annual increase to the fees charged to customers, by spreading the cost of the capital improvements over multiple years. To transition to a “pay-go” strategy, to eliminate or reduce future bonding, would require larger fee increases than what is proposed in the Plan.

Recognizing that future customers will benefit from the improvements funded with today's dollars, it is always a balancing decision to decide whether to pay for capital

infrastructure with cash versus debt. There are many factors to consider, including balancing other city demands for debt financing of projects and the impact on the city's overall outstanding debt obligations, among other factors.

Funding Depreciation

The funding of depreciation, or setting aside of funds to replace depreciated infrastructure, is an essential element for establishment of sufficient rates.

The study focused on the city's asset management practices to maintain and replace aging infrastructure, including the city's adoption of a long-range capital improvements plan.

Rather than focus solely on "funding depreciation" we find it is better to gain a strong understanding of the expected future costs and their timing, and plan for replacement of infrastructure and facilities. Using a planned schedule for capital improvements and the incorporation of those plans into the study does that. Capital improvement plans combined with fiscal management targets are an essential element that allows for the setting of rates that meet city goals.

Fiscal management targets begin with criteria for evaluating overall financial condition. For instance, do projections show sufficient revenues to cover planned operating and capital improvement expenses? The Utility Fund must do better than break even, but by how much?

Cash Balance Targets

The Plan helps to answer these questions by allocating projected year-end cash balance to defined purposes. One of the purposes is for planned capital acquisition and reserves for future capital. The year-end cash balances are targeted to meet the following purposes:

- Three-months of operating expense

- Following year debt service payments
- Following year capital acquisition (planned to be paid from cash)
- Reserves for future capital

Taken together these targets for ending cash help determine if future financial scenarios provide adequate amounts of available financial resources.

Unrestricted Net Position Target

The second criteria is ending unrestricted net position as percent of expense. The unrestricted net assets of the Utility Fund can be considered a measure of available financial resources.

The Plan sets a target (a floor) to strive to maintain an unrestricted net position in the Utility Fund in the range of 50% of the subsequent year's estimated expenditures.

The majority of revenue in the Utility Fund is from user charges. Maintaining an unrestricted net position that is equal to at least 50% of the subsequent year's expenditures will help to ensure that sufficient resources are available to fund services between receipts of user charges.

The target (or floor) for unrestricted net position of 50% is meant to be an equivalent of the target for an unrestricted fund balance for the General Fund. Spring Lake Park has a stated policy to provide and maintain an unreserved General Fund balance of at least 35% of budgeted operating expenditures.

Equity is reported as "fund balance" in the General Fund and as "net position" within the Utility Fund. Net position and fund balance are the difference between fund assets and liabilities reflected on the statement of net position or balance sheet.

CAPITAL IMPROVEMENT PLAN

Overview

For purposes of the Plan, the city provided a Capital Improvement Plan (the “CIP”) that included planned water, sewer, and storm water system capital improvement projects.

A purpose of the Plan is to provide the city with options and recommendation for financing future capital improvement projects accounted for in the Utility Fund. The tables that follow in this section provide information on planned capital improvement projects.

Source of Funding for Capital Projects

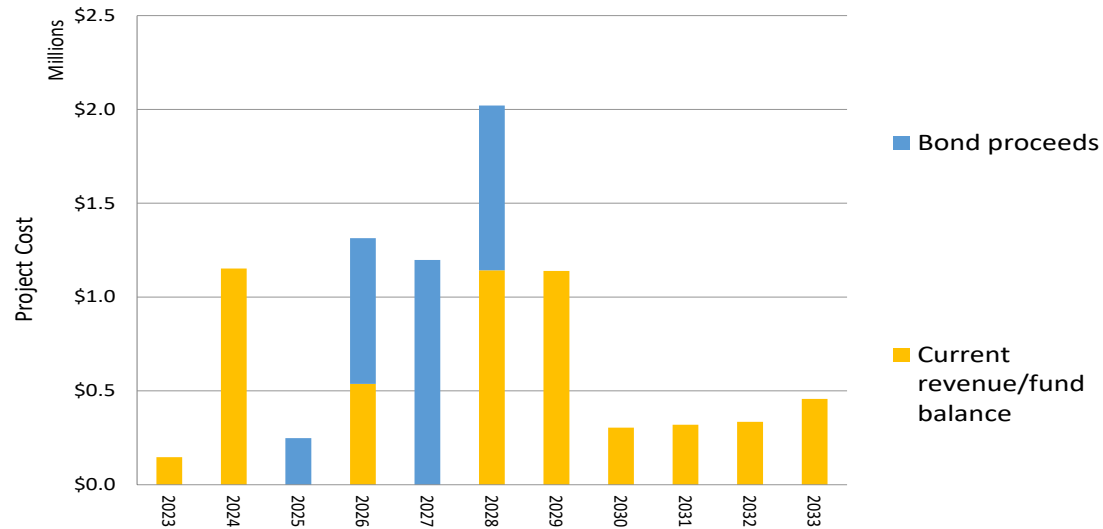
The source of funding for the planned capital projects is anticipated to come from the use of estimated available cash within the Utility Fund and the issuance of debt. The term of the debt is 15 years with estimated rate of 4.0%.

The Plan includes proposed utility fees at a level to provide for a combination of pay-go funding of capital improvements and issuance of debt. Based on the assumptions in the Plan, including proposed fee increases, cash is not projected to be sufficient to fund future capital improvements with current revenues (cash) only without debt issuance.

Capital projects and source of funding are evaluated on a regular basis by the city, including for timing and estimated costs. Changes to the city’s planned capital projects will impact the need for debt issuance, both in timing and amount.

Chart 8
Utility Fund

Capital Improvement Plan - Project Costs by Funding Source



Capital Improvement Plan

The Plan provides for a combination of pay-go funding for capital and debt issuance. The Plan anticipates issuance of general obligation revenue bonds to finance project costs. Bond issuance is planned for 2025 to finance two years of project costs and then again in 2027 to finance two years of project costs. The actual timing of issuance will vary depending on specific project needs including timing.

Capital Improvement Plan

Table 2
Capital Improvement Plan
Utility Fund

City of Spring Lake Park

Capital Improvement Plan (CIP)

Utility Fund

	Budget 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Capital Outlay										
Acquisition of capital assets	150,000	1,152,108	444,463	536,937	629,533	1,142,760	1,139,406	303,876	319,070	335,019
Bond issuance cost	-	-	18,600	-	42,707	-	-	-	-	-
Total Capital Outlay	150,000	1,152,108	463,063	536,937	672,240	1,142,760	1,139,406	303,876	319,070	335,019
Source of Funds										
Bond proceeds	-	-	1,025,000	-	2,075,000	-	-	-	-	-
Transfers in	3,000	-	-	-	-	-	-	-	-	-
Current revenue / use of cash in fund	147,000	1,152,108	(561,937)	536,937	(1,402,760)	1,142,760	1,139,406	303,876	319,070	335,019
Total Source of Funds	150,000	1,152,108	463,063	536,937	672,240	1,142,760	1,139,406	303,876	319,070	335,019

Note: Current revenue / use of cash in fund that is shown as negative means that source of funds in this year is projected to exceed use of funds for capital, and the funds will be spent in future years on capital. The city has a detailed capital improvement plan that provides for specific planned projects, including by service (water, sewer, and storm water). The Plan considers project costs in total with respect to planned acquisition of capital assets.

Table 3
Debt Payable from Utility Fund

City of Spring Lake Park

Summary of Debt Payable from Utility Fund (Existing and Planned New Debt)

Total Utility Fund					
Fiscal Year	Principal	Interest	Total P&I	New Bonds Issued	Bonds Outstanding
2022	238,000	13,616	251,616	-	245,000
2023	245,000	6,907	251,907	-	-
2024	-	-	-	-	-
2025	-	-	-	1,025,000	1,025,000
2026	-	41,000	41,000	-	1,025,000
2027	50,000	40,000	90,000	2,075,000	3,050,000
2028	55,000	120,900	175,900	-	2,995,000
2029	160,000	116,600	276,600	-	2,835,000
2030	170,000	110,000	280,000	-	2,665,000
2031	170,000	103,200	273,200	-	2,495,000
2032	175,000	96,300	271,300	-	2,320,000
2033	185,000	89,100	274,100	-	2,135,000
2034	190,000	81,600	271,600	-	1,945,000
2035	200,000	73,800	273,800	-	1,745,000
2036	210,000	65,600	275,600	-	1,535,000
2037	220,000	57,000	277,000	-	1,315,000
2038	230,000	48,000	278,000	-	1,085,000
2039	240,000	38,600	278,600	-	845,000
2040	245,000	28,900	273,900	-	600,000
2041	250,000	19,000	269,000	-	350,000
2042	175,000	10,500	185,500	-	175,000
2043	175,000	3,500	178,500	-	-

Capital Improvement Plan

Chart 9
Utility Fund
Total Debt Outstanding for Existing and Planned New Debt

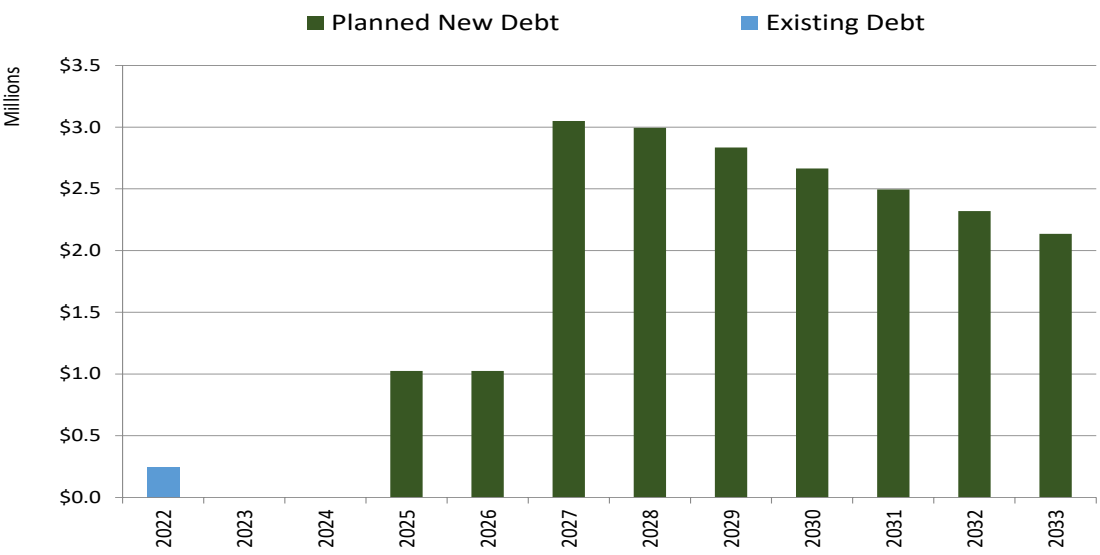
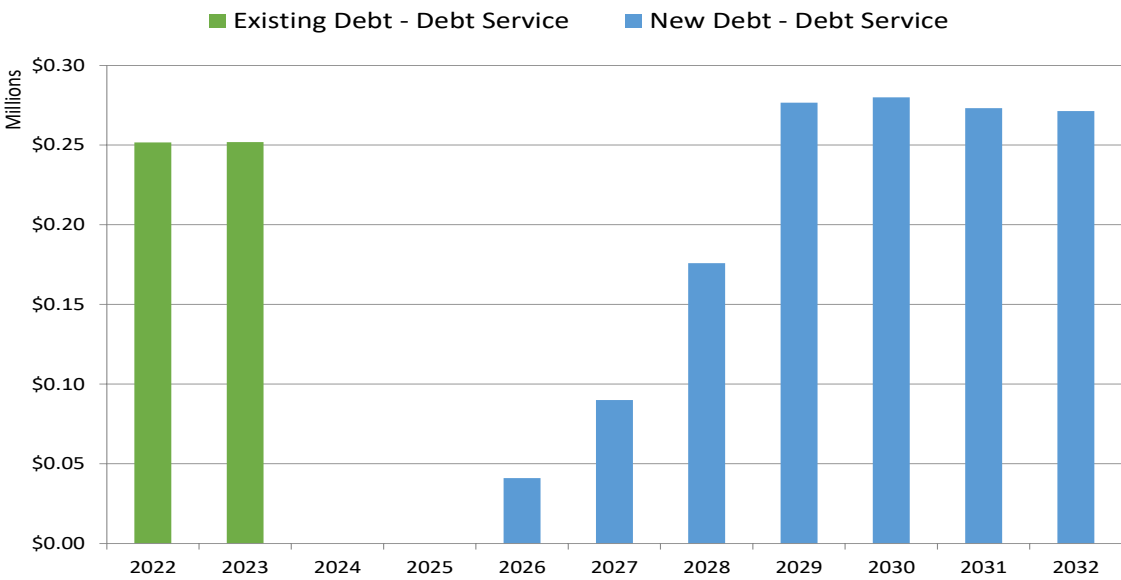


Chart 10
Utility Fund
Annual Debt Service For Existing and Planned New Debt



The bonds outstanding and annual debt service amounts shown in the charts here are for the combined total estimated debt payable from revenues from the Utility Fund.

The charts include combined existing debt and future estimated debt based on anticipated bond issuance as shown in the Plan.

The charts include debt supported by utility revenue only and does not include debt payable from property tax levy or other sources of revenue.

FINANCIAL PLAN

Background

The Utility Fund is used to account for the operating and capital improvement costs related to maintenance of the water, sewer, and storm water utility systems.

The Utility Fund is in sound financial condition. However, revenues have not been sufficient to cover expenses, inclusive of depreciation expense. The fund has had sufficient cash to meet all obligations. Future financial performance will be impacted by future fee schedules to be adopted by the city and need for future capital improvements for the utility systems. The Plan proposes fee increases to provide an increase in revenues to cover expenses and to provide future cash reserves to position the City for pay-go financing of future capital improvements and to provide cash for contingency.

Revenue Sufficiency

The financial plan for the Utility Fund is based on historical financial performance, current and proposed utility rates, and anticipated future capital projects.

The reports demonstrate revenue sufficiency, which is the level of revenue needed to satisfy the projected operating, capital costs, and debt service for the Utility Fund while maintaining adequate reserves for future capital needs of the water, sewer, and storm water systems that are accounted for in the Utility Fund.

The following reports are provided in this section:

- Pro Forma - Includes information on annual revenues and expenses and balance sheet items.

- Year End Cash Balance - Includes explanation of the projected changes in year-end cash balance.
- Customers/Usage and Revenues from Charges for Services - Includes the estimated number of customers and usage (volume billed) for prior years and projections for future years. Revenue by non-volume basis and volume basis is included.

Key Assumptions

The financial plan for the Utility Fund is based on certain key assumptions, which are as follows:

- Operating expenditures, including personnel costs, materials supplies, utilities, and all other operating expense will increase by approximately 3.0%-4.0% per year, with the following exceptions:
 - Sanitary sewer disposal charge payable to the Met Council, is estimated to increase by 6.0-7.0% annually between 2024-2032. The City should monitor annual increases to MCEs charges and adjust proposed city fees to customers, as necessary.
 - A new position is included in the Plan in year 2025, payable from the Utility Fund.
- Depreciation is adjusted for anticipated annual depreciable capital acquisitions. New capital is depreciated over a 50 years in the Plan.
- Capital improvement plan will be implemented at estimated project costs and sources of funding as included in the Plan.
- Plan assumes annual rate increases based on the schedule of fees included in the Plan.

Revenue

The major source of revenue comes from the collection of quarterly charges, including fixed based fees charged to customers, along with volume-based charges.

The financial plan for the Utility Fund reflects the adopted fees for 2023 and proposed future annual adjustments to the fees.

Interest income is earned on the cash balance in the Fund that is recorded as revenue. The investment earnings rate is projected at 2.0% for planning purposes.

Expense

The expenses include operating expense, interest expense for debt service, and depreciation expense. Transfers out to other funds are also included as an expense for the Utility Fund.

Cash Balance

The financial plan includes projected assets and liabilities for the Fund. This includes projected annual year-end cash balance. Table 5 that follows provides a detailed summary on projected change in cash year by year.

Based on assumptions in the Plan it is projected that the cash balance position of the Fund will decrease over the planning period. The Fund is projected to have future cash sufficient to meet the objectives for cash balance, including cash sufficient to cover:

- Three-months of operating expense
- Following year debt service payments
- Following year capital acquisition (planned to be paid from cash)
- Reserves for future capital improvements

The sufficiency of the estimated reserves for capital improvements will depend on future capital improvement projects that may not yet be programmed in the CIP.

Table 4
Page 1 of 2

City of Spring Lake Park

**Finance Plan
Utility Fund**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Actual	Actual	Estimated	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Revenues												
Other charges for services	65,587	-	-	-	-	-	-	-	-	-	-	-
Lease revenue	152,772	227,574	122,000	122,000	122,000	122,000	122,000	122,000	122,000	122,000	122,000	122,000
Gains on sale of assets	5,796	26,346	-	-	-	-	-	-	-	-	-	-
Water collections and admin charges	898,910	862,375	847,970	916,653	962,485	1,008,203	1,052,564	1,094,667	1,138,453	1,183,992	1,231,351	1,280,605
Sewer collections and admin charges	849,525	864,465	865,212	936,034	1,017,937	1,104,462	1,192,819	1,288,245	1,378,422	1,447,343	1,519,710	1,595,695
Stormwater charges for service	-	96,000	97,400	103,364	108,532	113,687	118,803	123,555	128,498	133,638	138,983	144,542
Water Treatment Plant Collections	-	-	-	-	-	-	-	-	-	-	-	-
Penalties and other revenues	-	10,234	16,500	16,995	17,505	18,030	18,571	19,128	19,702	20,293	20,902	21,529
Investment earnings (loss)	(23,716)	(145,475)	5,500	51,856	37,724	56,889	54,896	91,992	78,539	64,070	66,695	69,978
Meter charges	-	8,059	-	-	-	-	-	-	-	-	-	-
Other revenues and special items	4,994	1,448	6,560	6,691	6,825	6,962	7,101	7,243	7,388	7,535	7,686	7,840
Transfers in	-	24,316	3,000	-	-	-	-	-	-	-	-	-
Connection charges	-	1,895	14,425	-	-	-	-	-	-	-	-	-
Total Revenues	1,953,868	1,977,237	1,978,567	2,153,593	2,273,009	2,430,233	2,566,754	2,746,830	2,873,001	2,978,870	3,107,327	3,242,189
Expenses												
<i>Fixed Expenses</i>												
Personnel services	327,313	347,004	416,922	433,599	446,607	460,005	473,805	488,019	502,660	517,740	533,272	549,270
Personnel services FTE changes	-	-	-	-	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987
Transfer out Debt Service Fund	-	-	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Transfer out to General Fund	88,416	-	55,343	57,003	58,713	60,475	62,289	64,158	66,082	68,065	70,107	72,210
Interest expense	17,957	11,379	6,907	-	-	41,000	40,000	120,900	116,600	110,000	103,200	96,300
Depreciation	478,054	492,533	495,533	518,575	527,464	538,203	550,794	573,649	596,437	602,515	608,896	615,596
<i>Subtotal Fixed Expenses</i>	<i>911,740</i>	<i>850,916</i>	<i>1,134,705</i>	<i>1,169,177</i>	<i>1,292,785</i>	<i>1,362,683</i>	<i>1,392,978</i>	<i>1,515,999</i>	<i>1,554,330</i>	<i>1,574,247</i>	<i>1,594,880</i>	<i>1,616,364</i>
<i>Variable Expenses</i>												
Supplies	144,664	253,854	57,300	59,019	60,790	62,613	64,492	66,426	68,419	70,472	72,586	74,764
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-
Professional services, repairs, other exp	295,309	352,199	431,256	444,194	457,519	471,245	485,382	499,944	514,942	530,390	546,302	562,691
MCES disposal charge	531,261	587,074	578,841	554,272	593,071	634,586	672,661	713,021	755,802	801,150	849,219	900,172
Bond issuance cost	-	-	-	-	18,600	-	42,707	-	-	-	-	-
<i>Subtotal Variable Expenses</i>	<i>971,234</i>	<i>1,193,127</i>	<i>1,067,397</i>	<i>1,057,485</i>	<i>1,129,980</i>	<i>1,168,444</i>	<i>1,265,242</i>	<i>1,279,391</i>	<i>1,339,163</i>	<i>1,402,012</i>	<i>1,468,107</i>	<i>1,537,627</i>
Total Expenses	1,882,974	2,044,043	2,202,102	2,226,662	2,422,765	2,531,127	2,658,220	2,795,390	2,893,494	2,976,259	3,062,987	3,153,991
Change in Net Position	70,894	(66,806)	(223,535)	(73,069)	(149,756)	(100,894)	(91,466)	(48,560)	(20,493)	2,611	44,339	88,198
Ending net position	8,344,009	8,277,203	8,053,668	7,980,600	7,830,843	7,729,949	7,638,483	7,589,923	7,569,431	7,572,041	7,616,380	7,704,579

Table 4
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City of Spring Lake Park

Finance Plan

Utility Fund

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
	Actual	Actual	Estimated	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj	Proj
Assets and Deferred Outflow of Resources												
Cash and cash equivalents	2,792,001	2,722,102	2,592,801	1,886,200	2,844,445	2,744,817	4,599,612	3,926,941	3,203,479	3,334,729	3,498,894	3,692,670
Lease receivable, non-current	-	2,457,907	2,230,333	2,002,759	1,775,185	1,547,611	1,320,037	1,092,463	864,889	637,315	409,741	182,167
Due from other funds / advances	3,088	7,247	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Other assets / receivables	332,677	447,857	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Capital assets	13,904,761	14,140,507	14,290,507	15,442,615	15,887,078	16,424,015	17,053,548	18,196,308	19,335,714	19,639,590	19,958,660	20,293,679
Less Accumulated depreciation	(7,919,118)	(8,373,874)	(8,869,407)	(9,387,982)	(9,915,447)	(10,453,650)	(11,004,444)	(11,578,093)	(12,174,530)	(12,777,044)	(13,385,940)	(14,001,537)
Deferred outflows of resources	107,642	87,065	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Assets and Deferred Outflows	9,221,051	11,488,811	10,784,234	10,483,592	11,131,261	10,802,793	12,508,753	12,177,619	11,769,553	11,374,589	11,021,354	10,706,979
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	87,004	136,334	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Contracts payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Bonds payable	483,000	245,000	-	-	1,025,000	1,025,000	3,050,000	2,995,000	2,835,000	2,665,000	2,495,000	2,320,000
Unamortized bond premium	5,359	12,134	-	-	-	-	-	-	-	-	-	-
Net pension liability (non-current)	-	243,946	243,946	243,946	243,946	243,946	243,946	243,946	243,946	243,946	243,946	243,946
Other non-current liabilities	145,467	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	156,212	2,574,194	2,346,620	2,119,046	1,891,472	1,663,898	1,436,324	1,208,750	981,176	753,602	526,028	298,454
Total Liabilities and Deferred Inflows	877,042	3,211,608	2,730,566	2,502,992	3,300,418	3,072,844	4,870,270	4,587,696	4,200,122	3,802,548	3,404,974	3,002,400
Total Liabilities, Deferred Inflows, and Net Position	9,221,051	11,488,811	10,784,234	10,483,592	11,131,261	10,802,793	12,508,753	12,177,619	11,769,553	11,374,589	11,021,354	10,706,979

Table 5

City of Spring Lake Park
Ending Cash Balance
Utility Fund

	2023 Budget	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Use of Cash										
Operations & Maintenance	1,484,319	1,491,084	1,657,987	1,731,449	1,802,430	1,876,683	1,954,374	2,035,680	2,120,784	2,209,885
Capital Acquisition and Cost of Issuance of Bonds	150,000	1,152,108	463,063	536,937	672,240	1,142,760	1,139,406	303,876	319,070	335,019
Other Interfund Transfers	55,343	57,003	58,713	60,475	62,289	64,158	66,082	68,065	70,107	72,210
Debt Service (includes transfers for debt)	411,907	160,000	160,000	201,000	250,000	335,900	436,600	440,000	433,200	431,300
Total Use of Cash	2,101,569	2,860,195	2,339,763	2,529,861	2,786,959	3,419,501	3,596,463	2,847,620	2,943,161	3,048,414
Source of Cash										
Revenue from Service Charges	1,961,142	2,153,593	2,273,009	2,430,233	2,566,754	2,746,830	2,873,001	2,978,870	3,107,327	3,242,189
Revenue from Capital Contributions	14,425	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	1,025,000	-	2,075,000	-	-	-	-	-
Interfund Transfers	3,000	-	-	-	-	-	-	-	-	-
Total Source of Cash	1,978,567	2,153,593	3,298,009	2,430,233	4,641,754	2,746,830	2,873,001	2,978,870	3,107,327	3,242,189
Net Change in Other Assets and Liabilities	(6,299)	-	-	-	-	-	-	-	-	-
Change in Cash Balance	(129,301)	(706,602)	958,245	(99,628)	1,854,795	(672,671)	(723,462)	131,249	164,165	193,776
Total Projected Ending Cash	2,592,801	1,886,200	2,844,445	2,744,817	4,599,612	3,926,941	3,203,479	3,334,729	3,498,894	3,692,670

Ending Cash by Purpose

For future capital improvements	907,923	1,311,703	1,673,646	2,044,209	2,651,781	1,862,341	1,950,683	2,052,262	2,180,104	2,226,003
For next year planned capital	1,152,108	-	536,937	-	1,142,760	1,139,406	303,876	319,070	335,019	456,770
For 3-months of operating cash	372,771	414,497	432,862	450,608	469,171	488,594	508,920	530,196	552,471	575,797
For following year debt service	160,000	160,000	201,000	250,000	335,900	436,600	440,000	433,200	431,300	434,100
Total Projected Ending Cash	2,592,801	1,886,200	2,844,445	2,744,817	4,599,612	3,926,941	3,203,479	3,334,729	3,498,894	3,692,670

Note: Cash balances include cash and investments.

Table 6

City of Spring Lake Park

**Customers and Charges for Sales and Development Revenue
Water Charges**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CUSTOMER DATA												
Average Annual Billing Units (Customers)												
Residential	2,028	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980
Commercial / All Other	290	290	290	290	290	290	290	290	290	290	290	290
Total Customers	2,318	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270	2,270
Volume (in thousands of gallons)												
Residential	59,808	63,446	53,446	53,446	53,446	53,446	53,446	53,446	53,446	53,446	53,446	53,446
Commercial / All Other	183,581	183,980	173,980	173,980	173,980	173,980	173,980	173,980	173,980	173,980	173,980	173,980
Total Volume	243,389	247,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426	227,426
REVENUE												
Revenue - Base Charge												
Residential	\$71,953	\$70,250	\$139,709	\$146,694	\$154,029	\$161,345	\$168,445	\$175,182	\$182,190	\$189,477	\$197,056	\$204,939
Commercial / All Other	\$10,289	\$10,289	\$20,462	\$21,486	\$22,560	\$23,631	\$24,671	\$25,658	\$26,684	\$27,752	\$28,862	\$30,016
Total Revenue	\$82,243	\$80,540	\$160,171	\$168,180	\$176,589	\$184,977	\$193,116	\$200,840	\$208,874	\$217,229	\$225,918	\$234,955
Revenue - Base Charge for Treatment												
Residential	\$71,142	\$69,458	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial / All Other	\$10,173	\$10,173	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$81,315	\$79,632	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue - Volume Charge												
Residential	\$183,998	\$196,729	\$203,833	\$214,025	\$224,726	\$235,401	\$245,758	\$255,589	\$265,812	\$276,445	\$287,502	\$299,002
Commercial / All Other	\$450,065	\$463,372	\$508,998	\$534,448	\$561,170	\$587,826	\$613,690	\$638,238	\$663,767	\$690,318	\$717,931	\$746,648
Total Revenue	\$634,063	\$660,100	\$712,831	\$748,473	\$785,896	\$823,227	\$859,448	\$893,826	\$929,579	\$966,763	\$1,005,433	\$1,045,651
Revenue - Volume Charge for Treatment												
Residential	\$42,005	\$45,243	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial / All Other	\$70,278	\$74,882	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$112,283	\$120,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Connection Charge (Capital Contribution)												
Residential	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial / All Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$909,905	\$940,397	\$873,002	\$916,653	\$962,485	\$1,008,203	\$1,052,564	\$1,094,667	\$1,138,453	\$1,183,992	\$1,231,351	\$1,280,605
Adjustments / other changes ¹	-\$10,995	-\$78,022	-\$25,032									
Total Revenue Calculated	\$898,910	\$862,375	\$847,970	\$916,653	\$962,485	\$1,008,203	\$1,052,564	\$1,094,667	\$1,138,453	\$1,183,992	\$1,231,351	\$1,280,605

Note:
 1. The Adjustments/other changes is the difference between how the Study calculated revenue compared to revenue reported in the City's audited financial statements or budget document. The difference may come from adjustments to bills due to issues with meters and other adjustments that are not built into the model for the Study. The adjustments are not considered to be on-going. The Study assumes that future adjustments will be minimal and not have a material impact on the future revenue projections.

Table 7

City of Spring Lake Park

**Customers and Charges for Sales and Development Revenue
Sewer Charges**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CUSTOMER DATA												
Average Annual Billing Units (Customers)												
Residential	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976	1,976
Commercial / All Other	232	232	232	232	232	232	232	232	232	232	232	232
Total Customers	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208	2,208
Volume Billed (in thousands of gallons)												
Residential	79,460	93,592	93,592	93,592	93,592	93,592	93,592	93,592	93,592	93,592	93,592	93,592
Commercial / All Other	69,587	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total Volume	149,047	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592	163,592
REVENUE												
Revenue - Base Charge												
Residential	\$531,623	\$531,623	\$531,623	\$584,785	\$635,954	\$690,010	\$745,211	\$804,828	\$861,166	\$904,224	\$949,435	\$996,907
Commercial / All Other	\$62,417	\$62,417	\$62,417	\$68,659	\$74,667	\$81,013	\$87,494	\$94,494	\$101,109	\$106,164	\$111,472	\$117,046
Total Revenue	\$594,040	\$594,040	\$594,040	\$653,444	\$710,621	\$771,023	\$832,705	\$899,322	\$962,274	\$1,010,388	\$1,060,907	\$1,113,953
Revenue - Volume Charge												
Residential	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial / All Other	\$255,385	\$256,900	\$256,900	\$282,590	\$307,317	\$333,439	\$360,114	\$388,923	\$416,147	\$436,955	\$458,802	\$481,743
Total Revenue	\$255,385	\$256,900	\$256,900	\$282,590	\$307,317	\$333,439	\$360,114	\$388,923	\$416,147	\$436,955	\$458,802	\$481,743
Connection Charge (Capital Contribution)												
Residential	\$100	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Commercial / All Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$100	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$849,525	\$851,040	\$850,940	\$936,034	\$1,017,937	\$1,104,462	\$1,192,819	\$1,288,245	\$1,378,422	\$1,447,343	\$1,519,710	\$1,595,695
Adjustments / other changes ¹	\$0	\$13,425	\$14,272									
Total Revenue Calculated	\$849,525	\$864,465	\$865,212	\$936,034	\$1,017,937	\$1,104,462	\$1,192,819	\$1,288,245	\$1,378,422	\$1,447,343	\$1,519,710	\$1,595,695

Note:
 1. The Adjustments/other changes is the difference between how the Study calculated revenue compared to revenue reported in the City's audited financial statements or budget document. The difference may come from adjustments to bills due to issues with meters and other adjustments that are not built into the model for the Study. The adjustments are not considered to be on-going. The Study assumes that future adjustments will be minimal and not have a material impact on the future revenue projections.

Table 8

City of Spring Lake Park

**Customers and Charges for Sales and Development Revenue
Storm Water Charges**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CUSTOMER DATA												
Average Annual Residential Equivalency Factor (REF) Billed												
Stormwater All Customers	-	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092
Total REF	-	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092	4,092
REVENUE												
Revenue - Base Charge												
Stormwater All Customers	\$0	\$98,208	\$98,208	\$103,364	\$108,532	\$113,687	\$118,803	\$123,555	\$128,498	\$133,638	\$138,983	\$144,542
Total Revenue	\$0	\$98,208	\$98,208	\$103,364	\$108,532	\$113,687	\$118,803	\$123,555	\$128,498	\$133,638	\$138,983	\$144,542
Connection Charge (Capital Contribution)												
Residential												
Commercial / All Other												
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$0	\$98,208	\$98,208	\$103,364	\$108,532	\$113,687	\$118,803	\$123,555	\$128,498	\$133,638	\$138,983	\$144,542
Adjustments / other changes ¹	\$0	-\$2,208	-\$808									
Total Revenue Calculated	\$0	\$96,000	\$97,400	\$103,364	\$108,532	\$113,687	\$118,803	\$123,555	\$128,498	\$133,638	\$138,983	\$144,542

Note:
 1. The Adjustments/other changes is the difference between how the Study calculated revenue compared to revenue reported in the City's audited financial statements or budget document. The difference may come from adjustments to bills due to issues with meters and other adjustments that are not built into the model for the Study. The adjustments are not considered to be on-going. The Study assumes that future adjustments will be minimal and not have a material impact on the future revenue projections.

APPENDICES

Appendix A
 Example Quarterly Bill for Water, Sanitary Sewer, and Storm Sewer Services

Example Residential Quarterly Utility Bills

TOTAL DOLLAR AMOUNT

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
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Residential Customer Example, 10,000 gallons billed

Residential Customer												
Water Bill	36.27	36.27	36.27	38.08	39.99	41.89	43.73	45.48	47.30	49.19	51.16	53.20
Sanitary Sewer Bill	67.26	67.26	67.26	73.99	80.46	87.30	94.28	101.83	108.95	114.40	120.12	126.13
Storm Sewer Bill	-	6.00	6.00	6.32	6.63	6.95	7.26	7.55	7.85	8.16	8.49	8.83
Total	103.53	109.53	109.53	118.38	127.08	136.13	145.27	154.85	164.10	171.76	179.77	188.16
% Change		5.8%	0.0%	8.1%	7.3%	7.1%	6.7%	6.6%	6.0%	4.7%	4.7%	4.7%
\$ Change		6.00	-	8.85	8.69	9.05	9.14	9.58	9.25	7.65	8.01	8.39

Residential Customer Example, 20,000 gallons billed

Residential Customer												
Water Bill	59.21	59.21	59.21	62.17	65.28	68.38	71.39	74.24	77.21	80.30	83.51	86.86
Sanitary Sewer Bill	67.26	67.26	67.26	73.99	80.46	87.30	94.28	101.83	108.95	114.40	120.12	126.13
Storm Sewer Bill	-	6.00	6.00	6.32	6.63	6.95	7.26	7.55	7.85	8.16	8.49	8.83
Total	126.47	132.47	132.47	142.47	152.37	162.62	172.93	183.62	194.02	202.87	212.13	221.81
% Change		4.7%	0.0%	7.6%	6.9%	6.7%	6.3%	6.2%	5.7%	4.6%	4.6%	4.6%
\$ Change		6.00	-	10.00	9.90	10.25	10.31	10.69	10.40	8.85	9.26	9.69

Residential Customer Example, 30,000 gallons billed

Residential Customer												
Water Bill	92.19	92.19	92.19	96.80	101.64	106.47	111.15	115.60	120.22	125.03	130.03	135.23
Sanitary Sewer Bill	67.26	67.26	67.26	73.99	80.46	87.30	94.28	101.83	108.95	114.40	120.12	126.13
Storm Sewer Bill	-	6.00	6.00	6.32	6.63	6.95	7.26	7.55	7.85	8.16	8.49	8.83
Total	159.45	165.45	165.45	177.10	188.73	200.71	212.69	224.97	237.03	247.60	258.64	270.19
% Change		3.8%	0.0%	7.0%	6.6%	6.3%	6.0%	5.8%	5.4%	4.5%	4.5%	4.5%
\$ Change		6.00	-	11.65	11.63	11.98	11.98	12.28	12.05	10.57	11.05	11.55

Appendix A-1

Example Quarterly Bill for Water, Sanitary Sewer, and Storm Sewer Services

Example Residential Quarterly Utility Bills

ANNUAL PERCENT CHANGE

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
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Residential Customer Example, 10,000 gallons billed

Residential Customer												
Water Bill		0.0%	0.0%	5.0%	5.0%	4.7%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%
Sanitary Sewer Bill		0.0%	0.0%	10.0%	8.7%	8.5%	8.0%	8.0%	7.0%	5.0%	5.0%	5.0%
Storm Sewer Bill			0.0%	5.3%	5.0%	4.8%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Total % Change		5.8%	0.0%	8.1%	7.3%	7.1%	6.7%	6.6%	6.0%	4.7%	4.7%	4.7%

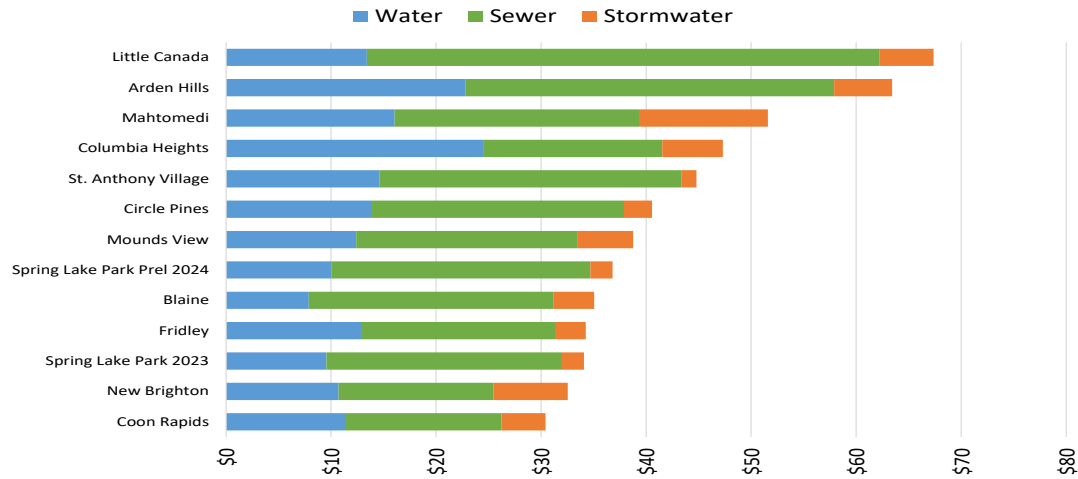
Residential Customer Example, 20,000 gallons billed

Residential Customer												
Water Bill		0.0%	0.0%	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%
Sanitary Sewer Bill		0.0%	0.0%	10.0%	8.7%	8.5%	8.0%	8.0%	7.0%	5.0%	5.0%	5.0%
Storm Sewer Bill			0.0%	5.3%	5.0%	4.8%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Total % Change		4.7%	0.0%	7.6%	6.9%	6.7%	6.3%	6.2%	5.7%	4.6%	4.6%	4.6%

Residential Customer Example, 30,000 gallons billed

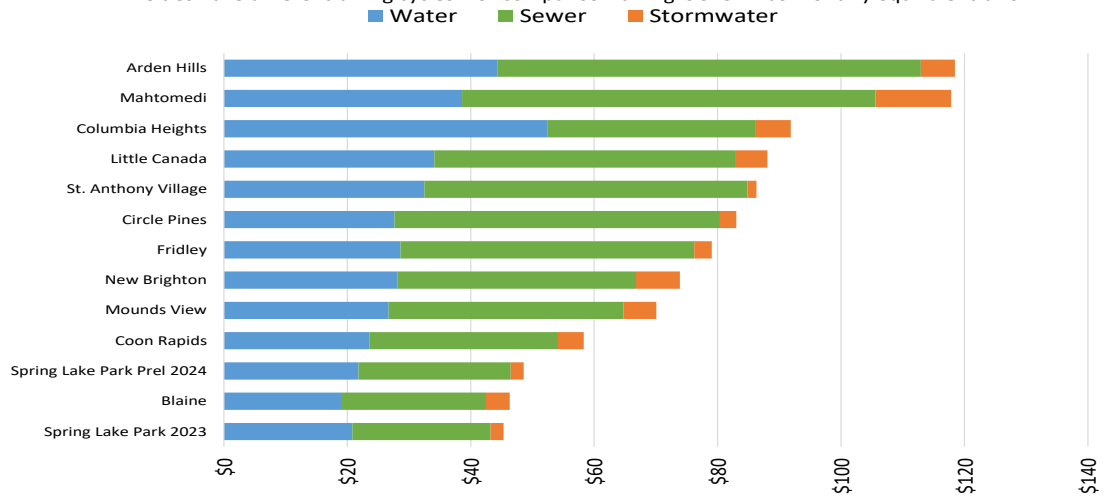
Residential Customer												
Water Bill		0.0%	0.0%	5.0%	5.0%	4.8%	4.4%	4.0%	4.0%	4.0%	4.0%	4.0%
Sanitary Sewer Bill		0.0%	0.0%	10.0%	8.7%	8.5%	8.0%	8.0%	7.0%	5.0%	5.0%	5.0%
Storm Sewer Bill			0.0%	5.3%	5.0%	4.8%	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Total % Change		3.8%	0.0%	7.0%	6.6%	6.3%	6.0%	5.8%	5.4%	4.5%	4.5%	4.5%

Appendix B
 Comparison to Other Cities
 2,000 Gallons Monthly Volume - Residential
 Estimated Based on Published Fees and Rates and Interpretation of Schedules for Year 2023.
 Cities have different billing cycles. For comparison billing is shown as monthly equivalent bills.



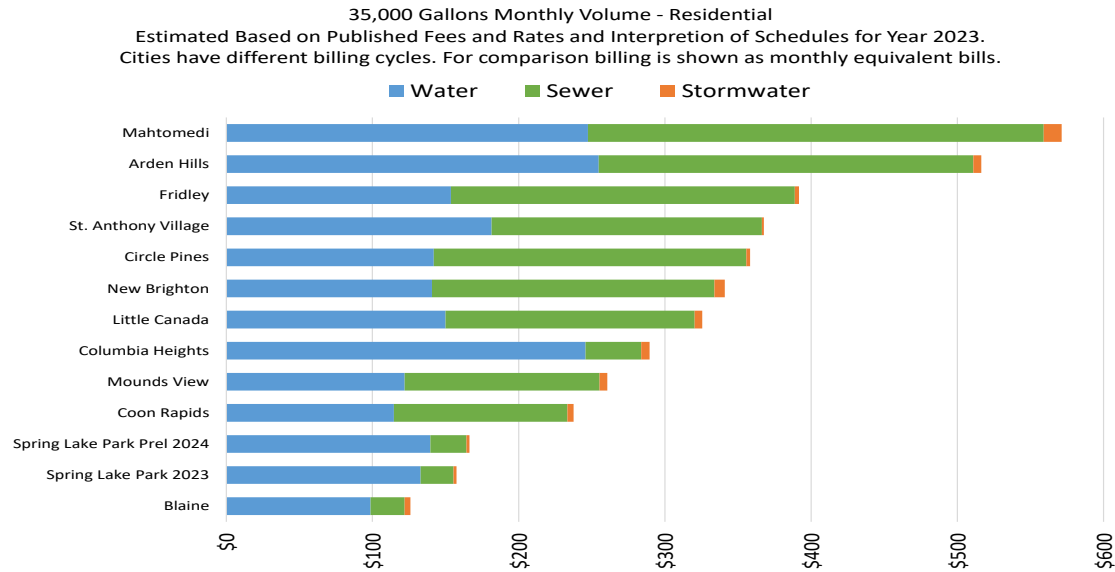
Disclaimer: Bill amounts are calculated based on published fee schedules. While the information presented in this chart is believed to be accurate, the interpretation of a city fee schedule may have not been correct and therefore the information presented for a city may not be correct.

Appendix C
 Comparison to Other Cities
 7,000 Gallons Monthly Volume - Residential
 Estimated Based on Published Fees and Rates and Interpretation of Schedules for Year 2023.
 Cities have different billing cycles. For comparison billing is shown as monthly equivalent bills.



Disclaimer: Bill amounts are calculated based on published fee schedules. While the information presented in this chart is believed to be accurate, the interpretation of a city fee schedule may have not been correct and therefore the information presented for a city may not be correct.

Appendix D



Disclaimer: Bill amounts are calculated based on published fee schedules. While the information presented in this chart is believed to be accurate, the interpretation of a city fee schedule may have not been correct and therefore the information presented for a city may not be correct.



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