

Water and Sewer Rate Study

City of Le Center

Le Center. Minnesota

Assumption Data as of December 31, 2022 Council Approved Scenarios on February 14, 2023



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INTRODUCTORY SECTION

CITY OF LE CENTER LE CENTER, MINNESOTA

I. Introduction

The City of Le Center, Minnesota (the City) owns and operates Water and Sewer utilities. The tables below summarize the water and sewer services provided and average water and sewer usage by the different customer classes.

Water Accounts and Usage Averages

Account Type	Account Type Desc	2021	2022	2023	2024	2025	2026	2027
02	Commercial	82	82	82	82	82	82	82
03	Industrial	8	8	8	8	8	8	8
04	Institutional	17	17	17	17	17	17	17
05	Multi-Reside	38	38	38	38	38	38	38
01	Residential	766	766	766	766	766	766	766
Total		911	911	911	911	911	911	911

Number of Accounts

Account Type Desc	Usage - Average
Commercial	16,633.66
Industrial	12,197.78
Institutional	10,907.66
Multi-Reside	15,369.86
Residential	3,760.74

Sewer Accounts and Usage Averages

Number of Accounts

Account Type Desc	2021	2022	2023	2024	2025	2026	2027
Commercial	81	81	81	81	81	81	81
Industrial	8	8	8	8	8	8	8
Institutional	17	17	17	17	17	17	17
Multi-Reside	38	38	38	38	38	38	38
Residential	765	765	765	765	765	765	765
Total	909	909	909	909	909	909	909

Account Type Desc	Usage - Average
Commercial	5,524.61
Industrial	12,222.08
Institutional	10,835.42
Multi-Reside	11,329.47
Residential	3,705.24

The difference in commercial consumption of water compared to sewer is the sewer billing for Dianne's Fine Desserts. Sewer billings for Dianne's Fine Desserts is based on a prior year average and is billed annually but collected monthly outside of the utility billing software. The revenue can be seen as a separate line item on the sewer cash flow projection as "receipts from agreement on 0 & M".

This rate study analyzes the cash flows of the Water and Sewer utilities of the City. Sources and uses of cash are listed for the years ended December 31, 2019 to December 31, 2021 and projected for the years ending December 31, 2022 to December 31, 2027. The study uses the current number and type of accounts to project future revenue at a suggested rate for each of the utility funds, each year.

Annual capital costs are projected separately for each of the funds for the projection period. The City's updated capital improvement plan from 2022 to 2027 as of December 31, 2022, is listed for each fund. American Rescue Plan Act (ARPA) funds are planned to be utilized for utility capital needs in 2023 and 2024.

The financial projection is based on billings at the current rate inflated as shown below for each utility. Expense assumptions are outlined in the assumptions section on the following page and present, to the best of management's knowledge and belief, the City's expected results of cash flows for the projection period if such uses of cash occur. Accordingly, the projection reflects management's judgment, as of the date of this projection, of the expected conditions and the City's expected course of action if such usage and expense totals were attained. The presentation is designed to provide information to the City Council concerning recovery of expenses that might be achieved if rates were adjusted and should not be considered a presentation of expected future results. Accordingly, this projection may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. Furthermore, there will usually be differences between projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

II. Assumptions

Water Fund

- Rates are assumed to increase the following:
 - 2.04-35.71% for 2023 (due to rate structure going from single rate to a tiered system)
 - o 5.0% for 2024
 - \circ 4.0% for 2025
 - o 3.0% for 2026
 - o 2.0% for 2027
- Operating expenses are assumed to increase 5% for 2023 through 2027.
- Planned acquisition of capital assets are taken from the Capital Improvement Plan and planned use of ARPA funds for 2023 and 2024.
- It is assumed no debt or interfund loans will be needed during this projection.
- The City anticipates no new connections for the next 5 years.
- Target cash reserve will be set at 100% of following year's debt service, 50% of following years operating expenses and the average annual capital expense. Based on the current state, the cash balance will meet targeted cash reserve levels by 2027. Council may need to reevaluate rates, should a major capital project be contemplated in the next five years as rates aren't structured to cash flow capital projects not listed on the CIP listing.
- Apply the base fee consistently to all property types, and eliminate the reduced base fee program on commercial property.

Sewer Fund

- Rates are assumed to increase the following
 - o 14.0% for 2023
 - o 11.0% for 2024
 - o 10.0% for 2025
 - o 8.0% for 2026
 - o 7.0% for 2027
- Operating expenses are assumed to increase 5% for 2023 through 2027.
- Planned acquisition of capital assets are taken from the Capital Improvement Plan and planned use of ARPA funds for 2023 and 2024.
- It is assumed no debt or interfund loans will be needed during this projection.
- The City anticipates no new connections for the next 5 years.
- Target cash reserve will be set at 100% of following year's debt service, 50% of following years operating expenses and the average annual capital expense. Based on the current state, the cash balance will be sufficient to meet the target in 2027. Council may need to reevaluate rates, should a major capital project be contemplated in the next five years as rates aren't structured to cash flow capital projects not listed on the CIP listing.
- A major user, Dianne's Fine Desserts, is currently paying for operating, maintenance, and debt service payments. The debt service payments from Dianne's will conclude in 2024. This can be seen on the Sewer Fund cash flow projections under receipts from agreement.

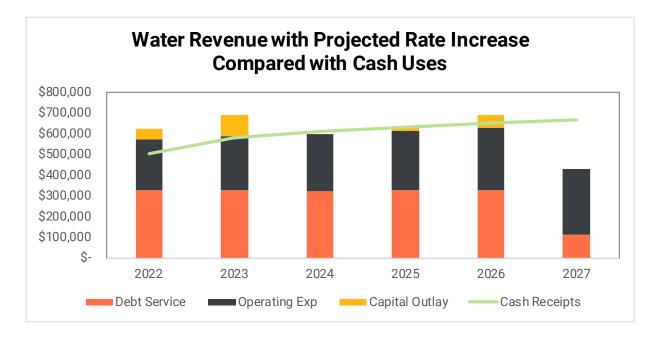
III. Rates

A summary of the current rates and proposed rates are listed below. The projected increases in rates should help the City build up adequate working capital reserves plus build reserves to fund future repair and maintenance based on the existing capital plan.

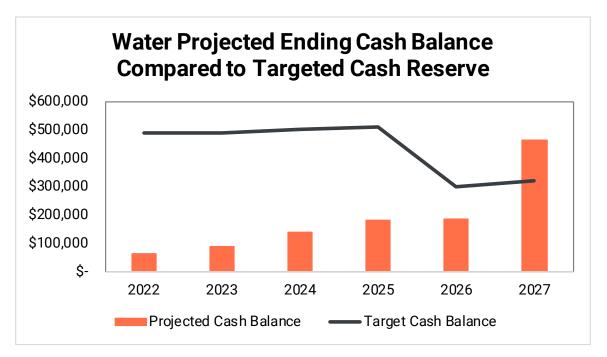
Water

	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
Projected Rate Increase	Range Average	2.04% - 35.71% 14.17%	5.0%	4.0%	3.0%	2.0%
Usage Rates (shown in 1,000 increments)	5.39	1117.0				
0-3,000 gallons		5.50	5.78	6.01	6.19	6.31
3,001 - 6,000 gallons		5.80	6.09	6.33	6.52	6.65
6,001+ gallons		6.00	6.30	6.55	6.75	6.89
Base Charge	14.00	19.00	19.95	20.75	21.37	21.80
Average monthly bill (3700 gallons)	\$ 33.94	\$ 39.56	\$ 41.55	\$ 43.21	\$ 44.50	\$ 45.39
Average monthly dollar increase Average annual dollar increase		\$ 5.62 \$ 67.44	\$ 1.99 \$ 23.88	\$ 1.66 \$ 19.92	\$ 1.29 \$ 15.48	\$ 0.89 \$ 10.68
Sewer						
	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027
Projected Rate Increase	0%	14%	11%	10%	8%	7%
Usage Rates (per 1000 gallons)	4.23	4.82	5.35	5.89	6.36	6.81
Base Charge	13.25	15.11	16.77	18.45	19.93	21.33
Average monthly bill (3700 gallons)	\$ 28.90	\$ 32.94	\$ 36.57	\$ 40.24	\$ 43.46	\$ 46.53
Average monthly dollar increase Average annual dollar increase	\$ 28.90 \$ 346.81	\$ 4.04 \$ 48.52	\$ 3.62 \$ 43.45	\$ 3.68 \$ 44.14	\$ 3.22 \$ 38.63	\$ 3.07 \$ 36.78

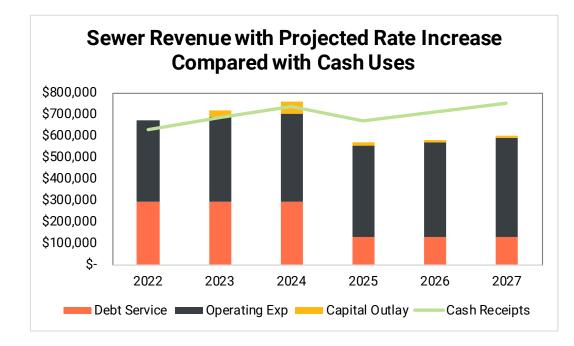
IV. Financial Results



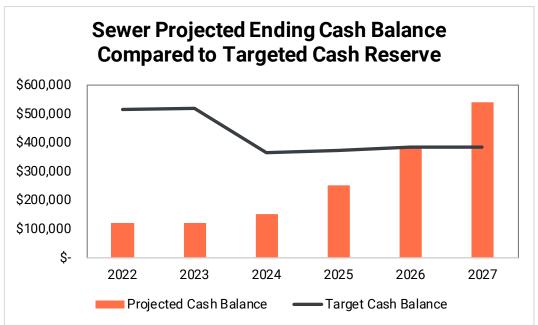
Based on the assumptions noted above the projected Water fund cash flow shows that rates will be sufficient to meet the targeted reserve balance by 2027.



IV. Financial Results (Continued)



Based on the assumptions noted above the projected Sewer fund cash flow shows that rates will be sufficient to meet the targeted reserve balance in 2027.

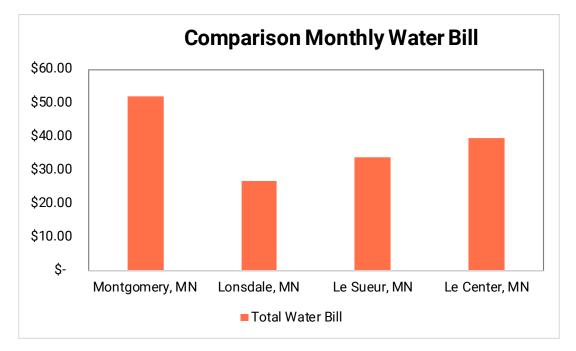


V. Comparable Communities

The table below compares an average utility bill in the City of Le Center to other communities.

The City of Le Center's average monthly residential water bill is at the median of comparable communities.

Water (3,700 Average User) Residential									
City	Water Base Charge Variable Charge Total Water Bill								
Montgomery, MN	\$	35.00	\$	16.90	\$	51.90			
Lonsdale, MN		14.00		12.73		26.73			
Le Sueur, MN		21.11		12.73		33.84			
Le Center, MN		19.00		20.56		39.56			

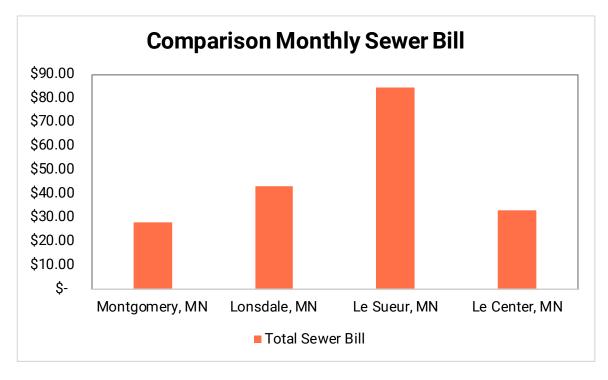


V. Comparable Communities (Continued)

The table below compares an average utility bill in the City of Le Center to other communities.

The City of Le Center's average monthly residential sewer bill is at the median of comparable communities.

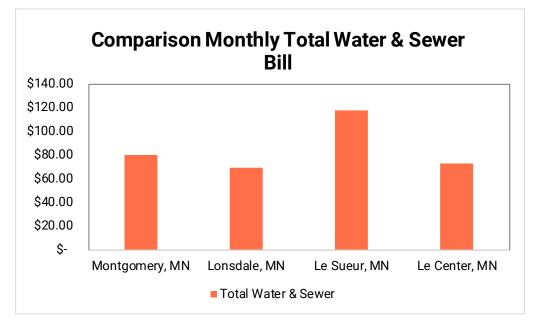
		3,700 Aver	age User) Resid	lential				
City	Sewer I	Base Charge				otal Sewer Bill		
Montgomery, MN	\$	18.54	\$	9.27	\$	27.81		
Lonsdale, MN		20.00		22.94		42.94		
Le Sueur, MN		29.05		55.24		84.29		
Le Center, MN		15.11		17.83		32.94		



V. Comparable Communities (Continued)

The total monthly bill for all cities is listed below.

City	Total Water & Sewer
Montgomery, MN	\$79.71
Lonsdale, MN	69.67
Le Sueur, MN	118.13
Le Center, MN	72.50



VI. Recommendations

Based on the information provided above it is recommended that the City increase rates over the next five years for both the water and sewer funds to help build a reserve fund to meet the targeted reserve balance. In the sewer fund, a major commercial user, Dianne's Fine Desserts, currently is making a large contribution towards maintenance and debt, per their industrial wastewater agreement. The Council and management may need to reevaluate rates if there are changes in the agreement or demand placed on the system by significant industrial users.

In the water fund, the City will be transitioning from a single usage rate to a tiered rate structure based on consumption. This recommendation is a mandate from the Department of Natural Resources. Due to the change in structure, the percentage increase a user may experience will vary based on their consumption, which is why we have presented a range for the percentage increase and average bill amounts.

The City currently has a commercial reduction base fee program for water and sewer in place that reduces the base fee for commercial property that have multiple units (ex. apartment buildings). Our recommendation is to discontinue this program and apply a consistent base fee for all property types. This will improve the administration of billing for water and sewer and provide a more practical basis for billing.

Currently there aren't any major capital projects planned and the recommended rates do not anticipate new debt being issued. Rate increases should be reviewed annually based on actual results and predicted future need.

SUPPLEMENTARY SECTION

CITY OF LE CENTER LE CENTER, MINNESOTA

City of Le Center, Minnesota

Capital Improvement Plan - Utility Funds

Schedule of Planned Capital Outlay 2022 to 2028

				2023	2024	2025	2026	2027	2028
	Year to			Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Department	Replace	Item	Cost	Amounts	Amounts	Amounts	Amounts	Amounts	Amounts
Water	2023	Paint Rehab Interior Water Treatment Facility	\$101,200	101,200	-	-	-	-	-
Water	2025	Mapping GIS	\$13,333	-	-	13,333	-	-	-
Water	2026	Purchase lot on North Lexington Ave for future well	\$60,000	-	-	-	60,000	-	-
Water	2028	Reverse Osmosis Membrane Replacement	\$78,450	-	-	-	-	-	78,450
				101,200	-	13,333	60,000	-	78,450
Sewer	2023	Blacktop Wastewater Treatment Facility	\$33,210	33,210	-	-	-	-	-
Sewer	2024	12 " Hydrogritter waste water pre treatment	\$55,725	-	55,725	-	-	-	-
Sewer	2025	Mapping GIS	\$13,333	-	-	13,333	-	-	-
Sewer	2026	Aeration Diffusers 20 year old 1 basen + install	\$8,320	-	-	-	8,320	-	-
Sewer	2027	Aeration Diffusers 20 Year old 2nd basen + install	\$8,320	-	-	-	-	8,320	-
				\$ 33,210	\$ 55,725	\$ 13,333	\$ 8,320	\$ 8,320	\$ -

City of Le Center, Minnesota Water Fund Cash Flow Projections For the Years Ending December 31, 2022 Through 2027

Water Actual results Estimated 2019 Estimated 2022 Estimated 2024 Estimated 2024 Estimated 2024 Estimated 2025 Estimated 2026 Estimated 2027 Estimated 2028 Estimated 2028 </th <th></th> <th></th> <th></th> <th></th> <th></th> <th>RATE ST</th> <th>UDY PROJECTIO</th> <th>ONS</th> <th></th> <th></th>						RATE ST	UDY PROJECTIO	ONS		
Projected Rate Increase Image Zd4x: 35.71% Average 14.17% 5.0% 4.0% 3.0% 2.0% Usage Rates (shown in 1,000 increments) 0-3,000 galons 3,001 - 6,000 galons 6,001 - 6,000 galons 6,001 - 6,000 galons 6,001 - 6,000 galons 6,001 - 6,000 galons 5.50 5.78 6.01 6.11 6.31 6.12 6.31 Cash Thors from Operating Activities Receipts from customers and users 10 (100 the operating receipts (210/21) 446,812 \$ 496,925 \$ 501,289 \$ 507,276 \$ 517,48 \$ 610,835 \$ 635,269 \$ 643,327 \$ 667,414 (1) Other operating receipts (210/21) (210/21) (210/22) (210/21) (210/22) (214,42) 46,582 (34,43) 40,223 (214,416) (224,416) (224,216)	Water	Act	ual results		Estimated				Estimated	Estimated
Usage Rates (shown in 1.000 increments) 14.17% Usage Rates (shown in 1.000 increments) 5.50 5.50 5.50 5.50 6.01 6.13 3.000 - 0.000 gallons 6.00 6.00 6.01 6.13 Gash Rows from Operating Activities Receipts from customers and users \$ 496,935 \$ 501,089 \$ 507,276 \$ 581,748 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 613,227 \$ 66,7414 10 Other operating Activities 37,444 \$ 610,835 \$ 610,835 \$ 613,227 \$ 667,046 \$ 667,046 \$ 667,046 \$ 667,046 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 <		2019	2020	2021	2022	2023	2024	2025	2026	2027
Usage Rates (shown in 1.000 increments) 14.17% Usage Rates (shown in 1.000 increments) 5.50 5.50 5.50 5.50 6.01 6.13 3.000 - 0.000 gallons 6.00 6.00 6.01 6.13 Gash Rows from Operating Activities Receipts from customers and users \$ 496,935 \$ 501,089 \$ 507,276 \$ 581,748 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 610,835 \$ 613,227 \$ 66,7414 10 Other operating Activities 37,444 \$ 610,835 \$ 610,835 \$ 613,227 \$ 667,046 \$ 667,046 \$ 667,046 \$ 667,046 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 \$ 61,022 <	Ducies to d. Details and a c				Damas	0.40 05 710	F 0%	4.0%	2.0%	0.0%
Usage Fates (shown in 1,000 increments) 3,001 - 6,000 galions 6,001+ galions 5.39 5.80 5.50 6.09 5.78 6.01 6.01 6.33 6.52 6.55 6.75 6.58 6.01 6.33 6.52 6.57 6.58 6.01 6.33 6.52 6.57 6.58 6.71 6.75 6.83 6.60 6.33 6.52 6.57 6.58 6.71 6.75 6.83 6.60 6.33 4.52 75 6.71 6.71 6.00 6.30 6.55 6.75 6.63 6.432 75 6.718 6.011 6.011 6.00 6.432 75 6.53 6.64,227 6.65,714 4.011 900248 34.002 14.00 17.99 75.78 6.011 6.011 6.013 6.132 75 6.73.90 72.138 72.257 75.78 6.61,217 75.78 6.7141 400225 72.257 75.78 75.78 75.78 75.79 </td <td>Projected Rate increase</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>5.0%</td> <td>4.0%</td> <td>3.0%</td> <td>2.0%</td>	Projected Rate increase						5.0%	4.0%	3.0%	2.0%
0-3.000 galons 0.01 - 6.000 galons 5.50 5.78 6.01 6.19 6.33 6.652 6.665 6.001 + galons 5.80 6.09 6.33 6.55 6.75 6.69 Receipts from Operating Activities 714.00 19.00 9.955 227.57 21.80 Receipts from customers and users 4.44.812 5 496.935 5 507.276 5 517.48 5 613.85 5 654.327 5 66.714 (1) Other operating receipts 4.34.47 4.21.42 4.63.92 371.58 37.902 38.660 39.43.3 40.221 (2) Payments to suppleres (27.027) (207.466) (194.500) (262.25) (21.44.56) (25.200) (70.43.33) (60.000) (70.045) Net Cash from Operating Activities 295.86 292.701 249.482 294.082 356.722 373.443 384.870 390.248 388.947 ARPA funds for aptial and Related Financing Activities (27.356) (16.195) (50.001) (101.200) - (13.333) (60.000) (26.2500) (282.500) (282.500) (282.500	Usage Rates (shown in 1.000 increments)			I		14.17/0				
6,001+ galones 14.00 19.00 19.95 20.75 21.37 21.37 Cash Flows from Operating Activities 444.812 496.935 \$ 501.208 \$ 517.248 \$ 610.835 \$ 6.526 \$ 6.527 6.639 (1) Other operating receipts and users \$ 444.812 \$ 496.935 \$ 501.208 \$ 507.276 \$ 581.748 \$ 610.835 \$ 65.269 \$ 65.437 \$ 667.414 (1) Other operating receipts 43.047 42.142 46.392 \$507.276 \$ 581.748 \$ 610.835 \$ 65.269 \$ 65.437 \$ 667.414 (2) Payments to supplexes (51.701) (46.401) (45.963) (55.200) (57.960) (60.858) (63.901) (67.096) (70.451) Net Cash from Operating Activities 205.886 292.701 294.052 294.006 356.722 37.443 384.870 390.248 388.947 Cash Flows from Operating Activities 205.886 (27.356) (16.195) (50.000) (101.200) - (13.333 (60.000) - - 13.743 384.870 390.248 388.947 Cash Flows from Operating Activitites (64.222) (3					5.50	5.78	6.01	6.19	6.31
Base Charge Cash Flows from Operating Activities Receipts from customers and users 444,812 496,935 \$ 501,089 \$ 507,276 \$ 581,748 \$ 610,835 \$ 635,609 \$ 642,327 \$ 667,414 (1) Other operating receipts (2) Payments to supplies (270,272) (199,975) (207,466) (194,500) (204,225) (214,436) (225,188) (236,416) (242,423) (3) Payments to supplies (270,272) (161,010) (55,200) (204,466) (155,200) (204,436) (254,863) (54,027) (30,048) 386,907 (3) Payments to employees (151,010) (46,422) (59,995) (54,777) (50,000) (101,200) - (13,333) (60,000) (29,255) (23,592) Principal paid on long-term debt (64,222) (59,995) (54,777) (50,001) (230,043) (341,020) (367,225) (11,592) Principal paid on long-term debt (162,22) (59,995) (54,777) (50,001) (233,043) (341,020) (387,225) (11,592) Principal paid on long-term debt (152,900) (225,001) <td< td=""><td>3,001 - 6,000 gallons</td><td></td><td></td><td></td><td></td><td>5.80</td><td>6.09</td><td>6.33</td><td>6.52</td><td>6.65</td></td<>	3,001 - 6,000 gallons					5.80	6.09	6.33	6.52	6.65
Cash Flows from Operating Activities \$ 494.812 \$ 496.935 \$ 501.089 \$ 507.276 \$ 581.748 \$ 610.835 \$ 635.269 \$ 654.327 \$ 67.414 (1) Other operating receipts and users \$ 43,047 \$ 42,142 \$ 46,392 \$ 36,430 \$ 37,158 \$ 37,902 \$ 38,660 \$ 39,433 \$ 40,221 \$ (24,247) \$ (27,2727) \$ (19,975) \$ (207,466) \$ (194,500) \$ (204,225 \$ (214,456) \$ (235,158) \$ (236,216) \$ (24,251 \$ 38,660 \$ 39,433 \$ 40,221 \$ (24,247) \$ (24,247) \$ (25,270) \$ (24,245) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (25,270) \$ (101,200 \$ - \$ (13,333) \$ (60,000 \$ - \$ (13,333) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (13,343) \$ (60,000 \$ - \$ (25,000) \$ (101,200 \$ - \$ (13,333) \$ (60,000 \$ - \$ (23,500) \$ (23,520) \$ (23,520 \$ (23,520) \$ (23,520 \$ (23,52	6,001+ gallons					6.00	6.30	6.55	6.75	6.89
Receipts from customers and users \$ 444,412 \$ 40,935 \$ 507,276 \$ 817,44 \$ 610,835 \$ 635,269 \$ 654,427 \$ 667,414 (1) Other operating receipts (27,0272) (199,975) (207,460) (194,500) (204,225) (21,4436) (225,158) (23,6416) (248,237) (3) Payments to employers (51,701) (46,401) (45,653) (55,200) (53,660) (63,850) (63,901) (70,451) (70,471) (3) Payments to employers (51,701) (46,401) (45,653) (55,200) (56,656) (63,901) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,450) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451) (70,451)					14.00	19.00	19.95	20.75	21.37	21.80
(1) Other operating receipts 43,047 42,142 46,392 36,430 37,158 37,902 38,660 39,433 40,221 (2) Payments to suppliers (27,0272) (199975) (20,7466) (194,500) (20,225) (21,436) (25,158) (25,64,16) (24,8237) (3) Payments to employees (51,701) (46,401) (45,963) (55,200) (57,960) (60,958) (63,901) (67,096) (70,451) Net Cash from Operating Activities 205,886 292,701 294,052 294,060 356,722 373,443 384,870 390,248 388,947 Cash Flows from Capital and Related Financing Activities (668,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) (23,522) (23,522) (23,522) (23,523) (245,045) (245,045) (245,040) (245,042) (23,043) (34,102) (38,000) (28,000) (24,040) (28,000) (24,042) (34,042) (33,044) (34,022) (11,1592) Net Increase (Decrease) in Cash from Capital and Related Financing (151,996) (62,650) (48,920) (31,995) 26,676										
(2) Payments to suppliers (270,272) (199,975) (207,466) (242,25) (214,436) (225,158) (236,416) (242,436) (3) Payments to employees (51,701) (46,401) (45,963) (55,200) (57,006) (60,058) (63,300) (7,0451) Net Cash from Operating Activities 205,886 292,701 294,052 294,006 356,722 373,443 384,870 390,248 388,947 Cash Flows from Operating Activities Acquisition of capital and Related Financing Activities (64,620) (27,356) (16,195) (50,000) (11,200) - (13,333) (60,000) - ARPA funds for capital and Related Financing Activities (225,000) (226,000) (224,000) (29,200) (24,237) (11,592) (11,592) (11,592) (23,592) (23,572) (23,592) (23,572) (23,592)	Receipts from customers and users	\$ 484,812 \$	496,935 \$	501,089 \$	507,276	\$ 581,748	\$610,835\$		654,327	\$ 667,414
(3) Payments to employees (51,701) (46,401) (45,963) (55,200) (57,960) (60,858) (63,901) (67,046) (70,451) Net Cash from Operating Activities 205,866 292,701 294,052 294,006 356,722 373,443 384,870 390,248 388,947 Cash Flows from Capital and Related Financing Activities Acquisition of capital assets (68,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) - (22,592) Principal paid on long-term debt (64,222) (59,995) (54,777) (50,001) (45,045) (22,8000) (293,000) (293,000) (298,000) (298,000) (298,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (288,000) (380,045) (31,020) (387,225) (111,592) Net increase (Decrease) in Cash and Related Financir (151,996) (62,650) (48,920) (81,995) 26,676 49,500 438,870 3,023 277,355 Cash and Cash Equivalents, January 1 40		43,047		46,392	36,430	37,158	37,902	38,660	39,433	40,221
Net Cash from Operating Activities 205,886 292,701 294,052 294,006 356,722 373,443 384,870 390,248 388,947 Cash Flows from Capital and Related Financing Activities (68,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) - ARPA funds for capital assets (68,660) (27,356) (54,777) (50,000) (45,045) (39,943) (34,687) (29,225) (23,592) (88,000) Principal pid on long-term debt (22,68,000) (272,000) (227,000) (237,601) (330,045) (323,043) (34,687) (29,225) (81,000) Net Cash from Capital and Related Financir (357,882) (355,351) (342,972) (376,001) (330,045) (323,943) (34,687) (39,023) 277,355 Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676 49,500 43,850 3,023 277,355 Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676	(2) Payments to suppliers	(270,272)	(199,975)						(236,416)	(248,237)
Cash Flows from Capital and Related Financing Activities (68,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) ARPA funds for capital assets (64,222) (59,995) (54,777) (50,001) (145,045) (39,943) (34,667) (29,225) (23,592) Principal paid on long-term debt (64,222) (59,995) (54,777) (50,001) (286,000) (284,000) (284,000) (298,000) (288,000) (381,025) 3,023 277,355 Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676 49,500 43,850 3,023 277,355 Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763										
Acquisition of capital assets (68,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) ARPA funds for capital (64,222) (59,995) (54,777) (50,001) (284,000) (29,200) (29,200) (29,200) (29,200) (29,000) <t< td=""><td>Net Cash from Operating Activities</td><td>205,886</td><td>292,701</td><td>294,052</td><td>294,006</td><td>356,722</td><td>373,443</td><td>384,870</td><td>390,248</td><td>388,947</td></t<>	Net Cash from Operating Activities	205,886	292,701	294,052	294,006	356,722	373,443	384,870	390,248	388,947
Acquisition of capital assets (68,660) (27,356) (16,195) (50,000) (101,200) - (13,333) (60,000) ARPA funds for capital (64,222) (59,995) (54,777) (50,001) (28,000) (29,225) (23,592) Principal paid on long-term debt (64,222) (59,995) (54,777) (50,001) (28,000) (29,200) (29,200) (29,200) (29,200) (29,200) (29,200) (29,200) (29,00) (29,0	Cash Flows from Capital and Polatod Financing Activ	itioc								
ARPA funds for capital 101200 102920 101200 102920 102920 102920 102920 102920 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 102920 101200 101200 102920 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 101200 <			(27 256)	(16 105)	(50,000)	(101 200)	_	(12 222)	(60,000)	_
Interest paid on long-term debt (64,222) (59,995) (54,777) (50,001) (45,045) (39,943) (34,687) (29,200) (28,000) (29,00) ((08,000)	(27,330)	(10,195)	(30,000)	· · /	-	(13,333)	(00,000)	-
Principal paid on long-term debt Net Cash from Capital and Related Financir (225,000) (268,000) (272,000) (226,000) (284,000) (293,000) (293,000) (298,000) (280,000) (293,000) (387,282) (111,592) Net Increase (Decrease) in Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 183,794 186,817 8 Cash and Cash Equivalents, December 31 \$ 257,333 194,683 \$ 145,763 \$ 63,768 90,444 139,944 183,794 \$ 186,817 \$ Cash and Cash Equivalents, December 31 \$ 257,333 194,683 \$ 145,763 \$ 63,768 90,444 139,944 183,		(64 222)	(50.005)	(54 777)	(50.001)		(20 0 12)	(24 687)	(20.225)	(22 502)
Net Cash from Capital and Related Financir (357,882) (355,351) (342,972) (376,001) (330,045) (323,943) (341,020) (387,225) (111,592) Net Increase (Decrease) in Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676 49,500 43,850 3.023 277,355 Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 8 183,794 8 186,817 8 464,172 Target Cash Reserve \$ 481,540 \$ 481,208 \$ 491,495 \$ 491,947 \$ 502,573 \$ 509,338 \$ 301,293 \$ 321,533 Cash in Excess of Reserve \$ (224,207) \$ (289,166) \$ (335,445) \$ 491,495 \$ 41,503 \$ 325,544) \$ (114,476) \$ 142,640 Average monthly bill (3700 gallons) \$ (224,207) \$ (289,166) \$ 33.94 \$ 39.56 \$ 41.55 \$ 44.50 \$ 45.39 Average			· · ·		· · · /		· · · ·	· · · /	· · · /	
Net Increase (Decrease) in Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676 49,500 43,850 3,023 277,355 Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 183,794 186,817 Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 183,794 186,817 Cash and Cash Equivalents, December 31 \$ 257,333 194,683 \$ 481,208 \$ 90,444 \$ 139,944 \$ 186,817 \$ 464,172 Target Cash Reserve \$ 481,540 \$ 483,849 \$ 481,208 \$ 491,495 \$ 491,497 \$ 502,573 \$ 509,338 \$ 301,293 \$ 321,533 Cash in Excess of Reserve \$ (224,207) \$ (289,166) \$ (335,445) \$ (427,727) \$ (401,503) \$ (325,544) \$ (114,476) \$ 142,640 Average monthly bill (3700 gallons)						· · · · · ·		. ,		
in Cash and Cash Equivalents (151,996) (62,650) (48,920) (81,995) 26,676 49,500 43,850 3,023 277,355 Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 183,794 186,817 \$ 464,172 Cash and Cash Equivalents, December 31 \$\$ 257,333 \$ 194,683 \$ 491,495 \$ 90,444 \$ 139,944 \$ 186,817 \$ 464,172 Target Cash Reserve \$\$ 481,540 \$ 483,849 \$ 481,208 \$ 491,495 \$ 491,947 \$ 502,573 \$ 509,338 \$ 301,293 \$ 321,533 Cash in Excess of Reserve \$ (224,207) \$ (289,166) \$ (335,445) \$ (427,727) \$ (401,503) \$ (362,629) \$ \$ (314,476) \$ 142,640 Average monthly dollar increase \$ - \$ 33.94 \$ 39.56 \$ 41.55 \$ 43.21 \$ \$ 44.50 \$ 0.89 Average annual dollar increase \$ - \$		()	(******	(**=)** =)	(01 0/00 1)	(((0.1,0_0)	((,)
Cash and Cash Equivalents, January 1 409,329 257,333 194,683 145,763 63,768 90,444 139,944 183,794 186,817 \$ 468,172 Cash and Cash Equivalents, December 31 \$ 257,333 \$ 194,683 \$ 145,763 \$ 63,768 90,444 \$ 139,944 \$ 183,794 \$ 186,817 \$ 464,172 Target Cash Reserve \$ 481,540 \$ 483,849 \$ 491,495 \$ 491,947 \$ 502,573 \$ 509,338 \$ 321,533 Cash in Excess of Reserve \$ (224,207) \$ (289,166) \$ (335,445) \$ 491,495 \$ 491,503 \$ (362,629) \$ (325,544) \$ (114,476) \$ 142,640 Average monthly bill (3700 gallons) \$ (224,207) \$ (289,166) \$ 33,94 \$ 39,56 \$ 41,55 \$ 44,50 \$ 45,39 Average monthly bill (3700 gallons) \$ \$ 5,62 \$ 1,99 \$ 1,66										
Cash and Cash Equivalents, December 31 \$\$ 257,333 \$\$ 194,683 \$\$ 145,763 \$\$ 63,768 \$\$ 90,444 \$\$ 139,944 \$\$ 139,944 \$\$ 183,794 \$\$ 186,817 \$\$ 464,172 Target Cash Reserve \$\$ 481,540 \$\$ 483,849 \$\$ 481,208 \$\$ 491,495 \$\$ 491,947 \$\$ 502,573 \$\$ 509,338 \$\$ 301,293 \$\$ 321,533 Cash in Excess of Reserve \$\$ (224,207) \$\$ (289,166) \$\$ (335,445) \$\$ (427,727) \$\$ (401,503) \$\$ (362,629) \$\$ (325,544) \$\$ (114,476) \$\$ 142,640 Average monthly bill (3700 gallons) \$\$ - \$\$ 33,94 \$\$ 39,56 \$\$ 41,55 \$\$ 43,21 \$\$ 44,50 \$\$ 45,39 Average monthly dollar increase \$\$ - \$\$ 5.62 \$\$ 1,99 \$\$ 1,66 \$\$ 11,29 \$\$ 0.89 Securptions Used Rate of Growth Used \$\$ - \$\$ 5.62 \$\$ 1,99 \$\$ 1,66 \$\$ 11,29 \$\$ 10,68 Assumptions Used Rate of Growth Used 2% 2% $30,357$	in Cash and Cash Equivalents	(151,996)	(62,650)	(48,920)	(81,995)	26,676	49,500	43,850	3,023	277,355
Cash and Cash Equivalents, December 31 \$\$ 257,333 \$\$ 194,683 \$\$ 145,763 \$\$ 63,768 \$\$ 90,444 \$\$ 139,944 \$\$ 139,944 \$\$ 183,794 \$\$ 186,817 \$\$ 464,172 Target Cash Reserve \$\$ 481,540 \$\$ 483,849 \$\$ 481,208 \$\$ 491,495 \$\$ 491,947 \$\$ 502,573 \$\$ 509,338 \$\$ 301,293 \$\$ 321,533 Cash in Excess of Reserve \$\$ (224,207) \$\$ (289,166) \$\$ (335,445) \$\$ (427,727) \$\$ (401,503) \$\$ (362,629) \$\$ (325,544) \$\$ (114,476) \$\$ 142,640 Average monthly bill (3700 gallons) \$\$ - \$\$ 33,94 \$\$ 39,56 \$\$ 41,55 \$\$ 43,21 \$\$ 44,50 \$\$ 45,39 Average monthly dollar increase \$\$ - \$\$ 5.62 \$\$ 1,99 \$\$ 1,66 \$\$ 11,29 \$\$ 0.89 Securptions Used Rate of Growth Used \$\$ - \$\$ 5.62 \$\$ 1,99 \$\$ 1,66 \$\$ 11,29 \$\$ 10,68 Assumptions Used Rate of Growth Used 2% 2% $30,357$	Cash and Cash Equivalents January 1	409.329	257 333	194 683	145763	63 768	90 444	139 944	183 794	186 817
Target Cash Reserve \$ $481,540$ \$ $483,849$ \$ $491,495$ \$ $491,947$ \$ $502,573$ \$ $509,338$ \$ $301,293$ \$ $321,533$ Cash in Excess of Reserve \$ $(224,207)$ \$ $(289,166)$ \$ $(335,445)$ \$ $(401,503)$ \$ $(362,629)$ \$ $(325,544)$ \$ $(114,476)$ \$ $142,640$ Average monthly bill (3700 gallons) \$ $(224,207)$ \$ $(289,166)$ \$ $(335,445)$ \$ $(401,503)$ \$ $(362,629)$ \$ $(325,544)$ \$ $(114,476)$ \$ $142,640$ Average monthly bill (3700 gallons) \$ $(224,207)$ \$ $(289,166)$ \$ $(333,44)$ \$ 33.94 \$ 39.56 \$ 41.55 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 441.50 \$ 41.50 5 67.44		103,023	207,000	191,000	110,700	00,700	20,111	105,511	100,751	100,017
Cash in Excess of Reserve \S (224,207) $\$$ (289,166) $\$$ (335,445) $\$$ (427,727) $\$$ (401,503) $\$$ (362,629) $\$$ (325,544) $\$$ (114,476) $\$$ 142,640Average monthly bill (3700 gallons) $\$$ $ \$$ 33.94 $\$$ 39.56 $\$$ 41.55 $\$$ 43.21 $\$$ 44.50 $\$$ 45.39Average monthly dollar increase Average annual dollar increase Five year average capital expenses $\$$ $ \$$ $ \$$ 5.62 $\$$ 1.99 $\$$ 1.66 $\$$ 1.29 $\$$ 0.89 Assumptions Used (1) Other operating receipts (2) Payments to suppliers (2) Payments to suppliersRate of Growth Used 5% 2% $ \$$ $ \$$ $*$ <td>Cash and Cash Equivalents, December 31</td> <td><u>\$ 257,333 \$</u></td> <td>194,683 \$</td> <td>145,763 \$</td> <td>63,768</td> <td>\$ 90,444</td> <td><u>\$ 139,944 \$</u></td> <td>183,794</td> <td>5 186,817</td> <td>\$ 464,172</td>	Cash and Cash Equivalents, December 31	<u>\$ 257,333 \$</u>	194,683 \$	145,763 \$	63,768	\$ 90,444	<u>\$ 139,944 \$</u>	183,794	5 186,817	\$ 464,172
Cash in Excess of Reserve \S (224,207) $\$$ (289,166) $\$$ (335,445) $\$$ (427,727) $\$$ (401,503) $\$$ (362,629) $\$$ (325,544) $\$$ (114,476) $\$$ 142,640Average monthly bill (3700 gallons) $\$$ $ \$$ 33.94 $\$$ 39.56 $\$$ 41.55 $\$$ 43.21 $\$$ 44.50 $\$$ 45.39Average monthly dollar increase Average annual dollar increase Five year average capital expenses $\$$ $ \$$ $ \$$ 5.62 $\$$ 1.99 $\$$ 1.66 $\$$ 1.29 $\$$ 0.89 Assumptions Used (1) Other operating receipts (2) Payments to suppliers (2) Payments to suppliersRate of Growth Used 5% 2% $ \$$ $ \$$ $*$ <td>Target Cash Reserve</td> <td>\$ 481.540 \$</td> <td>483.849 \$</td> <td>481,208 \$</td> <td>491,495</td> <td>\$ 491,947</td> <td>\$ 502.573</td> <td>509.338</td> <td>301,293</td> <td>\$ 321,533</td>	Target Cash Reserve	\$ 481.540 \$	483.849 \$	481,208 \$	491,495	\$ 491,947	\$ 502.573	509.338	301,293	\$ 321,533
Average monthly bill (3700 gallons) $\$$ $ \$$ 33.94 $\$$ 39.56 $\$$ 41.55 $\$$ 43.21 $\$$ 44.50 $\$$ 45.39 Average monthly dollar increase Average annual dollar increase Five year average capital expenses $\$$ $ \$$ $ \$$ 5.62 $\$$ 1.99 $\$$ 1.66 $\$$ 1.29 $\$$ 0.89 Assumptions Used (1) Other operating receipts (2) Payments to suppliers (3) Payments are suppliersRate of Growth Used 2% $ \$$ $ \$$ $*$										<u> </u>
Average monthly dollar increase \$ - \$ - \$ 5.62 \$ 1.99 \$ 1.66 \$ 1.29 \$ 0.89 Average annual dollar increase \$ - \$ - \$ 67.44 \$ 23.88 \$ 19.92 \$ 15.48 \$ 10.68 Five year average capital expenses 30,357 Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5%	Cash in Excess of Reserve	\$ (224,207) \$	(289,166) \$	(335,445) \$	(427,727)	\$ (401,503)	\$ (362,629) \$	(325,544) \$	6 (114,476)	\$ 142,640
Average monthly dollar increase \$ - \$ - \$ 5.62 \$ 1.99 \$ 1.66 \$ 1.29 \$ 0.89 Average annual dollar increase \$ - \$ - \$ 67.44 \$ 23.88 \$ 19.92 \$ 15.48 \$ 10.68 Five year average capital expenses 30,357 Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5%	Average monthly hill (3700 gallons)		Ś	- 6	33.94	\$ 39.56	¢ 41 55 \$	43 21 9	44 50	\$ 45.39
Average annual dollar increase \$ - \$ - \$ 67.44 \$ 23.88 \$ 19.92 \$ 15.48 \$ 10.68 Five year average capital expenses 30,357 Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5% (3) Departments to suppliers 5%	werage montiny sin (0700 galono)		<u> </u>	Ŷ	00.74	¢ 07.00	¢ 41.00 ¢	40.21 Ç	14.00	\ 10.07
Average annual dollar increase \$ - \$ - \$ 67.44 \$ 23.88 \$ 19.92 \$ 15.48 \$ 10.68 Five year average capital expenses 30,357 Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5% (3) Departments to appliers 5%										
Five year average capital expenses 30,357 Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5% (3) Description 5%										
Assumptions Used Rate of Growth Used (1) Other operating receipts 2% (2) Payments to suppliers 5% (3) Description 5%	5			- \$; - ,	\$	\$23.88 \$	s 19.92 \$	5 15.48	\$
(1) Other operating receipts 2% (2) Payments to suppliers 5% (2) Payments to ample year 5%	Five year average capital expenses		30,357							
(1) Other operating receipts2%(2) Payments to suppliers5%(2) Payments to employees5%										
(2) Payments to suppliers 5%		Rate of Growth Use	ed							
(2) Developed to complete the complete set E^{0}										
(3) Payments to employees 5% 15										
	(3) Payments to employees	5%		15						

City of Le Center, Minnesota Sewer Fund Cash Flow Projections For the Years Ending December 31, 2022 Through 2027

									RATE STUDY PROJECTIONS												
			ctual results			E	stimated	E	stimated	E	stimated	E	stimated		stimated	E	stimated				
	2019		2020		2021		2022		2023		2024		2025		2026		2027				
Projected Rate Increase							0%		14%		11%		10%		8%		7%				
Usage Rates (per 1000 gallons)							4.23		4.82		5.35		5.89		6.36		6.81				
Base Charge Cash Flows from Operating Activities							13.25		15.11		16.77		18.45		19.93		21.33				
Receipts from customers and users	\$ 576	,297 \$	603,231	Ś	554,477	Ś	395,301	Ś	450,643	Ś	500,214	Ś	550,236	Ś	594,254	Ś	635,967				
Receipts from agreement on 0 & M	v o , o ,	-		Ŧ	-	Ŧ	120,000	Ŧ	120,000	Ŧ	120,000	Ŧ	120,000	Ŧ	120,000	Ŧ	120,000				
Receipts from agreement on debt service		-	-		-		115,000		116,069		115,464										
(1) Other operating receipts	15,	,770	265		155		158		161		164		168		171		175				
(2) Payments to suppliers	(185	,924)	(189,386)		(198,231)		(208,143)		(218,550)		(229,477)		(240,951)		(252,999)		(265,648)				
(3) Payments to employees	(145,	,784)	(169,474)		(164,141)		(169,065)		(174,137)		(179,361)		(184,742)		(190,284)		(195,993)				
Net Cash from Operating Activities	260,	,359	244,636		192,260		253,251		294,186		327,004		244,711		271,142		294,500				
Cash Flows from Capital and Related Financing Activities																					
Acquisition of capital assets	(7	,882)	(38,924)		(110,567)		_		(33,210)		(55,725)		(13,333)		(8,320)		(8,320)				
ARPA funds for capital	(7,	,002) -	(30,924)		(110,307)		_		33,210		55,725		(13,333)		(0,320)		(0,320)				
Interest paid on long-term debt	(67	,966)	(62,994)		(57,907)		(52,732)		(47,440)		(42,010)		(36,477)		(34,078)		(31,617)				
Principal paid on long-term debt	(227)		(232,396)		(236,510)		(241,678)		(247,902)		(252,469)		(93,523)		(95,922)		(98,383)				
Net Cash from Capital and Related Financing Activities	(303)		(334,314)		(404,984)		(294,411)		(295,342)		(294,479)		(143,333)		(138,320)		(138,320)				
Net Increase (Decrease) in Cash and Cash Equivalents	(12	,824)	(89,678)		(212,724)		(41,159)		(1,155)		32,525		101,378		132,822		156,180				
in Cash and Cash Equivalents	(42,	,024)	(09,070)		(212,724)		(41,159)		(1,155)		32,323		101,370		132,022		100,100				
Cash and Cash Equivalents, January 1	508,	,239	465,415		375,737		163,013		121,854		120,698		153,223		254,601		387,423				
Cash and Cash Equivalents, December 31	\$ 465,	,415 \$	375,737	\$	163,013	\$	121,854	\$	120,698	\$	153,223	\$	254,601	\$	387,423	\$	543,603				
Target Cash Reserve	\$ 498,	,602 \$	499,385	\$	506,796	\$	515,467	\$	522,680	\$	366,628	\$	375,423	\$	384,602	\$	384,602				
Cash in Excess of Reserve	\$ (33,	,187) \$	(123,648)	\$	(343,783)	\$	(393,613)	\$	(401,982)	\$	(213,405)	\$	(120,822)	\$	2,821	\$	159,001				
Average monthly bill (3700 gallons)				¢	_	Ś	28.90	¢	32.94	¢	36.57	¢	40.24	¢	43.46	¢	46.53				
Average monting bin (5700 galons)			-	<u> </u>		<u> </u>	20.90	<u> </u>	52.94	Ş		<u> </u>	40.24	<u> </u>	45.40	<u> </u>	40.33				
Average monthly dollar increase				\$	-	\$	28.90	\$	4.04	\$	3.62	\$	3.68	\$	3.22	\$	3.07				
Average annual dollar increase				\$	-	\$	346.81		48.52		43.45		44.14		38.63		36.78				
Five year average capital expenses			23,782																		
Assumptions Used (1) Other operating receipts (2) Payments to suppliers (3) Payments to employees	Rate of Gr	owth Us 2% 5% 5%																			
		0,0	1	6																	