EMPIRE TOWNSHIP
MINNESOTA

Financial Management Plan

Final as Presented February 1, 2023

NORTHLAND PUBLIC FINANCE

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February 1, 2023

Charles Seipel - Teng
Clerk – Administrator
Empire, Dakota County, MN
3385 197th Street
Farmington, MN 55024
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RE: Empire Financial Management Plan

Dear Charles:

Northland Securities is pleased to present Empire with this Financial Management Plan (the "Plan"). The Plan is intended to assist with the transition from a township to city by informing future decision on tax and enterprise fee policy decisions, among other financial decisions. The Plan provides information to inform decisions both in the near term, and long-term, as near-term decisions often have long-term implications. The Plan was developed, working closely with you and other consultants to Empire. The Plan contains information to assist Empire in making policy decisions regarding potential use of a pay-go strategy and/or debt financing for capital improvements.. Northland appreciates the continued opportunity to provide service to Empire.

Sincerely,
NORTHLAND SECURITIES, INC.

Tammy Omdal
Managing Director

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INTRODUCTION AND SUMMARY

The Financial Management Plan (the "Plan") is intended to serve as a guide for the on-going financial management of the Township of Empire, and soon to be the City of Empire. The Plan refers to Empire as the "City".

The Plan contains proposed strategies and key factors and objectives to monitor with respect to on-going and future financial performance. Information is included on estimated future property tax levies and municipal fees and charges necessary to fund planned municipal operations, capital improvements, and debt service. The objectives of the study for the Plan were as follows:

- **Revenue Sufficiency** - Develop and populate a forecasting model to determine the level of revenue needed to satisfy general government and utility enterprises operations, capital improvements, and debt service, while maintaining adequate reserves for future service and capital needs of the City.
- **Rate Calculations** - Model projected future tax capacity tax rates and proposed rates and structure for billing water and sewer services (the "Utilities") to meet defined revenue sufficiency objectives.

The Plan includes anticipated capital improvements for years 2023-2032 (the "CIP"). Estimates as to cost and timing of projects were prepared by the engineering firm to the City (Bolton & Menk, Inc.).

While the specific timing of future improvements can be uncertain, awareness of the funding demands for projects is important when considering annual tax levies, rates for fees and charges, and reserves for capital.

Future development will provide increased revenue from charge for services and tax revenue. This includes increased revenue to the Utilities, with revenue from both development fees and usage fees. Development will also provide additional property value and property tax revenue to pay for services.

The timing of future development and addition of taxpayers and customers of the Utilities is a significant variable for the Plan. The City should continue to monitor actual development against the anticipated rate of development assumed in the Plan. The rate of development will impact the projected revenues by year included in the Plan. Information on projected housing units to be added is included later in the Plan.

Study Approach

The following steps were taken as part of the study for the Plan:

- City provided historical financial data along with current budget plans.
- Bolton & Menk provided estimates for capital improvements.
- Bolton & Menk provided the assumptions for future residential units to be constructed and connected to the Utilities.
- Information provided by the City and Bolton & Menk was organized, analyzed, and used to support the development of the Plan.
- City and Bolton & Menk offered input and feedback on the assumptions in the Plan.

Revenue Sufficiency

The Study evaluated the sufficiency of revenues to meet current and projected financial requirements over future years for the various "Funds" of the City. The Plan estimates the tax levies and rates necessary in each year of the projection period to provide revenue sufficiency.

S&P Global Ratings has assigned its 'AA+' long-term rating to Empire Township outstanding general obligations bonds. The most recent report is dated June 14, 2019. S&P recognized the township's very strong economy, strong management, strong budgetary performance and very strong budgetary flexibility and liquidity, among other factors noted. The maintenance and continued relative growth of reserves through revenue sufficiency will remain an important credit factor for Empire.

The City should continue to manage its funds to achieve its policy goals and to maintain sufficient balances within the funds to meet need for cash reserves.

Governmental Funds

Empire has an adopted policy to maintain reserve funds in an amount equal to twelve-month operating budget and twelve-month debt service.

Enterprise Fund

For purposes of the Plan, the revenue objective for the Water and Sewer Fund (the "Enterprise Fund") focuses on providing revenue sufficient to achieve projected year-end cash balance 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 and other reserve purposes

The graphics and tables that follow in the Introduction and Summary section of the Plan provide a summary of key financial information for the Governmental Funds and Enterprise Fund.

Funding Depreciation

The funding of depreciation, or setting aside of funds to replace depreciated infrastructure, is an important element for establishment of sufficient rates for the Utilities. The Plan focuses on asset management practices to maintain and expand infrastructure at future estimated costs.

Rather than focus on "funding depreciation" it is better to gain a strong understanding of the expected future costs and, maybe more importantly, 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 financial management targets are critical element that allows for the setting of rates that meet Revenue Sufficiency and Rate Calculation objectives.

Financial 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 Utilities must do better than break even, but by how much?

The Plan helps to answer these question 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 Plan provides a second criteria to evaluate revenue sufficiency for the Utilities. The Plan sets a target (a floor) to maintain an unrestricted net position in the Water and Sewer Fund no lower than 50% of the subsequent year's estimated expenditures.

The majority of revenue for municipal utility operations comes from user charges, maintaining an unrestricted net position that is equal to at least 50% of expenditures will help to ensure that sufficient resources are available to fund basic functions between receipts of user charges.

The target (or floor) for ending unrestricted net position is meant to be an equivalent of the target for an unrestricted fund balance for governmental funds. For example, equity is reported as a fund balance in the General Fund and as a net asset within the Water and ewer Fund. Fund balance and net assets are the difference between fund assets and liabilities reflected on the balance sheet or statement of net assets.

Rate Calculations

The Study focused on preparing projections for future annual tax capacity rates for the City, and reviewing the rates for the fees and charges of the Utilities. The Study did not include a comprehensive review and analysis of other existing fees and charges, only the fees for the Utilities.

As Empire transitions to a city, the City will benefit from reviewing the General Fund fees and charges in detail. The Study did not include a review of each fee currently imposed by the township. For example, as the township becomes a city, a review of park dedication fee, among other fees and charges should be undertaken with assistance from the City's planner.

City Tax Rate

Future tax levies increases are projected to fund planned expenditures and to maintain adequate cash balances across all funds.

A summary of the 2022 Certified and projected Tax Levy amounts by year is shown in Figure 1 along with the corresponding estimated Tax Rate and annual percent changes in the Tax Levy and Tax Rate by year.

Future Tax Levy is estimated based on assumptions in the Plan for changes to Tax Capacity from growth in the taxable market value of property within the City both from development and assumptions for annual market changes. The Plan seeks to achieve annual percent change in Tax Rate that is at or below 3.0%.

Figure 1.

Tax Collection Year	Tax Levy	City Tax Rate	% Change Tax Rate
2022 Certified	$1,399,360	0.2762	
2023	$1,440,360	0.2408	-12.8%
2024	$1,628,921	0.2481	3.0%
2025	$1,750,951	0.2557	3.0%
2026	$1,876,483	0.2609	2.1%
2027	$2,115,516	0.2641	1.2%
2028	$2,414,951	0.2702	2.3%
2029	$2,760,486	0.2763	2.2%
2030	$3,148,989	0.2830	2.4%
2031	$3,572,995	0.2897	2.3%
2032	$4,479,137	0.2982	2.9%

Note: Year 2023-2032 are estimated figures.

The key assumptions and proposals for consideration that impact the City Tax Rate include the following:

- Plan assumes taxable market value within the City, before assumptions for new construction, to increase by 10% for tax payable year 2024, and then by 3.0% annually.
- Plan assumes fiscal disparities contribution and corresponding distribution of tax revenue are estimated to remain constant prior year levels over the planning period. The actual impact of the metro-wide fiscal disparities program varies from year to year.
- Plan assumes increase in the tax levy to support additional planned spending in the General Fund related to growth of the community. Details on the specific items, which includes staff positions, is included in the Finance Plan section for the General Fund and in the Appendix.
- Plan assumes General Fund non-tax revenue will increase by 1.0-2.0% and current expenditures by 3.0% on average. There are no assumed major changes to non-tax revenue. Based on current economic conditions (inflationary pressures) the 3.0% assumption for expenditures is low but focus of the Plan is long-term.
- Plan assumes City will add nearly 820 new housing units between 2023-2040. The Plan does not phase in the construction of the new housing units over multiple years, instead the Plan shows the projected increase in the final year projected completion of a development area is anticipated. For purposes of estimating market value of property for the Plan, the average new home is estimated at $500,000, with valuation inflated 3.0% annually.
- Plan assumes minimal increase in taxable market value from new commercial property with an estimate of approximately $3.3 million of new taxable market value from new commercial development over the next decade.
- Plan assumes increase in taxable market value from new industrial development with an estimate of approximately $15.9 million of new taxable market value from new industrial development over the next decade.
- Plan assumes no construction of any new multi-family housing units between 2023-2032. Empire may see demand for multi-family housing during this time period, which would provide additional tax base that is not currently included in the Plan.
- Plan assumes the City will issue bonds to finance street reconstruction projects, with 20% of the street improvement costs assessed to benefiting properties. State law provides that a minimum of 20% of the street improvement costs must be assessed to benefiting properties in order for the City to have authority to issue general obligation street improvement bonds to finance the improvements.
- Plan assumes the City will incrementally increase Tax Levy over the next decade to position the City to have current revenue (Tax Levy) to pay for certain equipment and capital improvements on a pay-go basis versus issuing of debt. The exact amounts and timing for the increase in Tax Levy will depend on multiple factors, including the timing of development and timing and amount needed for future equipment acquisition and capital improvements.

- Plan proposes implementation of a franchise fee for gas and electric services beginning in year 2024. Under Minnesota Statute (216B.36), cities can impose a fee on utility companies that use the public rights-of-way to deliver service. The City can determine the amount, structure and use of franchise fees. Generally, they are structured in one of two ways: a flat rate per utility account or a percentage of consumption used by each utility account

  Implementation of gas and/or electric franchise fee will require future policy discussion and action by the City, including negotiation with gas and electric utility providers and adoption of ordinance and establishment of fees. For purpose of the Plan, it is assumed that gas and electric franchise fees would provide approximately $70,000 in combined annual revenue beginning in year 2024. For preliminary planning purposes this revenue is included as a revenue source to the General Fund. If and when utility franchise fees are adopted, the City will need to determine how these funds will be used and the City may determine to deposit the revenues into a fund other than the General Fund, for example to a capital projects fund.

- Plan assumes revenue from Park Dedication fees at current rate of $3,200 per residential housing unit, inflated at 3.0% annually. This revenue is shown to be deposited into a proposed "Park Improvement Fund" to provide a source of revenue for park capital improvements.

- While not proposed or included as a revenue source in the Plan, if the City were to establish an Economic Development Authority (EDA), the City may want to then consider a special property tax levy for economic development or housing and redevelopment spending. State law provides authority for the City to certify a special levy for economic development purposes (EDA Levy) and/or for an EDA (that is granted the powers of a Housing and Redevelopment Authority) to certify a special levy for housing and redevelopment purposes. (HRA levy). More information on this authority can be found in Appendix.

Water and Sewer Rates

The City currently has a two-part rate structure for charging fees for water and sewer services, comprised of both a fixed and variable charges. This two-part structure is recommended by generally accepted practices and is a practice followed by most cities within the Twin Cities metropolitan area. This structure recovers a portion of system costs in a fixed charge, recognizing that the Utilities have certain fixed costs and customer service costs that are incurred year-round. These fixed costs are incurred regardless of the level of water usage.

Over the next several years it is projected that approximately 50% of the water and sewer fund expenses, including depreciation, will be fixed. This includes depreciation and interest on bonds. The percentage varies somewhat from year to year.

The key assumptions and proposals that impact the water and sewer services include the following:

- Plan anticipates future major capital improvements to expand water and sewer services within the City, including new wells, pipe over-sizing, water towers, lift stations, and in the next few decades the potential for a wastewater treatment facility.

- Plan anticipates the City will continue annual adjustments to rates charged for water and sewer services. This includes increasing the water and sewer services fees by approximately 4.0-5.0% annually.
- Plan proposes changes for charging base (fixed) rates to customers. The Plan does not propose and changes to the structure for charging metered volume-based rates.
- Plan proposes a new fixed rate charge for infrastructure - an "infrastructure fee". It is proposed that this charge would appear as a separate line item on the utility bill. Alternatively, it could be added to the existing base charge. This increase in revenue is needed to ensure existing customers are paying sufficient charges to support future rehabilitation and renovation of existing infrastructure as it ages.
- Plan proposes for the City to pass along the state testing fee for water to customers. The cost is estimated at $2.43 per quarter per customer. Each community water supply owned or operated by a city, town or water user district must tell the Minnesota Department of Health (MDH) the number of service connections they serve. MDH generates a quarterly invoice for that number of connections. The water system (the City) collects the fee from each connection served and passes the funds on to MDH. Empire has not passed this fee on to its customers, it is proposed in the Plan that the fee be paid by the customers of the City's water system.
- Plan proposes a new development (access) charges, payable at time of platting, for water availability and sewer availability. The charges would be in addition to the connection charges payable at time of permit. The charges are proposed at $4,000 for sewer availability and $5,000 for water availability.

Sewer availability charge is proposed to provide funds for the construction of MCES interceptors and long-term maintenance of the City sanitary sewer system at large.

Water availability charge is proposed to provide funds for wells, water treatment, water storage and water distribution systems, and the plant and facilities that will be connected to the system and the payment of capital charges represented by bonds, certificates of indebtedness or otherwise, which may be used to finance the costs of additions or expansions to the facilities or replacement.

Key Policy Consideration Items

Of the proposals noted above in this section, there are a few items that we want to call out specifically that will require specific review, analysis, and consideration of process before implementation. These items are as follows:

1. Franchise Fees. The adoption of franchise fees on gas and electric utilities will require specific policy discussion and action by the City to implement, including ordinance adoption, among other steps. Utility companies have the right to pass franchise fees on to their customers. The utility companies collect the franchise fees and remit them to the City. The City has flexibility to determine how the franchise fee revenue collected is spent.

2. Special Assessments. The use of special assessments to support a portion of the cost of a street improvements will require the City to adopt a special assessment policy, that identifies how assess assessments will be calculated and levied, among other items, that is compliance with Minnesota Statutes, Chapter 429.

3. Park Dedication Fee. The park dedication fee, including basis for charging, should be reviewed to confirm whether the current rate ($3,200 per residential equivalent unit) and basis for charging will meet park needs going forward. The current basis for charging is per residential equivalent unit collected at time of building permit. An alternative would be to collect the fee at time of platting of land. This would reduce the administration costs for collection of this fee and provide revenue earlier to the City (in the development process).

4. Economic Development Authority (EDA). An EDA is a legal entity created by a city to facilitate development by using certain powers granted by state law. For example, EDA are allowed to buy and sell property; make loans and grants to businesses;provide guarantees or other credit enhancements, levy a special tax, and to sell bonds. City of Empire will have the authority to consider the establishment of an EDA. The City may create an EDA by passing an enabling resolution, following a public hearing.

5. Fixed Charges for Water and Sewer Services. A new fixed fee for infrastructure is proposed to be charged to each customer of the water and sewer utilities to provide a new source of revenue to pay for future rehabilitation and replacement of water and sewer infrastructure. If the City determines to adopt this charge, the City will need to consider whether it wants to include this as a separate line item on the utility bill are to combine with the existing "base" charge. It is also proposed the City begin to charge customers separately for the pass-through water testing fee that the City is currently charged by the state.

6. Water and Sewer Access Charges Payable at Time of Plat Approval. The Plan proposes a development (access) charge, payable at time of platting, for water availability and sewer availability. The charges would be in addition to the connection charges payable at time of permit. The City would need to amend its fee schedule to include these fees.

7. Street Lighting and Storm Water Management. Empire includes a separate line item charge on its utility bills for public lighting services and storm

water management services. With incorporation, the City should consider the establishment of separate Enterprise Funds (for example, Street Lighting Fund and "Storm Water Management Fund") to account for these activities, if the goal is to charge fees to customers at a level to provide revenue to cover the cost of providing these services.

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. Background provides historical and statistical context for Empire and services.
3. CIP and Debt provides information on plans for equipment, facilities, and maintaining and expanding the water and sewer systems. This includes estimates on project costs, timing, and sources of funds. Information on outstanding debt obligation and debt service is included.
4. Financial Plans provides the financial plans (pro forma) for City funds (including potential new funds to be established). The financial plans include historical, current, and projected sources and uses of funds and estimated ending cash balances. Financial plans take into account capital improvement plans, both existing and planned debt issuance, and proposed rates.
5. Appendices provide more detailed information on certain items, including fees for water and sewer services, estimated potential budget additions (including FTE), fee comparison to other cities, and information on authority for the EDA/HRA special tax levies.

Table 1

Empire, MN

PROPERTY TAX LEVY, TAX CAPACITY, AND TAX RATE

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
TAX LEVY											
General Fund	670,000	620,000	738,731	704,811	731,766	759,625	788,418	1,033,178	1,069,985	1,108,404	1,148,088
Road and Bridge Fund	390,000	253,000	253,000	253,000	253,000	253,000	253,000	253,000	253,000	280,000	280,000
Debt Service Funds	339,360	339,360	344,190	343,140	511,718	582,892	588,532	264,308	256,005	679,591	561,049
Street Construction Fund	-	-	-	-	25,000	125,000	425,000	800,000	1,150,000	1,050,000	2,000,000
Building Fund	-	-	10,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000
Park Improvement Fund	-	-	55,000	180,000	75,000	80,000	-	-	-	-	-
CIP Fund	-	228,000	228,000	250,000	250,000	275,000	310,000	350,000	350,000	375,000	400,000
TAX LEVY	**1,399,360**	**1,440,360**	**1,628,921**	**1,750,951**	**1,876,483**	**2,115,516**	**2,414,951**	**2,760,486**	**3,148,989**	**3,572,995**	**4,479,137**
Fiscal Disparities Distribution	123,098	119,838	119,838	119,838	119,838	119,838	119,838	119,838	119,838	119,838	119,838
Net Spread Levy	1,276,262	1,320,522	1,509,083	1,631,113	1,756,645	1,995,678	2,295,113	2,640,648	3,029,151	3,453,157	4,359,299
Annual % Change	*-4.9%*	*3.5%*	*14.3%*	*8.1%*	*7.7%*	*13.6%*	*15.0%*	*15.1%*	*14.7%*	*14.0%*	*26.2%*
TAX CAPACITY											
Tax Capacity before New Construction	4,964,977	5,807,431	6,417,667	6,634,660	7,001,006	7,449,385	8,646,551	10,002,832	11,541,073	13,184,735	14,916,885
Tax Capacity from New Construction	-	26,812	23,750	162,434	231,407	945,325	1,064,936	1,202,094	1,259,641	1,297,677	3,520,605
Total Tax Capacity	4,964,977	5,834,243	6,441,417	6,797,094	7,232,413	8,394,710	9,711,487	11,204,926	12,800,714	14,482,413	18,437,491
Less Fiscal Disparities TC Contribution	344,375	343,274	351,753	409,745	492,362	829,862	1,210,065	1,639,237	2,088,954	2,552,251	3,809,177
Less Powerline TC Contribution	-	6,778	7,456	7,679	7,910	8,147	8,392	8,643	8,903	9,170	9,445
Less TIF Captured Tax Capacity	-	-	-	-	-	-	-	-	-	-	-
NET TAX CAPACITY	**4,620,602**	**5,484,191**	**6,082,208**	**6,379,669**	**6,732,141**	**7,556,701**	**8,493,030**	**9,557,045**	**10,702,858**	**11,920,993**	**14,618,869**
Annual % Change		*18.69%*	*10.90%*	*4.89%*	*5.52%*	*12.25%*	*12.39%*	*12.53%*	*11.99%*	*11.38%*	*22.63%*
TAX CAPACITY TAX RATE	**0.2762**	**0.2408**	**0.2481**	**0.2557**	**0.2609**	**0.2641**	**0.2702**	**0.2763**	**0.2830**	**0.2897**	**0.2982**
Annual % Change	*0.0%*	*-12.8%*	*3.0%*	*3.0%*	*2.1%*	*1.2%*	*2.3%*	*2.2%*	*2.4%*	*2.3%*	*2.9%*

Table 2

INPUT EXAMPLE PROPERTIES

Empire, MN

City Property Taxes Payable by Example Properties

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Valuation	Residential	$250,000	$275,000	$302,500	$311,575	$320,922	$330,550	$337,161	$343,904	$350,782	$357,798	$364,954
	Residential	$300,000	$330,000	$363,000	$373,890	$385,107	$396,660	$404,593	$412,685	$420,939	$429,357	$437,945
	Residential	$400,000	$440,000	$484,000	$498,520	$513,476	$528,880	$539,457	$550,247	$561,252	$572,477	$583,926
	Residential	$500,000	$550,000	$605,000	$623,150	$641,845	$661,100	$674,322	$687,808	$701,564	$715,596	$729,908
	Commercial	$1,000,000	$1,100,000	$1,210,000	$1,246,300	$1,283,689	$1,322,200	$1,348,644	$1,375,617	$1,403,129	$1,431,191	$1,459,815
	Commercial	$2,000,000	$2,200,000	$2,420,000	$2,492,600	$2,567,378	$2,644,399	$2,697,287	$2,751,233	$2,806,258	$2,862,383	$2,919,631
	Commercial	$3,000,000	$3,300,000	$3,630,000	$3,738,900	$3,851,067	$3,966,599	$4,045,931	$4,126,850	$4,209,387	$4,293,574	$4,379,446
	Commercial	$4,000,000	$4,400,000	$4,840,000	$4,985,200	$5,134,756	$5,288,799	$5,394,575	$5,502,466	$5,612,515	$5,724,766	$5,839,261
Tax Capacity Taxes	Residential $250,000	$650	$632	$726	$773	$816	$853	$892	$933	$977	$1,022	$1,075
	Residential $300,000	$800	$776	$889	$947	$998	$1,043	$1,091	$1,140	$1,191	$1,244	$1,306
	Residential $400,000	$1,101	$1,059	$1,201	$1,275	$1,349	$1,416	$1,484	$1,555	$1,632	$1,711	$1,804
	Residential $500,000	$1,381	$1,354	$1,566	$1,672	$1,767	$1,852	$1,940	$2,030	$2,128	$2,229	$2,348
	Commercial $1,000,000	$3,489	$3,346	$3,793	$4,025	$4,231	$4,411	$4,604	$4,802	$5,017	$5,237	$5,499
	Commercial $2,000,000	$6,979	$6,692	$7,585	$8,051	$8,463	$8,822	$9,208	$9,603	$10,033	$10,474	$10,998
	Commercial $3,000,000	$10,468	$10,038	$11,378	$12,076	$12,694	$13,234	$13,812	$14,405	$15,050	$15,712	$16,498
	Commercial $4,000,000	$13,957	$13,384	$15,170	$16,102	$16,926	$17,645	$18,416	$19,206	$20,067	$20,949	$21,997
Annual % Change in Total Taxes	Residential $250,000		-2.7%	14.8%	6.5%	5.5%	4.6%	4.6%	4.5%	4.7%	4.6%	5.2%
	Residential $300,000		-3.0%	14.5%	6.5%	5.4%	4.5%	4.6%	4.5%	4.5%	4.4%	5.0%
	Residential $400,000		-3.8%	13.3%	6.1%	5.8%	5.0%	4.8%	4.8%	4.9%	4.8%	5.4%
	Residential $500,000		-1.9%	15.6%	6.8%	5.7%	4.8%	4.7%	4.6%	4.8%	4.7%	5.3%
	Commercial $1,000,000		-4.1%	13.3%	6.1%	5.1%	4.2%	4.4%	4.3%	4.5%	4.4%	5.0%
	Commercial $2,000,000		-4.1%	13.3%	6.1%	5.1%	4.2%	4.4%	4.3%	4.5%	4.4%	5.0%
	Commercial $3,000,000		-4.1%	13.3%	6.1%	5.1%	4.2%	4.4%	4.3%	4.5%	4.4%	5.0%
	Commercial $4,000,000		-4.1%	13.3%	6.1%	5.1%	4.2%	4.4%	4.3%	4.5%	4.4%	5.0%
Annual $ Change in Total Taxes	Residential $250,000		(18)	94	47	42	38	39	40	44	45	53
	Residential $300,000		(24)	113	57	51	45	48	49	51	52	62
	Residential $400,000		(42)	141	74	74	67	69	71	77	79	93
	Residential $500,000		(27)	212	106	95	85	88	90	98	101	119
	Commercial $1,000,000		(143)	447	233	206	180	193	198	215	221	262
	Commercial $2,000,000		(287)	893	466	412	359	386	395	430	441	524
	Commercial $3,000,000		(430)	1,340	698	618	539	579	593	645	662	786
	Commercial $4,000,000		(573)	1,786	931	824	719	771	790	861	882	1,048

Note: Commercial is based on assumption for fiscal disparities ratio. Valuation of property is assumed to increase by 10% for taxes payable in 2024 (based on valuation from 2022, assessed as of January 2023, for taxes payable in 2024). Future year annual valuation increases are asumed at 3.0%.

Chart 1.
Annual changes in Tax Levy reflects estimated future levies to fund operations and capital improvements and change in Tax Rate is further impacted by assumptions for tax base growth

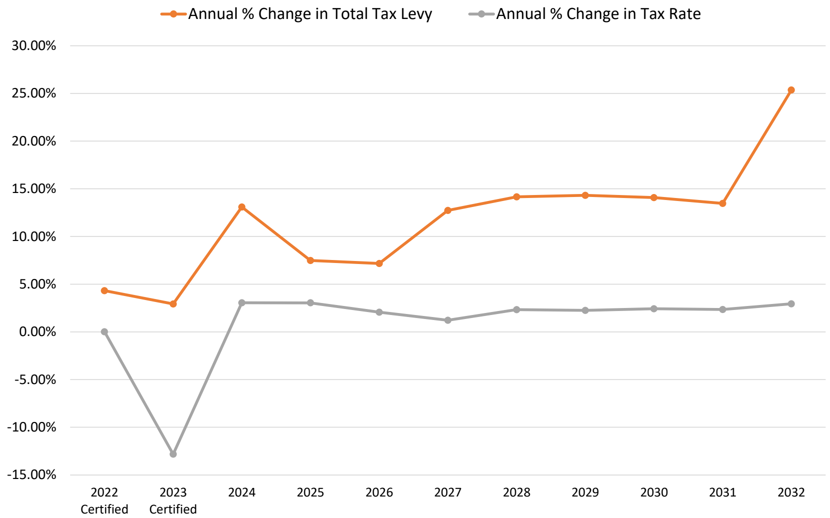


Chart 2.
City Tax Rate is a factor of Tax Levy and Taxable Market Value (Tax Capacity)

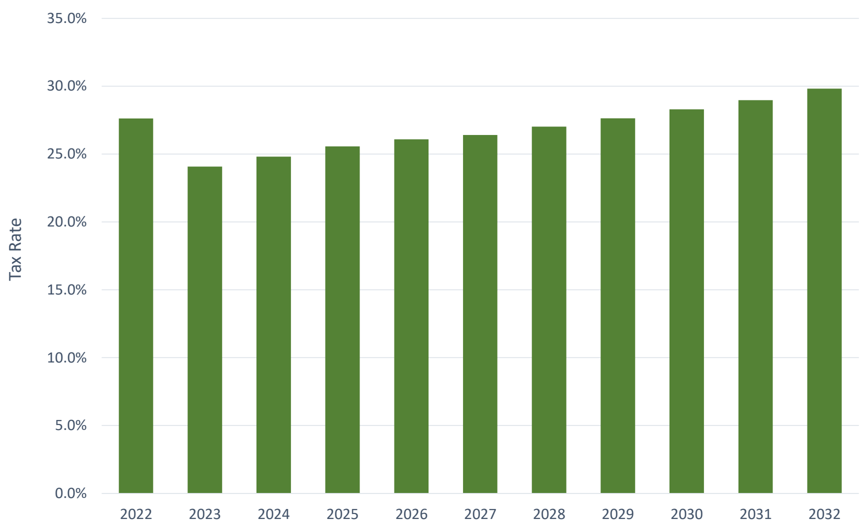


Chart 3.
Annual Change in City Tax Levy by Fund

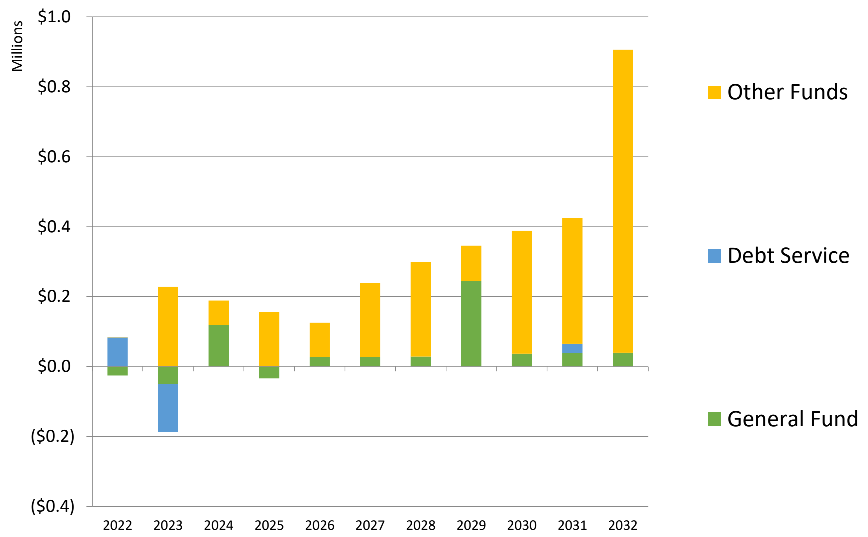


Chart 4.
Total City Tax Levy All City Funds

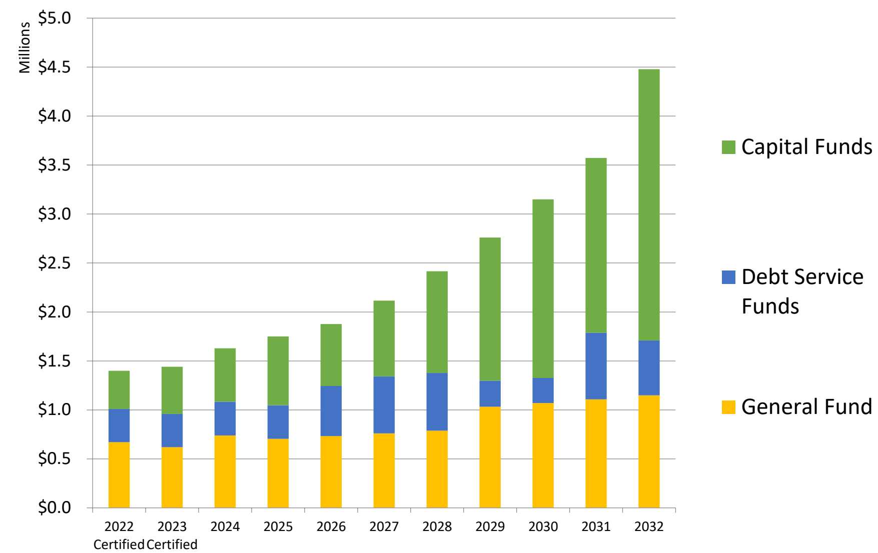


Chart 5.
Ending Cash Balances are projected to be at levels to meet City objectives for reserves and planned capital improvements

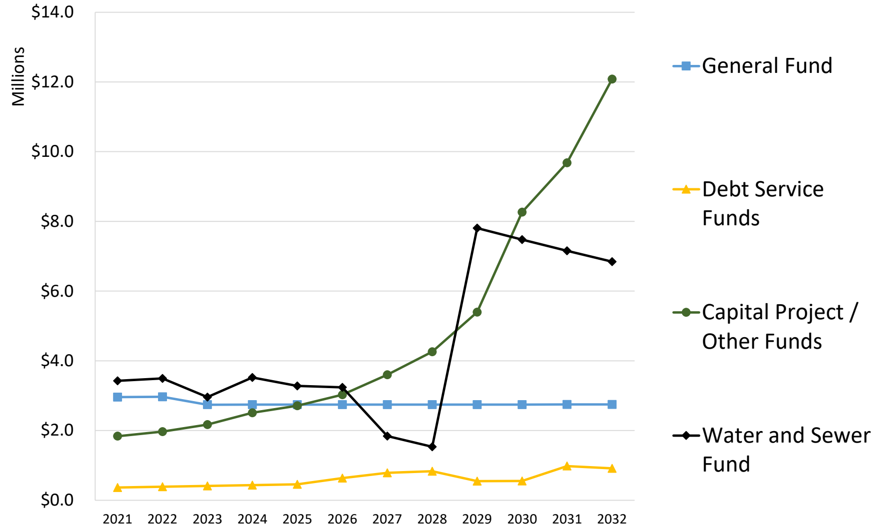


Chart 6.
Ending Cash Balances for Capital Projects and Other Funds

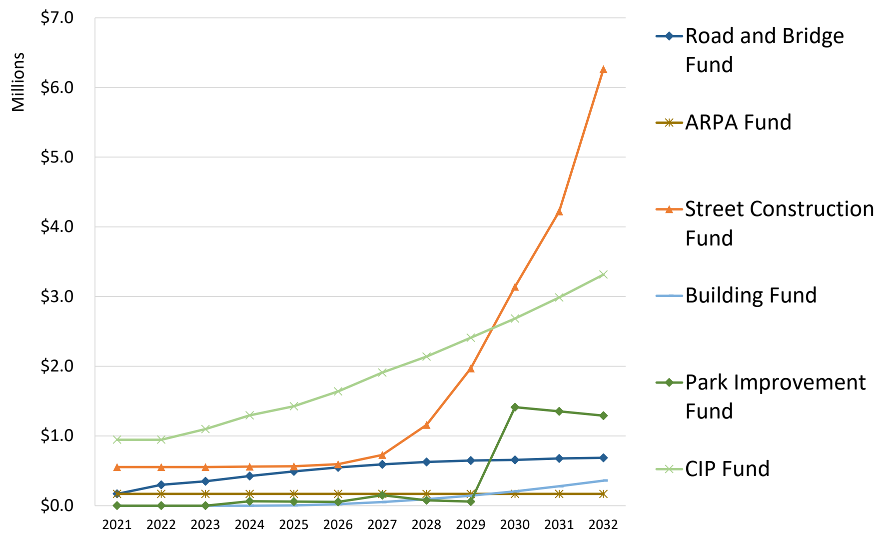
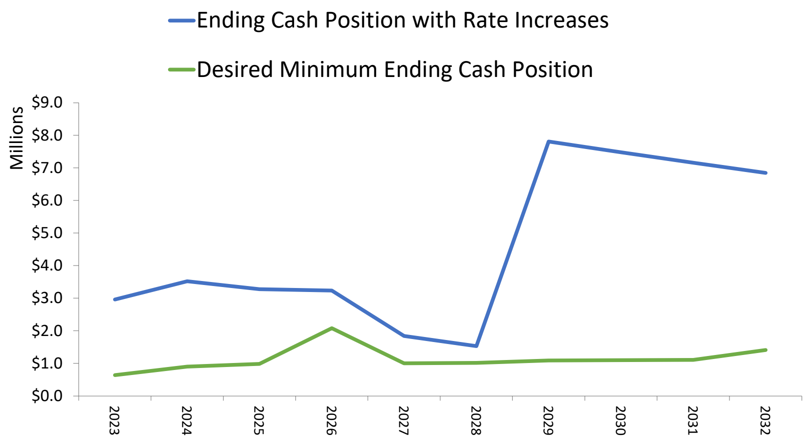


Chart 7.
Water and Sewer Fund
Projected Ending Cash Position is projected to be sufficient to meet policy objectives and to position City to accumulate cash for infrastructure improvements



Note: Incresae in year 2029 is from collection of development revenue (from connection and access charges). Actual time will vary and may occur over multiple years versus what is shown here in this chart.

Connection and availability charges paid by future development are projected to be available to provide revenue to pay for future capital improvements to support development both programmed and not yet programmed in the CIP.

BACKGROUND

Empire Township is located in central Dakota County on 33.8 square miles. Empire Township is bordered by the Cities of Rosemount, Coates, Farmington, and Lakeville as well as Castle Rock and Vermillion Townships. MN Highway 3 runs north/south through the western edge of the Township and MN Highway 50 forms the Township's southern border.

The population is estimated at 3,091 with 1,052 housing units (Data from U.S. Census). Population will continue to increase due to development of residential property within Empire. Population is estimated to reach 3,285 by year 2027 (Data from Esri Business Analyst).

Empire will change from a township form of government to a city form of government in 2023. Elected officials for Empire will change from a three-person board to a five-person mayor/city council. While incorporation will change Empire's form of government, incorporation itself is estimated by Empire to have a negligible impact on Empire's current budget.

As noted by Empire in a recent press release, incorporation will provide greater certainty to the Township by clearly establishing its borders and preventing annexation of areas within Empire to another community. Without established borders, it would make it very difficult for Empire Township to plan for future growth. Now that the borders are established, the City of Empire can plan for the necessary infrastructure and financing mechanisms to accommodate future growth.

Table 3 that follows provides information on projected growth from development by property type, including estimated housing units to be added and commercial-industrial square footage. This information was prepared by Bolton & Menk, working with Northland.

Empire is in the process of planning for water service to serve the north area of Empire, which will become a new service area. Empire anticipates a need for a waste water treatment plant sometime around year 2040. Projecting the time horizon is challenging, but according to Bolton & Menk it will be somewhere around 10-20 year time horizon depending on the actual pace of development.

Table 3

Empire - New Development Assumptions

Select Property Type	Location Identification	Location Identification Detail	Construction Completion Year	Housing Units	CI Building SF
Commercial	DNH Plat- Outlot E	7 acres gross (SW of CR46/TH 52)	2025		25,000
Commercial	.25 acre	Comp Plan	2040		3,000
Industrial	Nitti Sanitation	20 acres (DNH Plat)	2023		34,332
Industrial	Dahn Construction	10 acres (DNH Plat)	2023		28,800
Industrial	Enebak	22 acres gross- heavy construction co.	2023		24,000
Industrial	DNH Plat- L1B1	6.5 acres	2024		35,000
Industrial	DNH Plat- Outlot D	5.5 acres	2025		30,000
Residential Single Family	2022 Construction	2022 Construction	2022	4	
Residential Single Family	Winkler Development- Deer Creek*	Biscayne/197th	2025	97	
Residential Single Family	Riverview Estates 2nd Addition	Platted in 1990's- unbuilt lots	2027	17	
Residential Single Family	Agricultural division for SF home/farm	40 acres each (Comp Plan)	2030	4	
Residential Single Family	MXR (3 u/a)	SF Res (Comp Plan)	2030	227	
Residential Single Family	High Density (8 u/a)	Townhomes or SF detached (Comp Plan)	2030	119	
Residential Single Family	Agricultural division for SF home/farm	40 acres each (comp Plan)	2040	3	
Residential Single Family	MXR (3 u/a)	SF Res (Comp Plan)	2040	347	

* Winkler Development - Deer Creek is platted and proposed fee and charges in the Plan will not apply to this already platted property.

Chart 8.
Construction of new property is projected to provide an increase in residential equivalent units

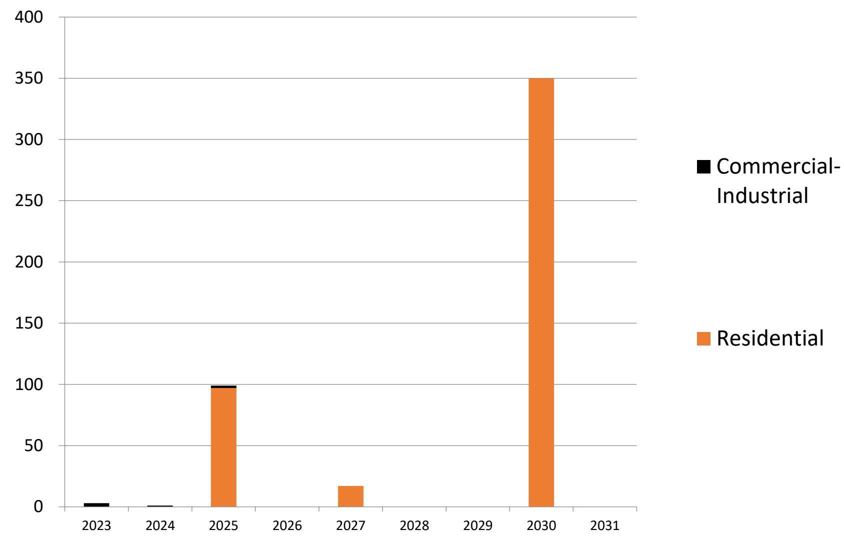
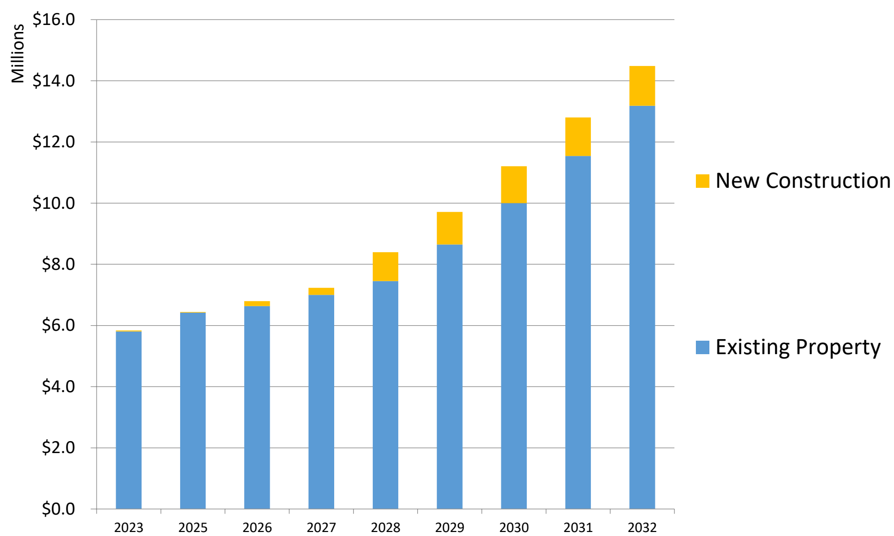


Chart 9.
Net Tax Capacity for Empire is projected to increase from both market conditions and new construction



CAPITAL IMPROVEMENT PLAN (CIP) AND DEBT

Annual review of plans for capital acquisition and improvements, development of a Capital Improvement Plan (CIP) inclusive of equipment, vehicle, and other acquisitions, along with planned facility, street, utility and other municipal infrastructure improvements is an important input to comprehensive long-term financial planning and the development of this Plan.

The CIP in the Plan provides details on costs by year and proposed funding sources. The debt service study, included in the Plan, provides information on current debt service and estimated future debt. The CIP provides an important input into preparing the financial plans for the individual City funds.

Equipment and Vehicles

Over the next ten years, the Plan anticipates the City will spend approximately $40,000-$140,000 annually on equipment and vehicles. The Plan anticipates property taxes and transfer from other funds to provide annual revenue to support equipment and vehicle purchases without the need for debt issuance. The actual cost and timing will impact the City's ability to avoid the need for debt financing.

Water Improvements

Water improvements are included in the CIP for the new service area in northern Empire and for future expansion of existing service area. Project spending includes the following (in today's dollars):

- $500,000 in 2024 for watermain oversizing in northern area
- $1,150,000 in 2024 for new well in northern area
- $3,000,000 in 2024 for new water tower in northern area
- $250,000 in 2032 for watermain oversizing for expansion of existing service area
- $1,150,000 in 2032 for new well for expansion of existing service area
- $3,000,000 in 2032 for new water tower for expansion of existing service area

The CIP does not include potential water improvement projects that may be constructed and financed by private development and contributed to the City. These projects would be paid entirely by private funds with infrastructure then contributed to the City.

Sewer Improvements

The Plan includes planned construction of a northeast-southeast trunk line in year 2027 in the estimated amount of $10,000,000.

- $1,000,000 in 2024 for sanitary sewer oversizing in northern area
- $1,100,000 in 2027 for lift station in northern area
- $250,000 in 2032 for sanitary sewer oversizing for expansion of existing service area
- $1,100,000 in 2032 for lift station for expansion of existing service area
- $3,000,000 in 2032 for new water tower for expansion of existing service area (there may be a pos-

sibility to share a tower with Farmington, but for purpose of this Plan an independent system is assumed)

The Plan includes a placeholder in year 2040 for a potential wastewater treatment facility. The estimated placeholder amount is $22,200,000 (in today's dollars) Whether and exactly when a potential facility may be needed is uncertain.

Street Improvements

The CIP includes estimates for ongoing pavement management, or street improvements, in the amount of $2,000,000 (in today's dollars) every four years. The Plan assumes the next street improvement project is undertaken in year 2025. Street improvements include gravel maintenance, overlays, sealcoats, pavement reclamation and street reconstruction projects.

Facility and Parks

A future municipal building or expansion of the existing building will be needed in the future. The Plan does not include a placeholder amount at this time. As the City considers options and begins to develop a potential plan for a municipal building this will need to be added to the Plan. The Plan does include annual spending on buildings in the range of $10,000 to $18,000 for routine and annual capital maintenance items.

The Plan includes annual spending for park improvements in the range of $50,000 to $185,000 annually. Similar to the comment above on a municipal building, as the City considers options for park facility needs and potential costs and timing, the Plan will need to be updated.

Bond Issuance

Empire's outstanding general obligation bonds are rated as 'AA+' by S&P Global Ratings. The positive credit strengths include strong financial operations resulting in strong reserves. The bond rating helps support a lower cost of borrowing.

Issuance of bonds is anticipated in the Plan to finance certain capital improvements. The tables and graphics that follows provide a summary of existing and future estimated debt service payments (principal and interest) and funding sources, along with a summary of debt outstanding by year.

The annual debt service on "new" general obligation bonds to be issued is also included in the financial plans for the respective funds. The preliminary estimates for debt service are based on the following estimated future general obligation (G.O.) bond issues:

- Year 2024, G.O. Revenue Bonds, $5,765,0000 to finance water system improvements in northern area of Empire over a 30 year term payable from utility revenues.
- Year 2025, G.O. Improvement Bonds, $2,360,000 to finance street improvements over a 10 year term payable from tax levy and special assessments (20%), with the bonds sized to pay cost of issuance and project costs.
- Year 2029, G.O. Improvement Bonds, $2,870,000 to finance street improvements over a 10 year term payable from tax levy and special assessments (20%), with the bonds sized to pay cost of issuance and project costs.
- Year 2032, G.O. Revenue Bonds, $7,320,000 to fi-

nance water and sanitary sewer system improvements for expansion of existing service area over a 30 year term payable from utility revenues.

- Year 2033, G.O. Improvement Bonds, $3,490,000 to finance street improvements over a 10 year term payable from tax levy and special assessments (20%), with the bonds sized to pay cost of issuance and project costs.
- Placeholder for Year 2040 G.O. Revenue Bonds, $22,200,000 to finance a wastewater treatment facility over a 30 year term payable from utility revenues.

Bond Terms

The final sizing, structuring, and interest rates will depend on project specifics and market conditions at time of issuance. The amounts shown in the Plan are preliminary and for planning purposes only. The bond issuance sizes include capital acquisition and construction costs, cost of issuance of bonds, and capitalized interest funds, if applicable. The debt service for the new bonds is based on the terms stated above and average coupons of 3.75-4.0%. Actual rates will vary depending on bond rating, structure of the bonds, among other factors.

Table 4

Empire, MN

Capital Improvement Plan

Totals Capital Outlay by Fund and Source of Funds

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
CAPITAL OUTLAY										
Building Fund	-	10,000	18,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
CIP Fund	212,250	41,250	131,250	52,750	20,250	100,000	100,000	100,000	100,000	100,000
Park Improvement Fund	-	52,500	185,000	80,000	50,000	75,000	75,000	75,000	75,000	75,000
Street Construction Fund	-	0	2,360,000	0	0	0	2,870,000	0	0	0
Water and Sewer Fund	300,000	5,650,000	17,500	-	1,090,000	-	-	-	-	7,175,500
Total	512,250	5,753,750	2,711,750	142,750	1,170,250	185,000	3,055,000	185,000	185,000	7,360,500
SOURCE OF FUNDS FOR CAPITAL OUTLAY										
Property taxes	228,000	293,000	450,000	380,000	520,000	785,000	1,210,000	1,570,000	1,505,000	2,490,000
Investment earnings	-	16,508	19,166	20,515	23,093	28,383	34,666	45,813	74,415	88,360
Proceeds from sale of assets	135,000	-	-	-	-	-	-	-	-	-
Bond proceeds (incl premium/discount)	-	5,765,000	2,360,000	-	-	-	2,870,000	-	-	7,320,000
Transfer in from General Fund	-	60,000	-	-	-	-	55,000	-	-	-
Park dedication fee	-	-	-	-	66,124	-	-	1,429,435	-	-
Subtotal	363,000	6,134,508	2,829,166	400,515	609,216	813,383	4,169,666	3,045,248	1,579,415	9,898,360
Use (Increase) of Cash CIP Funds	149,250	(380,758)	(117,416)	(257,765)	561,034	(628,382)	(1,114,666)	(2,860,248)	(1,394,415)	(2,537,859)
Total	512,250	5,753,750	2,711,750	142,750	1,170,250	185,000	3,055,000	185,000	185,000	7,360,500

Table 5

Empire

Summary of Existing and Planned New Debt

	Projected 2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Annual Principal											
G.O. Debt Fund	240,000	250,000	260,000	275,000	285,000	295,000	305,000	315,000	-	-	-
G.O. Improvement Debt Fund	-	-	-	-	-	100,000	215,000	225,000	235,000	240,000	630,000
Enterprise Fund	-	-	-	-	100,000	105,000	110,000	115,000	120,000	125,000	130,000
Total Principal	240,000	250,000	260,000	275,000	385,000	500,000	630,000	655,000	355,000	365,000	760,000
Annual Interest											
G.O. Debt Fund	78,000	68,200	58,000	47,300	36,100	24,500	14,025	4,725	-	-	-
G.O. Improvement Debt Fund	-	-	-	-	88,500	86,625	80,719	72,469	171,469	162,563	146,250
Enterprise Fund	-	-	-	230,600	228,600	224,500	220,200	215,700	211,000	206,100	201,000
Total Interest	78,000	68,200	58,000	277,900	353,200	335,625	314,944	292,894	382,469	368,663	347,250
Annual Debt Service											
G.O. Debt Fund	318,000	318,200	318,000	322,300	321,100	319,500	319,025	319,725	-	-	-
G.O. Improvement Debt Fund	-	-	-	-	88,500	186,625	295,719	297,469	406,469	402,563	776,250
Enterprise Fund	-	-	-	230,600	328,600	329,500	330,200	330,700	331,000	331,100	331,000
Total Principal and Interest	318,000	318,200	318,000	552,900	738,200	835,625	944,944	947,894	737,469	733,663	1,107,250
Bonds Outstanding at Year End											
G.O. Debt Fund	1,985,000	1,735,000	1,475,000	1,200,000	915,000	620,000	315,000	-	-	-	-
G.O. Improvement Debt Fund	-	-	-	2,360,000	2,360,000	2,260,000	2,045,000	4,690,000	4,455,000	4,215,000	3,585,000
Enterprise Fund	-	-	5,765,000	5,765,000	5,665,000	5,560,000	5,450,000	5,335,000	5,215,000	5,090,000	12,280,000
Total Outstanding	1,985,000	1,735,000	7,240,000	9,325,000	8,940,000	8,440,000	7,810,000	10,025,000	9,670,000	9,305,000	15,865,000

Debt Subject to Statutory Debt Limit	1,985,000	1,735,000	1,475,000	1,200,000	915,000	620,000	315,000	-	-	-	-
% of Statutory Debt Limit Used	14%	12%	10%	8%	6%	4%	2%	0%	0%	0%	0%
Statutory Debt Limit (EMV * 3.0%)	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001	14,288,001
Estimated Legal Debt Margin (Unused Limit)	12,303,001	12,553,001	12,813,001	13,088,001	13,373,001	13,668,001	13,973,001	14,288,001	14,288,001	14,288,001	14,288,001

Chart 10.
Capital improvements planned

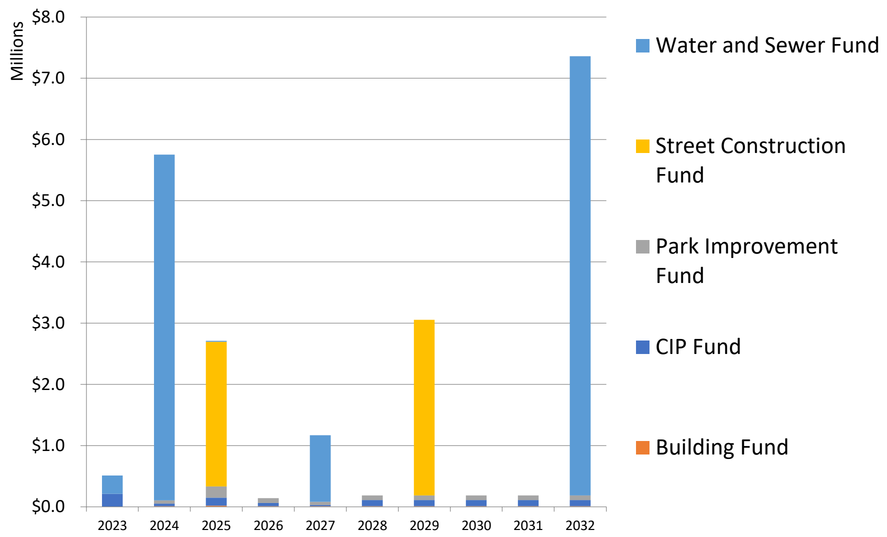
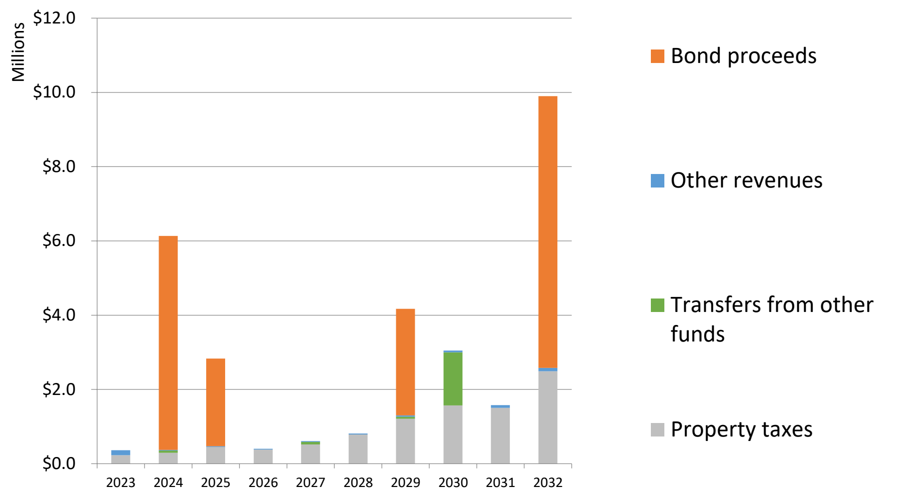


Chart 11.
Capital improvements source of funds



Note: This chart does not include changes in fund balance as a source or use of cash for project spending. Depending on timing of receipt of cash for capital a resulting in an increase or decrease in Fund Balance may occur.

Chart 12.
Annual Debt Service For Existing and Planned New Debt

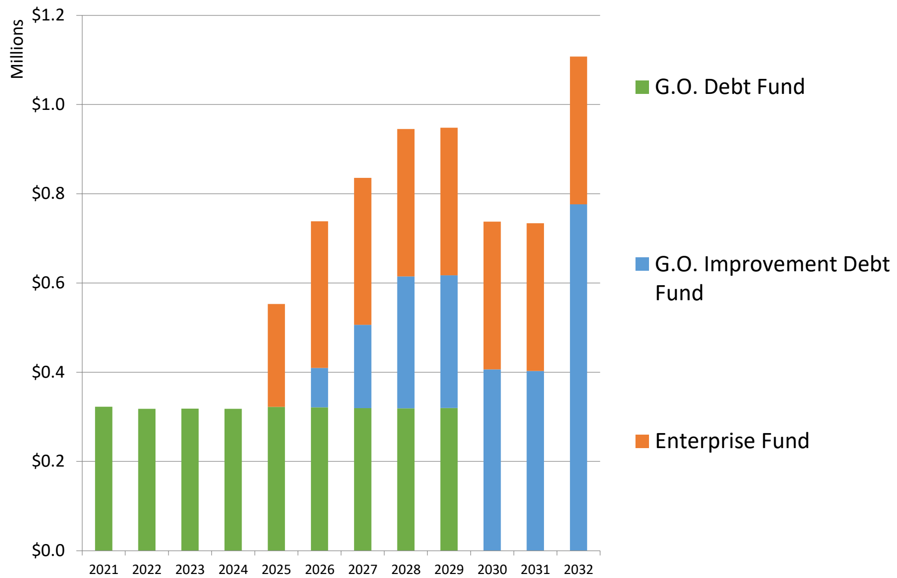
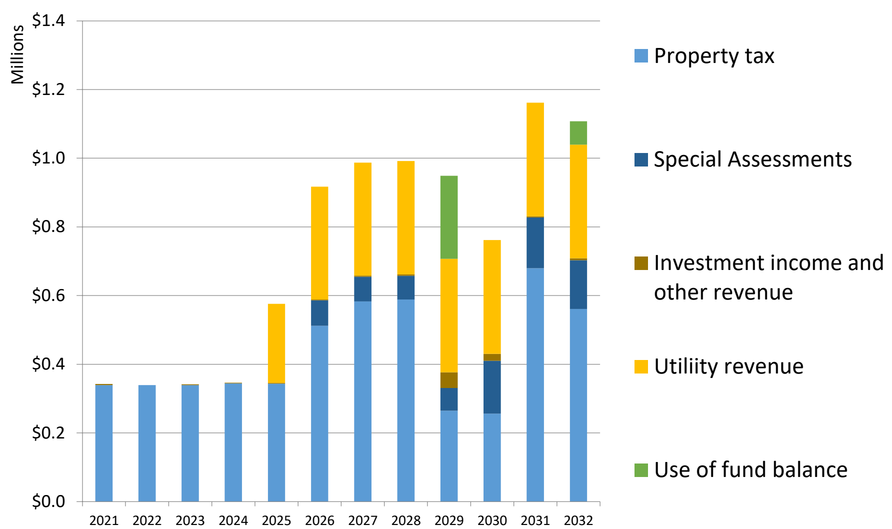


Chart 13.
Source of Revenues for Debt Service



Note: Use of fund balance in year 2029 is for the final payment on the existing 2019A Bonds.

Chart 14.
Total Debt Outstanding Existing and Planned
(Does not include Enterprise Funds)

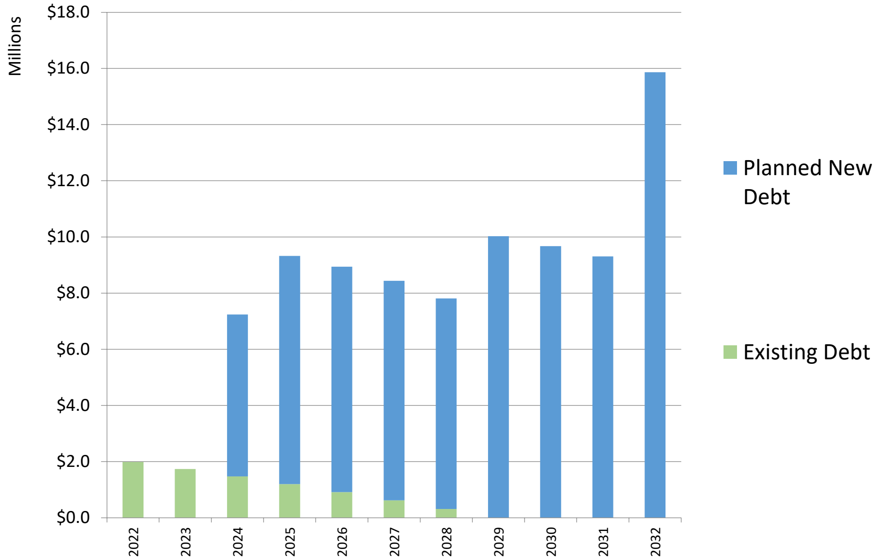
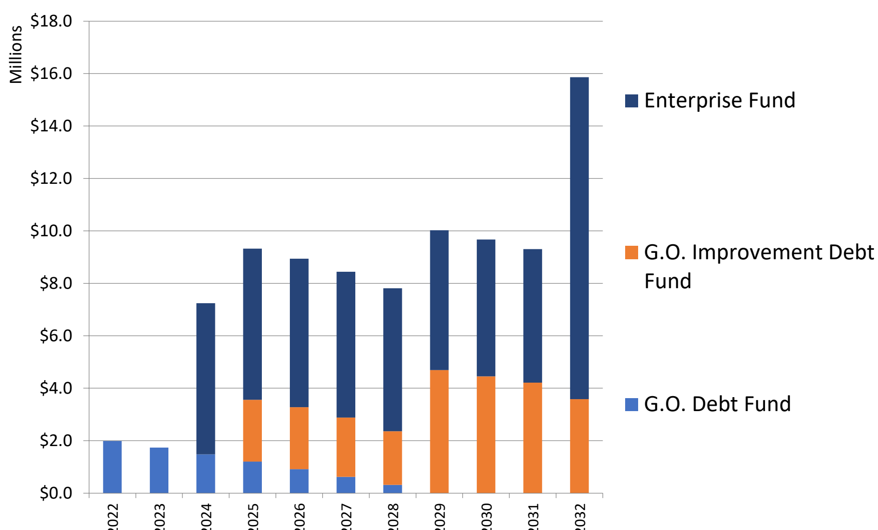


Chart 15.
Total Debt Outstanding Existing and Planned
By Type of Debt



FINANCIAL PLANS

Background

Financial plans have been prepared for each of the following type of funds:

Governmental Funds

- General Fund
- Debt Service Funds
- Road and Bridge Fund
- ARPA Fund
- Street Construction Fund
- Building Fund
- CIP Fund
- Park Improvement Fund

Proprietary Funds (Enterprise Funds)

- Water and Sewer Fund

Governmental Funds are used to account for most typical municipal functions of the City. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in Proprietary Funds), are accounted for through the Governmental Funds.

Proprietary Funds (Enterprise Funds) are used to account for the City's ongoing municipal utility operations that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are financed through user charges. The financial plans, for the Proprietary Funds, include assets and liabilities in addition to the revenues and expenditures. For the Proprietary Funds, there is a capitalization of certain expenses and the subsequent depreciation of the capitalized costs.

Summary of Key Factors and Assumptions

The key factors or assumptions used to develop the financial plans are as follows:

- 3.0% annual increase in operating expense for the Governmental Funds.
- 1.0-2.0% annual increase in non-property tax revenue for the Governmental Funds.
- Annual projected increase in property tax levies to be set at a level sufficient to maintain sufficient fund balance levels pursuant to Empire's adopted policy.
- Fiscal disparities distribution of property taxes and contribution of property tax capacity is assumed to be at the same levels as estimated for Pay 2023. The actual amounts will vary by year and will impact the projections shown in the Plan.
- Maintain a minimum balance in the General Fund equal to twelve-month operating budget and twelve-month debt service pursuant to Empire adopted policy.
- 4.0-5.0% average annual rate increase for water and sewer services, with the exception of the proposed addition of a new "Infrastructure Fee" as either an addition to the existing base fee or as a separate line item on the utility bill.

- A new availability (access) charge for water and sewer services. The charges would be in addition to the connection charges payable at time of permit. The charges are proposed at $4,000 for sewer availability and $5,000 for water availability.
- Maintain cash in the Water and Sewer Fund sufficient to achieve projected year-end cash balance 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 and other reserve purposes

- Maintain positive balances in all other City funds and amounts sufficient to meet specific cash flow requirements of the funds.

TOTAL GOVERNMENTAL FUNDS COMBINED

The table that follows provides total sources and uses of funds for the following Governmental Funds combined. Individual financial plans are then provided for each of the following funds, including three proposed new funds:

- General Fund
- Debt Service Funds
- Road and Bridge Fund
- ARPA Fund
- Street Construction Fund
- Building Fund*
- Capital Improvement Fund
- Park Improvement Fund*

**Proposed new funds*

Revenue

Annual source of funds from non-property tax levy sources have been stable and are expected to remain so in the future.

Local Government Aid (LGA)

Due to Empire's demographics, it is unlikely that Empire will receive any substantial revenues from the LGA program in the near term. As a township, Empire was not eligible for LGA.

Property Tax

Property tax levy increases will be needed to pay for projected operating costs and debt service for planned capital improvements.

Municipal State Aid (MSA)

As a township, Empire received approximately $31,400 from Dakota County for road maintenance. After incorporation, the City will no longer be eligible for County funding but will be eligible for Small Cities Assistance funding. This program provides funding for cities with populations less than 5,000 for construction and maintenance of roadways. The State of Minnesota estimates the City of Empire would have received $79,000 as part of the 2021 allocation (*source: Financial Implications for Incorporation report, dated May 13, 2022, prepared by Abdo Financial Solutions*). To be conservative, the Plan assumes the City will receive $50,000 annually from the Small Cities Assistance program, this amount will vary depending on appropriation of funds to the program from the legislature. Once the population grows to over 5,000, the City will be eligible for the Municipal State Aid program.

Utility Franchise Fees

As noted in the Introduction Section, the Plan assumes implementation of a franchise fee for gas and electric services beginning in year 2024. The Plan assumes that the City approves both a gas and electric franchise fee to provide approximately $70,000 in combined annual revenue beginning in year 2024. For preliminary planning purposes this revenue is included as a revenue source to the General Fund. If and when utility franchise fees are adopted, the City will need to determine how these funds will be used and the City may determine to deposit the revenues into a fund other than the General Fund, for example to a capital projects fund.

Expense

Personnel and other operating costs overall have been and are projected to remain stable in the near term with planned increases in the future to address the demands of a growing community.

The financial plans anticipate includes projected staffing increases in the General Fund. These increases are detailed in the General Fund financial plan that follows and in Appendix B.

An estimated 1.05 new full time equivalent (FTE) are planned to be added between years 2029-2030 in the General Fund. In addition, the Plan anticipates an increase in expense for city council compensation (and addition of new elected officials) and for legal costs.

TOTAL GOVERNMENTAL FUNDS

Chart 16.
Total Governmental Funds
Includes all other financing sources as revenue or expenditure

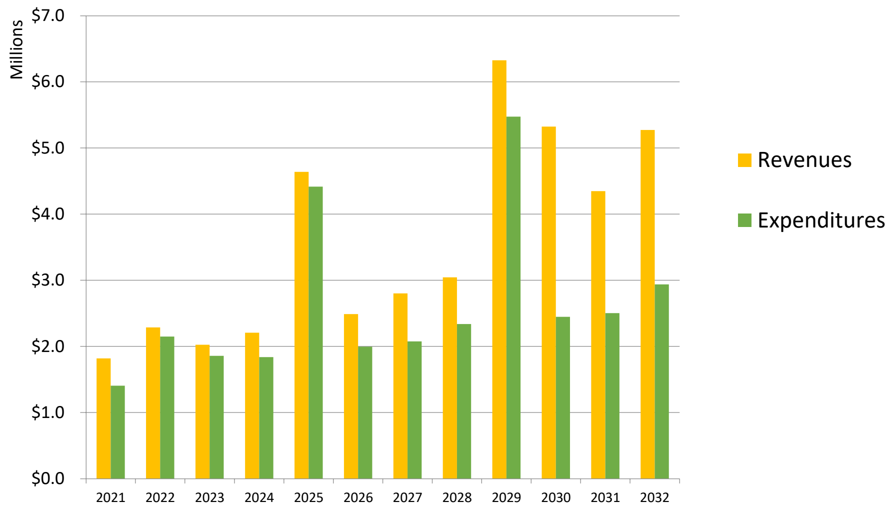


Chart 17.
Total Governmental Funds
Includes all other financing sources as revenue or expenditure

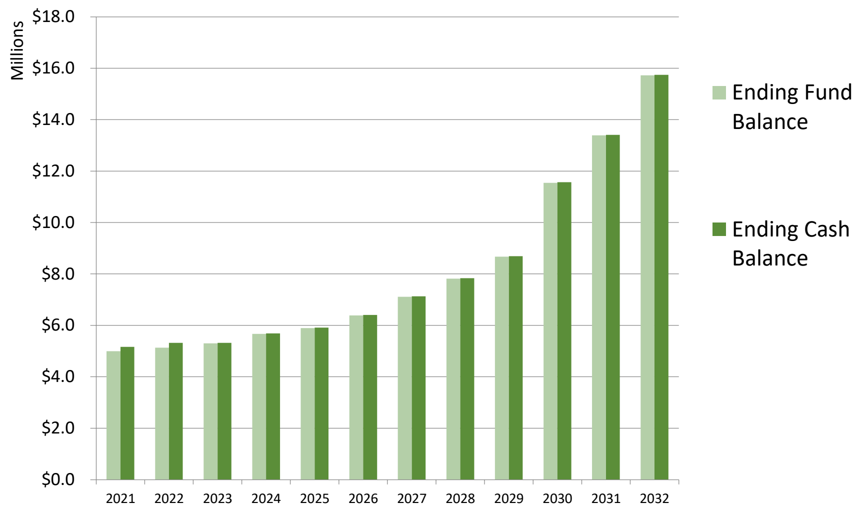


Table 6
Page 1 of 2

Empire, MN

Finance Plan

Total Governmental Funds

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	1,265,000	1,344,360	1,385,360	1,573,921	1,695,951	1,821,483	2,060,516	2,359,951	2,705,486	3,093,989	3,517,995	4,424,137
Fiscal disparities	68,356	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Taxes Other	136,374	135,010	135,010	136,360	137,724	139,101	140,492	141,897	143,316	144,749	146,196	147,658
Special assessments	-	-	-	-	-	74,340	71,626	68,912	66,198	153,889	147,875	141,860
Licenses and permits	91,318	56,050	56,050	57,171	58,314	59,481	60,670	61,884	63,121	64,384	65,672	66,985
Other intergovernmental	-	168,513	-	-	-	-	-	-	-	-	-	-
Charges for services	67,387	78,100	83,600	84,902	86,226	87,573	88,944	90,338	91,755	93,198	94,665	96,158
Investment earnings	48,928	52,000	53,926	49,457	53,018	55,143	59,171	65,665	72,514	82,667	111,479	127,792
Other revenues	33,067	13,500	13,000	13,130	13,261	13,394	13,528	13,663	13,800	13,938	14,077	14,218
Proceeds from sale of assets	-	240,000	135,000	-	-	-	-	-	-	-	-	-
Intergovernmental grants and aids	52,756	93,604	8,000	8,080	8,161	8,242	8,325	8,408	8,492	8,577	8,663	8,749
Bond proceeds (incl premium/discount)	-	-	-	-	2,360,000	-	-	-	2,870,000	-	-	-
Franchise fees	-	-	-	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674
Transfer in from General Fund	-	-	-	60,000	-	-	-	-	55,000	-	-	-
Park dedication fee	-	-	-	-	-	-	66,124	-	-	1,429,435	-	-
Small Cities Assistance Program	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Mining permit revenue	55,057	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Revenues	1,818,243	2,286,137	2,024,946	2,208,021	4,639,755	2,488,021	2,800,887	3,044,503	6,325,831	5,323,410	4,347,713	5,271,231
Expenditures												
Personal services	285,721	388,950	352,450	364,786	377,553	390,768	404,445	418,600	433,251	448,415	464,109	480,353
New FTEs and operating costs future years	-	-	-	24,720	25,462	26,225	27,012	27,823	188,657	250,567	258,084	265,827
Professonal services - Fire services	151,315	185,000	250,000	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193
Professional services - Law enforcement	-	105,000	118,037	121,578	125,225	128,982	132,852	136,837	140,942	145,171	149,526	154,012
Professional services - Engineering	15,167	30,000	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143
Professional services - Planning	41,779	30,000	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667
Professional services - IT and Inspector	83,853	50,000	50,000	52,000	54,080	56,243	58,493	60,833	63,266	65,797	68,428	71,166
Current expenditures - Other	435,840	543,150	417,800	430,334	443,244	456,541	470,238	484,345	498,875	513,841	529,257	545,134
Professoinal services - Auditing/accounting	16,949	17,000	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181
Professional services - Legal	11,149	12,000	20,000	20,600	21,218	21,855	22,510	23,186	23,881	24,598	25,335	26,095
Principal payments	235,000	240,000	250,000	260,000	275,000	285,000	395,000	520,000	540,000	235,000	240,000	630,000
Interest payments	87,500	78,000	68,200	58,000	47,300	124,600	111,125	94,744	77,194	171,469	162,563	146,250
Capital outlay / improvements	40,328	467,600	247,250	103,750	2,649,500	142,750	80,250	185,000	2,999,201	185,000	185,000	185,000
Cost of issuance of bonds	-	-	-	-	44,750	-	-	-	55,799	-	-	-
Other charges and payments	930	930	930	930	930	930	930	930	930	-	-	-
Transfer out to Park Improvement Fund	-	-	-	60,000	-	-	-	-	55,000	-	-	-
Total Expenditures	1,405,531	2,147,630	1,856,667	1,838,658	4,416,481	1,996,680	2,076,523	2,337,176	5,473,422	2,448,175	2,502,870	2,937,021
Net Change in Fund Balances	412,712	138,507	168,279	369,363	223,274	491,341	724,363	707,327	852,410	2,875,235	1,844,843	2,334,210
Ending Fund Balance	4,993,082	5,131,589	5,299,868	5,669,231	5,892,505	6,383,846	7,108,210	7,815,537	8,667,947	11,543,183	13,388,026	15,722,237

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Empire, MN

Finance Plan

Total Governmental Funds

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Assets												
Cash and investments	5,160,562	5,319,589	5,317,868	5,687,581	5,911,208	6,402,907	7,127,631	7,835,323	8,688,101	11,563,708	13,408,927	15,743,516
Taxes receivable	13,752	15,000	15,000	15,150	15,302	15,455	15,609	15,765	15,923	16,082	16,243	16,405
Special assessments receivable	-	-	-	-	472,000	424,800	377,600	330,400	857,200	752,600	648,000	543,400
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	190,617	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	31,602	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Total Assets	5,396,533	5,369,589	5,367,868	5,737,731	6,433,510	6,878,161	7,555,840	8,216,488	9,596,223	12,367,390	14,108,169	16,338,321
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	168,513	-	-	-	472,000	424,800	377,600	330,400	857,200	752,600	648,000	543,400
All other payables	221,186	225,000	55,000	55,500	56,005	56,515	57,030	57,551	58,076	58,607	59,143	59,684
Deferred inflows of resources	13,752	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total Liabilities and deferred inflows	403,451	238,000	68,000	68,500	541,005	494,315	447,630	400,951	928,276	824,207	720,143	616,084
Fund Balance	4,993,082	5,131,589	5,299,868	5,669,231	5,892,505	6,383,846	7,108,210	7,815,537	8,667,947	11,543,183	13,388,026	15,722,237
Total Liab, deferred inflows, and fund balance	5,396,533	5,369,589	5,367,868	5,737,731	6,433,510	6,878,161	7,555,840	8,216,488	9,596,223	12,367,389	14,108,169	16,338,321

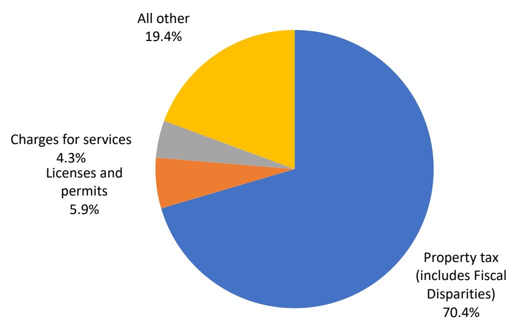
GENERAL FUND

The General Fund is the primary fund used by the City. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds. The activities being paid for through the General Fund constitute the core administrative and operational tasks of the City.

Revenue

Annual source of non-tax revenue for the General Fund has been stable and is projected to remain stable. Property tax revenue provides the largest source of revenue to the General Fund. Licenses and permits provides the single largest source of non-tax revenue to the General Fund. The next largest sources of non-tax revenue are charges for services and intergovernmental. The City will receive minimal if any local government aid (LGA) from the state.

Chart 18.
General Fund Sources of Revenues



The General Fund financial plan includes a new source of revenue from Utility Franchise Fees, estimated in the amount of $70,000, beginning in year 2024. This source of revenue is contingent on decisions and actions by the City, if the City determines to pursue gas and electric franchise fees as a new source of revenue.

Figure 2.

Tax Collection Year	General Fund Tax Levy	% Change in Tax Levy
2022	670,000	
2023	620,000	-7.5%
2024	738,731	19.2%
2025	704,811	-4.6%
2026	731,766	3.8%
2027	759,625	3.8%
2028	788,418	3.8%

Tax Levy Revenue

Figure 2 provides the projected General Fund property tax levy by year, along with the annual percent changes. The General Fund Tax Levy amounts are estimated at levels to achieve the City's desire to maintain a relatively constant city tax rate from year-to-year. Fiscal disparities distribution revenue is projected to remain constant at the estimate amount for tax year 2022.

Non-Tax Revenue

Non-tax revenue includes charges for services, license and permits, intergovernmental, proposed new gas and electric franchise fee revenue beginning in 2024, among other sources of non-tax revenue.

The financial plan for the General Fund is based on the following key assumptions for non-tax revenues:

- Non-tax revenues increase of 1-.0-2.0% annually.
- Annual investment income rate of 1.0%.

Intergovernmental Revenue in past years has been higher due to receipt of one-time state grants (for park improvements).

Expense

The General Fund is used to account for the expense of providing general government services for the City.

The largest use of funds in current expenditures is for the cost of personnel, including employees of the City and contracted professional staff assistance. Other costs including current expenses for operating materials and supplies, equipment, among other expenses.

The financial plan for the General Fund is based on the following key assumptions:

- Current expenditures (includes personnel costs) increase by 3.0%-4.0% annually for inflation. The increases may be greater in the near term but are expected to moderate over time.
- Increase in staff (FTE) and position changes are planned between 2029-2030 (see Appendix for further details by position), with a portion of the costs to be allocated to the Water and Sewer Fund for certain positions. The FTEs that may be paid either in full or part from the General Fund, depending on available revenues, are listed below. The dollar amount show below is equal to the estimated portion of the cost of the FTEs to be paid from the General Fund.

  - 0.8 FTE, $160,000 in 2029 for administrative position

  - 0.25 FTE, $56,250 in 2030 for public works

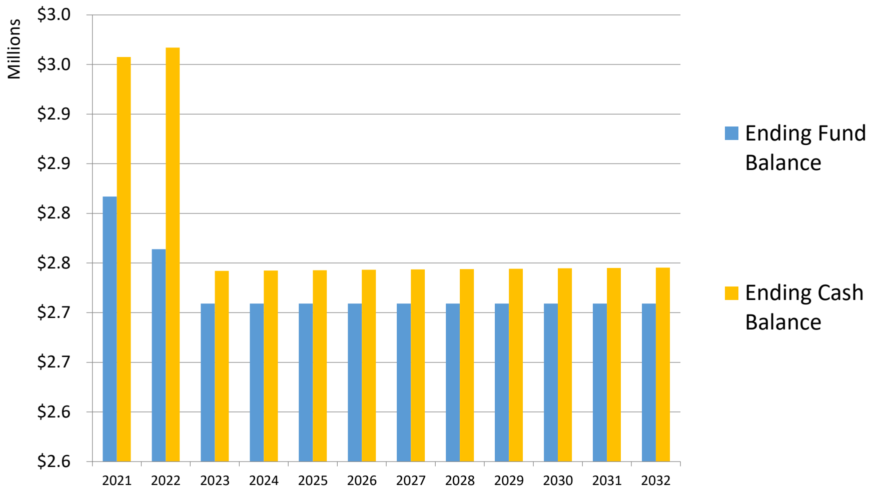
Fund Balance

The maintenance of the City's reserves, including growing fund balance (reserves), is important to the maintaining the City's credit rating on its outstanding bonds, among other reasons.

Fund balance for the General Fund is projected in the Plan to remain between 164% and 283% of the following year projected expenditures. The percentage is projected to decline between 2023 and 2032, but still remain above the policy requirement of 100%.

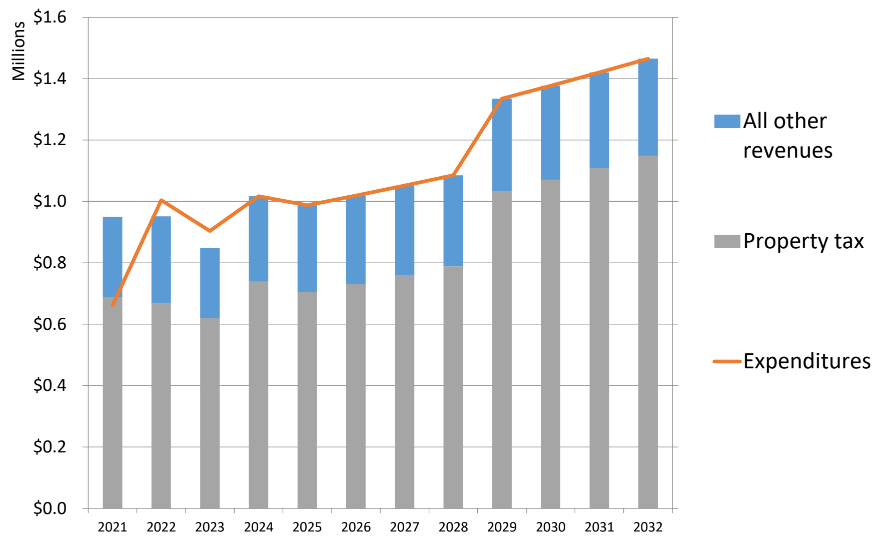
Fund balance in excess of the minimum is a credit positive with respect to maintaining the City's credit rating from S&P.

Chart 19.
General Fund
Ending fund balance is projected to be continue to be at levels abouve the minum required



Note: Difference between Ending Fund Balance and Ending Cash Balance is due to projected accounts payable.

Chart 20.
General Fund
Expenditures and Revenues



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Empire, MN

Finance Plan

General Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	619,060	615,000	565,000	683,731	649,811	676,766	704,625	733,418	978,178	1,014,985	1,053,404	1,093,088
Fiscal disparities	68,356	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Taxes Other	6,374	5,010	5,010	5,060	5,111	5,162	5,213	5,266	5,318	5,371	5,425	5,479
Licenses and permits	91,318	56,050	56,050	57,171	58,314	59,481	60,670	61,884	63,121	64,384	65,672	66,985
Municipal state aid (maintenance)	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	24,150	41,100	46,600	47,532	48,483	49,452	50,441	51,450	52,479	53,529	54,599	55,691
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	28,809	50,000	50,000	27,421	27,424	27,428	27,431	27,435	27,439	27,442	27,446	27,450
Other revenues	33,067	13,500	13,000	13,130	13,261	13,394	13,528	13,663	13,800	13,938	14,077	14,218
Intergovernmental grants and aids	23,863	65,604	8,000	8,080	8,161	8,242	8,325	8,408	8,492	8,577	8,663	8,749
Franchise fees	-	-	-	70,000	72,100	74,263	76,491	78,786	81,149	83,584	86,091	88,674
Mining permit revenue	55,057	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Revenues	950,054	951,264	848,660	1,017,125	987,665	1,019,188	1,051,725	1,085,310	1,334,976	1,376,810	1,420,377	1,465,335
Expenditures												
Personal services	215,297	237,900	252,400	261,234	270,377	279,840	289,635	299,772	310,264	321,123	332,363	343,995
New FTEs and operating costs future years	-	-	-	24,720	25,462	26,225	27,012	27,823	188,657	250,567	258,084	265,827
Professonal services - Fire services	151,315	185,000	250,000	257,500	265,225	273,182	281,377	289,819	298,513	307,468	316,693	326,193
Professional services - Law enforcement	-	105,000	118,037	121,578	125,225	128,982	132,852	136,837	140,942	145,171	149,526	154,012
Professional services - Engineering	15,167	30,000	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143
Professional services - Planning	41,779	30,000	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337	45,667
Professional services - IT and Inspector	83,853	50,000	50,000	52,000	54,080	56,243	58,493	60,833	63,266	65,797	68,428	71,166
Current expenditures - Other	96,864	169,650	131,100	135,033	139,084	143,257	147,554	151,981	156,540	161,236	166,074	171,056
Professoinal services - Auditing/accounting	16,949	17,000	17,000	17,510	18,035	18,576	19,134	19,708	20,299	20,908	21,535	22,181
Professional services - Legal	11,149	12,000	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	26,095
Capital outlay / improvements	29,665	167,600	-	-	-	-	-	-	-	-	-	-
Transfer out to Park Improvement Fund	-	-	-	60,000	-	-	-	-	55,000	-	-	-
Total Expenditures	662,038	1,004,150	903,537	1,017,125	987,665	1,019,188	1,051,725	1,085,310	1,334,976	1,376,810	1,420,377	1,465,335
Net Change in Fund Balances	288,016	(52,886)	(54,877)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	2,816,850	2,763,964	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087

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Empire, MN

Finance Plan
General Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Assets												
Cash and investments	2,957,513	2,966,964	2,742,087	2,742,437	2,742,791	2,743,148	2,743,508	2,743,872	2,744,240	2,744,612	2,744,987	2,745,366
Investments held by trustee	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	13,752	15,000	15,000	15,150	15,302	15,455	15,609	15,765	15,923	16,082	16,243	16,405
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	60,617	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	14,623	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total Assets	3,046,505	2,996,964	2,772,087	2,772,587	2,773,092	2,773,602	2,774,117	2,774,638	2,775,163	2,775,694	2,776,230	2,776,771
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	215,903	220,000	50,000	50,500	51,005	51,515	52,030	52,551	53,076	53,607	54,143	54,684
Deferred inflows of resources	13,752	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total Liabilities and deferred inflows	229,655	233,000	63,000	63,500	64,005	64,515	65,030	65,551	66,076	66,607	67,143	67,684
Fund Balance	2,816,850	2,763,964	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087	2,709,087
Total Liab, deferred inflows, and fund balance	3,046,505	2,996,964	2,772,087	2,772,587	2,773,092	2,773,602	2,774,117	2,774,638	2,775,163	2,775,694	2,776,230	2,776,771
Total Fund Balance as % of Following Year Expenditures, Not Including Transfers	281%	306%	266%	274%	266%	258%	250%	203%	197%	191%	185%	179%

DEBT SERVICE FUND

The Debt Service Fund includes the combined funds used to account for all of the City's governmental debt service.

Currently, Empire has only one bond series outstanding, the General Obligation Street Reconstruction Bonds, Series 2019A issued to finance the 2019 street reconstruction plan projects. Final maturity is February 1, 2029. The outstanding balance as of year-end 2022 is $1,985,000.

The ending cash balance in the Debt Service Funds fluctuates due to the timing of collection of revenue, for example tax levy, in the year prior to debt service payments coming due.

The City is required to have cash available in the respective debt service funds equal to 105% of the debt service payments coming due for a specific bond series. For example, the year-end cash balance includes cash from collection of special assessments and tax levy in current year to pay the following February 1st debt payments. The City receives a tax settlement from the County in June and December of each year. The first half tax settlement is available to cover the August 1st debt payments and the second tax settlement is available to cover the February 1st payments.

Revenue

The Debt Service Funds is projected to include the following source of funds: special assessments, interest income, and property tax levy.

The outstanding Series 2019A Bonds will repaid with property tax levy.

The Plan anticipates the issuance of general obligation bonds in years 2023, 2024, and 2031 that will be accounted for in the Debt Service Funds. Future debt will be supported by a combination of tax levy and special assessments.

Expense

The use of funds is for the payment of debt, including principal and interest payments.

Chart 21.
Debt Service Fund
Ending cash balance is projected to increase as debt issuance increases, this is due to timing of collection of revenue (taxes for debt) in year prior to debt payments due on February 1 of the following year

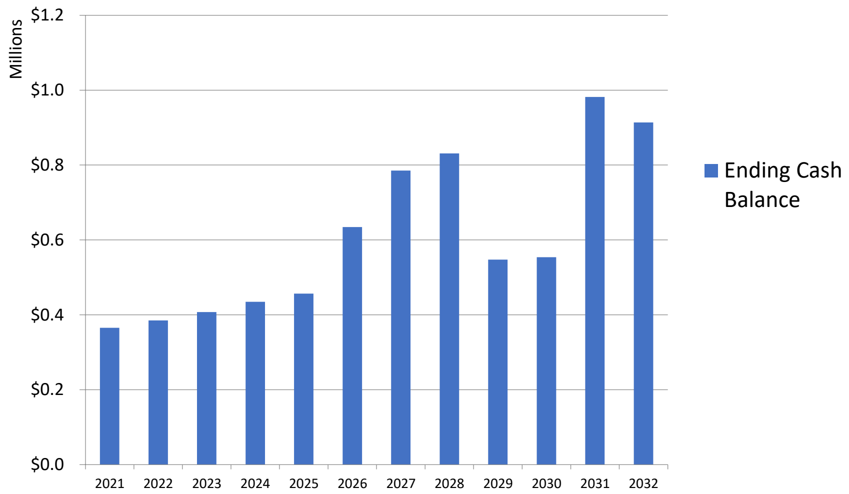


Chart 22.
Debt Service Fund
Total revenues may exceed use of funds due to the timing of collection of revenue and payment of debt

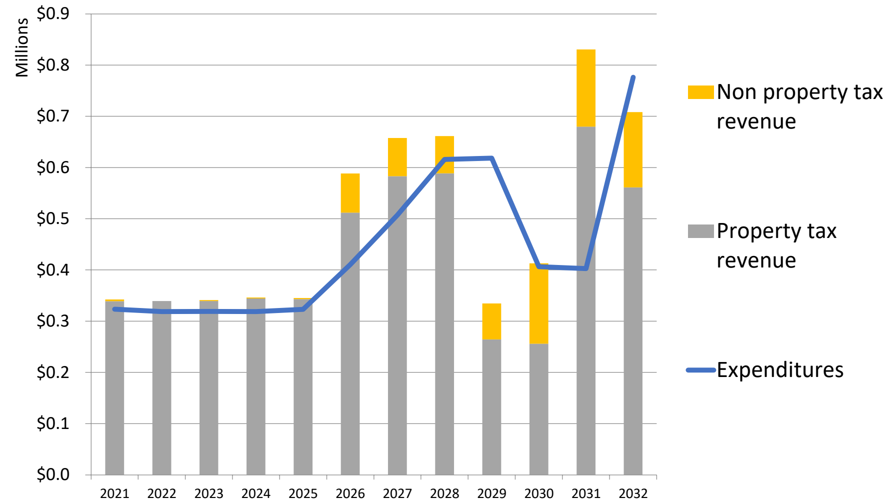
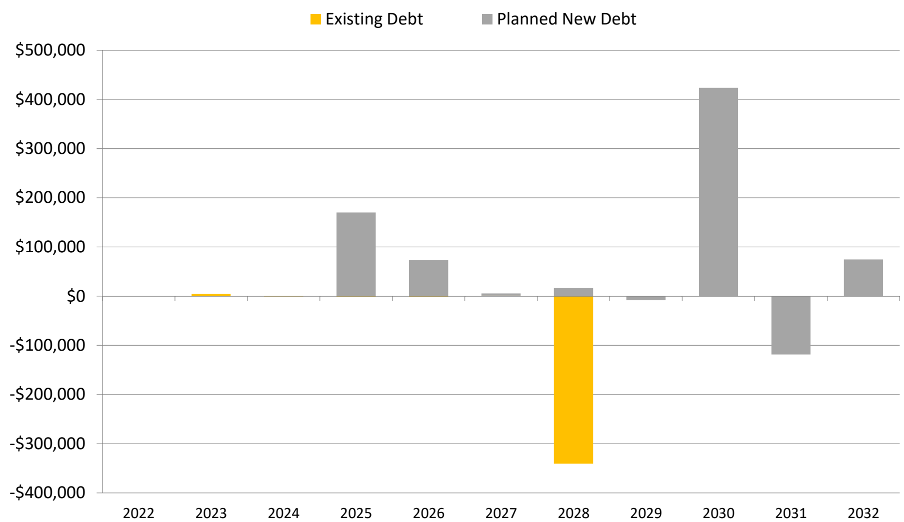


Chart 23.
Annual Change in Tax Levy for Debt Service



Note: Existing debt includes 2019A Bonds, final levy for the 2019A Bonds is tax year 2028.

Chart 24.
Debt Per Capita for Existing and Planned New Debt
(Does not include Enterprise Funds)

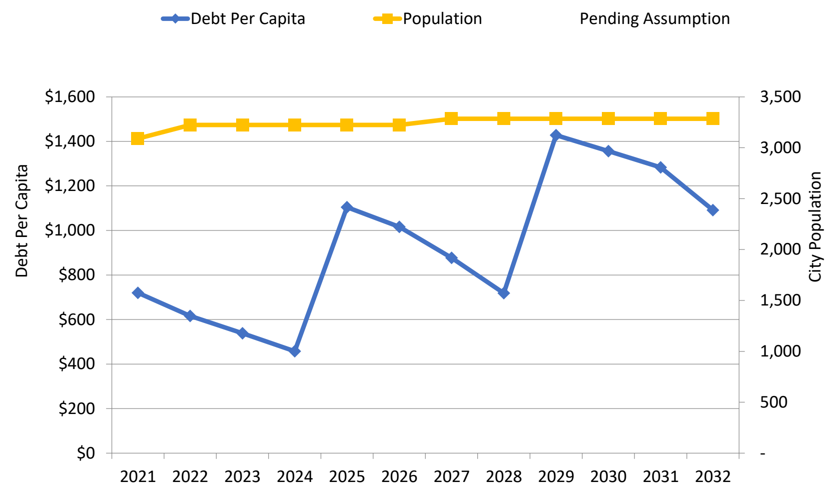


Table 8

Empire, MN

Finance Plan

Debt Service Funds

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	338,940	339,360	339,360	344,190	343,140	511,718	582,892	588,532	264,308	256,005	679,591	561,049
Special assessments	-	-	-	-	-	74,340	71,626	68,912	66,198	153,889	147,875	141,860
Investment earnings	3,486	-	1,926	2,037	2,173	2,284	3,173	3,926	4,154	2,946	3,065	5,205
Total Revenues	342,426	339,360	341,286	346,227	345,313	588,341	657,690	661,370	334,661	412,839	830,531	708,114
Expenditures												
Principal payments	235,000	240,000	250,000	260,000	275,000	285,000	395,000	520,000	540,000	235,000	240,000	630,000
Interest payments	87,500	78,000	68,200	58,000	47,300	124,600	111,125	94,744	77,194	171,469	162,563	146,250
Other charges and payments	930	930	930	930	930	930	930	930	930	-	-	-
Total Expenditures	323,430	318,930	319,130	318,930	323,230	410,530	507,055	615,674	618,124	406,469	402,563	776,250
Net Change in Fund Balances	18,996	20,430	22,156	27,297	22,083	177,811	150,635	45,696	(283,463)	6,371	427,968	(68,136)
Ending Fund Balance	364,749	385,179	407,335	434,632	456,715	634,526	785,161	830,857	547,394	553,765	981,733	913,597
Assets												
Cash and investments	365,184	385,179	407,335	434,632	456,715	634,526	785,161	830,857	547,394	553,765	981,733	913,597
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	472,000	424,800	377,600	330,400	857,200	752,600	648,000	543,400
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	365,184	385,179	407,335	434,632	928,715	1,059,326	1,162,761	1,161,257	1,404,594	1,306,365	1,629,733	1,456,997
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	472,000	424,800	377,600	330,400	857,200	752,600	648,000	543,400
All other payables	435	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	435	-	-	-	472,000	424,800	377,600	330,400	857,200	752,600	648,000	543,400
Fund Balance	364,749	385,179	407,335	434,632	456,715	634,526	785,161	830,857	547,394	553,765	981,733	913,597
Total Liab, deferred inflows, and fund balance	365,184	385,179	407,335	434,632	928,715	1,059,326	1,162,761	1,161,257	1,404,594	1,306,365	1,629,733	1,456,997

ROAD AND BRIDGE FUND

The Road and Bridge Fund was established to account for the townships road and bridge maintenance, including receipt of Town Road Aid. Town Road Aid is distributed by Dakota County and is a factor of both population and road miles. Empire will no longer receive Town Road Aid after incorporation. However, the City will be eligible for Small Cities Assistance funding. At the point the City reaches a population of 5,000, roads will become the responsibility of the City and the City will be eligible for Municipal State Aid as a revenue source to assist with the construction and maintenance of streets that are part of the state aid system.

With incorporation, the City will close the Road and Bridge Fund and move the expense and revenue for street maintenance to the General Fund and capital improvements to the Street Construction Fund and Equipment Fund. For purpose of the Plan, the Road and Bridge Fund is shown separately consistent with the township's prior accounting.

Revenue

The majority of the source of funds comes from property taxes, from ad valorem taxes levied. The next largest source of revenue comes from gravel taxes (shown as taxes other in the financial plan).

Intergovernmental grants and aids in prior years has come from the Town Road Aid, among other one-time grants. Beginning in year 2023, the Plan anticipates receipt of $50,000 in Small Cities Assistance funding. The exact amount, if any, the City may receive depends on actions by the legislature. The last distribution was allocated by the Legislative Special Session in June 2021 for fiscal years 2022-2023. Small cities will need to wait and see whether the legislature provides funding for the program. The soonest money would be allocated would be after July 1, 2023.

Other sources of revenue include revenue from charges for "Public Lighting" and "Storm Water Management". Empire includes a separate line item charge on its utility bills for public lighting services and storm water management services ($6.00 per customer/quarter for lighting and $6.00 per customer/quarter for storm water). With incorporation, the City should consider the establishment of separate Enterprise Funds (for example, Street Lighting Fund and "Storm Water Management Fund") to account for these activities, if the goal is to charge fees to customers at a level to provide revenue to cover the cost of providing these services.

Investment income is earned on the balance of cash in the Road and Bridge Fund and is reported as revenue.

Expense

The expense incurred in the Fund is for street maintenance, including capital outlay (for example acquisition of equipment).

ROAD AND BRIDGE FUND

Chart 25.
Road and Bridge Fund
Ending Fund Balance and Cash Balance

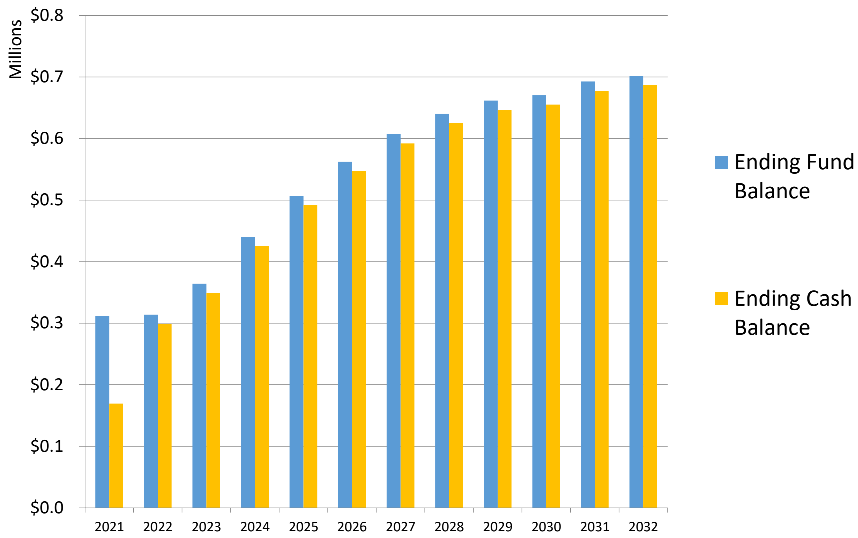


Chart 26.
Road and Bridge Fund
Revenues and Expenditures

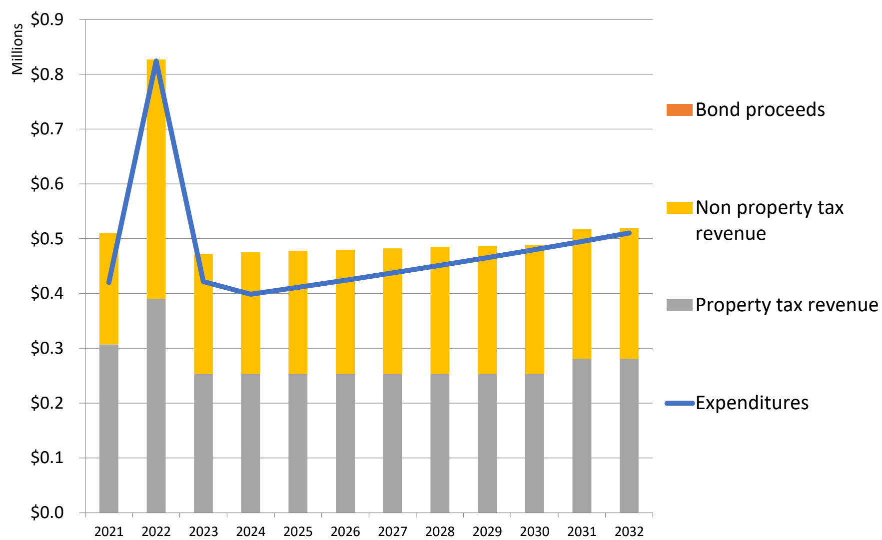


Table 9

Empire, MN

Finance Plan

Road and Bridge Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	307,000	390,000	253,000	253,000	253,000	253,000	253,000	253,000	253,000	253,000	280,000	280,000
Taxes Other	130,000	130,000	130,000	131,300	132,613	133,939	135,279	136,631	137,998	139,378	140,771	142,179
Charges for services	43,237	37,000	37,000	37,370	37,744	38,121	38,502	38,887	39,276	39,669	40,066	40,466
Investment earnings	1,250	2,000	2,000	3,491	4,254	4,917	5,474	5,922	6,254	6,467	6,553	6,777
Proceeds from sale of assets	-	240,000	-	-	-	-	-	-	-	-	-	-
Intergovernmental grants and aids	28,893	28,000	-	-	-	-	-	-	-	-	-	-
Small Cities Assistance Program	-	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Revenues	510,380	827,000	472,000	475,161	477,611	479,977	482,255	484,441	486,528	488,513	517,390	519,423
Expenditures												
Personal services	70,424	151,050	100,050	103,552	107,176	110,927	114,810	118,828	122,987	127,292	131,747	136,358
Current expenditures - Other	338,976	373,500	286,700	295,301	304,160	313,285	322,683	332,364	342,335	352,605	363,183	374,078
Capital outlay / improvements	10,663	300,000	35,000	-	-	-	-	-	-	-	-	-
Transfer out to Equipment Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	420,063	824,550	421,750	398,853	411,336	424,212	437,493	451,192	465,322	479,896	494,930	510,436
Net Change in Fund Balances	90,317	2,450	50,250	76,308	66,275	55,765	44,762	33,249	21,207	8,617	22,460	8,986
Ending Fund Balance	311,389	313,839	364,089	440,397	506,672	562,437	607,199	640,448	661,654	670,271	692,731	701,717
Assets												
Cash and investments	169,258	298,839	349,089	425,397	491,672	547,437	592,199	625,448	646,654	655,271	677,731	686,717
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	130,000	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	16,979	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Assets	316,237	318,839	369,089	445,397	511,672	567,437	612,199	645,448	666,654	675,271	697,731	706,717
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	4,848	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	4,848	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Fund Balance	311,389	313,839	364,089	440,397	506,672	562,437	607,199	640,448	661,654	670,271	692,731	701,717
Total Liab, deferred inflows, and fund balance	316,237	318,839	369,089	445,397	511,672	567,437	612,199	645,448	666,654	675,271	697,731	706,717

ARPA FUND

The ARPA Fund was established to account for the receipt and use of the federal funds from the American Rescue Plan Act. ARPA granted municipalities of all sizes flexible, extensive federal grant funding, a first for many of America's smallest municipalities.

The ARPA Fund includes cash and unearned revenue which will be used for future expenditures.

Revenue

The only revenue source for the ARPA Fund is the federal funds received. The fund will be closed after the funds are expended.

Expense

Empire Collected a total of $373,206 from ARPA and has spent $106,1060 on various items including park improvements, building repairs, and offsetting the dramatic increase in the invoice for Fire services in 2022. Future expenditures will likely be for more building, facility and recreation improvements.

Table 10

Empire, MN

Finance Plan

ARPA Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Other intergovernmental	-	168,513	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	168,513	-	-	-	-	-	-	-	-	-	-
Expenditures												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay / improvements	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	168,513	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	-	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513
Assets												
Cash and investments	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513
Investments held by trustee	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	168,513	-	-	-	-	-	-	-	-	-	-	-
All other payables	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	168,513	-	-	-	-	-	-	-	-	-	-	-
Fund Balance	-	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513
Total Liab, deferred inflows, and fund balance	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513	168,513

STREET CONSTRUCTION FUND

The Street Construction Fund was originally established to account for the 2019 street reconstruction project. For purpose of the Plan, the Street Reconstruction Fund is presented as inclusive of all future individual funds that may used to account for specific projects.

Revenue

Future revenue is projected to include property taxes, investment earnings, and bond proceeds from issuance of general obligation bonds, supported by a combination of tax levy and special assessments to be levied. The Plan assumes that special assessments will be levied against benefiting property in an amount equal to 20% of the street improvement cost. The balance of the street improvement is assumed to be paid from property tax. Issuance of general obligation bonds is anticipated to finance both the special assessment portion and city tax portion of the project costs.

The Plan assumes property tax revenue for street improvements will increase incrementally over time to help position the City for a pay-go strategy for a portion of the annual street improvement project costs allowing for a reduction in the amount of bonds that to be issued in the future.

Expense

The projected use of funds is for street improvement projects costs.

STREET CONSTRUCTION FUND

Chart 27.
Street Construction Fund
Ending Fund Balance and Cash Balance

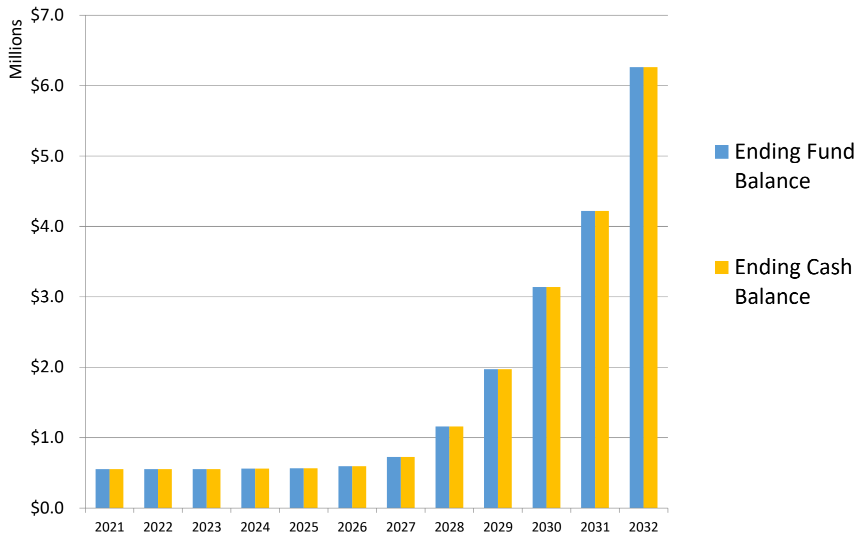


Chart 28.
Street Construction Fund
Revenues and Expenditures

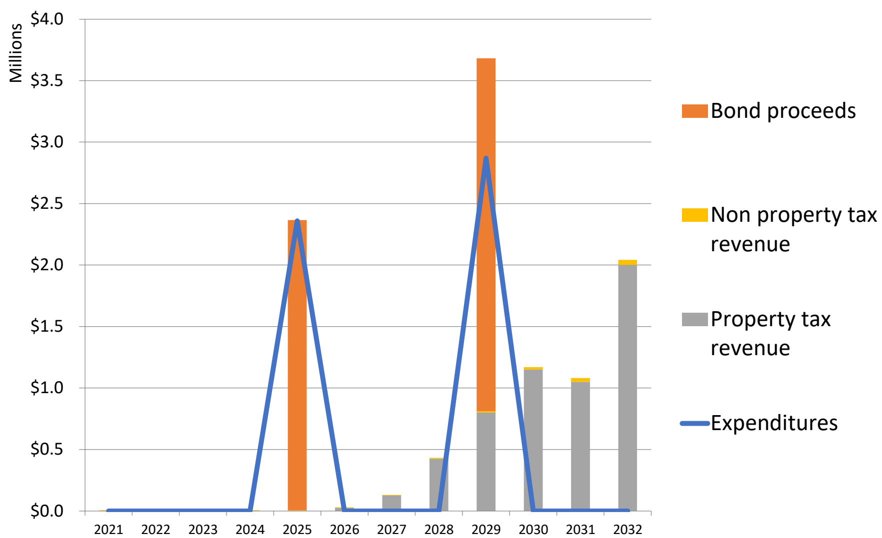


Table 11

Empire, MN

Finance Plan

Street Construction Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	-	-	-	-	-	25,000	125,000	425,000	800,000	1,150,000	1,050,000	2,000,000
Investment earnings	5,672	-	-	5,535	5,590	5,646	5,952	7,262	11,584	19,700	31,397	42,211
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-
Bond proceeds (incl premium/discount)	-	-	-	-	2,360,000	-	-	-	2,870,000	-	-	-
Transfer in from Road & Bridge Fund	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	5,672	-	-	5,535	2,365,590	30,646	130,952	432,262	3,681,584	1,169,700	1,081,397	2,042,211
Expenditures												
Capital outlay / improvements	-	-	-	-	2,315,250	-	-	-	2,814,201	-	-	-
Cost of issuance of bonds	-	-	-	-	44,750	-	-	-	55,799	-	-	-
Total Expenditures	-	-	-	-	2,360,000	-	-	-	2,870,000	-	-	-
Net Change in Fund Balances	5,672	-	-	5,535	5,590	30,646	130,952	432,262	811,585	1,169,700	1,081,397	2,042,211
Ending Fund Balance	553,465	553,465	553,465	559,000	564,590	595,236	726,188	1,158,450	1,970,034	3,139,735	4,221,132	6,263,343
Assets												
Cash and investments	553,465	553,465	553,465	559,000	564,590	595,236	726,188	1,158,450	1,970,034	3,139,735	4,221,132	6,263,343
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	553,465	553,465	553,465	559,000	564,590	595,236	726,188	1,158,450	1,970,034	3,139,735	4,221,132	6,263,343
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance	553,465	553,465	553,465	559,000	564,590	595,236	726,188	1,158,450	1,970,034	3,139,735	4,221,132	6,263,343
Total Liab, deferred inflows, and fund balance	553,465	553,465	553,465	559,000	564,590	595,236	726,188	1,158,450	1,970,034	3,139,735	4,221,132	6,263,343

BUILDING FUND

The Plan proposes the establishment of a new capital projects fund, Building Fund, to account for capital improvements of municipal buildings, both existing and potential new buildings to be constructed in the future.

Revenue

The only source of revenue included in the Plan at this time is property tax revenue. The revenue is projected to be used to pay for planned annual capital maintenance and improvements to existing buildings and to begin to be accumulate a balance of funds for future facility project planning that is not yet programmed in the Plan.

As the City continues to develop, the expansion of existing buildings or construction of new buildings, such as a new city hall, will become necessary.

Expense

The projected use of funds is for planned capital maintenance and improvements to municipal buildings. Future expense, not yet programmed, may include use of funds to develop plans for facility expansion or construction of new buildings.

BUILDING FUND

Chart 29.
Building Fund
Ending Fund Balance and Cash Balance

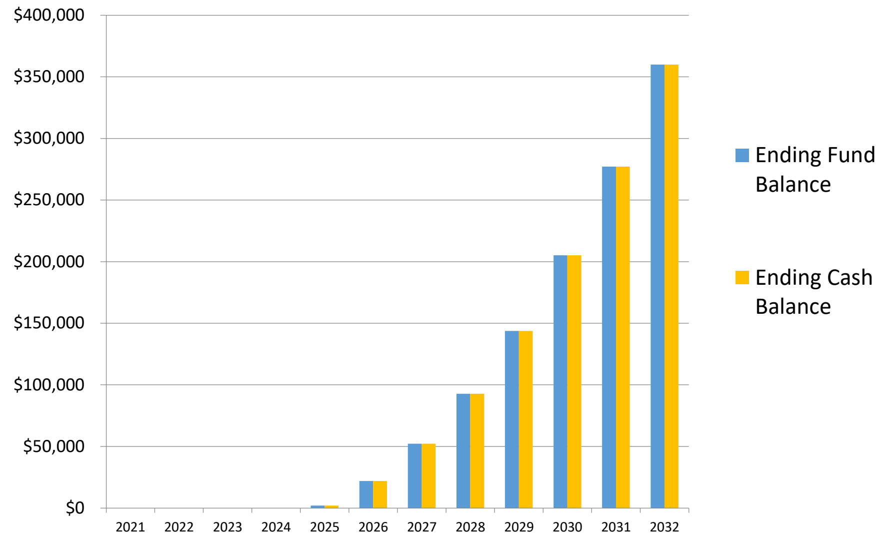


Chart 30.
Building Fund
Revenues and Expenditures

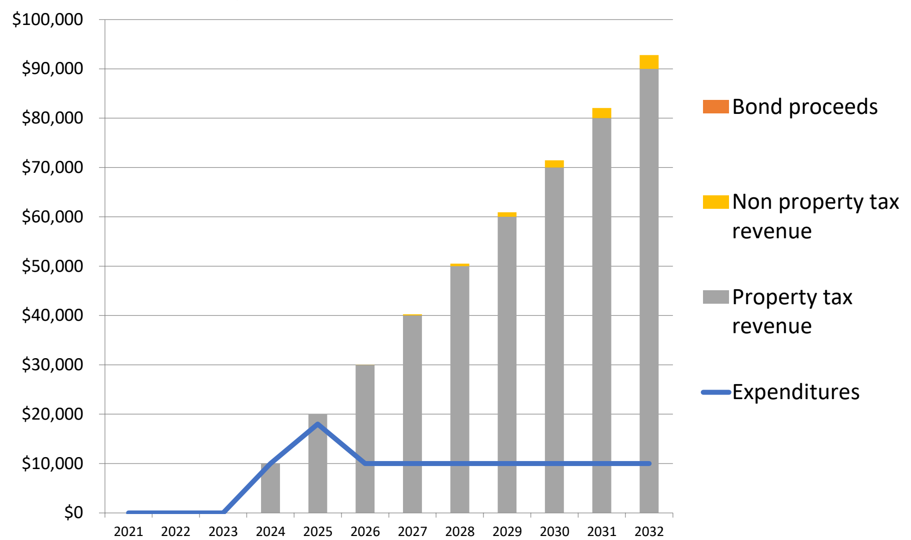


Table 12

Empire, MN

Finance Plan

Building Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	-	-	-	10,000	20,000	30,000	40,000	50,000	60,000	70,000	80,000	90,000
Investment earnings	-	-	-	-	-	20	220	522	928	1,437	2,051	2,772
Other revenues	-	-	-	-	-	-	-	-	-	-	-	-
Bond proceeds (incl premium/discount)	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	-	-	-	10,000	20,000	30,020	40,220	50,522	60,928	71,437	82,051	92,772
Expenditures												
Capital outlay / improvements	-	-	-	10,000	18,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cost of issuance of bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	10,000	18,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Net Change in Fund Balances	-	-	-	-	2,000	20,020	30,220	40,522	50,928	61,437	72,051	82,772
Ending Fund Balance	-	-	-	-	2,000	22,020	52,240	92,763	143,690	205,127	277,178	359,950
Assets												
Cash and investments	-	-	-	-	2,000	22,020	52,240	92,763	143,690	205,127	277,178	359,950
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	-	-	-	-	2,000	22,020	52,240	92,763	143,690	205,127	277,178	359,950
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance	-	-	-	-	2,000	22,020	52,240	92,763	143,690	205,127	277,178	359,950
Total Liab, deferred inflows, and fund balance	-	-	-	-	2,000	22,020	52,240	92,763	143,690	205,127	277,178	359,950

CIP FUND

The CIP Fund was established to account for acquisition of equipment, including vehicles, trucks, computers and other general government capital improvements that are not accounted for in other capital project funds.

Instead of recording these type of purchases in the General Fund or other capital funds, this fund will be used to account for revenues and expense for these types of purchases. Equipment that is purchased to support water and sanitary sewer operations should be accounted for in the Water and Sewer Fund directly and not in the CIP Fund.

Revenue

Source of revenue includes property tax revenue, proceeds from sale of assets, and future estimate for revenue from investment earnings.

The property tax revenue (levy) in the Plan is proposed to be at an amount that is greater than the planned annual capital outlay and improvements to allow for the City to accumulate funds for future purchases, positioning the City to possibly avoid the need for issuance of debt to finance equipment purchases. The Plan does not include any debt issuance for capital outlay and improvements to be accounted for in this fund.

Expense

Revenue will be used to pay for equipment purchases, which means vehicles, trucks, mowers, IT equipment, among other types of general government capital improvements.

CIP FUND

Chart 31.
CIP Fund
Ending Fund Balance and Cash Balance

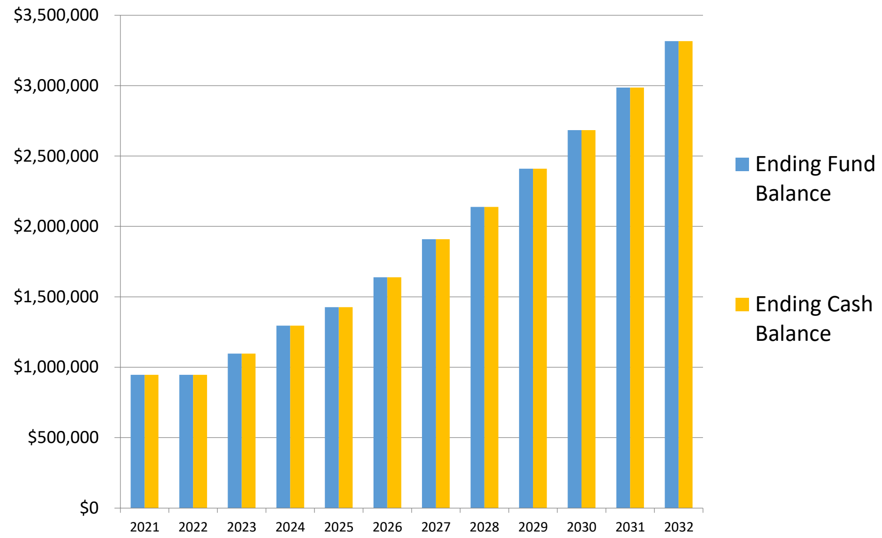


Chart 32.
CIP Fund
Revenues and Expenditures

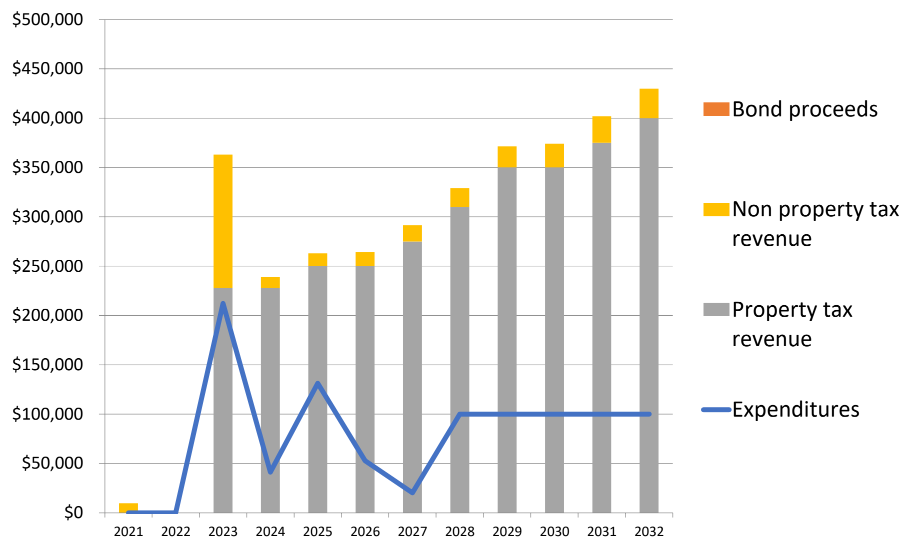


Table 13

Empire, MN

Finance Plan

CIP Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	-	-	228,000	228,000	250,000	250,000	275,000	310,000	350,000	350,000	375,000	400,000
Investment earnings	9,711	-	-	10,974	12,951	14,268	16,383	19,095	21,385	24,099	26,840	29,859
Proceeds from sale of assets	-	-	135,000	-	-	-	-	-	-	-	-	-
Total Revenues	9,711	-	363,000	238,974	262,951	264,268	291,383	329,095	371,385	374,099	401,840	429,859
Expenditures												
Capital outlay / improvements	-	-	212,250	41,250	131,250	52,750	20,250	100,000	100,000	100,000	100,000	100,000
Total Expenditures	-	-	212,250	41,250	131,250	52,750	20,250	100,000	100,000	100,000	100,000	100,000
Net Change in Fund Balances	9,711	-	150,750	197,724	131,701	211,518	271,133	229,095	271,385	274,099	301,840	329,859
Ending Fund Balance	946,629	946,629	1,097,379	1,295,103	1,426,804	1,638,322	1,909,455	2,138,550	2,409,935	2,684,034	2,985,875	3,315,734
Assets												
Cash and investments	946,629	946,629	1,097,379	1,295,103	1,426,804	1,638,322	1,909,455	2,138,550	2,409,935	2,684,034	2,985,875	3,315,734
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	946,629	946,629	1,097,379	1,295,103	1,426,804	1,638,322	1,909,455	2,138,550	2,409,935	2,684,034	2,985,875	3,315,734
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance	946,629	946,629	1,097,379	1,295,103	1,426,804	1,638,322	1,909,455	2,138,550	2,409,935	2,684,034	2,985,875	3,315,734
Total Liab, deferred inflows, and fund balance	946,629	946,629	1,097,379	1,295,103	1,426,804	1,638,322	1,909,455	2,138,550	2,409,935	2,684,034	2,985,875	3,315,734

PARK IMPROVEMENT FUND

The Plan proposes the establishment of a new capital projects fund, Park Improvement Fund, to account for acquisition of land and construction of park improvements. Instead of recording these type of purchases in the General Fund, this new fund would be used to account for revenues and expense for park capital maintenance and development.

Revenue

The source of revenue for park improvements is currently shown to come from collection of park dedication fees with development. However, depending on the timing and pace of development, it is estimated that the General Fund may need to provide property tax revenue (through interfund transfer of funds) to the Park Improvement Fund to support planned expenditures in certain years. This is shown in the finance plan for the Park Improvement Fund in Table 14.

Park dedication fee revenue is estimated based on the estimated residential equivalent units to be added, as shown in Table 3, applied against the City's park dedication fee rate of $3,200 per residential equivalent unit. The Plan assumes the $3,200 is increased annually by 3.0%.

Empire policy has been to collect park dedication fee at time of building permit. A policy consideration for the City is to consider a new policy (and ordinance adoption) to collect park dedication fee at time of platting of land. This would reduce administration costs for collection of this fee and provide up-front revenue to the City for park improvements.

Expense

The projected use of funds is for acquisition of land for parks that may occur in the future, and construction of park improvements.

PARK IMPROVEMENT FUND

Chart 33.
Park Improvement Fund
Ending Fund Balance and Cash Balance

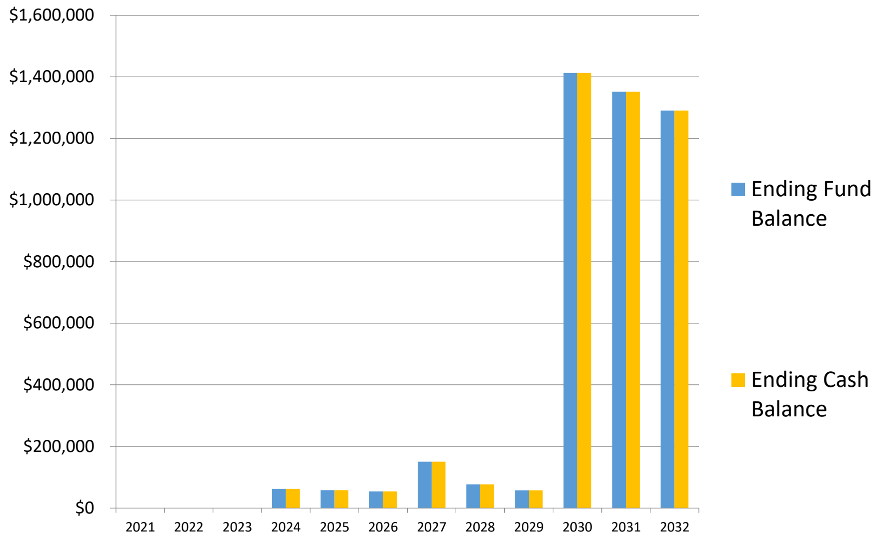


Chart 34.
Park Improvement Fund
Revenues and Expenditures

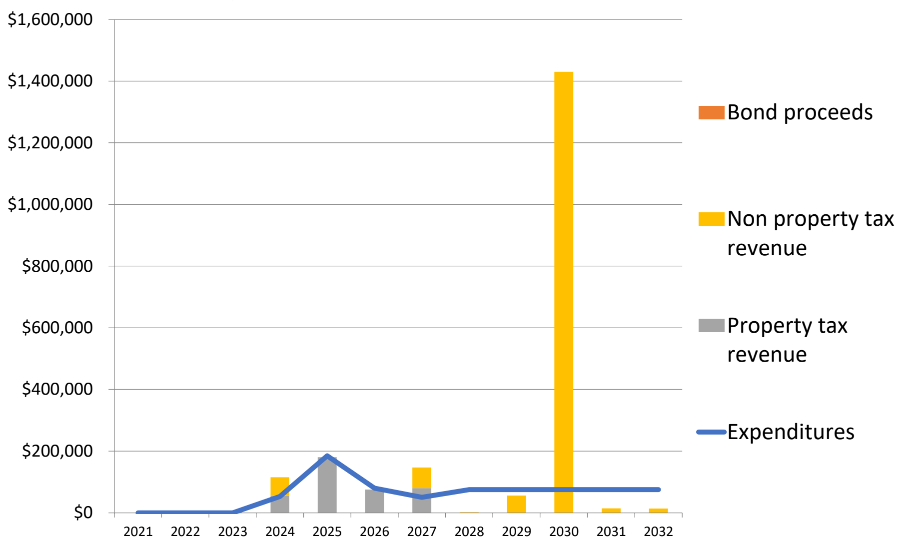


Table 14

Empire, MN

Finance Plan

Park Improvement Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Property taxes	-	-	-	55,000	180,000	75,000	80,000	-	-	-	-	-
Investment earnings	-	-	-	-	625	581	537	1,504	769	576	14,127	13,518
Transfer in from General Fund	-	-	-	60,000	-	-	-	-	55,000	-	-	-
Park dedication fee	-	-	-	-	-	-	66,124	-	-	1,429,435	-	-
Total Revenues	-	-	-	115,000	180,625	75,581	146,661	1,504	55,769	1,430,012	14,127	13,518
Expenditures												
Capital outlay / improvements	-	-	-	52,500	185,000	80,000	50,000	75,000	75,000	75,000	75,000	75,000
Cost of issuance of bonds	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	52,500	185,000	80,000	50,000	75,000	75,000	75,000	75,000	75,000
Net Change in Fund Balances	-	-	-	62,500	(4,375)	(4,419)	96,661	(73,496)	(19,231)	1,355,012	(60,873)	(61,482)
Ending Fund Balance	-	-	-	62,500	58,125	53,706	150,367	76,871	57,639	1,412,651	1,351,777	1,290,295
Assets												
Cash and investments	-	-	-	62,500	58,125	53,706	150,367	76,871	57,639	1,412,651	1,351,777	1,290,295
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments deferred other	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
All other receivables and prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	-	-	-	62,500	58,125	53,706	150,367	76,871	57,639	1,412,651	1,351,777	1,290,295
Liabilities												
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
All other payables	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities and deferred inflows	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance	-	-	-	62,500	58,125	53,706	150,367	76,871	57,639	1,412,651	1,351,777	1,290,295
Total Liab, deferred inflows, and fund balance	-	-	-	62,500	58,125	53,706	150,367	76,871	57,639	1,412,651	1,351,777	1,290,295

WATER AND SEWER FUND

The Water and Sewer Fund was established as a Proprietary Fund for the accounting for costs of providing municipal water services to residents and businesses. The Fund is considered self-supporting in that the services rendered are to be financed through user charges.

The financial plan includes assets and liabilities in addition to the revenues and expenditures. There is a capitalization of certain expenses and the subsequent depreciation of the capitalized costs.

Revenue

The source of funds are charges for services, special assessments, developer fees and payments, and bond proceeds. Schedule of historical and proposed fees and charges for water and sewer services is included in Appendix.

Future growth from development, which impacts the projection of operating and non-operating revenue for the Water and Sewer Fund, is estimated at 470 new residential equivalent (REU) utility customer units to be added between 2023-2032. New development will provide increasing and new revenue sources.

The Plan estimates annual rate adjustments of 4.0-5.0%, in addition to proposed new fees and charges. The actual annual rate increases that may be needed in the future will depend on timing and rate of growth in customers.

The Plan proposes the following changes for water and sewer fees and charges:

- Plan proposes a new fixed rate charge for infrastructure - an “infrastructure fee”. It is proposed that this charge would appear as a separate line item on the bill for utility city utility customers. Initial fee to be set at $2.50 for sewer and $5.00 for water billed quarterly. Property not connected to municipal utilities would not pay this fee. Alternatively, it could be added to the existing base charge. This increase in revenue is needed to ensure existing customers are paying sufficient charges to support future rehabilitation and renovation of existing infrastructure as it ages.
- Plan proposes for the City to pass along the state testing fee for water to city utility customers. The cost is estimated at $2.43 per quarter per customer. (Property not connected to municipal utilities would not pay this fee.) Each community water supply owned or operated by a city, town or water user district must tell the Minnesota Department of Health (MDH) the number of service connections they serve. MDH generates a quarterly invoice for that number of connections. The water system (the City) collects the fee from each connection served and passes the funds on to MDH. Empire has not passed this fee on to its customers, it is proposed in the Plan that the fee be paid by the customers of the City’s water system.
- Plan anticipates the City adopts planned increases to rates for water and sewer services as proposed in the Plan. This includes increasing the water and sewer services fees by approximately 4.0-5.0% annually.
- Plan proposes a new development (access) charges, payable at time of platting of land, for water avail-

ability and sewer availability. The charges would be in addition to the connection charges payable at time of permit. The charges are proposed at $4,000 for sewer availability and $5,000 for water availability.

Sewer availability charge is proposed to provide funds for the construction of MCES interceptors and long-term maintenance of the City sanitary sewer system at large.

Water availability charge is proposed to provide funds for wells, water treatment, water storage and water distribution systems, and the plant and facilities that will be connected to the system and the payment of capital charges represented by bonds, certificates of indebtedness or otherwise, which may be used to finance the costs of additions or expansions to the facilities or replacement.

With proposed annual rate adjustments, the Water and Sewer Fund is projected to maintain adequate cash balance over the planning period. The revenue objective is to provide revenue sufficient to achieve year-end cash balance 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 and other reserve purposes

The Plan anticipates the issuance of general obligation revenue bonds, payable from revenues from the Water and Sewer Fund, in 2024, 2032, and placeholder for year 2040 to finance water and sanitary sewer system improvements in the City.

Expense

The use of funds is to pay for the operation and capital improvements, and related debt service, for providing municipal water and sanitary sewer services, including depreciation of capital assets.

Professional services expense was exceptionally high compared to future year projections due to repair and painting of the water tower (approximately $300,000 in additional expense in 2022).

Approximately 50% of the Water and Sewer Fund expenses are estimated to be fixed costs, this amount fluctuates somewhat from year to year and is expected to increase in the future with anticipated debt issuance.

The Plan anticipates the addition of approximately 0.95 FTE (allocated portion) between 2029 and 2030 to be paid by the Water and Sewer Fund. The cost of the FTE's is included in the financial plan.

Annual debt service payments on bonds issued to finance water and sanitary sewer improvements are to be supported by net revenues of the Water and Sewer Fund.

Depreciation is reported as an expense and is adjusted for anticipated annual depreciable capital acquisitions. For purposes of the Plan, capital is depreciated over a 50 year term.

The Water and Sewer Fund does not currently transfer funds to the General Fund to pay for operational support. As the utility and customer base continues to grow, this should be a future consideration.

Chart 35.
Water and Sewer Fund
Cash is projected to be sufficient to meet minimum annual cash needs and to provide reserve for future capital improvements

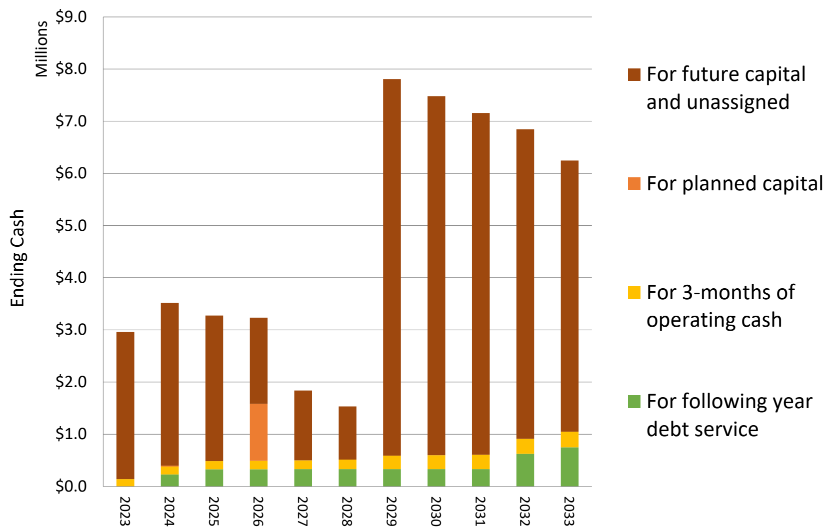


Chart 36.
Water and Sewer Fund
Ending Unrestricted Net Position as % of Expense is projected to be above the minimum 50% target

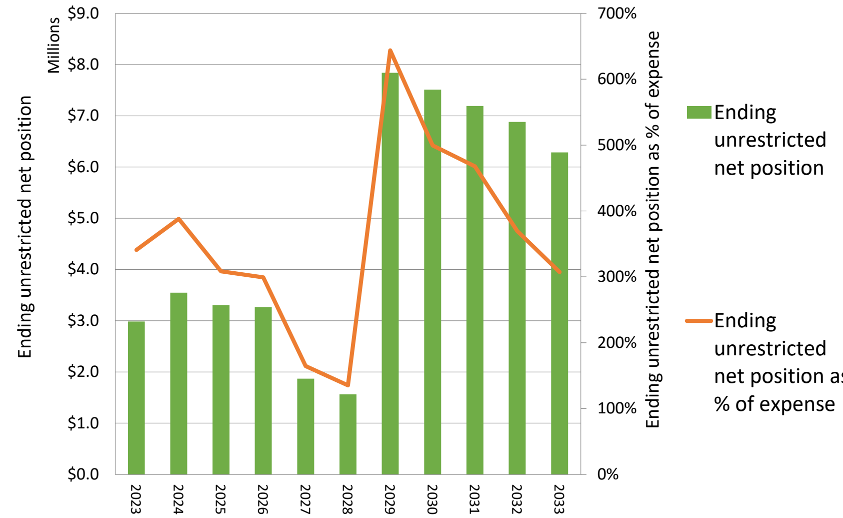


Chart 37.
Water and Sewer Fund
Revenues are projected to cover expenses, revenues in excess of annual expenses from collection of development related charges will provide funds for future system improvements

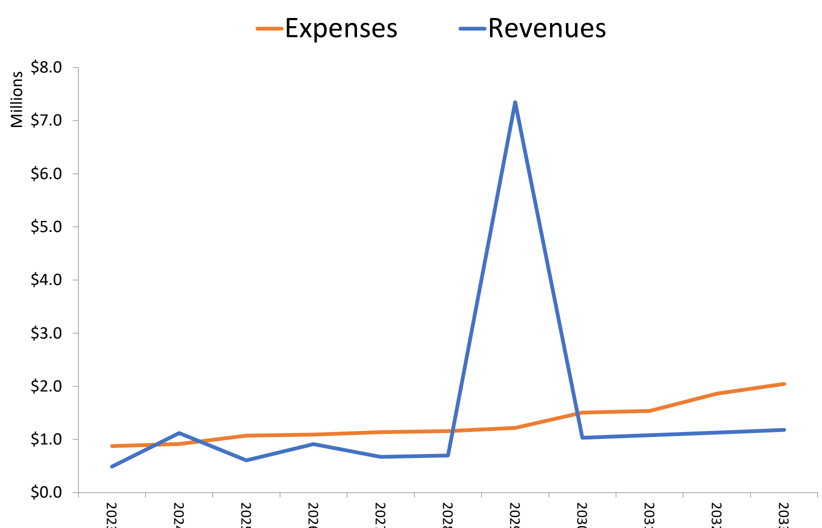


Chart 38.
Water and Sewer Fund
Customers and volume billed are projected to increase with future development

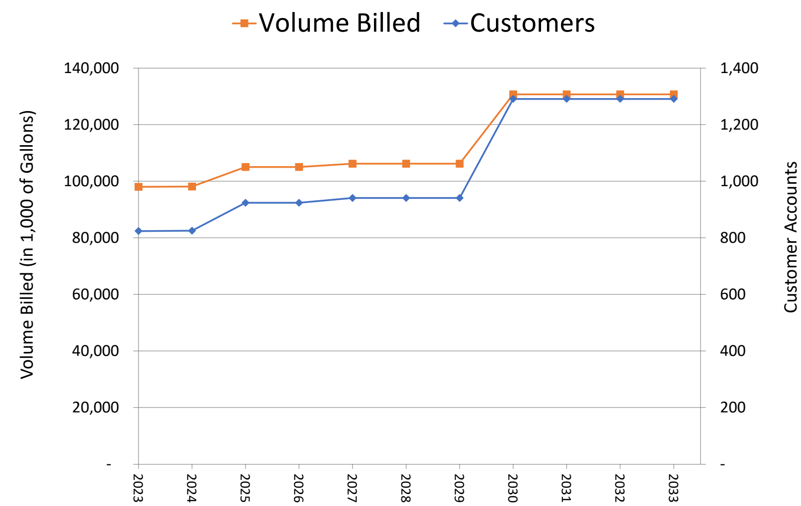


Table 15

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Empire

Finance Plan

Water and Sewer Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Revenues												
Charges for services	468,786	425,000	440,000	481,425	557,033	585,258	624,518	655,936	688,829	954,943	1,002,563	1,052,434
Availability charges	-	-	-	18,000	-	168,683	-	-	4,020,287	-	-	-
Service charges - state testing fee	-	-	-	8,019	8,981	8,981	9,147	9,147	9,147	12,549	12,549	12,549
Connection permits	18,600	7,500	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786
Sales of meters	940	1,000	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305
Penalties and other revenues	1,201	12,500	12,500	12,875	13,261	13,659	14,069	14,491	14,926	15,373	15,835	16,310
Investment income and other earnings	34,480	30,000	30,000	14,797	17,598	16,383	16,180	9,197	7,664	39,044	37,393	35,782
Connection charges	-	-	-	575,363	-	108,927	-	-	2,596,100	-	-	-
Other revenues and special items	134	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	524,141	476,000	491,000	1,119,235	605,890	911,179	673,480	698,624	7,347,103	1,032,363	1,079,106	1,128,164
Expenses												
Fixed Expenses												
Personal services	122,126	125,650	116,150	119,635	123,224	126,920	130,728	134,650	138,689	142,850	147,135	151,549
Personal services / FTE changes	-	-	-	-	-	-	-	-	40,000	209,950	216,249	222,736
Interest and fiscal expense	-	-	-	-	230,600	228,600	224,500	220,200	215,700	211,000	206,100	201,000
Depreciation	121,599	121,599	127,599	240,599	240,949	240,949	262,749	262,749	262,749	262,749	262,749	406,259
Subtotal Fixed Expenses	243,725	247,249	243,749	360,234	594,773	596,469	617,977	617,599	657,138	826,549	832,233	981,544
Variable Expenses												
Supplies	29,512	27,000	47,000	48,410	49,862	51,358	52,899	54,486	56,120	57,804	59,538	61,324
Professional services, repairs, other exp	49,076	107,230	404,350	200,000	206,000	212,180	218,545	225,102	231,855	238,810	245,975	253,354
MCES disposal charge	157,539	158,032	180,832	190,076	220,607	231,637	247,200	259,560	272,538	381,040	400,092	420,097
Bond issuance cost	-	-	-	115,000	-	-	-	-	-	-	-	144,500
Subtotal Variable Expenses	236,127	292,262	632,182	553,486	476,469	495,175	518,644	539,147	560,513	677,655	705,605	879,275
Total Expenses	479,852	539,511	875,931	913,719	1,071,241	1,091,644	1,136,621	1,156,746	1,217,651	1,504,204	1,537,838	1,860,820
Change in Net Position	44,289	(63,511)	(384,931)	205,515	(465,351)	(180,465)	(463,141)	(458,122)	6,129,452	(471,841)	(458,732)	(732,655)
Prior period adjustments and other changes	(82,461)	-	-	-	-	-	-	-	-	-	-	-
Ending net position	7,319,287	7,255,776	6,870,845	7,076,360	6,611,009	6,430,544	5,967,403	5,509,281	11,638,733	11,166,892	10,708,160	9,975,504

Table 15

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Empire

Finance Plan

Water and Sewer Fund

	2021 Actual	2022 Actual	2023 Estimated	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Assets and Deferred Outflow of Resources												
Cash and cash equivalents	3,426,119	3,491,784	2,959,452	3,519,531	3,276,563	3,235,949	1,839,426	1,532,888	7,808,889	7,478,561	7,156,305	6,843,098
Due from other governments	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments receivable	29,367	25,000	-	-	-	-	-	-	-	-	-	-
Other assets / receivables	91,981	90,000	90,000	92,700	95,481	98,345	101,296	104,335	107,465	110,689	114,009	117,430
Capital assets	6,013,249	6,013,249	6,313,249	11,963,249	11,980,749	11,980,749	13,070,749	13,070,749	13,070,749	13,070,749	13,070,749	20,246,249
Less Accumulated depreciation	(2,178,158)	(2,299,757)	(2,427,356)	(2,667,955)	(2,908,904)	(3,149,853)	(3,412,602)	(3,675,351)	(3,938,100)	(4,200,849)	(4,463,598)	(4,869,857)
Deferred outflows of resources	40,727	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Assets and Deferred Outflows	7,423,285	7,360,276	6,975,345	12,947,525	12,483,889	12,205,190	11,638,869	11,072,621	17,089,003	16,499,150	15,917,466	22,376,919
Liabilities and Deferred Inflow of Resources												
Other current liabilities / payables	1,207	1,500	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	-
Bonds payable	-	-	-	5,765,000	5,765,000	5,665,000	5,560,000	5,450,000	5,335,000	5,215,000	5,090,000	12,280,000
Net pension liability (non-current)	53,654	54,000	54,000	55,620	57,289	59,007	60,777	62,601	64,479	66,413	68,406	70,458
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources	49,137	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000	49,000
Total Liabilities and Deferred Inflows	103,998	104,500	104,500	5,871,165	5,872,880	5,774,646	5,671,466	5,563,340	5,450,270	5,332,258	5,209,306	12,401,415
Total Liabilities, Deferred Inflows, and Net Position	7,423,285	7,360,276	6,975,345	12,947,525	12,483,889	12,205,190	11,638,869	11,072,621	17,089,003	16,499,150	15,917,466	22,376,919

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Empire
Customers and Charges for Sales and Development Revenue
Water and Sewer Fund

	2023 Budget	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
CUSTOMER DATA										
Average Annual Billing Units (Customers)										
Residential	818	818	915	915	932	932	932	1,282	1,282	1,282
Commercial	2	2	3	3	3	3	3	3	3	3
Irrigation	-	-	-	-	-	-	-	-	-	-
Industrial	4	5	6	6	6	6	6	6	6	6
Institutions and Schools	-	-	-	-	-	-	-	-	-	-
Total Customers	824	825	924	924	941	941	941	1,291	1,291	1,291
Water Volume (in thousands of gallons)										
Residential	88,849	88,849	95,639	95,639	96,829	96,829	96,829	121,329	121,329	121,329
Commercial	14	14	84	84	84	84	84	84	84	84
Irrigation	4,528	4,528	4,528	4,528	4,528	4,528	4,528	4,528	4,528	4,528
Industrial	4,648	4,718	4,788	4,788	4,788	4,788	4,788	4,788	4,788	4,788
Institutions and Schools	-	-	-	-	-	-	-	-	-	-
Total Volume	98,039	98,109	105,039	105,039	106,229	106,229	106,229	130,729	130,729	130,729
Sewer Volume (in thousands of gallons)										
Residential	92,633	92,633	98,453	98,453	99,473	99,473	99,473	120,473	120,473	120,473
Commercial	14	14	74	74	74	74	74	74	74	74
Industrial	4,618	4,678	4,738	4,738	4,738	4,738	4,738	4,738	4,738	4,738
Institutions and Schools	-	-	-	-	-	-	-	-	-	-
Total Volume	97,265	97,325	103,265	103,265	104,285	104,285	104,285	125,285	125,285	125,285
REVENUE										
Water Revenue - Base Charge										
Residential	$130,880	$153,784	$180,621	$189,606	$202,692	$212,687	$223,135	$321,956	$337,670	$354,104
Commercial	$320	$376	$592	$622	$652	$685	$718	$753	$790	$829
Irrigation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Industrial	$640	$940	$1,184	$1,243	$1,305	$1,369	$1,436	$1,507	$1,580	$1,657
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$131,840	$155,100	$182,398	$191,471	$204,650	$214,741	$225,290	$324,217	$340,040	$356,590
Water Revenue - Volume Charge										
Residential	$136,827	$143,668	$162,380	$170,499	$181,252	$190,314	$199,830	$262,911	$276,057	$289,860
Commercial	$9	$9	$57	$60	$63	$66	$70	$73	$77	$81
Irrigation	$3,305	$3,471	$3,644	$3,826	$4,018	$4,219	$4,430	$4,651	$4,884	$5,128
Industrial	$1,497	$1,595	$1,700	$1,785	$1,874	$1,968	$2,066	$2,169	$2,278	$2,392
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$141,638	$148,743	$167,782	$176,171	$187,207	$196,567	$206,396	$269,805	$283,295	$297,460

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Customers and Charges for Sales and Development Revenue
Water and Sewer Fund

	2023 Budget	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Sewer Revenue - Base Charge										
Residential	$126,353	$140,950	$165,798	$174,505	$186,974	$196,652	$206,768	$298,095	$313,258	$329,115
Commercial	$305	$340	$538	$566	$595	$626	$658	$692	$727	$764
Industrial	$610	$851	$1,075	$1,132	$1,191	$1,253	$1,317	$1,384	$1,455	$1,528
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$127,268	$142,142	$167,412	$176,202	$188,760	$198,531	$208,743	$300,171	$315,440	$331,407
Sewer Revenue - Volume Charge										
Residential	$31,125	$32,681	$36,471	$38,294	$40,626	$42,657	$44,790	$56,958	$59,806	$62,796
Commercial	$8	$8	$46	$48	$50	$53	$56	$58	$61	$64
Industrial	$2,586	$2,751	$2,925	$3,072	$3,225	$3,386	$3,556	$3,733	$3,920	$4,116
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$33,719	$35,440	$39,442	$41,414	$43,901	$46,096	$48,401	$60,750	$63,787	$66,976
Water Connection Charge										
Residential	$0	$310,643	$0	$60,023	$0	$0	$1,430,552	$0	$0	$0
Commercial	$0	$3,203	$0	$0	$0	$0	$0	$0	$0	$0
Industrial	$3,050	$3,203	$0	$0	$0	$0	$0	$0	$0	$0
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$3,050	$317,048	$0	$60,023	$0	$0	$1,430,552	$0	$0	$0
Sewer Connection Charge										
Residential	$0	$253,097	$0	$48,904	$0	$0	$1,165,548	$0	$0	$0
Commercial	$0	$2,609	$0	$0	$0	$0	$0	$0	$0	$0
Industrial	$2,485	$2,609	$0	$0	$0	$0	$0	$0	$0	$0
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$2,485	$258,316	$0	$48,904	$0	$0	$1,165,548	$0	$0	$0
Water Availability Charge (WAC)										
Residential	$0	$0	$0	$93,713	$0	$0	$2,233,493	$0	$0	$0
Commercial	$0	$5,000	$0	$0	$0	$0	$0	$0	$0	$0
Industrial	$0	$5,000	$0	$0	$0	$0	$0	$0	$0	$0
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$0	$10,000	$0	$93,713	$0	$0	$2,233,493	$0	$0	$0
Sewer Availability Charge (SAC)										
Residential	$0	$0	$0	$74,970	$0	$0	$1,786,794	$0	$0	$0
Commercial	$0	$4,000	$0	$0	$0	$0	$0	$0	$0	$0
Industrial	$0	$4,000	$0	$0	$0	$0	$0	$0	$0	$0
Institutions and Schools	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Revenue	$0	$8,000	$0	$74,970	$0	$0	$1,786,794	$0	$0	$0

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Customers and Charges for Sales and Development Revenue

Water and Sewer Fund

	2023 Budget	2024 Proj	2025 Proj	2026 Proj	2027 Proj	2028 Proj	2029 Proj	2030 Proj	2031 Proj	2032 Proj
Other										
Service charges - unbilled revenues	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Service charges - cancels/manual bill adjusts	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
State testing fee	$0	$8,019	$8,981	$8,981	$9,147	$9,147	$9,147	$12,549	$12,549	$12,549
Total Revenue	$0	$8,019	$8,981	$8,981	$9,147	$9,147	$9,147	$12,549	$12,549	$12,549
Total Revenue Calculated	**$440,000**	**$1,082,807**	**$566,014**	**$871,849**	**$633,664**	**$665,082**	**$7,314,363**	**$967,491**	**$1,015,111**	**$1,064,983**
Total Revenue from Service Charges	$434,465	$481,425	$557,033	$585,258	$624,518	$655,936	$688,829	$954,943	$1,002,563	$1,052,434
Total Revenue Other / Adjustments	$0	$8,019	$8,981	$8,981	$9,147	$9,147	$9,147	$12,549	$12,549	$12,549
Total Revenue from Connection Charges	$5,535	$575,363	$0	$108,927	$0	$0	$2,596,100	$0	$0	$0
Total Revenue from Availability Charges	$0	$18,000	$0	$168,683	$0	$0	$4,020,287	$0	$0	$0
Total	$440,000	$1,082,807	$566,014	$871,849	$633,664	$665,082	$7,314,363	$967,491	$1,015,111	$1,064,983

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Ending Cash Balance

Water and Sewer 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	748,332	558,120	599,692	622,095	649,372	673,797	739,202	1,030,455	1,068,989	1,109,061
Capital Acquisition and Cost of Issuance of Bonds	300,000	5,765,000	17,500	-	1,090,000	-	-	-	-	7,320,000
Other Interfund Transfers	-	-	-	-	-	-	-	-	-	-
Debt Service (includes transfers for debt)	-	-	230,600	328,600	329,500	330,200	330,700	331,000	331,100	331,000
Total Use of Cash	1,048,332	6,323,120	847,792	950,695	2,068,872	1,003,997	1,069,902	1,361,455	1,400,089	8,760,061
Source of Cash										
Revenue from Service Charges	491,000	525,871	605,890	633,570	673,480	698,624	730,716	1,032,363	1,079,106	1,128,164
Revenue from Connection and Availability Charges	-	593,363	-	277,609	-	-	6,616,387	-	-	-
Bond Proceeds	-	5,765,000	-	-	-	-	-	-	-	7,320,000
Interfund Transfers	-	-	-	-	-	-	-	-	-	-
Total Source of Cash	491,000	6,884,235	605,890	911,179	673,480	698,624	7,347,103	1,032,363	1,079,106	8,448,164
Net Change in Other Assets and Liabilities	25,000	(1,035)	(1,066)	(1,098)	(1,131)	(1,165)	(1,200)	(1,236)	(1,273)	(1,311)
Change in Cash Balance	(532,332)	560,079	(242,968)	(40,615)	(1,396,523)	(306,538)	6,276,001	(330,328)	(322,256)	(313,207)
Total Projected Ending Cash	**2,959,452**	**3,519,531**	**3,276,563**	**3,235,949**	**1,839,426**	**1,532,888**	**7,808,889**	**7,478,561**	**7,156,305**	**6,843,098**
Ending Cash by Purpose										
For future capital improvements	2,819,922	3,121,508	2,792,439	1,654,106	1,340,777	1,017,387	7,220,275	6,880,214	6,548,040	5,931,914
For next year planned capital	-	17,500	-	1,090,000	-	-	-	-	-	-
For 3-months of operating cash	139,530	149,923	155,524	162,343	168,449	184,801	257,614	267,247	277,265	287,684
For following year debt service	-	230,600	328,600	329,500	330,200	330,700	331,000	331,100	331,000	623,500
Total Projected Ending Cash	**2,959,452**	**3,519,531**	**3,276,563**	**3,235,949**	**1,839,426**	**1,532,888**	**7,808,889**	**7,478,561**	**7,156,305**	**6,843,098**

Note: Cash balances include cash and investments.

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FEE SCHEDULE FOR WATER AND SEWER FUND - PRO FORMA

Rate Code Description	Customer Classification	Basis	2021 Actual Year 1	2022 Actual Year 2	2023 Current Year	2024 Projected Year 1	2025 Projected Year 2	2026 Projected Year 3	2027 Projected Year 4	2028 Projected Year 5	2029 Projected Year 6	2030 Projected Year 7	2031 Projected Year 8	2032 Projected Year 9
Sewer infrastructure fee (fixed charge)	Commercial	Billing Unit	$0.00	$0.00	$0.00	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50
Sewer infrastructure fee (fixed charge)	Industrial	Billing Unit	$0.00	$0.00	$0.00	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50
Sewer infrastructure fee (fixed charge)	Institutions and Schools	Billing Unit	$0.00	$0.00	$0.00	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50
Sewer infrastructure fee (fixed charge)	Residential	Billing Unit	$0.00	$0.00	$0.00	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50
Sewer base charge (fixed charge)	Commercial	Billing Unit	$38.15	$38.15	$38.15	$40.06	$42.06	$44.16	$46.37	$48.69	$51.12	$53.68	$56.36	$59.18
Sewer base charge (fixed charge)	Industrial	Billing Unit	$38.15	$38.15	$38.15	$40.06	$42.06	$44.16	$46.37	$48.69	$51.12	$53.68	$56.36	$59.18
Sewer base charge (fixed charge)	Institutions and Schools	Billing Unit	$38.15	$38.15	$38.15	$40.06	$42.06	$44.16	$46.37	$48.69	$51.12	$53.68	$56.36	$59.18
Sewer base charge (fixed charge)	Residential	Billing Unit	$38.15	$38.15	$38.15	$40.06	$42.06	$44.16	$46.37	$48.69	$51.12	$53.68	$56.36	$59.18
Water infrastructure fee (fixed charge)	Commercial	Billing Unit	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Water infrastructure fee (fixed charge)	Industrial	Billing Unit	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Water infrastructure fee (fixed charge)	Irrigation	Billing Unit	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Water infrastructure fee (fixed charge)	Institutions and Schools	Billing Unit	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Water infrastructure fee (fixed charge)	Residential	Billing Unit	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Water base charge (fixed charge)	Commercial	Billing Unit	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water base charge (fixed charge)	Industrial	Billing Unit	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water base charge (fixed charge)	Irrigation	Billing Unit	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water base charge (fixed charge)	Institutions and Schools	Billing Unit	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water base charge (fixed charge)	Residential	Billing Unit	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water state testing fee (fixed charge)	Commercial	Billing Unit State Testing Fee	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
Water state testing fee (fixed charge)	Industrial	Billing Unit State Testing Fee	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
Water state testing fee (fixed charge)	Irrigation	Billing Unit State Testing Fee	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
Water state testing fee (fixed charge)	Institutions and Schools	Billing Unit State Testing Fee	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
Water state testing fee (fixed charge)	Residential	Billing Unit State Testing Fee	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
MCES Charge for Flow (Paid to MCES)	MCES Disposal	MCES Volume	$2.48	$2.81	$3.21	$3.37	$3.54	$3.72	$3.90	$4.10	$4.30	$4.52	$4.74	$4.98
Water Connection Charge	Residential	REU	$3,050.00	$3,050.00	$3,050.00	$3,202.50	$3,362.63	$3,530.76	$3,707.29	$3,892.66	$4,087.29	$4,291.66	$4,506.24	$4,731.55
Sewer Connection Charge	Residential	REU	$2,485.00	$2,485.00	$2,485.00	$2,609.25	$2,739.71	$2,876.70	$3,020.53	$3,171.56	$3,330.14	$3,496.64	$3,671.48	$3,855.05
Water Availablity Charge	Residential	AVAILABILITY	$0.00	$0.00	$0.00	$5,000.00	$5,250.00	$5,512.50	$5,788.13	$6,077.53	$6,381.41	$6,700.48	$7,035.50	$7,387.28
Sewer Availability Charge	Residential	AVAILABILITY	$0.00	$0.00	$0.00	$4,000.00	$4,200.00	$4,410.00	$4,630.50	$4,862.03	$5,105.13	$5,360.38	$5,628.40	$5,909.82
MCES SAC	Residential	SAC	$2,485.00	$2,485.00	$2,485.00	$2,509.85	$2,610.24	$2,714.65	$2,809.67	$2,908.00	$3,009.79	$3,115.13	$3,224.16	$3,337.00
Water Connection Charge	Industrial	REU	$3,050.00	$3,050.00	$3,050.00	$3,202.50	$3,362.63	$3,530.76	$3,707.29	$3,892.66	$4,087.29	$4,291.66	$4,506.24	$4,731.55
Sewer Connection Charge	Industrial	REU	$2,485.00	$2,485.00	$2,485.00	$2,609.25	$2,739.71	$2,876.70	$3,020.53	$3,171.56	$3,330.14	$3,496.64	$3,671.48	$3,855.05
Water Availablity Charge	Industrial	AVAILABILITY	$0.00	$0.00	$0.00	$5,000.00	$5,250.00	$5,512.50	$5,788.13	$6,077.53	$6,381.41	$6,700.48	$7,035.50	$7,387.28
Sewer Availability Charge	Industrial	AVAILABILITY	$0.00	$0.00	$0.00	$4,000.00	$4,200.00	$4,410.00	$4,630.50	$4,862.03	$5,105.13	$5,360.38	$5,628.40	$5,909.82
MCES SAC	Industrial	SAC	$2,485.00	$2,485.00	$2,485.00	$2,509.85	$2,610.24	$2,714.65	$2,809.67	$2,908.00	$3,009.79	$3,115.13	$3,224.16	$3,337.00
Water Connection Charge	Commercial	REU	$3,050.00	$3,050.00	$3,050.00	$3,202.50	$3,362.63	$3,530.76	$3,707.29	$3,892.66	$4,087.29	$4,291.66	$4,506.24	$4,731.55
Sewer Connection Charge	Commercial	REU	$2,485.00	$2,485.00	$2,485.00	$2,609.25	$2,739.71	$2,876.70	$3,020.53	$3,171.56	$3,330.14	$3,496.64	$3,671.48	$3,855.05
Water Availablity Charge	Commercial	AVAILABILITY	$0.00	$0.00	$0.00	$5,000.00	$5,250.00	$5,512.50	$5,788.13	$6,077.53	$6,381.41	$6,700.48	$7,035.50	$7,387.28
Sewer Availability Charge	Commercial	AVAILABILITY	$0.00	$0.00	$0.00	$4,000.00	$4,200.00	$4,410.00	$4,630.50	$4,862.03	$5,105.13	$5,360.38	$5,628.40	$5,909.82
MCES SAC	Commercial	SAC	$2,485.00	$2,485.00	$2,485.00	$2,509.85	$2,610.24	$2,714.65	$2,809.67	$2,908.00	$3,009.79	$3,115.13	$3,224.16	$3,337.00
Water Connection Charge	Institutions and Schools	REU	$3,050.00	$3,050.00	$3,050.00	$3,202.50	$3,362.63	$3,530.76	$3,707.29	$3,892.66	$4,087.29	$4,291.66	$4,506.24	$4,731.55
Sewer Connection Charge	Institutions and Schools	REU	$2,485.00	$2,485.00	$2,485.00	$2,609.25	$2,739.71	$2,876.70	$3,020.53	$3,171.56	$3,330.14	$3,496.64	$3,671.48	$3,855.05

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FEE SCHEDULE FOR WATER AND SEWER FUND - PRO FORMA

Rate Code Description	Customer Classification	Basis	2021 Actual Year 1	2022 Actual Year 2	2023 Current Year	2024 Projected Year 1	2025 Projected Year 2	2026 Projected Year 3	2027 Projected Year 4	2028 Projected Year 5	2029 Projected Year 6	2030 Projected Year 7	2031 Projected Year 8	2032 Projected Year 9
Water Availablity Charge	Institutions and Schools	AVAILABILITY	$0.00	$0.00	$0.00	$5,000.00	$5,250.00	$5,512.50	$5,788.13	$6,077.53	$6,381.41	$6,700.48	$7,035.50	$7,387.28
Sewer Availability Charge	Institutions and Schools	AVAILABILITY	$0.00	$0.00	$0.00	$4,000.00	$4,200.00	$4,410.00	$4,630.50	$4,862.03	$5,105.13	$5,360.38	$5,628.40	$5,909.82
MCES SAC	Institutions and Schools	SAC	$2,485.00	$2,485.00	$2,485.00	$2,509.85	$2,610.24	$2,714.65	$2,809.67	$2,908.00	$3,009.79	$3,115.13	$3,224.16	$3,337.00
Tier 1 sewer volume	Commercial	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 sewer volume	Industrial	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 sewer volume	Institutions and Schools	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 sewer volume	Residential	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 2 sewer volume	Commercial	Volume	$1.12	$1.12	$1.12	$1.18	$1.23	$1.30	$1.36	$1.43	$1.50	$1.58	$1.65	$1.74
Tier 2 sewer volume	Industrial	Volume	$1.12	$1.12	$1.12	$1.18	$1.23	$1.30	$1.36	$1.43	$1.50	$1.58	$1.65	$1.74
Tier 2 sewer volume	Institutions and Schools	Volume	$1.12	$1.12	$1.12	$1.18	$1.23	$1.30	$1.36	$1.43	$1.50	$1.58	$1.65	$1.74
Tier 2 sewer volume	Residential	Volume	$1.12	$1.12	$1.12	$1.18	$1.23	$1.30	$1.36	$1.43	$1.50	$1.58	$1.65	$1.74
Tier 1 water usage	Commercial	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 water usage	Industrial	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 water usage	Irrigation	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 water usage	Institutions and Schools	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 1 water usage	Residential	Volume	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 2 water usage	Commercial	Volume	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 2 water usage	Industrial	Volume	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 2 water usage	Irrigation	Volume	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 2 water usage	Institutions and Schools	Volume	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 2 water usage	Residential	Volume	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 3 water usage	Commercial	Volume	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 3 water usage	Industrial	Volume	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 3 water usage	Irrigation	Volume	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 3 water usage	Institutions and Schools	Volume	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 3 water usage	Residential	Volume	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 4 water usage	Commercial	Volume	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65
Tier 4 water usage	Industrial	Volume	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65
Tier 4 water usage	Irrigation	Volume	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65
Tier 4 water usage	Institutions and Schools	Volume	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65
Tier 4 water usage	Residential	Volume	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65

Appendix B

WATER SERVICES - EXAMPLE FOR RESIDENTIAL WATER BILL BY YEAR AND BY QUARTER

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
City Rates												
Water state testing fee (fixed charge)	$0.00	$0.00	$0.00	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43	$2.43
Water base charge (fixed charge)	$40.00	$40.00	$40.00	$42.00	$44.10	$46.31	$48.62	$51.05	$53.60	$56.28	$59.10	$62.05
Water infrastructure fee (fixed charge)	$0.00	$0.00	$0.00	$5.00	$5.25	$5.50	$5.75	$6.00	$6.25	$6.50	$6.75	$7.00
Tier 1 water usage	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 2 water usage	$1.80	$1.80	$1.90	$2.00	$2.09	$2.20	$2.31	$2.42	$2.55	$2.67	$2.81	$2.95
Tier 3 water usage	$2.25	$2.25	$2.40	$2.52	$2.65	$2.78	$2.92	$3.06	$3.22	$3.38	$3.55	$3.72
Tier 4 water usage	$2.80	$2.80	$3.00	$3.15	$3.31	$3.47	$3.65	$3.83	$4.02	$4.22	$4.43	$4.65

Water Customer Bill - Based on Total Gallons Billed, Includes Base Charge		Bill for Water by Year and by Quarter											
Quarter Bill	Volume Billed												
Quarter 1 (Oct, Nov, Dec)	11,000	$49.00	$49.00	$49.50	$59.41	$62.25	$65.23	$68.35	$71.61	$75.01	$78.58	$82.31	$86.22
Quarter 2 (Jan, Feb, Mar)	12,000	$50.80	$50.80	$51.40	$61.40	$64.35	$67.43	$70.66	$74.03	$77.56	$81.25	$85.12	$89.17
Quarter 3 (Apr, May, Jun)	20,000	$68.80	$68.80	$70.60	$81.56	$85.52	$89.66	$93.99	$98.54	$103.29	$108.27	$113.49	$118.95
Quarter 4 (Jul, Aug, Sep)	23,000	$75.55	$75.55	$77.80	$89.12	$93.45	$97.99	$102.75	$107.72	$112.94	$118.40	$124.13	$130.12
Total Annual	66,000	$244.15	$244.15	$249.30	$291.49	$305.57	$320.32	$335.75	$351.90	$368.81	$386.51	$405.05	$424.47

Note: Water user fees include a quarterly minimum charge or base rate charge, as shown in table above, which includes the first 6000 gallons of metered water usage. Quarterly fees for water usage include the base rate plus the following additional rates:

1. Tier 1 water usage includes the first 6,000 gallons, for which there is no additional charge above what is paid for fixed fees charges.
2. Tier 2 water usage includes water usage over 6,000 gallons and between 7,000-12,000 gallons.
2. Tier 3 water usage includes water usage over 12,000 gallons and up to 24,000 gallons.
3. Tier 4 water usage includes water usage over 24,000 gallons.

Appendix C

SEWER SERVICES - EXAMPLE FOR RESIDENTIAL SEWER BILL BY YEAR AND BY QUARTER

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
City Rates												
Sewer base charge (fixed charge)	$38.15	$38.15	$38.15	$40.06	$42.06	$44.16	$46.37	$48.69	$51.12	$53.68	$56.36	$59.18
Sewer infrastructure fee (fixed charge)	$0.00	$0.00	$0.00	$2.50	$2.75	$3.00	$3.25	$3.50	$3.75	$4.00	$4.25	$4.50
Tier 1 water usage	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tier 2 water usage	$1.12	$1.12	$1.12	$1.18	$1.23	$1.30	$1.36	$1.43	$1.50	$1.58	$1.65	$1.74

For Example Customer - Water Customer Bill - Based on Total Gallons Billed, Including Fixed Charges

Quarter Bill	Volume Billed	Bill for Sewer by Year and by Quarter											
Quarter 1 (Oct, Nov, Dec)	11,500	$44.31	$44.31	$44.31	$49.03	$51.60	$54.29	$57.11	$60.05	$63.13	$66.35	$69.72	$73.24
Quarter 2 (Jan, Feb, Mar)	11,500	$44.31	$44.31	$44.31	$49.03	$51.60	$54.29	$57.11	$60.05	$63.13	$66.35	$69.72	$73.24
Quarter 3 (Apr, May, Jun)	11,500	$44.31	$44.31	$44.31	$49.03	$51.60	$54.29	$57.11	$60.05	$63.13	$66.35	$69.72	$73.24
Quarter 4 (Jul, Aug, Sep)	11,500	$44.31	$44.31	$44.31	$49.03	$51.60	$54.29	$57.11	$60.05	$63.13	$66.35	$69.72	$73.24
Total Annual	46,000	$177.24	$177.24	$177.24	$196.10	$206.41	$217.18	$228.44	$240.21	$252.52	$265.39	$278.86	$292.96

Note: Sanitary sewer user fees include a quarterly minimum charge or base rate charge per REU plus a sewer usage rate charge per 1,000 gallons of usage after the first 6,000 gallons of usage (shown as "Tier 2 water usage" in table above). Usage is calculated, based upon the average metered water consumption rate for the previous months of October, November, December, January, February, and March

Appendix D
Estimated Cost Changes, Including for Personnel, Related to Growth of City

YEAR	DESCRIPTION	FTE	AMOUNT	GENERAL FUND	WATER FUND	SEWER FUND
2023	City Council compensation - addition of new members		$6,000	$6,000	$0	$0
2023	Criminal prosecution - legal costs		$18,000	$18,000	$0	$0
2023						
2023 Total		-	**$24,000**	**$24,000**	**$0**	**$0**
2024						
2024						
2024 Total		-	**$0**	**$0**	**$0**	**$0**
				$0	$0	$0
2025						
2025 Total		-	**$0**	**$0**	**$0**	**$0**
2026						
2026						
2026 Total		-	**$0**	**$0**	**$0**	**$0**
2027				$0	$0	$0
2027						
2027 Total		-	**$0**	**$0**	**$0**	**$0**
2028						
2028						
2028 Total		-	**$0**	**$0**	**$0**	**$0**
2029	Administrative position	1.00	$200,000	$160,000	$20,000	$20,000
2029						
2029 Total		**1.00**	**$200,000**	**$160,000**	**$20,000**	**$20,000**
2030	Public Works	1.00	$225,000	$56,250	$84,375	$84,375
2030						
2030 Total		**1.00**	**$225,000**	**$56,250**	**$84,375**	**$84,375**
2031						
2031						
2031 Total		-	**$0**	**$0**	**$0**	**$0**
2032						
2032						
2032 Total		-	**$0**	**$0**	**$0**	**$0**
2033						
2033 Total		-	**$0**	**$0**	**$0**	**$0**
2034						
2034						
2034 Total		-	**$0**	**$0**	**$0**	**$0**
2035	Public Works	1.00	$275,000	$68,750	$103,125	$103,125
2035						
2035 Total		**1.00**	**$275,000**	**$68,750**	**$103,125**	**$103,125**
2036						
2036 Total		-	**$0**	**$0**	**$0**	**$0**
2037						
2037 Total		-	**$0**	**$0**	**$0**	**$0**
2038						
2038						
2038 Total		-	**$0**	**$0**	**$0**	**$0**
2039				$0	$0	$0
2039						
2039 Total		-	**$0**	**$0**	**$0**	**$0**
2040	Public Works	1.00	$300,000	$75,000	$112,500	$112,500
2040						
2040 Total		**1.00**	**$300,000**	**$75,000**	**$112,500**	**$112,500**
2041						
2041						
2041 Total		-	**$0**	**$0**	**$0**	**$0**
2042	Public Works	1.00	$325,000	$81,250	$121,875	$121,875
2042						
2042 Total		**1.00**	**$325,000**	**$81,250**	**$121,875**	**$121,875**
2043						
2043						
2043 Total		-	**$0**	**$0**	**$0**	**$0**
Grand Total		**5.00**	**$1,349,000**	**$465,250**	**$441,875**	**$441,875**

Note: This is a listing of all identified positions and costs included in the Plan. The timing and actual positions to be added in future years will be managed within the available resources and may be different in positions, timing, and amounts as shown here.

Appendix E
EDA and HRA Levy Authority

Under Minnesota law, an Economic Development Authority (EDA), established by a city pursuant to an enabling resolution, has two types of tax levies available to the EDA. The two levies are sometimes referred to as the "HRA levy" and the "EDA levy," described as follows.

1. HRA levy

Under Minnesota Statutes, Sections 469.091 an economic development authority has all the powers of a housing and redevelopment authority under Sections 469.001 to 469.047 (the "HRA Act"), unless those powers are limited by the EDA's enabling resolution that established the authority. The EDA may essentially act as a housing and redevelopment authority and exercise all powers under the HRA Act, as well as exercising its economic development powers under Minnesota Statutes, Sections 469.090 to 469.1081 (the "EDA Act").

Under Section 469.033 of the HRA Act, an HRA may levy a tax on its area of operation for the purposes authorized under the HRA Act, subject to consent by the city council. The levy may not exceed .0185% of the estimated market value in the city. The "area of operation" of the authority is the boundaries of the city.

An EDA with all the powers of a housing and redevelopment authority, may levy the tax authorized under Section 469.033 of the HRA Act, subject to the same limitations and procedures that would apply if it were levied by a housing and redevelopment authority.

The HRA levy has two important features. First, the proceeds must be used only "for the purposes of Section 469.033, subd. 6 of the HRA Act. Those purposes, broadly, include redevelopment to correct or prevent blight, and development of or assistance to housing for low or moderate income persons.

Second, the HRA levy is technically raised by the EDA (using its HRA Act powers), albeit approved by the city council. The levy amount is above and beyond any levy limits that apply to the city; the only limit is the .0185% of estimated market value described above. As such, the HRA levy is a reliable source of revenue independent of city revenues. For illustration purposes, the estimated maximum HRA levy for Empire, based on preliminary pay 2023 taxable market value, is $102,900.

2. EDA levy

Section 469.107 of the EDA Act provides separate authority for a tax levy to benefit the EDA. Under this provision, a city levies the tax at the request of the EDA. The amount levied is limited to .01813% of the estimated market value in the City (a higher levy is permissible but subject to reverse referendum). For illustration purposes, the estimated maximum EDA levy for Empire, based on preliminary pay 2023 taxable market value, is $100,842.

This levy is different from the HRA levy in two respects. First, it is made by a city for the benefit of an EDA, at the EDA's request. The amount is within the city's overall levy limits. As such, it is essentially the same as an appropriation to the EDA from a city's gen-

Appendix E - Continued
EDA and HRA Levy Authority

eral funds. In any year in which levy limits apply, the EDA levy may compete with general city needs.

Second, the statute does not expressly limit the proceeds to any particular use, but the implication is that they may be used for any activity an EDA is authorized to carry out under the EDA Act. Those uses include housing and redevelopment activities under the HRA Act, but also broader economic development activities.

The City of Empire could, if it chose, use both the EDA levy and the HRA levy, as long as the EDA levy is used for purposes other than housing and redevelopment. Again, this strategy would be no different than simply appropriating city funds to the EDA, in addition to allowing the EDA to raise its own levy (using the HRA levy power).

3. Process

If the City of Empire were to establish an EDA (with all the powers of an HRA), which requires adoption of an enabling resolution, following a public hearing, then the City and EDA could consider levying of either an EDA and/or HRA levy to support the activities of the EDA.

To levy an HRA levy, the steps required are fairly straightforward. First, the EDA would need to prepare and file an annual budget (for its housing and redevelopment activities) in accordance with the budget procedures of the City. The EDA would need to request that the City Council approve a levy based on this budget. The City Council would need to review the budget and consent to the HRA levy by resolution. No public hearing is required for this process. Once adopted, the HRA levy is included in the City's preliminary levy certification and is collected by the County in the same manner as general City taxes, but is kept in a separate fund and turned over to the EDA directly.

The process is basically the same if the EDA would want to institute an EDA levy. As previously stated, though, the EDA levy is considered to be part of the City's general levy, rather than a special levy independent of City revenues.

An EDA levy does not appear separately on a property tax statement, it is part of the City tax amount, whereas an HRA levy is shown separately as part of other special taxing jurisdictions tax amounts.

Appendix F

COMPARISON OF CITY DEVELOPMENT CHARGES FOR WATER, SEWER, STORMWATER, AND PARKS

Note: Amounts this table come from published fees schedules with certain interpretation of fees schedules required for preparation of this table. While the amounts and estimates are believed to be reasonable representation of charges, it is possible the interpretation of the fee schedules is not correct for certain cities as shown.

CITY	WATER		SANITARY SEWER		STORMWATER		PARK	COMMENTS
	Trunk Line, Water Availability, or Water Access Charge	Connection Charge	Trunk Line, Water Availability, or Water Access Charge	Connection Charge	Trunk Line, Water Availability, or Water Access Charge	Connection Charge	Development Charge	
Empire	$5,000 per REU	$3,050 per REU	$4,000 per REU	$2,485 per REU	n/a	n/a	$3,200 per REU	Availability Charges shown are preliminary for discussion and have not been adopted
Farmington	$4,990 per acre	$4,125 - includes Lateral Connection Charge $1,515 per unit; City Reserve Capacity Connection Fee $2,610 per REU	$2,675 per acre	$2,750 - includes Lateral Connection Charge $2,160 per unit; City Sewer Availability Charge, $590 per REU	$12,744 per acre for surface water management fee residential low density, plus $120 peracre for surface water quality	n/a	$25,686 per acre, plus Parkland and Trail Fees per Ordinance Calculation	From 2023 Fee Schedule
Lakeville	Estimate $4,508 for 100 front foot residential lot - $41.00 per front foot plus $408 per service for residential lateral watermain charge	$4,100 per unit residential low-density	Estimate $4,568 for 100 front foot residential lot - $41.50 per front foot plus $418 per service for residential lateral sanitary sewer charge	$327 per unit for City SAC plus $825 per unit for City Connection	Residential Single Family $0.178/SF Stormwater Management Infrastructure Charge	n/a	$5,717 per dwelling unit residential low-density park dedication fee	From 2023 Fee Schedule
Rosemount	$6,500 per acre plus supplemental charges that may apply	$2,475 per residential unit	$1,075 per acre plus supplemental charges that may apply	$1,200 per unit	$6,865 per acre for single family	$770 per lot for single family	$85,000 per acre / $3,400 per unit for low density residential	From 2023 Fee Schedule
Lake Elmo	$6,600 per REC connecting to Trunk Water Main that has never been assessed; plus $3,000 City WAC	$1,000 per REC	$13,700 per REC connecting to Trunk Sewer Main that has never been assessed; plus $3,000 City SAC	$1,000 per REC	n/a	Varies by per square foot and area	$3,600 per residential lot for park dedication fee	From 2023 Fee Schedule
Corcoran	$12,198.97 per acre for NE Corcoran Watermain and Raw Water plus $24,922 per acre for water treatment and storage	$1,295 per single family unit	$7,526.31 per acre	$1,270 per single family unit	n/a	n/a	$5,954 per single family unit	From 2023 Fee Schedule, Fees May Vary be Geographic Area in City, among other factors

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