

Village of La Grange

VILLAGE OF LA GRANGE
SPECIAL MEETING OF THE
VILLAGE BOARD OF TRUSTEES

Village Hall Auditorium
53 South La Grange Road
La Grange, IL 60525

Monday, April 2, 2012 — 7:30 p.m.



AGENDA

1. CALL TO ORDER AND ROLL CALL
2. WATER FUND – Continued discussion concerning the Water Meter Replacement Program, Improvements to the Village's Water Pumping Station, and Water Rates

Lou Cipparrone, Director of Finance

Phil McKenna, & Zoran Milutinovic – Kane, McKenna (Village's Financial Consultant)

3. ADJOURNMENT

Individuals with disabilities and who require certain accommodations to participate at this meeting are requested to contact the ADA Coordinator at (708) 579-2315 to allow the Village to make reasonable accommodations.

VILLAGE OF LA GRANGE
Finance Department

EXECUTIVE COMMITTEE REPORT

TO: Village President, Village Clerk,
Board of Trustees, and Village Attorney

FROM: Robert J. Pilipiszyn, Village Manager
Lou Cipparrone, Finance Director
Ryan Gillingham, Director of Public Works

DATE: March 29, 2012

RE: **WATER FUND – CONTINUED DISCUSSION CONCERNING
THE WATER METER REPLACEMENT PROGRAM,
IMPROVEMENTS TO THE VILLAGE’S WATER PUMPING
STATION AND WATER RATES**

The FY 2011-12 Water Fund budget includes the implementation of a water meter replacement program to address the ongoing water accountability issue and for infrastructure and technological improvements at the East Avenue water pumping station. The operating budget also reflects the issuance of a G.O. alternate revenue bond to fund these two projects.

The scope and details of the projects were discussed by the Village Board at the workshop held on February 27, 2012. It was the consensus of the Village Board to concur with staff’s recommendations regarding the improvements to the Village’s water pumping station, but to table discussion of the water meter replacement program until more information regarding other financing options were identified. The Village’s water rates also need to be adjusted to: (i) pass through the recently announced and implemented series of water rate increases from the City of Chicago, and (ii) to reflect the funding decisions related to the aforementioned capital improvements.

The purpose of this report is to present the Village Board with additional information and further analysis of funding options for the water meter replacement program and pumping station improvements.

1) Why Not Pay-As-You Go?

The Village attempts to fund many capital projects on a pay-as-you-go basis. Financing the replacement of existing water meters is intended to resolve the current and compelling water accountability issue which exists today. Completing the project on a pay-as-you-go basis, estimated to be completed over a 5-6 year period, utilizing

existing personnel to install the new meter is not recommended for the following reasons:

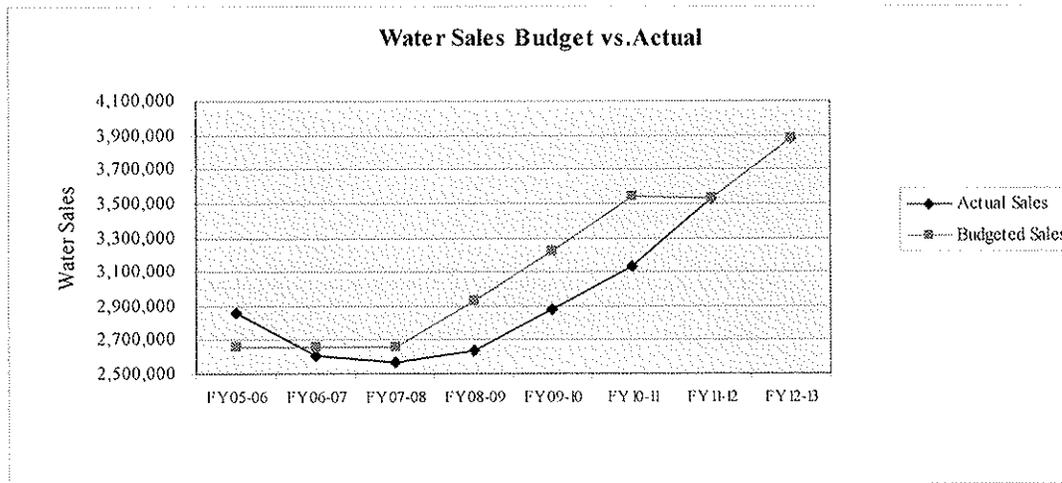
- Delays resolving the overall water accountability issue, resulting in a further reduction of revenues.
- The replacement cost of new meters is approx \$1.25 million. This cost will increase if meters were purchased in smaller quantities over several years.
- The cost of meter installation by outside contractors is estimated at \$250,000, which could be recovered within one year with a projected 5% increase in water accountability.
- Utilizing existing personnel to install meters diverts time away from other water fund responsibilities, with overtime required for night/weekend appointments.
- Utilizing the capital budget of \$250,000 each year for new meters leaves no funding for water main replacement for the duration of meter project (5-6 years).
- Continues inequitable billing practices; residents with more accurate meters subsidizing those with inaccurate meters.
- Delays implementation of new technology allowing for early detection of inoperable meters and identification of residential water loss.
- Delays operational efficiencies (eliminate manual meter reads).

2) What Happened to Previous Increases for Operations / Reserves?

The 2008-09 Water Fund budget included 10% rate increases for three consecutive years due to 12.5% increases from the City of Chicago/McCook and to generate revenue for on-going operations and to rebuild/maintain reserves. The 10% rate increases were allocated as follows: 6.25% for the Chicago rate increases and 3.75% for operations and reserves.

However, due to water accountability decreasing, the additional revenue for operations was never realized. The budgeted water sales were not adjusted to reflect the decreased water accountability as the Village looked for various ways to resolve the accountability issue, including annual leak studies, testing of larger commercial meters and testing randomly selected residential meters.

Since these efforts did not result in a significant improvement with unaccounted water loss, staff recommended a bond issue to fund the water meter replacement program as meters have exceeded their expected life. Last year, planned increases of 10% in FY 2011-12 and FY 2012-13 were included in the Village budget to partially fund operations/reserves and to fund the proposed bond for the water meter replacement program and pumping station improvements. The charts below reflect budgeted vs. actual water sales from FY 2005-06 through FY 2011-12.



	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Actual Sales	2,855,876	2,607,387	2,571,457	2,637,687	2,879,605	3,130,783	3,525,000	3,875,000
Budgeted Sales	2,657,648	2,657,648	2,657,648	2,923,413	3,215,754	3,537,329	3,525,000	3,875,000
Water Rate Increases	0%	0%	0%	10%	10%	10%	10%	10%
Water Accountability	79.04%	75.92%	71.26%	72.60%	75.86%	73.13%	n/a	n/a

* FY 2005-06 water sales were over budget due to severe drought conditions during the summer of 2005 resulting in increased water consumption.

Please note in the above chart that although a 10% water rate increase occurred in FY 2011-12, budgeted water sales were not increased in order to account for the decrease in water accountability from approximately 80% to 75%.

3) Why Issue Bonds to Fund the Project?

The budget reflects borrowing funds to finance these two capital projects as sufficient reserves are not available in the Water Fund to complete the projects. The Village's policy is to target a reserve balance for the Water fund of 50% of annual operating expenses. At last year's budget workshop, staff reported that the reserve balance in the Water Fund at the end of the five-year budget period (FY 2015-16) was approximately \$1.3 million or 35% of annual operating expenditures, which included financing these two projects and 10% water rate increases in FY 2011-12 and FY 2012-13.

At that time, the rate increases were identified as being necessary for revenues to keep pace with projected operating and capital expenditures and to replenish reserves which had been depleted due to ongoing water main replacement.

By issuing bonds, the Village is able to: 1) complete these projects within the next fiscal year while amortizing the expenditures over the useful life (20 plus years) of the improvements, 2) address the water accountability issue in a timely fashion, 3) utilize the new meter technology which eliminates reading meters manually, and 4) bill residents for actual water usage in an equitable manner.

By issuing bonds the cost of the improvements are allocated to residents who receive the benefit over the useful life of the new meters. In addition, current financial conditions are such that the Village will benefit by financing these projects with municipal bonds while interest rates are at historical lows.

The Village's financial consultants, Kane, McKenna has worked with staff to project revenues, expenditures, debt service and coverage ratios for a 20 year G.O. alternate revenue source bond, with a 10 year call provision, to fund the water projects (See attached Exhibit 1).

The pro forma statements reflect proposed water rate increases in the amount of 15%, 7.5%, 7.5% and 7.5%, over the next four fiscal years starting May 1, 2012, as currently budgeted. These projected rate increases are necessary for the Water Fund to continue to: 1) fund water rate increases from the City of Chicago, 2) fund ongoing water operations 3) fund the water meter replacement program/pumping station bonds 4) remain active with the replacement of water mains as part of the neighborhood street replacement program, 5) replace mains where known deficiencies exist within the system and 6) rebuild/maintain reserves

Please note the Village rate increases are significantly less than the City of Chicago/McCook rate increases of 20%, 12%, 12% and 12% over the next four years, effective January 1, 2012, as they are primarily applied to the cost of the water purchased in the Water Fund, which is just one component of the total expenses for providing water to residents.

If the Village were to consider financing the projects over a shorter time period, the increase in the annual debt service payments would require additional residential water rate increases in subsequent fiscal years.

4) How does the proposed rate increases breakdown between funding for a) the City of Chicago; b) bonding for the water meter replacement program and c) operations/reserve?

Staff has identified issuing bonds as the recommended funding source for the replacement meters as part of the past two budget documents. Staff did not and could not have anticipated the significant water rate increases announced by the City of Chicago. Of the 15% rate increase proposed in year one, 10% is attributable to the City of Chicago rate increases and 5% is attributable to bonds for the water meter replacement project. In addition, 6.0% of the proposed 7.5% rate increases in subsequent years is attributable to the City of Chicago rate increase and 1.5% is to fund operations /reserves.

Component Breakdown of Water Rate Increases					
Village Rate Increases	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
City of Chicago/McCook	10.0%	6.0%	6.0%	6.0%	28.0%
Bonds	5.0%	0%	0%	0%	5.0%
Operations/Reserve	0%	1.5%	1.5%	1.5%	4.5%
Total Increase	15.0%	7.5%	7.5%	7.5%	37.5%

Of the proposed water rate increase totaling 37.5% over the next four fiscal years, 28.0% or seventy-five percent of the total increase is attributable to the City of Chicago rate increases.

It is estimated that the initial 15% water rate increase will cost an average homeowner approximately \$100 annually (\$65 Chicago/McCook rate increases/\$35 bonds), with the three subsequent 7.5% increases costing homeowners approximately \$65 annually (\$52 Chicago/McCook rate increase/\$13 operations). We will be able to reevaluate the need for subsequent increases on an annual basis during budget preparation in future years, pending the results of the water meter replacement program.

5) Why is the projected 5% increase in water revenue from the water meter replacement program not included in the projected net revenue for debt service and coverage ratios?

Since the most current audit of the Water Fund does not reflect that current net revenues are at least 1.25 times the estimated annual debt service requirement, the Village will be required to obtain a feasibility report that reflects future projected revenues to provide such a debt service coverage for the term of the debt obligations. As part of the feasibility study, the projected recapture of "lost water" will not be able to be included as water fund revenues available for debt service payments.

6) What Happens to the Projected 5% Increase in Water Revenue Resulting From the Water Meter Replacement Project?

Although the projected increase in revenues generated from the water meter replacement program cannot be utilized for debt coverage ratios in the feasibility report required for a bond issue, staff has worked with Kane, McKenna to prepare a second set of pro forma statements which proposes to deposit the additional water revenue generated from the meter replacement program, projected at 5%, into an escrow account held by the Village. Annual bond payments would be paid as part of water fund operations, annually reducing the amount of outstanding debt obligation. When sufficient funds are available to purchase US Treasury securities to payoff the outstanding debt, the Village could then establish a defeasance escrow account with a bank and purchase the US Treasury securities in an amount to pay off the bonds at the first available call date.

Sufficient revenues from the water meter replacement program are projected to accumulate in the Village's escrow account within 6-7 years to pay off the bonds at the first available call date after 10 years. (See attached Exhibit 2).

We have asked our financial consultant, Phil McKenna to attend the special meeting on Monday, April 2, 2012 to address any question or concerns regarding the proposed bond issue for the projects and/or the escrow account.

By maintaining the proposed water rate structure and utilizing the projected increase in water revenue to payoff the bonds early, the Village is able to postpone subsequent increases in residential water rates for seven years (FY 2025-26 vs. FY 2018-19) and reduce subsequent rate increases, which are projected every three years to fund future operating costs, from 3.5% to 2.5%. In addition, the Village is also able to achieve the recommended reserve requirement of 50% of annual operating expenses in FY 2023-24.

7) Are there any other alternatives to consider?

Staff also attempted to identify another alternative financing method by 1) utilizing an interfund loan and Water Fund reserves to fund the water meter replacement project, 2) fund the pumping station improvements over two fiscal years with capital funds intended for main replacement, and 3) no other rate increases other than those required for the City of Chicago rate increases. Unfortunately, by using the additional revenue generated by the water meter replacement program solely for repayment of the interfund loan over the projected five year budget period, without any additional increases for operations and reserves, the Water Fund incurred significant operating deficits and quickly fell into a negative reserve position.

As a final alternative, the Village Board could elect not to proceed with the water meter replacement project. However, this would result in additional rate increases in subsequent fiscal years as water accountability is expected to decline further as more water meters lose accuracy and/or become inoperable. This option also does not address the inequitable distribution of water fund costs between those residents with accurate meters and those with inaccurate meters. Finally, by not replacing the meters the Village would also not be addressing the water accountability issue raised by the IEPA and Village auditors.

Summary / Recommendation

Pay-as-you-go financing is not recommended due to the delay in addressing the water meter accountability issue and operational efficiencies, and no funding provided for future main replacement during the duration of the project. As sufficient funds are not available to pay for the cost of the projects and interest rates are at historical lows, a 20 year G.O. alternate revenue bond, with a 10 year call provision is recommended to fund the water fund projects.

Staff also recommends an escrow account be established to accumulate revenue from the “water loss” recaptured by the water meter replacement program in order to retire the bonds at the earlier possible opportunity.

If the board concurs with staff’s recommendation, the next step in the process is to engage a financial consultant to provide advisory services related to the proposed bond issue and to approve the contact with the water meter replacement vendor, HD Supply Waterworks.

VILLAGE OF LAGRANGE, ILLINOIS
 WATER FUND
 PROJECTED REVENUES AND EXPENSES, AND
 NET REVENUES AVAILABLE FOR DEBT SERVICE
 AND PROJECTED COVERAGE RATIOS
 FOR G. O. ALTERNATE REVENUE BONDS, SERIES 2012
 20 YR. MATURITY
 (FISCAL YEAR BASIS)

	Budget												
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2013-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
OPERATING REVENUES													
Water Sales	2,571,457	2,637,686	2,879,605	3,130,783	3,525,000	4,053,750	4,357,781	4,684,615	5,035,961	5,035,961	5,035,961	n/a	5,212,220
Additional Water Sales from Installation of Water Meters													n/a
Total Water Sales	2,571,457	2,637,686	2,879,605	3,130,783	3,525,000	4,053,750	4,357,781	4,684,615	5,035,961	5,035,961	5,035,961	5,212,220	5,212,220
Other Revenues	47,042	14,644	8,055	33,011	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water Meter Installation	-	-	-	-	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water Connection Fees	27,916	34,542	38,616	39,365	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Delinquent Penalties	10,585	11,165	11,475	11,925	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Fire Lines	-	-	641	100	100	2,000,100	100	100	100	100	100	100	100
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Revenues	85,543	60,351	58,789	84,401	68,100	2,968,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100
Total Operating Revenues	2,657,000	2,698,037	2,938,394	3,215,184	3,593,100	6,121,850	4,425,881	4,752,715	5,104,061	5,104,061	5,104,061	5,280,320	5,280,320
OPERATING EXPENSES													
Personnel Services	1,118,323	1,057,321	1,151,803	1,225,988	1,280,184	1,317,193	1,369,789	1,424,708	1,484,059	1,538,919	1,592,781	1,648,528	1,708,227
Supplies and Materials	30,438	28,514	30,403	26,381	31,465	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Water Purchase - McCook	1,384,365	1,442,427	1,530,947	1,660,333	1,800,000	2,120,000	2,360,000	2,600,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000
Chicago/McCook Rate Increases, effective Jan 1st	12.5%	12.5%	12.5%	0%	20%	12%	12%	12%	12%	12%	12%	12%	12%
Contractual Services	190,486	161,272	190,355	203,799	190,196	195,546	193,755	193,195	194,658	195,038	195,038	195,038	195,038
Capital Outlay	-	949,010	236,313	540,949	87,950	2,244,771	280,803	325,803	342,089	342,089	342,089	342,089	342,089
Other	70,411	3,991	4,859	5,141	9,700	10,000	11,200	10,000	11,200	10,000	10,000	10,000	10,000
Total Operating Expenses	2,794,023	3,642,535	3,144,461	3,662,491	3,399,495	5,919,010	4,247,047	4,585,207	4,828,506	4,862,546	4,936,408	4,992,155	5,049,854
OPERATING INCOME (LOSS)	(137,023)	(944,498)	(206,087)	(447,307)	193,605	202,840	178,834	167,508	275,555	221,515	167,653	288,165	230,468
NONOPERATING REVENUES (EXPENSES)													
Investment Income	81,960	39,952	18,389	6,729	3,700	4,000	12,000	20,000	30,000	36,000	37,000	42,000	45,000
Miscellaneous Revenue	3,675	336,800	-	1,336	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenues	85,635	376,752	18,389	10,065	3,700	4,000	12,000	20,000	30,000	36,000	37,000	42,000	45,000
INCOME (LOSS) BEFORE TRANSFERS	(51,388)	(567,746)	(187,698)	(437,242)	197,305	206,840	190,834	187,508	305,555	257,515	204,653	330,165	275,466
DEBT SERVICE EXPENSE													
GO ALTERNATE REVENUE BONDS, SERIES 2012 - 20 Year Alt Rev Bond at 3.4%													
Amount funded from Capitalized Interest	-	-	-	-	(34,943)	-	-	-	-	-	-	-	-
Amount funded from Water Fund	-	-	-	-	34,943	144,903	144,180	148,288	147,118	145,813	144,283	147,573	145,625
TOTAL DEBT SERVICE Debt Service Coverage⁽¹⁾	N/A	N/A	N/A	N/A	N/A	1.43	1.32	1.26	2.08	1.77	1.42	2.24	1.89
Notes:													
(1) Debt service coverage requirement for alternate revenue bonds must exceed 1.25 to 1													
Reserves	2,001,727	1,433,981	1,246,283	809,041	1,006,346	1,068,284	1,114,938	1,154,158	1,312,596	1,424,286	1,484,669	1,667,261	1,797,101
As % of annual operating expenditures	71.6%	39.4%	39.6%	22.1%	29.6%	17.6%	25.4%	24.4%	26.4%	28.3%	29.2%	32.4%	34.6%

(1) Debt service coverage requirement for alternate revenue bonds must exceed 1.25 to 1

VILLAGE OF LAGRANGE, ILLINOIS
 WATER FUND
 PROJECTED REVENUES AND EXPENSES, AND
 NET REVENUES AVAILABLE FOR DEBT SERVICE
 AND PROJECTED COVERAGE RATIOS
 FOR G. O. ALTERNATE REVENUE BONDS, SERIES 2012
 20 YR. MATURITY
 (FISCAL YEAR BASIS)

	Fiscal Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
PROJECTED REVENUES AND EXPENSES, AND NET REVENUES AVAILABLE FOR DEBT SERVICE													
OPERATING REVENUES													
Water Sales (Proposed Rate Increase, effective May 1st)		5,212,220	5,394,647	5,394,647	5,394,647	5,583,460	5,583,460	5,583,460	5,778,881	5,778,881	5,778,881	5,981,142	5,981,142
Additional Water Sales from Installation of Water Meters		n/a											
Total Water Sales		5,212,220	5,394,647	5,394,647	5,394,647	5,583,460	5,583,460	5,583,460	5,778,881	5,778,881	5,778,881	5,981,142	5,981,142
Other Revenues		20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water Meter Installation													
Water Connection Fees		37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Delinquent Penalties		11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Fire Lines		100	100	100	100	100	100	100	100	100	100	100	100
Miscellaneous Income													
Total Other Revenues		68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100
Total Operating Revenues		5,280,320	5,462,747	5,462,747	5,462,747	5,651,560	5,651,560	5,651,560	5,846,981	5,846,981	5,846,981	6,049,242	6,049,242
OPERATING EXPENSES													
Personnel Services		1,765,944	1,827,753	1,891,724	1,957,935	2,026,462	2,097,389	2,170,797	2,246,775	2,325,412	2,406,802	2,491,040	2,578,226
Supplies and Materials		31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Water Purchase - McCook		2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000
Chicago/McCook Rate Increases, effective Jan 1st													
Contractual Services		195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038
Capital Outlay		342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089
Other		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Operating Expenses		5,109,571	5,171,360	5,235,351	5,301,562	5,370,089	5,441,016	5,514,424	5,590,402	5,669,039	5,735,429	5,834,867	5,921,853
OPERATING INCOME (LOSS)		170,749	291,387	227,396	161,186	291,471	210,544	137,136	256,579	177,942	111,552	214,575	127,389
NONOPERATING REVENUES (EXPENSES)													
Investment Income		47,000	51,000	55,000	57,000	62,000	65,000	67,000	71,000	74,000	75,000	78,000	80,000
Miscellaneous Revenue													
Total Non-Operating Revenues		47,000	51,000	55,000	57,000	62,000	65,000	67,000	71,000	74,000	75,000	78,000	80,000
INCOME (LOSS) BEFORE TRANSFERS		217,749	342,387	282,396	218,186	343,471	275,544	204,136	327,579	251,942	186,552	292,575	207,389
DEBT SERVICE EXPENSE													
GO ALTERNATE REVENUE BONDS, SERIES 2012 - 20 Year Alt Rev Bond.													
Amount funded from Capitalized Interest		148,298	145,648	147,798	144,595	146,288	147,713	143,860	144,893	145,633	146,008	146,003	145,670
Amount funded from Water Fund													
TOTAL DEBT SERVICE		148,298	145,648	147,798	144,595	146,288	147,713	143,860	144,893	145,633	146,008	146,003	145,670
Debt Service Coverage ⁽¹⁾		1.47	2.35	1.91	1.51	2.35	1.87	1.42	2.26	1.73	1.28	2.00	1.42
Notes:													
⁽¹⁾ Debt service coverage requirement for alternate revenue bonds must exce													
Reserves		1,666,552	2,063,272	2,197,871	2,271,461	2,468,644	2,586,478	2,656,752	2,839,458	2,946,748	2,966,293	3,132,865	3,194,584
As % of annual operating expenditures		35.5%	38.8%	40.8%	41.7%	44.8%	46.5%	47.0%	49.5%	50.7%	50.8%	52.4%	52.7%

VILLAGE OF LAGRANGE, ILLINOIS
WATER FUND
PROJECTED REVENUES AND EXPENSES, AND
NET REVENUES AVAILABLE FOR DEBT SERVICE

AND PROJECTED COVERAGE RATIOS
FOR G. O. ALTERNATE REVENUE BONDS, SERIES 2012
20 YR. MATURITY
(FISCAL YEAR BASIS)

EXHIBIT 2

Escrow Account	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Outstanding Debt	2,120,000	2,035,000	1,950,000	1,770,000	1,680,000	1,590,000	1,495,000
Beginning Escrow Balance	0	201,500	420,665	660,425	928,633	1,208,099	1,484,552
Annual Deposit to Escrow - 5% "water loss"	200,000	215,000	230,000	250,000	250,000	250,000	0
Ending Escrow w/ Balance with interest, for early retirement of debt at 10 year call date	200,000	416,500	650,665	910,425	1,178,633	1,458,099	1,494,552

Fiscal Year	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
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OPERATING REVENUES

Water Sales (Proposed Rate Increase, effective May 1st)
Water Sales
Additional Water Sales from Installation of Water Meters

0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	15.0%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
2,571,457	2,637,686	2,879,605	3,130,783	3,525,000	4,053,750	4,357,761	4,684,615	5,035,961	5,035,961	5,035,961	5,035,961	5,035,961	5,035,961

Total Water Sales

2,571,457	2,637,686	2,879,605	3,130,783	3,525,000	4,053,750	4,357,761	4,684,615	5,035,961	5,035,961	5,035,961	5,035,961	5,035,961	5,035,961
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Other Revenues

Water Meter Installation
Water Connection Fees
Delinquent Penalties
Fire Lines
Miscellaneous Income

47,042	14,644	8,055	33,011	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
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Total Other Revenues

85,543	60,351	58,789	84,401	68,100	2,068,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100
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Total Operating Revenues

2,657,000	2,698,037	2,938,394	3,215,184	3,593,100	6,121,850	4,425,881	4,752,715	5,104,061	5,104,061	5,104,061	5,104,061	5,104,061	5,104,061
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OPERATING EXPENSES

Personnel Services
Supplies and Materials
Water Purchase - McCook
Chicago/McCook Rate Increases, effective Jan 1st

1,118,323	1,057,321	1,151,803	1,225,988	1,280,184	1,317,193	1,369,789	1,424,709	1,484,059	1,538,919	1,592,781	1,648,528	1,706,227	1,765,000
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Contractual Services

Capital Outlay

Other

190,486	161,272	190,356	203,799	190,196	195,546	193,755	193,195	194,658	195,038	195,038	195,038	195,038	195,038
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Total Operating Expenses

2,784,023	3,642,555	3,144,481	3,662,491	3,398,495	5,919,010	4,247,047	4,585,207	4,828,506	4,862,546	4,936,408	4,992,155	5,049,854	5,104,061
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OPERATING INCOME (LOSS)

NONOPERATING REVENUES (EXPENSES)

Investment Income
Miscellaneous Revenue

Total Non-Operating Revenues

INCOME (LOSS) BEFORE TRANSFERS

DEBT SERVICE EXPENSE

GO ALTERNATE REVENUE BONDS, SERIES 2012 - 20 Year Alt Rev Bond at 3.4%

Amount funded from Capitalized Interest
Amount funded from Water Fund

TOTAL DEBT SERVICE

Debt Service Coverage⁽¹⁾

2,001,727	1,433,981	1,246,263	809,041	1,006,346	1,068,264	1,114,938	1,154,158	1,312,596	1,424,298	1,424,298	1,484,669	1,484,669	1,484,669
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Reserves

As % of annual operating expenditures

71.6%	39.4%	39.6%	22.1%	29.6%	17.6%	25.4%	24.4%	28.4%	28.3%	28.3%	29.2%	29.2%	29.2%
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Notes:

(1) Debt service coverage requirement for alternate revenue bonds must exceed 1.25 to 1

Amount funded from Capitalized Interest

Amount funded from Water Fund

TOTAL DEBT SERVICE

Debt Service Coverage⁽¹⁾

Reserves

As % of annual operating expenditures

Notes:

(1) Debt service coverage requirement for alternate revenue bonds must exceed 1.25 to 1

Amount funded from Capitalized Interest

Amount funded from Water Fund

TOTAL DEBT SERVICE

Debt Service Coverage⁽¹⁾

Reserves

As % of annual operating expenditures

VILLAGE OF LAGRANGE, ILLINOIS
 WATER FUND
 PROJECTED REVENUES AND EXPENSES, AND
 NET REVENUES AVAILABLE FOR DEBT SERVICE
 AND PROJECTED COVERAGE RATIOS
 FOR G. O. ALTERNATE REVENUE BONDS, SERIES 2012
 20 YR. MATURITY
 (FISCAL YEAR BASIS)

Fiscal Year	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32
- Able to postpone subsequent year increases for 7 additional years - Annual increases 2.5% every three years vs. 3.5% - Total increase after water meter replacement program 7.5% vs 17.5%. - Reserves at 50.6% in FY 2023-24												
OPERATING REVENUES	5,035,961	5,035,961	5,035,961	5,035,961	5,035,961	5,161,860	5,161,860	5,161,860	5,290,907	5,423,179	5,423,179	5,558,759
Water Sales (Proposed Rate Increase, effective May 1st)	250,000	250,000	250,000	250,000	250,000	256,250	256,250	256,250	262,656	262,656	262,656	269,223
Additional Water Sales from Installation of Water Meters	5,285,961	5,285,961	5,285,961	5,285,961	5,285,961	5,418,110	5,418,110	5,418,110	5,563,563	5,685,835	5,685,835	5,827,981
Total Water Sales	5,535,961	5,535,961	5,535,961	5,535,961	5,535,961	5,674,360	5,674,360	5,674,360	5,824,470	5,949,014	5,949,014	6,087,204
Other Revenues	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Water Meter Installation	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
Water Connection Fees	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Delinquent Penalties	100	100	100	100	100	100	100	100	100	100	100	100
Fire Lines	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100	68,100
Miscellaneous Income	5,354,061	5,354,061	5,354,061	5,354,061	5,354,061	5,486,210	5,486,210	5,486,210	5,621,663	5,753,935	5,753,935	5,896,081
Total Other Revenues	1,765,944	1,827,753	1,891,724	1,957,935	2,026,462	2,097,389	2,170,797	2,246,775	2,325,412	2,406,802	2,491,040	2,578,228
Total Operating Revenues	7,301,905	7,363,714	7,427,685	7,493,896	7,562,423	7,631,749	7,705,157	7,781,135	7,850,882	7,925,816	7,999,054	8,075,432
OPERATING EXPENSES	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500	31,500
Personnel Services	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000	2,765,000
Supplies and Materials	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038	195,038
Water Purchase - McCook	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089	342,089
Chicago/McCook Rate Increases, effective Jan 1st	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Contractual Services	5,109,571	5,171,380	5,235,351	5,301,562	5,370,089	5,441,016	5,514,424	5,590,402	5,669,039	5,750,429	5,834,667	5,921,853
Capital Outlay	244,490	182,681	118,710	52,489	(16,028)	45,194	(28,214)	(104,192)	(47,376)	3,507	(60,731)	(25,772)
Other	54,000	60,000	65,000	68,000	69,000	69,000	73,000	72,000	73,000	75,000	75,000	77,000
Total Operating Expenses	54,000	60,000	65,000	68,000	69,000	69,000	73,000	72,000	73,000	75,000	75,000	77,000
OPERATING INCOME (LOSS)	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935	2,996,935
NONOPERATING REVENUES (EXPENSES)	299,490	242,681	183,710	120,499	52,972	117,194	44,786	(32,192)	25,624	78,507	(5,731)	51,228
Investment Income	54,000	60,000	65,000	68,000	69,000	69,000	73,000	72,000	73,000	75,000	75,000	77,000
Miscellaneous Revenue	54,000	60,000	65,000	68,000	69,000	69,000	73,000	72,000	73,000	75,000	75,000	77,000
Total Non-Operating Revenues	299,490	242,681	183,710	120,499	52,972	117,194	44,786	(32,192)	25,624	78,507	(5,731)	51,228
INCOME (LOSS) BEFORE TRANSFERS	3,296,425	3,239,616	3,180,645	3,117,434	3,049,907	3,114,129	3,041,721	2,964,743	3,022,559	3,074,442	2,991,204	3,048,163
DEBT SERVICE EXPENSE	2,134,669	2,377,980	2,561,090	2,681,589	2,734,581	2,851,755	2,896,541	2,964,349	2,889,972	2,968,479	2,962,748	3,013,976
GO ALTERNATE REVENUE BONDS, SERIES 2012 - 20 Year Alt Rev Bond	41.6%	46.0%	48.9%	50.6%	50.9%	52.4%	52.5%	51.2%	51.0%	51.6%	50.8%	50.9%
Amount funded from Capitalized Interest												
Amount funded from Water Fund												
TOTAL DEBT SERVICE	2,134,669	2,377,980	2,561,090	2,681,589	2,734,581	2,851,755	2,896,541	2,964,349	2,889,972	2,968,479	2,962,748	3,013,976
Debt Service Coverage ⁽¹⁾	41.6%	46.0%	48.9%	50.6%	50.9%	52.4%	52.5%	51.2%	51.0%	51.6%	50.8%	50.9%
Notes:												
(1) Debt service coverage requirement for alternate revenue bonds must exce												
Reserves												
As % of annual operating expenditures												