

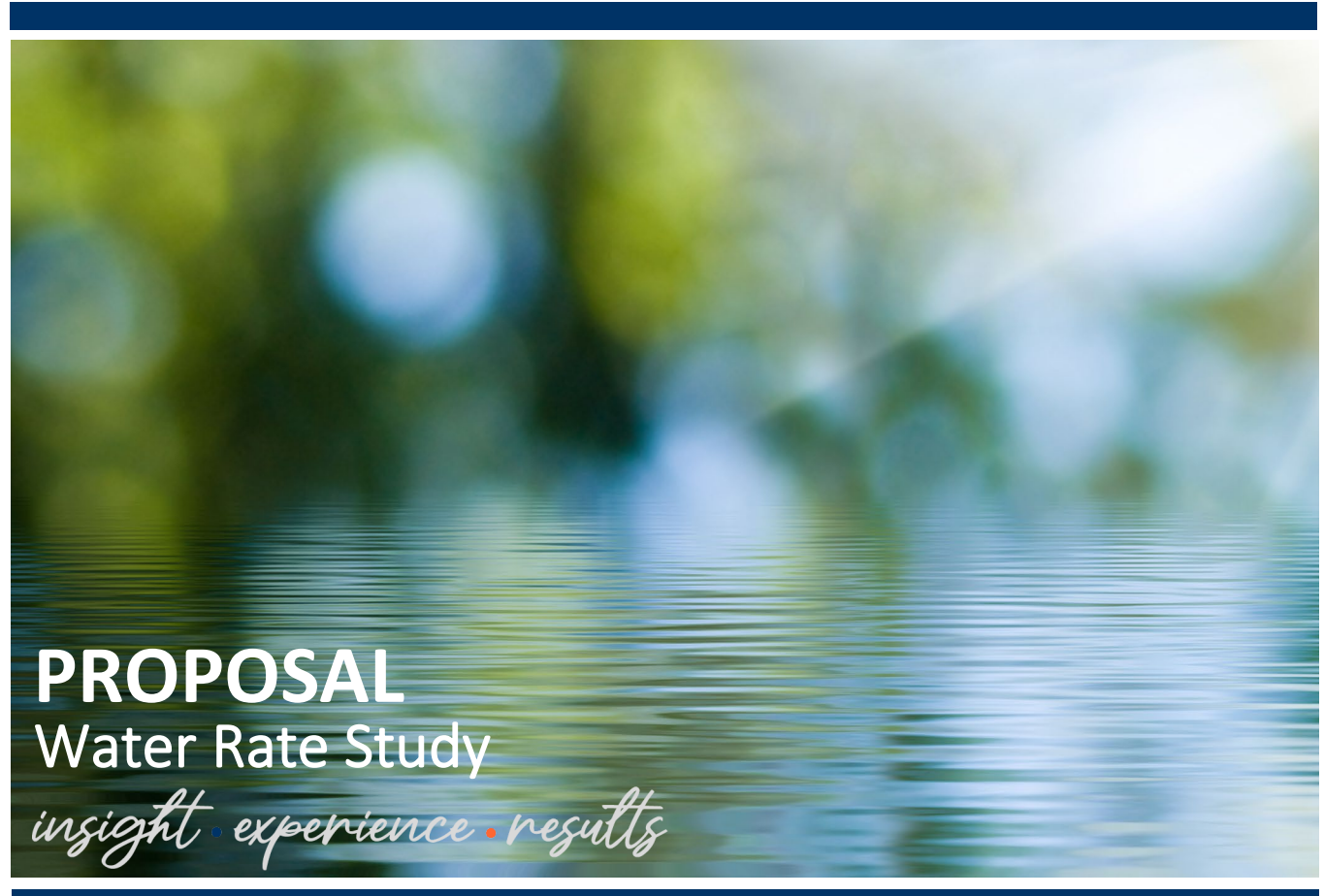
FEHR GRAHAM

ENGINEERING & ENVIRONMENTAL

200 PRAIRIE STREET, SUITE 208

ROCKFORD, IL 61107

815.394.4700



PROPOSAL Water Rate Study

insight · experience · results



PREPARED FOR

Village of Winnebago

Village Administrator

JOEY DIENBERG

108 West Main Street

Winnebago, Illinois 61088



fehrgraham.com

May 6, 2026

Joey Dienberg
Village Administrator
Village of Winnebago
108 West Main Street
Winnebago, Illinois 61088

RE: Water Rate Study Request for Proposal

Dear Joey,

Utilities across the nation face increasing challenges, including aging infrastructure, evolving regulatory mandates and rising supply costs. Managing the financial impact on a utility's customer base is critical to operating and maintaining a utility's infrastructure sustainably. By identifying and performing this Water Rate Study, the Village is taking a proactive step toward balancing necessary rate increases with the revenue required to support its operational, maintenance, debt and capital expenditures.

I, **Tim Chan, PE, will lead our team as Project Manager.** With a former employer, I led and completed more than 20 comprehensive utility rate studies across the Chicagoland area with an emphasis on evaluating long-term capital improvement project planning, analyzing alternative rate structures, and assessing impacts to customer sample bills and the equitability of financial impacts.

Our project approach emphasizes collaboration to identify and evaluate alternative rate structures, develop rates, and balance future capital and debt obligations, which can often lead to sudden rate hikes. It also lets the Village participate in the rate-setting process once we build the model so it can see the fiscal impacts of any rate increases on its diverse customer base.

We will help the Village of Winnebago with its water rate and fee program and maintain a fiscally sustainable utility.

Sincerely,



Tim Chan, PE
Project Manager
tim.chan@fehrgraham.com



Seth Gronewold, PE
Principal
sgronewold@fehrgraham.com



Business Organization

History

Fehr Graham was founded in September 1973 by professional engineers Allen Fehr and Joseph Graham. The firm was established by the merger of these two individuals' practices established in 1965 and 1962, respectively. Today, we proudly serve our valued clients from 12 office locations: Aurora, Champaign, East Peoria, Freeport, Rockford, Rochelle, and Springfield, Illinois; Cedar Rapids, Manchester and West Union, Iowa; and Monroe and Sheboygan, Wisconsin.

Professional Staff

Our staff of 250 is comprised of a wide range of experts, including professional engineers, landscape architects, professional geologists, environmental scientists, safety professionals, engineers-in-training, professional land surveyors, community planners and development specialists, engineering and environmental technicians, field inspectors, grant writers, and support technicians and assistants. Our staff has hands-on experience and applicable registrations and licenses in their areas of discipline.

Organization

Fehr Graham is a Limited Liability Company led by Kyle Saunders. Trilon Group owns Fehr Graham.



ZWEIG GROUP
HOT FIRM



No. 60 in 2025
No. 83 in 2024
No. 54 in 2023
No. 76 in 2022

ENR TOP 500



No. 435 in 2025
No. 474 in 2024
No. 471 in 2023
No. 494 in 2022

ENR MIDWEST
TOP DESIGN FIRM

No. 58 in 2025
No. 60 in 2024

Office Locations

ILLINOIS

Aurora

230 Woodlawn Avenue
Aurora, IL 60506

Champaign

1610 Broadmoor Drive
Champaign, IL 61821

East Peoria

140 East Washington Street
East Peoria, IL 61611

Freeport

101 West Stephenson Street
Freeport, IL 61032

Rochelle

515 Lincoln Highway
Rochelle, IL 61068

Rockford

200 Prairie Street, Suite 208
Rockford, IL 61107

Springfield

2160 South Sixth Street, Suite D-1
Springfield, IL 62703

IOWA

Cedar Rapids

200 5th Avenue SE, Suite 100
Cedar Rapids, IA 52401

Manchester

221 East Main Street, Suite 301
Manchester, IA 52057

West Union

128 South Vine Street
West Union, IA 52175

WISCONSIN

Monroe

1107 16th Avenue
Monroe, WI 53566

Sheboygan

909 North 8th Street, Suite 101
Sheboygan, WI 53081



The majority of the work to complete the study will be done at our **Rockford, Illinois** office.





Organizational Chart



Tim Chan, PE, will serve as the **Project Manager**, bringing a wealth of experience in executing Comprehensive Water and Sewer Rate Studies for municipal water and wastewater utilities. He has completed more than 22 studies across Chicagoland over the past decade. Tim also brings strong technical engineering expertise to support communities in long-term capital planning, in tandem with a proven track record of assisting communities through rate structure transitions to establish fair and equitable rates. Tim lives in the northwest Chicagoland suburbs and is based in our Rockford, Illinois, office.

Seth Gronewold, PE, will serve as the **Quality Assurance/Quality Control** for the study. Seth’s experience serving a variety of utilities while navigating regulatory updates, permitting and state revolving funds helps to ensure a comprehensive study is completed and that deliverables are met in accordance with the project goals. As the Village Engineer, Seth will also ensure that a comprehensive study is completed and is inclusive of the future projects funded by the Water Fund.

Juliet Betke will serve as the **Lead Engineer** and brings a strong background in the environmental remediation and construction side of engineering design projects. Her experience includes leading a range of remediation projects while understanding the developer’s project goals and budgetary restraints and ensuring compliance with state and local requirements. Juliet works with Tim on a variety of water- and wastewater-related projects, with an emphasis on non-revenue water and its impacts on utility rates. Juliet lives in the Rockford area and is based in our Rockford, Illinois, office.



● ● ● ●
Project Experience



Client Contact

Village of Elburn, Illinois

Phil VanBogaert
Superintendent of Public Works
630.365.5064
publicworks@elburn.il.us

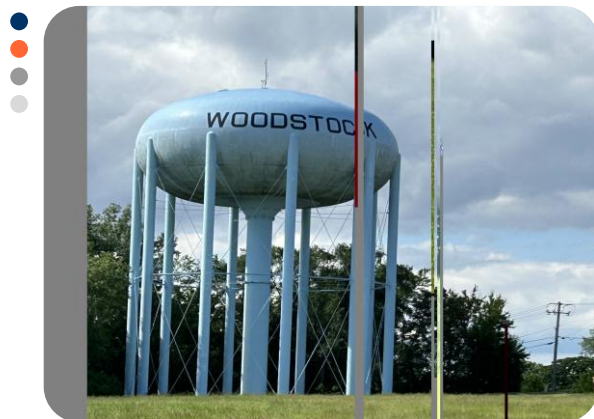
Project Team

Jason Stoll, PE | Principal
Karoline Qasem, PhD, PE, PMP, CFM | Project Manager
Andrew Barbeau, PE | Wastewater Engineer

Water System Analysis

Period of Services: October 2023 – January 2025

The Village of Elburn hired Fehr Graham to develop a Master Plan and to complete a comprehensive analysis to manage and optimize the community's water utility infrastructure, addressing system performance and future needs. We used ArcGIS and WaterGEMS to evaluate system conditions, update the Village's GIS database and model projected water demand. We also coordinated with subconsultants, held regular check-ins to keep the project on track and ensured accurate data for the water rate study. The resulting Water Works System Master Plan strengthens system reliability and efficiency and provides the Village with a strategic framework to support future development and ensure a consistent supply of high-quality water. The plan outlines clear capital improvement priorities to support the Village's long-term budget for upgrades. It positions the Village to make informed decisions that support sustainable growth.



Client Contact

City of Woodstock, Illinois

Brent Aymond
Public Works Director
815.338.6118
baymond@woodstockil.gov

Project Team

Chris DeSilva, PE | Senior Project Manager
Seth Gronewold, PE | Principal
Karoline Qasem, PhD, PE, PMP, CFM | Project Manager
Jennifer Buholzer, PE | Project Engineer
Margaret Trowbridge | Staff Engineer

Water and Sewer Master Plan and Rate Study

Period of Services: July 2024 – Present

The City of Woodstock hired Fehr Graham to review its Sanitary Sewer and Water Master Plans, prioritize projects and update costs to support long-term utility planning. Partnering with Baker Tilly, we are updating the City's utility plans and conducting a comprehensive rate study that aligns sanitary and water priorities in one place. We are integrating the latest data and regulatory requirements while addressing aquifer capacities, per- and polyfluoroalkyl substances impacts and future growth projections. Our team updated historic planning documents with cost estimates, identified opportunities across both utilities and developed rate scenarios that support the City's operational and financial goals. We worked closely with City staff to ensure our financial models reflect realistic market trends and local needs. Our recommendations will provide the City with a clear, sustainable path for infrastructure and financial planning.

Project Experience



Client Contact

Village of Winnebago, Illinois

Franklin Eubank Jr.

Village President

815.335.2020

feubank@villageofwinnebago.com

Project Team

Seth Gronewold, PE | Project Manager

Water User Rate Study

Period of Services: May 2021 – December 2021

Fehr Graham worked with the Village of Winnebago to complete a Water User Rate Study that evaluated the community's water utility rates and assessed future operational, maintenance and capital needs. The team reviewed physical conditions, economic factors and the condition of the water distribution system and projected demographic and economic trends that could affect long-term demand. These evaluations helped determine whether the Village's rates and charges adequately supported its operating, capital and debt obligations. The findings informed a rate structure that provided stable revenue for system operations, maintenance and upgrades. As a locally owned public utility operating on a long-term zero-profit basis, the water department funded improvements through user rates, capital contributions or debt. Fehr Graham applied established rate-setting principles to ensure the recommended rates were cost-based, equitable and easy for users to understand. The study ultimately aimed to support predictable revenue while balancing user affordability with the long-term financial sustainability of the water system.



Client Contact

Village of Forreston, Illinois

Tanya Shenberger

Village Clerk

815.938.2400

clerk2@villageofforreston.org

Project Team

Seth Gronewold, PE | Principal

Tim Chan, PE | Senior Project Manager

Juliet Betke | Lead Engineer

Comprehensive Water and Sewer Rate Study Phase I

Period of Services: January 2026 – Present

The Village of Forreston hired Fehr Graham to conduct a Phase I Water and Sewer Rate Study to help develop a long-term capital improvement plan and determine the revenue needed to finance proposed cash- and debt-funded projects. The study also reviews the rate increases required to sustainably operate the Village's water and sewer fund. The study further helps the village evaluate how proposed rate changes would affect its diverse customer base and begin discussions about alternative rate structures that would more fairly and equitably distribute the financial burden.



Project Understanding and Approach

✓ Project Understanding

The Village of Winnebago owns, operates and maintains the water utility infrastructure. Although the Village’s sanitary system is in connection to Four Rivers Sanitation Authority and no longer operates its own system, there are existing debt-obligations that will extend through the next decade. This debt services have historically been supported through water user charges and a voter-approved sales tax which contributes to the water enterprise fund.

Over the past decade, utilities have faced increasing challenges balancing acceptable rate increases with aging infrastructure, unfunded mandates and rising supply costs. Now more than ever, fairly and equitably assessing water rates against a utility’s unique customer base is crucial to maintaining sustainable fund balances that support operations, maintenance and capital improvement needs. We support the Village’s decision to assess its water rates and fees to ensure the system remains financially sustainable and responsive to community needs as it continues to grow.

✓ Project Approach

1. **Project Management.** Consistent communication and collaboration drive the success of any project. Our team will keep the Village’s key staff informed of project status at every stage. We will manage the scope, budget and schedule to deliver the project within the agreed budget and timeline. Any potential changes or impacts to the project budget or schedule will be identified as early as possible and communicated directly to the Village’s team. This task includes project control-related tasks, including invoicing to be routed to Village of Winnebago monthly.
2. **Data Collection and Project Kickoff Meeting.** Our team will ask for information before the meeting to ensure it is efficient and productive. This will allow our team to review the Village’s rate study information, revenues and expenses, planned capital improvements and other pertinent data to get a head start. During the meeting, our team will discuss with Village staff the required data that may be unavailable to determine which assumptions will be necessary. We will also discuss the construction of the financial model and the calibration process.
3. **Construct Rate Model and Proposed Rate Structures.** We will use a Microsoft Excel-based financial modeling spreadsheet to input all the Village’s historical financial data. Once inserted, the model will be calibrated against its historical water usage, rates and charges, debt schedule and capital projects to determine the accuracy of all projected line items through the forecast window. Key assumptions such as inflation, population growth, water usage changes, and non-revenue water will be confirmed with Village staff to build out the Baseline Scenario and ensure the model’s accuracy and precision are within acceptable tolerances.

Once the financial model is calibrated, our team will lead a Rate Structure Alternatives workshop for key Village personnel to walk through the major fixed and volumetric rate structure alternatives outlined in the American Water Works Association M1 Manual, “Principles of Water Rates, Fees, and Charges.” At a minimum, our team will compare the Village’s existing rate structure to the identified alternatives, such as the implementation of an inclining block volumetric rate structure, that would more equitably distribute the Village’s expenditures across its customer base.



Our team will provide the Village with up to three rate scenarios:

1. Baseline Scenario, in which no rate increases are applied;
2. Scenario 1 – Existing Rate Structure, in which rate adjustments are made to the Village’s current rate structure to meet the target revenue requirement;
3. Scenario 2 – Inclining Block Rate Structure, in which the Village’s existing straight volumetric rate is broken into tier blocks with increasing rates.

For the purposes of this assessment, we will prepare a financial model that incorporates the core assumptions and variables, including inflation, to better reflect the probable circumstances that would drive external factors relating to the Water Fund that projects a 10-year forecast that incorporates the Village’s identified capital infrastructure projects, associated and/or proposed debt service, and planned operational expenditures to assess the rate increases needed to meet the identified revenue requirement.

4. **Sample Neighboring Rates and Bill Comparisons.** We will prepare sample comparison water bills with neighboring and other similarly sized utilities to provide a contextual understanding of how the Village’s rates compare. These sample bills will reflect key user types outlining a typical meter size and water usage to observe the nuances of rate structures and the financial burdens placed across different customer classes.
5. **Report and Presentation.** We will prepare a draft report outlining the study’s purpose and the detailed assumptions to conduct the rate study. This report will include summaries of all pertinent discussions regarding the key inputs and projected rates and discussions with Village staff that result in decisions. We will prepare this draft report in tandem with a draft PowerPoint presentation outlining the rate scenarios and any other items for a formal presentation to the Village Board or similar, as directed by the Village of Winnebago staff.

We will prepare a final report and slide deck, incorporating any comments the Village receives, and summarizing decisions or directions provided by the Village Board regarding Alternative Rate Scenarios. One Village Board meeting is anticipated, though more can be requested if desired during final contract negotiations.



● ● ● ●
References



Village of Elburn, Illinois

Phil VanBogaert
Superintendent of Public Works
301 East North Street
Elburn, Illinois 60119
630.365.5064
publicworks@elburn.il.us



Village of Winnebago, Illinois

Franklin Eubank Jr.
Village President
108 West Main Street
Winnebago, Illinois 61088
815.335.2020
feubank@villageofwinnebago.com



City of Woodstock, Illinois

Brent Aymond
Public Works Director
326 Washington Street
Woodstock, Illinois 60098
815.338.6118
baymond@woodstockil.gov



Village of Forreston, Illinois

Tanya Shenberger
Village Clerk
301 North Walnut Avenue
Forreston, Illinois 61030
815.938.2400
clerk2@villageofforreston.org

Tim Chan, PE

Project Manager



EDUCATION

B.S. in Civil and Environmental Engineering
University of Illinois at Urbana-Champaign, 2015
Completed 24 credit hours of land surveying
classes at Northern Illinois University, 2017

PROFESSIONAL LICENSE

Professional Engineer
Illinois #062-071927

PROFESSIONAL ASSOCIATIONS

Illinois Section American Water Works Association
American Water Works Association

Tim Chan is proficient in assisting municipal water and wastewater utilities with every step of the planning, engineering and construction lifecycle process. His experience includes serving as a Project Manager and Potable Water Technical Process Lead for the company. He has completed more than 20 comprehensive water and sewer utility rate studies for the greater Chicagoland area.

WATER AND SEWER RATE STUDY PHASE I

Village of Forreston, Illinois

Tim serves as the Project Manager for the Water and Sewer Rate Study, which is intended to provide the Village with a comprehensive rate model that incorporates its annual revenues, expenditures, debt obligations and proposed Capital Improvement Plan (CIP) to determine its revenue requirements. The Phase I portion seeks to assess the necessary increases to its water and sewer rates and charges and the impacts on the Village's customers. A proposed Phase II is planned to evaluate alternative rate structures that would seek to more equitably distribute the cost burdens of the Village's infrastructure across its unique customer composition.

WATER TREATMENT PLANT (WTP) DESIGN

City of Vinton, Iowa

Tim served as the Technical Lead for the WTP improvements. He led the multidisciplinary team of electrical, HVAC, plumbing, site civil and process designers to replace the City's only WTP. Tim also led the technical design of the water treatment process, which includes aeration with pre-chlorination, pressurized horizontal sand/anthracite filters and chemical feed for fluoride, phosphate and post-chlorination.

NEW ELEVATED TANK NO. 4

City of Loves Park, Illinois

Tim served as the Water Modeling and Water Operations Lead for this project. Pressure Zone No. 2 had no elevated storage tanks and was primarily fed through pressure-reducing valves from the adjacent zones. To size the new elevated tank for Pressure Zone No. 2, Tim completed a water model update with hydrant testing to calibrate and update the City's older computer water model.

COMPREHENSIVE WATER AND SEWER RATE STUDY*

Village of Hanover Park, Illinois

Tim served as the Project Manager for the Village's Comprehensive Water and Sewer Rate Study, which included assisting with the development of a 10-year comprehensive CIP that was financially feasible within the identified maximum year-over-year rate increases.

VARIOUS WATER AND SEWER RATE STUDIES*

Greater Chicagoland Region

Tim has served as the Project Manager for more than 20 water and sewer rate studies across the Chicago area, including the City of Elmhurst, Village of Oswego, Village of Beach Park, Village of Carpentersville, Village of Lisle and City of Rolling Meadows.

WELL IMPROVEMENTS AND UPGRADES DESIGN-BUILD*

Village of Lake in the Hills, Illinois

Tim served as Project Manager for the upgrades to Well Nos. 12 and 14, which were part of a several-year CIP to address the aging mechanical and Supervisory Control and Data Acquisition (SCADA) infrastructure. The projects included replacing valves, piping, SCADA Programmable Logic Controllers and various instrumentation.

*Project completed with previous employer.

Seth W. Gronewold, PE

Principal



Seth Gronewold works with governmental clients, helping them with drinking water distribution systems, treatment, road, sanitary sewer, stormwater and culvert designs, and construction management. He manages field operations, design considerations and projects. He is proficient in hydraulics, grading plans, site and structural designs, and highway and utility engineering. Seth participates in large- and small-scale improvements, fulfilling project oversight.

EDUCATION

B.S. in Civil Engineering
Bradley University, 2015

PROFESSIONAL LICENSES

Professional Engineer
Illinois #062-071468
Iowa #25539
Wisconsin #47315-6
Texas #135738
Michigan #6201311561
Florida #99994

CERTIFICATION

NBIS Program Manager
Illinois #01064, 2019
Iowa, 2020
Wisconsin, 2021

PROFESSIONAL ASSOCIATION

Illinois Section of American Water Works
Association

WATER RATE STUDIES

- City of Woodstock, Illinois
- Village of Forreton, Illinois
- Village of Winnebago, Illinois
- Village of South Beloit, Illinois

WELL NO. 39 WATER TREATMENT FACILITY DESIGN

City of Rockford Water Department, Illinois

Seth served as Project Manager for the design of Well No. 39 Water Treatment Plant. He helped with preliminary and final designs along with securing a loan for the City through the Illinois Environmental Protection Agency (EPA).

WELL NO. 3 AND WATER TREATMENT PLANT NO. 2 DESIGN

Pingree Grove, Illinois

Seth served as Lead Design Engineer on this project. A loan application and project plan were prepared and submitted to the Illinois EPA for approval. Seth helped design the test well, as well as the bidding documents and services.

WELL NO. 34 WATER TREATMENT FACILITY

City of Rockford, Illinois

Seth served as Project Manager for the design of a water treatment plant and reservoir to replace the well house.

WELL NO. 8 TREATMENT FACILITY

Rochelle Municipal Utilities | Rochelle, Illinois

Seth served as the Lead Design Engineer for the design and construction of the new Well No. 8 well house and iron treatment plant.

WELL NO. 45 TREATMENT PLANT ADDITION

City of Rockford Water Department, Illinois

DEEP WELL NO. 19 AND TRANSMISSION MAIN DESIGN SERVICES

City of Crystal Lake, Illinois

WATER MAIN REPLACEMENT DESIGN, BIDDING AND CONSTRUCTION OBSERVATION

Village of Forreton, Illinois

JEFFERSON STREET WATER MAIN REPLACEMENT

City of Rockford Water Department, Illinois

EDGEBROOK WATER MAIN REPLACEMENT

City of Rockford Water Department, Illinois

SEMINARY STREET WATER MAIN REPLACEMENT

City of Rockford Water Department, Illinois



Juliet Betke

Lead Engineer



EDUCATION

B.S. in Environmental Engineering
University of Wisconsin-Platteville, 2021

PROFESSIONAL LICENSES

Asbestos Supervisor
Wisconsin #ACS-283405

Asbestos Professional
Illinois #100-21016

CERTIFICATION

NIOSH 52E – Sampling and Evaluating Airborne Asbestos Dust, 2025

Juliet Betke is experienced in the management and execution of a broad range of environmental assessments, including water, soil and hazardous materials, having served as a Project Manager for more than 100 public and private facilities across Illinois and Wisconsin. Her background and experience bring a unique lens to the planning, design and construction of water and wastewater infrastructure.

WATER AND SEWER RATE STUDY PHASE I

Village of Forreston, Illinois

Juliet serves as the Lead Engineer for the Water and Sewer Rate Study, which is intended to provide the Village with a comprehensive rate model, incorporating its annual revenues, expenditures, debt obligations and proposed Capital Improvement Plan to determine its revenue requirements. Her work includes building the water and sewer rate model, assessing impacts on sample bills and evaluating rate impacts for the Village's proposed capital outlay.

NEW ELEVATED TANK NO. 4

City of Loves Park, Illinois

Juliet served as the Project Engineer for Elevated Tank No. 4, which would serve Pressure Zone 2 without elevated storage. Her responsibilities included engineering design markups, coordinating with vendors, developing technical specifications and assisting with client coordination.

WATER TOWER NO. 2

Village of Pingree Grove, Illinois

Juliet served as the Project Engineer, and her responsibilities included the design of the site's civil utilities, stormwater management and site grading, engineering design markups of the tank and internal components, and coordination with the client on the future development of an on-site, new shallow well that would be routed to the Village's Water Treatment Plant.

SOUTHGATE SUBDIVISION WM REPLACEMENT AND FULL DEPTH RECLAMATION

City of St. Charles, Illinois

Juliet serves as the Project Engineer for a full-depth reclamation project, including water main replacement. She is designing the water main alignment and construction plans, which incorporate the City's identified sidewalk, curb, and gutter removals and replacements based on field inspections.

CREEKSIDE RESIDENCES DEVELOPMENT

Rockford Housing Development Corp. | City of Rockford, Illinois

Juliet served as the Project Engineer for a private development on an Illinois Environmental Protection Agency Brownfield site in Rockford. Her responsibilities included the stormwater system, utility connections for water and sewer, design capacities, site grading and client communications across multiple disciplines.



Cost Proposal

The following cost breakdown divides each item by task for the Village to consider. We are prepared to finalize the scope and fee through negotiation as needed. Reimbursable expenses are included within the tasks for the Project Kickoff Meeting and the planned Board Presentation for travel to and from our Rockford office.

Project Tasks		Fee
1	Project management	\$2,615
2	Data collection and project Kickoff Meeting	\$2,253
3	Construct rate model and proposed rate structures	\$8,615
4	Sample neighboring rates and bill comparisons	\$1,631
5	Report and presentation	\$9,941
Total Project Cost		\$25,055



EXCLUSIONS

The following items are **not** included in the scope of services proposed here within:

- » Determination of a Minimum Fund Balance Policy.
- » No more than four unique sample customer bills will be evaluated for the purposes of evaluating impacts of proposed rate adjustments.
- » Re-evaluation of connection/tap on fees.
- » Certified Public Accountant approval.
- » Billing software implementation of rate structure.
- » Water Master Planning for the purposes of developing a refined Capital Improvement Plan.
- » Economic and environmental studies.
- » Permitting.
- » Funding and grant applications.

Any of the above services can be performed at an additional cost to the project upon request.



Municipal Water Rate Study Example



Village of Winnebago Water User Rate Study

Project No.: 21-467

October 2021



200 Prairie Street
Suite 208
Rockford, Illinois 61107

Prepared for:

Village of Winnebago
108 West Main Street
Winnebago, Illinois 61088

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Exhibits

- Exhibit A – General Location Map
- Exhibit B – Village of Winnebago Water Utility Overview Map
- Exhibit C – Current and Previous Water Rate Ordinance
- Exhibit D – Financial Statements for FY2017, FY2018, FY2019 and FY2020
- Exhibit E – Financial Projections Worksheet

ABBREVIATIONS

Ac.	Acre
Avg.	Average
CF or cu. Ft.	Cubic Feet
CWA	Clean Water Act
ct	Counts
DAF	Design Average Flow or Daily Average Flow
Dia.	Diameter
DMF	Design Maximum Flow or Daily Maximum Flow
DY20xx	Design Year 20xx
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
FPA	Facilities Planning Area
°F	Degrees Fahrenheit
FRSA	Four Rivers Sanitation Authority
Ft.	Feet
FWS	Free Water Surface
FY	Fiscal Year
gal.	Gallons
gpcd	Gallons per capita per day
gpd	Gallons per day
gpm or GPM	Gallons per minute
HP	Horsepower
Hr.	Hour
IAC	Illinois Administrative Code
ID	Identification
IDNR	Illinois Department of Natural Resources
IEPA	Illinois Environmental Protection Agency
ISWS	Illinois State Water Survey
KW	Kilowatt
Lbs. or #	Pounds
L.F.	Linear Feet
MCL	Maximum contaminate limits
MG	Million gallons
MGD	Million gallons per day
mg/L	Milligrams per liter
MHI	Median household income

ABBREVIATIONS

mL	Milliliter
Mo.	Month
NPDES	National Pollutant Discharge Elimination System
O&M	Operation and Maintenance
O&M&R or OMR	Operation, Maintenance and Replacement
P.E.	Population Equivalent
pH	The negative logarithm of the hydrogen ion concentration
PLC	Programmable Logic Controller
ppd	Pounds per day
PWS	Public Water Supply
PWSLP	Public Water Supply Loan Program
SCADA	Supervisory Control and Data Acquisition
SF or sq. ft.	Square Feet
SHPO	State Historic Preservation Office
SWD	Side Water Depth
TDH	Total Dynamic Head
TMDL	Total Maximum Daily Load
USACOE	United States Army Corps of Engineers
USDA	United States Department of Agriculture
USEPA	United States Environmental Protection Agency
USGS	United States Geological Survey
UV	Ultraviolet (as in UV disinfection)
WQS	Water Quality Standards
WRF	Water Reclamation Facility
WTP	Water Treatment Plant

REFERENCES

1. U.S. Census Bureau, 2006-2018 Census data, (www.census.gov)

1.0 INTRODUCTION

1.1 Study Purpose and Scope

This report has been prepared at the direction of the Village of Winnebago, as authorized by an agreement with Fehr Graham executed May 10, 2021. The purpose of this report is to evaluate the current water utility rates and future maintenance and expansion needs of the system to provide recommendations for future water utility rates. The overall goal of this study is to determine the necessary rate adjustments, if needed, to keep the Village of Winnebago's water enterprise fund self-supporting.

This report will consider the following characteristics of the planning area to determine which future water rate adjustment approach is best suited to meet the present and future needs of the Village:

- Existing physical and economic characteristics.
- Existing water distribution infrastructure.
- Future physical, demographics and economic characteristics.

From the assessment of the above, the following considerations will be made to determine an appropriate rate structure that will provide the necessary financial resources to operate and maintain and improve the Village of Winnebago's water infrastructure.

It is important to distinguish that the Village of Winnebago Water Department is a Public Utility. Public utilities are usually owned by a city, county, or special governing district, and are operated on a zero-profit basis over the long term. However, during short periods of time a surplus or deficit may exist. A public utility is a locally owned organization since its customers are also its owners. Public utilities, like the Village of Winnebago Water Department, are capitalized or financed by issuing debt or soliciting funds from customers through capital contributions or user rates. Public utilities are typically tax-exempt organizations and are governed by a board or a council. The Village of Winnebago, including its water department, is governed by a publicly elected board of trustees.

1.2 Generally Accepted Rate Setting Principles

For practicality, utility providers should consider setting their usage rates around generally accepted or global principles and guidelines. With this in mind, utility rates should be:

- Cost-based, equitable, and set at a level that meets the utility’s revenue requirements fully.
- Easy to understand and administer.
- Designed around generally accepted rate-setting techniques.
- Stable in their ability to provide adequate revenues to meet the utility’s financial, operations and maintenance, and regulatory requirements.
- Established at levels that are stable from year to year.

This study was created utilizing these guiding principles to help develop cost-based rates that are equitable for the community while keeping the capital needs of the system in mind.

1.3 General Background

1.3.1 Project Location

The Village of Winnebago serves residents and other customers within and outside the corporate limits of the Village and is located in the southwest portion of Winnebago County, Illinois. See Exhibit A for a map of the general location of the Village of Winnebago.

1.3.2 Median Household Income

The current Median Household Income (MHI) for the Village of Winnebago according to the US Census 2019 American Community Survey data is \$83,005.00. This is 26% higher than the State of Illinois average MHI of \$65,886.

1.3.3 Historic and Future Population

The following table indicates an increase in population for the Village of Winnebago from 1990 through 2010, but growth has slowed since the economic recession of 2008. Based on the population trends, minimal population growth could be anticipated over the next 20 years. With these findings in mind, we will assume no more than 3% population growth over the next 20 years for the purposes of this report.

Table 1.3.3 - Population Data Over Time

Year	Population
1990	1,840
2000	2,958
2010	3,101
2019 (est.)	2,991

1.3.4 Existing and Future Water Demand

The Village of Winnebago produces and distributes potable water from three municipal water wells. Currently, the Village does not treat any water produced from its wells. Current system water supply data is shown in Table 1.3.4 for assessment of the water system. Water supplied over time has increased slightly, though increases could occur with population growth. For the purposes of this report, and using the data provided in Table 1.3.4 below, it can be assumed that increases to the average supply of water should be minimal for future planning purposes.

Table 1.3.4 - Average System Supply from Village of Winnebago Public Works

Year	Supply
2010	0.19 MGD
2015	0.19 MGD
2020	0.20 MGD

2.0 EXISTING FACILITIES AND RATE STRUCTURE

The Village of Winnebago is a municipal corporation that owns and operates the water distribution network. The Village’s water infrastructure consists of three shallow water potable water wells, the main distribution network, system valves, fire hydrants, two elevated storage tanks, water services, and water meters.

2.1 Existing Water Distribution System

The Village’s distribution system is generally depicted on the map provided in Exhibit B. The distribution system consists of a single pressure zone. The distribution system consists of approximately 27 miles of 4- to 12-inch water mains, control valves, fire hydrants, and two elevated storage tanks. Pipe materials are generally asbestos cement (transite), ductile iron, cast iron, and PVC.

2.2 Current Water System Revenues and Expenditures

2.2.1 Current Monthly Water Rate Structure

Currently, all water system charges including usage fee revenue, water meter fees, late payment penalties, water shut off/turn on fees, and connection fees are deposited into the water enterprise fund. This fund is the main financial vehicle for the Village of Winnebago’s water supply operations paying for operational expenses and routine maintenance for the equipment. The Village’s last rate increase took place in 2017, adopting new water rates. Refer to Exhibit C for copies of current and previous water and sewer rate ordinances. Garbage and recycling fees for the Village are collected through the water enterprise fund, but the expenses are also paid out of the same fund so this revenue generation can be considered a majority pass-through cost that should not be considered in future financial planning for the use of water department generated funds.

The current water rate fixed administrative fee structure can be seen in the following tables based on the most recent water rate ordinance passed by the Village Board in 2017:

Resident Monthly Fixed Water Administration Fees

	FY2017	FY2018	FY2019	FY2020	FY2021
<1” Service	\$4.70	\$4.90	\$5.00	\$5.00	\$5.00
1.25” to 1.5” Service	\$9.40	\$9.80	\$10.00	\$10.00	\$10.00
2” Service	\$15.04	\$15.68	\$16.00	\$16.00	\$16.00
3” Service	\$30.96	\$32.28	\$33.00	\$33.00	\$33.00

	FY2017	FY2018	FY2019	FY2020	FY2021
4" Service	\$45.43	\$47.36	\$48.00	\$48.00	\$48.00
6" Service	\$94.90	\$98.93	\$101.00	\$101.00	\$101.00

Non-Resident Monthly Fixed Water Administration Fees

	FY2017	FY2018	FY2019	FY2020	FY2021
<1" Service	\$7.05	\$7.35	\$7.50	\$7.50	\$7.50
1.25" to 1.5" Service	\$14.10	\$14.70	\$15.00	\$15.00	\$15.00
2" Service	\$22.56	\$23.52	\$24.00	\$24.00	\$24.00
3" Service	\$46.44	\$48.42	\$50.00	\$50.00	\$50.00
4" Service	\$68.15	\$71.04	\$72.00	\$72.00	\$72.00
6" Service	\$142.35	\$148.40	\$151.00	\$151.00	\$151.00

Resident Monthly Fixed Sewer Administration Fees

	FY2017	FY2018	FY2019	FY2020	FY2021
<1" Service	\$4.70	\$4.90	\$5.00	\$5.00	\$5.00
1.25" to 1.5" Service	\$9.40	\$9.80	\$10.00	\$10.00	\$10.00
2" Service	\$15.04	\$15.68	\$16.00	\$16.00	\$16.00
3" Service	\$30.96	\$32.28	\$33.00	\$33.00	\$33.00
4" Service	\$45.43	\$47.36	\$48.00	\$48.00	\$48.00
6" Service	\$94.90	\$98.93	\$101.00	\$101.00	\$101.00

Non-Resident Monthly Fixed Sewer Administration Fees

	FY2017	FY2018	FY2019	FY2020	FY2021
<1" Service	\$7.05	\$7.35	\$7.50	\$7.50	\$7.50
1.25" to 1.5" Service	\$14.10	\$14.70	\$15.00	\$15.00	\$15.00
2" Service	\$22.56	\$23.52	\$24.00	\$24.00	\$24.00
3" Service	\$46.44	\$48.42	\$50.00	\$50.00	\$50.00
4" Service	\$68.15	\$71.04	\$72.00	\$72.00	\$72.00
6" Service	\$142.35	\$148.40	\$151.00	\$151.00	\$151.00

In addition to the above administrative fees that both resident and non-resident users pay, there is a usage rate for the amount of water that residents are using based on readings of the water meter. These usage rates, based on every 1,000 gallons used, can be seen below in the following tables:

Resident Water Usage Rates

FY2017	FY2018	FY2019	FY2020	FY2021
\$2.80	\$3.20	\$3.30	\$3.30	\$3.30

Non-Resident Water Usage Rates

FY2017	FY2018	FY2019	FY2020	FY2021
\$4.20	\$4.80	\$4.95	\$4.95	\$4.95

2.2.2 Regional Water Rate Comparison

As seen in the table below, the average monthly cost for residential water usage in the Village of Winnebago is currently above the regional average when a comparison is performed of stated municipal or water district rates as of July 2021. However, with differences in population, demographics, household income, etc., among these communities, this comparison should not be the sole factor in determining whether a rate increase is or is not justified. The numbers in the table below are based on a 3/4" residential water meter and incorporate all of the fees that the individual communities have implemented through their water rate ordinances including administrative fees and capital fees. An important item for consideration is that while rates can be compared on paper, needs of each community can vary greatly depending on existing infrastructure needs. For example, some of the comparable communities may have to replace lead service lines, update wells, install water treatment, replace water main, etc. The Village of Winnebago is in a relatively unique position compared to surrounding communities due to the debt obligation to the Four Rivers Sanitation Authority that is being collected through a capital improvement water usage fee and the large amount of transite water main that exists within the Village. If the capital debt for the Four Rivers Sanitation Authority was removed from the water billing, the Village of Winnebago would be in the lower quarter of average monthly water billing when compared to regional water utilities.

Table 2.2.2A - Regional Water Billing Comparison Chart

Item	Average Bill for 4,000 Gallons	% of MHI	Average Bill for 6,000 Gallons	% of MHI
South Beloit - IAW	\$49.47	0.98%	\$58.63	1.16%
Rockton	\$29.88	0.40%	\$34.84	0.46%
Roscoe - NPW	\$32.37	0.42%	\$40.79	0.53%
Machesney Park - NPW	\$32.37	0.53%	\$40.79	0.77%
Loves Park	\$25.23	0.51%	\$29.22	0.59%
Rockford	\$31.96	0.87%	\$39.61	1.07%
Byron	\$33.84	0.66%	\$41.14	0.80%
Stillman Valley	\$33.34	0.68%	\$41.74	0.85%
Forreston	\$37.52	0.83%	\$49.96	0.83%
Freeport	\$33.84	1.02%	\$37.76	1.13%
Lena	\$18.10	0.39%	\$22.40	0.48%
Stockton	\$38.31	1.05%	\$46.31	1.27%
Galena	\$28.16	0.43%	\$39.08	0.61%
Pecatonica	\$49.49	1.05%	\$65.29	1.39%
Average	\$33.98	0.70%	\$41.45	0.85%
Village of Winnebago	\$45.00	0.65%	\$65.00	0.94%

Due to the variation in total monthly water bill totals for the surrounding communities, it was decided to analyze the usage rates that these local communities are charging consumers as this will eliminate outliers in the data due to capital fees or administrative fees that are not uniform across all municipalities or water districts. Although each community may have its usage fee structure set up with different units, for the purposes of this study they have all been converted to a per 1,000-gallon rate.

Table 2.2.2B - Regional Usage Fee Comparison Chart

Item	Usage Fee Per 1000-Gallons
South Beloit - IAW	\$4.57
Rockton	\$2.47
Roscoe - NPW	\$4.21
Machesney Park - NPW	\$4.21
Loves Park	\$3.87
Rockford	\$3.82
Byron	\$3.65
Stillman Valley	\$4.20
Forreston	\$7.72
Freeport	\$1.96
Lena	\$2.15
Stockton	\$4.00

Item	Usage Fee Per 1000-Gallons
Galena	\$5.46
Pecatonica	\$7.90
Average	\$4.30
Village of Winnebago	\$3.30

The average rate paid per 1,000-gallons is \$4.07 and the standard deviation of rates from the surrounding communities is \$1.45. The standard deviation can be used to determine a range of fees that would be considered normal. This is done by adding and subtracting one standard deviation from the average user fee. Therefore, charges outside of the range of \$2.62 and \$5.52 for each 1,000 gallons consumed would be abnormal for the area. The Village of Winnebago’s current water rate structure falls closer to the lower end of the standard deviation for the average regional water usage rates. It is recommended that the Village increase to a rate structure that will stay within this standard deviation range within the next five years while still staying competitive with local municipalities and water districts.

2.2.3 Annual Operating Revenues

The reported rates mentioned above, and the Village’s capital fee structure generated approximately \$870,000 annually for the water enterprise fund between 2017-2020. There is an additional revenue line item for Intergovernmental Revenue that is the “Rock 39” maintenance agreement. This item averages approximately \$66,000 annually. The Village of Winnebago also levys a 1% sales tax that generates an average of \$217,000 annually to the water enterprise fund. The Village’s financial audits can be found in Exhibit D for 2017-2020.

2.2.4 Annual Operating Expenses

Due to the debt obligation that the Village of Winnebago has incurred from the connection to the Four Rivers Sanitation Authority, the average annual expenses over the last 4 years are consistently increasing as user rates and the capital fee having remained flat after increasing in 2019. In 2021, the Village will begin making payments on the third and final amortized debt obligation to FRSA and will owe a total of \$415,653 annually until 2038 when the first loan is paid in full. For budgetary purposes, the Village incurred the full amount of principal from these loans as an expense in 2018 for \$6,535,965. Although the Village did not make the full payment on this debt in 2018, it incurred the long-term debt against its total net position and is now paying interest on the loans as an annual operating expense and

making payments on the principal from cash reserves. For the purposes of this report, we have not included this large debt in the total net position of the Village and have shown the interest and principal being paid each year against the net position of the water enterprise fund. Another added expenditure to the water enterprise fund was the addition of an administrative staff member being paid out of the annual operating budget for the water department. This cost is reflected in all future estimations of annual expenses. In addition to the additional annual expenses, the future expenses also reflect an anticipated Consumer Price Index increase of 2% annually. This is in line with historical data over the previous 10-years and assumes that levels during the COVID-19 pandemic are outliers compared to historical data.

2.2.5 Appropriate Account Reserves

AWWA provides guidelines for appropriate reserve levels based on the size of the utility and its operating expenses. One metric that is used is to determine a length of time that the utility would like to have dedicated reserves to account for operating expenses. The typical range of time is one to three months of operating expenses. Excluding capital improvements, average monthly operating costs for the Village’s water system are \$86,374. Assuming three months of operating expenses are to be kept on hand, the balance of the water fund must be at least \$259,121. The fund currently far exceeds this amount, so by this standard, the water enterprise fund is in good standing by AWWA guidelines.

2.2.6 Existing Debt Obligation to Four Rivers Sanitation Authority

Due to the deterioration of the existing wastewater treatment facilities in the Village of Winnebago, a decision was made and approved by the Village Board to connect the Village of Winnebago to the Four Rivers Sanitation Authority (Formerly known as Rock River Water Reclamation District). This decision did not come without a significant financial burden to the Village. The total cost incurred for this conversion was \$11,104,141.24. To date, the Village has paid 24.6% of this cost. The table below shows the debt obligations that the Village took on as part of the connection project.

Table 2.2.6 - Debt Obligation to Four Rivers Sanitation Authority

Project	Construction Amount	Loan Period	Annual Loan Payment
Rehabilitation	\$2,053,008.25	N/A	Paid in Full
Plant Buy-In	\$676,370.00	N/A	Paid in Full
Trunk Line Phase C	\$4,675,725.00	Jan 2019 - July 2038	\$278,785.64

Project	Construction Amount	Loan Period	Annual Loan Payment
Pump Stn Elim/Plant Conv.	\$1,374,542.99	Aug 2019 - Feb 2039	\$81,830.18
Parallel Trnk/Upgr.-Corners*	\$2,324,495.00	Dec. 2021 - Jun 2041	\$55,037.62
Lump Sum Cash Payment		Dec. 2021 - One Time	\$1,400,000.00
Totals	\$11,104,141.24		\$415,653.44

*\$1,400,000.00 Lump Sum cash payment taken from \$2,324,495.00 cost for the Parallel Trunk/Upgrade-Corners project cost. Total financed debt obligation \$924,495.00.

The Village of Winnebago will be making bi-annual payments to the Four Rivers Sanitation Authority totaling \$415,653.44 per year until the first loan is paid off in July of 2038 when the annual obligation drops to \$136,867.80. In February 2039, the total annual payment amount will drop to \$55,037.62. For the sake of this analysis, we are not considering a scenario where this debt drops away from the annual expenses incurred by the Village of Winnebago due to the remaining length of the loans encompassing a much longer period than the recommended length of the rate increases in this analysis.

2.2.7 Existing Debt Obligation the Illinois Environmental Protection Agency

In 2014, the Village of Winnebago decided that there was a need for the construction of a new elevated storage tank to provide additional potable water storage capacity for residents. The total project cost was \$2,265,000 and the IEPA forgave \$650,000 making the total debt obligation for the project \$1,615,000. Upon completion of this project in 2014, the Village began making payments on the following schedule as seen in the table below. The Village pays for this debt obligation with both user-generated revenue and revenue from the annual 1% sales tax that is credited to the water enterprise fund. The current 1% sales tax is active through the year 2032. Should the sales tax not be extended by the citizens of the Village in 2032, the Village will be in a position where there is not enough revenue being generated to pay off debt obligations and fund future necessary capital improvements without supplemental increases in the water usage rates to offset the 1% sales tax loss.

Table 2.2.7 - Debt Obligation to Illinois Environmental Protection Agency

Project	Construction Amount	Loan Period	Annual Loan Payment
Water Tower	\$1,615,000	Jan 2014 - Jan 2035	\$97,940

3.0 CAPITAL IMPROVEMENT FINANCING AND USER RATE CALCULATIONS

The Village of Winnebago’s desired water utility capital improvement plan, as detailed in Section 3.1, will require significantly higher capital expenditures than the current fund can support. If the projected projects are to take place at the pace that the Village desires, \$4,148,000 of the total capital improvement project costs would be spent over the next five years. In comparison, a minimal amount of capital expenditure has been spent over the past two years for water system improvements. The increase in spending cannot be accomplished solely through raising user charges. In order to provide rate recommendations, several methods will be used to calculate the proposed user rates. The following sections details the capital planning methodology and details each method used for capital financing. The section concludes with a summary of the calculations and recommended approach for updated the rate structure.

3.1 Capital Improvement Plan

The Village of Winnebago water department has identified a list of capital improvement needs to adequately upgrade the Village’s water supply and distribution network. This section will detail the needs of the system and demonstrate the financial obligations that these projects incur on the Village.

3.1.1 Desired Water Utility Capital Improvement Projects

The following Table 3.1.1 details the desired water utility capital improvement projects that were identified in discussions with Village of Winnebago public works representatives. It is our understanding that these projects are intended to be completed over the next 10-15 years due to the required capital commitment for each. The public works department has also indicated that they desire to have an average net increase in position of \$75,000 each year to assist in the completion of smaller improvement projects that are not necessarily identified in the projects below. This money could also be used to cover non-routine operations and maintenance expenses.

Table 3.1.1 Desired Capital Improvement Projects

Capital Project	Estimated Project Cost
Well #5 Construction	\$1,200,000.00
Transite Water Main Replacement	\$3,000,000.00
Residential Water Main Replacement (Cunningham, Clayton, Swift, Winnebago, Pecatonica)	\$1,868,000.00
Swift/School Water Main Looping	\$334,000.00
McNair Water Main Replacement	\$172,000.00

Capital Project	Estimated Project Cost
Elida Water Main Looping	\$300,000.00
Soper Water Main Looping	\$405,000.00
Winnebago Water Main Looping	\$1,080,000.00
Winnebago Highlands Water Main Looping	\$450,000.00
Total Capital Project Costs	\$8,810,000.00

3.1.2 Current Capital Improvement Charges

Currently, the Village of Winnebago charges consumers a capital fee to fund its annual Four Rivers Sanitation Authority debt obligations that are based on user consumption. Setting a capital fee based on usage carries an implied risk that the utility may not cover the annual capital debt obligation should consumption levels be lower than the average that was used to establish the capital fee. In these situations, the utility would be operating at a deficit for capital expenditures. With this in mind, it is recommended that future capital charges for consumers are based on a flat fee structure instead of usage-based. The information below shows the Village’s annual capital usage fee that is currently used to satisfy debt obligations for the Four Rivers Sanitation Authority. The Village of Winnebago also supplements its debt obligations through a 1% sales tax that is in place through 2032 and currently generates approximately \$210,000 in revenue annually. This will help to account for any shortages from the capital fee user rate and the existing IEPA SRF loan for the water tower.

Current Capital Improvement Usage Fee for Sewer Hookup

FY2017	FY2018	FY2019	FY2020	FY2021
\$6.20	\$6.20	\$6.70	\$6.70	\$6.70

3.1.3 Capital Requirements to Complete Capital Improvements

To adequately demonstrate the amount of capital needed for the completion of the CIP plan over the next 15 years, we have broken out multiple scenarios for how the Village can choose to modify its water rate structure to fund these projects.

Scenario 1 - Local Water Enterprise Fund Cash Pay-As-You-Go Approach

In this scenario, the Village of Winnebago would commit to completing the capital improvement plan by utilizing only local funds from the water enterprise account. Utilizing this approach, the Village would need to have approximately \$587,335.00 available annually to cover the project costs. With a current consumer base of approximately 1,130 users, it would cost Village of Winnebago water users

approximately \$43.31 per month to cover these capital expenses. Currently, the \$6.70 per 1,000-gallon charge is costing users approximately \$35.51 per month (assumed 5,300-gallon average consumption per month) to cover the Four Rivers Sanitation Authority debt obligation. Putting this additional fee on the users for a total of \$78.82 in monthly capital fees is not a feasible option for the Village to stay within the regional average billing totals for water utilities. This would also immediately raise the average water bill to over 1.41% of the Village’s median household income compared to the current amount of 0.86% of MHI as mentioned in Section 1.3.2. This option was eliminated from consideration after discussions with Village staff.

Scenario 2 - Locally Funded Selective Project Approach over 5 years

In this scenario, the Village of Winnebago would pare down the Capital Improvement Plan to select projects that would have the greatest impact on the water system and could be constructed within the next five years. The projects included in this analysis are:

Locally Funded 5-Year Project Breakdown

Year	Project	Estimated Cost
FY22	McNair Water Main Replacement	\$172,500.00
FY23	Swift/School Water Main Looping	\$334,500.00
FY24	Residential Water Main Replacement	\$1,868,000.00
FY25	Transite Water Main Replacement	\$1,080,000.00
FY26	Well #5 Construction	\$1,200,000.00
	Total Capital Costs	\$4,655,000.00

To take on these projects within five years, the Village would need to be able to generate \$931,000.00 per year in additional capital fee revenue. Taking the same approach as Scenario 1, this would result in an additional capital charge of \$68.66 per month to users. This is a higher amount than what resulted from Scenario 1. This option was eliminated from consideration after discussions with Village staff.

Scenario 3 - Combined Local Funding and IEPA SRF Funded 5-year Plan

In this scenario, the Village would pay for the proposed projects with a mixture of both local user-generated revenues, and long-term, low-interest loans from the IEPA SRF program. The IEPA SRF program allows municipal water utilities to amortize costs over a period of 20 years at an annually established interest rate. Current rates are 1.11% but are subject to change annually. By using the IEPA

SRF approach to funding the capital improvement plan projects, the Village would be able to implement capital fees on a flat-fee basis as the projects are constructed. Planning processes involved in the IEPA SRF process help to determine the specifics of the loan amount, interest rate, and period. Any debt obligation incurred through an IEPA loan would require prior approval from the Village Board, which gives the community the input on the approach to this funding mechanism. These fees would only be added to the water rate structure once the projects are approved for design and construction. As this scenario is the most cost-effective for the consumer base, it will be the recommended approach to financing the capital improvement plan.

3.2 User Rate Calculations

As the capital improvement plan is financed using both local dollars and low-interest loans, the Village of Winnebago Public Works Department has also expressed a desire to increase its usage-based revenue to keep up with increasing costs of system maintenance. As regulatory requirements increase and equipment becomes more mechanically complex, the costs of operations and maintenance for the water system increase.

3.2.1 Current Financial Conditions

Upon a financial review of the Village of Winnebago's annual audits from 2017-2020, it can be noted that the Village's current rate structure is putting the water department in a net positive position of an average of \$125,212 annually. This annual increase in net position gives the water department added flexibility when it comes to operational and maintenance expenses. However, the costs of annual maintenance are increasing, and there is upcoming well maintenance required for Wells 2, 3 and 4 that has not previously been factored into future financial projections. At the end of 2021, the Village of Winnebago will begin making payments on the final phase of the Four Rivers Sanitation Authority project that will cost the water enterprise fund an additional \$55,000 annually. The public works department has expressed a desire to establish water rates at a level that is going to produce an additional \$75,000 of capital for projects that can be added to the current budgetary line item for water sewer upgrades of \$75,000 for a total anticipated capital expense averaging \$150,000. The Village's financial projections worksheet can be found in Exhibit E.

4.0 RECOMMENDATIONS

4.1 User Rate Increase

The overall goal for this user rate increase is to generate an additional \$75,000 annually in revenue for the water department to provide funding for the identified capital improvement projects list.

Throughout the course of this study it was determined that the following rate structure will need to be implemented for the Village of Winnebago over the next five years on a per 1,000-gallon basis:

Table 4.1 - Proposed User Rate Increase

Year	FY2022	FY2023	FY2024	FY2025	FY2026
Increase	10%	8%	8%	5%	3%
Rate	\$3.63	\$3.92	\$4.23	\$4.45	\$4.58

Table 4.2 - Proposed Water Administration Fixed-Fee Rate Increase

Year	FY2022	FY2023	FY2024	FY2025	FY2026
Increase	10%	8%	8%	5%	3%
Rate	\$5.50	\$5.94	\$6.42	\$6.74	\$6.94

This user rate increase also accounts for an additional \$300,000 in operations and maintenance expenses that the Village of Winnebago water department is anticipating for well and elevated storage tank maintenance activities. It should be noted that these rates are for a residential 3/4" water service and that the goals of this water rate study are only met should Section 4.4 of this report be accommodated. To adequately increase the revenue of the water system, all usage rates for the various service sizes should be modified to match the percentage increases proposed to the 3/4" water service usage rates.

4.2 Capital Improvement Plan Funding

Capital Improvement Plan funding should be paid for on a pay-as-you-go basis with a flat monthly user fee implemented to cover the established annual debt service for projects that are going to be financed through the IEPA SRF low-interest loan program. The figure below details the anticipated project costs and the monthly fee associated with them. It should be noted that the Village of Winnebago would not implement these fees until a loan agreement has been signed with the IEPA. This flat fee can be added to the water rate structure via a modification to the ordinance when the Village board authorizes the water department to proceed with the projects.

Table 4.3 - Capital Improvement Project Debt Obligation Breakdown

Project	Total Cost	Monthly Debt Service Flat Fee
Residential Water Main Replacement	\$1,868,000	\$7.61
Transite Water Main Replacement	\$1,080,000	\$4.40
Well #5 Construction	\$1,200,000	\$4.88

4.3 Current Capital Obligation Funding

Upon analysis of the current capital collection structure, the Village of Winnebago is currently collecting sufficient funds with its capital charge for the sewer connection to cover the annual debt service obligations to the FRSA loans. In 2020 the Village collected \$477,442 from this capital fee while expenses were \$360,615. Beginning in 2022 the Village will incur the full annual debt service obligation to FRSA for a total of \$415,653.44. Based on this information, the capital fee for the sewer connection is collecting sufficient funds to pay for this debt. The Village is using the 1% sales tax to assist in the annual debt service obligation of \$97,940 to the IEPA for the tower project completed in 2014. In 2020, sales tax revenue was \$248,647. This sales tax is funding both the IEPA debt service and supplementing additional water department expenses.

While the Village is currently generating enough revenue between the sales tax and the capital fee based on usage, we recommend that the Village considers implementing a flat fee structure to satisfy debt obligations in the future. This will mitigate risk from consumption variation that may result in the Village not generating enough revenue to cover its debt obligations without having to pull cash from reserves. For reference, a flat fee for both the FRSA and IEPA debts would be \$30.63/mo and \$7.22/mo respectively.

4.4 American Rescue Plan Act Funding

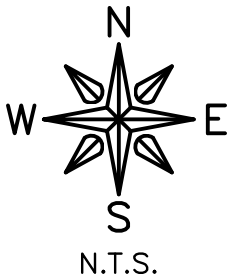
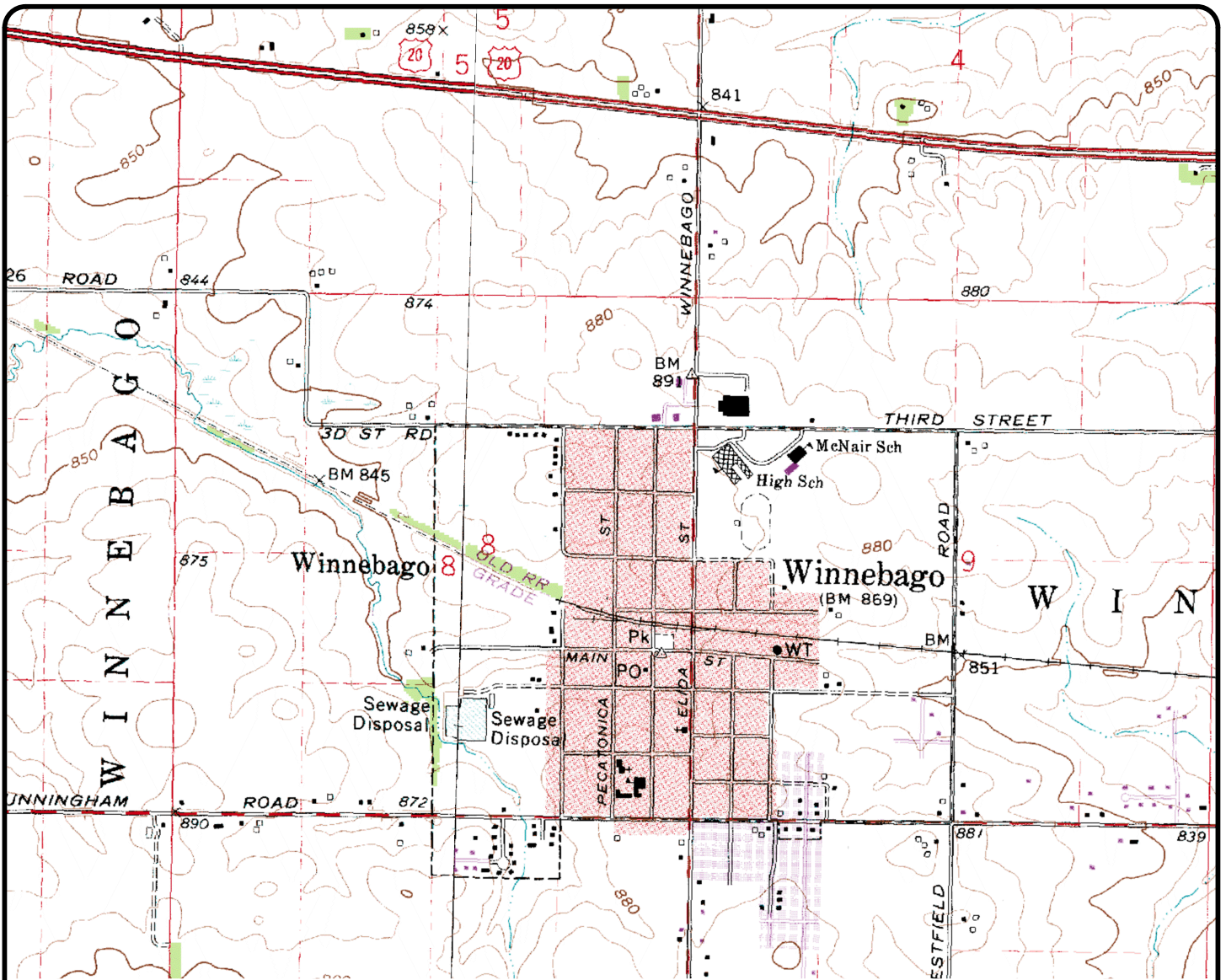
In 2021, the United States Federal Government announced the American Rescue Plan Act of 2021 which included an allotment of funds for municipalities across the nation. The funding is being administered through the State of Illinois and will consist of 2 payments. The first in 2021 and the second in 2022. The Village of Winnebago will be receiving a total of \$406,610 to be used for water, sewer or broadband projects. This funding can be used for a wide variety of capital improvements or operations and maintenance related expenses, but cannot be used to pay down existing debt obligations. After discussions with the Village of Winnebago regarding the allocation of the received ARPA funding, we

have factored in 50% of these funds to the total capital increase calculations. This has allowed the water department to recommend a much lower water rate increase than what would have been necessary should the ARPA funding not be allocated to water improvements. For reference, the rate increase structure required to obtain the minimum capital funding required by the water department would have been 15% in the first year followed by 12%, 12%, 8%, 5% in the subsequent four years.

O:\Winnebago, Village of\21-467 - Water User Rate Study\PA Final\21-467 - Winnebago Rate Study 10-29-2021.docx

Exhibits

Exhibit A
General Location Map



SITE LOCATION MAP
 VILLAGE OF WINNEBAGO
 WINNEBAGO, IL 61088

09/20/21

FEHR GRAHAM

ENGINEERING & ENVIRONMENTAL

ILLINOIS DESIGN FIRM NO. 184-003525

ILLINOIS
 IOWA
 WISCONSIN

Exhibit B

Village of Winnebago Water Utility Overview Map

WATER DISTRIBUTION MAP

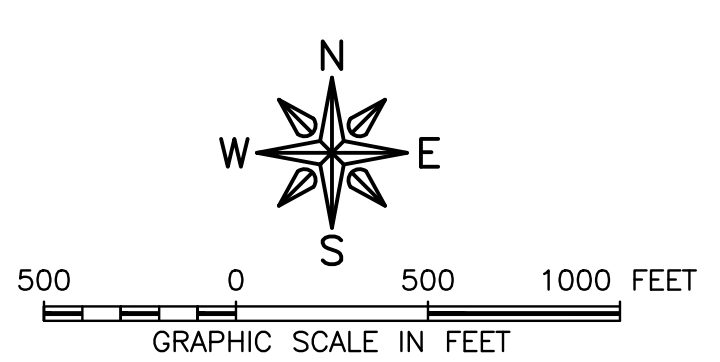
VILLAGE OF WINNEBAGO

WINNEBAGO COUNTY, ILLINOIS



LEGEND

- VILLAGE LIMITS
- PLATTED LOT LINES
- UNPLATTED OWNERSHIP LINE
- ⊕ EXISTING HYDRANT & NUMBER
- ⊕ EXISTING VALVE
- WATER SERVICE 1 1/4"
- WATER MAIN 3"
- WATER MAIN 4"
- WATER MAIN 6"
- WATER MAIN 8"
- WATER MAIN 10"
- WATER MAIN 12"
- MUNICIPAL WELL LOCATION
- WATER TOWER LOCATION



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ILLINOIS DESIGN FIRM NO. 184-003525

ILLINOIS
IOWA
WISCONSIN

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I:\Drawings\Municipal\Winnebago\VILLAGE MAP 2018.dwg, Water
PLOT DATE: 7/25/18

Exhibit C

Current and Previous Water Rate Ordinance

ORDINANCE NO. 2017 - 01

AN ORDINANCE ESTABLISHING NEW WATER RATES AND FEES FOR THE USE OF AND SERVICE SUPPLIED BY THE WATERWORKS SYSTEM OF THE VILLAGE OF WINNEBAGO, SEWER CONNECTION FEES FOR ONLY THOSE PROPERTIES IDENTIFIED IN THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE VILLAGE OF WINNEBAGO AND THE ROCK RIVER WATER RECLAMATION DISTRICT; AND A CAPITAL FEE

WHEREAS, the Village of Winnebago operates a potable water system within the Village, and has previously established rates for the usage of its water system; and

WHEREAS, the Village of Winnebago conveyed ownership of its sewer collection system and treatment facility to the Rock River Water Reclamation District by Intergovernmental Agreement (IGA) between the Village of Winnebago and Rock River Water Reclamation District dated December 21, 2011, with amendment thereto dated April 3, 2012, and with the acquisition approved by the Winnebago County Circuit Court in Case No. 2012-MR-339 on May 11, 2012; and

WHEREAS, Rock River Water Reclamation District operates the sewer system servicing the Village of Winnebago, as per the IGA; and

WHEREAS, the current ordinance 2011-06 as amended via Ordinance No. 2014-06, provided rates and fees through December 31, 2016, and a new ordinance is, thus, needed to provide for rates and fees after December 31, 2016; and

WHEREAS, the Board of Trustees of the Village of Winnebago feels it is in the best interest of the citizenry of the Village to establish a new ordinance providing for water rates and water meter, water connection, water administration, and water shutoff fees; sewer connection fees which apply only to those properties identified in Group Exhibit "A" to this ordinance, reflecting those properties served by the then sewage collection system identified in said exhibit at the time the aforesaid IGA was executed with the Rock River Water Reclamation District, and for which a plant buy-in fee was paid on behalf of each of the given properties by the Village of Winnebago; and a capital fee based on water usage to cover current and future capital improvements to the Village's waterworks system and to help subsidize the Village's approximate \$11,5000.00 debt incurred in conveying the Village's sewer collection system and treatment facility to the Rock River Water Reclamation District, which conveyance was at a significant savings of what would have been required for the Village to perform the necessary upgrades to its own sewer system required by the Illinois Environmental Protection Agency (IEPA); and

WHEREAS, the capital usage rate charge referenced above needs to be listed separately for water and sewer since not all properties have potential access to both water and sewer from the available infrastructure.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Winnebago, as follows:

SECTION I – RATES AND FEES

A. IN GENERAL. The new rates and fees listed hereinbelow for the use of and for the service supplied by the Village of Winnebago shall be and hereby are established, with the rates and fees for users outside the Village of Winnebago corporate limits being 150% of the rate for the given service for users within the corporate limits of the Village of Winnebago, and with such rates and fees commencing at the beginning of the calendar year for each of the respective years listed.

B. WATERWORKS:

1. WATER METER FEES. Village resident customers must pay all associated costs for new water meter installation as determined at the time the connection permit application is submitted, and which are separate from connection fees referenced below. These costs shall include the material cost of the meter and necessary accessories, plus labor for installation and inspection. This water meter fee must be paid before the water service is turned on. For customers who are not Village residents, the cost shall be 150% of all associated costs for new water meter installation, as determined at the time the connection permit application is submitted, as referenced above. The water meter shall be the property of the Village of Winnebago, but the user shall be responsible for maintenance of the meter and replacement of the meter for any reason, including but not limited to, willful or malicious damage, negligence, or damage sustained by freezing or caused by hot water backing through the same, except for the normal scheduled replacement of the water meter by the Village after the meter's normal life expectancy which is generally 14-20 years,

2. WATER CONNECTION FEES. There shall be and hereby are established the following water connection fees based on the size of the service and whether the person or entity connecting is a Village resident or non-resident, established with the intent to collect from each new customer that customer's proportional cost of constructing the water supply, treatment, and distribution systems, and with the goal that the growth pay for itself, rather than using revenue from existing customers to subsidize the cost of meeting additional demand from new customers:

Resident Water Connection Fee Schedule

≤ 1-inch service	\$1,911.00
1.25 to 1.5-inch service	\$5,449.00
2-inch service	\$8,695.00
3-inch service	\$17,389.00
4-inch service	\$27,243.00
6-inch service	\$54,486.00

Non-Resident Water Connection Fee Schedule

< 1-inch service	\$2,866.00
1.25 to 1.5-inch service	\$8,173.00
2-inch service	\$13,042.00
3-inch service	\$26,084.00
4-inch service	\$40,864.00
6-inch service	\$81,729.00

The fees listed above shall not include any water used during construction. Further, if there is no Buffalo Box in place on the premises, then in addition to the above costs, \$1,500.00 shall be due. The fees listed above shall remain in effect until such time as they are amended by the Village Board of Trustees.

3. a) **MONTHLY FIXED WATER ADMINISTRATION FEES.** There shall be and hereby are established the following fixed monthly water administration fees based on water meter size to reflect the increased demand placed on the water system by higher levels of usage, and to be assessed as a base bill whether or not a given customer uses any water during a given billing period, as the monthly fixed charges are structured to cover overhead and administrative costs that remain relatively constant, such as administrative overhead, utility management, meter reading, billing, customer service, replacement of meters on a regular basis, and government-mandated permit and testing fees, with such monthly fixed water administration fees based on whether the customer is a resident or non-resident of the Village:

Resident Monthly Fixed Water Administration Fees

	FY 2017	FY 2018	FY 2019	FY2020	FY2021
< 1-inch service	\$4.70	\$4.90	\$5.00	\$5.00	\$5.00
1.25 to 1.5-inch	\$9.40	\$9.80	\$10.00	\$10.00	\$10.00
2-inch service	\$15.04	\$15.68	\$16.00	\$16.00	\$16.00
3-inch service	\$30.96	\$32.28	\$33.00	\$33.00	\$33.00
4-inch service	\$45.43	\$47.36	\$48.00	\$48.00	\$48.00
6-inch service	\$94.90	\$98.93	\$101.00	\$101.00	\$101.00

Non-Resident Monthly Fixed Water Administration Fees

	FY 2017	FY 2018	FY 2019	FY2020	FY2021
< 1-inch service	\$7.05	\$7.35	\$7.50	\$7.50	\$7.50
1.25 to 1.5-inch	\$14.10	\$14.70	\$15.00	\$15.00	\$15.00
2-inch service	\$22.56	\$23.52	\$24.00	\$24.00	\$24.00
3-inch service	\$46.44	\$48.42	\$50.00	\$50.00	\$50.00
4-inch service	\$68.15	\$71.04	\$72.00	\$72.00	\$72.00
6-inch service	\$142.35	\$148.40	\$151.00	\$151.00	\$151.00

b) A water administration fee shall also be assessed to non-metered water services that are used only for fire suppression based on the size of the service.

c) No water administration fee shall be assessed for water if the water is shut off, voluntarily or involuntarily, for the period of time that the water is shut off.

4. MONTHLY USAGE WATER RATES. In addition to the above water administration fees, there shall be the following rates established to be charged for each residential, commercial, industrial, and municipal user of the waterworks service for actual usage, per 1,000 gallons, as stated below, based on whether the user is a Village resident or non-resident, with such rates in effect from the bill mailed out February 1, 2017, covering the time period of December 30, 2016, through January 30, 2017, through services rendered through December 31st of fiscal year 2021.

Resident Water Usage Rates

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$2.80	\$3.20	\$3.30	\$3.30	\$3.30

Non-Resident Water Usage Rates

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$4.20	\$4.80	\$4.95	\$4.95	\$4.95

5. WATER SHUTOFF FEE:

a) For any water bill not paid by the 15th of any given month for which a late fee of 15% as described hereinbelow shall have been assessed, and not paid by the time the next month's bill is sent out, a second notice shall be sent with the next month's bill listing the amount currently overdue, the late payment penalty amount, the Village's water service shutoff policy, and the customer's due process rights. If the overdue balance is not paid within 15 days of said second notice, a Village Public Works employee shall post a shutoff tag on the customer's front door, and a \$25.00 tag fee shall be added to the respective customer's account. If the overdue balance and all subsequent fees are not paid within 48 hours of posting the shutoff tag, the Public Works Department personnel shall shut off the customer's water service, this shutoff shall be considered an involuntary shutoff, and a \$100.00 shutoff fee shall be added to the outstanding balance. This shutoff or disconnect fee shall include one turn off and one subsequent turn on of the water by a designated Village employee. Delinquent customers must pay the entire past due amount, late payment penalty, and the total of \$125.00 in additional fees as outlined above before water service shall be restored. In the event turn on of water, whether for initial service or restoration of water service, is requested for scheduling at a time other than normal Village business hours, an additional fee of \$50.00 shall be assessed, and such fee, along with all other charges referenced above must be paid before the water is turned on.

b) In the event water is temporarily shut off at the request of the customer the shutoff shall be considered as a voluntary shutoff and the shutoff fee shall be \$50.00. This shutoff or disconnect fee shall, likewise, include one turn off and one subsequent turn on of the water by a designated Village employee.

c) The water account holder or his or her designated representative must be present and sign the Village work order at the time the respective Village employee turns on the water.

C. SEWER

1. **SEWER CONNECTION FEES.** Only as to those properties referenced hereinbelow in this paragraph, there shall be and hereby are established the following sewer connection fees based on the water service size and whether the person or entity connecting is a Village resident or non-resident, established with the intent to collect from each new customer that customer's proportional cost of constructing the wastewater collection, treatment, and discharge systems, in accordance with the terms of the aforesaid IGA with the Rock River Water Reclamation District, and with the goal that the growth pay for itself, rather than using revenue from existing customers to subsidize the cost of meeting additional demand from new customers. These fees shall apply only to the properties as served by the then current sewage collection system identified in Exhibit B 2 of the IGA, as amended, between the Village of Winnebago and the Rock River Water Reclamation District because for these properties a plant buy-in fee to Rock River Water Reclamation District was paid by the Village of Winnebago. A copy of the map depicting the affected properties, as well as the listing of such properties marked Group Exhibit "A" is attached hereto, incorporated herein, and made a part hereof.

Resident Sewer Connection Fee Schedule

≤ 1-inch service	\$3,292.00
1.25 to 1.5-inch service	\$9,390.00
2-inch service	\$15,071.00
3-inch service	\$30,141.00
4-inch service	\$46,951.00
6-inch service	\$93,901.00

Non-Resident Sewer Connection Fee Schedule

≤ 1-inch service	\$4,938.00
1.25 to 1.5-inch service	\$14,085.00
2-inch service	\$22,606.00
3-inch service	\$45,212.00
4-inch service	\$70,426.00
6-inch service	\$140,852.00

In the event street repairs will be necessitated due to the sewer connection, in addition to the aforesaid connection fees, there shall also be a \$2,000.00 refundable deposit provided that the owner or developer makes the necessary street repairs necessitated by the sewer connection within one year from the date of such connection. If such repairs are not made within the prescribed time period, the \$2,000.00 deposit shall no longer be refundable, and rather shall become the property of the Village of Winnebago, Illinois, to be used to make the necessary street repairs. In addition, the owner and developer shall be jointly and severally liable to the Village for any difference in the deposit amount and the actual cost to the Village to make the necessary street repairs. The fees listed above shall remain in effect until such time as they are amended by the Village Board of Trustees.

2. **MONTHLY FIXED SEWER ADMINISTRATION CHARGES.** There shall be and hereby are established the following fixed monthly sewer administration charges based on water meter size to reflect the increased demand placed on the sewer system by higher levels of usage, and to be assessed as a base bill whether or not a given customer uses any water during a given billing period, as the monthly fixed charges are structured to cover overhead and administrative costs that remain relatively constant, such as administrative overhead, required reporting to the Rock River Water Reclamation District for the District's billing purposes, billing, and customer service, with such monthly fixed sewer administration charges based on whether the customer is a resident or non-resident of the Village:

Resident Monthly Fixed Sewer Administration Charges

	FY 2017	FY 2018	FY 2019	FY2020	FY2021
< 1-inch service	\$4.70	\$4.90	\$5.00	\$5.00	\$5.00
1.25 to 1.5-inch	\$9.40	\$9.80	\$10.00	\$10.00	\$10.00
2-inch service	\$15.04	\$15.68	\$16.00	\$16.00	\$16.00
3-inch service	\$30.96	\$32.28	\$33.00	\$33.00	\$33.00
4-inch service	\$45.43	\$47.36	\$48.00	\$48.00	\$48.00
6-inch service	\$94.90	\$98.93	\$101.00	\$101.00	\$101.00

Non-Resident Monthly Fixed Sewer Administration Charges

	FY 2017	FY 2018	FY 2019	FY2020	FY2021
< 1-inch service	\$7.05	\$7.35	\$7.50	\$7.50	\$7.50
1.25 to 1.5-inch	\$14.10	\$14.70	\$15.00	\$15.00	\$15.00
2-inch service	\$22.56	\$23.52	\$24.00	\$24.00	\$24.00
3-inch service	\$46.44	\$48.42	\$50.00	\$50.00	\$50.00
4-inch service	\$68.15	\$71.04	\$72.00	\$72.00	\$72.00
6-inch service	\$142.35	\$148.40	\$151.00	\$151.00	\$151.00

However, no fixed charges shall be assessed for sewer administration if the water is shut off, voluntarily or involuntarily, for the period of time that the water is shut off.

3. **MONTHLY CAPITAL FEE.** In addition to the above fixed water and sewer administration fees, there shall be the following capital fee, based on the water usage rate established to be charged for each residential, commercial, industrial, and municipal user of the Village's waterworks service to be assessed against any user of the Village's waterworks system and/or the sewer service provided by the Rock River Water Reclamation District, through the IGA referenced above, to cover current and future capital improvements to the Village's waterworks system, and to help subsidize the Village's approximate \$11,500,000.00 debt incurred in conveying the Village's sewer collection system and treatment facility to the Rock River Water Reclamation District, such that the District, rather than the Village assumed responsibility for the same upon acquisition. This capital usage rate charge is to be calculated on actual usage, per 1,000 gallons, as stated below, based on whether the user is a Village resident or non-resident.

Resident Capital Fee Usage Rates/1,000 gallons

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$6.20	\$6.20	\$6.70	\$6.70	\$6.70

Non-Resident Capital Fee Usage Rates/1,000 gallons

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$9.30	\$9.30	\$10.05	\$10.05	\$10.05

For any user that is a user of Rock River Water Reclamation's sewer services only, the following rates shall apply, depending upon whether such user is a Village resident or non-resident, and with the calculation based on the rate in effect at the time of the respective billing for 6,000 gallons of water usage per month, as there is no practical way to measure only sewer usage:

Resident Sewer User Only Sewer Capital Fee Usage Rates

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$37.20	\$37.20	\$40.20	\$40.20	\$40.20

Non-Resident Sewer User Only Sewer Capital Fee Usage Rates

FY 2017	FY 2018	FY 2019	FY2020	FY2021
\$55.80	\$55.80	\$60.30	\$60.30	\$60.30

D. LATE PAYMENT PENALTY

A service charge of 15% shall apply to any outstanding bill covered by this ordinance that is not paid in full by the 15th of a given month.

SECTION II - RECORDING OF ORDINANCE

A copy of this ordinance, properly certified by the Village Clerk, shall be filed in the office of the Recorder of deeds of Winnebago County, Illinois and shall be deemed notice to all owners of real estate of their liability for service supplied to any user of the Village's waterworks system and/or the services provided by the Rock River Water Reclamation District through the aforesaid IGA between the District and the Village of Winnebago on the user's respective property.

SECTION III- EFFECT ON PRIOR ORDINANCES

All ordinances and/or parts of ordinances previously passed and approved that are in conflict with the provisions of the instant ordinance are repealed insofar as they conflict with this ordinance.

SECTION IV- EFFECTIVE DATE OF ORDINANCE

This ordinance shall be in full force and effect upon its passage, approval, publication, and recording, as provided by law, and rates for services and fees described herein shall be applicable on bills mailed out on February 1, 2017, covering the time period of December 30, 2016 through January 30, 2017.

APPROVED:

Franklin J. Eubank ,Jr. President of the
Board of Trustees of the Village of Winnebago, Illinois

ATTEST:

Sally Jo Huggins, Village Clerk

PASSED: _____

APPROVED: _____

RECORDED: _____

Exhibit D

Financial Statements for FY2017, FY2018, FY2019 and FY2020

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2017

		Enterprise Fund – Water Fund
Current assets		
Cash and cash equivalents	\$	1,131,437
Receivables – utility users, net of allowance of \$10,000		76,138
Receivables – grants and sales taxes		52,365
Prepaid items		16,675
Total current assets		1,276,615
Noncurrent assets		
Fixed assets, net of accumulated depreciation		3,403,425
Total assets		4,680,040
Deferred outflows of resources – pension		17,894
Total assets and deferred outflows of resources	\$	4,697,934
Liabilities – current		
Accounts payable		38,914
Accrued payroll		5,944
Current portion of long-term debt		69,542
Compensated absences		2,783
Total current liabilities		117,183
Long-term liabilities		
Net pension liability		70,898
Long-term debt, net of current maturities		1,371,199
Total long - term liabilities		1,442,097
Deferred inflows of resources – pension		53,188
Total liabilities and deferred inflows of resources		1,612,468
Net position		
Invested in capital assets		1,962,684
Unrestricted:		
Undesignated		1,018,782
Designated for long-term debt		104,000
Total unrestricted		1,122,782
Total net position		3,085,466
Total liabilities and net position	\$	4,697,934

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

**Statement of Revenues, Expenses
and Changes in Net Position**

Proprietary Fund

For the Year Ended December 31, 2017

	<u>Enterprise Fund – Water Fund</u>
Operating revenues	
Refuse and recycling revenue	\$ 186,768
Capital charge – sewer hook-up	454,723
Water revenue	373,196
Water deposit revenue	(110)
Intergovernmental revenue	64,281
Miscellaneous revenue	4,562
Total operating revenues	<u>1,083,420</u>
Operating expenses	
Water department	375,675
Refuse and recycling expenses	181,513
Depreciation	228,102
Total operating expenses	<u>785,290</u>
Operating income	<u>298,130</u>
Non-operating revenues (expenses)	
Interest income	6,900
Gain on sale of capital assets	3,373
1% sales tax income	208,891
Total non-operating revenues (expenses)	<u>219,164</u>
Net increase in net position	517,294
Net position	
Net position – beginning	<u>2,568,172</u>
Net position – ending	<u>\$ 3,085,466</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2017

	<u>Enterprise Fund - Water Fund</u>
• Cash flows from operating activities	
Receipts from customers	\$ 1,084,014
Payments to suppliers	(565,665)
Payments to employees	(204,680)
Payments for interest to IEPA loan	(29,764)
Net cash flows from operating activities	<u>283,905</u>
• Cash flows from capital and related financing activities	
Payments to IEPA loan	(68,176)
Proceeds from sale of capital assets	3,373
Purchase of and construction of fixed assets	(79,608)
Net cash flows from capital financing activities	<u>(144,411)</u>
• Cash flows from non-capital financing activities	
Receipts from 1% sales tax	207,649
Net cash flows from non-capital financing activities	<u>207,649</u>
Cash flows from investing activities	
Interest on investments	6,900
Net increase in cash and cash equivalents	354,043
Cash and cash equivalents, beginning of year	<u>777,394</u>
Cash and cash equivalents, end of year	<u>\$ 1,131,437</u>
Reconciliation of operating loss to net cash provided by operating activities	
Net operating income	298,130
Adjustment to reconcile net operating loss to net cash provided	
by operating activities:	
Depreciation expense	228,102
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	594
Prepaid expenses	(1,823)
Deferred pension expense	3,720
Accounts payable	(249,518)
Accrued payroll	(110)
Compensated absences	749
Pension liability	4,061
Net cash flows from operating activities	<u>\$ 283,905</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO

Notes to Financial Statements

(10) Compensated Absences

The governmental and business-type activities compensated absences activity for the year ended December 31, 2017 was as follows:

		Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities	\$	<u>23,000</u>	<u>25,514</u>	<u>23,000</u>	<u>25,514</u>
Business-type activities	\$	<u>2,034</u>	<u>2,783</u>	<u>2,034</u>	<u>2,783</u>

(11) Notes Payable

Illinois Environmental Protection Agency Notes Payable

On January 22, 2014, the Village obtained financing from the Illinois Environmental Protection Agency (IEPA) for \$2,265,000 to upgrade its potable water system. A portion of the upgrade included construction of a new water tower. Construction began during the first quarter of 2014 and was completed in July 2015. The loan accrues interest at 1.995% and will mature on January 21, 2035.

Loan disbursements totaled \$2,122,296 and the Illinois Environmental Protection Agency forgave \$650,000 of the loan. The Village began repayment in July, 2015 with bi-annual payments. In 2017, payments of principal (\$68,175) and interest (\$29,765) were made.

Future debt obligations at December 31, 2017 under notes payable are due as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2018	69,542	28,398	97,940
2019	70,936	27,004	97,940
2020	72,359	25,581	97,940
2021	73,809	24,130	97,939
2022	75,289	22,651	97,940
2023-2027	399,674	89,996	489,670
2028-2032	441,412	48,287	489,699
2033-2036	<u>237,720</u>	<u>7,160</u>	<u>244,880</u>
Total	\$ <u>1,440,741</u>	<u>273,207</u>	<u>1,713,948</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating revenues				
Water service income	\$ 360,000	360,000	371,696	11,696
Capital charge – sewer hook-up	496,000	496,000	454,723	(41,277)
Water hook-up fees	31,065	31,065	1,500	(29,565)
Sewer hook-up fees	53,535	53,535	–	(53,535)
Water deposit revenue	1,000	1,000	(110)	(1,110)
Garbage charges	183,210	183,210	186,768	3,558
Recapture and impact fees	7,000	7,000	–	(7,000)
Intergovernmental income	59,759	59,759	64,281	4,522
Miscellaneous revenue	10,500	10,500	4,562	(5,938)
Total operating revenues	<u>1,202,069</u>	<u>1,202,069</u>	<u>1,083,420</u>	<u>(118,649)</u>
Operating expenses				
Office salary	49,659	49,659	40,509	(9,150)
Rock 39 salary	–	–	684	684
Part-time wages	6,250	6,250	–	(6,250)
Meter reader	25,636	25,636	20,265	(5,371)
Plant operator	71,791	71,791	57,275	(14,516)
Public works wages	38,769	38,769	27,097	(11,672)
Health insurance	40,968	40,968	28,905	(12,063)
Payroll taxes	17,635	17,635	11,716	(5,919)
Employee benefits	28,242	28,242	18,868	(9,374)
IMRF – GASB 68	–	–	7,781	7,781
Building water usage	250	1,050	965	(85)
Alarm system	4,000	4,000	3,061	(939)
Chemicals	6,250	6,250	4,577	(1,673)
Engineering	15,000	15,000	6,296	(8,704)
Garbage expense	225,000	225,000	181,513	(43,487)
Liability insurance	18,750	18,750	14,674	(4,076)
Equipment maintenance	10,000	10,000	8,413	(1,587)
Office and computer equipment	1,250	1,250	–	(1,250)
Operating supplies	50,000	49,200	26,365	(22,835)
Postage	7,500	7,500	3,996	(3,504)
Pre-employment physical	750	750	–	(750)
Printing	1,875	1,875	–	(1,875)
Professional fees	2,900	2,900	1,347	(1,553)

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS
Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual
Proprietary Fund Types
Enterprise Fund – Water Fund
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating expenses (continued)				
Publishing/advertising	\$ 1,250	1,250	79	(1,171)
WINGIS	2,175	2,175	1,753	(422)
Rental and small equipment	9,375	9,375	3,056	(6,319)
Telephone	3,375	3,375	2,733	(642)
Travel and training	2,500	2,500	685	(1,815)
Utilities	41,875	41,875	33,033	(8,842)
Water analysis	3,125	3,125	3,219	94
Fuel, grease and oil	15,625	15,625	5,573	(10,052)
Recapture fees	4,375	4,375	-	(4,375)
Impact fees	4,375	4,375	-	(4,375)
Water sewer upgrade	62,500	62,500	1,280	(61,220)
Sullivan's payback agreement	15,000	15,000	11,706	(3,294)
IEPA – interest expense	122,425	122,425	29,764	(92,661)
Equipment sinking fund	56,250	56,250	-	(56,250)
Depreciation	275,000	275,000	228,102	(46,898)
Contingency	63,448	63,448	-	(63,448)
Capital outlay	56,250	56,250	-	(56,250)
Total operating expenses	<u>1,361,398</u>	<u>1,361,398</u>	<u>785,290</u>	<u>(576,108)</u>
Operating income	<u>(159,329)</u>	<u>(159,329)</u>	<u>298,130</u>	<u>457,459</u>
Nonoperating income (expense)				
Interest income	4,400	4,400	6,900	2,500
Miscellaneous income	5,000	5,000	3,373	(1,627)
1% sales tax income	201,000	201,000	208,891	7,891
Total nonoperating income (expenses)	<u>210,400</u>	<u>210,400</u>	<u>219,164</u>	<u>8,764</u>
Income before other financing sources	51,071	51,071	517,294	466,223
Special item –				
Rock River Water Reclamation District costs related to intergovernmental agreement for sanitary system	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>	<u>375,000</u>
Change in net assets	\$ <u>(323,929)</u>	<u>(323,929)</u>	517,294	<u>841,223</u>
Net position				
Beginning			<u>2,568,172</u>	
Ending		\$	<u>3,085,466</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2018

		Enterprise Fund – Water Fund
Current assets		
Cash and cash equivalents	\$	1,513,828
Receivables – utility users, net of allowance of \$10,000		75,988
Receivables – grants and sales taxes		57,127
Prepaid items		16,445
Due from other funds		5,002
Total current assets		1,668,390
Noncurrent assets		
Fixed assets, net of accumulated depreciation		3,585,908
Total assets		5,254,298
Deferred outflows of resources – pension		65,233
Total assets and deferred outflows of resources	\$	5,319,531
 Liabilities – current		
Accounts payable		105,287
Accrued payroll		6,372
Current portion of long-term debt		276,373
Total current liabilities		388,032
Long-term liabilities –		
Long-term debt, net of current maturities		7,764,160
Deferred inflows of resources – pension		36,596
Total liabilities and deferred inflows of resources		8,188,788
Net position		
Invested in capital assets		2,214,708
Unrestricted:		
Undesignated deficit		(5,232,965)
Designated for long-term debt		149,000
Total unrestricted		(5,083,965)
Total net position		(2,869,257)
Total liabilities and net position	\$	5,319,531

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

**Statement of Revenues, Expenses
and Changes in Net Position**

Proprietary Fund

For the Year Ended December 31, 2018

	<u>Enterprise Fund – Water Fund</u>
Operating revenues	
Refuse and recycling revenue	\$ 201,060
Capital charge – sewer hook-up	449,614
Water revenue	425,881
Water deposit revenue	1,374
Intergovernmental revenue	59,936
Miscellaneous revenue	9,395
Total operating revenues	<u>1,147,260</u>
Operating expenses	
Water department	395,244
Refuse and recycling expenses	184,259
Depreciation	234,650
Total operating expenses	<u>814,153</u>
Operating income	<u>333,107</u>
Non-operating revenues (expenses)	
Interest income	24,875
Gain (loss) on sale of capital assets	(645)
Miscellaneous income	4,500
1% sales tax income	223,615
Total non-operating revenues (expenses)	<u>252,345</u>
Income before other financing sources (uses)	585,452
Other financing sources (uses) – operating transfers	<u>(4,210)</u>
Special item – Rock River Water Reclamation District –	
Costs related to intergovernmental agreement for sanitary system	<u>(6,535,965)</u>
Net decrease in net position	(5,954,723)
Net position	
Net position – beginning	3,085,466
Net position – ending	\$ <u>(2,869,257)</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2018

		<u>Enterprise Fund - Water Fund</u>
Cash flows from operating activities		
Receipts from customers	\$	1,137,886
Payments to suppliers		(277,662)
Payments to employees		(210,655)
Payments for interest to IEPA loan		(28,398)
Net cash flows from operating activities		<u>621,171</u>
Cash flows from capital and related financing activities		
Payments to IEPA loan		(69,542)
Purchase of and construction of fixed assets		(417,778)
Net cash flows from capital financing activities		<u>(487,320)</u>
Cash flows from non-capital financing activities		
Payments from other funds		(5,002)
Receipts from 1% sales tax		228,377
Net cash flows from non-capital financing activities		<u>223,375</u>
Cash flows from investing activities		
Miscellaneous income		4,500
Interest on investments		24,875
Net cash flows from investing activities		<u>29,375</u>
Operating transfers		<u>(4,210)</u>
Net increase in cash and cash equivalents		382,391
Cash and cash equivalents, beginning of year		<u>1,131,437</u>
Cash and cash equivalents, end of year	\$	<u>1,513,828</u>
Reconciliation of operating loss to net cash provided by operating activities		
Net operating income		333,107
Depreciation expense		234,650
Increase (decrease) in cash flows due to changes in:		
Utility accounts receivable		(9,374)
Prepaid expenses		230
Deferred pension expense		(47,339)
Accounts payable		66,373
Accrued payroll		428
Compensated absences		(1,725)
Pension liability		44,821
Net cash flows from operating activities	\$	<u>621,171</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(10) Long-term Obligations

The outstanding obligations as of December 31, 2018 consist of the following:

	2018	Current Portion
Governmental activities:		
Compensated absences – Governmental activities	\$ 28,160	15,488
Pension liability – IMRF	564,061	78,707
	592,221	94,195
less current portion	(94,195)	
	\$ 498,026	
	2018	Current Portion
Business-type activities:		
Note payable – Illinois Environmental Protection Agency (IEPA), original debt of \$2,265,000 to upgrade potable water system. semi-Annual principal and interest payments of \$48,970, due January 21, 2035, interest rate is 1.995%	\$ 1,371,199	70,936
Intergovernmental agreement – Rock River Water Reclamation District (RRWRD), original debt of \$4,675,725, for sewer system, Total principal and interest payments of \$541,246, due Jan. 20 and July 20, maturing July 20, 2038. Interest rate is 1.75%	4,675,725	185,917
Intergovernmental agreement – Rock River Water Reclamation District. The Village owes RRWRD an amount between \$1,860,240 and \$2,046,264, due December 21, 2021, based upon a 2012 contract.	1,860,240	-
Compensated absences – Business-type activities	1,058	1,058
Pension liability – IMRF	132,311	18,462
	8,040,533	276,373
less current portion	(276,373)	
	\$ 7,764,160	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Future debt obligations at December 31, 2018 under IEPA notes payable are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2019	70,936	27,003	97,939
2020	72,359	25,581	97,940
2021	73,809	24,130	97,939
2022	75,289	22,651	97,940
2023	76,799	21,141	97,940
2024-2028	407,717	81,982	489,699
2029-2033	450,262	39,437	489,699
2034-2036	144,027	2,883	146,910
Total	\$ <u>1,371,199</u>	<u>244,808</u>	<u>1,616,007</u>

Future debt obligations at December 31, 2018 under the RRWRD intergovernmental agreement are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2019	\$ 185,918	\$ 76,291	\$ 262,209
2020	201,059	77,683	278,742
2021	204,593	74,149	278,742
2022	208,189	70,553	278,742
2023	211,848	66,894	278,742
2024-2028	1,116,419	277,289	1,393,708
2029-2033	1,218,043	175,665	1,393,708
2034-2036	1,329,656	64,790	1,394,446
Total	\$ <u>4,675,725</u>	<u>\$ 883,314</u>	<u>\$ 5,559,039</u>

The compensated absences and pension liabilities are paid from general fund revenues. Notes payables are paid from utility revenues.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Long-term liability activities for the year ended December 31, 2018, was as follows:

	Beginning Balance	New Increases	Decreases	Ending Balance	Amount due within one year
Governmental activities:					
Compensated absences	\$ 25,514	28,160	25,514	28,160	15,488
Pension liability – IMRF	302,249	261,812	–	564,061	78,707
	<u>\$ 327,763</u>	<u>289,972</u>	<u>25,514</u>	<u>592,221</u>	<u>94,195</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,440,741	–	69,542	1,371,199	70,935
Due to RRWRD	–	4,675,725	–	4,675,725	185,918
Due to RRWRD	–	1,860,240	–	1,860,240	–
Compensated absences	2,783	1,058	2,783	1,058	1,058
Pension liability – IMRF	70,898	61,413	–	132,311	18,462
	<u>\$ 1,514,422</u>	<u>6,598,436</u>	<u>72,325</u>	<u>8,040,533</u>	<u>276,373</u>

(11) Legal Debt Margin

The Village's aggregated indebtedness is subject to a statutory limitation by the State of Illinois 8.625% of its equalized assessed value. At December 31 2018, the statutory limit of the Village was \$4,101,091. The long-term obligations discussed above (Note 10) are not subject to the statutory limitation. Thus, the Village's legal debt margin is also \$4,101,091.

(12) Sales Tax Rebate

The Village has entered into an agreement with a developer within the Village. The agreement requires the Village to rebate a portion of the retail sales tax equal to 35% of annual retail sales tax revenue collected during the year by the Village as a result of sales generated by all businesses in the development commencing on sales made during November 2012 until \$600,000 has been rebated. Payment is to be made by December 18th each year. Rebates paid in 2018 were \$11,853.

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating revenues				
Water service income	\$ 366,000	366,000	394,402	28,402
Capital charge – sewer hook-up	434,000	434,000	443,030	9,030
Water hook-up fees	3,900	3,900	31,479	27,579
Sewer hook-up fees	6,600	6,600	6,584	(16)
Water deposit revenue	1,000	1,000	1,374	374
Garbage charges	183,210	183,210	189,858	6,648
Recapture and impact fees	7,000	7,000	11,202	4,202
Intergovernmental income	64,400	64,400	59,936	(4,464)
Miscellaneous revenue	10,500	10,500	9,395	(1,105)
Total operating revenues	<u>1,076,610</u>	<u>1,076,610</u>	<u>1,147,260</u>	<u>70,650</u>
Operating expenses				
Office salary	49,659	49,659	42,135	(7,524)
Rock 39 salary	-	-	(684)	(684)
Part-time wages	6,250	6,250	-	(6,250)
Meter reader	25,636	25,636	18,697	(6,939)
Plant operator	71,791	71,791	57,591	(14,200)
Public works wages	38,769	38,769	29,549	(9,220)
Health insurance	36,910	36,910	32,005	(4,905)
Payroll taxes	17,635	17,635	11,611	(6,024)
Employee benefits	23,083	23,083	18,454	(4,629)
IMRF – GASB 68	-	-	(2,518)	(2,518)
Building water usage	1,250	1,250	409	(841)
Alarm system	4,000	4,000	3,153	(847)
Chemicals	6,250	6,250	3,707	(2,543)
Engineering	18,750	18,750	3,663	(15,087)
Garbage expense	225,000	225,000	184,259	(40,741)
Liability insurance	20,375	20,375	12,729	(7,646)
Equipment maintenance	10,000	10,000	8,381	(1,619)
Office and computer equipment	1,250	1,250	1,338	88
Operating supplies	43,750	43,750	16,575	(27,175)
Postage	5,000	5,000	4,525	(475)
Pre-employment physical	750	750	-	(750)
Printing	1,875	1,875	1,198	(677)
Professional fees	2,900	2,900	330	(2,570)

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS
Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual
Proprietary Fund Types
Enterprise Fund – Water Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating expenses (continued)				
Publishing/advertising	\$ 1,250	1,250	123	(1,127)
WINGIS	2,250	2,250	1,515	(735)
Rental and small equipment	8,125	8,125	3,240	(4,885)
Telephone	3,375	3,375	2,826	(549)
Travel and training	2,500	2,500	856	(1,644)
Utilities	42,000	42,000	30,807	(11,193)
Water analysis	3,750	3,750	3,463	(287)
EPA permit fees	625	625	-	(625)
Fuel, grease and oil	12,500	12,500	7,735	(4,765)
Recapture fees	4,375	4,375	-	(4,375)
Impact fees	4,375	4,375	4,292	(83)
Water sewer upgrade	562,500	562,500	-	(562,500)
Sullivan's payback agreement	15,000	15,000	11,853	(3,147)
IEPA – interest expense	122,425	122,425	28,398	(94,027)
Depreciation	275,000	275,000	234,650	(40,350)
Contingency	66,500	66,500	37,288	(29,212)
Capital outlay	87,500	87,500	-	(87,500)
Total operating expenses	<u>1,824,933</u>	<u>1,824,933</u>	<u>814,153</u>	<u>(1,010,780)</u>
Operating income	<u>(748,323)</u>	<u>(748,323)</u>	<u>333,107</u>	<u>1,081,430</u>
Nonoperating income (expense)				
Interest income	6,000	6,000	24,875	18,875
Gain (loss) on disposal of assets	-	-	(645)	(645)
Miscellaneous income	5,000	5,000	4,500	(500)
1% sales tax income	205,000	205,000	223,615	18,615
Total nonoperating income (expenses)	<u>216,000</u>	<u>216,000</u>	<u>252,345</u>	<u>36,345</u>
Income before other financing sources	<u>(532,323)</u>	<u>(532,323)</u>	<u>585,452</u>	<u>1,117,775</u>
Operating financing sources –				
Operating transfers	<u>167,337</u>	<u>167,337</u>	<u>(4,210)</u>	<u>(171,547)</u>
Total other financing sources (uses)	<u>167,337</u>	<u>167,337</u>	<u>(4,210)</u>	<u>(171,547)</u>
Special item –				
Rock River Water Reclamation District costs related to intergovernmental agreement for sanitary system	<u>(275,000)</u>	<u>(275,000)</u>	<u>(6,535,965)</u>	<u>(6,260,965)</u>
Change in net assets	<u>\$ (639,986)</u>	<u>(639,986)</u>	<u>(5,954,723)</u>	<u>(5,314,737)</u>
Net position				
Beginning			3,085,466	
Ending			\$ <u>(2,869,257)</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2019

		Enterprise Fund – Water Fund
Current assets		
Cash and cash equivalents	\$	1,881,184
Receivables – utility users, net of allowance of \$10,000		80,387
Receivables – grants and sales taxes		54,386
Prepaid items		16,567
Due from other funds		5,002
Total current assets		2,037,526
Noncurrent assets		
Fixed assets, net of accumulated depreciation		3,444,356
Total assets		5,481,882
Deferred outflows of resources – pension		45,570
Total assets and deferred outflows of resources	\$	5,527,452
Liabilities – current		
Accounts payable		63,387
Accrued payroll		7,026
Current portion of long-term debt		380,482
Total current liabilities		450,895
Long-term liabilities –		
Net pension liability		67,315
Long-term debt, net of current maturities		7,289,683
Total long - term liabilities		7,356,998
Deferred inflows of resources – pension		64,757
Total liabilities and deferred inflows of resources		7,872,650
Net position		
Invested in capital assets		2,144,123
Unrestricted:		
Undesignated deficit		(4,613,321)
Designated for long-term debt		124,000
Total unrestricted		(4,489,321)
Total net position		(2,345,198)
Total liabilities and net position	\$	5,527,452

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Revenues, Expenses
and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2019

		Enterprise Fund – Water Fund
Operating revenues		
Refuse and recycling revenue	\$	213,803
Capital charge – sewer hook-up		469,742
Water revenue		424,964
Water deposit revenue		711
Intergovernmental revenue		73,868
Miscellaneous revenue		23,467
Total operating revenues		1,206,555
Operating expenses		
Water department		508,407
Refuse and recycling expenses		188,515
Depreciation		252,386
Total operating expenses		949,308
Operating income		257,247
Non-operating revenues (expenses)		
Interest income		34,908
Gain (loss) on sale of capital assets		–
Miscellaneous income		4,875
1% sales tax income		227,029
Grant revenue		–
Total non-operating revenues (expenses)		266,812
Income before other financing sources (uses)		524,059
Other financing sources (uses) – operating transfers		–
Net increase in net position		524,059
Net position		
Net position – beginning		(2,869,257)
Net position – ending	\$	(2,345,198)

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2019

		<u>Enterprise Fund – Water Fund</u>
Cash flows from operating activities		
Receipts from customers	\$	1,202,156
Payments to suppliers		(409,048)
Payments to employees		(224,281)
Payments for interest on RRWRD intergovernmental agreement		(76,317)
Payments for interest to IEPA loan		(26,973)
Net cash flows from operating activities		<u>465,537</u>
Cash flows from capital and related financing activities		
Payments for principal on IEPA loan		(70,966)
Payments for principal on RRWRD intergovernmental agreement		(185,934)
Purchase of and construction of fixed assets		(110,834)
Net cash flows from capital financing activities		<u>(367,734)</u>
Cash flows from non-capital financing activities		
Miscellaneous non-operating revenue		4,875
Receipts from 1% sales tax		229,770
Net cash flows from non-capital financing activities		<u>234,645</u>
Cash flows from investing activities		
Interest on investments		34,908
Net cash flows from investing activities		<u>34,908</u>
Operating transfers		-
Net increase in cash and cash equivalents		<u>367,356</u>
Cash and cash equivalents, beginning of year		<u>1,513,828</u>
Cash and cash equivalents, end of year	\$	<u><u>1,881,184</u></u>
Reconciliation of operating loss to net cash provided by operating activities		
Net operating income		257,247
Depreciation expense		252,386
Increase (decrease) in cash flows due to changes in:		
Utility accounts receivable		(4,399)
Prepaid expenses		(122)
Deferred pension expense		19,663
Accounts payable		(41,898)
Accrued payroll		653
Compensated absences		120
Pension liability		(18,113)
Net cash flows from operating activities	\$	<u><u>465,537</u></u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

(10) Long-term Obligations

The outstanding obligations as of December 31, 2019 consist of the following:

	<u>2019</u>	<u>Current Portion</u>
Governmental activities:		
Compensated absences – Governmental activities	\$ 29,111	16,011
Pension liability – IMRF	<u>347,900</u>	<u>85,289</u>
	377,011	<u>101,300</u>
less current portion	<u>(101,300)</u>	
	<u>\$ 275,711</u>	
	<u>2019</u>	<u>Current Portion</u>
Business-type activities:		
Note payable – Illinois Environmental Protection Agency (IEPA), original debt of \$2,265,000 to upgrade potable water system. semi-Annual principal and interest payments of \$48,970, due January 21, 2035, interest rate is 1.995%	\$ 1,300,233	72,359
Intergovernmental agreement – Rock River Water Reclamation District (RRWRD), original debt of \$4,675,725, for sewer system, Total principal and interest payments of \$541,246, due Jan. 20 and July 20, maturing July 20, 2038. Interest rate is 1.75%	4,489,791	201,090
Intergovernmental agreement – Rock River Water Reclamation District, original debt of \$1,860,240 due December 21, 2021, based upon a 2012 contract.	1,860,240	87,133
Compensated absences – Business-type activities	1,178	1,178
Pension liability – IMRF	<u>86,037</u>	<u>18,722</u>
	7,737,479	<u>380,482</u>
less current portion	<u>(380,482)</u>	
	<u>\$ 7,356,997</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Future debt obligations at December 31, 2019 under IEPA notes payable are due as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2020	\$ 72,359	25,581	97,940
2021	73,809	24,130	97,939
2022	75,289	22,651	97,940
2023	76,799	21,141	97,940
2024	78,339	19,601	97,940
2025-2029	415,892	73,807	489,699
2030-2034	459,290	30,409	489,699
2035-2036	48,456	484	48,940
Total	\$ <u>1,300,233</u>	<u>217,804</u>	<u>1,518,037</u>

Future debt obligations at December 31, 2019 under the RRWRD intergovernmental agreement are due as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2020	201,090	76,696	\$ 277,786
2021	204,625	74,161	278,786
2022	208,221	70,565	278,786
2023	211,881	66,905	278,786
2024	215,605	63,181	278,786
2025-2029	1,136,220	257,709	1,393,929
2030-2034	1,239,647	154,282	1,393,929
2035-2038	1,072,503	42,670	1,115,173
Total	\$ <u>4,489,792</u>	<u>\$ 806,169</u>	<u>\$ 5,295,961</u>

The compensated absences and pension liabilities are paid from general fund revenues. Notes payables are paid from utility revenues.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	New Increases	Decreases	Ending Balance	Amount due within one year
Governmental activities:					
Compensated absences	\$ 28,160	29,111	28,160	29,111	16,011
Pension liability – IMRF	564,061	–	216,161	347,900	85,289
	<u>\$ 592,221</u>	<u>29,111</u>	<u>244,321</u>	<u>377,011</u>	<u>101,300</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,371,199	–	70,966	1,300,233	72,359
Due to RRWRD	4,675,725	–	185,934	4,489,791	201,090
Due to RRWRD	1,860,240	–	–	1,860,240	87,133
Compensated absences	1,058	1,178	1,058	1,178	1,178
Pension liability – IMRF	132,311	–	46,274	86,037	18,722
	<u>\$ 8,040,533</u>	<u>1,178</u>	<u>304,232</u>	<u>7,737,479</u>	<u>380,482</u>

(11) Legal Debt Margin

The Village’s aggregated indebtedness is subject to a statutory limitation by the State of Illinois 8.625% of its equalized assessed value. At December 31 2019, the statutory limit of the Village was \$4,254,687. The long-term obligations discussed above (Note 10) are not subject to the statutory limitation. Thus, the Village’s legal debt margin is also \$4,254,687.

(12) Sales Tax Rebate

The Village has entered into an agreement with a developer within the Village. The agreement requires the Village to rebate a portion of the retail sales tax equal to 35% of annual retail sales tax revenue collected during the year by the Village as a result of sales generated by all businesses in the development commencing on sales made during November 2012 until \$600,000 has been rebated. Payment is to be made by December 18th each year. Rebates paid during 2019 were \$45,356. Rebates remaining to be paid to the developer as of December 31, 2019 are \$244,592.

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

**Proprietary Fund Types
Enterprise Fund – Water Fund**

For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating revenues				
Water service income	\$ 394,920	394,920	403,464	8,544
Capital charge – sewer hook-up	469,000	469,000	465,742	(3,258)
Water hook-up fees	3,900	3,900	21,500	17,600
Sewer hook-up fees	6,600	6,600	4,000	(2,600)
Water deposit revenue	1,000	1,000	711	(289)
Garbage charges	192,000	192,000	194,822	2,822
Recapture and impact fees	3,500	3,500	18,981	15,481
Intergovernmental income	67,133	67,133	73,868	6,735
Miscellaneous revenue	25,500	25,500	23,467	(2,033)
Total operating revenues	<u>1,163,553</u>	<u>1,163,553</u>	<u>1,206,555</u>	<u>43,002</u>
Operating expenses				
Office salary	50,071	50,071	43,878	(6,193)
Rock 39 salary	-	-	-	-
Part-time wages	6,250	6,250	3,006	(3,244)
Meter reader	26,149	26,149	20,460	(5,689)
Plant operator	73,228	73,228	60,189	(13,039)
Public works wages	39,545	39,545	30,014	(9,531)
Health insurance	51,293	51,293	38,156	(13,137)
Payroll taxes	14,878	14,878	12,264	(2,614)
Employee benefits	21,035	21,035	17,087	(3,948)
IMRF – GASB 68	-	-	1,550	1,550
Building water usage	625	625	566	(59)
Alarm system	4,000	4,000	3,250	(750)
Chemicals	6,250	6,250	5,061	(1,189)
Engineering	18,750	19,250	3,202	(16,048)
Garbage expense	236,025	236,025	188,515	(47,510)
Liability insurance	18,750	18,750	12,868	(5,882)
Equipment maintenance	10,000	9,500	10,493	993
Office and computer equipment	1,250	1,250	526	(724)
Operating supplies	43,750	43,750	42,401	(1,349)
Postage	5,000	5,000	4,321	(679)
Pre-employment physical	750	750	148	(602)
Printing	1,875	1,875	413	(1,462)
Professional fees	2,900	2,900	8,105	5,205

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses (continued)				
Publishing/advertising	\$ 1,250	1,250	72	(1,178)
WINGIS	2,250	2,250	1,318	(932)
Rental and small equipment	8,125	8,125	3,751	(4,374)
Special audit	-	-	-	-
Telephone	3,375	3,375	3,014	(361)
Travel and training	2,500	2,500	-	(2,500)
Utilities	42,000	42,000	30,733	(11,267)
Water analysis	4,375	4,375	3,050	(1,325)
EPA permit fees	625	625	-	(625)
Fuel, grease and oil	12,500	12,500	7,827	(4,673)
Recapture fees	4,375	19,375	18,981	(394)
Impact fees	-	-	-	-
Water sewer upgrade	31,250	31,250	1,109	(30,141)
Grant expense	-	-	-	-
Sullivan's payback agreement	15,000	15,000	11,883	(3,117)
IEPA – interest expense	122,425	122,425	26,973	(95,452)
RRWRD – interest expense	475,000	475,000	76,317	(398,683)
Equipment sinking fund	-	-	-	-
Depreciation	275,000	275,000	252,386	(22,614)
Contingency	91,214	76,214	5,421	(70,793)
Capital outlay	131,250	131,250	-	(131,250)
Total operating expenses	<u>1,854,888</u>	<u>1,854,888</u>	<u>949,308</u>	<u>(905,580)</u>
Operating income	<u>(691,335)</u>	<u>(691,335)</u>	<u>257,247</u>	<u>948,582</u>
Nonoperating income (expense)				
Interest income	20,000	20,000	34,908	14,908
Gain (loss) on disposal of assets	-	-	-	-
Miscellaneous income	4,500	4,500	4,875	375
1% sales tax income	215,000	215,000	227,029	12,029
Grant revenue	-	-	-	-
Total nonoperating income (expenses)	<u>239,500</u>	<u>239,500</u>	<u>266,812</u>	<u>27,312</u>
Income before other financing sources	<u>(451,835)</u>	<u>(451,835)</u>	<u>524,059</u>	<u>975,894</u>
Operating financing sources –				
Operating transfers	<u>5,854</u>	<u>5,854</u>	<u>-</u>	<u>(5,854)</u>
Total other financing sources (uses)	<u>5,854</u>	<u>5,854</u>	<u>-</u>	<u>(5,854)</u>
Change in net assets	\$ <u>(445,981)</u>	<u>(445,981)</u>	<u>524,059</u>	<u>970,040</u>
Net position				
Beginning			<u>(2,869,257)</u>	
Ending			\$ <u>(2,345,198)</u>	

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Net Position

Proprietary Fund

December 31, 2020

		Enterprise Fund – Water Fund
Current assets		
Cash and cash equivalents	\$	2,099,861
Receivables – utility users, net of allowance of \$10,000		79,755
Receivables – grants and sales taxes		61,136
Prepaid items		17,008
Due from other funds		5,002
Total current assets		2,262,762
Noncurrent assets		
Fixed assets, net of accumulated depreciation		3,200,971
Total assets		5,463,733
Deferred outflows of resources – pension		31,772
Total assets and deferred outflows of resources	\$	5,495,505
Liabilities – current		
Accounts payable		81,492
Accrued payroll		7,129
Current portion of long-term debt		303,486
Total current liabilities		392,107
Net pension liability		6,759
Long-term debt, net of current maturities		6,469,828
Total long-term liabilities		6,476,587
Deferred inflows of resources – pension		98,172
Total liabilities and deferred inflows of resources		6,966,866
Invested in capital assets		2,009,819
Unrestricted:		
Undesignated deficit		(3,650,180)
Designated for long-term debt		169,000
Total unrestricted		(3,481,180)
Total net position (deficit)		(1,471,361)

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Revenues, Expenses
and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2020

		Enterprise Fund – Water Fund
Operating revenues		
Refuse and recycling revenue	\$	196,513
Capital charge – sewer hook-up		477,442
Water revenue		409,750
Water deposit revenue		711
Intergovernmental revenue		67,232
Miscellaneous revenue		9,154
Total operating revenues		1,160,802
Operating expenses		
Water department		596,542
Refuse and recycling expenses		192,105
Depreciation		247,835
Total operating expenses		1,036,482
Operating income		124,320
Non-operating revenues (expenses)		
Interest income		10,683
Gain (loss) on sale of capital assets		–
Miscellaneous income		4,500
1% sales tax income		248,637
Grant revenue		–
Total non-operating revenues (expenses)		263,820
Income before other financing sources (uses)		388,140
Other financing sources (uses) – operating transfers		
		–
Net increase in net position		388,140
Net position		
Net position – beginning		(2,345,198)
Prior period adjustment		485,697
Net position – ending	\$	(1,471,361)

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Statement of Cash Flows

Proprietary Fund

For the Year Ended December 31, 2020

	<u>Enterprise Fund – Water Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,161,434
Payments to suppliers	(417,943)
Payments to employees	(228,994)
Payments for interest on RRWRD intergovernmental agreement	(113,220)
Payments for interest on IEPA loan	(37,829)
Net cash flows from operating activities	<u>363,448</u>
Cash flows from capital and related financing activities	
Payments for principal on IEPA loan	(109,081)
Payments for principal on RRWRD intergovernmental agreement	(288,310)
Purchase of and construction of fixed assets	(4,450)
Net cash flows from capital financing activities	<u>(401,841)</u>
Cash flows from non-capital financing activities	
Miscellaneous non-operating revenue	4,500
Receipts from 1% sales tax	241,887
Net cash flows from non-capital financing activities	<u>246,387</u>
Cash flows from investing activities	
Interest on investments	10,683
Net cash flows from investing activities	<u>10,683</u>
Operating transfers	-
Net increase in cash and cash equivalents	218,677
Cash and cash equivalents, beginning of year	<u>1,881,184</u>
Cash and cash equivalents, end of year	<u>\$ 2,099,861</u>
Reconciliation of operating loss to net cash provided by operating activities	
Net operating income	124,320
Depreciation expense	247,835
Increase (decrease) in cash flows due to changes in:	
Utility accounts receivable	632
Prepaid expenses	(441)
Deferred pension expense	13,798
Accounts payable	18,103
Accrued payroll	104
Compensated absences	3,767
Pension liability	(44,670)
Net cash flows from operating activities	<u>\$ 363,448</u>

See accompanying notes to financial statements.

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

Future debt obligations at December 31, 2020 under IEPA notes payable are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2021	\$ 37,088	11,882	48,970
2022	75,289	22,651	97,940
2023	76,799	21,141	97,940
2024	78,339	19,601	97,940
2025	79,909	18,031	97,940
2026-2030	424,230	65,469	489,699
2031-2035	419,498	21,201	440,699
Total	<u>\$ 1,191,152</u>	<u>179,976</u>	<u>1,371,128</u>

Future debt obligations at December 31, 2020 under the RRWRD intergovernmental agreement are due as follows:

Year ending December 31:	Principal	Interest	Total Payment
2021	\$ 204,593	74,149	278,741
2022	208,189	70,553	278,742
2023	211,848	66,894	278,741
2024	215,572	63,170	278,742
2025	219,360	59,381	278,741
2026-2030	1,156,009	237,698	1,393,708
2031-2035	1,261,238	132,470	1,393,708
2036-2040	811,893	25,023	836,916
Total	<u>\$ 4,288,701</u>	<u>729,339</u>	<u>5,018,040</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Notes to Financial Statements

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2021	\$ 59,434	22,397	81,831
2022	60,484	21,346	81,830
2023	61,554	20,277	81,831
2024	62,642	19,189	81,831
2025	63,749	18,081	81,830
2026-2030	336,052	73,099	409,151
2031-2035	366,824	42,327	409,151
2036-2039	276,584	9,821	286,405
Total	<u>\$ 1,287,323</u>	<u>226,537</u>	<u>1,513,860</u>

The compensated absences and pension liabilities are paid from general fund revenues. Notes payables are paid from utility revenues.

Long-term liability activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>New Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amount due within one year</u>
Governmental activities:					
Compensated absences	\$ 29,111	44,783	29,111	44,783	24,631
Pension liability – IMRF	347,900	-	311,672	36,228	9,057
	<u>\$ 377,011</u>	<u>44,783</u>	<u>340,783</u>	<u>81,011</u>	<u>33,688</u>
Business-type activities:					
Notes payable – IEPA	\$ 1,300,233	-	109,081	1,191,152	37,088
Due to RRWRD	4,489,791	-	201,090	4,288,701	204,593
Due to RRWRD	1,860,240	-	572,917	1,287,323	59,434
Compensated absences	1,178	4,945	1,178	4,945	1,178
Pension liability – IMRF	86,037	-	78,085	7,952	1,193
	<u>\$ 7,737,479</u>	<u>4,945</u>	<u>962,351</u>	<u>6,780,073</u>	<u>303,486</u>

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating revenues				
Water service income	\$ 394,920	394,920	408,250	13,330
Capital charge – sewer hook-up	469,000	469,000	477,442	8,442
Water hook-up fees	15,000	15,000	1,500	(13,500)
Sewer hook-up fees	53,535	53,535	–	(53,535)
Water deposit revenue	2,000	2,000	711	(1,289)
Garbage charges	195,180	195,180	196,513	1,333
Recapture and impact fees	18,981	18,981	–	(18,981)
Intergovernmental income	68,610	68,610	67,232	(1,378)
Miscellaneous revenue	16,500	16,500	9,154	(7,346)
Total operating revenues	<u>1,233,726</u>	<u>1,233,726</u>	<u>1,160,802</u>	<u>(72,924)</u>
Operating expenses				
Office salary	41,209	41,209	45,664	4,455
Rock 39 salary	–	–	–	–
Part-time wages	1,500	2,000	2,755	755
Meter reader	21,543	21,543	19,381	(2,162)
Plant operator	60,925	60,925	64,800	3,875
Public works wages	30,673	30,673	30,911	238
Health insurance	39,236	39,196	37,066	(2,130)
Payroll taxes	12,203	13,523	13,706	183
Employee benefits	18,769	18,769	18,582	(187)
IMRF – GASB 68	–	–	(30,872)	(30,872)
Building water usage	500	600	769	169
Alarm system	1,233,226	2,780	3,839	1,059
Chemicals	6,000	6,000	5,182	(818)
Engineering	15,000	15,000	3,372	(11,628)
Garbage expense	192,000	192,000	192,105	105
Liability insurance	15,000	15,000	14,183	(817)
Equipment maintenance	12,000	12,000	13,075	1,075
Office and computer equipment	5,000	5,000	1,422	(3,578)
Operating supplies	45,000	45,000	50,513	5,513
Postage	4,000	4,000	4,586	586
Pre-employment physical	600	600	118	(482)
Printing	1,500	1,500	1,812	312
Professional fees	2,500	2,500	2,879	379

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS

Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual

Proprietary Fund Types

Enterprise Fund – Water Fund

For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Over (Under) Budget
Operating expenses (continued)				
Publishing/advertising	\$ 1,000	1,000	288	(712)
WINGIS	1,500	1,500	1,452	(48)
Rental and small equipment	6,500	6,500	2,357	(4,143)
Special audit	-	-	-	-
Telephone	2,700	2,700	2,505	(195)
Travel and training	6,000	6,000	752	(5,248)
Utilities	33,800	33,800	30,155	(3,645)
Water analysis	3,500	6,500	5,300	(1,200)
EPA permit fees	500	500	-	(500)
Fuel, grease and oil	12,000	12,000	7,410	(4,590)
Recapture fees	18,981	18,981	-	(18,981)
Impact fees	-	-	-	-
Water sewer upgrade	75,000	75,000	61,984	(13,016)
Water refunds	-	-	25	25
Grant expense	-	-	-	-
Sullivan's payback agreement	12,130	12,130	14,053	1,923
IEPA – interest expense	97,940	97,940	37,829	(60,111)
RRWRD – interest expense	401,409	401,409	113,220	(288,189)
Equipment sinking fund	-	-	-	-
Depreciation	220,000	220,000	247,835	27,835
Contingency	42,509	38,909	15,469	(23,440)
Capital outlay	52,500	52,500	-	(52,500)
Total operating expenses	<u>2,746,353</u>	<u>1,517,187</u>	<u>1,036,482</u>	<u>(480,705)</u>
Operating income	<u>(1,512,627)</u>	<u>(283,461)</u>	<u>124,320</u>	<u>407,781</u>
Nonoperating income (expense)				
Interest income	25,000	25,000	10,683	(14,317)
Gain (loss) on disposal of assets	-	-	-	-
Miscellaneous income	4,500	4,500	4,500	-
1% sales tax income	228,677	228,677	248,637	19,960
Grant revenue	-	-	-	-
Total nonoperating income (expenses)	<u>258,177</u>	<u>258,177</u>	<u>263,820</u>	<u>5,643</u>
Income before other financing sourc	<u>(1,254,450)</u>	<u>(25,284)</u>	<u>388,140</u>	<u>413,424</u>

(Continued)

VILLAGE OF WINNEBAGO, ILLINOIS
Schedule of Revenues, Expenses
and Changes in Net Position – Budget to Actual
Proprietary Fund Types
Enterprise Fund – Water Fund
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Operating financing sources –				
Operating transfers	24,004	24,004	–	(24,004)
Total other financing sources (uses)	<u>24,004</u>	<u>24,004</u>	<u>–</u>	<u>(24,004)</u>
Change in net assets	\$ <u>(1,230,446)</u>	<u>(1,280)</u>	388,140	<u>389,420</u>
Net position				
Beginning			(2,345,198)	
Prior period adjustment			<u>485,697</u>	
Ending			\$ <u>(1,471,361)</u>	

Exhibit E

Financial Projections Worksheet

VILLAGE OF WINNEBAGO
 FIVE YEAR PROJECTION OF REVENUES, OPERATIONS, MAINTENANCE AND DEBT SERVICE

	Actual - Previous 4 Years Available				Estimated - Next 7 Years, Starting with FY21							
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Last year rate increase/Proposed Rate Increase	Years of Proposed Rate Increase											
Total Annual Residential Pumpage Billed	74,239,919	68,839,694	70870382	73,580,985	73580985	73580985	73580985	73580985	73580985	73580985	73580985	73580985
Average Demand (gallons/day)	203,397	188,602	194,165	204,391	204,391	204,391	204,391	204,391	204,391	204,391	204,391	204,391
Number of Users	1,124	1,126	1,128	1,130	1,132	1,134	1,136	1,138	1,140	1,142	1,144	1,144
Average Monthly Consumption Per User (Gallons)	5,429	5,024	5,164	5,426	5,417	5,407	5,398	5,388	5,379	5,369	5,360	5,360
Administrative Fee	\$ 4.70	\$ 4.90	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.50	\$ 5.94	\$ 6.42	\$ 6.74	\$ 6.94	\$ 6.94	\$ 5.00
User Charge per 1,000 Gals	\$ 2.80	\$ 3.20	\$ 3.30	\$ 3.30	\$ 3.30	\$ 3.63	\$ 3.92	\$ 4.23	\$ 4.45	\$ 4.58	\$ 4.58	\$ 4.76
Capital Charge Per 1,000 Gals - Sewer Connection	\$ 6.20	\$ 6.20	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70	\$ 6.70
Capital Charge Per Month - Residential Water Main								\$ 7.61	\$ 7.61	\$ 7.61	\$ 7.61	\$ 7.61
Capital Charge Per Month - Transite Main Replacement									\$ 4.40	\$ 4.40	\$ 4.40	\$ 4.40
Capital Charge Per Month - Well #5										\$ 4.88	\$ 4.88	\$ 4.88
Average Monthly Bill for Water Usage	\$ 53.56	\$ 52.13	\$ 56.64	\$ 59.26	\$ 59.17	\$ 61.36	\$ 63.27	\$ 72.94	\$ 78.70	\$ 84.39	\$ 83.33	\$ 83.33
% MHI	0.77%	0.75%	0.82%	0.86%	0.86%	0.89%	0.91%	1.05%	1.14%	1.22%	1.20%	1.20%
Operating Revenues												
Refuse and Recycling Revenues	\$ 186,768	\$ 201,060	\$ 213,803	\$ 196,513	\$ 203,391	\$ 210,510	\$ 217,877	\$ 225,503	\$ 233,396	\$ 241,565	\$ 250,019	\$ 250,019
Capital Charge - Sewer Hookup	\$ 454,723	\$ 449,614	\$ 469,742	\$ 477,442	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000
Capital Charge - Residential Water Main								\$ 103,922	\$ 104,105	\$ 104,287	\$ 104,470	\$ 104,470
Capital Charge - Winnebago Road WM Looping									\$ 60,192	\$ 60,298	\$ 60,403	\$ 60,403
Capital Charge - Well #5 Construction										\$ 66,876	\$ 66,993	\$ 66,993
User charge (system) revenue	\$ 373,196	\$ 425,881	\$ 424,964	\$ 409,750	\$ 425,500	\$ 468,050	\$ 505,494	\$ 545,934	\$ 573,230	\$ 590,427	\$ 602,236	\$ 602,236
Water Deposit Revenue	\$ (110)	\$ 1,374	\$ 711	\$ 711	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Intergovernmental Revenue	\$ 64,281	\$ 59,936	\$ 73,868	\$ 67,232	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Miscellaneous Revenue	\$ 4,562	\$ 9,395	\$ 23,467	\$ 9,154	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Miscellaneous Fees												
Total Operating Revenues	\$ 1,083,420	\$ 1,147,260	\$ 1,206,555	\$ 1,160,802	\$ 1,189,391	\$ 1,239,060	\$ 1,283,871	\$ 1,435,859	\$ 1,531,423	\$ 1,623,952	\$ 1,644,621	\$ 1,644,621
Operating Expenses												
Water Department Operations	\$ 345,911	\$ 366,850	\$ 393,040	\$ 445,493	\$ 454,403	\$ 463,491	\$ 472,761	\$ 482,216	\$ 491,860	\$ 501,697	\$ 511,731	\$ 511,731
IEPA SRF Loan Interest Expense	\$ 29,764	\$ 28,398	\$ 26,973	\$ 25,581	\$ 24,130	\$ 22,651	\$ 21,141	\$ 19,601	\$ 18,031	\$ 16,428	\$ 14,794	\$ 14,794
Fuller Creek Phase C Loan Interest Expense			\$ 76,298	\$ 77,695	\$ 74,161	\$ 70,564	\$ 66,905	\$ 63,180	\$ 59,391	\$ 55,535	\$ 51,611	\$ 51,611
Fuller Creek Phase D & F Loan Interest Expense			\$ 12,096	\$ 23,429	\$ 22,397	\$ 21,346	\$ 20,277	\$ 19,189	\$ 18,081	\$ 16,954	\$ 15,807	\$ 15,807
Parallel Trunk/Upgr-Corners Loan Interest Expense					\$ 8,136	\$ 15,758	\$ 15,064	\$ 14,357	\$ 13,638	\$ 12,906	\$ 12,161	\$ 12,161
Refuse and Recycling Expenses	\$ 181,513	\$ 184,259	\$ 188,515	\$ 192,105	\$ 198,829	\$ 205,788	\$ 212,990	\$ 220,445	\$ 228,160	\$ 236,146	\$ 244,411	\$ 244,411
Well/Tower Maintenance Projects						\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Total Operating Expenses	\$ 557,188	\$ 579,507	\$ 696,922	\$ 764,303	\$ 782,055	\$ 859,597	\$ 869,137	\$ 878,988	\$ 889,161	\$ 899,667	\$ 910,516	\$ 910,516
Operating Income Before Depreciation	\$ 526,232	\$ 567,753	\$ 509,633	\$ 396,499	\$ 407,336	\$ 379,462	\$ 414,735	\$ 556,871	\$ 642,262	\$ 724,286	\$ 734,105	\$ 734,105
Depreciation of Capital Items (Assumed 0.5% increase)	\$ 228,102	\$ 234,650	\$ 252,386	\$ 247,835	\$ 249,074	\$ 250,320	\$ 251,571	\$ 252,829	\$ 254,093	\$ 255,364	\$ 256,640	\$ 256,640
TOTAL OPERATING INCOME	\$ 298,130	\$ 333,103	\$ 257,247	\$ 148,664	\$ 158,262	\$ 129,143	\$ 163,164	\$ 304,042	\$ 388,169	\$ 468,922	\$ 477,465	\$ 477,465
Non Operating Revenues (Expenses)												
Interest Income	\$ 6,900	\$ 24,875	\$ 34,908	\$ 10,683	\$ 15,000	\$ 17,000	\$ 19,000	\$ 21,000	\$ 23,000	\$ 25,000	\$ 27,000	\$ 27,000
Gain (Loss) on Sale of Capital Assets	\$ 3,373	\$ (645)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	\$ -	\$ 4,500	\$ 4,875	\$ 4,500	\$ 5,250	\$ 5,500	\$ 5,750	\$ 6,000	\$ 6,250	\$ 6,500	\$ 6,750	\$ 6,750
1% Sales Tax Income	\$ 208,891	\$ 223,615	\$ 227,029	\$ 248,637	\$ 253,610	\$ 258,682	\$ 263,856	\$ 269,133	\$ 274,515	\$ 280,006	\$ 285,606	\$ 285,606
Other (ARPA Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Operating Income (Loss)	\$ 219,164	\$ 252,345	\$ 266,812	\$ 263,820	\$ 273,860	\$ 484,487	\$ 288,606	\$ 296,133	\$ 303,765	\$ 311,506	\$ 319,356	\$ 319,356

VILLAGE OF WINNEBAGO
 FIVE YEAR PROJECTION OF REVENUES, OPERATIONS, MAINTENANCE AND DEBT SERVICE

Net Change in Position Before Capital Items	\$ 517,294	\$ 585,448	\$ 524,059	\$ 412,484	\$ 432,122	\$ 613,630	\$ 451,769	\$ 600,175	\$ 691,934	\$ 780,428	\$ 796,820
Capital Items											
Rock River Reclamation Trunk Line Phase C Loan-Principal			\$ 185,934	\$ 201,090	\$ 204,625	\$ 208,221	\$ 211,881	\$ 215,607	\$ 219,935	\$ 223,251	\$ 227,175
Pump Sta Elim./Plant Conversion Loan-Principal			\$ 28,819	\$ 58,401	\$ 59,434	\$ 60,484	\$ 61,554	\$ 62,642	\$ 63,749	\$ 64,876	\$ 66,023
Parallel Trunk/Upgr-Corners-Principal					\$ 19,383	\$ 39,280	\$ 39,974	\$ 40,681	\$ 41,400	\$ 42,132	\$ 42,876
IEPA SRF Construction Loan-Principal	\$ 68,176	\$ 69,546	\$ 70,967	\$ 72,359	\$ 73,810	\$ 75,289	\$ 76,799	\$ 78,339	\$ 79,909	\$ 81,512	\$ 83,146
FRSA Lump Sum Cash Payment											
IEPA Debt Service - Residential Water Main								\$ 103,922	\$ 103,922	\$ 103,922	\$ 103,922
IEPA Debt Service - Transite Main Replacement								\$ 60,090	\$ 60,090	\$ 60,090	\$ 60,090
IEPA Debt Service - Well #5 Construction									\$ 66,767	\$ 66,767	\$ 66,767
Operating Transfer		\$ 4,210									
Total Capital Items	\$ 68,176	\$ 73,756	\$ 285,720	\$ 331,851	\$ 357,251	\$ 383,275	\$ 390,208	\$ 501,190	\$ 569,005	\$ 642,549	\$ 649,999
NET CHANGE IN POSITION	\$ 449,118	\$ 511,692	\$ 238,339	\$ 80,633	\$ 74,870	\$ 230,355	\$ 61,561	\$ 98,985	\$ 122,929	\$ 137,878	\$ 146,821
Net Position - Beginning	\$ 2,568,172	\$ 3,017,290	\$ 3,528,982	\$ 3,767,321	\$ 3,144,465	\$ 3,219,335	\$ 3,449,690	\$ 3,511,252	\$ 3,610,236	\$ 3,733,165	\$ 3,871,044
Net Position - Ending	\$ 3,017,290	\$ 3,528,982	\$ 3,767,321	\$ 3,847,954	\$ 3,219,335	\$ 3,449,690	\$ 3,511,252	\$ 3,610,236	\$ 3,733,165	\$ 3,871,044	\$ 4,017,865

Actual Balance as of 8/2021 = \$2,424,467.64

Includes minimum required information. Applicant may modify and expand this form to reflect the actual detailed revenue, expense, and reserves of the system. The applicant may also submit their own forms.

Contact the Infrastructure Finance Assistance Center if you need additional assistance.

MHI \$ 83,005.00 from the 2019: ACS 5-Year Estimated Data Profiles provided by the US census bureau
 Per AWWA Standards it is recommended that water bills are less than 2.5% of MHI

Goal of \$650,000 raised in 5 years above \$300,000 commitment to well work
 Amount Raised from Rate Increase = \$ 651,708

Intergovernmental Agreement

Project	Contract Minimum	Final Amount	2012-2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	Balance
1 Rehab	\$ 2,053,008.25	\$ 2,053,008.25	\$ 2,053,008.25									\$ 2,053,008.25	\$ -
2 Plant Buy-In	\$ 676,370.00	\$ 676,370.00	\$ 676,370.00									\$ 676,370.00	\$ -
3 Trunk Line (Phase C)	\$ 4,251,000.00	\$ 4,675,725.00	\$ 680,429.44	\$ 278,785.64								\$ 959,215.08	\$ 3,716,509.92
4 Pump Sln Elim /Plant Conv. (D&F)	\$ 1,705,600.00	\$ 1,374,542.99	\$ 122,745.27	\$ 40,915.09								\$ 163,660.36	\$ 1,210,882.63
5 Parallel Trnk/Upgr-Corners (Futu)	\$ 1,860,240.00	\$ 2,324,495.00		\$ 1,455,037.62								\$ 1,455,037.62	\$ 869,457.38
Totals	\$ 10,546,218.25	\$ 11,104,141.24	\$ 3,532,552.96	\$ 1,774,738.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,307,291.31	\$ 5,796,849.93

1-2 Paid in Full

3 Loan Jan 2019-July 2038 (1.75%) \$278,785.64/yr

4 Loan Aug 2019 - Feb 2039 (1.76%) \$81,830.18/yr

5 Cash payment of \$1.4M, loan - \$924,495 Dec 2021 - Jun 2041 (1.76%) \$55,037.62/yr

Total Annual Payments: \$415,653.44

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