

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2012

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
South Sangamon Water  
Commission  
New Berlin, Illinois 62670

We have audited the statement of net assets of the South Sangamon Water Commission as of April 30, 2012 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended as listed in the table of contents. These financial statements are the responsibility of the South Sangamon Water Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Sangamon Water Commission as of April 30, 2012, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 2E be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Insurance listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit, nothing came to our attention that caused us to believe that the Commission failed to comply with the provisions of the Commission's master bond ordinance number 10-21, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

*Zumbahlen, Eych, Surratt, Fosti & Flynn, Ltd.*

August 30, 2012

**SOUTH SANGAMON WATER COMMISSION**  
**WWW.SSWC.US**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR**  
**FISCAL YEAR ENDING**  
**APRIL 30, 2012**

**INTRODUCTION**

The South Sangamon Water Commission "SSWC" is organized and operating as a commission and public corporation under Division 135 of the Illinois Municipal Code, 65 ILCS 5/11-135-1, et seq. thereof ("Division 135")

SSWC was created by ordinance by the Villages of Chatham and New Berlin in early 2009 to jointly acquire, construct and operate a common source of supply of water and establish the SSWC by authority granted under Division 135.

There are three Commissioners governing the SSWC. One each is appointed by the Villages of Chatham and New Berlin, and the third by Sangamon County.

SSWC and the Villages of Chatham and New Berlin have jointly deemed it advisable, necessary and in the best interests of the Villages to develop and construct a common source of supply of potable water described as follows (the "Project"):

*A new water well field and treatment plant to be located east of the Village of Rochester, Illinois.*

*The plant is designed to provide 1.25 gallons per day ("MGD") on an average day and 2.2 MGD on a peak day at start up. At ultimate build out in year 2029, the plant is designed to provide an average daily use of 1.9 MGD with a peak demand of 3.3 MGD.*

*The plant is being designed to enable it to be doubled in size if and when the need arises.*

*The well field is designed to supply this average and peak daily demands with one well out of service.*

*The Project also includes a new 18"/20" transmission line from the plant to the Village of Chatham, and a 10" transmission line from Chatham to the Village of New Berlin.*

*The Project includes all necessary engineering, design, land acquisition, connections, appurtenances, material, labor, and equipment incident thereto, all*

*mechanical, electrical and other services necessary, useful or advisable to and incidental to such projects.*

*Finally, the Project includes all bonding discount, bond interest, bond reserve, account funding, legal, financing and administrative expenses.*

#### FISCAL YEAR RECAP

Fiscal year ending April 30, 2012 can best be described and will be historically noted for project construction.

As noted prior, the project essentially consisted of three parts: transmission line installation, plant construction and well field development. The goal was to commence testing of the plant on November 15<sup>th</sup>, and to produce and wheel potable water to wholesale customers by January 1, 2012. This goal was not met.

Commenced in late 2010, the installation of the transmission line was well under way by April 1, 2011. This phase was substantially completed by October 1, 2011. The capital cost for portion of the project exceeded \$4,000,000 over engineer's original estimate. The primary reason for this overrun was due to unforeseen substrata material that impeded the boring and jacking of the pipe in various locations along the transmission line route.

Construction of the plant commenced in earnest in mid-March, 2011, this after having originally being planned to commence in June, 2010. The delay was attributable to regulatory and environmental issues that were finally resolved in late November, 2010. The plant was substantially complete and deemed suitable for plant testing and shakedown by November 15, 2011.

Drilling and installation of ten (10) raw water wells commenced in early August, 2011. At least three (3) wells were to be on line by November 15, 2011. Substantial completion of all ten wells was planned for December 31, 2011. Without cause or reason, the contractor left the jobsite in mid-August and did not return to the site until late October, 2011. The three wells were not put on line until late December, 2011. Substantial completion of all ten wells was in mid-May, 2012. This significantly delayed the project whereby the January 1, 2012 deadline could not be met.

Due to this delay, the plant was not fired up for testing until January 23, 2012. The testing of the plant continued until May 10, 2012 when metered, potable water was wheeled to wholesale customers. The May 10<sup>th</sup> date was critical as metered water needed to be wheeled to produce revenues to support operating expenses, bond and interest and depreciation reserve requirements.

#### STATEMENT OF NET ASSETS

SSWC ended FY 2012 with total assets of \$34,872,807 up from \$30,838,465 a year earlier. The increase is attributable to capital project cost add-ons, overruns and unforeseen real estate purchases versus initial project cost estimates.

As of the end of the fiscal year it was deemed that the Commission had sufficient resources on hand to fund all remaining project capital expenditures.

As of the end of the fiscal year all debt was long term. The Commission was considering the possibility of procuring a short term line of credit to meet supply and distribution expenses.

#### REVENUES

Outside of interest earned on capitalized interest accounts, the Commission took in no income from water sales in FY2012.

#### OPERATING EXPENSES

Operating expenses totaling \$30,771 were incurred very late in the fiscal year as the project migrated from the construction to operational phases.

#### BUDGET

The Commission will craft and abide by comprehensive budgeting and cost control procedures. A 2012 Budget was crafted as part of the determination of the Wholesale Rate, described below.

Budgeting will be a more refined and exact process as we move forward and historical data is available for review. The Commission is committed to adhering to a disciplined budgetary process.

#### WHOLESALE RATE ESTABLISHED

The rate coverage covenant for the alternate bonds calls for the establishment of rates and revenues sufficient to pay in each year to final maturity of the Series 2010 Bonds all of the following:

- costs of operation and maintenance of the System, but not including depreciation,
- debt service on all outstanding revenue bonds payable from revenues of the System,
- all amounts required to meet any fund or account requirements with respect to outstanding revenue bonds,
- other contractual or tort liabilities obligations, if any, payable from such revenues of the System, and
- in each year, an amount not less than 1.10 times debt service of the Series 2010 Bonds.

A wholesale rate of \$5.85 was set on 03-21-2012 under Ordinance 12-03.

This rate is based upon all known expenditures and the best estimates of engineers, plant managers and operational suppliers.

As of 04-30-2012, the Villages of Chatham and New Berlin IL were the only wholesale customers. It remains a long term goal of the Commission to increase the number of wholesale customers within the capacity of the plant to produce and supply water to meet this demand.

RETAIL RATE

It is SSWC's intention to be a wholesale provider only. However taps will be made along the transmission line route to service retail customers. It remains the intention of SSWC to work with local municipalities to read these meters and to bill accordingly.

Ordinance 12-07 was adopted on 07-17-2012 establishing a retail rate structure.

<b>Volume</b>	<b>Charge</b>
Minimum 0-2,000 gal./month	\$30.00
All usage over 2,000 gal./month	\$7.25 per 1,000 gal.
Facility Charge	\$5.00 per month
Bulk water	\$ 8.00 per 1,000 gal.

Series 2011 Tax-Exempt Subordinate Revenue Bond

Ordinance No. 11-12 dated 08-30-2011 allowed for the funding of unanticipated add-ons, overruns and the purchase of real estate for well field sites in the amount of \$5,200,000. This funding also retired a \$200,000 operating loan.

COMPARATIVE ANALYSIS

No comparative analysis is provided as the Commission remains in the construction phase. A comparative analysis of income and expenses will be compiled in future years when prior year information is available.

Summary

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As of the end of the fiscal year the construction phase was substantially complete. Water revenues are expected in June, 2012.

South Sangamon Water Commission

A handwritten signature in cursive script, reading "William M. Pfeffer". The signature is written in black ink and is positioned above a horizontal line.

William M. Pfeffer

Commissioner and Treasurer

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

STATEMENT OF NET ASSETS  
April 30, 2012

CURRENT ASSETS		
Cash	\$	2,321
Prepaid Insurance		25,155
Interest Subsidy Receivable		162,639
Total Current Assets		<u>190,115</u>
RESTRICTED ASSETS		
Cash		2,213,749
Investments		93,543
Total Restricted Assets		<u>2,307,292</u>
PROPERTY AND EQUIPMENT		
Land		549,811
Equipment		4,953
Construction in Progress		31,123,846
Less: Accumulated Depreciation		(1,120)
Net Property and Equipment		<u>31,677,490</u>
OTHER ASSETS		
Deferred Charges - Bond Issuance Costs - Net		697,910
Total Other Assets		<u>697,910</u>
Total Assets	\$	<u><u>34,872,807</u></u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$	1,051,901
Total Current Liabilities		<u>1,051,901</u>
NON-CURRENT LIABILITIES		
Bond Principal Due After One (1) Year		32,840,000
Total Non-Current Liabilities		<u>32,840,000</u>
Total Liabilities		<u>33,891,901</u>
NET ASSETS		
Investment in Capital Assets, Net of Related Debt		-
Restricted For:		
Bond Covenants		2,286,819
Conservation Reserve		20,473
Unrestricted		(1,326,386)
Total Net Assets		<u>980,906</u>
Total Liabilities and Net Assets	\$	<u><u>34,872,807</u></u>

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Year Ended April 30, 2012

OPERATING REVENUES	
Charges for Services	\$
Other Income	
	<hr/>
Total Operating Revenues	<hr/> 0
OPERATING EXPENSES	
Contractual Services and Other	28,203
Rent	1,250
Repairs and Maintenance	217
Utilities	394
Depreciation	707
	<hr/>
Total Operating Expenses	<hr/> 30,771
Operating Income (Loss)	<hr/> (30,771)
NON-OPERATING REVENUE (EXPENSES)	
Interest Income	5,206
Interest Expense	0
	<hr/>
Total Non-Operating Revenues (Expenses)	<hr/> 5,206
Net Income (Loss) Before Contributions	(25,565)
CAPITAL CONTRIBUTIONS	<hr/> 722,389
Change in Net Assets	696,824
Total Net Assets, Beginning	<hr/> 284,082
Total Net Assets, Ending	\$ <hr/> <hr/> 980,906

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

STATEMENT OF CASH FLOWS

Year Ended April 30, 2012

Cash Flows from Operating Activities:	
Cash Received from Customers	\$
Cash Received from Others	
Cash Payments to Suppliers for Goods and Services	(29,903)
Cash Payments to Employees and Related Benefits	
Net Cash Provided by (Used for) Operating Activities	<u>(29,903)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds of Subordinate Revenue Bonds	4,425,000
Proceeds of Line of Credit	17,500
Capital Contributions	559,750
Purchase of Land	(14,967)
Acquisition and Construction of Capital Assets	(12,987,312)
Repayment of Line of Credit	(26,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(8,026,029)</u>
Cash Flows from Investing Activities:	
Redemption of Investments	147,505
Interest on Investments	5,206
Net Cash Provided by (Used for) Investing Activities	<u>152,711</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,903,221)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>10,119,291</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,216,070</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (30,771)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	707
Change in Assets and Liabilities:	
Increase (Decrease) in Operating Accounts Payable	161
Total Adjustments	<u>868</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (29,903)</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The South Sangamon Water Commission, New Berlin, Illinois operates under the Illinois Compiled Statutes as a Special District, under a Board of Trustees form of Government and provides water service.

The more significant of the Commission's accounting policies are described below:

Reporting Entity

The Commissioners are appointed, one each, by Sangamon County, the Village of New Berlin and the Village of Chatham and has the authority to make decisions, hire employees, and significantly influence operations. The Commission also has the primary accountability for fiscal matters. There are no component units included within the reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Commission is accounted for as a proprietary fund type (enterprise fund) using the flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the Commission are included on the statement of net assets.

Under the accrual basis of accounting, revenues are recorded when earned and become measurable and expenses are recorded in the accounting period in which they are incurred and become measurable.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses relate to the primary, continuing operations of the Commission. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America. The Commission applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported in current assets and current liabilities in the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets which include property, plant and equipment are reported in the statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Capital assets having a useful life greater than one year are capitalized when the asset cost is greater than \$1,500 for equipment, \$10,000 for buildings and improvements, and \$10,000 for infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are not capitalized. The Commission uses the direct method to record expenses for planned major maintenance. Such expenditures are recorded as incurred. When assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

<i>Description</i>	<i>Years</i>
Plant and Buildings	40
Improvements	10-20
Equipment	5-7

Investments

Investments consist of certificates of deposit and are carried at cost which approximates market value.

Compensated Absences

Compensated absences are reported as accrued in the financial statements. At April 30, 2012 accrued vacation amounts to \$0. The Commission is liable to pay accrued vacation to employees upon retirement or discontinued services. Sick leave is not offered to Commission employees.

Cash Equivalents

For purposes of the statement of cash flows, the Commission considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

The Statement of Net Assets presents the Commission's assets and liabilities with the difference reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the criteria of the two preceding categories.

Unbilled Services

Unbilled water utility service receivables are not recorded at year end.

Note 2. Deposits

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be returned or the Commission will not be able to recover collateral securities in the possession of an outside party. The Commission's policy requires deposits to be 110% secured by collateral valued at market or par whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC).

Deposited funds may be invested in certificates of deposit or in accordance with the investment policies adopted by the Commission Board. Collateral agreements must be approved prior to deposit of funds as provided by law. The Commission Board designates a list of authorized depository institutions.

Investments recorded on the Statement of Net Assets consist of certificates of deposit which are included as cash in this note due to their liquidity.

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits (Continued)

At year-end the Commission's bank balances totaled \$2,319,365. Of this balance, \$138,058 is covered by federal depository insurance coverage and \$2,181,307 is collateralized by securities held by the pledging institution's trust department or agent, but not in the name of the Commission.

Note 3. Accounts Receivable

Customer Receivables are recorded as receivables and revenues at their original invoice amount. Management regularly reviews the customer receivable accounts and has deemed no allowance for uncollectible accounts necessary as of April 30, 2012, as services are not yet being provided to customers.

Note 4. Restricted Cash, Investments and Net Assets

The following cash and investments are restricted:

Construction	\$ 11,974
Capitalized Interest	580,340
Debt Service Reserve	1,559,222
Bond & Interest	135,283
CRP Management	20,473
	\$ 2,307,292

This same amount is listed as Restricted Net Assets.

Note 5. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	<i>Beginning 4/30/11</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending 4/30/12</i>
Land (Not Depreciated)	\$ 534,844	\$ 14,967	\$	\$ 549,811
Equipment	4,953			4,953
Construction In Progress	19,202,968	11,920,878		31,123,846
Total	\$ 19,742,765	\$ 11,935,845	\$	\$ 31,678,610

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	<i>Beginning 4/30/11</i>	<i>Additions</i>	<i>Retirements</i>	<i>Ending 4/30/12</i>
Less Accumulated Depreciation for: Equipment	\$ 413	\$ 707	\$	\$ 1,120
Capital Assets, Net	\$19,742,352	\$11,935,138	\$	\$31,677,490

Current depreciation expense for the year ended April 30, 2012 is \$707.

Note 6. Revenue Bond Ordinances

	<i>Balance, Beginning</i>	<i>Proceeds</i>	<i>Decreases</i>	<i>Balance, Ending</i>
(a) Series 2010B	\$ 23,505,000	\$	\$	\$ 23,505,000
(b) Series 2010C	3,090,000			3,090,000
(c) Series 2010D	1,820,000			1,820,000
(d) Series 2011		4,425,000		4,425,000
TOTAL	\$ 28,415,000	\$ 4,425,000	\$	\$ 32,840,000

General Obligation Bonds (Alternate Revenue Source)

(a) Series 2010B (Taxable) Build America Bonds-Direct Payment

\$23,505,000 of 2010 Serial Revenue Bonds issued September 30, 2010, due in annual installments each January 1 beginning 2025 and extending through 2041, interest payable semi-annually each January 1 and July 1 beginning 2011 from 5.4% to 6.125% with a 35% federal interest subsidy. The annual debt service requirement of these bonds is as follows:

NOTES TO FINANCIAL STATEMENTS

Note 6. Revenue Bond Ordinances (Continued)

(a) Series 2010B (Taxable) Build America Bonds-Direct Payment (Continued)

<i>Fiscal Year Of Maturity</i>	<i>2010B Serial Revenue Bonds</i>			
	<i>Principal</i>	<i>Interest</i>	<i>B.A.B. 35% Rebate</i>	<i>Net Due</i>
2013	\$	\$ 1,394,045	\$ 487,916	\$ 906,129
2014		1,394,045	487,916	906,129
2015		1,394,045	487,916	906,129
2016		1,394,045	487,916	906,129
2017		1,394,045	487,916	906,129
2018		1,394,045	487,916	906,129
2019		1,394,045	487,916	906,129
2020		1,394,045	487,916	906,129
2021		1,394,045	487,916	906,129
2022		1,394,045	487,916	906,129
2023		1,394,045	487,916	906,129
2024		1,394,045	487,916	906,129
2025	475,000	1,394,045	487,916	1,381,129
2026	970,000	1,368,395	478,938	1,859,457
2027	1,035,000	1,314,560	460,096	1,889,464
2028	1,100,000	1,256,083	439,629	1,916,454
2029	1,180,000	1,193,383	417,684	1,955,699
2030	1,245,000	1,126,123	394,143	1,976,980
2031	1,330,000	1,055,157	369,305	2,015,852
2032	1,405,000	976,687	341,840	2,039,847
2033	1,490,000	893,792	312,827	2,070,965
2034	1,560,000	805,883	282,059	2,083,824
2035	1,645,000	713,843	249,845	2,108,998
2036	1,725,000	616,787	215,875	2,125,912
2037	1,815,000	511,131	178,896	2,147,235
2038	1,910,000	399,963	139,987	2,169,976
2039	1,930,000	282,975	99,041	2,113,934
2040	2,020,000	164,763	57,667	2,127,096
2041	670,000	41,037	14,363	696,674
	\$23,505,000	\$30,843,147	\$ 10,795,103	\$43,553,044

(b) Series 2010C Tax Exempt General Obligation Bonds

\$3,090,000 of 2010 Serial Revenue Bonds due in annual installments each January 1 beginning 2021 and extending through 2025, interest payable semi-annually each January 1 and July 1 beginning 2011 from 3.4% to 3.8%. The annual debt service requirement of these bonds is as follows:

NOTES TO FINANCIAL STATEMENTS

Note 6. Revenue Bond Ordinances (Continued)

(b) Series 2010C Tax Exempt General Obligation Bonds (Continued)

<i>Fiscal Year Of Maturity</i>	<i>2010C Serial Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$	\$ 111,005	\$ 111,005
2014		111,005	111,005
2015		111,005	111,005
2016		111,005	111,005
2017		111,005	111,005
2018		111,005	111,005
2019		111,005	111,005
2020		111,005	111,005
2021	580,000	111,005	691,005
2022	635,000	91,285	726,285
2023	705,000	69,060	774,060
2024	780,000	43,680	823,680
2025	390,000	14,820	404,820
	\$ 3,090,000	\$ 1,217,890	\$ 4,307,890

(c) Series 2010D Taxable General Obligation Bonds

\$1,820,000 of 2010 Serial Revenue Bonds due in annual installments each January 1 beginning 2015 and extending through 2020, interest payable semi-annually each January 1 and July 1 beginning 2011 from 3.0% to 4.5%. The annual debt service requirement of these bonds is as follows:

<i>Fiscal Year Of Maturity</i>	<i>2010D Serial Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$	\$ 73,844	\$ 73,844
2014		73,844	73,844
2015	75,000	73,844	148,844
2016	185,000	71,593	256,593
2017	265,000	65,350	330,350
2018	360,000	55,412	415,412
2019	425,000	41,013	466,013
2020	510,000	22,950	532,950
	\$ 1,820,000	\$ 477,850	\$ 2,297,850

Note 6. Revenue Bond Ordinances (Continued)

(d) Series 2011 Tax-Exempt Subordinate Revenue Bonds

\$4,425,000 drawn on a maximum \$5,200,000 issue of 2011 Subordinate Revenue Bonds due in semi-annual installments each January 1 and July 1 beginning 2014 and extending through January 1, 2032, interest payable semi-annually each January 1 and July 1 beginning July 1, 2012 at 2.78% until July 1, 2021. At July 1, 2021, the interest rate will be adjusted to Prime minus 0.75%, with a maximum rate cap of 7.00%.

Subsequent to year end, the Commission drew down the remaining \$775,000. The annual debt service requirement of these bonds, based on total utilization is as follows:

<i>Fiscal Year Of Maturity</i>	<i>2011 Subordinate Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$	\$ 189,936	\$ 189,936
2014	108,438	144,560	252,998
2015	221,420	140,016	361,436
2016	227,617	133,819	361,436
2017	233,989	127,447	361,436
2018	240,540	120,896	361,436
2019	247,272	114,164	361,436
2020	254,194	107,242	361,436
2021	261,310	100,126	361,436
2022	268,626	92,810	361,436
2023	276,146	85,290	361,436
2024	283,875	77,561	361,436
2025	291,822	69,614	361,436
2026	299,991	61,445	361,436
2027	308,389	53,047	361,436
2028	317,022	44,414	361,436
2029	325,896	35,540	361,436
2030	335,019	26,417	361,436
2031	344,397	17,039	361,436
2032	354,037	7,399	361,436
	\$ 5,200,000	\$ 1,748,782	\$ 6,948,782

The revenue bond ordinances require that all monies held by the Commission be segregated and restricted in separate special accounts as follows:

1. Operations and Maintenance Account - A sufficient amount to pay reasonable expenses.

Note 6. Revenue Bond Ordinances (Continued)

2. Construction Fund Account – Remaining funds available after all other bond covenants have been met, to be used for construction of the system
3. Capitalized Interest Account – A sufficient amount to pay interest of the bonds through the placed in service date.
4. Bond and Interest Account – An amount equal to the next annual tax levy to pay the current bond and interest maturities, until which time enough funds have accumulated to abate such tax levy.
5. Debt Service Reserve Account – Used to pay principal and interest costs during which times the bond and interest account contains insufficient funds to pay bond and interest requirements.
6. Rebate Fund Account – Interest earned on Federal monies which must be rebated to the United States of America.
7. Bond Reserve and Depreciation Account – Monthly deposits are required until which point the depreciation, repair, and replacement requirement has been met.
8. Surplus Account - Any surplus remaining after making the above deposits.

Note 7. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Significant losses are covered by commercial insurance for all major programs: workers' compensation, liability and property. For these programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 8. Operating Line of Credit

	<i>Balance, Beginning</i>	<i>Proceeds</i>	<i>Decreases</i>	<i>Balance, Ending</i>
Line of Credit	\$ 8,500	\$ 17,500	\$ 26,000	\$ 0

## Note 8. Operating Line of Credit (Continued)

The Commission has an unsecured line of credit dated December 22, 2010 with Illinois National Bank for up to \$200,000. The line of credit carries an interest rate of 2.5% and matures December 23, 2013. Interest payments are due quarterly based on the outstanding principal. Principal is due in one lump sum upon maturity. The line of credit is backed 90% by the Village of Chatham, Illinois and 10% by the Village of New Berlin, Illinois. In the event that the Commission could not repay the loan, the Villages would be responsible for repayment.

This line of credit was paid in full during the year ended April 30, 2012.

## Note 9. Construction in Progress

Construction in progress consists of costs associated with the construction of water holding and transmission facilities to be used to furnish potable water to the Villages of Chatham, Illinois and New Berlin, Illinois. The project is expected to cost a total of \$32.5 million and be completed by August, 2012.

Construction in progress includes a cumulative total of \$2,358,333 of construction-period interest associated with the Commission's bonds and amortization of deferred bond issuance charges. Of this total, \$1,499,482 was incurred during the year ended April 30, 2012.

## Note 10. Commitments and Contingencies

The Commission has a dispute with one of its contractors and intends to withhold from final payment, liquidated delay damages and backcharges estimated at \$96,000. As of the date of the audit report, the ramifications of this intent and possible outcomes related thereto are unknown.

## Note 11. Subsequent Events

Events that occur after the statement of net assets date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management evaluated the activity of the Village through August 30, 2012, the date which the financial statements were available to be issued, and concluded that no subsequent events would require recognition or disclosure in the notes to the financial statements.

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

SCHEDULE OF INSURANCE

April 30, 2012

PROPERTY OWNERS POLICY Amount of Coverage  
Package Policy

Cincinnati Insurance Company: # UPP0007920

Liability, Property, etc.

Per Occurrence

\$ 1,000,000

Aggregate

\$ 2,000,000

Liability Umbrella # UPP0007920

\$ 5,000,000

Various Items

Business Income/Extra Expense #UPP0007920

\$ 2,300,000

Business Auto # UPP0007920

Hired/Non-Owned

\$ 500,000

Crime #UPP0007920

\$ 250,000

Expires March 1, 2013

WORKERS COMPENSATION LIABILITY

Cincinnati Insurance Company #WC2116690-02

Each Accident, Employee

\$ 500,000

Policy Limit

\$ 500,000

Expires May 1, 2012

FIDELITY BONDS

Ohio Casualty Group #5077153

Treasurer

\$ 2,500,000

Expires May 1, 2012

SOUTH SANGAMON WATER COMMISSION  
New Berlin, Illinois

SCHEDULE OF INSURANCE

April 30, 2012

PUBLIC OFFICIALS LIABILITY

United States Liability Ins. Co. #P01000789B

Public Officials Liability

Per Occurrence

\$ 2,000,000

Aggregate

\$ 2,000,000

Employment Practices Liability

Per Occurrence

\$ 1,000,000

Aggregate

\$ 1,000,000

Expires August 3, 2012