

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2013

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ILLINOIS SOCIETY OF CPA
AMERICAN INSTITUTE OF CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the statement of net position of the South Sangamon Water Commission as of April 30, 2013 and the related statements of revenues, expenses, and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the of the South Sangamon Water Commission, as of April 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that is required to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Sangamon Water Commission's basic financial statements. The Schedule of Insurance is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Insurance 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.

Bond Compliance

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, Eyth, Sawatt, Foote + Flynn, Ltd.

Jacksonville, IL

August 28, 2013

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

STATEMENT OF NET POSITION
April 30, 2013

CURRENT ASSETS		
Cash	\$	318,896
Accounts Receivable		162,686
Prepaid Insurance		25,155
Interest Subsidy Receivable		148,489
Total Current Assets		<u>655,226</u>
RESTRICTED ASSETS		
Cash		<u>2,191,893</u>
Total Restricted Assets		<u>2,191,893</u>
PROPERTY AND EQUIPMENT		
Land		571,296
Equipment		71,058
Buildings and Infrastructure		32,576,967
Less: Accumulated Depreciation		<u>(750,534)</u>
Net Property and Equipment		<u>32,468,787</u>
Total Assets	\$	<u><u>35,315,906</u></u>
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$	706,255
Capital Lease Payable		<u>10,777</u>
Total Current Liabilities		<u>717,032</u>
NON-CURRENT LIABILITIES		
Bond Principal Due After One (1) Year		33,615,000
Capital Lease Due After One (1) Year		<u>45,690</u>
Total Non-Current Liabilities		<u>33,660,690</u>
Total Liabilities		<u>34,377,722</u>
NET POSITION		
Investment in Capital Assets, Net of Related Debt		(1,202,680)
Restricted For:		
Bond Covenants		2,173,250
Conservation Reserve		18,643
Unrestricted		<u>(51,029)</u>
Total Net Position		<u>938,184</u>
Total Liabilities and Net Position	\$	<u><u>35,315,906</u></u>

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended April 30, 2013

OPERATING REVENUES	
Charges for Services	\$ 2,473,992
Other Income	
	<u>2,473,992</u>
Total Operating Revenues	<u>2,473,992</u>
OPERATING EXPENSES	
Chemicals	189,159
Contractual Services and Other	315,669
Insurance and Taxes	34,423
Professional Services	47,461
Rent	7,286
Repairs and Maintenance	104,148
Supplies	42,835
Utilities	87,334
Depreciation	749,413
	<u>1,577,728</u>
Total Operating Expenses	<u>1,577,728</u>
Operating Income (Loss)	<u>896,264</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest Income	2,685
Interest Expense	<u>(1,436,287)</u>
Total Non-Operating Revenues (Expenses)	<u>(1,433,602)</u>
Net Income (Loss) Before Contributions	(537,338)
CAPITAL CONTRIBUTIONS	
Change in Net Position	(42,722)
Total Net Position, Beginning	<u>980,906</u>
Total Net Position, Ending	<u>\$ 938,184</u>

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

STATEMENT OF CASH FLOWS

Year Ended April 30, 2013

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,311,306
Cash Received from Others	
Cash Payments to Suppliers for Goods and Services	(772,315)
Cash Payments to Employees and Related Benefits	
Net Cash Provided by (Used for) Operating Activities	1,538,991
Cash Flows from Capital and Related Financing Activities:	
Proceeds of Subordinate Revenue Bonds	775,000
Proceeds of Capital Lease	57,350
Capital Contributions	508,766
Purchase of Land	(21,485)
Acquisition and Construction of Capital Assets	(1,797,446)
Repayment of Revenue Bonds	(861,650)
Repayment of Capital Lease	(1,035)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,340,500)
Cash Flows from Investing Activities:	
Redemption of Investments	93,543
Interest on Investments	2,685
Net Cash Provided by (Used for) Investing Activities	96,228
Net Increase (Decrease) in Cash and Cash Equivalents	294,719
CASH AND CASH EQUIVALENTS, BEGINNING	2,216,070
CASH AND CASH EQUIVALENTS, ENDING	\$ 2,510,789
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 896,264
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	749,413
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(162,686)
Increase (Decrease) in Operating Accounts Payable	56,000
Total Adjustments	642,727
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 1,538,991

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

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:

A. 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.

B. 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 position.

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.

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)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Recently Issued and Adopted Accounting Pronouncements

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Commission's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components, assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As a result of the adoption of GASB Statement 63, bond issuance costs previously reported on the Commission's Statement of Net Position have been fully amortized as a cost of construction and included in the Commission's depreciable fixed assets.

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the Commission's financial statements.

C. Capital Assets

Capital assets which include property, plant and equipment are reported in the Statement of Net Position. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Capital Assets (Continued)

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

D. Investments

Investments consist of certificates of deposit and are carried at cost which approximates market value. The Commission has no investments as of April 30, 2013.

E. 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.

F. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

G. Net Position

The Statement of Net Position 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 position results when constraints placed on use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

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

Note 2. 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.

At year-end the Commission's bank balances totaled \$2,523,865. Of this balance, \$250,000 is covered by federal depository insurance coverage, \$1,561,309 is collateralized by securities held by the pledging institution's trust department or agent, but not in the name of the Commission, \$445,000 is listed as having specific pledged collateral held by the pledging financial institution in the name of the Commission, and \$267,556 is uncollateralized.

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, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 4. Restricted Cash and Net Position

The following cash and investments are restricted:

Depreciation, Repair, & Replacement	\$ 55,032
Debt Service Reserve	1,561,309
Bond & Interest	556,909
CRP Management	18,643
	<u>\$ 2,191,893</u>

This same amount is listed as Restricted Net Position.

Note 5. 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	775,000		5,200,000
TOTAL	\$ 32,840,000	\$ 775,000	\$	\$ 33,615,000

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. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the Federal government sequestration results in an 8.7% reduction to the Commission's 35% Federal interest subsidy through September 30, 3013, at which time the sequestration rate is subject to change. The following schedule assumes the subsidy will be fully reinstated and is subject to change in future years. The annual debt service requirement of these bonds is as follows:

NOTES TO FINANCIAL STATEMENTS

Note 5. 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>
2014	\$	\$ 1,394,045	\$ 466,691	\$ 927,354
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	\$29,449,102	\$ 10,285,962	\$42,668,140

(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 5. 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>
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	\$ 1,106,885	\$ 4,196,885

(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>
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	\$ 404,006	\$ 2,224,006

NOTES TO FINANCIAL STATEMENTS

Note 5. Revenue Bond Ordinances (Continued)

(d) Series 2011 Tax-Exempt Subordinate Revenue Bonds

\$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%.

<i>Fiscal Year Of Maturity</i>	<i>2011 Subordinate Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
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	\$ 1,558,846	\$ 6,758,846

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 5. 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 6. 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 7. 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. Construction was completed during the fiscal year ended April 30, 2013 at a cumulative total cost of \$32,576,967, which includes a cumulative total of \$3,178,921 of construction-period interest and bond issuance charges. Of this total, \$820,588 was incurred during the year ended April 30, 2013.

NOTES TO FINANCIAL STATEMENTS

Note 8. Commitments and Contingencies

The Commission has a dispute with one of its contractors and has withheld from final payment \$75,000, which is included in accounts payable as of April 30, 2013. As a result, the contractor may sue the Commission for an amount estimated between \$75,000 and \$130,000, in which case the Commission intends to counterclaim for delay damages and back-charges of up to \$93,500. As of the date of the audit report, the ultimate necessity and outcome of these proceedings is unknown.

Note 9. Capital Lease Payable

On March 20, 2013, the Commission entered into a capital lease with Caterpillar Financial for the purchase of a track loader at a total of \$57,350. The agreement calls for 60 monthly payments of \$1,035 at an interest rate of 3.20%. As of April 30, 2013, the lease has a balance of \$56,467, of which \$10,777 is included in current liabilities.

The annual debt service requirements of the lease are as follows:

	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ 10,777	\$ 1,650	\$ 12,427
2015	11,127	1,300	12,427
2016	11,489	938	12,427
2017	11,862	565	12,427
2018	11,212	180	11,392
	\$ 56,467	\$ 4,633	\$ 61,100

Note 10. Operating Leases

The Commission has two separate operating leases for copy machines. Both leases call for quarterly payments of \$195. Future minimum lease payments under these leases are estimated at \$1,560 per year.

The Commission leases office space from Warren-Boynton State Bank for \$250 per month. Future minimum lease payments under this lease are estimated at \$3,000 per year.

Note 11. Subsequent Events

Events that occur after the Statement of Net Position 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 Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the Commission through August 28, 2013, 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
NOTES TO THE FINANCIAL STATEMENTS
April 30, 2013

Note 12 - Capital Assets

Capital asset activity for the year ended April 30, 2013 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 549,811	\$ 21,485	\$	\$ 571,296
Construction-in-Process	<u>31,123,846</u>	<u>1,453,121</u>	<u>32,576,967</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 31,673,657</u>	<u>\$ 1,474,606</u>	<u>\$ 32,576,967</u>	<u>\$ 571,296</u>
Capital assets being depreciated				
Buildings and infrastructure	\$	\$ 32,576,967	\$	\$ 32,576,967
Equipment	<u>4,953</u>	<u>66,105</u>	<u>-</u>	<u>71,058</u>
Total capital assets being depreciated	<u>4,953</u>	<u>32,643,072</u>	<u>-</u>	<u>32,648,025</u>
Less accumulated depreciation for:				
Buildings and infrastructure		746,556		746,556
Equipment	<u>1,121</u>	<u>2,857</u>	<u>-</u>	<u>3,978</u>
Total accumulated depreciation	<u>1,121</u>	<u>\$ 749,413</u>	<u>\$ -</u>	<u>750,534</u>
Capital assets - net	<u>\$ 31,677,489</u>		<u>\$</u>	<u>\$ 32,468,787</u>

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

SCHEDULE OF INSURANCE

April 30, 2013

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

\$ 1,000,000

Crime #UPP0007920

\$ 250,000

Building #UPP0007920

\$11,010,000

Boiler & Machinery #UPP0007920

\$ 6,000,000

Data Processing Equipment #UPP0007920

\$ 1,000,000

Expires March 1, 2014

WORKERS COMPENSATION LIABILITY

Cincinnati Insurance Company #WC2116690-03

Each Accident, Employee

\$ 1,000,000

Policy Limit

\$ 1,000,000

Expires May 1, 2013

FIDELITY BONDS

Ohio Casualty Group #5077153

Treasurer

\$ 2,500,000

Expires May 1, 2013

SOUTH SANGAMON WATER COMMISSION
New Berlin, Illinois

SCHEDULE OF INSURANCE

April 30, 2013

PUBLIC OFFICIALS LIABILITY

United States Liability Ins. Co. #PO1000789C

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, 2013