

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2024

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Independent Auditor's Report

To the Board of Commissioners
South Sangamon Water Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of South Sangamon Water Commission, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise South Sangamon Water Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of South Sangamon Water Commission, as of April 30, 2024, and the respective 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Sangamon Water Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Sangamon Water Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 South Sangamon Water Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Sangamon Water Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the retirement fund historical data on pages 19–20 and related notes on page 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Information

Management is responsible for the other information. The other information comprises the schedule of insurance, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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, Sunatt, Foote + Flynn Ltd.

Jacksonville, Illinois
July 15, 2024

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois

STATEMENT OF NET POSITION
April 30, 2024

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 1,946,498
Accounts Receivable	263,827
Prepaid Insurance	54,943
Total Current Assets	<u>2,265,268</u>
RESTRICTED ASSETS	
Cash and Cash Equivalents	2,887,814
Total Restricted Assets	<u>2,887,814</u>
PROPERTY AND EQUIPMENT	
Land	566,483
Equipment	189,664
Buildings and Infrastructure	34,045,835
Construction in Progress	359,048
Less: Accumulated Depreciation	(10,275,100)
Net Property and Equipment	<u>24,885,930</u>
Total Assets	<u>30,039,012</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	124,214
Total Deferred Outflows of Resources	<u>124,214</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 30,163,226</u>
CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 59,402
Accrued Interest	310,766
Bonds Payable	1,100,000
Total Current Liabilities	<u>1,470,168</u>
NON-CURRENT LIABILITIES	
Net Pension Liability	47,710
Bond Principal Due After One (1) Year	23,650,000
Premium on Issuance of Debt	1,824,170
Total Non-Current Liabilities	<u>25,521,880</u>
Total Liabilities	<u>26,992,048</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	50,618
Total Deferred Inflows of Resources	<u>50,618</u>
Total Liabilities and Deferred Inflows of Resources	<u>27,042,666</u>
NET POSITION	
Net Investment in Capital Assets	(1,688,240)
Restricted For:	
Bond Covenants	2,887,814
Unrestricted	1,920,986
Total Net Position	<u>3,120,560</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 30,163,226</u>

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended April 30, 2024

OPERATING REVENUES	
Charges for Services	\$ <u>3,932,664</u>
Total Operating Revenues	<u>3,932,664</u>
OPERATING EXPENSES	
Personnel	159,567
Chemicals	313,921
Contractual Services and Other	197,997
Insurance and Taxes	54,659
Professional Services	35,064
Rent	5,989
Repairs and Maintenance	244,017
Supplies	34,534
Utilities	127,966
Pension Expense (Revenue)	91,133
Depreciation	<u>905,300</u>
Total Operating Expenses	<u>2,170,147</u>
Operating Income (Loss)	<u>1,762,517</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest Income	148,399
Interest Expense	<u>(847,729)</u>
Total Non-Operating Revenues (Expenses)	<u>(699,330)</u>
Net Income (Loss) Before Contributions	1,063,187
CAPITAL CONTRIBUTIONS	<u>0</u>
Change in Net Position	1,063,187
Total Net Position, Beginning	<u>2,057,373</u>
Total Net Position, Ending	\$ <u><u>3,120,560</u></u>

See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois

STATEMENT OF CASH FLOWS

Year Ended April 30, 2024

Cash Flows from Operating Activities:

Cash Received from Customers	\$ 3,990,442
Cash Payments to Suppliers for Goods and Services	(1,059,163)
Cash Payments to Employees and Related Benefits	(241,815)
Net Cash Provided by (Used for) Operating Activities	<u>2,689,464</u>

Cash Flows from Capital and Related Financing Activities:

Acquisition and Construction of Capital Assets	(284,844)
Interest Paid on Long Term Debt	(974,697)
Repayment of Revenue Bonds	(1,060,000)
Repayment of Long Term Notes Payable	
Premium Issuance of Debt	
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,319,541)</u>

Cash Flows from Investing Activities:

Interest on Investments	148,399
Net Cash Provided by (Used for) Investing Activities	<u>148,399</u>

Net Increase (Decrease) in Cash and Cash Equivalents	518,322
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CASH AND CASH EQUIVALENTS, BEGINNING	<u>4,315,990</u>
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CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 4,834,312</u></u>
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RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:

Operating Income (Loss)	\$ 1,762,517
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	905,300
(Increase) Decrease in Accounts Receivable	57,778
(Increase) Decrease in Prepaid Insurance	(3,466)
(Increase) Decrease in Deferred Outflows of Resources	27,559
Increase (Decrease) in Net Pension Liability	(22,278)
Increase (Decrease) in Operating Accounts Payable and Liabilities	(41,550)
Increase (Decrease) in Deferred Inflows of Resources	3,604
Total Adjustments	<u>926,947</u>

NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 2,689,464</u></u>
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See accompanying notes to financial statements

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The South Sangamon Water Commission, Rochester, 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.

The Commission's financial statements include the accounts of all Commission operations. The criteria for including organizations within the Commission's reporting entity, as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus, An Amendment of GASB Statements No. 14 and No. 34", is financial accountability. A component unit is included in the Commission's reporting entity if it is both fiscally dependent on the Commission (primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of the criteria for inclusion as set forth in GASB No. 61, there are no component units.

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 non-operating 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.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

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. Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, cash deposited in checking accounts and certificates of deposit. Certificates of deposit are reported at their cost which approximates their fair value. For purposes of the statement of cash flows, the Commission considers all highly liquid investments such as certificates of deposit to be cash equivalents.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. 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.

F. Net Position

The Statement of Net Position presents the Commission's assets and deferred outflows and liabilities and deferred inflows with the difference reported in three categories:

Net investment in capital assets 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 consists 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 (FDIC) insurance.

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 \$4,889,492. Of this balance, \$250,000 is covered by federal depository insurance coverage, \$2,560,200 is collateralized by securities held by the pledging institution's trust department or agent, but not in the name of the Commission, \$2,079,292 is listed as having specific pledged collateral held by the pledging financial institution in the name of the Commission.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

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 a \$15,000 allowance for uncollectible accounts necessary as of April 30, 2024.

Note 4. Restricted Cash and Net Position

The following cash and investments are restricted:

Depreciation, Repair & Replacement	\$ 513,913
Debt Service Reserve	1,638,672
Bond & Interest	735,229
TOTAL	\$ 2,887,814

This same amount is reported as Restricted Net Position.

Note 5. Revenue Bond Ordinances

General Obligation Bonds (Alternate Revenue Source)

	<i>Beginning Balance</i>	<i>Proceeds</i>	<i>Decreases</i>	<i>Ending Balance</i>
(a) Series 2020	\$ 25,810,000	-	\$ 1,060,000	\$ 24,750,000
TOTAL	\$ 25,810,000		\$ 1,060,000	\$ 24,750,000

(a) Series 2020 Tax-Exempt General Obligation Refunding Bond

\$28,550,000 issue of 2020 General Obligation Refunding Bond. The purpose of the bonds is to refund the 2010B, 2010C and 2011 bond issuances. The entire proceeds of the refunding were used to pay off previous bond issuances and pay for costs of issuance. Payments on the new bond issuance begin January 1, 2021, with a final payment on January 1, 2041. Interest on the bonds varies between 3.125% and 4.00% throughout the lifetime of the bond issuance. The Commission realized a positive net cash flow difference on the refunding of \$3,419,607 and an economic gain of \$2,564,885 over the life of the bond issuance. The annual debt service requirement of these bonds is as follows:

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 5. Revenue Bond Ordinances (Continued)

Fiscal Year Of Maturity	2020 Serial Revenue Bonds		
	Principal	Interest	Net Due
2025	\$ 1,100,000	\$ 932,297	\$ 2,032,297
2026	1,155,000	888,298	2,043,298
2027	1,205,000	842,097	2,047,097
2028	1,245,000	793,898	2,038,898
2029	1,295,000	744,097	2,039,097
2030	1,350,000	692,298	2,042,298
2031	1,405,000	638,297	2,043,297
2032	1,460,000	582,098	2,042,098
2033	1,525,000	523,697	2,048,697
2034	1,585,000	462,698	2,047,698
2035	1,650,000	399,297	2,049,297
2036	1,715,000	333,298	2,048,298
2037	1,785,000	264,697	2,049,697
2038	1,855,000	193,298	2,048,298
2039	1,910,000	137,647	2,047,647
2040	1,970,000	78,438	2,048,438
2041	540,000	16,875	556,875
	\$ 24,750,000	\$ 8,523,325	\$ 33,273,325

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

1. System Fund Account – All revenues of the Commission are to be deposited to the System Fund to satisfy all requirements of the bond ordinances.
2. 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.
3. 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.
4. Rebate Fund Account – Interest earned on Federal monies which must be rebated to the United States of America.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 5. Revenue Bond Ordinances (Continued)

5. Depreciation, Repair and Replacement Reserve Account – Monthly deposits are required until which point the depreciation, repair, and replacement requirement has been met.
6. 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. Illinois Municipal Retirement Fund

IMRF Plan Description

The Commission's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Commission's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section below. Details of all benefits are available from IMRF.

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). South Sangamon Water Commission participates in the Regular Plan.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7. Illinois Municipal Retirement Fund (Continued)

The IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2023, the Commission's membership consisted of 2 retirees and beneficiaries currently receiving benefits, 0 inactive plan members entitled to but not yet receiving benefits, and 3 active plan members for a total of 5 plan members.

Contributions

As set by statute, the Commission's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Commission's annual contribution rate for calendar year 2023 was 5.84%. For the fiscal year ended April 30, 2024, the Commission contributed \$12,451 to the plan. The Commission also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7. Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

The Commission's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2023:

- The **Actuarial Cost Method** used was Aggregate Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
- **Mortality**
 - For **Non-Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
 - For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
 - For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7. Illinois Municipal Retirement Fund (Continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	34.5%	5.00%
International Equity	18.0%	6.35%
Fixed Income	24.5%	4.75%
Real Estate	10.5%	6.30%
Alternative Investments	11.5%	6.05-8.65%
Cash Equivalents	1.0%	3.80%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.77%, and the resulting single discount rate is 7.25%.

**SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS**

Note 7. Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability(Asset) (A) - (B)
Balances at December 31, 2022	\$ 530,203	\$ 460,215	\$ 69,988
Changes for the year:			
Service Cost	16,028		16,028
Interest on the Total Pension Liability	37,787		37,787
Changes of Benefit Terms			
Differences Between Expected and Actual Experience of the Total Pension Liability	16,870		16,870
Changes of Assumptions	(7,227)		(7,227)
Contributions – Employer		11,299	(11,299)
Contributions – Employees		8,706	(8,706)
Net Investment Income		53,403	(53,403)
Benefit Payments, including Refunds of Employee Contributions	(34,038)	(34,038)	0
Other (Net Transfer)		12,328	(12,328)
Net Changes	29,420	51,698	(22,278)
Balances at December 31, 2023	\$ 559,623	\$ 511,913	\$ 47,710

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Single Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$ 622,638	\$ 559,623	\$ 508,063
Plan Fiduciary Net Position	511,913	511,913	511,913
Net Pension Liability/(Asset)	\$ 110,725	\$ 47,710	\$ (3,850)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2024 the Commission recognized pension expense (revenue) of \$21,335. At April 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7. Illinois Municipal Retirement Fund (Continued)

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 45,866	\$ 0
Net difference between projected and actual earnings on pension plan investments	73,622	44,317
Changes of assumptions		6,301
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 119,488	\$ 50,618
Employer contributions subsequent to the measurement date (December 31, 2023)	4,726	
Total Deferred Amounts Related to Pensions	\$ 124,214	\$ 50,618

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Under generally accepted accounting principles, \$4,726 is reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended April 30:	
2025	\$ 18,894
2026	24,710
2027	24,318
2028	(660)
2029	1,608
Thereafter	0
Total	\$ 68,870

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 8. Capital Assets

Capital asset activity for the year ended April 30, 2024 is as follows:

	Balance	Increases	Decreases	Balance
Capital assets not being depreciated				
Land	\$ 566,483	\$	\$	\$ 566,483
Construction-in-Process	<u>59,909</u>	<u>299,139</u>	<u></u>	<u>359,048</u>
Total capital assets not being depreciated	<u>\$ 626,392</u>	<u>\$ 299,139</u>	<u>\$ -</u>	<u>\$ 925,531</u>
Capital assets being depreciated				
Buildings and infrastructure	\$ 34,045,835	\$	\$	\$ 34,045,835
Equipment	<u>183,425</u>	<u>6,239</u>	<u></u>	<u>189,664</u>
Total capital assets being depreciated	<u>34,229,260</u>	<u>6,239</u>	<u>-</u>	<u>34,235,499</u>
Less accumulated depreciation for:				
Buildings and infrastructure	9,220,629	892,324		10,112,953
Equipment	<u>149,171</u>	<u>12,976</u>	<u></u>	<u>162,147</u>
Total accumulated depreciation	<u>9,369,800</u>	<u>\$ 905,300</u>	<u>\$ -</u>	<u>10,275,100</u>
Capital assets - net	<u>\$ 25,485,852</u>			<u>\$ 24,885,930</u>

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 9. Construction in Process

The Commission has spent \$294,049 on a new interconnection with the Village of Chatham. In addition, the Commission has spent \$64,999 on a new well (#11). Both of these projects are expected to be completed during the year ending April 30, 2025.

Note 10. Concentration

The Commission receives the majority of total revenue from two customers. During the year ending April 30, 2024, the Village of Chatham and the Village of New Berlin accounted for \$3,585,067 and \$283,325 of total revenue, respectively. This represents 98.36% of the Commission's total water charges.

Note 11. Tax Abatements

The Commission entered into property tax abatement agreement with County Clerk of Sangamon County, Illinois. In accordance with Ordinance No. 20-05, to the extent the Commission has funds on deposit sufficient to pay the next bond and interest maturity, the Commission is required to abate property tax levies. During year ended, April 30, 2024, the Commission abated property taxes in the amount of \$2,500,000. Since the amount of the abatement is based on the excess levied against the required principal and interest, there are no provisions for recapturing abated taxes. The Commission has not made any commitments as part of the agreements other than to reduce taxes.

Note 12. Recently Issued and Adopted Accounting Standards

During the year ending April 30, 2024, the Commission implemented GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, No. 96, *Subscription-Based Information Technology Arrangements* and No. 99, *Omnibus 2022*. The adoption of these pronouncements did not have a material effect on the financial statements for the year ending April 30, 2024.

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 100, *Accounting Changes and Error Corrections*

Statement No. 101, *Compensated Absences*

Statement No. 102, *Certain Risk Disclosures*

Statement No. 103, *Financial Reporting Model Improvements*

When these statements become effective, application of these standards may restate portions of these financial statements.

SOUTH SANGAMON WATER COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 13. 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 July 15, 2024, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Note 14. Commitments and Contingencies

In association with the upcoming construction of Well Field #11, the Commission has signed a construction contract with Brotcke Well and Pump in the amount of \$403,520. As of April 30, 2024, no funds have been paid towards the contract, and the full amount remains as a commitment of the Commission.

SOUTH SANGAMON WATER COMMISSION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS (to be built prospectively from 2015)

Calendar Year Ending December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 16,028	15,402	14,824	14,026	11,507	-	-	-	8,639	
Interest on the Total Pension Liability	37,787	35,582	30,468	29,222	525	882	842	967	6,393	
Benefit Changes	-	-	-	-	-	-	-	-	-	
Difference Between Expected and Actual Experience	16,870	12,707	58,484	8,284	409,486	994	36	(2,645)	(83,147)	
Assumption Changes	(7,227)	-	-	(3,431)	-	468	(340)	-	(24)	
Benefit Payments and Refunds	(34,038)	(33,152)	(33,909)	(28,704)	(25,221)	-	-	-	-	
Net Change in Total Pension Liability	29,420	30,539	69,867	19,397	396,297	2,344	538	(1,678)	(68,139)	
Total Pension Liability - Beginning	530,203	499,664	429,797	410,400	14,103	11,759	11,221	12,899	81,038	
Total Pension Liability - Ending (a)	\$ 559,623	530,203	499,664	429,797	410,400	14,103	11,759	11,221	12,899	
Plan Fiduciary Net Position										
Employer Contributions	\$ 11,299	7,807	10,582	8,023	9,145	2,714	41	9,287	4,054	
Employee Contributions	8,706	8,189	7,910	7,478	5,772	1,508	-	-	1,295	
Pension Plan Net Investment Income	53,403	(82,769)	87,150	66,354	5,116	(1,166)	3,839	893	51	
Benefit Payments and Refunds	(34,038)	(33,152)	(33,909)	(28,704)	(25,221)	-	-	-	-	
Other	12,328	1,474	6,581	96	401,871	(188)	(48)	44	(450)	
Net Change in Plan Fiduciary Net Position	51,698	(98,451)	78,314	53,247	396,683	2,868	3,832	10,224	4,950	
Plan Fiduciary Net Position - Beginning	460,215	558,666	480,352	426,105	29,422	26,554	22,722	12,498	7,548	
Plan Fiduciary Net Position - Ending (b)	\$ 511,913	460,215	558,666	480,352	426,105	29,422	26,554	22,722	12,498	
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 47,710	69,988	(59,002)	(50,555)	(15,705)	(15,319)	(14,795)	(11,501)	401	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.47%	86.80%	111.81%	111.76%	103.83%	208.62%	225.82%	202.50%	96.89%	
Covered Valuation Payroll	\$ 193,472	181,977	175,782	166,176	128,265	33,511	-	-	28,772	
Net Pension Liability as a Percentage of Covered Valuation Payroll	24.66%	38.46%	-33.57%	-30.42%	-12.24%	-45.71%	0.00%	0.00%	1.39%	

Note to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SOUTH SANGAMON WATER COMMISSION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS (To be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ -	\$ 4,054	\$ (4,054)	\$ 28,772	14.09%
2016	-	9,287	(9,287)	-	0.00%
2017	-	41	(41)	-	0.00%
2018	2,714	2,714	-	33,511	8.10%
2019	9,145	9,145	-	128,265	7.13%
2020	9,023	9,023	-	166,176	5.43%
2021	10,582	10,582	-	175,782	6.02%
2022	7,807	7,807	-	181,977	4.29%
2023	11,299	11,299	-	193,472	5.84%

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois
OTHER INFORMATION
SCHEDULE OF INSURANCE
April 30, 2024

PROPERTY OWNERS POLICY

Package Policy

Amount of Coverage

Cincinnati Insurance Company: #ETD0487474

Liability, Property, etc.

Per Occurrence

\$ 1,000,000

Aggregate

\$ 3,000,000

Liability Umbrella #ETD0487474

Various Items

\$ 5,000,000

Business Income/Extra Expense #ETD0487474

\$ 2,300,000

Business Auto #ETD0487474

Hired/Non-Owned

\$ 1,000,000

Business Personal Property #ETD0487474

\$ \$248,400

Crime/Fidelity #ETD0487474

\$ 250,000

Building #ETD0487474

\$ 22,977,000

Contractor's Equipment #ETD0487474

\$ 99,200

Data Processing Equipment #ETD0487474

\$ 150,000

Expires May 1, 2024

WORKERS COMPENSATION LIABILITY

Cincinnati Insurance Company #EWC0238049-04

Each Accident, Employee

\$ 1,000,000

Policy Limit

\$ 1,000,000

Expires May 1, 2024

FIDELITY BONDS

Liberty Mutual Insurance #404006386

Treasurer

\$ 2,500,000

Expires May 1, 2024

SOUTH SANGAMON WATER COMMISSION
Rochester, Illinois
OTHER INFORMATION
SCHEDULE OF INSURANCE
April 30, 2024

PUBLIC OFFICIALS LIABILITY	Amount of Coverage
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United States Liability Ins. Co. #PO1550172E

Public Officials Liability

Per Occurrence	\$	2,000,000
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Aggregate	\$	2,000,000
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Employment Practices Liability

Per Occurrence	\$	1,000,000
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Aggregate	\$	1,000,000
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Expires August 1, 2024

CYBER LIABILITY INSURANCE

BCS Insurance Company #50247474M

Core Privacy Limit	\$	1,000,000
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Security Breach Limit	\$	1,000,000
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Cyber Extortion Limit	\$	1,000,000
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Expires May 1, 2024