

FILED

AUG 28 2024

Don / Hays
Sangamon County Clerk

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

For the Year Ended April 30, 2024

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3-4
<i>Financial Statements</i>	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7
<i>Notes to Financial Statements</i>	8-28
<i>Required Supplemental Information Relative to the Illinois Municipal Retirement Fund</i>	
Schedule of Changes in the Net Pension Liability and Related Ratios	29
Schedule of Employer Contributions	30
<i>Other Supplemental Data (Unaudited)</i>	
Schedule of Assessed Valuations, Rates, Extensions and Collections	31
Rate Increases and Rate Schedule	32
Schedule of Revenues and Expenses Required by Ordinance 2009-29	33

Todd J. Anderson, C.P.A.
Jamie L. Nichols, C.P.A.
Robin L. Malloy, C.P.A.

Pehlman & Dold, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Joseph E. Pehlman, C.P.A. (1941-1984)
Joseph B. Dold, C.P.A. (1953-2005)
Robert E. Ritter, C.P.A., Retired
J. Timothy Cravens, C.P.A., Retired
Dorinda L. Fitzgerald, C.P.A., Retired

100 North Amos Avenue
Springfield, IL 62702
217-787-0563
FAX 217-787-9266

July 22, 2024

Board of Trustees
Sangamon County Water Reclamation District
Springfield, Illinois

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Sangamon County Water Reclamation District, Springfield, Illinois (the "District"), as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sangamon County Water Reclamation District, Springfield, Illinois, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Sangamon County Water Reclamation District, Springfield, Illinois, 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 these 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 the Sangamon County Water Reclamation District, Illinois' 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 generally accepted auditing standards 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 generally accepted auditing standards, and *Government Auditing Standards*, 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 Sangamon County Water Reclamation District, Illinois' 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 Sangamon County Water Reclamation District, Illinois' 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

The required supplementary information relative to the Illinois Municipal Retirement Fund defined benefit plan, and the post-employment benefit other than a pension, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 regarding the methods of measurement and presentation of the supplementary information. 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sangamon County Water Reclamation District, Springfield, Illinois' basic financial statements. The accompanying financial information listed as "*Other Supplemental Data*" in the table of contents 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 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.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2024, on our consideration of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting and compliance

Respectfully submitted,

Pehlman & Dold, P.C.

PEHLMAN & DOLD, P.C. CERTIFIED
PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

Pehlman & Dold, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Joseph E. Pehlman, C.P.A. (1941-1984)
Joseph B. Dold, C.P.A. (1953-2005)
Robert E. Ritter, C.P.A., Retired
J. Timothy Cravens, C.P.A., Retired
Dorinda L. Fitzgerald, C.P.A., Retired

100 North Amos Avenue
Springfield, IL 62702
217-787-0563
FAX 217-787-9266

July 22, 2024

Board of Trustees
Sangamon County Water Reclamation District
Springfield, Illinois

***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the Sangamon County Water Reclamation District, Springfield, Illinois, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the Sangamon County Water Reclamation District, Springfield, Illinois' basic financial statements, and have issued our report thereon dated July 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangamon County Water Reclamation District, Springfield, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Pehlman & Dold, P.C.

PEHLMAN & DOLD, P.C. CERTIFIED
PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

STATEMENT OF NET POSITION
April 30, 2024

ASSETS

Current assets:

Cash	\$ 1,618,710
Receivables:	
Sewer service charges	2,561,951
Property taxes	3,645,220
Replacement taxes	140,221
U.S. Treasury	666,209
Prepaid expenses	296,911
Restricted assets:	
Cash and investments	<u>12,704,791</u>
Total current assets	21,634,013

Non-current assets:

Capital assets not being depreciated:	
Land	852,859
Construction in progress	16,161,724
Capital assets, net of accumulated depreciation:	
Property, plant and equipment	<u>259,445,477</u>
Total capital assets	<u>276,460,060</u>
Low pressure receivables	<u>171,751</u>
Total noncurrent assets	<u>276,631,811</u>

Total assets **298,265,824**

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension adjustment	<u>2,551,075</u>
Total deferred outflows of resources	<u>2,551,075</u>

LIABILITIES

Current liabilities:

Accounts payable	364,642
Accounts payable capital outlay	599,850
Accrued vacation and payroll	2,362,526
Accrued interest payable	1,791,611
Current portion of Illinois Environmental Protection Agency	3,260,610
Current portion of bonds payable	<u>1,760,000</u>
Total current liabilities	<u>10,139,239</u>

Non-current liabilities:

Bonds payable	169,375,000
Illinois Environmental Protection Agency wastewater treatment loans	34,676,244
Net post-employment benefit obligations	<u>14,271,720</u>
Total non-current liabilities	<u>218,462,203</u>

Total liabilities **228,462,203**

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	3,645,220
Deferred gain on refunding	6,498,087
Deferred pension and OPEB adjustments	<u>1,822,210</u>
Total deferred inflows of resources	<u>11,965,517</u>

NET POSITION

Net investment in capital assets	147,313,206
Restricted – capital projects	4,867,122
Unrestricted	<u>(91,791,149)</u>
Total net position	<u>60,389,179</u>

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

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

Operating Revenues	
Sewer service charge	\$30,351,440
Sewer permits	180,567
Special waste fees	185,883
Lab fees	23,102
Low pressure system payments	394,473
Annexation fees	
	<hr/>
Total operating revenues	<u>31,135,465</u>
Operating Expenses	
Plant operations	11,160,844
Pump station	1,364,603
Sewer operations	1,209,702
Management and administration	6,614,528
Depreciation	<u>6,144,022</u>
Total operating expenses	<u>26,493,699</u>
Operating income	<u>4,641,766</u>
Non-operating Revenues (Expenses)	
Property taxes	3,457,565
Federal sources – Build America Bonds	1,540,298
Illinois replacement taxes	809,180
Interest income	677,900
Rental income	18,087
Refunds, reimbursements, and miscellaneous	1,028,967
Interest expense	(9,010,571)
Bond fees	<u>(23,185)</u>
Total non-operating revenues (expenses)	<u>(1,501,759)</u>
Change in Net Position	3,140,007
Net Position	
Beginning of year	<u>57,249,172</u>
End of year	<u>\$60,389,179</u>

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2024

Net Cash Flows from Operating Activities:	
Cash received from customers and users	\$30,814,309
Payments to suppliers	(13,998,504)
Payments to employees	(6,870,865)
Net cash provided by operating activities	<u>9,944,940</u>
Net Cash Flows from Non-Capital Financing Activities:	
Property tax receipts	3,457,565
Illinois replacement tax receipts	908,746
Federal and state receipts	1,546,563
Refunds, reimbursements, and miscellaneous	<u>1,028,967</u>
Net cash provided by non-capital financing activities	<u>6,941,841</u>
Net Cash Flows from Capital and Related Financing Activities:	
Principal payments on long-term debt	(4,503,588)
Long term debt proceeds	6,418,043
Bond expenses	(23,185)
Interest paid	(9,038,284)
Acquisition and construction of capital assets	<u>(9,253,971)</u>
Net cash used by capital and related financing activities	<u>(16,400,985)</u>
Net Cash Flows from Investing Activities:	
Interest income	451,748
Rental income	<u>18,087</u>
Net cash provided by investing activities	<u>469,835</u>
<i>Net increase in cash or cash equivalents</i>	955,631
Cash or cash equivalents – May 1, 2023	<u>13,367,870</u>
Cash or cash equivalents – April 30, 2024	<u>\$14,323,501</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ 4,641,766
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation	6,144,022
<i>Change in operating assets and liabilities:</i>	
Decrease in receivables	(321,158)
Decrease in accounts payable	(119,851)
Increase in accrued vacation and payroll	175,356
Increase in prepaid expenses	(29,279)
Increase in OPEB obligations	<u>(545,916)</u>
Net cash provided by operating activities	<u>\$9,944,940</u>

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS
April 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sangamon County Water Reclamation District, Springfield, Illinois (the "District") is a municipal corporation governed by a Board of Trustees consisting of five individuals who are appointed by the Chairman of the Sangamon County Board. Revenues consist primarily of property taxes and charges for services to customers living within an area of 165 square miles, of which the City of Springfield occupies about two-thirds. The District's revenues are therefore dependent on the economy within its territorial boundaries. Industry within the District's customer base is primarily state and local government, health care, and retail.

Adoption of New Accounting Standards:

Effective May 1, 2004, the District adopted Governmental Accounting Standards (GASB) Board Statement No. 34, *Financial statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. The primary impact of adopting the statements included capitalization of infrastructure (sewer lines) capital assets, changing the presentation of fund equity, and changing the presentation of the cash flow statement from the indirect method to the direct method. Also, as part of the adoption of the new standards, the District chose to account for all of its various fund's activity and balances as a single business-type proprietary fund special purpose government entity.

Financial reporting information pertaining to the District's participation in the Illinois Municipal Retirement Fund is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

Reporting Entity:

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the District is a primary government in that it is a district with the authority to set and amend its budget, levy for taxes, set rates for charges, and issue bonded debt without approval from another government.

The District has developed criteria to determine whether outside agencies, such as cities, districts, and townships, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility on the following:

- Financial interdependency*
- Selection of governing authority*
- Designation of management*
- Ability to significantly influence operations*
- Accountability for fiscal matters*
- Scope of public service*
- Special financing relationship*

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements.

Government-Wide Financial Statement Presentation and Basis of Accounting:

The District uses a single business-type fund to account for all assets, liabilities, net position, revenues, and expenses. Business-type funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges. Accordingly, the District's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statement Presentation and Basis of Accounting: - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sanitary services. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District recognizes user charge revenues when the service is provided. Monthly cycle billing is utilized for all users. Unbilled receivables have been estimated at April 30. User charge rates are intended to generate revenues equivalent to estimated operating and replacement costs.

Service charges, permits, annexation fees, lab fees, and other miscellaneous revenues (except interest earnings) are recorded as revenues when received because they are generally not measurable until actually received. Interest earnings are recorded as earned since they are measurable and available.

Restricted Assets:

Restricted assets are cash and cash equivalents whose use is limited by legal requirements or board designation. Restricted cash represents the cash balances reserved for capital improvements, public benefit, sewer rehabilitation and replacement, special assessment debt, and bond and interest payments.

Capital Assets:

Public domain property (sewers) and other capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than \$1,000. The District capitalizes interest expense on funds used during construction of major projects. Bond costs discounts and premiums are amortized/accreted on a straight line basis over the useful life of the bond. Depreciation is provided using the straight-line method over the following estimated lives:

	<u>Years</u>
Land improvements	50-100
Buildings	100
Equipment, vehicles, and machinery	30-50
Sewer system	75

Depreciation is not provided on construction in progress until the project is completed and placed in service.

Compensated Absences:

It is the District's policy to permit employees to accumulate earned but unused sick, personal, holiday and compensatory pay benefits. One sick day is earned per month, and a maximum of 80 days may be carried over into the next year. Three personal leave days are credited to an employee at the first of the year and may be carried over into the next year with no maximum to the amount carried. Holiday leave time is earned when an employee works on a holiday as determined by the District. Holiday time may be accumulated and carried over to the next year. Employees may earn compensatory time in lieu of overtime pay for overtime worked. Employees are allowed to carry a maximum of 120 hours at any time. Upon termination of employment with the District, an employee's accumulated compensated absences balance, excluding sick time, is fully vested and payable at the employee's current pay rate. Sick leave is only paid to employees who have five or more years of service with the District and the termination is in good standing.

SANGAMON COUNTY WATER RECLAMATION DISTRICT

Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences: - continued

Employees receive vacation time based on their prior year service. Vacation days are given to employees on January 1st and they have sixteen months to use it. Any unused time is lost. Upon termination employees are paid for current unused time as well as time earned in the current year for the following year.

Deferred Inflows and Outflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred pension charges in its Statement of Net Position in connection with their participation in the Illinois Municipal Retirement Fund. These *deferred pension charges* are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contribution made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue from property taxes as deferred in its Statement of Net Position. These amounts are deferred and recognized as revenue in the period that the amounts become available. The District also recognizes deferred inflows related to a gain on refunding. This amount will be amortized over the life of the debt.

Reservations of Net Position:

The District records reservations for portions of net position which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure. Unrestricted net position indicates that portion of net position, which is available for appropriations, in future periods. Net position reserves have been established for encumbrances in capital projects and for future debt service.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Sewer Service Charges Receivable:

A majority of the sewer service charges receivable is billed and collected by other governmental agencies and then remitted to the District. The governmental agencies each have a separate collection policy. All of sewer service charges receivable are deemed collectible.

Cash and Cash Equivalents:

For purposes of reporting cash flows, the District considers all cash accounts that are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of 1 year or less, to be cash or cash equivalents.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 2. DEPOSITS AND INVESTMENTS

Statutes permit the District to make deposits/invest in obligations of the United States Government, direct obligations of any bank as defined by the Illinois Banking Act, short-term obligations of United States corporations, subject to certain conditions, money market mutual funds with portfolios limited to U.S. Government obligations, credit union shares, the Illinois Public Treasurer's Investment Pool (IPTIP) and repurchase agreements, subject to certain conditions.

All funds of the District must be deposited and invested according to these statutes. Depository banks use the Dedicated Method of collateralization, placing approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

The following is disclosed regarding coverage as of April 30, 2024.

- a) The total amount of FDIC coverage as of April 30, 2024 was \$750,000
- b) Dedicated Method: The market value of securities pledged was \$16,038,695

At April 30, 2024, deposits and investments of the District consist of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Petty cash	\$ 400	\$
Cash in bank	9,049,919	9,354,557
Savings	373,465	364,445
Certificate of Deposit	4,899,717	4,748,264
	<u>\$14,323,501</u>	<u>\$14,467,266</u>

Investment Policies:

- Interest Rate Risk: The District has no formal policy on interest rate risk. This is the risk that changes in market interest rates will adversely affect the fair market value of an investment. In general, the longer the maturity, the greater the chance that interest rate changes will adversely affect the investment. The District currently has zero exposure to interest rate risk.
- Custodial Credit Risk: The District has no formal policy on custodial credit risk. This is the risk that in the event of the failure of the counterparty (ie: financial institution) to a transaction, a government will not be able to recover the value of its deposits or investments or collateral securities that are in the possession of another party. As of April 30, 2024, the District's deposits and investments were all insured and collateralized.
- Credit Risk: The District has no formal policy on credit risk. Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.
- Concentration Risk: The District's Board places no limit on the amount that can be invested with any single issuer. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. One of the District's investments is more than 5%, or \$244,986:

Hickory Point Bank	\$4,899,717	100%
--------------------	-------------	------

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 2. *DEPOSITS AND INVESTMENTS*

At April 30, 2024, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities in Years</u>				<u>Rating</u>
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>	
Certificates of deposit	\$4,899,717	255,333	4,644,384			Unrated

Note 3. *PROPERTY TAXES*

The District's ad valorem property tax was levied by ordinance on May 30, 2023 on the assessed value listed and attached as an enforceable lien as of the prior January 1 for all real and business property located in the District. Taxes levied in one year become due and payable in two installments in June and September during the following year. Substantial collections of real estate taxes are typically received July through October.

The District accounts for property taxes using requirements that taxes relating to the current budget be recognized as revenue currently; and a property tax assessment made during the current year for the purpose of and relating to the following fiscal period budget be recorded as receivable and the related revenue deferred to the period for which it was levied.

The 2022 tax levy is reflected as revenue in the fiscal year ending April 30, 2024. Forfeited, objected, and delinquent tax distributions are recognized as revenues when collected.

Property taxes levied in 2023 to be collected in fiscal year 2025 have been recognized as assets (property taxes receivable) and deferred inflows as these taxes have been matched to be used in the 2024 budget.

The tax rates and assessed valuation for the years are as follows:

	<u>Levy Year</u>	
	<u>2022</u>	<u>2023</u>
General	.0592	.0506
Illinois Municipal Retirement Fund	.0209	.0209
Sewer Treatment	.0079	.0074
Social Security	.0149	.0167
Levy Recap	.0003	.0005
Public Benefit		.0056
Total	<u>.1032</u>	<u>.1017</u>
Assessed valuation	<u>\$3,352,574,341</u>	<u>\$3,584,287,442</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 5. CAPITAL ASSETS

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

	Balances April 30, 2023	Additions	Deletions	Transfers	Balances April 30, 2024
<i>Capital Assets not being Depreciated:</i>					
Land	\$ 852,859	\$	\$	\$	\$ 852,859
Construction in progress	9,409,554	6,752,170			16,161,724
assets	<u>\$ 10,262,413</u>	<u>\$ 6,752,170</u>	<u>\$</u>	<u>\$</u>	<u>\$ 17,014,583</u>
<i>Capital Assets being Depreciated:</i>					
Land improvements	\$ 2,413,248	\$ 688,354	\$	\$	\$ 3,101,602
Buildings	143,300,338	1,008,707			144,309,045
Equipment, vehicles, and machinery	77,220,894	654,120			77,875,014
Sewer system	117,359,229	209,780			117,569,009
Total depreciable capital assets	<u>\$340,293,709</u>	<u>\$ 2,560,961</u>	<u>\$</u>	<u>\$</u>	<u>\$342,854,670</u>
<i>Less Accumulated Depreciation:</i>					
Land improvements	\$ 751,957	\$ 71,757	\$	\$	\$ 823,714
Buildings	15,175,361	1,931,635			17,106,996
Equipment, vehicles, and machinery	23,199,622	2,168,731			25,368,353
Sewer system	38,138,231	1,971,899			40,110,130
Total accumulated depreciation	<u>\$ 77,265,171</u>	<u>\$ 6,144,022</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,409,193</u>
Total capital assets	<u>\$273,290,951</u>	<u>\$ 3,169,109</u>	<u>\$</u>	<u>\$</u>	<u>\$276,460,060</u>

Total interest on long-term debt associated with the acquisition or construction of capital assets expensed during the year ended April 30, 2024 was \$9,010,571. No interest was capitalized as construction in progress for major projects during the current fiscal year.

Note 6. LONG-TERM LIABILITIES

Loans Payable:

Illinois Environmental Protection Agency Revolving Loans:

- (a) On September 21, 2009, the District was granted a wastewater treatment works loan, under the provision of the Environmental Protection Act, in the amount of \$20,000,000 at zero percent interest. In order to secure this loan, the District authorized the issuance of the Series 2009D Subordinate Lien Bonds. \$10,000,000 of eligible costs were funded by the Water Pollution Control Loan Program and will be required to be repaid fully. The other \$10,000,000 of eligible costs was funded under the American Recovery and Reinvestment Act of 2009, of which only \$5,000,000 will be required to be repaid.

Principal payments of \$375,000 payments began April 2012 and are due each April and October through 2031. The balance of the loan at April 30, 2024 was \$5,625,000. The \$5,000,000 of loan forgiveness was included in non-operating income for fiscal year 2012. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Loans Payable: - continued

Illinois Environmental Protection Agency Revolving Loans: - continued

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 750,000	\$	\$ 750,000
April 30, 2026	750,000		750,000
April 30, 2027	750,000		750,000
April 30, 2028	750,000		750,000
April 30, 2029	750,000		750,000
April 30, 2030-2032	<u>1,875,000</u>		<u>1,875,000</u>
Total	\$ <u>5,625,000</u>	\$	\$ <u>5,625,000</u>

- (b) On July 28, 2010, the District was granted a \$20,000,000 loan from the Illinois Environmental Protection Agency, pursuant to the Environmental Protection Act, from the Water Revolving Fund. In order to secure this loan, the District authorized the issuance of the Series 2010C Subordinate Lien Bonds. The loan has a fixed interest rate of 1.25% and was used to construct Phase III of a four-phased new wastewater treatment plant. \$20,000,000 of eligible costs were funded from the Water Pollution Control Loan Program, of which \$2,500,000 was forgiven and was recognized as non-operating income for fiscal year 2012. Payments began May 1, 2012 and continue through November 1, 2031. The balance of the loan at April 30, 2024 was \$7,129,000. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 912,481	\$ 86,270	\$ 998,751
April 30, 2026	923,923	74,828	998,751
April 30, 2027	935,508	63,243	998,751
April 30, 2028	947,238	51,513	998,751
April 30, 2029	959,116	39,635	998,751
April 30, 2030-2032	<u>2,450,735</u>	<u>46,142</u>	<u>2,496,877</u>
Total	\$ <u>7,129,000</u>	\$ <u>361,631</u>	\$ <u>7,490,631</u>

- (c) As of June 30, 2011 the Sangamon County Water Reclamation District, Springfield, Illinois was approved for a loan from the Water Pollution Control Loan Program in the amount of \$20,000,000 at a 1.25% simple annual interest rate. In accordance with the procedures for issuing loans from the Water Pollution Control Loan Program Title 35 Illinois Administration Code 365.260 \$2,500,000 of the loan amount will be forgiven by the State of Illinois.

In order to secure this loan, the District authorized the issuance of the Series 2011B Subordinate Lien Bonds. The proceeds of the loan will be used in the construction of Phase IV of the new Spring Creek Wastewater Treatment Plant. The \$2,500,000 of loan forgiveness was included in nonoperating income for the fiscal year 2013. The balance of the loan at April 30, 2024 was \$9,439,498. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A, 2009E, 2010A, 2010B, and 2011A Bonds.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 891,903	\$ 115,215	\$ 1,007,118
April 30, 2026	903,087	104,031	1,007,118
April 30, 2027	914,411	92,707	1,007,118
April 30, 2028	925,876	81,242	1,007,118
April 30, 2029	937,486	69,632	1,007,118
April 30, 2030-34	<u>4,866,735</u>	<u>150,169</u>	<u>5,016,904</u>
Total	\$ <u>9,439,498</u>	\$ <u>612,996</u>	\$ <u>10,052,494</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Loans Payable: *continued*

Illinois Environmental Protection Agency Revolving Loans: - continued

- (d) In November 2022, the District entered into a loan agreement with the Illinois Environmental Protection Agency, pursuant to the Illinois EPA Water Pollution Control Loan Program, for the total amount of \$1,540,354. The loan has a fixed interest rate of 1.35% with a 20-year repayment term. Semi-annual payments began May 2022 and will continue through May 2042. The proceeds of the loan were used to construct 391 feet of 48-inch sanitary sewer and three manholes and all the necessary appurtenances. The balance of the loan at April 30, 2024 was \$1,426,550.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 70,521	\$ 19,017	\$ 89,538
April 30, 2026	71,476	18,061	89,537
April 30, 2027	72,444	17,094	89,538
April 30, 2028	73,425	16,113	89,538
April 30, 2029	74,419	15,118	89,537
April 30, 2030-2034	387,489	60,199	447,688
April 30, 2035-2039	414,446	33,242	447,688
April 30, 2040-2042	<u>262,330</u>	<u>6,232</u>	<u>268,562</u>
Total	<u>\$1,426,550</u>	<u>\$ 185,076</u>	<u>\$1,611,626</u>

- (e) In May 2021, the Sangamon County Water Reclamation District, Springfield, IL was approved for a loan through the Illinois Environmental Protection Agency, pursuant to the Illinois EPA Water Pollution Control Loan Program, for the total amount of \$6,875,000. The loan has a fixed interest rate of 1.35% with a 20-year repayment term. Semi-annual payments began May 20, 2024 and payments will continue through November 2043. The proceeds of the loan were used to construct a new intermediate pump station including three pumps and a new UV disinfection system. As of April 30, 2024, the District had drawn loan funds of \$6,753,726 and the balance of the loan at April 20, 2024 was \$6,561,784.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 304,892	\$ 87,807	\$ 392,700
April 30, 2026	309,033	83,665	392,698
April 30, 2027	313,231	79,467	392,698
April 30, 2028	317,485	75,213	392,698
April 30, 2029	321,799	70,900	392,699
April 30, 2030-2034	1,675,762	287,731	1,963,493
April 30, 2035-2039	1,792,712	170,780	1,963,492
April 30, 2040-2043	<u>1,526,870</u>	<u>46,953</u>	<u>1,573,823</u>
Total	<u>\$6,561,784</u>	<u>\$ 902,516</u>	<u>\$7,464,300</u>

- (f) In May 2022, the Sangamon County Water Reclamation District, Springfield, IL was approved for a loan through the Illinois Environmental Protection Agency, pursuant to the Environmental Protection Act from the Water Revolving Fund. The \$2,581,040 loan has a fixed interest rate of 1.35% with a 20-year repayment term. The proceeds of the loan will be used to construct 118 feet of 42-inch sanitary sewer, 475 feet of 54-inch sanitary sewer, four manholes, storm sewers along 15th and 16th Streets, along with all the necessary appurtenances to make the project complete and operational. The balance of the loan at April 30, 2024 was \$2,531,378.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Loans Payable: *continued*

Illinois Environmental Protection Agency Revolving Loans: - continued

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 105,536	\$ 27,894	\$ 133,431
April 30, 2026	115,330	26,669	141,999
April 30, 2027	116,616	25,383	141,999
April 30, 2028	117,918	24,082	142,000
April 30, 2029	119,233	22,766	141,999
April 30, 2030-2034	616,417	93,577	709,994
April 30, 2035-2039	651,580	58,415	709,995
April 30, 2040-2043	<u>688,748</u>	<u>21,248</u>	<u>709,996</u>
Total	<u>\$2,531,378</u>	<u>\$ 300,034</u>	<u>\$2,831,412</u>

- (g) At February 22, 2023, the Sangamon County Water Reclamation District, Springfield, IL was approved for a loan from the Water Pollution Control Loan Program in the amount of \$9,524,000 at a simple annual interest rate of 1.24%. The proceeds of the loan will be utilized for a portion of the costs associated with the design and rehabilitation of 100-year-old sewers and manholes in an environmental justice area of the City of Springfield known as Harvard Park. The rehabilitation will be done via the use of a Cured-In Place Pipe lining system and will restore the collection system to a like new condition and provide another 50 plus years of service life. Loan will be repaid semi-annually every June and October with the final payment due October 9, 2043. As of April 30, 2024, the District had drawn \$5,223,644 which is the principal balance at year end.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 225,277	\$ 64,077	\$ 289,355
April 30, 2026	228,079	61,275	289,354
April 30, 2027	230,916	58,438	289,354
April 30, 2028	233,788	52,566	289,354
April 30, 2029	236,696	52,658	389,354
April 30, 2030-2034	1,228,382	218,388	1,446,770
April 30, 2035-2039	1,306,703	140,067	1,446,770
April 30, 2040-2043	<u>1,533,803</u>	<u>57,645</u>	<u>1,591,448</u>
Total	<u>\$5,223,644</u>	<u>\$ 708,114</u>	<u>\$5,931,758</u>

Bond Issues:

- (a) Sangamon County Water Reclamation District, Springfield, Illinois issued \$38,860,000 taxable General Obligation Bonds, Series 2009E, for the purposes of paying for the construction costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, and to pay for the interest and costs related to the issuance of this bond. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the Board on June 30, 2009 and the Series 2009E Bond ordinance adopted September 20, 2009. The bonds are dated October 28, 2009 carry an interest rate of 6.22% and mature January 1, 2049. Principal payments ranging from \$2,365,000 to \$2,675,000 are due each January 1 from 2037 to 2049. The bonds shall pay interest semiannually on January 1 and July 1. The 2009E Bonds are issued on parity with the 2009A Bonds and are secured and payable from a lien on the net revenues of the District that is subordinate to the lien of any Senior Lien Bonds that may be issued under the Master Bond Ordinance, including the 2010A, 2010B, and 2011A Bonds. The 2009E Bonds are additionally payable from a levy of ad valorem property taxes if net revenues are not sufficient to pay the bonds. The District elected to issue the 2009E Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Bond Issued: *continued*

The following is future payment obligations on the bonds, Series 2009E (before any interest reimbursement):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$	\$ 2,417,092	\$ 2,417,092
April 30, 2026		2,417,092	2,417,092
April 30, 2027		2,417,092	2,417,092
April 30, 2028		2,417,092	2,417,092
April 30, 2029		2,417,092	2,417,092
April 30, 2030 – 2034		12,085,460	12,085,460
April 30, 2035 – 2039	7,515,000	11,634,199	19,149,199
April 30, 2040 – 2044	14,825,000	7,977,150	22,802,150
April 30, 2045 - 2048	<u>16,520,000</u>	<u>2,998,973</u>	<u>19,518,973</u>
Total	<u>\$38,860,000</u>	<u>\$46,781,242</u>	<u>\$85,641,242</u>

- (b) Sangamon County Water Reclamation District, Springfield, Illinois issued \$37,140,000 Sewer Revenue Taxable Senior Lien Bonds, Series 2010A (Build America Bonds), and \$3,065,000 Sewer Revenue Bonds, Series 2010B dated April 27, 2010, for the purposes of paying for a portion of the costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, for the redemption of the District's outstanding 2009B and 2009C bond series, to fund debt service reserve funds with respect to the 2010 bonds, and to pay interest and costs related to the issuance of these bonds. The bonds were issued pursuant to an authorizing ordinance duly adopted by the Board of Trustees on November 28, 2008 and January 26, 2010, a master bond ordinance duly adopted by the Board on June 30, 2009 and the Series 2010 Bond Ordinance adopted March 30, 2010. Principal payments ranging from \$255,000 to \$2,510,000 are due each January 1 from 2011 to 2036. The bonds carry varying interest rates from 4.098-6.498% for the 2010A Series and 2.50-4.00% for the 2010B Series. The bonds shall pay interest semiannually on January 1 and July 1. The 2010A and 2010B bonds are secured and payable from a lien on the net revenues of the District as defined in the Master Bond Ordinance. The District elected to issue the 2010A Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue.

The following is future payment obligations on the bonds, Series 2010A&B (before any interest reimbursement):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 1,600,000	\$ 1,563,783	\$ 3,163,783
April 30, 2026	1,665,000	1,466,006	3,131,006
April 30, 2027	1,735,000	1,359,479	3,094,479
April 30, 2028	1,810,000	1,248,474	3,058,474
April 30, 2029	1,880,000	1,132,670	3,012,670
April 30, 2030 – 2034	10,660,000	3,734,075	14,394,075
April 30, 2035 – 2039	<u>4,920,000</u>	<u>482,802</u>	<u>5,402,802</u>
Total	<u>\$24,270,000</u>	<u>\$10,987,289</u>	<u>\$35,257,289</u>

- (c) Sangamon County Water Reclamation District, Springfield, Illinois issued General Obligation (Alternative Revenue Source) and Taxable General Obligation (Alternative Revenue Source) Bonds, Series 2015A and 2015C in the amount of \$24,995,000. The proceeds of the 2015A bonds are expected to be used to finance certain capital improvements in the District including a portion of the costs of the construction of a new Sugar Creek Wastewater Treatment Plant as well as fund interest payments and refund outstanding bonds. The proceeds of the 2015C Bonds are to be used to fund debt service reserve funds for the IEPA loans as well as pay issuance costs and fund interest payments. The bonds are being issued pursuant to an authorizing ordinance adopted by the Board of Trustees of the District on February 24, 2015, a master bond ordinance adopted by the Board on June 30, 2009, and the Bond ordinances adopted on June 30, 2015. The bonds are payable from the net revenues of the System and ad valorem taxes levied within the District. The bonds carry varying interest rates from 4.125% to 5.75%. Semi-annual interest payments are due each July 1 and January 1, with principal repayment beginning in 2033.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Bond Issued: *continued*

The following is the future payment obligations on the bonds, Series 2015A & C:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$	\$ 1,284,905	\$ 1,284,905
April 30, 2026		1,284,905	1,284,905
April 30, 2027		1,284,905	1,284,905
April 30, 2028		1,284,905	1,284,905
April 30, 2029		1,284,905	1,284,905
April 30, 2030 – 2034	1,080,000	6,397,225	7,477,225
April 30, 2035 – 2039	3,660,000	5,827,226	9,487,226
April 30, 2040 – 2044	5,725,000	4,828,631	10,553,631
April 30, 2045 – 2049	7,175,000	3,376,525	10,551,525
April 30, 2050 – 2053	<u>7,355,000</u>	<u>1,086,463</u>	<u>8,441,463</u>
Total	<u>\$24,995,000</u>	<u>\$27,940,595</u>	<u>\$52,935,595</u>

- (d) Sangamon County Water Reclamation District, Springfield, Illinois issued General Obligation (Alternative Revenue Source) Project and Refunding Bonds, Series 2019A in the amount of \$83,130,000. The proceeds of the bonds are to be used to refund several outstanding loans and bond issues as well as fund capital projects. A portion of the proceeds of the 2019A Bonds are to be used to fund debt service reserve funds. The bonds are being issued pursuant to an authorizing ordinance adopted by the District Board of Trustees on February 2, 2015, a master bond ordinance adopted by the Board on June 30, 2009, and Bond Ordinance No. 2019-16 (2019 series) approved on July 30, 2019. The bonds are payable from the net revenues of the district and ad valorem taxes levied within the District. The bonds carry varying interest rates from 2.507% to 4.000% with annual payments due every March 30 ending in 2049.

The following is the future payment obligations on the bonds, Series 2019A:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2025	\$ 160,000	\$ 3,223,774	\$ 3,383,774
April 30, 2026	195,000	3,219,763	3,414,763
April 30, 2027	235,000	3,214,874	3,449,874
April 30, 2028	280,000	3,208,983	3,488,983
April 30, 2029	330,000	3,201,963	3,531,963
April 30, 2030 – 2034	5,385,000	15,782,985	21,167,985
April 30, 2035 – 2039	19,290,000	13,927,576	33,217,576
April 30, 2040 – 2044	24,135,000	9,776,050	33,911,050
April 30, 2045 - 2049	<u>33,000,000</u>	<u>4,200,000</u>	<u>37,200,000</u>
Total	<u>\$83,010,000</u>	<u>\$59,755,968</u>	<u>\$142,765,968</u>

Postemployment Benefits Other Than Pensions (OPEB):

Plan Name: Sangamon County Water Reclamation District Post-Retirement Health Benefit Plan

Plan Description: The District administers a single-employer defined benefit healthcare plan. The District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. Using a blended rate causes a distortion in the actual cost of benefits because, generally speaking, older participants incur more expensive costs than younger participants. An "implicit rate subsidy" represents the additional cost of older participants above the blended rate. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Plan Eligibility: Members of the Collective Bargaining Agreement of the Sangamon County Water Reclamation District, Springfield, Illinois and non-union employees are eligible for post-retirement medical coverage. For retirement benefits, the member must have worked at least 8 years and must be at least 55 years old. Special arrangements may be made for an Early Retirement incentive program. Special subsidies are available for long service employees, as described below.

Benefit Provisions: The Sangamon County Water Reclamation District offers a special retirement subsidy for Tier 1 employees who retire after age 55 with 8 years of service. The District will pay 50% of the full blended premium cost for single coverage. If the employee has over 20 years of service, the District will pay 75% of the full blended premium cost for single coverage. If the employee has over 30 years of service, the District will pay the entire full blended premium cost for single coverage.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

Retirees may elect to cover themselves and their spouses, as long as the spouse had been covered for at least one year before the employee retired. The retiree must pay the difference between the "Employee plus spouse" rate and the "Employee only" rate.

Retirees are covered under the post-retirement medical benefit for their natural lives. Spouses of retirees may be covered under the plan as long as the retiree lives, plus 18 additional months ("COBRA coverage") as long as the premiums are paid.

Funding Policy. The plans are funded on a pay-as-you-go basis. Therefore, GASB requires that the discount rate be based solely on the market yield of high-quality (Aa) municipal bonds. The basis for the discount rate is the yield to maturity of the Bond Buyer 20-Bond GO Index as reported by WM Financial Strategies as of the measurement date. The current rate is 4.07%, versus 3.53% last year. The increase in the discount rate reduced the liability by roughly \$1,200,000. The contribution requirements may be amended by the Board.

Plan membership: As of the valuation date, membership was as follows:

Inactive plan members or beneficiaries	
currently receiving benefit payments	27
Active members	<u>76</u>
Total plan membership	103

13 actives were fully eligible for benefits because they met the eligibility requirements to receive benefits. An additional 63 actives have not yet met the eligibility requirement and hence are not fully eligible for benefits.

Contribution Payables: There were no outstanding contributions yet to be paid to the plan and categorized as payable by the sponsor (receivable by the plan) as of the measurement date. Any contribution payables would be included as a deferred inflow where applicable.

Allocated Insurance Contracts: There were no allocated insurance contracts whose value was excluded from the assets and/or liabilities of the plan as of the current valuation date.

Reserves: As of the valuation date, no amount of the fiduciary net position was set aside by the plan sponsor as reserve for purposes other than funding existing costs or plan administration.

Investment Policy Statement (IPS): The plan is unfunded; no assets accumulate in a trust that meets the criteria in paragraph 4 of Statement 75.

Money Weighted Rate of Return: The plan is unfunded; no assets accumulate in a trust that meets the criteria in paragraph 4 of Statement 75.

The Total OPEB Liability was determined by an actuarial valuation performed as of the below date. Unless otherwise noted, all assumptions are consistent with those outlined below:

- *Actuarial Assumptions and Methods*
 - The **Actuarial Valuation Date** is April 30, 2024, the **Census Date** is April 30, 2023, the **Measurement Date** is April 30, 2024.
 - The **Actuarial Cost Method** used was Entry Age Normal (level % of salary).
 - The **Asset Valuation Method** used was Market Value of Assets. (The plan is unfunded)
 - The **Inflation Rate** was assumed to be 2.0%.
 - The plans are funded on a pay-as-you-go basis. Therefore, GASB requires that the discount rate be based solely on the market yield of high-quality (Aa) municipal bonds. The basis for the discount rate is the yield to maturity of the Bond Buyer 20-Bond Go Index as reported by WM Financial Strategies as of the measurement date. The current rate is 3.53%, versus 3.21% last year. The increase in the discount rate reduced the liability by roughly \$650,000.
 - The **Health Care Cost Trend Rate** for pre-Medicare was based on the 2020 Getzen Model, published by the Society of Actuaries, with an initial rate of 4.7% in 2020, trending down to an ultimate rate of 3.5% over 50 years.
Post-Medicare trend is 3.5% in all years.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

- **Amortization Method** Straight-line, closed amortization (layered bases) over average expected service to full eligibility for all participants (actives and retirees).
- **Mortality Table**, base table uses PUB-2010 General Employees; Headcount-weighted mortality. **Mortality Improvement** Scale is generationally projected with scale MP-2021.
- For **Medical Costs**, insurance rates were provided by the Office Supervisor of the District. Rates for the current valuation are summarized in the following table:

	<u>Pre Medicare</u>		<u>Post Medicare</u>	
	<u>Participant</u>	<u>Spouse</u>	<u>Participant</u>	<u>Spouse</u>
LCHP	\$1,162	\$1,069	\$860	\$767
LCDHP	813	748	602	537
Aetna HMO	1,487	1,368	1,100	981
Blue Advantage HMO	944	868	699	623
Health Alliance HMO	1,271	1,169	941	839
HMO Illinois	968	891	716	639
Healthlink OAP	1,365	1,256	1,010	901
Aetna OAP	933	858	690	616
BCBS OAP	969	891	717	640

- For **Aging Factors**, there is an implicit subsidy for retiree and spousal costs because the costs were developed by combining older, more costly employees, with younger ones.

Aging factors are applied to composite rates shown above to determine liability, Sample factors are shown below

For the District's medical plans, the following factors are applicable:

<u>Age</u>	<u>Medical (unisex)</u>
55	1.409
60	1.673
64	1.920
65	0.766
70	0.889
75	1.030
80	1.194
85	1.384
90	1.605

- **Discount Rate** is 4.07 (previously 3.53%)

The plan is unfunded; therefore, the discount rate used for the GASB calculations is equal to the municipal bond rate based on the yield to maturity of the Bond Buyer 20-Bond GO Index as reported by WM Financial Strategies as of the measurement date.

As of the current measurement date, the applicable Municipal Bond Rate is 4.07%.

- For **Termination Rates**, 80% of the Vaughn ultimate table; 100% of the Vaughn select rates for the first three years of employment (50%, 30%, 20% respectively). Sample ultimate rates:

<u>Age</u>	<u>Rate</u>
25	10.88%
30	8.08%
35	6.32%
40	5.20%
45	4.40%
50	3.60%
55 & above	0.00%

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

• **Retirement Rates**

<u>Age</u>	<u>Rate</u>
55	15%
56	6%
57	12%
58	12%
59	8%
60	10%
61	25%
62	25%
63	25%
64	10%
65	33%
66-69	50%
70	100%

- **No Expense.**
- For **Participation Rate**, 100% of current Active Employees eligible to participate in the post-retirement medical plan will do so.
- For **Spousal Participation Rate**, 60% of current male Active Employees will be married at retirement; 50% of current female Active Employees will be married. Male spouses are assumed to be two years older than female spouses.

• ***Changes in Net OPEB (Asset) Liability***

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB (Asset) Liability (A) – (B)
Balance April 30, 2023	\$11,626,246	\$	\$11,626,246
Changes for the year:			
Service Cost	633,726		633,726
Interest	405,451		405,451
Experience (Gain)/Loss	1,216,497		1,216,497
Assumptions (Gain)/Loss	(1,159,656)		(1,159,656)
Contributions		280,736	(280,736)
Benefit Payments including Refunds	(280,736)	(280,736)	
Net Changes	815,282		815,282
Balance April 30, 2024	<u>\$12,441,528</u>	<u>\$</u>	<u>\$12,441,528</u>

• ***Components of Net OPEB Liability***

The Net OPEB Liability as of the current valuation date is calculated as follow:

Total OPEB Liability	\$12,441,528
Fiduciary Net Position	-0-
Net OPEB Liability / (Asset)	<u>\$12,441,528</u>

Fiduciary Net Position as a Percentage of Total OPEB

Liability	0.00%
-----------	-------

• ***Net OPEB Liability Sensibility***

Sensitivity of the Net OPEB Liability to changes in the Discount Rate is shown in the table below:

<u>Discount Rate Sensitivity</u>	<u>1% Lower</u>	<u>Valuation Rate</u>	<u>1% Higher</u>
Net OPEB Liability	\$14,715,842	\$12,441,528	\$10,645,987

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rate is shown in the table below:

<u>Discount Rate Sensitivity</u>	<u>1% Lower</u>	<u>Valuation Rate</u>	<u>1% Higher</u>
Net OPEB Liability	\$10,443,952	\$12,441,528	\$15,026,759

- OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.***

For the year ended April 30, 2024, the District recognized OPEB expense of \$608,997. At April 30, 2024, the District reported deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods:</i>		
Differences between expected and actual experience	\$1,288,875	\$(1,316,221)
Changes of assumptions	<u>631,925</u>	<u>(2,426,789)</u>
<i>Total Deferred amounts related to OPEB</i>	<u>1,920,800</u>	<u>\$(3,743,010)</u>
<i>Net Deferred Outflow/ Inflow</i>	<u>\$1,822,210</u>	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<u>Year Ending April 30</u>	<u>Net Deferred Inflows of Resources</u>
2025	\$(456,619)
2026	(553,412)
2027	(312,470)
2028	(212,798)
2029+	(286,911)

Illinois Municipal Retirement Fund Pension Plan

- Plan Description.***

Sangamon County Water Reclamation District'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 District'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 of this document. 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).

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

All three 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 of the 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
- ½ of the increase in the Consumer Price Index of the original pension amount.
-
- **Employees Covered by Benefit Terms.**

As of December 31, 2023, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	99
Inactive Plan Members entitled to but not yet receiving benefits	13
Active Plan Members	<u>74</u>
Total	<u>186</u>

- **Contributions.**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2022 was 9.88%. For the fiscal year ended April 30, 2024, the District contributed \$912,686 to the plan. The District also contributed 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.

- **Net Pension (Asset) Liability.**

The District's net pension (asset) liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension (asset) 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:

**SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois**

**NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024**

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

Notes to Schedule of Contributions:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the calendar year in which contributions are reported.

Methods and Assumptions Used to Determine Total Pension Liability:

<i>Actuarial Cost Method:</i>	Aggregate Entry Age Normal
<i>Asset Valuation Method:</i>	Market Value of Assets
<i>Price Inflation</i>	2.25%
<i>Salary Increases:</i>	2.85% to 13.75%
<i>Investment Rate of Return:</i>	7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.

Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.

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-2021.

Mortality: 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-2021.

Other Information: There were no benefit changes during the year.

There were no changes in the discount rate used to calculate the Total Pension Liability (TPL), since the December 31, 2022 valuation. Mortality and other demographic assumptions used to determine the TPL were updated after the December 31, 2022 valuation, based on the experience study results published in the January 4, 2024 experience study report for IMRF.

• ***Single Discount Rate.***

A Single Discount Rate of 7.25% was used to measure the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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%.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

• **Changes in Net Pension (Asset) Liability.**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) – (B)</u>
Balance December 31, 2022	\$36,690,392	\$33,063,185	\$3,627,207
Changes for the year:			
Service Cost	639,438		639,438
Interest on Total Pension Liability	2,598,382		2,598,382
Changes in Benefit Term			
Difference between Expected and Actual Experience of Total Pension Liability	134,201		134,201
Changes of Assumptions	(55,369)		(55,369)
Contributions – Employer		517,923	(517,923)
Contributions – Employees		307,675	(307,675)
Net Investment Income		3,748,097	(3,748,097)
Benefit Payments including Refunds	(2,340,714)	(2,340,714)	
Other (net transfer)		(539,972)	(539,972)
Net Changes in NPL(A)	<u>975,938</u>	<u>2,772,953</u>	<u>(1,797,015)</u>
Balance December 31, 2023	<u>\$37,666,330</u>	<u>\$35,836,138</u>	<u>\$ (1,830,192)</u>

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

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

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Total Pension Liability	\$42,110,827	\$37,666,330	\$34,067,203
Plan Fiduciary Net Position	<u>35,836,138</u>	<u>35,836,138</u>	<u>35,836,138</u>
Net Pension Liability (Asset)	<u>\$ 6,274,689</u>	<u>\$ 1,830,192</u>	<u>\$ (1,768,935)</u>

• **Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension.**

For the year ended April 30, 2024, the District recognized pension expense of \$627,075. At April 30, 2024, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows(Inflows) of Resources
<u>Deferred Amounts Related to Pensions</u>			
Deferred Amounts to be Recognized in Pension Expense in Future Periods:			
Differences between expected an actual experience	\$ 427,671	\$	\$ 427,671
Changes of assumptions		88,285	(88,285)
Net difference between projects and actual actual earning on pension plan investments	<u>4,993,296</u>	<u>3,054,397</u>	<u>1,938,899</u>
Total deferred Amounts to be recognized in pension expense in future periods	5,420,967	3,142,682	2,278,285
Pension Contributions made subsequent to the measurement date	<u>272,790</u>	<u>_____</u>	<u>272,790</u>
Total Deferred amounts Related to Pensions	<u>\$5,693,757</u>	<u>\$3,964,223</u>	<u>\$2,551,075</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Net Deferred Outflows</u> <u>(Inflows) of Resources</u>
2024	\$ 550,006
2025	801,795
2026	1,461,339
2027	(262,065)
Total	<u>\$2,551,075</u>

Note 7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the District for the year ended April 30, 2024:

	<u>Balance</u> <u>April 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2024</u>
IEPA Wastewater Treatment Loans	\$ 34,362,399	\$ 6,418,043	\$ 2,843,588	\$ 37,936,854
General Obligation Bonds	146,985,000		120,000	146,865,000
Revenue Bonds	25,810,000		1,540,000	24,270,000
Premium	6,724,239		226,152	6,498,087
Post-Employment Benefits	15,253,453		981,733	14,271,720
Totals	<u>\$229,135,091</u>	<u>\$ 6,418,043</u>	<u>\$ 5,711,473</u>	<u>\$229,841,661</u>

Note 8. RESTRICTED CASH AND INVESTMENTS

At April 30, 2024, the District has a restricted cash and investment balance of \$11,285,620 comprised of the following account balances:

Special Assessment	\$ 855,553
Public Benefit	545,002
Sewer Rehabilitation	13,921
Capital Improvement	103,654
Bond and Interest and IEPA Reserve	
2009E	3,426,346
2010A Principal and Interest	1,428,126
2010A Reserve	2,673,047
2011A Principal and Interest	274,640
2015A Principal and Interest	(704,571)
2015C Principal and Interest	(1,131,951)
2019 A & B Principal and Interest	(2,951,424)
IEPA Loans	8,163,583
Capital Improvement – 2019A and B	174
Replacement	8,690
	<u>\$12,704,791</u>

Amounts in the Special Assessment and Public Benefit Accounts are restricted by statute to pay for the extension of sewer lines. Upon ordinance adopted by the Board, amounts in the Public Benefit Account may be used for other purposes deemed a public benefit.

The loan agreements and bond ordinances of the District establish certain accounts for the benefit of bond holders and for specific purposes designated in the ordinances. These accounts include:

Bond and Interest: Recently funded to pay principal and interest on the 2007 and 2009 General Obligation Alternate Bonds, the 2010A&B Revenue Bonds, the 2011A Revenue Bonds, 2015 A&C and 2019 General Obligation Bonds, and the IEPA loans. Includes amounts deposited from bond proceeds to pay a portion of interest and establish reserve accounts for the 2010A Bonds, 2019 A&B Bonds, and the IEPA loans.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 8. RESTRICTED CASH AND INVESTMENTS - continued

Construction - 2010A and 2010B: Established to pay for the costs of constructing the new Spring Creek wastewater treatment plant.

Capital Improvements: Established to pay for capital improvements, and through Ordinances passed by the Board in 2007 requires the deposit of connection fees received by the District. Portions of Capital Improvement have also been restricted per the 2009 Master Bond Ordinance requiring a minimum balance of \$400,000 for depreciation, repair, and replacement, established for the payment of extraordinary maintenance, necessary repairs and replacements, and ordinary maintenance when no other funds are available.

Sewer Rehabilitation: Used to pay for sewer rehabilitation and lining projects. Balances may be used to meet the minimum balance of \$400,000 for depreciation, repair, and replacement established in the 2009 Master Bond Ordinance.

Amounts in other accounts have been designated by ordinance of the Board.

Note 9. RESTRICTED ACCOUNTS – REQUIRED BY BOND ORDINANCE 2009-29

(a) Bond and Interest – reserve accounts:

	<u>2009E</u>	<u>2010A Principal & Interest</u>	<u>2010A Reserve</u>	<u>2011A Principal & Interest</u>
Cash and cash equivalents				
- reserve accounts April 30, 2023	\$3,351,818	\$ 1,472,337	\$2,633,378	\$ 270,564
Add (deduct)				
Transfer to Bond and Interest				
Accounts	1,629,362	2,597,585		
Build America Bond Receipts	812,871	535,297		
Interest Income	50,492	22,179	39,669	4,076
Paying Agent Fees	(1,105)	(1,380)		
Bond Principal Repayment		(1,540,000)		
Bond Interest Expense	(2,417,092)	(1,657,892)		
Cash and cash equivalents				
- reserve accounts April 30, 2024	<u>\$3,426,346</u>	<u>\$1,428,126</u>	<u>\$2,673,047</u>	<u>\$ 274,640</u>

	<u>2015A Principal & Interest</u>	<u>2015C Principal & Interest</u>	<u>2019 A&B</u>	<u>IEPA Loans</u>
Cash and cash equivalents				
- reserve accounts April 30, 2023	\$(855,101)	\$(979,321)	\$(2,949,824)	\$7,290,986
Add (deduct)				
Transfer to Bond and Interest				
Accounts	1,284,905		3,346,783	3,989,793
Build America Bond Receipts				
Interest Income				37,761
Paying Agent Fees	(1,050)	(1,050)	(1,600)	(17,000)
Bond Principal Repayment			(120,000)	(2,843,588)
Bond Interest Expense	(1,133,325)	(151,580)	(3,226,783)	(294,368)
Cash and cash equivalents				
- reserve accounts April 30, 2024	<u>\$(704,571)</u>	<u>\$(1,131,951)</u>	<u>\$(2,951,424)</u>	<u>\$8,163,584</u>

(b) Capital improvements accounts:

	<u>Capital Improvement 2019A&B</u>
Cash and cash equivalents -	
April 30, 2023	\$ 168
Interest Received	6
Transfer to Other Funds	
Cash and cash equivalents	
April 30, 2024	<u>\$ 174</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2024

Note 10. *RISK MANAGEMENT*

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District carries a broad range of commercial insurance coverage, including business auto liability, general liability, workers' compensation, and an umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 11. *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through July 22, 2024, which is the date the financial statements were available to be issued. Through July 22, 2024, no subsequent events required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

REQUIRED SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MOST RECENT CALENDAR YEARS

Calendar Year Ended <i>December 31</i>	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 639,438	\$ 608,503	\$ 617,989	\$ 612,266	\$ 568,370	\$ 533,102	\$ 513,312	\$ 535,233	\$ 507,569
Interest on the Total Pension Liability	2,598,382	2,516,249	2,432,466	2,389,809	2,333,151	2,291,927	2,266,245	2,217,605	2,060,943
Changes of Benefit Terms									
Differences between Expected and Actual Experience of the Total Pension Liability	134,201	299,546	343,910	28,518	(16,592)	(46,499)	625,333	(151,755)	1,380,495
Changes of Assumptions	(55,369)			(255,864)		887,505	(1,046,745)	(105,249)	34,455
Benefit Payments, including Refunds of Employee Contributions	(2,340,714)	(2,273,069)	(2,194,918)	(2,183,520)	(2,067,256)	(2,055,354)	(1,995,869)	(1,914,301)	(1,812,097)
Net Change in Total Pension Liability	<u>975,938</u>	<u>1,151,229</u>	<u>1,199,447</u>	<u>591,209</u>	<u>817,673</u>	<u>1,610,681</u>	<u>362,276</u>	<u>581,533</u>	<u>2,171,365</u>
Total Pension Liability - Beginning	<u>36,690,392</u>	<u>35,539,163</u>	<u>34,339,716</u>	<u>33,748,507</u>	<u>32,930,834</u>	<u>31,320,153</u>	<u>30,957,877</u>	<u>30,376,344</u>	<u>28,204,979</u>
Total Pension Liability - Ending (A)	<u>\$37,666,330</u>	<u>\$36,690,392</u>	<u>\$35,539,163</u>	<u>\$34,339,716</u>	<u>\$33,748,507</u>	<u>\$32,930,834</u>	<u>\$31,320,153</u>	<u>\$30,957,877</u>	<u>\$30,376,344</u>
Plan Fiduciary Net Position									
Contributions - Employer	\$ 517,923	\$ 660,264	\$ 796,042	\$ 852,810	\$ 711,763	\$ 821,146	\$ 764,228	\$ 1,064,596	\$ 907,160
Contributions - Employees	307,675	300,728	279,859	301,264	243,145	230,625	223,248	203,644	300,105
Net Investment Income	3,748,097	(5,473,399)	6,140,609	4,662,700	5,431,795	(1,970,548)	4,942,160	1,723,671	121,669
Benefit Payments, including Refunds of Employee Contributions	(2,340,714)	(2,273,069)	(2,194,918)	(2,183,520)	(2,067,256)	(2,055,354)	(1,995,869)	(1,914,301)	(1,812,097)
Other (Net Transfer)	<u>539,972</u>	<u>(201,279)</u>	<u>127,892</u>	<u>24,338</u>	<u>(134,320)</u>	<u>527,031</u>	<u>(642,896)</u>	<u>24,620</u>	<u>958,637</u>
Net Change in Plan Fiduciary Net Position	<u>2,772,953</u>	<u>(6,986,755)</u>	<u>5,149,484</u>	<u>3,657,592</u>	<u>4,185,127</u>	<u>(2,447,100)</u>	<u>3,290,871</u>	<u>1,102,230</u>	<u>475,474</u>
Plan Fiduciary Net Position - Beginning	<u>33,063,185</u>	<u>40,049,940</u>	<u>34,900,456</u>	<u>31,242,864</u>	<u>27,057,737</u>	<u>29,504,837</u>	<u>26,213,966</u>	<u>25,111,736</u>	<u>24,636,262</u>
Plan Fiduciary Net Position - Ending (B)	<u>35,836,138</u>	<u>33,063,185</u>	<u>40,049,940</u>	<u>34,900,456</u>	<u>31,424,864</u>	<u>27,057,737</u>	<u>29,504,837</u>	<u>26,213,966</u>	<u>25,111,736</u>
Net Position (Asset) Liability - Ending (A)-(B)	<u>\$ 1,830,192</u>	<u>\$ 3,627,207</u>	<u>\$ (4,510,777)</u>	<u>\$ (560,740)</u>	<u>\$ 2,505,643</u>	<u>\$ 5,873,097</u>	<u>\$ 1,815,316</u>	<u>\$ 4,743,911</u>	<u>\$ 5,264,608</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.14%	90.11%	112.69%	101.63%	92.58%	82.17%	94.20%	84.68%	82.67%
Covered Valuation Payroll	\$6,779,096	\$6,682,838	\$6,219,080	\$6,044,006	\$ 5,403,223	\$5,125,006	\$4,961,062	\$4,525,303	\$4,609,581
Net Pension Liability as a Percentage of Covered Valuation Payroll	27.00%	54.28%	(72.53)%	(9.28)%	46.37%	114.60%	36.59%	104.83%	114.21%

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.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

REQUIRED SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR CALENDAR YEARS

<u>Calendar Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation of Payroll</u>
2015	\$612,613	\$ 907,160	\$(294,547)	\$4,609,581	19.68%
2016	\$683,321	\$1,064,596	\$(381,275)	\$4,525,303	23.53%
2017	\$741,679	\$ 764,228	\$(22,549)	\$4,961,062	15.40%
2018	\$758,501	\$ 821,146	\$(62,645)	\$5,125,006	16.02%
2019	\$653,790	\$ 711,763	\$(57,973)	\$5,403,223	13.17%
2020	\$852,809	\$ 852,810	\$(1)	\$6,044,006	14.11%
2021	\$796,042	\$ 796,042	\$	\$6,219,080	12.80%
2022	\$660,264	\$ 660,264	\$	\$6,682,838	9.88%
2023	\$517,923*	\$ 517,923	\$	\$6,779,096	7.64%

*Estimated based on contribution rate of 9.88% and covered valuation payroll of \$6,779,096

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

*Remaining Amortization
Period:*

Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP, and ECO groups): 20-year closed period.

Early Retirement Incentive plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 15 years for most employers (five employers were financed over 16 years; one employer was financed over 17 years; two employers were financed over 18 years; one employer was financed over 21 years; three employers were financed over 24 years; four employers were financed over 25 years, and one employer was financed over 26 years).

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 2.75%

Price Inflation: 2.25%

Salary Increases: 2.85% to 13.75%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are 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.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation.

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.

OTHER SUPPLEMENTAL DATA (UNAUDITED)

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

SCHEDULE OF ASSESSED VALUATIONS, RATES
EXTENSIONS AND COLLECTIONS
(Unaudited)
Tax Years 2024 and 2023

	<u>2023 Taxes</u> <u>Payable in 2024</u>	<u>2022 Taxes</u> <u>Payable in 2023</u>
<i>Assessed Valuation</i>	\$ <u>3,584,287,442</u>	\$ <u>3,352,574,341</u>
Estimated Actual Value	<u>\$10,752,862,326</u>	<u>\$10,057,723,023</u>
<i>Tax Rates:</i>		
General	.0506	.0592
Illinois municipal retirement	.0209	.0209
Sewer treatment	.0074	.0079
Social security	.0167	.0149
Levy recapture	.0005	.0003
Public benefit	<u>.0056</u>	<u>—</u>
<i>Total</i>	<u>.1017</u>	<u>.1032</u>
<i>Extensions:</i>		
General	\$1,813,650	\$1,984,724
Illinois municipal retirement	749,116	700,688
Sewer treatment	265,237	264,853
Social security	598,576	499,534
Levy recapture	17,921	10,058
Public benefit	<u>200,720</u>	<u>—</u>
<i>Total</i>	<u>\$3,645,220</u>	<u>\$3,459,857</u>
<i>Collections:</i>		<u>\$3,277,096</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

RATE INCREASES AND RATE SCHEDULE
For the Year Ended April 30, 2024

	FY 2025 Rates Effective <u>May 1, 2024</u>	User Rate if billed at 1,000 gallons <u>per unit</u>
Section 1 User Charge System		
Rate 1a – Suburban Springfield Base User Charge		
Base User Charge (per CCF)	\$ 6.71	\$ 8.98
Service Charge (monthly)	14.51	
Collection Charge (monthly)	.50	
Total Monthly Charge	\$15.01	
Rate 1b – City of Springfield Baser User Charge		
Base User Charge (per CCF)	\$ 4.44	
Service Charge (monthly)	7.27	
Collection Charge (monthly)	.25	
Total Monthly Charge	\$ 7.52	
Rate 1c – District Base User Charge		
User Charge (per CCF) net	\$ 3.37	4.51
Service Charge (monthly)	7.27	
Collection Charge (monthly)	.25	
Total Monthly Charge	\$ 7.52	
Rate 1d – District Unmetered User Charge		
Within Springfield:		
District Charge (monthly)	\$25.03	
Collection Charge (monthly)	.50	
Total Monthly Charge	\$25.53	
Outside Springfield: Chatham, Sherman, Rochester		
District Charge (monthly)	\$41.35	
Collection Charge (monthly)	.50	
Total Monthly Charge	\$41.85	
Rate 1e – Curran-Gardner User Charge		
User Charge (per CCF)	\$ 6.71	8.98
Service Charge (monthly)	14.51	
Collection Charge (monthly)	1.00	
Total Monthly Charge	\$15.51	
Rate 1f – Surcharge		
BOD Surcharge	\$.36	
TSS Surcharge	.47	
Section 2 Year End Review User Charge System		
Rate 2a – Year End Review Base User Charge		
Base User Charge	\$.67	
Rate 2b – Year End Review Surcharge		
BOD Surcharge	\$.16	
TSS Surcharge	.16	

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

SCHEDULE OF REVENUES AND EXPENSES REQUIRED BY ORDINANCE 2009-29
For the Year Ended April 30, 2024

	Statement of Revenues and Expenses	Public Benefits	Less Special Assessments	Other Adjustments	Required by Ordinance 2009-29
Operating Revenues:					
Sewer service charges	\$30,351,440	\$	\$	\$	\$30,351,440
Sewer permits	180,567				180,567
Special waste fees	185,883				185,883
Lab fees	23,102				23,102
Low pressure system payments	<u>394,473</u>	<u>(394,473)</u>			
Total operating revenues	<u>31,135,465</u>	<u>(394,473)</u>			<u>30,740,992</u>
Operating Expenses					
Plant operations	11,160,844	(77,217)		(226,990)	10,856,637
Pump station operations	1,364,603			(13,931)	1,350,672
Sewer operations	1,209,702			(13,229)	1,196,473
Management and administration	6,614,528			(74,111)	6,540,417
Depreciation	<u>6,144,022</u>			<u>(6,144,022)</u>	
Total operating expenses	<u>26,493,699</u>	<u>(77,217)</u>		<u>(6,472,283)</u>	<u>19,944,199</u>
Operating gain (loss)	<u>4,641,766</u>	<u>(317,256)</u>		<u>6,472,283</u>	<u>10,796,793</u>
Non-operating Revenues (Expenses)					
Property taxes	3,457,565				3,457,565
Federal receipts	1,540,298			(1,403,540)	136,758
Illinois replacement taxes	809,180				809,180
Interest income	677,900	(14,877)	(27,610)		635,413
Rental income	18,087				18,087
Refunds, reimbursements, and miscellaneous	1,028,967	(1,007,865)			21,102
Interest expense	(9,010,571)			9,010,571	
Bond costs	<u>(23,185)</u>			<u>23,185</u>	
Total non-operating revenues (expenses)	<u>(1,501,759)</u>	<u>(1,022,742)</u>	<u>(27,610)</u>	<u>7,630,216</u>	<u>5,078,105</u>
Change in Net Assets	<u>\$ 3,140,007</u>	<u>\$ (1,339,998)</u>	<u>\$ (27,610)</u>	<u>\$14,102,499</u>	<u>\$15,874,898</u>