

NORTHERN MORaine
WASTEWATER RECLAMATION
DISTRICT, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

NORTHERN MORAINES WASTEWATER RECLAMATION DISTRICT, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1 - 2
-------------------------------------	--------------

MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 11
---	---------------

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position	12 - 13
---------------------------	---------

Statement of Activities	14 - 15
-------------------------	---------

Fund Financial Statements

Balance Sheet – Governmental Funds	16
------------------------------------	----

Reconciliation of Total Governmental Fund Balance to the Statement of Net Position – Governmental Activities	17
---	----

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
--	----

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities	19
--	----

Statement of Fiduciary Net Position	20
-------------------------------------	----

Statement of Changes in Fiduciary Net Position	21
--	----

Statement of Cash Flows – Proprietary	22
---------------------------------------	----

Notes to Financial Statements	23 - 43
-------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

Illinois Municipal Retirement Fund	44
------------------------------------	----

Schedule of Changes in the Employer's Net Pension Liability

Illinois Municipal Retirement Fund	45
------------------------------------	----

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

General Fund	46
--------------	----

Audit - Special Revenue Fund	47
------------------------------	----

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

TABLE OF CONTENTS

PAGE

FINANCIAL SECTION - Continued

OTHER SUPPLEMENTARY INFORMATION

Schedule of Expenditures – Budget and Actual – General Fund	48
Statement of Net Position - Sewerage Subfunds	49
Statement of Changes in Net Position - Sewerage Subfunds	50
Schedule of Operating Expenses and Capital Outlay – Budget and Actual Sewerage – Enterprise Fund	51 - 52

SUPPLEMENTAL SCHEDULES

Schedule of Assessed Valuations, Extended Tax Rates, Percentage Allocation and Amounts by Fund - Last Three Tax Levy Years	53
Schedule of Property Tax Extensions – Last Three Tax Levy Years	54

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

July 30, 2020

Members of the Board of Trustees
Northern Moraine Wastewater Reclamation District
Island Lake, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Moraine Wastewater Reclamation District, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Moraine Wastewater Reclamation District, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Moraine Wastewater Reclamation District, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

Our discussion and analysis of the Northern Moraine Wastewater Reclamation District's financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2020. Please read it in conjunction with the District's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

- The District's net position decreased as a result of this year's operations. While net position of business-type activities decreased by \$586,945, or 1 percent, net position of the governmental activities decreased by \$27,267, or 7 percent.
- During the year, government-wide revenues for the primary government totaled \$3,028,792, while expenses totaled \$3,643,004, resulting in a decrease to net position of \$614,212.
- The District's net position totaled \$43,756,131 on April 30, 2020, which includes \$39,743,402 net investment in capital assets, \$993,778 subject to external restrictions, and \$3,018,951 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$28,110, resulting in ending fund balance of \$366,639, a decrease of 7 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 - 15) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 12 - 15 of this report.

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general government. The business-type activities of the District include sewerage operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Audit Fund, both of which are considered a major funds.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

The District adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 - 19 of this report.

Proprietary Funds

The District maintains one proprietary fund type: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District utilizes enterprise funds to account for its sewerage operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The Sewerage Fund is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 43 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's IMRF employee pension obligation and budgetary comparison schedules for the General Fund and Audit Fund. Required supplementary information can be found on pages 44 - 47 of this report. Combining and budgetary comparison schedules for the can be found on pages 48 - 52 of this report.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$43,756,131.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 496,060	536,111	3,834,358	5,114,140	4,330,418	5,650,251
Capital Assets	-	-	43,843,402	43,438,550	43,843,402	43,438,550
Total Assets	496,060	536,111	47,677,760	48,552,690	48,173,820	49,088,801
Deferred Outflows	-	-	329,167	371,795	329,167	371,795
Total Assets/Deferred Outflows	496,060	536,111	48,006,927	48,924,485	48,502,987	49,460,596
Long-Term Debt	-	-	4,032,782	4,290,199	4,032,782	4,290,199
Other Liabilities	-	-	589,924	666,384	589,924	666,384
Total Liabilities	-	-	4,622,706	4,956,583	4,622,706	4,956,583
Deferred Inflows	120,886	133,670	3,264	-	124,150	133,670
Total Liabilities/Deferred Inflows	120,886	133,670	4,625,970	4,956,583	4,746,856	5,090,253
Net Position						
Net Investment in Capital Assets	-	-	39,743,402	39,135,395	39,743,402	39,135,395
Restricted	8,535	7,692	985,243	2,462,948	993,778	2,470,640
Unrestricted (Deficit)	366,639	394,749	2,652,312	2,369,559	3,018,951	2,764,308
Total Net Position	375,174	402,441	43,380,957	43,967,902	43,756,131	44,370,343

A large portion of the District's net position, \$39,743,402 or 91 percent, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$993,778 or 2 percent, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining 7 percent, or \$3,018,951, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

**NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT,
ILLINOIS**

**Management's Discussion and Analysis
April 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ -	-	2,709,597	2,707,746	2,709,597	2,707,746
Capital Grants/Contrib.	-	-	125,280	254,168	125,280	254,168
General Revenues						
Property Taxes	133,874	140,361	-	-	133,874	140,361
Replacement Taxes	1,044	9,093	-	-	1,044	9,093
Interest Income	-	-	58,997	57,710	58,997	57,710
Total Revenues	134,918	149,454	2,893,874	3,019,624	3,028,792	3,169,078
Expenses						
General Government	162,185	144,359	-	-	162,185	144,359
Sewerage	-	-	3,480,819	2,998,105	3,480,819	2,998,105
Total Expenses	162,185	144,359	3,480,819	2,998,105	3,643,004	3,142,464
Change in Net Position	(27,267)	5,095	(586,945)	21,519	(614,212)	26,614
Net Position - Beginning	402,441	397,346	43,967,902	43,946,383	44,370,343	44,343,729
Net Position - Ending	375,174	402,441	43,380,957	43,967,902	43,756,131	44,370,343

Net position of the District's governmental activities decreased by 7 percent (\$375,174 in 2020 compared to \$402,441 in 2019). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$366,639 at April 30, 2020.

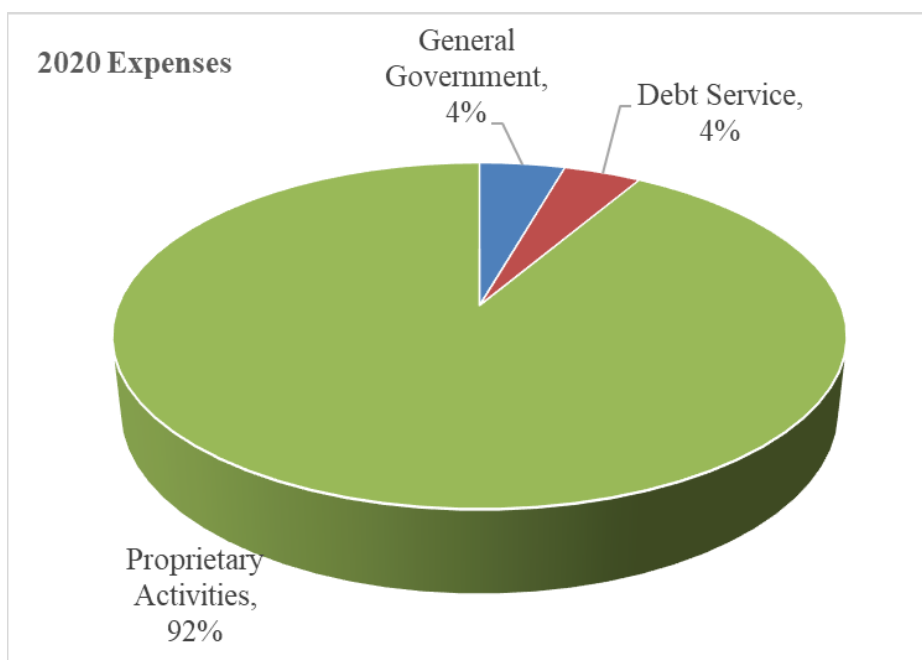
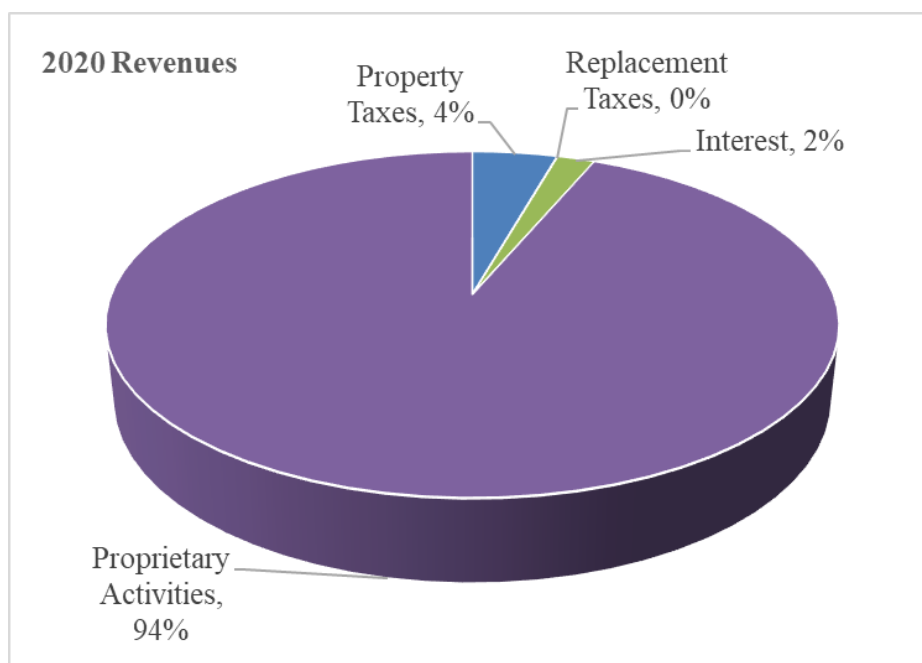
Net position of business-type activities decreased by 1 percent (\$43,380,957 in 2020 compared to \$43,967,902 in 2019).

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Revenues for the District totaled \$3,028,792, while the cost of all functions totaled \$3,643,004. This results in a deficit of \$614,212. In 2019, revenues of \$3,169,078 exceeded expenses of \$3,142,464, resulting in a surplus of \$26,614. The decrease in 2020 was due in large part to a payment of \$972,938 to the Village of Lakemoor in the form of a loan, per agreement, for the sanitary sewer construction costs related to Woodman's.



NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District's governmental funds reported combining ending fund balances of \$375,174, which is \$27,267, or 7 percent, lower than last year's total of \$402,441. Of the \$375,174 total, \$366,639, or approximately 98 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a decrease in fund balance for the year of \$28,110, a decrease of 7 percent and the Audit Fund reported a slight increase for the year of \$843.

Proprietary Funds

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The District reports the Sewerage Fund as a major proprietary fund. The Sewerage Fund accounts for all of the operations of the District's sewerage system.

The deficit in the Sewerage Fund during the current fiscal year was \$586,945, while the previous fiscal year reported a surplus of \$21,519. As previously stated, this decrease is due to a large loan to the Village of Lakemoor for the Woodman's sanitary sewer construction costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board made no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$126,675, compared to budgeted revenues of \$127,720. Property tax revenue for the year came in slightly under budget.

The General Fund actual expenditures for the year were \$4,005 lower than budgeted (\$154,785 actual compared to \$158,790 budgeted).

**NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT,
ILLINOIS**

**Management's Discussion and Analysis
April 30, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of April 30, 2020 was \$43,843,402 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, system infrastructure, and equipment and furniture.

	<u>Capital Assets - Net of Depreciation</u>	
	<u>Business-type</u>	
	<u>Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 1,076,505	1,076,505
Building and Improvements	1,201,866	1,104,481
System Infrastructure	39,880,349	40,013,539
Equipment and Furniture	1,684,682	1,244,025
Total	<u>43,843,402</u>	<u>43,438,550</u>

Additional information on the District's capital assets can be found in note 3 of this report.

Debt Administration

At year-end, the District had total outstanding bonded debt of \$4,100,000 as compared to \$4,405,000 the previous year, a decrease of 7 percent. The following is a comparative statement of outstanding debt:

	<u>Long-Term Debt Outstanding</u>	
	<u>Business-type</u>	
	<u>Activities</u>	
	<u>2020</u>	<u>2019</u>
General Obligation Alternate Revenue Bonds	\$ 4,100,000	4,405,000

Additional information on the District's long-term debt can be found in Note 3 of this report.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Management's Discussion and Analysis April 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board considered the following factor in preparing the budget and appropriations ordinance for the District, which was adopted for the 2020-2021 fiscal year:

- The equalized assessed valuation (EAV) for the District for 2019 is \$310,096,236. This represents an increase in EAV of \$19,031,036 in comparison with the prior year.

The District's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget, including tax rates, and fees that will be charged for its various activities. One of those factors is the economy. The District is faced with a similar economic environment as many of the other local municipalities are faced with, including inflation, unemployment rates, and the affects of the global health emergency from COVID-19.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the District Manager, Northern Moraine Wastewater Reclamation District, P.O. Box 240, Island Lake, Illinois 60042.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

NORTHERN MORAINA WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Net Position

April 30, 2020

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Current Assets			
Cash and Investments	\$ 375,174	3,173,441	3,548,615
Cash at Paying Agent	-	393,818	393,818
Receivables - Net of Allowances			
Property Taxes	120,886	-	120,886
Accounts	-	267,099	267,099
Total Assets	496,060	3,834,358	4,330,418
Noncurrent Assets			
Capital Assets			
Nondepreciable	-	1,076,505	1,076,505
Depreciable	-	55,878,018	55,878,018
Accumulated Depreciation	-	(13,111,121)	(13,111,121)
Total Noncurrent Assets	-	43,843,402	43,843,402
Total Assets	496,060	47,677,760	48,173,820
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Items - IMRF	-	329,167	329,167
Total Assets and Deferred Outflows of Resources	496,060	48,006,927	48,502,987

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ -	169,851	169,851
Accrued Payroll	-	20,233	20,233
Accrued Interest Payable	-	33,818	33,818
Compensated Absences	-	6,022	6,022
Alternate Revenue Bonds Payable	-	360,000	360,000
Total Current Liabilities	-	589,924	589,924
Noncurrent Liabilities			
Compensated Absences	-	24,089	24,089
Net Pension Liability - IMRF	-	268,693	268,693
Alternate Revenue Bonds Payable - Net	-	3,740,000	3,740,000
Total Noncurrent Liabilities	-	4,032,782	4,032,782
Total Liabilities	-	4,622,706	4,622,706
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	120,886	-	120,886
Deferred Items - IMRF	-	3,264	3,264
Total Deferred Inflows of Resources	120,886	3,264	124,150
Total Liabilities and Deferred Inflows of Resources	120,886	4,625,970	4,746,856
NET POSITION			
Net Investment in Capital Assets	-	39,743,402	39,743,402
Restricted	8,535	985,243	993,778
Unrestricted	366,639	2,652,312	3,018,951
Total Net Position	375,174	43,380,957	43,756,131

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINES WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Activities

For the Fiscal Year Ended April 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
Governmental Activities				
General Government	\$ 162,185	-	-	-
Business-Type Activities				
Sewerage	3,480,819	2,709,597	-	125,280
Total Primary Government	3,643,004	2,709,597	-	125,280

General Revenues
Taxes
 Property Taxes
 Replacement Taxes
Interest Income

Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
(162,185)	-	(162,185)
-	(645,942)	(645,942)
(162,185)	(645,942)	(808,127)
133,874	-	133,874
1,044	-	1,044
-	58,997	58,997
134,918	58,997	193,915
(27,267)	(586,945)	(614,212)
402,441	43,967,902	44,370,343
375,174	43,380,957	43,756,131

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Balance Sheet - Governmental Funds****April 30, 2020**

	General	Audit	Totals
ASSETS			
Cash and Investments	\$ 366,639	8,535	375,174
Receivables - Net of Allowances			
Property Taxes	120,886	-	120,886
Total Assets	487,525	8,535	496,060
LIABILITIES			
None	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	120,886	-	120,886
Total Liabilities and Deferred Inflows of Resources	120,886	-	120,886
FUND BALANCES			
Restricted	-	8,535	8,535
Unassigned	366,639	-	366,639
Total Fund Balance	366,639	8,535	375,174
Total Liabilities, Deferred Inflows of Resources and Fund Balances	487,525	8,535	496,060

The notes to the financial statements are an integral part of this statement.

NORTHERN MORaine WASTEWATER RECLAMATION DISTRICT, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities**

April 30, 2020

Total Governmental Fund Balances	\$ 375,174
Amounts reported for governmental activities in the Statement of Net Position are different because:	
None noted	<u>-</u>
Net Position of Governmental Activities	<u><u>375,174</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended April 30, 2020**

	General	Audit	Totals
Revenues			
Taxes			
Property Taxes	\$ 125,631	8,243	133,874
Replacement Taxes	1,044	-	1,044
Total Revenues	126,675	8,243	134,918
Expenditures			
General Government			
Personnel Services	13,400	-	13,400
Contractual Services	134,264	7,400	141,664
Commodities	7,121	-	7,121
Total Expenditures	154,785	7,400	162,185
Net Change in Fund Balances	(28,110)	843	(27,267)
Fund Balances - Beginning	394,749	7,692	402,441
Fund Balances - Ending	366,639	8,535	375,174

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

For the Fiscal Year Ended April 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ (27,267)
---	--------------------

Amounts reported for governmental activities in the Statement of Activities
are different because:

None Noted

-

Changes in Net Position of Governmental Activities	<u>(27,267)</u>
---	------------------------

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Net Position - Proprietary Fund

April 30, 2020

	Business -Type Activities Sewerage
ASSETS	
Current Assets	
Cash and Investments	\$ 3,173,441
Cash with Paying Agent	393,818
Receivables - Net of Allowances	
Accounts	267,099
Total Current Assets	3,834,358
Noncurrent Assets	
Capital Assets	
Nondepreciable	1,076,505
Depreciable	55,878,018
Accumulated Depreciation	(13,111,121)
Total Noncurrent Assets	43,843,402
Total Assets	47,677,760
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	329,167
Total Assets and Deferred Outflows of Resources	48,006,927
LIABILITIES	
Current Liabilities	
Accounts Payable	169,851
Accrued Payroll	20,233
Accrued Interest Payable	33,818
Compensated Absences	6,022
Alternate Revenue Bonds Payable	360,000
Total Current Liabilities	589,924
Noncurrent Liabilities	
Compensated Absences	24,089
Net Pension Liability - IMRF	268,693
Alternate Revenue Bonds Payable - Net	3,740,000
Total Noncurrent Liabilities	4,032,782
Total Liabilities	4,622,706
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	3,264
Total Liabilities and Deferred Inflows of Resources	4,625,970
NET POSITION	
Net Investment in Capital Assets	39,743,402
Restricted - Capital Improvements	985,243
Unrestricted	2,652,312
Total Net Position	43,380,957

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINA WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund For the Fiscal Year Ended April 30, 2020

	Business -Type Activities Sewerage
Operating Revenues	
Charges for Services	
Sewer Charges	\$ 2,585,044
Penalties	73,900
Permit Fees	1,800
Miscellaneous	48,853
Total Operating Revenues	<u>2,709,597</u>
Operating Expenses	
Personal Services	931,073
Contractual Services	654,694
Commodities	171,131
Other	70,579
Total Operating Expenses	<u>1,827,477</u>
Operating Income Before Depreciation	882,120
Depreciation	<u>1,413,781</u>
Operating (Loss)	<u>(531,661)</u>
Nonoperating Revenues (Expenses)	
Interest Income	58,997
Bond Issuance Costs	(21,673)
Loss on Bond Refunding	(115,171)
Interest Expense and Fees	(102,717)
	<u>(180,564)</u>
(Loss) Before Capital Contributions	(712,225)
Capital Contributions	<u>125,280</u>
Change in Net Position	(586,945)
Net Position - Beginning	<u>43,967,902</u>
Net Position - Ending	<u><u>43,380,957</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Cash Flows - Proprietary Fund For the Fiscal Year Ended April 30, 2020

	Business -Type Activities Sewerage
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 2,798,067
Payments to Suppliers	(922,017)
Payments to Employees	(931,073)
	<u>944,977</u>
Cash Flows from Capital and Related	
Financing activities	
Issuance of Debt	4,100,000
Principal Payment	(4,405,000)
Bond Interest and Fees	(239,561)
Purchase of Capital Assets	(1,693,353)
	<u>(2,237,914)</u>
Cash Flows from Investing Activities	
Interest Received	<u>58,997</u>
Net Change in Cash and Cash Equivalents	(1,233,940)
Cash and Cash Equivalents - Beginning	<u>4,801,199</u>
Cash and Cash Equivalents - Ending	<u><u>3,567,259</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities	
Operating (Loss)	(531,661)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	1,413,781
(Increase) Decrease in Current Assets	88,470
Increase (Decrease) in Current Liabilities	(25,613)
	<u>944,977</u>
Noncash Capital and Related Financing Activities	
Capital Contributions	<u><u>125,280</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Moraine Wastewater Reclamation District (the District) of Illinois is duly organized and existing under the provisions of the laws of the State of Illinois. The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies established in GAAP and used by the District are described below.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (general government, sewerage, etc.). The functions are supported by general government revenues (property and personal property replacement taxes, interest income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within each of the categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It accounts for all revenues and expenditures of the District which are not accounted for in other funds. The General Fund is a major fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District maintains one major special revenue fund. The Audit Fund is used to account for the collection of property taxes for payment of the District's annual audit.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The District maintains one major enterprise fund, the Sewerage Fund, which is used to account for the treatment of sewerage of the District's citizens. User charges to customers account for substantially all of the revenue of this fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, intergovernmental revenues, licenses, interest revenue, and charges for services. Only the portion of special assessments received due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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 of the District’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds 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.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES

Cash and Investments

For purpose of the Statement of Net Position, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds' Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Many of the District's funds combine their cash in a common cash account included in the General Fund where available cash is invested. No interest is earned from commingled checking in the General Fund.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes and program fees. Business-type activities report program fees as their major receivables.

Capital Assets

Capital assets purchased or acquired with an original cost of \$100 or more, depending on asset class, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES – Continued

Capital Assets – Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building and Improvements	5 - 40 Years
System Infrastructure	10 - 40 Years
Equipment and Furniture	5 - 20 Years

Compensated Absences

The District accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION/FUND BALANCES – Continued

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The District follows these procedures in establishing the budgets reflected in the financial statements:

- Prior to July 15th, the District Board receives a proposed appropriation ordinance for the fiscal year commencing on May 1st. The appropriation ordinance includes proposed expenditures and the means of financing them.
- A public hearing is conducted at a public meeting to obtain taxpayer comments.
- The appropriation ordinance is legally enacted through passage of an ordinance prior to July 31st.
- The District Treasurer, in conjunction with the Board, is authorized to expend the un-expensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
- The original appropriation ordinance was passed on June 11, 2019 and was not amended during the fiscal year.
- Formal budgetary integration is not employed as a management control device during the year for any fund.
- Appropriation comparisons presented in the accompanying financial statements are prepared on the modified accrual or accrual basis of accounting. Governmental funds utilize the modified accrual basis of accounting and the business-type funds use the accrual basis of accounting for both appropriation purposes and actual results.
- Expenditures cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments." In addition, investments are separately held by several of the District's funds.

Permitted Deposits and Investments – Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the District's deposits for governmental and business-type activities totaled \$3,876,762 and the bank balances totaled \$3,469,800. In addition, the District has \$65,671 invested in the Illinois Funds at year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has adopted its investment policy in accordance with the Illinois Public Funds Investment Act. According to the District's investment policy, the investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements which may be reasonably anticipated in any District Fund. The District's investment in Illinois Funds has an average maturity of less than one year.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy states that the District shall enter into collateral security agreements or similar instruments with any financial institution wherein District funds on deposit exceed FDIC insured limits. At year-end \$201,778 of the bank balance of the deposits was not covered by federal depository or equivalent insurance, and represents cash at paying agent for debt service payments. For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment in Illinois Funds is not subject to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in instruments in accordance with State Statute, the District's investment policy does not further address credit risk. At year-end, the District's investment in the Illinois Funds is rated AAAM by Standard & Poor's.

Concentration Risk. This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not require diversification, but the decision is left to the discretion of the Board. At year-end, the District does not have any investments over 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes receivable are recognized at the time they are levied. Property taxes are levied and attached as an enforceable lien on property on January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of the levy. The tax levy for 2019 property taxes was adopted on November 12, 2019. That portion of the property taxes which are not available for the current year's operations are shown as deferred revenue.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 1,076,505	-	-	1,076,505
Depreciable Capital Assets				
Building and Improvements	2,707,000	158,253	-	2,865,253
System Infrastructure	47,269,285	1,070,954	-	48,340,239
Equipment and Furniture	4,083,100	589,426	-	4,672,526
	54,059,385	1,818,633	-	55,878,018
Less Accumulated Depreciation				
Building and Improvements	1,602,519	60,868	-	1,663,387
System Infrastructure	7,255,746	1,204,144	-	8,459,890
Equipment and Furniture	2,839,075	148,769	-	2,987,844
	11,697,340	1,413,781	-	13,111,121
Total Net Depreciable Capital Assets	42,362,045	404,852	-	42,766,897
Total Net Capital Assets	43,438,550	404,852	-	43,843,402

Depreciation expense was charged to the Sewerage Fund.

LONG-TERM DEBT

General Obligation Alternate Revenue Bonds

The District issues general obligation alternate bonds to provide funds for the acquisition and construction of major capital facilities. Alternate revenue source bonds provide for the collection, segregation and distribution of certain revenues received by the District for the payment of principal and interest on the alternate revenue source bonds.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Alternate Revenue Bonds – Continued

Alternate revenue source bonds outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
\$6,965,000 General Obligation Alternate Revenue Source Bonds of 2010, due in annual installments of \$300,000 to \$470,000 plus interest at a rate of 1.50% to 3.80% through May 1, 2029.	\$ 4,405,000	-	4,065,000 * 340,000	-
\$4,100,000 General Obligation Alternate Revenue Source Refunding Bonds of 2019, due in annual installments of \$360,000 to \$450,000 plus interest at a rate of 2.02% through May 1, 2029.	-	4,100,000	-	4,100,000
	4,405,000	4,100,000	4,405,000	4,100,000

* Refunded

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balance	Additions	Deductions	Ending Balances	Amounts Due within One Year
Business-Type Activities					
Compensated Absences	\$ 29,761	700	350	30,111	6,022
Net Pension Liability - IMRF	303,235	-	34,542	268,693	-
Alternate Revenue Source Bonds	4,405,000	4,100,000	4,405,000	4,100,000	360,000
Unamortized Discount	(101,845)	-	(101,845)	-	-
	4,636,151	4,100,700	4,338,047	4,398,804	366,022

For the business-type activities, the compensated absences, the net position liability and the alternate revenue source bonds are retired by the Sewerage Fund.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Business-Type Activities	
	Alternate Revenue	
	Source Bonds	
	Principal	Interest
2021	\$ 360,000	71,592
2022	380,000	71,710
2023	390,000	63,933
2024	400,000	55,954
2025	405,000	47,824
2026	415,000	39,541
2027	425,000	31,058
2028	435,000	22,371
2029	440,000	13,534
2030	450,000	4,545
Totals	4,100,000	422,062

Defeased Debt

On December 4, 2019, the District issued \$4,100,000 par value General Obligation Alternative Revenue Source Refunding Bond, Series of 2019 to refund \$4,065,000 of the General Obligation Alternate Revenue Bond Series of 2010. The District defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the District reduced its total debt service by \$272,426 and obtained an economic gain of \$275,599.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2020:

Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 43,843,402
Less Capital Related Debt:	
Alternate Revenue Source Bonds	<u>(4,100,000)</u>
Net Investment in Capital Assets	<u>39,743,402</u>

Fund Balance Classifications

In the governmental fund financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board itself or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board, who is authorized to assign amounts to a specific purpose.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCES – Continued

Fund Balance Classifications – Continued

Unassigned Fund Balance. Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

Minimum Fund Balance Policy. The District's policy states that the District shall strive to maintain an unassigned fund balance in the General Fund of at least 50% of the estimated annual operating expenditures of the fund.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Audit	Totals
Fund Balances			
Restricted			
Audit	\$ -	8,535	8,535
Unassigned	366,639	-	366,639
Total Fund Balances	366,639	8,535	375,174

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to the District's employees; and net income losses. The District has commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Any settlements during the past three years have not exceeded the District's coverage.

CONTINGENT LIABILITIES

COVID-19 Financial Impact

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the District's operations and financial position cannot be determined.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Litigation

The District is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The District contributes to one defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. The District joined IMRF on January 1, 2018. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained on-line at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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).

IMRF provides two tiers of pension benefits. 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.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

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

Plan Membership. As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	-
Inactive Plan Members Entitled to but not yet Receiving Benefits	2
Active Plan Members	<u>9</u>
Total	<u><u>11</u></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 requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2020, the District's contribution was 12.02% of covered payroll.

Net Pension Liability. The District's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% to 14.25%
Cost of Living Adjustments	3.25%
Inflation	2.50%

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Actuarial Assumptions – Continued.

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 366,014	268,693	184,625

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 439,172	135,937	303,235
Changes for the Year:			
Service Cost	56,128	-	56,128
Interest on the Total Pension Liability	33,875	-	33,875
Difference Between Expected and Actual Experience of the Total Pension Liability	(1,509)	-	(1,509)
Changes of Assumptions	-	-	-
Contributions - Employer	-	80,910	(80,910)
Contributions - Employees	-	27,355	(27,355)
Net Investment Income	-	19,779	(19,779)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfer)	-	(5,008)	5,008
Net Changes	88,494	123,036	(34,542)
Balances at December 31, 2019	527,666	258,973	268,693

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

For the year ended April 30, 2020, the District recognized pension expense of \$87,565. At April 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 296,626	(1,377)	295,249
Change in Assumptions	15,338	-	15,338
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(1,887)	(1,887)
Total Pension Expense to be Recognized in Future Periods	311,964	(3,264)	308,700
Pension Contributions Made Subsequent to the Measurement Date	17,203	-	17,203
Total Deferred Amounts Related to IMRF	329,167	(3,264)	325,903

\$17,203 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021. 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:

Fiscal Year	Net Deferred Outflows of Resources
2021	\$ 31,288
2022	31,288
2023	31,286
2024	30,267
2025	31,504
Thereafter	153,067
Total	308,700

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to the Financial Statements

April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The District has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, there is minimal participation. As the District provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the District has not recorded a liability as of April 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedule
General Fund
Audit Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a modified accrual basis for governmental funds.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 74,656	\$ 74,656	-	\$ 549,736	13.58%
2020	73,996	73,996	-	615,522	12.02%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

Note:

The District joined IMRF on January 1, 2018. This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Illinois Municipal Retirement Fund****Schedule of Changes in the Employer's Net Pension Liability****April 30, 2020**

	12/31/2018	12/31/2019
Total Pension Liability		
Service Cost	\$ 61,625	56,128
Interest	2,311	33,875
Differences Between Expected and Actual Experience	356,788	(1,509)
Change of Assumptions	18,448	-
Benefit Payments, Including Refunds of Member Contributions	-	-
Net Change in Total Pension Liability	439,172	88,494
Total Pension Liability - Beginning	-	439,172
Total Pension Liability - Ending	439,172	527,666
Plan Fiduciary Net Position		
Contributions - Employer	\$ 73,170	80,910
Contributions - Members	66,977	27,355
Net Investment Income	-	19,779
Benefit Payments, Including Refunds of Member Contributions	-	-
Other (Net Transfer)	(4,210)	(5,008)
Net Change in Plan Fiduciary Net Position	135,937	123,036
Plan Net Position - Beginning	-	135,937
Plan Net Position - Ending	135,937	258,973
Employer's Net Pension Liability	\$ 303,235	268,693
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.95%	49.08%
Covered Payroll	\$ 549,736	607,886
Employer's Net Pension Liability as a Percentage of Covered Payroll	55.16%	44.20%

Note:

The District joined IMRF on January 1, 2018. This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Taxes	\$ 126,834	126,834	125,631
Replacement Taxes	886	886	1,044
Total Revenues	127,720	127,720	126,675
Expenditures			
General Government			
Personnel Services	13,800	13,800	13,400
Contractual Services	134,640	134,640	134,264
Commodities	8,350	8,350	7,121
Other	2,000	2,000	-
Total Expenditures	158,790	158,790	154,785
Net Change in Fund Balance	(31,070)	(31,070)	(28,110)
Fund Balance - Beginning			394,749
Fund Balance - Ending			366,639

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Audit - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property Taxes	\$ 7,011	7,011	8,243
Expenditures			
General Government			
Contractual Services			
Audit Services	14,000	14,000	7,400
Net Change in Fund Balance	(6,989)	(6,989)	843
Fund Balance - Beginning			7,692
Fund Balance - Ending			8,535

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedule – General Fund
- Combining Schedules – Major Enterprise Fund Subfunds
- Budgetary Comparison Schedule – Sewerage Fund

INDIVIDUAL FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUND

Special Revenue Funds are created to account for the proceeds of specific revenue sources (other than fiduciary funds or capital project funds) that are legally restricted to expenditure for specified purposes.

Audit Fund

The Audit Fund is used to account for the collection of property taxes for payment of the District's annual audit.

ENTERPRISE FUND

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Sewerage Fund

The Sewerage Fund is used to account for the treatment of sewerage of the District's citizens. User charges to customers account for substantially all of the revenue of this fund.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Original Budget	Final Budget	Actual
General Government			
Personnel Services			
Salaries and Payroll Taxes	\$ 13,800	13,800	13,400
Contractual Services			
Training/Seminars	850	850	759
Maintenance Equipment	500	500	-
Telephone	7,400	7,400	3,439
Rental	100	100	-
Travel/Rentals	1,100	1,100	-
Software Support	19,590	19,590	16,246
Legal Services	8,000	8,000	9,274
Printing/Publishing	1,000	1,000	2,920
Bank Charges	100	100	-
General Insurance/Bonding	96,000	96,000	101,626
Total Contractual Services	134,640	134,640	134,264
Commodities			
Office Supplies	2,000	2,000	205
Website Expenditures	5,400	5,400	6,080
Dues and Memberships	700	700	679
Miscellaneous	250	250	157
Total Commodities	8,350	8,350	7,121
Other			
Office Equipment over \$500	2,000	2,000	-
Total Expenditures	158,790	158,790	154,785

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Statement of Net Position - Sewerage Subfunds

April 30, 2020

	Operating and Maintenance	Bond Alternate Bond and Interest	Plant Expansion	Total
ASSETS				
Current Assets				
Cash and Investments	\$ 2,188,198	-	985,243	3,173,441
Cash with Paying Agent	-	393,818	-	393,818
Receivables - Net of Allowances				
Accounts	267,099	-	-	267,099
Total Current Assets	2,455,297	393,818	985,243	3,834,358
Noncurrent Assets				
Capital Assets				
Nondepreciable	1,076,505	-	-	1,076,505
Depreciable	55,878,018	-	-	55,878,018
Accumulated Depreciation	(13,111,121)	-	-	(13,111,121)
Total Noncurrent Assets	43,843,402	-	-	43,843,402
Total Assets	46,298,699	393,818	985,243	47,677,760
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	329,167	-	-	329,167
Total Assets and Deferred Outflows of Resources	46,627,866	393,818	985,243	48,006,927
LIABILITIES				
Current Liabilities				
Accounts Payable	169,851	-	-	169,851
Accrued Payroll	20,233	-	-	20,233
Accrued Interest Payable	-	33,818	-	33,818
Compensated Absences	6,022	-	-	6,022
Alternate Revenue Bonds Payable	-	360,000	-	360,000
Total Current Liabilities	196,106	393,818	-	589,924
Noncurrent Liabilities				
Compensated Absences	24,089	-	-	24,089
Net Pension Liability - IMRF	268,693	-	-	268,693
Alternate Revenue Bonds Payable - Net	3,740,000	-	-	3,740,000
Total Noncurrent Liabilities	4,032,782	-	-	4,032,782
Total Liabilities	4,228,888	393,818	-	4,622,706
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	3,264	-	-	3,264
Total Liabilities and Deferred Inflows of Resources	4,232,152	393,818	-	4,625,970
NET POSITION				
Net Investment in Capital Assets	39,743,402	-	-	39,743,402
Restricted - Capital Improvements	-	-	985,243	985,243
Unrestricted	2,652,312	-	-	2,652,312
Total Net Position	42,395,714	-	985,243	43,380,957

NORTHERN MORAINA WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Statement of Changes in Net Position - Sewerage Subfunds
April 30, 2020**

	Operating and Maintenance	Bond Alternate Bond and Interest	Plant Expansion	Total
Net Position - Beginning	\$ 41,504,954	-	2,462,948	43,967,902
Add (Deduct)				
Net Income (Loss) for the Year	(588,684)	(102,717)	104,456	(586,945)
Transfers In/(Out)	1,479,444	102,717	(1,582,161)	-
Net Position - Ending	42,395,714	-	985,243	43,380,957

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Sewerage - Enterprise Fund****Schedule of Operating Expenses and Capital Outlay - Budget and Actual
For the Fiscal Year Ended April 30, 2020**

	Original Budget	Final Budget	Actual
Operating Expenses			
Personnel Services			
Salaries	\$ 735,743	735,743	642,714
Payroll Tax Expense	55,181	55,181	49,968
Payroll Expense Other	1,000	1,000	835
Employee Insurance	147,609	147,609	149,991
IMRF	92,391	92,391	87,565
Total Personnel Services	1,031,924	1,031,924	931,073
Contractual Services			
Training/Seminars	10,650	10,650	13,040
Maintenance - Buildings	26,000	26,000	23,288
Maintenance - Vehicles	13,000	13,000	19,610
Maintenance - Equipment	27,500	27,500	17,180
Maintenance - Utility System	57,500	57,500	85,876
Sludge Removal	28,000	28,000	32,221
Telephone	24,820	24,820	27,441
Utilities	146,500	146,500	175,767
Security System	12,000	12,000	10,556
Rental	600	600	-
Travel	2,200	2,200	1,812
Software Support	11,760	11,760	10,148
Professional Lab Services	8,500	8,500	7,304
J.U.L.I.E. Locates	3,400	3,400	4,280
Engineering Services	3,250	3,250	500
Legal Services	32,400	32,400	65,786
Permit Fees	18,000	18,000	18,000
Other Professional Services	72,820	72,820	115,217
Printing and Publishing	7,000	7,000	9,796
Publications and Subscriptions	200	200	150
Dues and Memberships	3,205	3,205	3,324
Bank Charges	9,800	9,800	13,398
Refunds	100	100	-
Total Contractual Services	519,205	519,205	654,694

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS**Sewerage - Enterprise Fund****Schedule of Operating Expenses and Capital Outlay - Budget and Actual - Continued
For the Fiscal Year Ended April 30, 2020**

	Original Budget	Final Budget	Actual
Operating Expenses - Continued			
Commodities			
Uniforms	\$ 1,200	1,200	960
Maintenance Supplies	2,500	2,500	1,526
Operating Supplies	9,500	9,500	6,341
Gasoline/Oil	13,000	13,000	8,583
Vehicle Supplies	350	350	-
Lab Supplies	15,000	15,000	12,587
Miscellaneous Equipment	2,000	2,000	934
Small Tools	800	800	628
Chemical Expenses	94,000	94,000	97,725
Safety Equipment	5,500	5,500	5,572
Office Supplies	4,800	4,800	8,692
Postage	25,500	25,500	27,583
Total Commodities	174,150	174,150	171,131
Other			
Office Equipment	4,100	4,100	3,196
Capitalized Treatment Upgrade	1,742,000	1,742,000	60,770
Building Improvements	25,000	25,000	6,539
Miscellaneous	100	100	74
Total Other Expenses	1,771,200	1,771,200	70,579
Total Operating Expenses	3,496,479	3,496,479	1,827,477
Nonoperating Expenses			
Capital Improvement Fund Expenses			
Capitalized Treatment Upgrade	486,847	486,847	-
Debt Service/Alternate Bond Fund Expenses			
Bond Principal	350,000	350,000	-
Interest Expense	136,848	136,848	102,242
Miscellaneous	475	475	475
Total Debt Service/Alternate Bond Fund Expenses	487,323	487,323	102,717
Total Nonoperating Expenses	974,170	974,170	102,717
Total Expenses	4,470,649	4,470,649	1,930,194

SUPPLEMENTAL SCHEDULES

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Assessed Valuations, Extended Tax Rates, Percentage Allocation and Amounts by Fund - Last Three Tax Levy Years April 30, 2020

	2019	2018	2017
Tax Levy Year Assessed Valuation			
Lake County	\$ 133,661,455	\$ 127,958,859	\$ 124,818,460
McHenry County	176,434,781	163,106,341	154,801,368
Totals	<u>310,096,236</u>	<u>291,065,200</u>	<u>279,619,828</u>
Tax Rates and Percentages Allocated by Fund			
Lake County			
General Fund	0.009317	0.009399	0.018026
Audit Fund	-	0.002832	0.002768
Tort Immunity Fund	<u>0.029256</u>	<u>0.033694</u>	<u>0.032321</u>
Totals	<u>0.038573</u>	<u>0.045925</u>	<u>0.053115</u>
McHenry County			
General Fund	0.039294	0.009398	0.018025
Audit Fund	-	0.002832	0.002768
Tort Immunity Fund	<u>-</u>	<u>0.033694</u>	<u>0.032320</u>
Totals	<u>0.039294</u>	<u>0.045924</u>	<u>0.053113</u>

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

**Property Tax Extensions - Last Three Tax Levy Years
April 30, 2020**

Levy Year County	2019			2018			2017		
	Lake	McHenry	Total	Lake	McHenry	Total	Lake	McHenry	Total
Funds									
General	\$ 12,453	69,328	81,781	12,027	15,329	27,356	22,500	27,903	50,403
Audit	-	-	-	3,624	4,619	8,243	3,455	4,285	7,740
Tort Immunity	39,104	-	39,104	43,114	54,957	98,071	40,342	50,032	90,374
Totals	51,557	69,328	120,885	58,765	74,905	133,670	66,297	82,220	148,517