

NORTHERN MORaine
WASTEWATER RECLAMATION
DISTRICT, IL
Annual Financial Report
For the Year Ended April 30, 2024

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

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Year Ended April 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Northern Moraine Wastewater Reclamation District, Illinois, as of April 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of employer contributions and schedule of changes in the employer's net pension liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2024, on our consideration of the Northern Moraine Wastewater Reclamation District, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Moraine Wastewater Reclamation District, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Northern Moraine Wastewater Reclamation District, Illinois' internal control over financial reporting and compliance.

GW & Associates, P.C.

GW & Associates, P.C.

Hillside, Illinois

September 9, 2024

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT DISCUSSION
AND ANALYSIS - UNAUDITED

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED FOR YEAR ENDED APRIL 30, 2024

As management of the Northern Moraine Wastewater Reclamation District (District), we offer readers of the District's statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended April 30, 2024.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$123,143 as a result of this year's operations.
- During the year, revenues totaled \$4,587,826, while expenses totaled \$4,464,683, resulting in an increase to net position of \$123,143.
- The District's net position totaled \$45,912,420 on April 30, 2024, which includes \$50,154,690 net investment in capital assets, \$7,412,220 subject to external restrictions, and (\$11,654,490) unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting that uses the same basis of accounting as private-sector business enterprises. The District is reported under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting are used. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information, certain supplemental data, and other information that is useful in understanding the overall operations of the District.

The statement of net position presents information on the assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four 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.

The statement of revenues, expenses, and changes in net position reports the operating revenues and expenses and non-operating revenue and expenses of the District for the fiscal year with the difference - the net income or loss - being combined with any capital contributions to determine the net change in position for the fiscal year. That change combined with last year-end net position total reconciles to the net position total at the end of this fiscal year.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR YEAR ENDED APRIL 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year. Contrary to the other basic financial statements, this statement is prepared on a cash basis.

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.

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 \$45,912,420.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

FOR YEAR ENDED APRIL 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	Statement of Net Position	
	Business-Type Activities	
	4/30/2024	4/30/2023
Current and Other Assets	\$ 3,874,331	\$ 4,155,596
Capital Assets	50,154,690	49,309,912
Total Assets	54,029,021	53,465,508
Deferred Outflows	304,368	329,998
Long-Term Debt	\$ 7,319,911	\$ 7,015,516
Other Liabilities	1,071,828	968,938
Total Liabilities	8,391,739	7,984,454
Deferred Inflows	29,230	21,775
Net Position:		
Net Investment in Capital Assets	42,742,470	42,223,038
Restricted - Net Position	2,837,611	4,967,336
Unrestricted - Net Position	332,339	(1,401,097)
Total Net Position	\$ 45,912,420	\$ 45,789,277

Net position of business-type activities increased by 1 percent (\$45,789,277 in 2023 compared to \$45,912,420 in 2024).

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
 FOR YEAR ENDED APRIL 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenues for the District totaled \$4,587,826 (excluding funds from loans) while the cost of all functions totaled \$4,464,683 (excluding funds for capital assets). This results in a surplus of \$123,143. In 2023, revenues of \$7,176,699 exceeded expenses of \$3,164,029, resulting in a surplus of \$4,012,670. The increase in 2023 was due in large part to IEPA unsewered community grant activity during the year.

	Business-Type Activities	
	<u>4/30/2024</u>	<u>4/30/2023</u>
Revenues		
Program Revenues		
Charges for Services	\$ 4,308,203	\$ 3,582,247
Capital Grants	179,797	3,495,600
General Revenues		
Property Taxes	91,022	91,115
Replacement Taxes	3,070	4,749
Interest	5,734	2,988
Total Revenues	<u>4,587,826</u>	<u>7,176,699</u>
Expenses		
Sewerage	<u>4,464,683</u>	<u>3,164,029</u>
Change in Net Position	123,143	4,012,670
Net Position - Beginning of Year	45,789,277	41,776,607
Net Position - End of Year	<u><u>\$ 45,912,420</u></u>	<u><u>\$ 45,789,277</u></u>

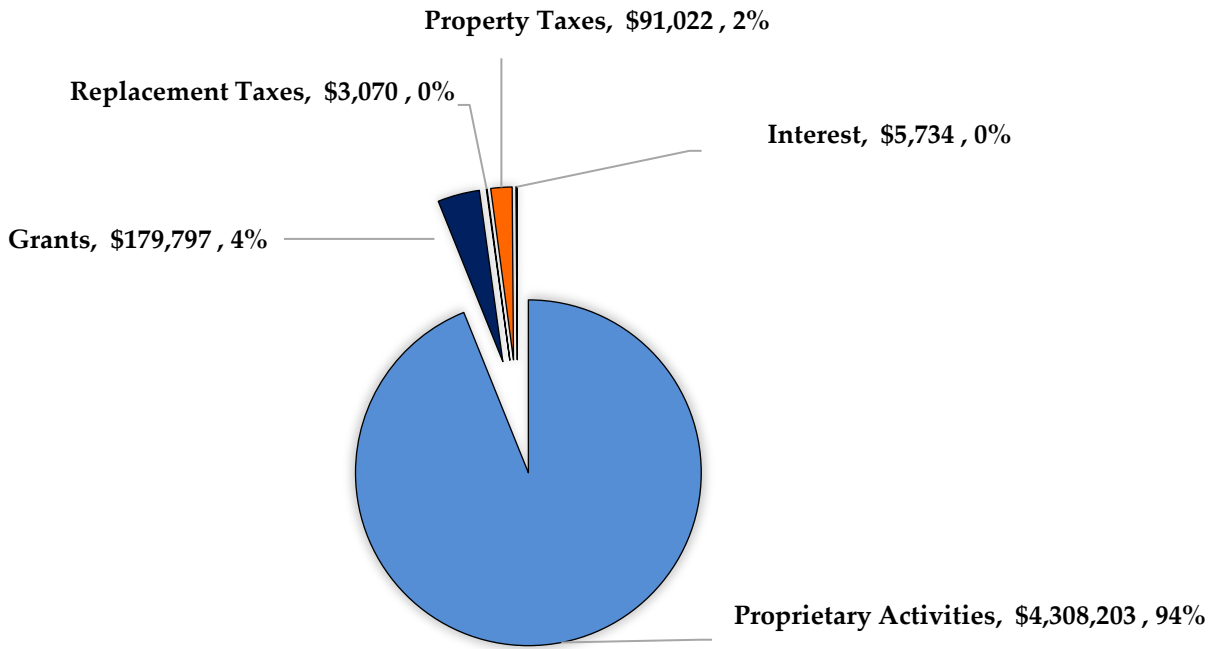
Sewerage expense increased due to work on Liftmoor Lift Station projects, Holiday Hills/ Le Villa Vaupell Sanitary Sewer Project.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
FOR YEAR ENDED APRIL 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONCLUDED)

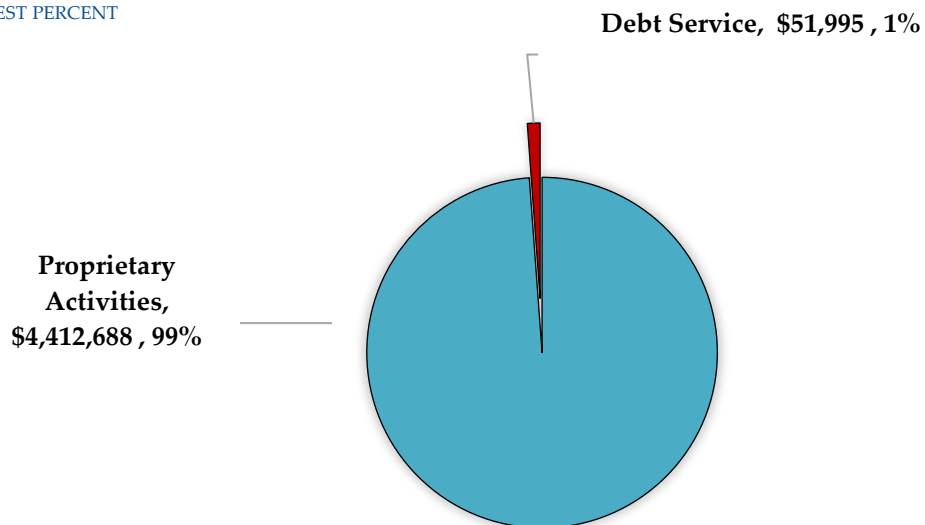
2024 REVENUES

ROUND TO NEAREST PERCENT



2024 EXPENSES

ROUND TO NEAREST PERCENT



NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
 FOR YEAR ENDED APRIL 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

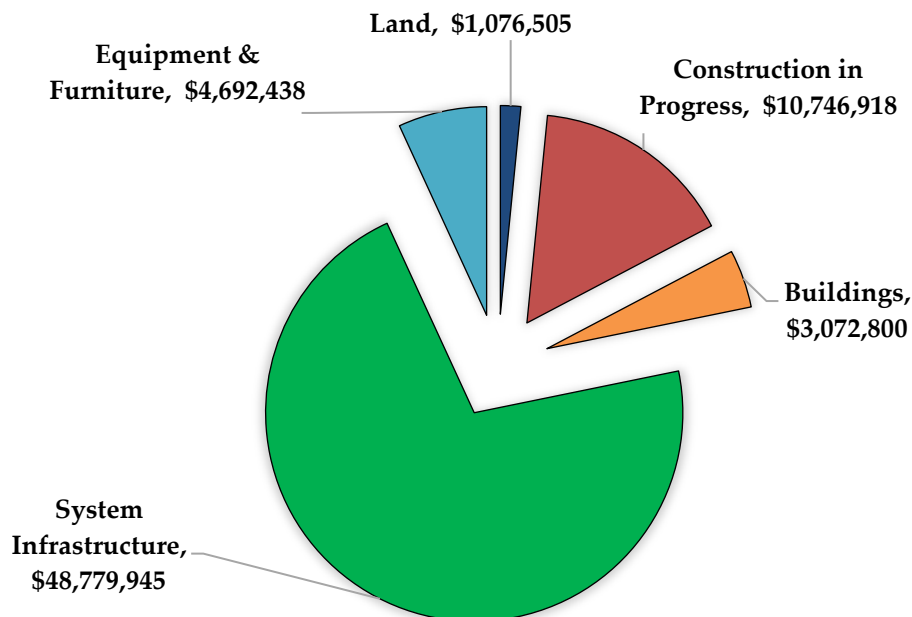
Capital assets

The District's investment in capital assets for its proprietary activities as of April 30, 2024 amounts to \$50,154,690 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, infrastructure, buildings, furniture and equipment, computer equipment, and vehicles. The total increase in the District's investment in capital assets for the year ended April 30, 2024 was \$844,778 attributable to the purchase of various assets offset by depreciation and disposals.

Capital Assets

Capital Assets	Balance	Increases	Decreases	Balance
	May 1, 2023			April 30, 2024
Sewerage Operations & Maintenance Fund				
Land	\$ 1,076,505	\$ -	\$ -	\$ 1,076,505
Construction in progress	9,010,008	2,046,633	309,723	10,746,918
Building & improvements	3,072,800	-	-	3,072,800
System infrastructure	48,779,945	-	-	48,779,945
Equipment & furniture	4,144,408	548,030	-	4,692,438
Total Capital Assets	66,083,666	2,594,663	309,723	68,368,606
Less: Accumulated Depreciation	16,773,754	1,440,162	-	18,213,916
Capital Assets (Net)	\$ 49,309,912	\$ 1,154,501	\$ 309,723	50,154,690

CAPITAL ASSETS (COST)



NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
 FOR YEAR ENDED APRIL 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONCLUDED)

Long-term debt

At year-end, the District had total outstanding long-term debt of \$7,412,220 as compared to \$7,086,874 from the previous year. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding	
	Business-type	
	Activities	
	2024	2023
General Obligation Alternate Revenue Source Bonds	\$ 2,570,000	\$ 2,970,000
IEPA Loans Payable	4,842,220	4,116,874
	<u>\$ 7,412,220</u>	<u>\$ 7,086,874</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Trustees of the District considered the following factor in preparing the budget and appropriations ordinance for the District, which was adopted for the 2023-2024 fiscal year:

- The equalized assessed valuation (EAV) for the District for 2023 is \$391,450,764. This represents an increase in EAV of \$41,598,673 in comparison with the prior year.

The District's elected and appointed officials considered many factors when setting the fiscal-year 2024 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 governments are faced with, including inflation.

Assessed Valuations and Extensions by Fund

Levy Year County	Property Tax Rates (per \$100 of assessed valuation)						
	2023			2022			Total
	Lake	McHenry	Total	Lake	McHenry	Total	
County Assessed Valuation	\$ 167,974,384	\$ 223,476,380	\$ 391,450,764	\$ 155,786,850	\$ 203,647,989	\$ 359,434,839	\$ 750,885,603
Fund Extension							
General	\$ 38,624	\$ 49,969	\$ 88,593	\$ 39,132	\$ 51,315	\$ 90,447	\$ 179,040

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

FOR YEAR ENDED APRIL 30, 2024

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 District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Manager, Northern Moraine Wastewater Reclamation District, P.O. Box 240, Island Lake, Illinois 60042.

BASIC FINANCIAL STATEMENTS

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

Proprietary Fund - Statement of Net Position

April 30, 2024

Assets	
Current Assets	
Cash and investments	\$ 2,790,234
Deposit with paying agent	430,957
Property tax receivable	88,593
Accounts receivable	538,851
Prepaid insurance	25,696
Total Current Assets	<u>3,874,331</u>
Noncurrent Assets	
Land	1,076,505
Construction in progress	10,746,918
Capital assets (net of accumulated depreciation)	<u>38,331,267</u>
Total Noncurrent Assets	<u>50,154,690</u>
Total Assets	<u><u>54,029,021</u></u>
Deferred Outflows of Resources	
IMRF	<u>304,368</u>
Total Deferred Outflows of Resources	<u>304,368</u>
Total Asset and Deferred Outflows of Resources	<u><u>\$ 54,333,389</u></u>
Liabilities	
Current Liabilities	
Accounts payable	\$ 623,710
Accrued payroll	17,161
Accrued interest payable	25,957
Alternate revenue bonds payable	405,000
Total Current Liabilities	<u>1,071,828</u>
Noncurrent Liabilities	
Compensated absences	30,092
Alternate revenue bonds payable	2,165,000
IEPA loan payable	4,842,220
Net pension liability	282,599
Total Noncurrent Liabilities	<u>7,319,911</u>
Total Liabilities	<u><u>8,391,739</u></u>
Deferred Inflows of Resources	
IMRF	<u>29,230</u>
Total Deferred Inflows of Resources	<u>29,230</u>
Net Position	
Net investment in capital assets	
Restricted for:	42,742,470
Capital Improvements	2,837,611
Unrestricted	332,339
Total Net Position	<u><u>45,912,420</u></u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 54,333,389</u></u>

The accompanying notes are an integral part of these financial statements.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT*Proprietary Fund - Statement of Revenues, Expenses, and Changes in Net Position**Year Ended April 30, 2024*

	Sewerage Enterprise Fund
Revenues	
Operating Revenues	
Charges for Services	
Sewer charges	\$ 3,326,963
Sewer permit income	3,246
Penalties	95,782
Connection fees	722,617
Engineering reviews	5,000
Hauled waste income	130,138
Miscellaneous	24,457
Total Operating Revenues	4,308,203
Expenses	
Operating Expenses	
Personnel	1,379,657
Contractual service	1,001,640
Commodities	177,357
Other expenditures	413,872
Total Operating Expenses	2,972,526
Operating Income Before Depreciation/Amortization	1,335,677
Less: Depreciation/Amortization	1,440,162
Operating Income (Loss)	(104,485)
Non-Operating Income (Expense)	
Property Taxes	91,022
Replacement Taxes	3,070
Grants	179,797
Interest income	5,734
Interest expense and fees	(51,995)
Total Non-operating Income/(Expense)	227,628
Net Income (Loss)	123,143
Net Position	
Net Position - Beginning	45,789,277
Net Position - Ending	\$ 45,912,420

The accompanying notes are an integral part of these financial statements.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT*Proprietary Fund - Statement of Cash Flows**Year Ended April 30, 2024*

	Sewerage Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 4,034,544
Payments to suppliers	(1,474,265)
Payments to employees	(1,404,893)
Net Cash Provided by Operating Activities	1,155,386
Cash Flows from Noncapital Financing Related Activities	
Property taxes	92,876
Replacement taxes	3,070
Net Cash Flows from Noncapital Financing Related Activities	95,946
Cash Flows from Capital and Related Financing Activities	
Capital grants	1,003,624
Principal payment	(400,000)
Debt issuance	725,347
Bond interest and fees	(56,036)
Purchase of capital assets	(2,284,940)
Net Cash Flows from Capital and Related Financing Activities	(1,012,005)
Cash Flows from Investing Activities	
Interest received	5,734
Net Increase (Decrease) in Cash Equivalents	245,061
Cash and cash equivalents - beginning	2,976,130
Cash and cash equivalents - ending	\$ 3,221,191
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income (loss) for the year	\$ (104,485)
Depreciation	1,440,162
(Increase) decrease in accounts receivable	(273,659)
(Increase) decrease in prepaid assets	(25,696)
Increase (decrease) in accounts payable	144,300
Increase (decrease) in accrued payroll	(36,780)
Increase (decrease) in pension related accounts	9,404
Increase (decrease) in compensated absences	2,140
Net Cash Provided by Operating Activities	\$ 1,155,386

The accompanying notes are an integral part of these financial statements.

NOTES TO THE BASIC
FINANCIAL STATEMENTS

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

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

In the Statement of Net Position, the District's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term obligations/deferred inflows.

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The District utilizes a single proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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.

The District’s basic financial statements 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 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 are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization 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 Basic Financial Statements

Year Ended April 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Business-type activities report property taxes and 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 Basic Financial Statements

Year Ended April 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. 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 proprietary fund financial statements.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets 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.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

NET POSITION

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.”

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 expenses 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 July 11, 2023 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 accrual basis of accounting. Business-type funds use the accrual basis of accounting for both appropriation purposes and actual results.
- Expenses cannot legally exceed appropriations at the fund level.
- All appropriations lapse at year-end.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 3 - CASH AND INVESTMENTS

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.

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

Deposits. At year-end, the carrying amount of the District's deposits totaled \$2,585,422 and the bank balances totaled \$2,616,984. In addition, the District has \$204,812 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.

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.

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 \$429,997 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.

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 3 - CASH AND INVESTMENTS (CONCLUDED)

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.

NOTE 4 - 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 2023 property taxes was adopted on November 14, 2023. That portion of the property taxes which are not intended to finance the current year's operations are shown as deferred revenue.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 5 –CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Balance			Balance
	April 1, 2023	Increases	Decreases	March 31, 2024
Nondepreciable Capital Assets				
Land	\$ 1,076,505	\$ -	\$ -	\$ 1,076,505
Construction in progress	9,010,008	2,046,633	309,723	10,746,918
	<u>10,086,513</u>	<u>2,046,633</u>	<u>309,723</u>	<u>11,823,423</u>
 Depreciable Capital Assets				
Building & improvements	3,072,800	-	-	3,072,800
System infrastructure	48,779,945	-	-	48,779,945
Equipment & furniture	4,144,408	548,030	-	4,692,438
	<u>55,997,153</u>	<u>548,030</u>	<u>-</u>	<u>56,545,183</u>
Less: Accumulated Depreciation				
Building & improvements	1,865,965	73,492	-	1,939,457
System infrastructure	12,095,826	1,219,498	-	13,315,324
Equipment & furniture	2,811,963	147,172	-	2,959,135
	<u>16,773,754</u>	<u>1,440,162</u>	<u>-</u>	<u>18,213,916</u>
 Total Net Depreciable Capital Assets	<u>39,223,399</u>	<u>(892,132)</u>	<u>-</u>	<u>38,331,267</u>
 Total Net Capital Assets	<u>\$ 49,309,912</u>	<u>\$ 1,154,501</u>	<u>\$ 309,723</u>	<u>\$ 50,154,690</u>

The aggregate depreciation charged to operations is \$1,440,162.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 6 – 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. Alternate revenue source bonds outstanding are as follows:

<u>Issue</u>	<u>Beginning Balance</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
\$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	\$ 2,970,000	\$ -	\$ 400,000	\$ 2,570,000

IEPA Loans Payable

The District has entered into loan agreement with the IEPA to provide low interest financing for water quality improvements. As of the date of this report, this loan is not in repayment. IEPA loans currently outstanding as follows:

<u>Issue</u>	<u>Beginning Balance</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Ending Balances</u>
Illinois Enviromental Protention Agency (IEPA) Loan (L175824) of 2023, due in semi-annual installments plus interest at a rate of 0.91% through July 6, 2043.	\$ 4,116,873	\$ 725,347	\$ -	\$ 4,842,220

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 6 – LONG-TERM DEBT (CONCLUDED)

Long-Term Liability Activity

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

<u>Type of Debt</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>	<u>Amounts Due within One Year</u>
Business Type Activities					
Compensated Absences	\$ 27,952	\$ 2,140	\$ -	\$ 30,092	\$ -
Net Pension Liability - IMRF	306,280	-	23,681	282,599	-
Alternate Revenue Source Bonds	2,970,000	-	400,000	2,570,000	405,000
IEPA Loan Payable	4,116,873	725,347	-	4,842,220	-
	<u>\$ 7,421,105</u>	<u>\$ 727,487</u>	<u>\$ 423,681</u>	<u>\$ 7,724,911</u>	<u>\$ 405,000</u>

Debt service activity with principal and interest payments due in year ended April 30 are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities</u>	
	<u>Alternate Revenue Source Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 405,000	\$ 47,824
2026	415,000	39,542
2027	425,000	31,058
2028	435,000	22,372
2029	440,000	13,534
2030	450,000	4,545
Totals	<u>\$ 2,570,000</u>	<u>\$ 158,875</u>

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)

IMRF PLAN DESCRIPTION

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Annual Comprehensive Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

BENEFITS PROVIDED –

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

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

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

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

BENEFITS PROVIDED -

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.

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	2
Inactive Plan Members entitled to but not yet receiving benefits	9
Active Plan Members	<u>10</u>
Total	21

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. The District's annual contribution rate for calendar year 2023 was 8.25%. For the same year ended December 31, 2023, the District's required plan contribution was \$74,190. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NET PENSION LIABILITY -

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

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

ACTUARIAL ASSUMPTIONS

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.
- For non-disabled retirees the Pub-2010 Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both adjusted) tables, and future mortality improvements projected using scale MP-2021.
- 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 as of December 31, 2023:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	34.50%	5.00%
International Equity	18.00%	6.35%
Fixed Income	24.50%	4.75%
Real Estate	10.50%	6.30%
Alternative Investments	11.50%	6.05%-8.65%
Cash Equivalent	1.00%	3.80%
Total	100%	

NORTHERN MORAINA WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

SINGLE DISCOUNT RATE -

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

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

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

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 1,181,708	\$ 1,011,725	\$ 876,349
Plan Fiduciary Net Position	729,126	729,126	729,126
Net Pension Liability/(Asset)	\$ 452,582	\$ 282,599	\$ 147,223

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

Schedule of Changes in Net Pension Liability and Related Ratios - Current Period Calendar Year Ended December 31, 2023

A. Total pension liability

1. Service Cost	\$	60,159
2. Interest on the Total Pension Liability		65,054
3. Changes of benefit terms		-
4. Difference between expected and actual experience of the Total Pension Liability		34,827
5. Changes of assumptions		(12,307)
6. Benefit payments, including re funds of employee contributions		(6,439)
7. Net change in total pension liability		141,294
8. Total pension liability – beginning		870,431
9. Total pension liability – ending	\$	<u>1,011,725</u>

B. Plan fiduciary net position

1. Contributions – employer	\$	74,189
2. Contributions – employee		40,467
3. Net investment income		53,239
4. Benefit payments, including re funds of employee contributions		(6,439)
5. Other (Net Transfer)		3,519
6. Net change in plan fiduciary net position		164,975
7. Plan fiduciary net position – beginning		564,151
8. Plan fiduciary net position – ending	\$	<u>729,126</u>

C. Net pension liability/(asset)

\$ 282,599

D. Plan fiduciary net position as a percentage of the total pension liability

72.07%

E. Covered Valuation payroll

\$ 899,273

F. Net pension liability as a percentage of covered valuation payroll

31.43%

NORTHERN MORAINA WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

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

For the year ended April 30, 2024, the District recognized pension expense of \$75,148. At April 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pensions Expenses in Future Periods</i>		
Differences between expected and actual experience	\$ 242,165	\$ 9,175
Changes of assumptions	9,118	20,055
Net differences between projected and actual earnings on pension plan investments	<u>30,335</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	281,618	29,230
Pension contributions made subsequent to the measurement date	<u>22,750</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 304,368</u>	<u>\$ 29,230</u>

Pension contributions made subsequent to the measurement dates will be recognized as a reduction of the net pension liability in the following fiscal year. 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:

Year Ending 30-Apr	Net Deferred Outflows of Resources
2025	\$ 45,399
2026	47,540
2027	52,461
2028	36,147
2029	37,803
Thereafter	<u>33,038</u>
Total	<u>\$ 252,388</u>

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONTINUED)

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2023 Contribution Rate *

Valuation Date:

December 31, 2023

Notes

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

Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method

Aggregate Entry Age Normal

Amortization Method

Level Percentage of Payroll, Closed

Remaining Amortization Period

Non-Taxing bodies: 10-year rolling period.

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

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

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

Asset Valuation Method

5-Year smoothed market; 20% corridor

Wage growth

2.75%

Price Inflation

2.25%

Salary Increases

2.75% to 13.75% including inflation

Investment Rate of Return

7.25%

Retirement Age

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.

Mortality

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes

There were no benefit changes during the year

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

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 7 – ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF) (CONCLUDED)

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE TOTAL PENSION LIABILITY

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
Other Information:	
Notes	There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in December 31, 2023 Illinois Municipal Retirement Fund annual actuarial valuation report.

NOTE 8 – 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, 2024.

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to The Basic Financial Statements

Year Ended April 30, 2024

NOTE 9 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 10 – EXPENDITURES OVER APPROPRIATIONS

No fund had expenditures that exceeded the appropriations.

NOTE 11 – NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of year-end:

Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 50,154,690
Less Capital Related Debt:	
Alternate Revenue Source Bonds	(2,570,000)
IEPA Loans Payable	<u>(4,842,220)</u>
Net Investment in Capital Assets	\$ <u>42,742,470</u>

NOTE 12 – CONTINGENCIES

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.

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN MORAINÉ WASTEWATER RECLAMTION DISTRICT
Schedule of Employer Contributions
Illinois Municipal Retirement Fund
April 30, 2024

Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2019	\$ 74,656	\$ 74,656	\$ -	\$ 549,736	13.58%
2020	\$ 73,996	\$ 73,996	\$ -	\$ 615,522	12.02%
2021	\$ 62,367	\$ 62,367	\$ -	\$ 689,651	9.04%
2022	\$ 59,740	\$ 59,740	\$ -	\$ 700,386	8.53%
2023	\$ 67,846	\$ 67,846	\$ -	\$ 920,918	7.37%
2024	\$ 70,446	\$ 71,034	\$ (589)	\$ 873,448	8.13%

NORTHERN MORAINÉ WASTEWATER RECLAMTION DISTRICT
Schedule of Changes in Employer's Net Pension Liability
Illinois Municipal Retirement Fund
April 30, 2024

Calendar Year Ending	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 60,159	\$ 60,633	\$ 59,543	\$ 59,766	\$ 56,128	\$ 61,625	\$ -	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	65,054	55,288	45,552	40,422	33,875	2,311	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	34,827	22,236	28,642	(13,594)	(1,509)	356,788	-	-	-	-
Assumption Changes	(12,307)	-	-	(15,723)	-	18,448	-	-	-	-
Benefit Payments and Refunds	(6,439)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	141,294	138,157	133,737	70,871	88,494	439,172	-	-	-	-
Total Pension Liability - Beginning	870,431	732,274	598,537	527,666	439,172	-	-	-	-	-
Total Pension Liability - Ending (a)	\$ 1,011,725	\$ 870,431	\$ 732,274	\$ 598,537	\$ 527,666	\$ 439,172	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Employer Contributions	\$ 74,189	\$ 61,064	\$ 61,737	\$ 59,412	\$ 80,910	\$ 73,170	\$ -	\$ -	\$ -	\$ -
Employee Contributions	40,467	35,139	31,180	29,199	27,355	66,977	-	-	-	-
Pension Plan Net Investment Income	53,239	(40,910)	54,954	32,554	19,779	-	-	-	-	-
Benefit Payments and Refunds	(6,439)	-	-	-	-	-	-	-	-	-
Other	3,519	(7,781)	(7,265)	(4,105)	(5,008)	(4,210)	-	-	-	-
Net Change in Plan Fiduciary Net Position	164,975	47,512	140,606	117,060	123,036	135,937	-	-	-	-
Plan Fiduciary Net Position - Beginning	564,151	516,639	376,033	258,973	135,937	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ 729,126	\$ 564,151	\$ 516,639	\$ 376,033	\$ 258,973	\$ 135,937	\$ -	\$ -	\$ -	\$ -
Net Pension Liability/(Asset) - Ending (a) - (b)	282,599	306,280	215,635	222,504	268,693	303,235	-	-	-	-
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.07%	64.81%	70.55%	62.83%	49.08%	30.95%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	\$ 899,273	\$ 780,867	\$ 692,518	\$ 641,752	\$ 607,886	\$ 549,736	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	31.43%	39.22%	31.14%	34.67%	44.20%	55.16%	0.00%	0.00%	0.00%	0.00%

Note: This schedule is intended to show information for 10 years and additional years' information will be displayed as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

Statement of Net Position - Sewerage Subfunds

April 30, 2024

Assets	Operating and Maintenance	Capital Improvement Replacement	Bond Alternate Bond and Interest	Total
Current Assets				
Cash and investments	\$ (7,071,595)	\$ 7,945,109	\$ 1,916,720	\$ 2,790,234
Deposit with paying agent	-	-	430,957	430,957
Property tax receivable	88,593	-	-	88,593
Accounts receivable	538,851	-	-	538,851
Prepaid insurance	25,696	-	-	25,696
Total Current Assets	(6,418,455)	7,945,109	2,347,677	3,874,331
Noncurrent Assets				
Land	1,076,505	-	-	1,076,505
Construction in progress	10,746,918	-	-	10,746,918
Capital assets (net of accumulated depreciation)	38,331,267	-	-	38,331,267
Total Noncurrent Assets	50,154,690	-	-	50,154,690
Total Assets	43,736,235	7,945,109	2,347,677	54,029,021
Deferred Outflows of Resources				
IMRF	304,368	-	-	304,368
Total Deferred Outflows of Resources	304,368	-	-	304,368
Total Asset and Deferred Outflows of Resources	\$ 44,040,603	\$ 7,945,109	\$ 2,347,677	\$ 54,333,389
Liabilities				
Current Liabilities				
Accounts payable	\$ 358,432	\$ 265,278	\$ -	\$ 623,710
Accrued payroll	17,161	-	-	17,161
Accrued interest payable	-	-	25,957	25,957
Alternate revenue bonds payable	-	-	405,000	405,000
Total Current Liabilities	375,593	265,278	430,957	1,071,828
Noncurrent Liabilities				
Compensated absences	30,092	-	-	30,092
Alternate revenue bonds payable	-	-	2,165,000	2,165,000
IEPA loan payable	-	4,842,220	-	4,842,220
Net pension liability	282,599	-	-	282,599
Total Noncurrent Liabilities	312,691	4,842,220	2,165,000	7,319,911
Total Liabilities	688,284	5,107,498	2,595,957	8,391,739
Deferred Inflows of Resources				
IMRF	29,230	-	-	29,230
Total Deferred Inflows of Resources	29,230	-	-	29,230
Net Position				
Net investment in capital assets	50,154,690	(4,842,220)	(2,570,000)	42,742,470
Restricted for:				
Capital Improvements	-	2,837,611	-	2,837,611
Unrestricted	(6,831,601)	4,842,220	2,321,720	332,339
Total Net Position	43,323,089	2,837,611	(248,280)	45,912,420
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 44,040,603	\$ 7,945,109	\$ 2,347,677	\$ 54,333,389

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT*Statement of Changes in Net Position - Sewerage Subfunds**Year Ended April 30, 2024*

	<u>Operating and Maintenance</u>	<u>Capital Improvement/ Replacement</u>	<u>Alternate Bond and Interest</u>	<u>Total</u>
Net Position - Beginning	\$ 41,018,341	\$ 4,967,336	\$ (196,400)	\$ 45,789,277
Add (Deduct):				
Net income (loss) for the year	2,304,748	(2,129,725)	(51,880)	123,143
Total Net Position - Ending	<u>\$ 43,323,089</u>	<u>\$ 2,837,611</u>	<u>\$ (248,280)</u>	<u>\$ 45,912,420</u>

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

Schedule of Operating Expenses and Nonoperating Expenses

- Budget and Actual

Year Ended April 30, 2024

	Budget		Actual Amounts
	Original	Final	
Operating Expenses			
Personnel Services			
Salaries	\$ 983,470	\$ 983,470	\$ 944,050
IMRF	80,090	80,090	65,744
Pension expense	-	-	9,404
Payroll tax expense	73,780	73,780	64,333
Payroll expense-other	900	900	1,176
General insurance	84,335	84,335	74,005
Employee insurance	185,250	185,250	220,945
Total Personnel Services	1,407,825	1,407,825	1,379,657
Contractual Services			
Maintenance - buildings	35,500	35,500	42,598
Maintenance - vehicles	8,000	8,000	13,619
Maintenance - equipment	45,000	45,000	66,759
Maintenance - utility system	68,000	68,000	79,487
Bank charges	13,800	13,800	12,587
Travel	5,000	5,000	3,378
Telephone	29,390	29,390	52,089
Utilities	143,000	143,000	204,891
Motor fuel	14,000	14,000	16,242
Rental	1,100	1,100	58
Publications and subscriptions	200	200	206
Refunds	100	100	-
Sludge removal	45,000	45,000	33,105
Training/seminars	20,300	20,300	23,996
Clothing allowance	2,800	2,800	3,613
Dues and memberships	4,360	4,360	4,365
Printing and publishing	9,300	9,300	14,180
Website	2,000	2,000	282
Permit fees	18,000	18,000	400
Legal services	70,500	70,500	107,142
Professional lab services	8,000	8,000	6,563
Engineering services	6,000	6,000	3,621
Other professional services	128,800	128,800	210,312
Software support	30,470	30,470	65,776

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

Schedule of Operating Expenses and Nonoperating Expenses

- Budget and Actual

Year Ended April 30, 2024

Contractual Services (Continued)	Budget		Actual Amounts
	Original	Final	
Accounting services	\$ 8,600	\$ 8,600	\$ 12,951
J.U.L.I.E locates	3,500	3,500	2,957
Security system	11,700	11,700	13,543
Other professional services	-	-	3,574
Miscellaneous	500	500	3,346
Total Contractual Services	732,920	732,920	1,001,640
Commodities			
Maintenance supplies	3,000	3,000	33
Office supplies	8,000	8,000	11,577
Operating supplies	8,000	8,000	8,774
Chemical expenses	83,000	83,000	99,661
Lab supplies	24,000	24,000	18,210
Vehicle supplies	2,600	2,600	1,336
Postage	25,000	25,000	29,618
Small tools	1,200	1,200	879
Safety equipment	15,500	15,500	7,112
Miscellaneous equipment	2,000	2,000	157
Total Commodities	172,300	172,300	177,357
Other Expenses			
Office equipment	6,500	6,500	2,285
Building improvements	26,000	26,000	17,534
Capitalized treatment upgrade	12,977,572	12,977,572	394,053
Total Other Expenses	13,010,072	13,010,072	413,872
Nonoperating Expenses			
Debt Service/Alternate Bond Fund Expenses			
Bond principal	400,000	400,000	-
Interest expense	59,994	59,994	51,995
Total Debt Service	459,994	459,994	51,995
Total Expenses	\$ 15,783,111	\$ 15,783,111	\$ 3,024,521

NOTES TO OTHER
SUPPLEMENTARY INFORMATION

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT, ILLINOIS

Notes to Other Supplemental Information

Year Ended April 30, 2024

The accounting policies of the District include the preparation of financial statements on the accrual basis of accounting. The District also prepares its budget on the accrual basis of accounting.

Appropriation ordinances are adopted at the function level in the Proprietary Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The District procedures in establishing the appropriation data reflected in the Financial Statements are presented below:

- 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 taxpayers 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 July 11, 2023 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 accrual basis of accounting. 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.

SUPPLEMENTAL SCHEDULES

NORTHERN MORAIN WASTEWATER RECLAMATION DISTRICT

Schedule of Assessed Valuations, Extended Tax Rates, Percentage Allocation and Amounts by Fund - Last Three Tax Levy Years

Year Ended April 30, 2024

Tax Levy Year	2023	2022	2021
Assessed Valuation			
Lake County	\$ 167,974,384	\$ 155,786,850	\$ 146,204,102
McHenry County	223,476,380	203,647,989	189,875,525
Totals	\$ 391,450,764	\$ 359,434,839	\$ 336,079,627

Tax Rates and Percentages - Allocated by Fund

Lake County	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.022994	100.00%	0.025119	100.00%	0.026843	100.00%
Totals	0.022994	100.00%	0.025119	100.00%	0.026843	100.00%
McHenry County						
General Fund	0.022360	100.00%	0.025198	100.00%	0.027372	100.00%
Totals	0.022360	100.00%	0.025198	100.00%	0.027372	100.00%

NORTHERN MORAINÉ WASTEWATER RECLAMATION DISTRICT

Schedule of Property Tax Extensions - Last Three Tax Levy Years

Year Ended April 30, 2024

Levy Year County	2023			2022			2021		
	Lake	McHenry	Total	Lake	McHenry	Total	Lake	McHenry	Total
Funds:									
General	\$ 38,624	\$ 49,969	\$ 88,593	\$ 39,132	\$ 51,315	\$ 90,447	\$ 39,246	\$ 51,865	\$ 91,111
Total Funds	<u>\$ 38,624</u>	<u>\$ 49,969</u>	<u>\$ 88,593</u>	<u>\$ 39,132</u>	<u>\$ 51,315</u>	<u>\$ 90,447</u>	<u>\$ 39,246</u>	<u>\$ 51,865</u>	<u>\$ 91,111</u>