

LITTLE SWAN LAKE SANITARY DISTRICT

BASIC FINANCIAL STATEMENTS

MAY 31, 2022

MYERS & MYERS CPA'S, LTD.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Little Swan Lake Sanitary District
Avon, Illinois

Opinion

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Little Swan Lake Sanitary District as of and for the year ended May 31, 2022, 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 financial position of Little Swan Lake Sanitary District as of May 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Canton Township 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, 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 Canton Township's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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, 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 Canton Township'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 Canton Township's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis and the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information is listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

If connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Myers & Myers CPAs, Ltd
Beardstown, Illinois
September 27, 2023

LITTLE SWAN LAKE SANITARY DISTRICT
STATEMENTS OF NET POSITION
MAY 31, 2022

	<u>Business-type Activities</u>
ASSETS	
Current Assets	
Cash	\$ 130,359
Investments	<u>25,000</u>
Total current assets	155,359
Capital Assets	
Depreciable, net of accumulated depreciation	<u>925,498</u>
TOTAL ASSETS	<u><u>\$ 1,080,857</u></u>
LIABILITIES	
Current Liabilities	
Current portion of long-term debt	<u>19,745</u>
Total current liabilities	19,745
Long-Term Liabilities	
Bonds payable	<u>70,295</u>
Total Liabilities	<u>90,040</u>
NET POSITION	
Invested in capital assets, net of related debt	835,458
Unrestricted	<u>155,359</u>
Total net position	<u><u>\$ 990,817</u></u>

The accompanying notes are an integral part of this statement.

**LITTLE SWAN LAKE SANITARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2022**

		Program Revenues		Net (Expense)
		Charges for	Grants &	Revenue and
	Expenses	Services	Contributions	Changes in Net
				Position
Function/Program Activities				
Primary Government				
Business-type Activities				
Public Works	\$ 88,606	\$ 84,289	\$ -	\$ (4,317)
Total Business-type Activities	88,606	84,289	-	(4,317)
General Revenues				
Property Taxes				24,286
Interest on Investments				514
Total General Revenues				24,800
Change in net position				20,483
Net position, beginning of year				970,334
Net position, end of year				\$ 990,817

The accompanying notes are an integral part of this statement.

LITTLE SWAN LAKE SANITARY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
MAY 31, 2022

	Enterprise Funds:				
	Water Operations & Maintenance Fund	Waterworks Fund	Water Assessment Fund	Nonmajor Fund	Totals
ASSETS					
Current Assets:					
Cash	\$ 1,000	\$ 102,737	\$ -	\$ 26,622	\$ 130,359
Investments	-	25,000	-	-	25,000
Total Current Assets	1,000	127,737	-	26,622	155,359
Noncurrent Asses:					
Capital Assets:					
Depreciable, Net of Accumulated Depreciation	-	-	925,498	-	925,498
Total Assets	1,000	127,737	925,498	26,622	1,080,857
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	-	-	-	-
Current Portion of Long-Term Debt	-	-	19,745	-	19,745
Total Current Liabilities	-	-	19,745	-	19,745
Noncurrent Liabilities:					
Bonds Payable	-	-	70,295	-	70,295
Total Liabilities	-	-	90,040	-	90,040
NET POSITION					
Net Investment in Capital Assets	-	-	835,458	-	835,458
Unrestricted	1,000	127,737	-	26,622	155,359
Total Net Position	\$ 1,000	\$ 127,737	\$ 835,458	\$ 26,622	\$ 990,817

The accompanying notes are an integral part of this statement.

LITTLE SWAN LAKE SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2022

	Enterprise Funds:				
	Water Operations & Maintenance Fund	Waterworks Fund	Water Assessment Fund	Nonmajor Fund	Totals
OPERATING REVENUES:					
Property Taxes	\$ -	\$ 24,286	\$ -	\$ -	\$ 24,286
Charges for Services	-	84,289	-	-	84,289
Total Operating Revenues	-	108,575	-	-	108,575
OPERATING EXPENSES:					
Public Works:					
Water Superintendent Salary	9,600	-	-	-	9,600
Directors Salary	10,800	-	-	-	10,800
Miscellaneous Independent Contractors	600	-	-	-	600
Water Department Assistant	3,600	-	-	-	3,600
Bookkeeping Sservices	3,925	-	-	-	3,925
Postage	712	-	-	-	712
Legal and Professional	5,103	-	-	-	5,103
Utilities	6,432	-	-	-	6,432
Public Notices	280	-	-	-	280
Annual Notification Software	559	-	-	-	559
Office Expenses / Supplies	1,276	-	-	-	1,276
Supplies Water Department	3,793	-	-	-	3,793
Repairs and Maintnenace	3,320	-	-	-	3,320
Insurance	6,130	-	-	-	6,130
Depreciation Expense	-	-	26,090	-	26,090
Miscellaneous	20	-	-	-	20
Total Operating Expenses	56,150	-	26,090	-	82,240
Operating Income (Loss)	(56,150)	108,575	(26,090)	-	26,335
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	-	387	97	30	514
Interest Expense	-	-	(6,366)	-	(6,366)
Total Non-Operating Revenues (Expenses)	-	387	(6,269)	30	(5,852)
Income (Loss) Before Transfers	(56,150)	108,962	(32,359)	30	20,483
Transfers In	96,150	7,671	66,707	27,000	197,528
Transfers Out	(40,000)	(123,150)	(7,671)	(26,707)	(197,528)
Change in Net Position	-	(6,517)	26,677	323	20,483
Net Position, Beginning of Year	1,000	134,254	808,781	26,299	970,334
Net Position, End of Year	\$ 1,000	\$ 127,737	\$ 835,458	\$ 26,622	\$ 990,817

The accompanying notes are integral part of this statement.

**LITTLE SWAN LAKE SANITARY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2022**

	Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 84,289
Receipts from property taxes	24,286
Payments for goods and services.	<u>(56,150)</u>
Net cash from operating activities	<u>52,425</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	197,528
Transfers to other funds	<u>(197,528)</u>
Net cash provided by noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	-
Cash received from redemption of investments	-
Interest paid on debt	(6,366)
Principal paid on bonds	<u>(60,340)</u>
Net cash from (used) in capital and related financing activities	<u>(66,706)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	514
Purchase of investments	<u>(25,000)</u>
Net cash from (used) in investing activities	<u>(24,486)</u>
Net increase in cash and cash equivalents	(38,767)
Cash and cash equivalents, beginning of year	<u>169,126</u>
Cash and cash equivalents, end of year	<u><u>\$ 130,359</u></u>
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	26,335
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	26,090
Effects of changes in operating assets and liabilities	
Accounts receivable	-
Accounts payable	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 52,425</u></u>

The accompanying notes are an integral part of this statement.

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022**

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Little Swan Lake Sanitary District, (the “District”), conform to accounting principles generally accepted in the United States of America as applicable to governmental units and promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the more significant policies.

1. The Reporting Entity

The District was organized under Illinois Compiled Statutes 70 ILCS 2805/Sanitary District Act. The District’s reporting entity includes the District’s Board of Trustees and all related activities for which the District exercises oversight responsibility.

The District is comprised of only proprietary funds. No outside agencies are included. In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, (as amended by GASB Statement No. 29), *The Financial Reporting Entity* which establishes standards for defining and reporting on the financial reporting entity consisting of the primary government, organizations for which the primary government is financial accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Based upon this criterion, the District has no component units.

2. Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statement) 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 presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public works) which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. The program revenues must be directly associated with the function or business-type activity. Program revenues consist of charges for services and late payment fees. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The remaining net expenses (by function or business-type activity) are normally covered by general revenues.

The proprietary funds’ major fund statements in the fund financial statements are presented on a current financial resource and full accrual basis of accounting. This is the manner in which the funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District’s actual experience conforms to the budgeted fiscal plan. Since the only fund type for the District is proprietary funds, the measurement focus and basis of accounting is the same for both government-wide financial statements and fund financial statements.

3. Basis of Presentation

The financial transactions of the District are recorded in individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, net position, revenues, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022**

Note A – Summary of Significant Accounting Policies (Continued)

3. Basis of Presentation (Continued)

The proprietary funds account for activities for which a fee is charged to external users for goods and services. The focus of proprietary fund measurement is on determination of operating income, changes in net fund position, and cash flows, which is similar to businesses. Proprietary funds distinguish operating revenues and expenses from non-operating 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 for the District's proprietary 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 non- operating revenues and expenses.

GASB Statement No.34, Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining statements section. A fund is considered to be a major if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, 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.

The District reports the following major proprietary funds:

Enterprise Funds:

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The following enterprise funds are major funds: Water Operations and Maintenance Fund, Water Assessment Fund, and the Waterworks Fund. The following enterprise funds did not meet the criteria for a major fund and, therefore, are considered nonmajor funds: Water Well Fund.

4. Basis of Accounting

Basis of accounting refers to the point at which revenues, expenditures, expenses, and transfers (and assets, liabilities) are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, business-like activities are presented using the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flow.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an initial maturity of three months or less.

LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022

Note A – Summary of Significant Accounting Policies (Continued)

6. Capital Assets

The District's accounting treatment over property, plant, and equipment (capital assets) is detailed below:

6.A. Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,500 and an estimated useful life in excess of two years, is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

<u>Type of Asset</u>	<u>Life in Years</u>
Water and Sewer Plants	50
Buildings and Improvements	50
Equipment and Fixtures	10

6.B. Fund Financial Statements

In the fund financial statements, capital assets acquired for use in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

7. Long-Term Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of bonds payable. Long-term debt for proprietary funds is reported as a liability in both the government-wide statements and the fund financial statements.

Governmental funds do not report long-term debt as liabilities in the fund financial statements. The face value of the debt is recorded as an other financing source and the principal and interest payment is recorded as an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds. The District has no governmental fund types.

9. Net Position Classifications

Equity is classified as net position and displayed in three components:

1. 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, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restrict net position - 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 legislation.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "investment in capital assets."

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022**

Note A – Summary of Significant Accounting Policies (Continued)

10. Net Position Flow Assumption

Sometimes the District will fund expenses for a particular purpose for which both restricted and unrestricted resources are available for use. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the basic financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Accordingly, it is the District's policy to first use all its restricted resources prior to the use of unrestricted resources.

11. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

11.A Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods or services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

11.B Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the business-type activities column of the Statement of Net Position.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

12. Revenues, Expenditures and Expenses

Operating revenues for proprietary operations generally result from providing services in connection with the proprietary fund's principal ongoing operation. Operating expenses for these operations includes all costs related to providing the service. These costs include salaries, contractual services, depreciation, repairs and maintenance, supplies, professional services, and administrative expenses. All other revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses

13. Property Tax Revenues and Property Tax Calendar

Warren County Supervisor of Assessments prepares the property tax assessment rolls with the property tax liens as of January 1 of each year. Levies are set prior to the lien by the second Tuesday of December.

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022**

Note A – Summary of Significant Accounting Policies (Continued)

13. Property Tax Revenues and Property Tax Calendar (Continued)

The property tax levy ordinance for 2020 tax levy collected in 2021 was adopted by the board of trustees on November 11, 2020.

The collection date for property tax receipts are thirty days after the property tax bills are mailed to property owners for the first installment, generally June 1st of each year. The second installment, each being one-half of the total tax levy is due September 1st of each year.

Property taxes collected are distributed to the District thirty days after receipts by the County. For the year ended May 31, 2022, the County distributed property taxes to the District in October and December. For financial reporting purposes, property tax revenues are recorded as revenue in the period they are collected.

14. Use of Estimates

The preparation of financial statements on the modified cash basis of accounting require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE B. CASH AND INVESTMENTS

1. Authorization of Investments

Illinois Compiled Statutes (30 ILCS 235/) Public Funds Investment Act authorizes local governments to invest in (1) bonds, notes, certificates of indebtedness, treasury bills or other securities of the United States of America or which are guaranteed by the United States of America; (2) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (3) in short term obligations of corporations organized in the United States of America with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or (4) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in (1) above and to agreements to repurchase such obligations, (5) in interest bearing bonds of any county, township, Village, village, incorporated town, municipal corporation, or school district of the state of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law, (6) in a Public Treasurers Investment Pool created under Section 17 of the State Treasurer Act, or (7) in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advice regarding the investment of any public funds.

2. Deposits

Separate bank accounts are maintained for all the District's funds, which are held at a local financial institution. As of May 31, 2022, the bank balance and carrying balance of the District's accounts were \$155,359 and \$155,359, respectively.

LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022

Note B – Cash and Investments (Continued)

3. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit. Collateral agreements must be approved prior to deposit of funds. The District Board designates a list of authorized depository institutions.

As of May 31, 2022, the District's account balances were fully insured by federal depository insurance.

4. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the District's investing activities are managed by the District Treasurer. Investing is performed in accordance with investment policies adopted by the District Board complying with State Statutes and the District Charter. District funds may be invested in obligations of the U.S. Treasury.

5. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy provides that to the extent practicable, investments are matched with anticipated cash flows.

6. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investments to a single issuer.

For investments, custodial credit risk 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 in the possession of an outside party. The District's policy provides that investment collateral is held by a third-party custodian with whom the District has a current custodial agreement in the District's name or can be held in the name of both parties by the Federal Reserve Bank servicing Illinois.

LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022

NOTE C - CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2022, is as follows:

	Balance 6/1/2021	Additions	Deletions	Balance 5/31/2022
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Capital assets being depreciated				
Sanitary system	\$ 1,318,910	\$ -	\$ -	\$ 1,318,910
Less - Accumulated Depreciaton	(352,910)	(26,090)	-	(379,000)
Total capital assets being depreciated, net	966,000	(26,090)	-	939,910
Net Capital Assets	<u>\$ 966,000</u>	<u>\$ (26,090)</u>	<u>\$ -</u>	<u>\$ 939,910</u>

Depreciation expense for the year ended May 31, 2021, was charged as a direct expense of the primary government as follows:

Public Works	<u>\$ 26,090</u>
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NOTE D - LONG-TERM DEBT

	Balance 6/1/2021	Issued	Retired	Balance 5/31/2022	Due Within One Year
Taxable Waterworks System					
Bonds Series 2017	<u>\$ 150,381</u>	<u>\$ -</u>	<u>\$ 60,341</u>	<u>\$ 90,040</u>	<u>\$ 19,745</u>

(1) Taxable Waterworks System Revenue Bonds Series 2017.

Issue Date:	12/6/2017
Maturity Date:	12/6/2027
Original Bond Issue:	\$ 210,000
Interest Rate:	4.75 Variable Rate
Repayment Terms:	monthly principal and interest \$2,209

Annual principal and interest maturities of the outstanding waterworks system revenue bonds are detailed below:

Fiscal Year	Principal	Interest	Total
2023	\$ 20,718	\$ 5,787	\$ 26,505
2024	21,739	4,766	26,505
2025	22,809	3,696	26,505
2026	23,933	2,572	26,505
2027	841	40	881
Totals	<u>\$ 90,040</u>	<u>\$ 16,861</u>	<u>\$ 106,901</u>

LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2022

Note D - Long-Term Debt (Continued)

Legal Debt Margin:

Illinois Compiled Statutes Chapter 70 limit the District's overall unsecured debt to 5.75% of the assessed value for the most recent tax levy computation by the county clerk.

The District's legal debt margin at May 31, 2022, is calculated as follows:

Assessed valuation - 2021 tax levy		<u><u>\$10,975,580</u></u>
Statutory debt limitation (5.75%)		<u>\$ 631,096</u>
Total debt:		
Revenue bonds	90,040.00	
Contractual obligations	-	
Total debt	<u>90,040.00</u>	
Deduct amounts exempt from debt limitation computation:		
Revenue bonds	90,040.00	
Contractual obligations payable from water and sewer operations	-	
Total debt exempt from debt limitation computation	<u>90,040.00</u>	
Net general obligation debt		<u>-</u>
Legal debt margin		<u><u>\$ 631,096</u></u>

LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

NOTE E. INTERFUND TRANSFERS

Transfers between funds authorized by the board of trustees of the District for the year ended May 31, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
MAJOR FUNDS:		
Enterprise Funds:		
Water O&M Fund:		
Waterworks Fund	\$ 96,150	\$ -
Water Assessment Fund	-	40,000
	<u>96,150</u>	<u>40,000</u>
Total Water O&M Fund	<u>96,150</u>	<u>40,000</u>
Water Assessment Fund:		
Water O&M Fund	40,000	-
Water Well Fund	26,707	-
Waterworks Fund	-	7,671
	<u>66,707</u>	<u>7,671</u>
Total Water Assessment Fund	<u>66,707</u>	<u>7,671</u>
Waterworks Fund:		
Water O&M Fund	-	96,150
Water Well Fund	-	27,000
Water Assessment Fund	7,671	-
	<u>7,671</u>	<u>123,150</u>
Total Waterworks Fund	<u>7,671</u>	<u>123,150</u>
NONMAJOR FUNDS:		
Enterprise Funds:		
Water Well Fund:		
Waterworks Fund	27,000	-
Water Assessment Fund	-	26,707
	<u>27,000</u>	<u>26,707</u>
Total Water Well Fund	<u>27,000</u>	<u>26,707</u>
TOTAL ENTERPRISE FUNDS	<u><u>\$ 197,528</u></u>	<u><u>\$ 197,528</u></u>

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
MAY 31, 2022**

NOTE F. 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; and natural disasters. The District purchases commercial insurance for all risks of loss, including general and professional liability, property, errors and omission. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE G. SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management has evaluated the activity of the District through September 27, 2023, the date which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

LITTLE SWAN LAKE SANITARY DISTRICT
BUDGETARY COMPARISON SCHEDULES OF APPROPRIATIONS TO EXPENSES AND OTHER
BUDGETED DISBURSEMENTS
WATER OPERATIONS AND MAINTENANCE FUND, WATER ASSESSMENT FUND,
WATERWORKS FUND, AND WATER WELL FUND
FOR THE YEAR ENDED MAY 31, 2022

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
WATER OPERATIONS & MAINTENANCE FUND			
OPERATING EXPENSES:			
Water Superintendent Salary	\$ 9,600	\$ 9,600	\$ -
Directors Salary	10,800	10,800	-
Miscellaneous Independent Contractors	600	600	-
Water Department Assistant	3,600	3,600	-
Bookkeeping Services	4,200	3,925	275
Postage	1,200	712	488
Legal and Professional	6,500	5,103	1,397
Utilities	8,000	6,432	1,568
Public Notices	800	280	520
Annual Notification Software	500	559	(59)
Office Expenses / Supplies	1,800	1,276	524
Supplies Water Department	7,000	3,793	3,207
Repairs and Maintenance	25,000	3,320	21,680
Insurance	6,200	6,130	70
Miscellaneous	200	20	180
	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>\$ 86,000</u>	<u>\$ 56,150</u>	<u>\$ 29,850</u>
WATER ASSESSMENT FUND			
Bond Principal	\$ 16,500	\$ 60,341	\$ (43,841)
Bond Interest	9,000	6,366	2,634
Office Expenses	-	-	-
Depreciation	-	26,090	(26,090)
	<u>-</u>	<u>26,090</u>	<u>(26,090)</u>
Total Charges to Appropriations	<u>\$ 25,500</u>	<u>\$ 92,797</u>	<u>\$ (67,297)</u>
WATERWORKS FUND			
Public Works	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District does not budget for depreciation expense.

LITTLE SWAN LAKE SANITARY DISTRICT
BUDGETARY COMPARISON SCHEDULES OF APPROPRIATIONS TO EXPENSES AND OTHER
BUDGETED DISBURSEMENTS - CONTINUED
WATER OPERATIONS AND MAINTENANCE FUND, WATERWORKS FUND,
WATER ASSESSMENT FUND, AND WATER WELL FUND
FOR THE YEAR ENDED MAY 31, 2022

	<u>Appropriation</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
WATER WELL FUND			
Loan Principal	\$ -	\$ -	\$ -
Loan Interest	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**LITTLE SWAN LAKE SANITARY DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULE OF
APPROPRIATIONS TO EXPENSES AND OTHER BUDGETED DISBURSEMENTS
MAY 31, 2022**

Budget and Appropriations

The District adopts an annual budget and appropriations ordinance in accordance with The Illinois Municipal Budget Law, 50 ILCSJ 330/. The ordinance covers the fiscal year ended May 31, 2022. The ordinance must be available for public inspection at least thirty-days prior to the final adoption along with a public hearing. Once the ordinance has been adopted, no further appropriations shall be made during the year. The ordinance must be adopted within the first quarter of the fiscal year.

The District may adopt a supplemental appropriation ordinance at any time during the fiscal year in an amount not to exceed any additional revenue that becomes available to the District. The District may also transfer budget items within departments if approved by 2/3 vote of the board. Finally, the appropriation ordinance may be amended by 2/3 vote if an “emergency” situation arises that requires additional expenditure/appropriations lapse at year-end.

The annual budget and appropriation ordinance was adopted by the board of trustees on July 12, 2021.

Basis of Accounting

The budget and appropriation ordinance is prepared on the accrual basis of accounting as applied to the business-like funds in the basic financial statements.

**LITTLE SWAN LAKE SANITARY DISTRICT
SCHEDULE OF TAX LEVIES, RATES, EXTENSION, AND COLLECTIONS**

	TAX LEVY		
	2021	2020	2019
	<u><u>\$ 10,975,580</u></u>	<u><u>\$ 9,738,023</u></u>	<u><u>\$ 9,507,240</u></u>
Corporate Levy:			
Levy Amount	<u><u>\$ 27,000</u></u>	<u><u>\$ 26,000</u></u>	<u><u>\$ 25,600</u></u>
Tax Rate	<u><u>0.25000</u></u>	<u><u>0.25000</u></u>	<u><u>0.25000</u></u>
Extension	<u><u>\$ 24,266</u></u>	<u><u>\$ 24,345</u></u>	<u><u>\$ 23,768</u></u>
Collections		<u><u>\$ 24,280</u></u>	<u><u>\$ 23,740</u></u>