

SOUTHWESTERN ILLINOIS FLOOD  
PREVENTION DISTRICT COUNCIL

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2023

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND  
JERSEYVILLE COLUMBIA CARROLLTON

## INDEPENDENT AUDITOR'S REPORT

To the Southwestern Illinois Flood  
Prevention District Council

### Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Southwestern Illinois Flood Prevention District Council as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Council'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 governmental activities and major fund of the Southwestern Illinois Flood Prevention District Council, as of September 30, 2023, and the respective changes in financial position 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. 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 Southwestern Illinois Flood Prevention District Council, 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 Southwestern Illinois Flood Prevention District Council'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 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.

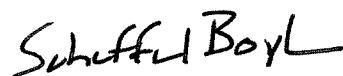
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Southwestern Illinois Flood Prevention District Council'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 Southwestern Illinois Flood Prevention District Council'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 and budgetary comparison information 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.



Edwardsville, Illinois  
July 2, 2024

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023

This section of the Southwestern Illinois Flood Prevention District Council's (the Council) annual financial report offers a narrative overview and analysis of the financial activities during the fiscal year ended September 30, 2023. It should be read in conjunction with the Council's financial statements, which follow this section.

**Southwestern Illinois Flood Prevention District Council's Overview**

The formation of the Council was authorized by the Illinois Flood Prevention District Act (70 ILCS 750). The Council was formed in June of 2009 by an intergovernmental agreement between county flood prevention districts in Madison, St. Clair and Monroe counties and is governed by a nine member Board of Directors, three from each county. The Council's fiscal year end is September 30. The purpose of the Council is to finance, design and manage the reconstruction of the flood protection systems along the Mississippi River in the Illinois counties of Madison, St. Clair and Monroe. The Council's activities are funded by a ¼ cent sales tax collected in the three counties.

**Required Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements report information of the Council using accounting methods similar to those used by private sector companies and offer short and long-term financial information about the fiscal year 2023.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid. All of the operations and programs are included here.

The fund-based financial statements consist of a series of statements that provide information about the Council's only governmental fund, the general fund.

Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The statements consist of a balance sheet and statement of revenues, expenditures, and changes in fund balance.

The fund financial statements include reconciliations between the government-wide and fund financial statements because of the differences in basis of accounting. The differences are primarily in how capital assets and bonds are treated and the timing for recording some revenues and expenses.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

## Financial Analysis of the Council's Government-Wide Financial Statements

Net position as of September 30, 2023, was an overall deficit of (\$117,768,545), a decrease of (\$4,433,239) compared to an overall deficit of (\$113,335,306) as of September 30, 2022.

Total assets and liabilities reflect the issuance of the various bonds to finance the levee improvements in the Illinois counties of Madison, St. Clair, and Monroe.

### Condensed Statement of Net Position (Compared to 2022)

	<u>2023</u>	<u>2022</u> (Restated)	<u>Difference</u>
Current Assets	\$ 18,019,757	\$ 24,814,538	\$ (6,794,781)
Noncurrent Assets	12,212,886	12,289,917	(77,031)
Total Assets	<u>\$ 30,232,643</u>	<u>\$ 37,104,455</u>	<u>\$ (6,871,812)</u>
Current Liabilities	\$ 12,168,579	\$ 9,745,565	\$ 2,423,014
Long-Term Liabilities	135,832,609	140,694,196	(4,861,587)
Total Liabilities	<u>\$ 148,001,188</u>	<u>\$ 150,439,761</u>	<u>\$ (2,438,573)</u>
Net Investment in Capital Assets	\$ 249	\$ 390	\$ (141)
Restricted	21,020,179	26,442,821	(5,422,642)
Unrestricted (Deficit)	(138,788,973)	(139,778,517)	989,544
Total Net Position (Deficit)	<u>\$ (117,768,545)</u>	<u>\$ (113,335,306)</u>	<u>\$ (4,433,239)</u>
Total Liabilities and Net Position	<u>\$ 30,232,643</u>	<u>\$ 37,104,455</u>	<u>\$ (6,871,812)</u>

### Statement of Activities (Compared to 2022)

	<u>2023</u>	<u>2022</u> (Restated)	<u>Difference</u>
Revenues			
District Sales Tax	\$ 17,217,327	\$ 16,756,207	\$ 461,120
Less: Return of Excess Sales Tax to Districts	(7,912,499)	(6,783,997)	(1,128,502)
Investment Income (Loss)	1,017,040	(1,035,729)	2,052,769
Total Revenues	<u>\$ 10,321,868</u>	<u>\$ 8,936,481</u>	<u>\$ 1,385,387</u>
Expenses			
General and Administration	\$ 287,852	\$ 277,798	\$ 10,054
Design and Construction	9,578,715	2,620,777	6,957,938
Professional Services	40,888	54,382	(13,494)
Interest and Fiscal Charges	4,847,652	4,986,621	(138,969)
Total Expenses	<u>\$ 14,755,107</u>	<u>\$ 7,939,578</u>	<u>\$ 6,815,529</u>
Change in Net Position	\$ (4,433,239)	\$ 996,903	\$ (5,430,142)
Net Position (Deficit) - Beginning of Year	(113,335,306)	(114,332,209)	996,903
Net Position (Deficit) - End of Year	<u>\$ (117,768,545)</u>	<u>\$ (113,335,306)</u>	<u>\$ (4,433,239)</u>

Current assets decreased by \$6,794,781 due to expenditure of design and construction activities and debt service payments on bonds.

Noncurrent assets decreased by \$77,031 due to payment on reimbursement receivable from East St. Louis.

Current liabilities increased by \$2,423,014 due to timing of construction payables related to 500-year improvements project.

Long-term liabilities decreased by \$4,861,587 due to bond principal payments and bond premium/discount amortization.

District sales tax increased by \$461,120 due to high inflation and the Illinois “Leveling the Playing Field Act.” These receipts represent the ¼ cent sales tax collected in Madison, St. Clair and Monroe County Flood Prevention Districts.

Under the terms of the bond indenture, all flood prevention district sales tax is remitted to the bond trustee by the State of Illinois. After payment of principal, interest and other costs, any excess sales tax is sent by the trustee to the county flood prevention districts in an amount proportional to the sales tax collections in each county. This reimbursement totaled \$7,912,499, an increase of \$1,128,502. This increase is due to the increase in sales tax revenues along with the timing of construction expenditures.

Investment income increased by \$2,052,769 due to improvement in financial market yields.

Overall expenditures increased by \$6,815,529. Design and construction costs for the levee improvements increased by \$6,957,938 due to increase in construction activity from bid package 11. Interest and fiscal charges decreased \$138,969. The remaining net decrease was due to changes in general and administration and professional services.

### **Financial Analysis of the Council’s Fund Financial Statements**

The financial analysis of the Council’s governmental fund is not provided since the differences are primarily in how capital assets and bonds are treated and the timing for recording some revenues and expenses. The difference in the net change in net position/fund balance between the government-wide and fund financial statements is \$4,518,427, which is primarily the result of the repayment of bonds (net of amortization of bond premiums and discounts). The repayment of bonds (net of amortization of bond premiums and discounts) is reported as an expenditure in the governmental funds but as a reduction of principal outstanding in the statement of net position.

### **General Fund Budgetary Highlights**

Actual General Fund revenues are \$3,585,954 below the final budget amount and actual expenditures are \$19,977,686 below the final budget. The significant variance in budgeted revenues is due to an increase in return of excess sales tax to districts and the fluctuation in investment income. The significant variance in budgeted expenditures is due to \$19.7 million less in design and construction expenditures, attributable to lengthy Corps of Engineers reviews.

## **Long-Term Debt**

The Council issued \$94,195,000 of revenue bonds in fiscal year 2011 and an additional \$83,835,000 of revenue bonds in fiscal year 2016. In 2020, the Council issued \$60,970,000 of senior revenue bonds for the purpose of refunding the remaining series 2010 revenue bonds. The maturity of the bonds varies through 2041. See the accompanying financial statement notes for additional information related to outstanding debt.

## **Economic Conditions**

The Council continues to rely on the ¼ cent sales tax collected in the three Illinois counties of Madison, Monroe, and St. Clair. Sales tax receipts for fiscal year 2023 were \$17.2 million with fiscal year 2024 receipts currently projected to be \$17.5 million, and fiscal year 2025 receipts projected to be \$17.8 million.

The construction of the 100-year levee system improvements along the Mississippi River in the three counties has been completed. The total construction cost for the eleven construction bid packages was \$74,763,497. On November 14, 2019, FEMA issued their letter of continued accreditation for the Prairie Du Pont/Fish Lake Levee System. On March 25, 2021, FEMA issued letters of continued accreditation for the Wood River East & West Forks Levee System the Lower Wood River Levee System. On March 19, 2021, FEMA issued their letter of continued accreditation for the Upper Wood River Levee System. On April 26, 2022, FEMA issued their letter of continued accreditation for the MESD Levee System completing total accreditation of the Metro East Levee Systems.

The Council continues concentrating on the design and construction of the most critical and cost-effective projects to restore the federal Authorized Level of flood protection in the Metro-East. Fiscal year 2024 will be another year of continued design and construction. Lengthy review and approval processes by the Corps of Engineers continue to delay construction of the Council's construction projects. The council anticipates two construction projects in fiscal year 2025 and several projects in fiscal year 2026.

With the recent increasing sales tax receipts, the Council's financial position is strong to complete the overall project and provide the Metro-East area with the Authorized Level (500-year) of flood protection. The issuance of any additional bonds will not be needed to complete the Authorized Level of flood protection.

## **Contacting the Council's Financial Management**

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Supervisor of Construction and the Works, Southwestern Illinois Flood Prevention District Council, 104 United Drive, Collinsville, IL 62234.



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Investments	\$ 15,466,407
Accounts Receivable, Net	2,398,771
Reimbursements Receivable - East St. Louis	76,890
Interest Receivable	74,689
Prepaid Expenses	3,000
Total Current Assets	<u>\$ 18,019,757</u>
Noncurrent Assets:	
Investments - Bond Reserve	\$ 11,905,077
Reimbursements Receivable - East St. Louis	307,560
Capital Assets, Net of Accumulated Depreciation	249
Total Noncurrent Assets	<u>\$ 12,212,886</u>
Total Assets	<u>\$ 30,232,643</u>
<u>LIABILITIES AND NET POSITION:</u>	
Current Liabilities:	
Accounts Payable	\$ 5,541,795
Accrued Interest	2,551,784
Bonds Payable	4,075,000
Total Current Liabilities	<u>\$ 12,168,579</u>
Noncurrent Liabilities:	
Bonds Payable (Net of Current Portion)	<u>\$ 135,832,609</u>
Total Liabilities	<u>\$ 148,001,188</u>
Net Position:	
Net Investment in Capital Assets	\$ 249
Restricted for:	
Capital Projects	4,638,964
Debt Service	4,476,138
Bond Reserve	11,905,077
Unrestricted (Deficit)	(138,788,973)
Total Net Position (Deficit)	<u>\$ (117,768,545)</u>
Total Liabilities and Net Position	<u>\$ 30,232,643</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>	
			<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>		<u>Primary Government</u>	<u>Primary Government</u>
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General and Administrative	\$ 287,852	\$ -	\$ -	\$ -	-	\$ (287,852)	
Design and Construction	9,578,715	-	-	-	-	(9,578,715)	
Professional Services	40,888	-	-	-	-	(40,888)	
Interest and Fiscal Charges	4,847,652	-	-	-	-	(4,847,652)	
<b>Total Governmental Activities</b>	<b>\$ 14,755,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ (14,755,107)</b>	
<b>General Revenues:</b>							
District Sales Tax						\$ 17,217,327	
Less: Return of Excess Sales Tax to Districts						(7,912,499)	
Investment Income						1,017,040	
<b>Total General Revenues</b>						<b>\$ 10,321,868</b>	
<b>Changes in Net Position</b>						<b>\$ (4,433,239)</b>	
<b>Net Position (Deficit) - Beginning, as Previously Reported</b>						<b>\$ (113,747,154)</b>	
Prior Period Adjustment						411,848	
<b>Net Position (Deficit) - Beginning, as Restated</b>						<b>\$ (113,335,306)</b>	
<b>Net Position (Deficit) - Ending</b>						<b>\$ (117,768,545)</b>	

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
BALANCE SHEET - GOVERNMENTAL FUND  
SEPTEMBER 30, 2023

## ASSETS

Cash and Investments	\$ 15,466,407
Investments - Bond Reserve	11,905,077
Accounts Receivable, Net	2,398,771
Interest Receivable	74,689
Prepaid Expenses	<u>3,000</u>

Total Assets	<u>\$ 29,847,944</u>
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## LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

## Liabilities:

Accounts Payable	<u>\$ 5,541,795</u>
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## Deferred Inflows of Resources:

Unearned Revenue - Sales Tax	<u>\$ 793,281</u>
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## Fund Balance:

Nonspendable	\$ 3,000
Restricted	21,020,179
Unassigned	<u>2,489,689</u>
Total Fund Balance	<u>\$ 23,512,868</u>

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 29,847,944</u>
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See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2023

Total governmental fund balance	\$ 23,512,868
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Amounts reported for governmental activities in the statement of net position are different because:

Sales tax proceeds from districts (net of return of excess sales tax to districts) received more than sixty days after the end of the fiscal year are not financial resources and therefore are reported in the governmental funds as unearned revenue.	793,281
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Reimbursements received more than sixty days after the end of the fiscal year are not financial resources and therefore are not reported in the governmental funds.	384,450
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Capital assets used in the governmental activities are not financial resources and, therefore are not reported in the funds.	249
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable - current	(4,075,000)
Bonds payable - noncurrent	(135,832,609)
Accrued Interest	(2,551,784)

Net position (deficit) of governmental activities	\$ (117,768,545)
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See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

## REVENUES:

District Sales Tax	\$ 17,212,730
Less: Return of Excess Sales Tax to Districts	(7,801,281)
Reimbursements - East St. Louis	76,890
Investment Income	<u>1,017,040</u>
Total Revenues	<u>\$ 10,505,379</u>

## EXPENDITURES:

## Current:

General and Administrative	\$ 287,711
Design and Construction	9,578,715
Professional Services	40,888
Debt Service:	
Principal	3,845,000
Interest	<u>5,704,731</u>

Total Expenditures	<u>\$ 19,457,045</u>
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NET CHANGE IN FUND BALANCE	\$ (8,951,666)
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## FUND BALANCE:

Beginning of Year	<u>32,464,534</u>
End of Year	<u>\$ 23,512,868</u>

See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net change in fund balance - total governmental funds	\$ (8,951,666)
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Amounts reported for governmental activities in the statement of activities are different because:

Sales tax proceeds from districts (net of return of excess sales tax to districts) received more than sixty days after the end of the fiscal year are reported as unearned revenue in the governmental funds. However, in the government-wide financial statements this is treated as revenues.	(106,621)
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Proceeds from reimbursements receivable is revenue in the governmental funds, but the proceeds reduces reimbursements receivable in the statement of net position.	(76,890)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(141)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments	3,845,000
Amortization of bond premiums and discounts	786,586
Changes in accrued interest	70,493
	70,493

Change in net position of governmental activities	\$ (4,433,239)
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See accompanying notes to the basic financial statements.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Southwestern Illinois Flood Prevention District Council (the Council) was formed in June 2009 as authorized by the Illinois Flood Prevention Council Act (70 ILCS 750). The Council is responsible for the reconstruction of flood protection systems along the Mississippi River in parts of three Illinois counties - Madison, St. Clair, and Monroe; and four levee districts – Fish Lake, Prairie DuPont, Metro East Sanitary District, and Wood River.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

A. Reporting Entity

The Council defines its reporting entity in accordance with provisions established by the Governmental Accounting Standards Board (GASB). GASB requirements for inclusion of component units are based upon whether the Council's governing body has a significant amount of financial accountability for another entity.

The following criteria have been developed to determine whether related organizations should be included within the financial reporting entity. The criteria include, but are not limited to, whether the Council exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The Council has determined that no other outside agency meets any of the above criteria (except scope of public service) and therefore, no other agency has been included as a component unit in the Council's financial statements. The Council is not a component unit of any other government.

B. Government-Wide and Fund Financial Statements

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Currently, the Council does not have any business-type activities.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Accounting

The accounts of the Council are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds are classified into three categories: governmental, proprietary, and fiduciary. The Council does not have any proprietary and fiduciary funds.

*Governmental Funds*

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

The Council reports the following major governmental funds:

**General Fund** - The General Fund is the operating fund of the Council. It accounts for all financial resources that are not required to be accounted for in another fund. It is currently the only fund of the Council.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt is recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

As part of the bond covenants, sales tax collected is forwarded directly from the State of Illinois to the Council's Sales Tax Fund and held in trust to comply with required reserves and sinking fund requirements until all bonds have matured. After meeting bond requirements and any administrative costs, residual (excess) funds are remitted back to the individual districts on a monthly basis and reported as a decrease in sales tax collected.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Investments

The Council has defined cash to include cash on hand and demand deposits.

Investments are stated at fair value and are comprised of money market mutual funds and Agency securities. Investment income is stated net of amortization of municipal bond premiums and discounts.

G. Receivables

All receivables are reported net of estimated return of excess sales tax to Districts and allowance for doubtful accounts. As of September 30, 2023, the Council's estimated return of excess sales tax to Districts and allowance for doubtful accounts was \$1,894,749.

H. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Capital Assets

Capital assets, which include equipment and software, are reported in the government-wide financial statements. All capital assets are defined by the Council as assets with an initial, individual cost of more than \$200. Fixed assets are valued at cost. Assets capitalized are depreciated using the straight-line method. Estimated useful lives are as follows: software (3 years), equipment (3-5 years), and furniture (10 years).

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received are reported as debt service expenditures.

K. Net Position

Net position in government-wide financial statements is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets is capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Council applies the expense to restricted resources first.

L. Fund Balance

According to Government Accounting Standards, fund balance in the governmental fund financial statements is to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance. Below are definitions of the differences and how these balances are reported:

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**Nonspendable Fund Balance** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts.

**Restricted Fund Balance** - Includes fund balance amounts with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

**Committed Fund Balance** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. The Board of Directors through a formal action (ordinance or resolution) commits fund balance amounts for the Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Council that originally created the commitment. The Council does not have committed funds at September 30, 2023.

**Assigned Fund Balance** - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Intent may be expressed by the Board of Directors itself to assign amounts to be used for specific purposes. The Council does not have assigned funds at September 30, 2023.

**Unassigned Fund Balance** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The Council had not adopted a fund balance spending policy at September 30, 2023. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, unless there are legal requirements that prohibit doing this. When restricted fund balances are not available, the default policy considers expenditures to be spent from committed fund balance first, then assigned and then unassigned. Expenditures for a specifically identified purpose will act to reduce the specific classification of the fund balance that is identified.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

M. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and the balance sheet – governmental fund will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. New Accounting Pronouncement

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Council adopted this Statement for the fiscal year ending September 30, 2023. Currently, the Council does not have any subscriptions that fall under this pronouncement. As such, no right-to-use subscription assets or liabilities are reflected in these financial statements.

NOTE 2. CASH AND INVESTMENTS

Illinois Compiled Statutes authorize the Council to invest in interest-bearing savings accounts, certificates of deposit, other time deposits, obligations of savings and loan associations incorporated under the laws of Illinois or any other state or under the laws of the United States, obligations of the U.S. Treasury and U.S. government agencies, short-term obligations of the Federal National Mortgage Associations, and in short-term obligations of corporations organized in the United States with assets exceeding \$500 million if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and 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 1/3 of the public agency's funds may be invested in short-term obligations of corporations.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONT'D)

In addition, the Council may invest its funds in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, of the State of Illinois, of any other state, or of any political subdivision or agency. The bonds shall be registered in the name of the governmental entity or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the four highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.

As of September 30, 2023, the carrying value of the Council's cash was \$1,373,296 and the total bank balances were \$1,374,996. Of the Council's bank balances, \$250,000 was insured by the FDIC and \$1,124,996 was covered by pledged collateral held in the Council's name.

As of September 30, 2023, the Council had the following investments:

<u>Investment Type</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market Mutual Funds	\$ 10,738,879	\$ 10,738,879
Agency Securities	<u>16,273,508</u>	<u>15,259,309</u>
Total	<u>\$ 27,012,387</u>	<u>\$ 25,998,188</u>

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Council manages its exposure to interest rate risk is by purchasing shorter term investments as necessary to provide the cash flow and liquidity needed for operations. The Council uses the segmented time distribution method to analyze interest rate risk as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>&lt;1</u>	<u>1-5</u>	<u>6-10</u>
Money Market Mutual Funds	\$ 10,738,879	\$ 10,738,879	\$ -	\$ -
Agency Securities	<u>15,259,309</u>	<u>4,042,813</u>	<u>11,216,496</u>	<u>-</u>
Total	<u>\$ 25,998,188</u>	<u>\$ 14,781,692</u>	<u>\$ 11,216,496</u>	<u>\$ -</u>

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONT'D)

B. Credit Risk

Credit risk is the risk that the security issuer or backer will not fulfill its obligations. The Council minimizes credit risk by prequalifying the financial institutions and advisors with which the District will do business. The Council diversifies the portfolio so that potential losses on individual securities will be minimized.

The Council's investments in money market mutual funds of \$10,738,879 are rated AAA by Standard and Poor's and Aaa by Moody's.

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a financial institution, a government will not be able to recover its investments or will not be able to recover collateral securities that are in the possession of an outside party.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Council's investment in a single issuer. At September 30, 2023, the Council had investments greater than 5 percent of its total portfolio as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>% of Total</u>
Money Market Mutual Fund		
Fidelity Treasury Funds	\$ 10,738,879	41.31%
Agency Securities		
Federal Farm Credit Bank	3,518,340	13.53%
Federal Home Loans	11,740,969	45.16%

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 3. FAIR VALUE MEASUREMENT

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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.

The following table presents the fair value hierarchy for the balances of the investments of the Council measured at fair value on a recurring basis as of September 30, 2023:

Investment Type	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money Market Mutual Funds	\$ 10,738,879	\$ -	\$ -	\$ 10,738,879
Agency Securities	-	15,259,309	-	15,259,309
	<u>\$ 10,738,879</u>	<u>\$ 15,259,309</u>	<u>\$ -</u>	<u>\$ 25,998,188</u>

Level 1 Fair Value Measurements

The fair value of the money market mutual funds is determined by quoted market prices in active markets for identical assets.

Level 2 Fair Value Measurements

The fair value for agency securities is determined by reference to quoted market prices for similar investments, yield curves, and other relevant information.

NOTE 4. REIMBURSEMENTS RECEIVABLE

On October 11, 2018, the Council and the City of East St. Louis entered into a contract to reimburse the Council the sum of \$768,900 which is the cost of construction for the East St. Louis 126-inch sewer rehabilitation project. The repayment is to be made in ten equal installments of \$76,890 with the first installment being due December 31, 2018. As of September 30, 2023, the balance on the reimbursements receivable is \$384,450.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 5. CAPITAL ASSETS

A summary of capital assets for the year ended September 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets:				
Furniture & Equipment	\$ 12,295	\$ -	\$ -	\$ 12,295
Software	1,477	-	-	1,477
Subtotal	<u>\$ 13,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,772</u>
Accumulated Depreciation:				
Furniture & Equipment	\$ 11,905	\$ 141	\$ -	\$ 12,046
Software	1,477	-	-	1,477
Subtotal	<u>\$ 13,382</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ 13,523</u>
Net Capital Assets	<u>\$ 390</u>	<u>\$ (141)</u>	<u>\$ -</u>	<u>\$ 249</u>

Depreciation expense of \$141 was charged to the general and administrative function/program of the governmental activities.

NOTE 6. LONG-TERM DEBT

Series 2015 Bonds

On December 30, 2015, Southwestern Illinois Development Authority on behalf of the Council issued an additional \$83.835 million in revenue bonds providing funds for the construction, financing, design and oversight of levee improvement projects in order to qualify for the 500-year flood protection certification by Federal Emergency Management Agency (FEMA). These bonds are payable from a pledge of the sales tax revenues from Madison, St. Clair, and Monroe County Flood Prevention Districts. \$53.240 million were issued as term bonds and \$30.595 million were issued as serial bonds.

Series 2020 Senior Bonds

On February 4, 2020, Southwestern Illinois Development Authority on behalf of the Council issued \$60.970 million in senior revenue bonds to provide funds to refund the 2010 series bonds. The proceeds were set aside in escrow to pay the refunded bonds. These bonds are payable from a pledge of the sales tax revenues from Madison, St. Clair, and Monroe County Flood Prevention Districts. \$7.625 million were issued as term bonds and \$53.345 million were issued as serial bonds. There was an economic gain from the refunding of \$11,393,754.



SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 6. LONG-TERM DEBT (CONT'D)

A summary of revenue bonds payable for the year ended September 30, 2023 is as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due in One Year
<u>Series 2015</u>					
Series A Bonds					
Dated December 30, 2015					
3.625% to 3.875%, payable					
in varying amounts through					
2041	\$ 27,705,000	\$ -	\$ -	\$ 27,705,000	\$ -
 Series B Bonds					
Dated December 30, 2015					
2.00% to 5.00%, payable					
in varying amounts through					
2041	53,185,000	-	830,000	52,355,000	940,000
 Bond Discount	(824,686)	-	(51,607)	(773,079)	-
 Bond Premium	765,073	-	134,236	630,837	-
 Total Series 2015	<u>\$ 80,830,387</u>	<u>\$ -</u>	<u>\$ 912,629</u>	<u>\$ 79,917,758</u>	<u>\$ 940,000</u>
 <u>Series 2020</u>					
Senior Bonds					
Dated February 4, 2020					
3.00% to 5.00%, payable					
in varying amounts through					
2036	\$ 54,880,000	\$ -	\$ 3,015,000	\$ 51,865,000	\$ 3,135,000
 Bond Discount	(174,412)	-	(13,906)	(160,506)	-
 Bond Premium	9,003,221	-	717,864	8,285,357	-
 Total Series 2020	<u>\$ 63,708,809</u>	<u>\$ -</u>	<u>\$ 3,718,958</u>	<u>\$ 59,989,851</u>	<u>\$ 3,135,000</u>
 Total Bonds Payable	<u><u>\$ 144,539,196</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,631,587</u></u>	<u><u>\$ 139,907,609</u></u>	<u><u>\$ 4,075,000</u></u>

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 6. LONG-TERM DEBT (CONT'D)

The following is a summary of the Council's future annual debt service requirements on long-term obligations:

<u>Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 4,075,000	\$ 5,548,732	\$ 9,623,732
2025	4,355,000	5,352,082	9,707,082
2026	4,650,000	5,136,232	9,786,232
2027	4,965,000	4,900,107	9,865,107
2028	5,285,000	4,663,182	9,948,182
2029-2033	31,760,000	19,249,490	51,009,490
2034-2038	37,360,000	11,580,983	48,940,983
2039-2041	39,475,000	2,281,831	41,756,831
Total	<u>\$ 131,925,000</u>	<u>\$ 58,712,639</u>	<u>\$ 190,637,639</u>

NOTE 7. FUND BALANCES

Governmental fund balances reported on the fund financial statements at September 30, 2023 include the following:

Nonspendable - Prepaid Expenses	\$ 3,000
Restricted - Capital Projects	4,638,964
Restricted - Debt Service	4,476,138
Restricted - Bond Reserve	11,905,077
Unassigned	<u>2,489,689</u>
Total	<u>\$ 23,512,868</u>

NOTE 8. LEASING ARRANGEMENT

The Council has an office and meeting space and services lease with the Metro East Park and Recreation District. The lease expires on December 31, 2027, unless extended by the written consent of both parties. No rent will be charged by the Metro East Park and Recreation District for the office and meeting space. The Council agrees to pay any fees and expenses related to its use of the premises, including, but not limited to, the costs of cleaning and janitorial services, equipment use or rental, repairs or damages to the premises, insurance, utilities, postage, facsimile or copy costs and/or secretarial services. This leasing arrangement represents a nonexchange transaction and does not meet the definition of a lease under GASB Statement No. 87.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

NOTE 9. CONSTRUCTION COMMITMENTS

Outstanding construction commitments were approximately \$6,585,000 at September 30, 2023.

NOTE 10. CONTINGENCY - RISK MANAGEMENT

The Council is exposed to various risks of loss for which it carries commercial general liability and property insurance. The Council purchases this insurance from a third party and thus retains no significant amount of risk. No settlements have exceeded insurance coverage for the past three years. There have been no material changes in insurance coverage limits during the year ended September 30, 2023.

NOTE 11. PRIOR PERIOD ADJUSTMENT

The Council recorded a prior period adjustment on the government-wide financial statements of \$411,848 to correct the September 2022 sales tax proceeds received in December 2022.

NOTE 12. SUBSEQUENT EVENTS

The effect of subsequent events on the financial statements has been evaluated through July 2, 2024, which is the date the financial statements were available to be issued.

The Council requested and received 50% of each County's flood prevention district sales tax funds as follows: St. Clair County \$13,361,839 on March 27, 2024, Monroe County \$1,310,712 on March 29, 2024, and Madison County \$14,797,410 on April 4, 2024. There is still approximately \$29,500,000 in sales tax funds held by the Counties.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>ACTUAL OVER (UNDER) BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
District Sales Tax	\$ 17,491,333	\$ 17,491,333	\$ 17,212,730	\$ (278,603)
Less: Return of Excess Sales Tax to Districts	(3,500,000)	(3,500,000)	(7,801,281)	(4,301,281)
Reimbursements - East St. Louis	-	-	76,890	76,890
Investment Income	100,000	100,000	1,017,040	917,040
Total Revenues	<u>\$ 14,091,333</u>	<u>\$ 14,091,333</u>	<u>\$ 10,505,379</u>	<u>\$ (3,585,954)</u>
EXPENDITURES:				
Current:				
General and Administrative	\$ 345,000	\$ 345,000	\$ 287,711	\$ (57,289)
Design and Construction	29,273,000	29,273,000	9,578,715	(19,694,285)
Professional Services	267,000	267,000	40,888	(226,112)
Debt Service:				
Principal	3,845,000	3,845,000	3,845,000	-
Interest	5,704,731	5,704,731	5,704,731	-
Total Expenditures	<u>\$ 39,434,731</u>	<u>\$ 39,434,731</u>	<u>\$ 19,457,045</u>	<u>\$ (19,977,686)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (25,343,398)</u>	<u>\$ (25,343,398)</u>	<u>\$ (8,951,666)</u>	<u>\$ (16,391,732)</u>
FUND BALANCE, BEGINNING OF YEAR			32,464,534	
FUND BALANCE, END OF YEAR			<u>\$ 23,512,868</u>	

See accompanying notes to the required supplementary information.

SOUTHWESTERN ILLINOIS FLOOD PREVENTION DISTRICT COUNCIL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2023

NOTE 1. BUDGET AND BUDGETARY ACCOUNTING

The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

The Council adopts its annual budget prior to the commencement of the fiscal year to allow time for the budget to be reviewed and approved by each flood prevention district prior to August 31. The budget is prepared on the modified accrual basis of accounting. All annual fund appropriations lapse at the end of the fiscal year.

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual presents a comparison of budgetary data to actual results. The fund utilizes the same basis of accounting for both budgetary purposes and actual results.



ALTON   EDWARDSVILLE   BELLEVILLE   HIGHLAND  
JERSEYVILLE   COLUMBIA   CARROLLTON

To Board of Directors and Management  
Southwestern Illinois Flood Prevention District Council  
Collinsville, Illinois 62234

In planning and performing our audit of the financial statements of the governmental activities and major fund of Southwestern Illinois Flood Prevention District Council (the Council) as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

**Finding 2023-01: Significant Audit Adjustments**

A significant audit adjustment is a proposed correction to the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Significant adjustments were necessary to true-up the Council's receivables and payables. The existence of such material adjustments indicates that the Council's system of controls did not detect and prevent such errors. Management should examine the adjustments required as a result of our audit and assess the cost-benefit of improving the internal control system to prevent the adjustments in the future.


A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Council's internal control to be significant deficiency:

**Finding 2023-02: Segregation of Duties**

The small size of the Council's office staff limits the extent of separation of duties. The basic premise is that no one employee should have access to cash receipts and disbursements. Because of the limitations in the size of the office staff, management review of the work performed on a monthly basis is critical to maintain a reasonable level of oversight.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Council, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Shafiq Boyl".

Edwardsville, Illinois  
July 2, 2024





ALTON   EDWARDSVILLE   BELLEVILLE   HIGHLAND  
JERSEYVILLE   COLUMBIA   CARROLLTON

To the Board of Directors and Management  
Southwestern Illinois Flood Prevention District Council  
Collinsville, Illinois 62234

We have audited the financial statements of the governmental activities and major fund of Southwestern Illinois Flood Prevention District Council (the Council) for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 11, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Council changed accounting policies related to software subscriptions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 96, Subscription-Based Information Technology Arrangements for this fiscal year. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Council's financial statements was:

Management's estimate of the return of excess sales tax on accounts receivable is based on historical analysis. We evaluated the key factors and assumptions used to develop the return of excess sales tax on accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.



The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached journal entries show the misstatements detected as a result of audit procedures, some of which are material, and corrected by management.

#### *Reportable Findings*

For purposes of this letter, a reportable finding is a matter that included one or more of the following: (1) noncompliance or suspected noncompliance with laws and regulations, (2) a finding that in our professional judgment is significant and relevant to you regarding your responsibility to oversee the financial reporting process, and (3) an indication of internal control deficiencies identified during the audit that have not been previously communicated to management by other parties and that we determined are sufficiently important to merit management's attention. We identified the following reportable finding:

During our audit procedures performed on the semi-annual County surplus payments, we noted that the April 2023 surplus payment was calculated using the prior year (fiscal year 2022) budget letter allocation %'s by County. This resulted in a \$86,741 misallocation between the Counties. It is management's responsibility to ensure compliance with the bond indenture. This appears to be an isolated incident, but management should examine their internal control procedures to prevent this from happening in the future. This discrepancy has been communicated to management and UMB Bank and an allocation adjustment will be made to the October 2024 surplus payments.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 2, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Council’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Governmental Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Edwardsville, Illinois  
July 2, 2024

**SOUTHWESTERN ILLIN**

Year End: September 30, 202:

GASB 34 Journal Entries

80495

Date: 10/1/2022 To 9/30/202:

Prepared by	Reviewed by	A and A	Principal
MTB 6/27/2024			

**AJE**

Number	Date	Account No	Name	Debit	Credit
AJE 01	9/30/2023	320000	UNASSIGNED		411,847.73
AJE 01	9/30/2023	411000	TAX PROCEEDS - MADISON CO	210,538.45	
AJE 01	9/30/2023	411100	TAX PROCEEDS - ST CLAIR	179,225.85	
AJE 01	9/30/2023	411200	TAX PROCEEDS - MONROE CO	22,083.43	
To record prior period adjustment to correct September 2022 sales tax.					
AJE 02	9/30/2023	112000	ACCOUNTS RECEIVABLE		1,265,486.22
AJE 02	9/30/2023	113000	SALES TAX RECEIVABLE		2,873,252.28
AJE 02	9/30/2023	411000	TAX PROCEEDS - MADISON CO	1,948,868.50	
AJE 02	9/30/2023	411100	TAX PROCEEDS - ST CLAIR	1,057,067.74	
AJE 02	9/30/2023	411200	TAX PROCEEDS - MONROE CO	196,137.90	
AJE 02	9/30/2023	411300	TAX PROCEEDS - DEFERRED SALES TAX FL	603,160.36	
AJE 02	9/30/2023	557005	RETURN OF EXCESS SALES TAX - YEAR-EN	333,504.00	
To adjust sales tax accounts to actual.					
AJE 03	9/30/2023	551072	ENGINEERING DESIGN & CONSTR MGT	249.34	
AJE 03	9/30/2023	564001	DEPR & AMORT ALLOWABLE		249.34
To reclass engineering expense posting.					
AJE 04	9/30/2023	201000	ACCOUNTS PAYABLE-ADDITIONAL		200.00
AJE 04	9/30/2023	557004	RETURN OF EXCESS SALES TAX - ST. CLAIF	200.00	
To adjust surplus payable to actual.					
AJE 05	9/30/2023	120000	NOTE RECEIVABLE		40.00
AJE 05	9/30/2023	551075	CONSTRUCTION	40.00	
To adjust note receivable to actual.					
AJE 06	9/30/2023	272011	UNAMORTIZED BOND DISCOUNTS		792,710.41
AJE 06	9/30/2023	452500	INTEREST EXPENSE - BONDS	792,710.41	
To adjust interest expense to actual.					
AJE 07	9/30/2023	205500	ACCRUED LIABILITIES	131,026.52	
AJE 07	9/30/2023	272018	DISCOUNT ON BONDS PAYABLE - SERIES A		51,678.32
AJE 07	9/30/2023	272020	DISCOUNT ON BONDS PAYABLE - SERIES B		51,534.94
AJE 07	9/30/2023	272033	DISCOUNT ON BONDS PAYABLE - SERIES 2C		27,813.26

6/27/2024

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**SOUTHWESTERN ILLIN**

Year End: September 30, 202:

GASB 34 Journal Entries

80495

Date: 10/1/2022 To 9/30/202:

Prepared by	Reviewed by	A and A	Principal
MTB 6/27/2024			

**AJE-1**

Number	Date	Account No	Name	Debit	Credit
To reclass bond discount amort.					
AJE 08	9/30/2023	272019	PREMIUM ON BONDS PAYABLE - SERIES B 20	134,235.43	
AJE 08	9/30/2023	272032	PREMIUM ON BONDS PAYABLE - SERIES 20:	717,864.84	
AJE 08	9/30/2023	452500	INTEREST EXPENSE - BONDS		852,100.27
To record bond premium for CY.					
AJE 09	9/30/2023	205500	ACCRUED LIABILITIES	4,978.41	
AJE 09	9/30/2023	452500	INTEREST EXPENSE - BONDS		4,978.41
To adjust accrued liabilities to actual.					
AJE 10	9/30/2023	111500	CASH & INVESTMENTS -TRUSTEE		341,846.36
AJE 10	9/30/2023	140000	BOND RESERVE	341,846.36	
To adjust bond reserve to calculation.					
AJE 11	9/30/2023	272022	BONDS PAYABLE - SERIES B 2015	830,000.00	
AJE 11	9/30/2023	452500	INTEREST EXPENSE - BONDS		830,000.00
To adjust Series 2015B bond payable to actual.					
AJE 12	9/30/2023	125000	INTEREST RECEIVABLE		2,382.06
AJE 12	9/30/2023	451000	INTEREST INCOME - BOND PROCEEDS	2,382.06	
To adjust accrued interest to calculation.					
AJE 13	9/30/2023	451000	INTEREST INCOME - BOND PROCEEDS	235,861.00	
AJE 13	9/30/2023	451500	UNREALIZED (GAINS) LOSSES ON INVESTMI		235,861.00
To reclass market value adjustment.					
AJE 14	9/30/2023	111600	MARKET VALUE ADJUSTMENT	271,505.03	
AJE 14	9/30/2023	451000	INTEREST INCOME - BOND PROCEEDS		271,505.03
To reclass market value adjustment to interest income.					
AJE 15	9/30/2023	201000	ACCOUNTS PAYABLE-ADDITIONAL		666,707.92
AJE 15	9/30/2023	551075	CONSTRUCTION	666,707.92	

6/27/2024

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**SOUTHWESTERN ILLIN**

Year End: September 30, 202

GASB 34 Journal Entries

80495

Date: 10/1/2022 To 9/30/202:

Prepared by	Reviewed by	A and A	Principal
MTB 6/27/2024			

**AJE-2**

Number	Date	Account No	Name	Debit	Credit
To accrue Keller invoice for Sept 2023 construction work paid November 2023.					
AJE 16	9/30/2023	201000	ACCOUNTS PAYABLE-ADDITIONAL	196,928.80	
AJE 16	9/30/2023	551071	ENGINEERING DESIGN & CONST MGT		196,928.80
To reverse WSP Global accrual for invoice that is a majority for Oct 2023 construction work paid November 2023.					
AJE 17	9/30/2023	200005	RETAINAGE PAYABLE		140,958.36
AJE 17	9/30/2023	551075	CONSTRUCTION	140,958.36	
To adjust Keller retainage payable to actual.					
AJE 18	9/30/2023	211000	BOND LIABILITY S/T		230,000.00
AJE 18	9/30/2023	272022	BONDS PAYABLE - SERIES B 2015	110,000.00	
AJE 18	9/30/2023	272031	BONDS PAYABLE - SERIES 2020	120,000.00	
To adjust current portion of debt to actual.					
AJE 19	9/30/2023	201000	ACCOUNTS PAYABLE-ADDITIONAL	124,932.97	
AJE 19	9/30/2023	551076	CONSTRUCTION & DESIGN USAACE		124,932.97
To reverse USACE accrual for invoice that is for services after September 2023.					
				<b>9,373,013.68</b>	<b>9,373,013.68</b>

**Net Income (Loss) (4,433,239.71)**

**SOUTHWESTERN ILLINOIS**

Year End: September 30, 2022

Fund journal entries

Date: 10/1/2022 To 9/30/2022

Prepared by	Reviewed by	A and A	Principal
MTB 6/27/2024			

OJE

Number	Date	Account No	Name	Debit	Credit
OJE 01	9/30/2023	120000	NOTE RECEIVABLE		461,340.00
OJE 01	9/30/2023	165500	EQUIPMENT AND FURNITURE		12,293.31
OJE 01	9/30/2023	166500	SOFTWARE		1,478.28
OJE 01	9/30/2023	169000	ACCUMULATED DEPRECIATION	13,381.35	
OJE 01	9/30/2023	205500	ACCRUED LIABILITIES	2,622,276.83	
OJE 01	9/30/2023	210000	DEFERRED SALES TAX REVENUE		488,055.16
OJE 01	9/30/2023	211000	BOND LIABILITY S/T	3,845,000.00	
OJE 01	9/30/2023	272018	DISCOUNT ON BONDS PAYABLE - SERIES A		417,708.67
OJE 01	9/30/2023	272019	PREMIUM ON BONDS PAYABLE - SERIES B 20	765,073.03	
OJE 01	9/30/2023	272020	DISCOUNT ON BONDS PAYABLE - SERIES B		406,977.07
OJE 01	9/30/2023	272021	BONDS PAYABLE - SERIES A 2015	27,705,000.00	
OJE 01	9/30/2023	272022	BONDS PAYABLE - SERIES B 2015	52,355,000.00	
OJE 01	9/30/2023	272031	BONDS PAYABLE - SERIES 2020	51,865,000.00	
OJE 01	9/30/2023	272032	PREMIUM ON BONDS PAYABLE - SERIES 2020	9,003,221.56	
OJE 01	9/30/2023	272033	DISCOUNT ON BONDS PAYABLE - SERIES 2020		174,412.29
OJE 01	9/30/2023	300250	NONSPENDABLE		3,000.00
OJE 01	9/30/2023	300500	RESTRICTED		2,682,180.37
OJE 01	9/30/2023	320000	UNASSIGNED		147,416,908.37
OJE 01	9/30/2023	320000	UNASSIGNED	3,889,728.84	
OJE 01	9/30/2023	320500	INVESTED IN CAPITAL ASSETS	671.91	
To adjust to beginning fund balance.					
OJE 02	9/30/2023	320000	UNASSIGNED	411,847.73	
OJE 02	9/30/2023	411000	TAX PROCEEDS - MADISON CO		210,538.45
OJE 02	9/30/2023	411100	TAX PROCEEDS - ST CLAIR		179,225.85
OJE 02	9/30/2023	411200	TAX PROCEEDS - MONROE CO		22,083.43
To reverse gov't wide prior period adjustment.					
OJE 03	9/30/2023	169000	ACCUMULATED DEPRECIATION	140.90	
OJE 03	9/30/2023	564001	DEPR & AMORT ALLOWABLE		140.90
To reclass capital asset activity for fund accounting.					
OJE 04	9/30/2023	210000	DEFERRED SALES TAX REVENUE		305,225.95
OJE 04	9/30/2023	411000	TAX PROCEEDS - MADISON CO	217,195.14	
OJE 04	9/30/2023	411100	TAX PROCEEDS - ST CLAIR	171,958.51	
OJE 04	9/30/2023	411200	TAX PROCEEDS - MONROE CO	27,290.30	
OJE 04	9/30/2023	557005	RETURN OF EXCESS SALES TAX - YEAR-END		111,168.00
OJE 04	9/30/2023	557005	RETURN OF EXCESS SALES TAX - YEAR-END		50.00
To adjust deferred sales tax to actual.					

**SOUTHWESTERN ILLINOIS**

Year End: September 30, 2022

Fund journal entries

Date: 10/1/2022 To 9/30/2022

Prepared by	Reviewed by	A and A	Principal
MTB 6/27/2024			

**OJE-1**

Number	Date	Account No	Name	Debit	Credit
OJE 05	9/30/2023	120000	NOTE RECEIVABLE	76,890.00	
OJE 05	9/30/2023	470000	REIMBURSEMENTS - CITY OF ESL		76,890.00
To reclass ESL note receivable payment for fund accounting					
OJE 06	9/30/2023	205500	ACCRUED LIABILITIES		65,513.26
OJE 06	9/30/2023	272018	DISCOUNT ON BONDS PAYABLE - SERIES A	25,839.16	
OJE 06	9/30/2023	272020	DISCOUNT ON BONDS PAYABLE - SERIES B	25,767.47	
OJE 06	9/30/2023	272033	DISCOUNT ON BONDS PAYABLE - SERIES 20	13,906.63	
To reclass discount on bonds payable					
OJE 07	9/30/2023	272019	PREMIUM ON BONDS PAYABLE - SERIES B 20		134,235.43
OJE 07	9/30/2023	272032	PREMIUM ON BONDS PAYABLE - SERIES 20		717,864.84
OJE 07	9/30/2023	452500	INTEREST EXPENSE - BONDS	852,100.27	
To record bond premium for CY					
OJE 08	9/30/2023	205500	ACCRUED LIABILITIES		4,978.41
OJE 08	9/30/2023	452500	INTEREST EXPENSE - BONDS	4,978.41	
To reclass accrued interest expense					
OJE 09	9/30/2023	211000	BOND LIABILITY S/T	230,000.00	
OJE 09	9/30/2023	272022	BONDS PAYABLE - SERIES B 2015		940,000.00
OJE 09	9/30/2023	272031	BONDS PAYABLE - SERIES 2020		3,135,000.00
OJE 09	9/30/2023	800000	BOND REPAYMENTS	3,845,000.00	
To reclass bond payment					
OJE 10	9/30/2023	300500	RESTRICTED	3,482,749.69	
OJE 10	9/30/2023	320000	UNASSIGNED		3,482,749.69
To reclass fund balance to PY Audit.					
				<b>161,450,017.73</b>	<b>161,450,017.73</b>
Net Income (Loss)				<b>(4,433,239.71)</b>	