



CITY OF SANDWICH, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2023

SIKICH.COM

CITY OF SANDWICH, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Sandwich
Sandwich, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandwich, Illinois (the City) as of and for the year ended April 30, 2023 and the related notes to financial statements, which collectively comprise the City'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, business-type activities, each major fund and the aggregate remaining fund information of the City of Sandwich, Illinois as of April 30, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these 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 City 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.

Basis of Accounting

We draw attention to Note 1d of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1d; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 City'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 City'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.

Prior Period Adjustment

As part of our audit of the 2023 financial statements, we also audited the adjustment described in Note 11 that was applied to restate the 2022 financial statements. In our opinion, the adjustment was appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2022 financial statements of the City other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in related to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the supplemental data, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois

April 10, 2024

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

The Honorable Mayor
Members of the City Council
City of Sandwich, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandwich, Illinois (the City), as of and for the year ended April 30, 2023, and the related notes to financial statements, which collectively comprise the City’s basic financial statements in accordance with the modified cash basis of accounting as described in Note 1d, and have issued our report thereon dated April 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sikich LLP

Naperville, Illinois
April 10, 2024

SIGNIFICANT DEFICIENCIES

1. Segregation of Duties

A system of internal control provides for a proper segregation of the accounting functions. This system would segregate recording of transactions, custody of assets, and authorization of transactions. Proper segregation is not always possible in smaller entities, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. At the City, there is a lack of segregation of duties due to the number of personnel performing the accounting functions. The City does have compensating controls, such as Council approval of bills lists and Department Head approval of payroll timesheets and accounts payable invoices. We recommend that management continuously review the current assignments of accounting functions and, when possible, segregate duties and/or implement compensating controls to reduce the risk of errors or fraud. Additionally, we recommend that the City's finance department employees be cross-trained on each other's job responsibilities and that reviews and approvals be more prevalent in the City's internal controls. We noted the following specific weaknesses:

- The same person that opens the mail is recording cash receipts in the general ledger. Additionally, the same individual that collects and counts collections from the drop box outside City Hall records the receipts in the general ledger. These activities should be segregated, if at all possible.
- Employees who handle cash also have the ability to enter the financial software system and edit or make changes to cash register entries. Also, a procedure is not in place that monitors the frequency of modifications to cash register entries. Employees who handle cash should not be allowed access to the system and modify their entries. All changes to entries should be reviewed and approved by management.
- The utility billing clerk is able to collect utility cash receipts and enter them into the system. The clerk is also able to go into the system and add/edit/delete customers from the system. These functions should be kept separate and any edits to customer accounts should be reviewed and approved.

2. Accounting for Capital Assets

During our testing of capital assets, we noted several assets were not recorded to the correct fund or fund type (governmental and business-type activities). Sikich recommends that the City establishes a process to properly transfer capital assets between funds when the use changes to ensure proper reporting of capital assets.

In addition, we noted several assets that were still recorded by the City that were no longer in use. Sikich recommends that the City establishes a process to declare surplus property when an asset is no longer in use and properly dispose of the asset from the City's capital asset records.

SIGNIFICANT DEFICIENCIES (Continued)

3. Trial Balance Reconciliation

During our audit, it was noted that the City's General Fund was not properly reconciled where the general ledger trial balance received was not in balance (debits did not equal credits). Throughout the audit, the City was unable to reconcile this difference and it had to be manually corrected to properly balance the fund. Sikich recommends that the City determine and correct the error to ensure proper reconciliation of funds.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

BASIC FINANCIAL STATEMENTS

CITY OF SANDWICH, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

April 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,637,977	\$ 5,362,560	\$ 12,000,537
Capital assets not being depreciated	5,628,404	338,179	5,966,583
Capital assets (net of accumulated depreciation)	7,848,293	8,753,551	16,601,844
Total assets	20,114,674	14,454,290	34,568,964
LIABILITIES			
Escrow deposits	35,000	-	35,000
Payroll withholdings	-	672	672
Noncurrent liabilities			
Due within one year	115,000	-	115,000
Due within more than one year	2,625,000	-	2,625,000
Total liabilities	2,775,000	672	2,775,672
NET POSITION			
Net investment in capital assets	10,736,697	9,091,730	19,828,427
Restricted for			
Public safety	62,716	-	62,716
Streets	1,394,486	-	1,394,486
Tourism	29,359	-	29,359
System improvements	-	4,607,963	4,607,963
Unrestricted	5,116,416	753,925	5,870,341
TOTAL NET POSITION	\$ 17,339,674	\$ 14,453,618	\$ 31,793,292

See accompanying notes to financial statements.

CITY FO SANDWICH, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2023

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,205,157	\$ 58,251	\$ 9,679	\$ -
Public safety	2,239,654	96,490	-	-
Public works	2,470,703	219,104	544,210	81,512
Interest	83,925	-	-	-
Total governmental activities	5,999,439	373,845	553,889	81,512
Business-Type Activities				
Sewer	1,159,582	1,390,868	-	-
Water	847,532	781,136	-	-
Total business-type activities	2,007,114	2,172,004	-	-
TOTAL PRIMARY GOVERNMENT	\$ 8,006,553	\$ 2,545,849	\$ 553,889	\$ 81,512

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (1,137,227)	\$ -	\$ (1,137,227)
	(2,143,164)	-	(2,143,164)
	(1,625,877)	-	(1,625,877)
	(83,925)	-	(83,925)
	<u>(4,990,193)</u>	<u>-</u>	<u>(4,990,193)</u>
	-	231,286	231,286
	-	(66,396)	(66,396)
	-	164,890	164,890
	<u>(4,990,193)</u>	<u>164,890</u>	<u>(4,825,303)</u>
General Revenues			
Taxes			
Property	1,605,482	-	1,605,482
Replacement	196,995	-	196,995
Sales	2,143,821	-	2,143,821
Utility	561,297	-	561,297
Other	167,617	-	167,617
Intergovernmental			
American rescue plan act	504,738	-	504,738
State-shared income taxes	1,166,758	-	1,166,758
Investment income	47,546	27,024	74,570
Miscellaneous	100,137	246,248	346,385
Total	<u>6,494,391</u>	<u>273,272</u>	<u>6,767,663</u>
CHANGE IN NET POSITION	<u>1,504,198</u>	<u>438,162</u>	<u>1,942,360</u>
NET POSITION, MAY 1	15,640,598	14,015,456	29,656,054
Prior period adjustment	<u>194,878</u>	<u>-</u>	<u>194,878</u>
NET POSITION, MAY 1, RESTATED	<u>15,835,476</u>	<u>14,015,456</u>	<u>29,850,932</u>
NET POSITION, APRIL 30	<u>\$ 17,339,674</u>	<u>\$ 14,453,618</u>	<u>\$ 31,793,292</u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH BASIS
GOVERNMENTAL FUNDS

April 30, 2023

	General	Motor Fuel Tax	Nonmajor Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 4,797,577	\$ 1,409,288	\$ 431,112	\$ 6,637,977
Due from other funds	14,802	-	-	14,802
TOTAL ASSETS	\$ 4,812,379	\$ 1,409,288	\$ 431,112	\$ 6,652,779
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Escrow deposits	35,000	-	-	35,000
Due to other funds	-	14,802	-	14,802
Total liabilities	35,000	14,802	-	49,802
FUND BALANCES				
Restricted				
Public safety	-	-	62,716	62,716
Highways and streets	-	1,394,486	-	1,394,486
Tourism	-	-	29,359	29,359
Assigned				
Capital projects	1,925,974	-	339,037	2,265,011
Unrestricted				
Unassigned	2,851,405	-	-	2,851,405
Total fund balances	4,777,379	1,394,486	431,112	6,602,977
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,812,379	\$ 1,409,288	\$ 431,112	\$ 6,652,779

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

**RECONCILIATION OF FUND BALANCES ARISING FROM CASH BASIS
OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2023

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 6,602,977
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	13,476,697
Long-term liabilities, including installment contracts, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds	<u>(2,740,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 17,339,674</u></u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2023

	General	Motor Fuel Tax	Nonmajor Governmental	Total
REVENUES COLLECTED				
Taxes	\$ 5,819,726	\$ -	\$ 22,244	\$ 5,841,970
Charges for service	40,553	-	188,585	229,138
Licenses and permits	102,595	-	-	102,595
Intergovernmental	761,920	378,219	-	1,140,139
Fines and forfeits	34,213	-	7,899	42,112
Investment income	46,314	715	517	47,546
Miscellaneous	89,467	-	-	89,467
Total revenues collected	6,894,788	378,934	219,245	7,492,967
EXPENDITURES PAID				
Current				
General government	917,775	-	140,493	1,058,268
Public works	977,689	49,095	-	1,026,784
Public safety	3,239,372	-	-	3,239,372
Capital outlay	1,287,267	713,213	9,062	2,009,542
Debt service				
Principal retirement	115,000	-	-	115,000
Interest and fiscal charges	83,925	-	-	83,925
Total expenditures paid	6,621,028	762,308	149,555	7,532,891
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	273,760	(383,374)	69,690	(39,924)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,670	-	-	10,670
Total other financing sources (uses)	10,670	-	-	10,670
NET CHANGE IN FUND BALANCES	284,430	(383,374)	69,690	(29,254)
FUND BALANCES, MAY 1	4,492,949	1,777,860	361,422	6,632,231
FUND BALANCES, APRIL 30	\$ 4,777,379	\$ 1,394,486	\$ 431,112	\$ 6,602,977

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES
COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES -
CASH BASIS - TO THE GOVERNMENTAL ACTIVITIES IN
THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For the Year Ended April 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (29,254)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	1,737,626
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	(319,174)
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	<u>115,000</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,504,198</u></u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
ARISING FROM MODIFIED CASH BASIS
PROPRIETARY FUNDS**

April 30, 2023

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,253,227	\$ 2,109,333	\$ 5,362,560
Capital assets not being depreciated	229,786	108,393	338,179
Capital assets (net of accumulated depreciation)	6,893,816	1,859,735	8,753,551
Total assets	<u>10,376,829</u>	<u>4,077,461</u>	<u>14,454,290</u>
LIABILITIES			
Current liabilities			
Other liabilities	335	337	672
Total liabilities	<u>335</u>	<u>337</u>	<u>672</u>
NET POSITION			
Net investment in capital assets	7,123,602	1,968,128	9,091,730
Restricted for system improvements	2,831,114	1,776,849	4,607,963
Unrestricted	421,778	332,147	753,925
TOTAL NET POSITION	<u>\$ 10,376,494</u>	<u>\$ 4,077,124</u>	<u>\$ 14,453,618</u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS

For the Year Ended April 30, 2023

	Sewer	Water	Total
OPERATING REVENUES			
Charges for services	\$ 1,390,868	\$ 781,136	\$ 2,172,004
Total operating revenues	1,390,868	781,136	2,172,004
OPERATING EXPENSES			
Operations	570,816	691,301	1,262,117
Total operating expenses	570,816	691,301	1,262,117
OPERATING INCOME BEFORE DEPRECIATION	820,052	89,835	909,887
Depreciation	584,442	156,231	740,673
OPERATING INCOME (LOSS)	235,610	(66,396)	169,214
NON-OPERATING REVENUES (EXPENSES)			
Interest expense and amortization	(4,324)	-	(4,324)
Infrastructure fees	45,000	22,500	67,500
Connection fees	93,000	77,500	170,500
Investment income	22,152	4,872	27,024
Miscellaneous income	1,242	7,006	8,248
Total non-operating revenues (expenses)	157,070	111,878	268,948
NET INCOME BEFORE TRANSFERS	392,680	45,482	438,162
TRANSFERS			
Transfers in	-	54,637	54,637
Transfers (out)	(54,637)	-	(54,637)
Total transfers	(54,637)	54,637	-
CHANGE IN NET POSITION	338,043	100,119	438,162
NET POSITION, MAY 1	10,038,451	3,977,005	14,015,456
NET POSITION, APRIL 30	\$ 10,376,494	\$ 4,077,124	\$ 14,453,618

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2023

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,390,868	\$ 781,136	\$ 2,172,004
Payments to suppliers	(298,214)	(354,433)	(652,647)
Payments to employees	(272,267)	(336,531)	(608,798)
Net cash from operating activities	<u>820,387</u>	<u>90,172</u>	<u>910,559</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Infrastructure fees	45,000	22,500	67,500
Connection fees	93,000	77,500	170,500
Miscellaneous income	1,242	7,006	8,248
Net cash from noncapital financing activities	<u>139,242</u>	<u>107,006</u>	<u>246,248</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(172,111)	(106,500)	(278,611)
Bond principal payments	(545,000)	-	(545,000)
Interest paid on bonds payable	(9,538)	-	(9,538)
Net cash from capital and related financing activities	<u>(726,649)</u>	<u>(106,500)</u>	<u>(833,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	22,153	4,870	27,023
Net cash from investing activities	<u>22,153</u>	<u>4,870</u>	<u>27,023</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	255,133	95,548	350,681
CASH AND CASH EQUIVALENTS, MAY 1	<u>2,998,094</u>	<u>2,013,785</u>	<u>5,011,879</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 3,253,227</u>	<u>\$ 2,109,333</u>	<u>\$ 5,362,560</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 235,610	\$ (66,396)	\$ 169,214
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	584,442	156,231	740,673
Other liabilities	335	337	672
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 820,387</u>	<u>\$ 90,172</u>	<u>\$ 910,559</u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

**STATEMENT OF NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUND**

April 30, 2023

	<u>Pension Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 508,459
Investments	
Investments held in Illinois Police Officers' Pension Investment Fund	6,199,307
Prepaid items	<u>530</u>
Total assets	<u>6,708,296</u>
LIABILITIES	
Accounts payable	<u>1,605</u>
Total liabilities	<u>1,605</u>
NET POSITION	
Restricted for pensions	<u>6,706,691</u>
TOTAL NET POSITION	<u><u>\$ 6,706,691</u></u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS

**STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUND**

For the Year Ended April 30, 2023

	Police Pension
	<u> </u>
ADDITIONS	
Contributions - employer	\$ 863,756
Contributions - employee	<u>153,903</u>
Total contributions	<u>1,017,659</u>
Investment income	
Net appreciation in fair value of investments	23,680
Interest earned on investments	<u>49,813</u>
Total investment income	73,493
Less investment expense	<u>(6,874)</u>
Net investment income	<u>66,619</u>
Total additions	<u>1,084,278</u>
DEDUCTIONS	
Benefits and refunds	
Retirement pension	470,292
Disability pension	107,777
Refund of contributions	129,602
Transfers to other pensions	170,033
Administrative	<u>32,131</u>
Total deductions	<u>909,835</u>
CHANGE IN NET POSITION	<u>174,443</u>
NET POSITION	
May 1	<u>6,532,248</u>
April 30	<u><u>\$ 6,706,691</u></u>

See accompanying notes to financial statements.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sandwich, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City is a body corporate and politic established under Illinois Compiled Statutes (ILCS) governed by an elected Mayor/City Council. These financial statements present the City and its component units as required by GAAP. Management has determined that there is one fiduciary component unit that is required to be included in the financial statements of the City as a pension trust fund.

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and a fiduciary component unit of the City. PPERS does not issue a stand-alone financial report.

b. Fund Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds), the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds) and the management of funds held in trust where the interest earnings can be used for governmental services (permanent fund). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for fiduciary activities that meet the definition contained in GASB Statement No. 84, *Fiduciary Activities*. The City utilizes a pension trust fund (for its Police Pension Fund), which is generally used to account for assets that the City holds in a fiduciary capacity.

c. Government-Wide and Fund 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 City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, if any, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are 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 standard revenues 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all the financial resources of the City, except those accounted for in another fund.

The Motor Fuel Tax Fund is used to account for revenues derived from motor fuel taxes and expenditures for highway and street construction and maintenance.

The City reports the following major proprietary funds:

The Water Fund accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The Sewer Fund accounts for the provision of wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund.

The City reports a pension trust fund as a fiduciary component unit to account for the Police Pension Fund.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, proprietary and fiduciary financial statements are reported using the economic resources measurement focus and using the modified cash basis of accounting which is a comprehensive basis of accounting other than GAAP. The City reports capital assets and liabilities issued to acquire capital assets, not long-term operating liabilities. Revenues are recorded at the time of receipt by the City. In addition, the change in fair value of investments is reported as revenue. Expenses are recorded when the funds are disbursed. Depreciation of capital assets has also been shown on the government-wide financial statements. Payroll withholdings from employees and escrow deposits are reflected on the statement of net position and balance sheets as liabilities.

Finally, debt payable related to capital assets are reflected as liabilities on the statement of net position and proprietary fund balance sheet. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with GAAP.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting which is a comprehensive basis of accounting other than GAAP. Revenues are recorded at the time of receipt by the City. Expenditures are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with GAAP.

e. Cash and Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For purposes of the statement of cash flows, the City's proprietary funds consider their equity in pooled cash and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the financial statements. Long-term interfund loans are classified as "advances to/from other funds."

g. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value or service capacity of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Vehicles	5-15
Machinery and equipment	5-20
Water and sewer lines	30
Treatment and storage facilities	50

h. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium.

In the fund financial statements, governmental funds recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures and expenses.

i. Fund Balance/Net Position

In the fund financial statements, governmental funds can report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City's Council, which is considered the City's highest level of decision-making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance remains with the City Council. Any residual fund balance in the General Fund and any deficit fund balance in other governmental funds are reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Balance/Net Position (Continued)

The City's flow of funds assumption specified that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

j. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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.

2. DEPOSITS AND INVESTMENTS

The City and pension fund categorize the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's investment policy authorizes the City to invest in all investments allowed by ILCS. These include deposits and investments insured by the Federal Deposit Insurance Corporation (FDIC), obligations or securities guaranteed by the United States of America, direct obligations of any bank as defined by the Illinois Banking Act, certain money market mutual funds and The Illinois Funds (a money market fund created by the state legislature under the control of the State Treasurer that maintains a \$1 share value).

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds using "good judgment and care" for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

2. DEPOSITS AND INVESTMENTS (Continued)

The City maintains a cash pool that is available for use by all funds. In addition, cash and investments are separately held by several of the City's funds.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral of all bank balances in excess of federal depository insurance with the collateral held by an agent of the City in the City's name.

City Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to meet daily cash flow requirements for ongoing operations in order to maximize yield on longer term investments by avoiding having to sell securities on the open market before maturity and by investing operating funds in shorter term securities, money market mutual funds or external investment pools.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party custodian evidenced by safekeeping receipts.

Concentration of credit risk is the risk that the City has too high a percentage of their investments invested in one type of investment. The Village's investment policy requires diversification of investment to avoid unreasonable risk.

3. PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the City.

- The property tax lien date is January 1;
- Property taxes are due to the County Collector in two installments, June 1 and September 1; and
- Property taxes for 2022 were levied in December 2022 and are normally received monthly beginning in June and generally ending by December 2023.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year ended April 30, 2023 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 695,580	\$ -	\$ -	\$ 695,580
Land right of ways	461,729	-	-	461,729
Construction in progress	3,225,330	1,245,765	-	4,471,095
Total capital assets not being depreciated	4,382,639	1,245,765	-	5,628,404
Capital assets being depreciated				
Buildings and improvements	1,428,662	72,475	-	1,501,137
Vehicles	1,761,286	-	158,038	1,603,248
Machinery and equipment	754,245	-	-	754,245
Infrastructure	8,239,146	419,386	-	8,658,532
Total capital assets being depreciated	12,183,339	491,861	158,038	12,517,162
Less accumulated depreciation for				
Buildings and improvements	616,111	46,698	-	662,809
Vehicles	1,412,303	54,838	158,038	1,309,103
Machinery and equipment	639,319	28,781	-	668,100
Infrastructure	1,840,000	188,857	-	2,028,857
Total accumulated depreciation	4,507,733	319,174	158,038	4,668,869
Total capital assets being depreciated, net	7,675,606	172,687	-	7,848,293
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 12,058,245	\$ 1,418,452	\$ -	\$ 13,476,697

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 11,888
Public safety	65,659
Public works	241,627
TOTAL	\$ 319,174

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

Business-Type Activities

Business-type capital asset activity for the year ended April 30, 2023 was as follows:

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 81,318	\$ -	\$ -	\$ 81,318
Construction in progress	-	256,861	-	256,861
Total capital assets not being depreciated	81,318	256,861	-	338,179
Capital assets being depreciated				
Vehicles	842,222	-	278,100	564,122
Treatment facility	14,913,488	21,750	-	14,935,238
Storage facilities	1,189,962	-	-	1,189,962
Water lines	2,731,115	-	-	2,731,115
Sewer lines	3,830,567	-	-	3,830,567
Total capital assets being depreciated	23,507,354	21,750	278,100	23,251,004
Less accumulated depreciation for				
Vehicles	446,592	34,844	278,100	203,336
Treatment facility	9,390,997	464,548	-	9,855,545
Storage facilities	756,999	68,026	-	825,025
Water lines	1,531,957	52,951	-	1,584,908
Sewer lines	1,908,335	120,304	-	2,028,639
Total accumulated depreciation	14,034,880	740,673	278,100	14,497,453
Total capital assets being depreciated, net	9,472,474	(718,923)	-	8,753,551
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 9,553,792	\$ (462,062)	\$ -	\$ 9,091,730

Depreciation expense was charged to functions of the primary government as follows:

BUSINESS-TYPE ACTIVITIES	
Water	\$ 156,231
Sewer	584,442
TOTAL	\$ 740,673

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

A summary of long-term debt of the City for the year ended April 30, 2023 consisted of the following:

a. General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements/ Refunding	Balances April 30	Current Portion
General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2013, are due in annual installments ranging from \$500,000 to \$595,000 through September 15, 2023, interest rates range from 2.00% to 3.50% and payments are due semiannually on March 15 and September 15.	Sewer	\$ 545,000	\$ -	\$ 545,000	\$ -	\$ -
General Obligation (Alternate Revenue Source) Bonds, Series 2021, are due in annual installments ranging from \$115,000 to \$195,000 through December 1, 2041, interest rate of 3.00% and payments are due semiannually on June 1 and December 1.	General	2,855,000	-	115,000	2,740,000	115,000
TOTAL		\$ 3,400,000	\$ -	\$ 660,000	\$ 2,740,000	\$ 115,000

b. Long-Term Liabilities Summarized

Transactions for the year ended April 30, 2023 are summarized as follows:

	Beginning Balance, Restated	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 2,855,000	\$ -	\$ 115,000	\$ 2,740,000	\$ 115,000
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,855,000	\$ -	\$ 115,000	\$ 2,740,000	\$ 115,000

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

b. Long-Term Liabilities Summarized (Continued)

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Business-Type Activities					
General obligation bonds	\$ 545,000	\$ -	\$ 545,000	\$ -	\$ -
Unamortized premium on bonds	5,218	-	5,218	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 550,218	\$ -	\$ 550,218	\$ -	\$ -

c. Debt Service to Maturity

The annual requirements to amortize all debt outstanding of the City as of April 30, 2023 are as follows:

Bonds

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2024	\$ 115,000	\$ 82,200	\$ 197,200
2025	120,000	78,750	198,750
2026	125,000	75,150	200,150
2027	130,000	71,400	201,400
2028	130,000	67,500	197,500
2029-2033	725,000	276,000	1,001,000
2034-2038	825,000	161,250	986,250
2039-2041	570,000	34,500	604,500
TOTAL	\$ 2,740,000	\$ 846,750	\$ 3,586,750

d. Legal Debt Margin

The schedule of the City's legal debt margin as of April 30, 2023 is as follows:

ASSESSED VALUATION - 2022	<u>\$ 182,355,813</u>
Statutory debt limitation (8.625% of assessed valuation)	\$ 15,728,189
Less general obligation bonds	<u>(-)</u>
LEGAL DEBT MARGIN	<u>\$ 15,728,189</u>

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

e. Alternate Revenue Bonds

The City has pledged future sewerage system revenues to repay the General Obligation (Alternate Revenue Source) Refunding Bonds, Series 2013. The bonds are payable from the sewerage system revenues and are payable through 2023. The total principal and interest remaining to be paid on the bonds is \$0. Total net revenues were \$1,528,868. The current year principal and interest of \$554,538 was 36.27% of the pledged revenue.

The City has pledged future sales tax revenues to repay the General Obligation (Alternate Revenue Source) Bonds, Series 2021. The bonds are payable from the sales tax revenues and are payable through 2041. The total principal and interest remaining to be paid on the bonds is \$3,586,750. Total net revenues were \$2,143,821. The current year principal and interest of \$200,650 was 9.36% of the pledged revenue.

6. INTERFUND ACTIVITY

a. Transfers

Interfund transfers during the year ended April 30, 2023 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
Water Fund	\$ 54,637	\$ -
Sewer Fund	-	54,637
	<u> </u>	<u> </u>
TOTAL	<u>\$ 54,637</u>	<u>\$ 54,637</u>

b. Receivables/payables

Individual interfund due to/due from as of April 30, 2023 were as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ -	\$ 14,802
Motor Fuel Tax	14,802	-
	<u> </u>	<u> </u>
TOTAL	<u>\$ 14,802</u>	<u>\$ 14,802</u>

These amounts will be repaid after year end.

7. RISK MANAGEMENT

The City is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability and health. The City purchases insurance policies to insure against these risks. The City is not aware of any additional deductibles or premiums that may be owed as of April 30, 2023. The City has not made any significant changes in coverage nor did claims exceed coverage in the current fiscal year or the two prior fiscal years.

Illinois Public Risk Fund

The Village participates in the Illinois Public Risk Fund (IPRF). IPRF is an organization of Illinois municipalities and special districts in Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool its workers' compensation needs.

8. COMMITMENTS AND CONTINGENCIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

c. Construction Contracts and Other Commitments

The City has entered into various construction contracts and other commitments that were not complete as of April 30, 2023. The aggregate amount of construction contracts and other commitments was \$16,410,517 as of April 30, 2023.

9. EMPLOYEE RETIREMENT SYSTEMS

The City contributes to three defined benefit pension plans (collectively referred to as the Pension Plans), the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Sheriff’s Law Enforcement Personnel Fund (SLEP), which is administered by IMRF and is also an agent multiple-employer public employee retirement system and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the three plans are governed by ILCS and can only be amended by the Illinois General Assembly. The Pension Plans do not issue separate reports on the plans. However, IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. Those reports can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

The City has no participants in SLEP. As a result, the City has determined that no material asset is required to be reported under GASB Statement 68, *Accounting and Financial Reporting for Pensions*. Therefore, the City has not recorded any net pension asset as of April 30, 2023.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At December 31, 2022, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	22
Active employees	<u>17</u>
TOTAL	<u><u>72</u></u>

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the year ended April 30, 2023 was 5.36% of covered payroll.

Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the actuarial methods and assumptions on the next page.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial valuation date	December 31, 2022
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	2.85% to 13.75%
Interest rate	7.25%
Cost of living adjustments	2.25%
Asset valuation method	Fair value

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

Discount Rate

The discount rate used to measure the total pension liability at December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2022	\$ 7,300,357	\$ 8,873,880	\$ (1,573,523)
Changes for the period			
Service cost	94,739	-	94,739
Interest	519,689	-	519,689
Difference between expected and actual experience	(198,779)	-	(198,779)
Changes in assumptions	-	-	-
Employer contributions	-	71,551	(71,551)
Employee contributions	-	46,292	(46,292)
Net investment income	-	(1,059,885)	1,059,885
Benefit payments and refunds	(359,205)	(359,205)	-
Other (net transfer)	-	(625,269)	625,269
Net changes	56,444	(1,926,516)	1,982,960
BALANCES AT DECEMBER 31, 2022	\$ 7,356,801	\$ 6,947,364	\$ 409,437

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2023, the City recognized pension expense of \$56,855.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 144,034
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	582,026	-
Employer contributions after the measurement date	8,107	-
TOTAL	\$ 590,133	\$ 144,034

\$8,107 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending April 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF would be recognized in a full accrual entity as follows:

Fiscal Year Ending April 30,	
2024	\$ (170,884)
2025	82,805
2026	191,705
2027	334,366
2028	-
Thereafter	-
TOTAL	\$ 437,992

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.25% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 1,250,170	\$ 409,437	\$ (227,038)

The net pension liability, deferred outflows of resources and deferred inflows of resources are not reported on the City's financial statements as the City reports on the modified cash basis of accounting as discussed in Note 1d.

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the City Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Plan Membership

At April 30, 2023, membership consisted of:

Inactive plan members currently receiving benefits	13
Inactive plan members entitled to benefits but not yet receiving them	5
Active plan members	<u>15</u>
 TOTAL	 <u><u>33</u></u>

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive 2.50% of salary for each year of service. The monthly benefit shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension, and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the greater of the average monthly salary obtaining by dividing the total salary during the 48 consecutive months of service within the last of 60 months in which the total salary was the highest by the number of months in that period; or the average monthly salary obtained by dividing the total salary of the policeman during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the firefighter retires or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2023, the City's contribution was 72.43% of covered payroll.

Illinois Police Officers' Pension Investment Fund

The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

The plan retains all of its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the plan. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the plan.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the plan's deposits may not be returned to it. The plan's investment policy requires pledging of collateral for all bank balances held in the plan's name in excess of federal depository insurance, at amounts ranging from 110% to 115% of the fair market value of the funds secured, with the collateral held by an independent third party or the Federal Reserve Bank.

Investments

Investments of the plan are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual comprehensive financial report. For additional information on IPOPIF's investments, please refer to their annual comprehensive financial report as of June 30, 2022. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, Illinois 61602 or at www.ipopif.org.

Fair Value Measurement

The plan categorizes fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The plan held no investments subject to fair value measurement at April 30, 2023.

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Net Asset Value

The net asset value (NAV) of the plan's pooled investment in IPOPIF was \$6,199,307 at April 30, 2023. The pooled investments consist of the investments as noted in the target allocation table available at <https://ipopif.org>. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at April 30, 2023. The plan may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

Investment Policy

IPOPIF's investment policy was originally adopted by the Board of Trustees on December 17, 2021. IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women and persons with disabilities.

Investment Rate of Return

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability at April 30, 2023 was 4.80%. The projection of cash flows were not sufficient to cover the projected payouts and therefore the investment rate of 6.50% was blended with the bond rate of 3.53% to arrive at the 4.80% discount rate. The discount rate used to measure the total pension liability at April 30, 2022 was 4.16%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2022	\$ 21,804,002	\$ 6,532,248	\$ 15,271,754
Changes for the period			
Service cost	648,240	-	648,240
Interest	889,319	-	889,319
Difference between expected and actual experience	(417,780)	-	(417,780)
Changes in assumptions	(2,189,191)	-	(2,189,191)
Changes in benefit terms	(8,891)	-	(8,891)
Employer contributions	-	863,756	(863,756)
Employee contributions	-	118,458	(118,458)
Other contributions	-	35,446	(35,446)
Net investment income	-	66,619	(66,619)
Benefit payments and refunds	(877,705)	(877,705)	-
Administrative expense	-	(32,131)	32,131
Net changes	(1,956,008)	174,443	(2,130,451)
BALANCES AT APRIL 30, 2023	\$ 19,847,994	\$ 6,706,691	\$ 13,141,303

The funded status of the plan as of April 30, 2023 is 33.80%.

Changes in assumptions related to the discount rate were made since the previous measurement date.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2023 using the following actuarial methods and assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	May 1, 2023
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.25%
Salary increases	3.75% to 8.53%
Interest rate	6.50%
Cost of living adjustments	3.25% (Tier 1) 2.25% (Tier 2)
Asset valuation method	Fair value

Mortality rates were based on the PubS-2010(A) study.

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 4.80% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.80%) or 1 percentage point higher (5.80%) than the current rate:

	1% Decrease (3.80%)	Current Discount Rate (4.80%)	1% Increase (5.80%)
Net pension liability	\$ 16,718,671	\$ 13,141,303	\$ 10,312,550

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2023, the City recognized pension expense of \$749,820.

At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 739,303	\$ 602,632
Changes in assumptions	3,414,750	4,786,053
Net difference between projected and actual earnings on pension plan investments	504,092	-
TOTAL	\$ 4,658,145	\$ 5,388,685

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension would be amortized in a full accrual entity as follows:

Fiscal Year Ending April 30,	
2024	\$ (287,364)
2025	(333,634)
2026	(229,280)
2027	(81,886)
2028	201,624
Thereafter	-
TOTAL	\$ (730,540)

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The net pension liability and deferred outflows and inflows of resources are not reported on the City's financial statements as the City reports on the modified cash basis of accounting as discussed in Note 1d.

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan (the Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report. The activity of the Plan is reported in the City's governmental and business-type activities.

b. Benefits Provided

The City provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the City's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the City's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both. For certain disabled employees who qualify for health insurance benefits under the Public Safety Employee Benefits Act (PSEBA), the City is required to pay 100% of the cost of basic health insurance for the employee and their dependents until the employee is Medicare eligible.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At April 30, 2023, membership consisted of:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>29</u>
TOTAL	<u><u>30</u></u>
Participating employers	<u>1</u>

d. Total OPEB Liability

The City's total OPEB liability of \$813,137 was measured as of April 30, 2023 and was determined by an actuarial valuation as of May 1, 2023.

e. Actuarial Assumptions and Other Inputs

The total OPEB liability at April 30, 2023, as determined by an actuarial valuation as of May 1, 2023, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial cost method	Entry-age
Actuarial value of assets	Not applicable
Inflation	2.25%
Salary increases	2.50%
Discount rate	3.53%
Healthcare cost trend rates	7.00% to 7.40% Initial 5.00% Ultimate

The discount rate was based on the Bond Buyer 20-Bond GO Index, which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT MAY 1, 2022	<u>\$ 816,669</u>
Changes for the period	
Service cost	29,970
Interest	25,582
Differences between expected and actual experience	-
Changes in assumptions	(19,686)
Benefit payments	<u>(39,398)</u>
Net changes	<u>(3,532)</u>
BALANCES AT APRIL 30, 2023	<u>\$ 813,137</u>

The balance at May 1, 2022 was estimated as 2023 was the first year an actuarial valuation was completed.

Changes in assumptions related to the discount rate were made since the previous measurement date.

g. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 3.53% as well as what the City total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.53%) or 1 percentage point higher (4.53%) than the current rate:

	<u>1% Decrease (2.53%)</u>	<u>Current Discount Rate (3.53%)</u>	<u>1% Increase (4.53%)</u>
Total OPEB liability	\$ 876,803	\$ 813,137	\$ 755,493

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

g. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 5.00% to 7.40% as well as what the City’s total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 6.40%) or 1 percentage point higher (6.00% to 8.40%) than the current rate:

	1% Decrease (4.00% to 6.40%)	Current Healthcare Rate (5.00% to 7.40%)	1% Increase (6.00% to 8.40%)
Total OPEB liability	\$ 748,032	\$ 813,137	\$ 885,936

h. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2023, the City did not recognize any OPEB expense. Under GASB Statement No. 75, plans that qualify for the Alternative Measurement Method, changes to the OPEB liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB.

The other postemployment benefit liability is not reported on the City’s financial statements as the City reports on the modified cash basis of accounting as discussed in Note 1d.

11. PRIOR PERIOD ADJUSTMENT

The beginning net position of the following opinion units has been restated to reflect a prior period adjustment related to an unamortized bond premium.

Governmental Activities

BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	<u>\$ 15,640,598</u>
Correct unamortized bond premium	<u>194,878</u>
Total net restatement	<u>194,878</u>
BEGINNING NET POSITION, AS RESTATED	<u>\$ 15,835,476</u>

12. SUBSEQUENT EVENTS

Subsequent to April 30, 2023, the City entered into a debt agreement with the Illinois Environmental Protection Agency limited to \$13,450,000.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF SANDWICH, ILLINOIS

NOTES TO SUPPLEMENTAL DATA

April 30, 2023

BUDGETS

The City prepares its budget ordinance (modified cash basis) in conformity with practices prescribed or permitted by the applicable statutes of the State of Illinois. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Administrator submits to the Board of Trustees a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them. The proposed budget is used to prepare the tentative budget ordinance.
2. The Annual Budget Ordinance is made available for public inspection for 30 days, after which a public hearing is conducted to obtain taxpayer comments.
3. Before April 30, the Annual Budget Ordinance is adopted. The current year's budget was adopted on April 25, 2022.
4. The legal spending limit is established at the fund level.
5. The budget is the legal spending limit. The budget columns are the working budget on which staff relies during the year and are presented for information purposes.

Fund	Final Budget	Actual
Tourism	\$ 20,000	\$ 21,088
Impact Fees	16,500	119,405

MAJOR GOVERNMENTAL FUNDS

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Taxes	\$ 5,300,250	\$ 5,819,726	\$ 519,476
Charges for service	74,500	40,553	(33,947)
Licenses and permits	48,000	102,595	54,595
Intergovernmental	2,334,200	761,920	(1,572,280)
Fines and forfeits	80,125	34,213	(45,912)
Investment income	12,500	46,314	33,814
Miscellaneous income	54,350	89,467	35,117
Total revenues collected	7,903,925	6,894,788	(1,009,137)
EXPENDITURES PAID			
Current			
General government	998,945	917,775	(81,170)
Public works	1,184,020	977,689	(206,331)
Public safety	3,437,114	3,239,372	(197,742)
Capital outlay	3,839,255	1,287,267	(2,551,988)
Debt service			
Principal retirement	115,000	115,000	-
Interest and fiscal charges	85,650	83,925	(1,725)
Total expenditures paid	9,659,984	6,621,028	(3,038,956)
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(1,756,059)	273,760	2,029,819
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	10,000	10,670	670
Total other financing sources (uses)	10,000	10,670	670
NET CHANGE IN FUND BALANCE	\$ (1,746,059)	284,430	\$ 2,030,489
FUND BALANCE, MAY 1		4,492,949	
FUND BALANCE, APRIL 30		\$ 4,777,379	

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES PAID -
BUDGET AND ACTUAL - CASH BASIS
GENERAL FUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
EXPENDITURES PAID			
General government			
Administration			
Personal services	\$ 364,625	\$ 298,563	\$ (66,062)
Professional development	8,500	7,874	(626)
Utilities	100,800	89,215	(11,585)
Commodities	7,500	6,521	(979)
Outside services	474,420	475,312	892
Other expenses	43,100	40,290	(2,810)
Total general government	998,945	917,775	(81,170)
Capital outlay	13,000	135,001	122,001
Public works			
Streets			
Personal services	517,340	480,404	(36,936)
Professional development	7,000	5,567	(1,433)
Utilities	38,400	8,364	(30,036)
Commodities	181,655	106,746	(74,909)
Outside services	131,500	74,915	(56,585)
Other expenses	75	-	(75)
Total streets	875,970	675,996	(199,974)
Engineering			
Personal services	87,455	89,871	2,416
Professional development	350	422	72
Utilities	1,920	1,323	(597)
Commodities	1,700	997	(703)
Outside services	93,500	164,329	70,829
Total engineering	184,925	256,942	72,017
Forestry			
Personal services	67,775	29,761	(38,014)
Professional development	500	-	(500)
Utilities	350	-	(350)
Commodities	9,500	5,451	(4,049)
Outside services	45,000	9,539	(35,461)
Total forestry	123,125	44,751	(78,374)
Total public works	1,184,020	977,689	(206,331)
Capital outlay	3,726,750	1,141,636	(2,585,114)

(This schedule is continued on the following page.)

CITY OF SANDWICH, ILLINOIS

DETAILED SCHEDULE OF EXPENDITURES PAID -
BUDGET AND ACTUAL - CASH BASIS (Continued)
GENERAL FUND

For the Year Ended April 30, 2023

	Original Budget	Actual	Variance Over (Under)
EXPENDITURES PAID (Continued)			
Public safety			
Police			
Personal services	\$ 3,002,434	\$ 2,814,367	\$ (188,067)
Professional development	12,450	8,771	(3,679)
Utilities	17,000	16,710	(290)
Commodities	83,450	64,722	(18,728)
Outside services	280,060	302,475	22,415
Other expenses	31,970	21,506	(10,464)
Total police	<u>3,427,364</u>	<u>3,228,551</u>	<u>(198,813)</u>
ESDA			
Utilities	4,300	4,674	374
Commodities	200	-	(200)
Outside services	5,000	5,851	851
Other expenses	250	296	46
Total ESDA	<u>9,750</u>	<u>10,821</u>	<u>1,071</u>
Total public safety	<u>3,437,114</u>	<u>3,239,372</u>	<u>(197,742)</u>
Capital outlay	<u>99,505</u>	<u>10,630</u>	<u>(88,875)</u>
Debt service			
Principal retirement	115,000	115,000	-
Interst and fiscal charges	85,650	83,925	(1,725)
Total debt service	<u>200,650</u>	<u>198,925</u>	<u>(1,725)</u>
TOTAL EXPENDITURES PAID	<u><u>\$ 9,659,984</u></u>	<u><u>\$ 6,621,028</u></u>	<u><u>\$ (3,038,956)</u></u>

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Intergovernmental			
Motor fuel tax	\$ 295,000	\$ 296,707	\$ 1,707
Rebuild Illinois	81,512	81,512	-
Investment income	500	715	215
	<hr/>	<hr/>	<hr/>
Total revenues collected	377,012	378,934	1,922
	<hr/>	<hr/>	<hr/>
EXPENDITURES PAID			
Current			
Public Works			
Commodities	54,000	49,095	(4,905)
Capital outlay	1,445,000	713,213	(731,787)
	<hr/>	<hr/>	<hr/>
Total expenditures paid	1,499,000	762,308	(736,692)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (1,121,988)</u>	(383,374)	<u>\$ 738,614</u>
FUND BALANCE, MAY 1		<u>1,777,860</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 1,394,486</u></u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF SANDWICH, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2023

	Special Revenue		Capital Projects	Total
	Drug Abuse	Tourism	Impact Fees	
ASSETS				
Cash	\$ 62,716	\$ 29,359	\$ 339,037	\$ 431,112
TOTAL ASSETS	\$ 62,716	\$ 29,359	\$ 339,037	\$ 431,112
LIABILITIES AND FUND BALANCES				
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
FUND BALANCES				
Restricted				
Public safety	62,716	-	-	62,716
Tourism	-	29,359	-	29,359
Assigned				
Capital projects	-	-	339,037	339,037
Total fund balances	62,716	29,359	339,037	431,112
TOTAL LIABILITIES AND FUND BALANCES	\$ 62,716	\$ 29,359	\$ 339,037	\$ 431,112

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2023

	Special Revenue		Capital Projects	Total
	Drug Abuse	Tourism	Impact Fee	
REVENUES COLLECTED				
Taxes	\$ -	\$ 22,244	\$ -	\$ 22,244
Impact fees	-	-	188,585	188,585
Fines and foreits	7,899	-	-	7,899
Investment income	517	-	-	517
Total revenues collected	8,416	22,244	188,585	219,245
EXPENDITURES PAID				
Current				
General government	-	21,088	119,405	140,493
Capital outlay	9,062	-	-	9,062
Total expenditures paid	9,062	21,088	119,405	149,555
NET CHANGE IN FUND BALANCES	(646)	1,156	69,180	69,690
FUND BALANCES, MAY 1	63,362	28,203	269,857	361,422
FUND BALANCES, APRIL 30	\$ 62,716	\$ 29,359	\$ 339,037	\$ 431,112

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
DRUG ABUSE FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Fines and forfeits	\$ 15,020	\$ 7,899	\$ (7,121)
Investment income	20	517	497
	<hr/>	<hr/>	<hr/>
Total revenues collected	15,040	8,416	(6,624)
EXPENDITURES PAID			
Capital outlay	15,040	9,062	(5,978)
	<hr/>	<hr/>	<hr/>
Total expenditures paid	15,040	9,062	(5,978)
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>(646)</u></u>	<u><u>\$ (646)</u></u>
FUND BALANCE, MAY 1		<u>63,362</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 62,716</u></u>	

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
TOURISM FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Taxes	\$ 20,000	\$ 22,244	\$ 2,244
Total revenues collected	<u>20,000</u>	<u>22,244</u>	<u>2,244</u>
EXPENDITURES PAID			
Current			
General government			
Outside services	<u>20,000</u>	<u>21,088</u>	<u>1,088</u>
Total expenditures paid	<u>20,000</u>	<u>21,088</u>	<u>1,088</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u>1,156</u>	<u><u>\$ 1,156</u></u>
FUND BALANCE, MAY 1		<u>28,203</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 29,359</u></u>	

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CASH BASIS
IMPACT FEES FUND**

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Impact fees	\$ 20,000	\$ 188,585	\$ 168,585
	<hr/>	<hr/>	<hr/>
Total revenues collected	20,000	188,585	168,585
	<hr/>	<hr/>	<hr/>
EXPENDITURES PAID			
Current			
General government			
Other expenses	16,500	119,405	102,905
	<hr/>	<hr/>	<hr/>
Total expenditures paid	16,500	119,405	102,905
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 3,500</u>	69,180	<u>\$ 65,680</u>
FUND BALANCE, MAY 1		<u>269,857</u>	
FUND BALANCE, APRIL 30		<u>\$ 339,037</u>	

(See independent auditor's report.)

ENTERPRISE FUNDS

CITY OF SANDWICH, ILLINOIS

**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
ARISING FROM MODIFIED CASH BASIS
SEWER FUND BY SUBACCOUNT**

For the Year Ended April 30, 2023

	Sewer Operating	Sewer Reserve	Total
ASSETS			
Cash and cash equivalents	\$ 422,113	\$ 2,831,114	\$ 3,253,227
Capital assets not being depreciated	229,786	-	229,786
Capital assets (net of accumulated depreciation)	6,893,816	-	6,893,816
	<hr/>		
Total assets	7,545,715	2,831,114	10,376,829
LIABILITIES			
Current liabilities			
Payroll withholdings	335	-	335
	<hr/>		
Total liabilities	335	-	335
NET POSITION			
Net investment in capital assets	7,123,602	-	7,123,602
Restricted for system improvements	-	2,831,114	2,831,114
Unrestricted	421,778	-	421,778
	<hr/>		
TOTAL NET POSITION	\$ 7,545,380	\$ 2,831,114	\$ 10,376,494

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION
ARISING FROM MODIFIED CASH BASIS
WATER FUND BY SUBACCOUNT**

For the Year Ended April 30, 2023

	Water Operating	Water Reserve	Total
ASSETS			
Cash and cash equivalents	\$ 332,484	\$ 1,776,849	\$ 2,109,333
Capital assets not being depreciated	108,393	-	108,393
Capital assets (net of accumulated depreciation)	1,859,735	-	1,859,735
Total assets	<u>2,300,612</u>	<u>1,776,849</u>	<u>4,077,461</u>
LIABILITIES			
Current liabilities			
Payroll withholdings	<u>337</u>	<u>-</u>	<u>337</u>
Total liabilities	<u>337</u>	<u>-</u>	<u>337</u>
NET POSITION			
Net investment in capital assets	1,968,128	-	1,968,128
Restricted for system improvements	-	1,776,849	1,776,849
Unrestricted	<u>332,147</u>	<u>-</u>	<u>332,147</u>
TOTAL NET POSITION	<u>\$ 2,300,275</u>	<u>\$ 1,776,849</u>	<u>\$ 4,077,124</u>

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
SEWER FUND

For the Year Ended April 30, 2023

	Sewer Operating	Sewer Reserve	Eliminations	Total
OPERATING REVENUES				
Charges for services				
Sewer fees	\$ 1,390,868	\$ -	\$ -	\$ 1,390,868
Total operating revenues	1,390,868	-	-	1,390,868
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Sewer operations				
Personal services	272,267	-	-	272,267
Contractual services	115,101	-	-	115,101
Commodities	132,435	-	-	132,435
Miscellaneous	27,042	-	-	27,042
Capital outlay	19,627	4,344	-	23,971
Total operating expenses excluding depreciation	566,472	4,344	-	570,816
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	824,396	(4,344)	-	820,052
Depreciation	584,442	-	-	584,442
OPERATING INCOME (LOSS)	239,954	(4,344)	-	235,610
NON-OPERATING REVENUES (EXPENSES)				
Interest expense and amortization	(4,324)	-	-	(4,324)
Infrastructure fees	-	45,000	-	45,000
Connection fees	-	93,000	-	93,000
Investment income	-	22,152	-	22,152
Miscellaneous income	1,242	-	-	1,242
Total non-operating revenues (expenses)	(3,082)	160,152	-	157,070
NET INCOME BEFORE TRANSFERS	236,872	155,808	-	392,680
TRANSFERS				
Transfers in	172,111	272,000	(444,111)	-
Transfers (out)	(326,637)	(172,111)	444,111	(54,637)
Total transfers	(154,526)	99,889	-	(54,637)
CHANGE IN NET POSITION	82,346	255,697	-	338,043
NET POSITION, MAY 1	7,463,034	2,575,417	-	10,038,451
NET POSITION, APRIL 30	\$ 7,545,380	\$ 2,831,114	\$ -	\$10,376,494

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
SEWER RESERVE SUBFUND

For the Year Ended April 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUES			
None	\$ -	\$ -	\$ -
Total operating revenues	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES			
Sewer operations			
Capital outlay	2,500,000	176,455	(2,323,545)
Total operating expenses	<u>2,500,000</u>	<u>176,455</u>	<u>(2,323,545)</u>
OPERATING INCOME	<u>(2,500,000)</u>	<u>(176,455)</u>	<u>2,323,545</u>
NON-OPERATING REVENUES (EXPENSES)			
Infrastructure fees	5,000	45,000	40,000
Connection fees	10,000	93,000	83,000
Investment income	20,000	22,152	2,152
IEPA loan proceeds	2,500,000	-	(2,500,000)
Total non-operating revenues (expenses)	<u>2,535,000</u>	<u>160,152</u>	<u>(2,374,848)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>35,000</u>	<u>(16,303)</u>	<u>(51,303)</u>
TRANSFERS			
Transfers in	-	272,000	272,000
Transfers (out)	-	(172,111)	(172,111)
Total transfers	<u>-</u>	<u>99,889</u>	<u>99,889</u>
NET INCOME - BUDGETARY BASIS	<u>35,000</u>	<u>83,586</u>	<u>48,586</u>
ADJUSTMENT TO MODIFIED CASH BASIS			
Capitalized assets		<u>172,111</u>	
Total adjustments to modified cash basis		<u>599,324</u>	
CHANGE IN NET POSITION	<u>\$ 35,000</u>	682,910	<u>\$ 48,586</u>
NET POSITION, MAY 1		<u>2,575,417</u>	
NET POSITION, APRIL 30		<u>\$ 3,258,327</u>	

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
WATER FUND

For the Year Ended April 30, 2023

	Water Operating	Water Reserve	Eliminations	Total
OPERATING REVENUES				
Charges for services				
Water fees	\$ 781,136	\$ -	\$ -	\$ 781,136
Total operating revenues	781,136	-	-	781,136
OPERATING EXPENSES EXCLUDING DEPRECIATION				
Water operations				
Personal services	336,531	-	-	336,531
Contractual services	145,725	-	-	145,725
Commodities	174,218	-	-	174,218
Miscellaneous	647	-	-	647
Capital outlay	3,481	30,699	-	34,180
Total operating expenses excluding depreciation	660,602	30,699	-	691,301
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	120,534	(30,699)	-	89,835
Depreciation	156,231	-	-	156,231
OPERATING INCOME (LOSS)	(35,697)	(30,699)	-	(66,396)
NON-OPERATING REVENUES (EXPENSES)				
Infrastructure fees	-	22,500	-	22,500
Connection fees	-	77,500	-	77,500
Investment income	-	4,872	-	4,872
Miscellaneous income	7,006	-	-	7,006
Total non-operating revenues (expenses)	7,006	104,872	-	111,878
NET INCOME (LOSS) BEFORE TRANSFERS	(28,691)	74,173	-	45,482
TRANSFERS				
Transfers in	122,137	127,000	(194,500)	54,637
Transfers (out)	(127,000)	(67,500)	194,500	-
Total transfers	(4,863)	59,500	-	54,637
CHANGE IN NET POSITION	(33,554)	133,673	-	100,119
NET POSITION, MAY 1	2,333,829	1,643,176	-	3,977,005
NET POSITION, APRIL 30	\$ 2,300,275	\$ 1,776,849	\$ -	\$4,077,124

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
WATER OPERATING SUBFUND

For the Year Ended April 30, 2023

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUES			
Charges for services			
Water fees	\$ 693,000	\$ 781,136	\$ 88,136
Total operating revenues	<u>693,000</u>	<u>781,136</u>	<u>88,136</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Water operations			
Personal services	303,570	336,531	32,961
Contractual services	174,200	145,725	(28,475)
Commodities	177,600	174,218	(3,382)
Miscellaneous	1,450	647	(803)
Capital outlay	<u>75,000</u>	<u>42,481</u>	<u>(32,519)</u>
Total operating expenses excluding depreciation	<u>731,820</u>	<u>699,602</u>	<u>(32,218)</u>
OPERATING INCOME (LOSS)	<u>(38,820)</u>	<u>81,534</u>	<u>120,354</u>
NON-OPERATING REVENUES (EXPENSES)			
Miscellaneous income	<u>1,000</u>	<u>7,006</u>	<u>6,006</u>
Total non-operating revenues (expenses)	<u>1,000</u>	<u>7,006</u>	<u>6,006</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(37,820)</u>	<u>88,540</u>	<u>126,360</u>
TRANSFERS			
Transfers in	37,820	122,137	84,317
Transfers (out)	<u>-</u>	<u>(127,000)</u>	<u>(127,000)</u>
Total transfers	<u>37,820</u>	<u>(4,863)</u>	<u>(42,683)</u>
NET INCOME - BUDGETARY BASIS	<u>-</u>	<u>83,677</u>	<u>83,677</u>
ADJUSTMENTS TO MODIFIED CASH BASIS			
Capitalized assets		39,000	
Depreciation		<u>(156,231)</u>	
Total adjustments to modified cash basis		<u>(117,231)</u>	
CHANGE IN NET POSITION	<u>\$ -</u>	<u>(33,554)</u>	<u>\$ 83,677</u>
NET POSITION, MAY 1		<u>2,333,829</u>	
NET POSITION, APRIL 30		<u>\$ 2,300,275</u>	

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL - MODIFIED CASH BASIS
WATER RESERVE SUBFUND

For the Year Ended April 30, 2023

	Original and Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES			
None	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
OPERATING EXPENSES			
Water operations			
Capital outlay	1,419,000	97,699	(1,321,301)
Total operating expenses	1,419,000	97,699	(1,321,301)
OPERATING INCOME (LOSS)	(1,419,000)	(97,699)	1,321,301
NON-OPERATING REVENUES (EXPENSES)			
Infrastructure fees	3,000	22,500	19,500
Connection fees	-	77,500	77,500
Construction costs	10,000	-	(10,000)
Intergovernmental	100,000	-	(100,000)
Investment income	-	4,872	4,872
Total non-operating revenues (expenses)	113,000	104,872	(8,128)
NET INCOME (LOSS) BEFORE TRANSFERS	(1,306,000)	7,173	1,313,173
TRANSFERS			
Transfers in	-	127,000	127,000
Transfers (out)	(37,820)	(67,500)	(29,680)
Total transfers	(37,820)	59,500	97,320
NET INCOME - BUDGETARY BASIS	(1,343,820)	66,673	1,410,493
ADJUSTMENTS TO MODIFIED CASH BASIS			
Capitalized assets		67,000	
Total adjustments to modified cash basis		67,000	
CHANGE IN NET POSITION	<u>\$ (1,343,820)</u>	133,673	<u>\$1,410,493</u>
NET POSITION, MAY 1		<u>1,643,176</u>	
NET POSITION, APRIL 30		<u>\$ 1,776,849</u>	

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Eight Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 112,587	\$ 123,742	\$ 122,425	\$ 137,915	\$ 96,630	\$ 109,480	\$ 104,655	\$ 56,855
Contributions in relation to the actuarially determined contribution	112,587	123,742	122,425	137,915	96,630	109,480	104,655	56,855
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,186,370	\$ 1,271,754	\$ 1,200,245	\$ 1,379,151	\$ 1,370,636	\$ 1,182,291	\$ 1,128,960	\$ 1,059,984
Contributions as a percentage of covered payroll	9.49%	9.73%	10.20%	10.00%	7.05%	9.26%	9.27%	5.36%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 21 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.85% to 13.75% compounded annually and postretirement benefit increases of 2.75% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Nine Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 382,001	\$ 415,327	\$ 477,134	\$ 488,492	\$ 577,184	\$ 654,691	\$ 656,194	\$ 770,611	\$ 793,924
Contributions in relation to the actuarially determined contribution	322,593	264,427	262,667	242,476	293,088	385,058	634,868	839,664	863,756
CONTRIBUTION DEFICIENCY (Excess)	\$ 59,408	\$ 150,900	\$ 214,467	\$ 246,016	\$ 284,096	\$ 269,633	\$ 21,326	\$ (69,053)	\$ (69,832)
Covered payroll	\$ 995,804	\$ 1,024,998	\$ 1,085,653	\$ 1,082,409	\$ 1,117,587	\$ 1,236,171	\$ 1,342,686	\$ 1,247,622	\$ 1,192,517
Contributions as a percentage of covered payroll	32.40%	25.80%	24.19%	22.40%	26.23%	31.15%	47.28%	67.30%	72.43%

Notes to Required Supplementary Information

This information directly above is presented in accordance with GASB Statement No. 68. The information presented was determined as part of the actuarial valuations as of May 1, 2023. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 19 years; the asset valuation method was at five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 6.25%, projected salary increases assumption of 3.50% to 11.00% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last One Fiscal Year

MEASUREMENT DATE APRIL 30,	2023
TOTAL OPEB LIABILITY	
Service cost	\$ 29,970
Interest	25,582
Difference between expected and actual experience	-
Changes of assumptions	(19,686)
Benefit payments, including refunds of member contributions	<u>(39,398)</u>
Net change in total OPEB liability	(3,532)
Total OPEB liability - beginning	<u>816,669</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 813,137</u></u>
Covered employee payroll	\$ 2,508,178
Employer's total OPEB liability as a percentage of covered employee payroll	32.42%

2023: This is the first year the City completed an actuarial valuation in accordance with GASB Statement No. 75.

Assumptions changes:

2023: Changes in assumptions related to the discount rate were made since the previous measurement date.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Eight Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY								
Service cost	\$ 128,836	\$ 134,281	\$ 145,149	\$ 119,008	\$ 142,968	\$ 127,633	\$ 116,098	\$ 94,739
Interest	388,185	407,735	444,802	439,996	483,815	506,642	518,358	519,689
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(26,365)	175,861	(166,139)	330,373	13,817	(61,720)	(255,718)	(198,779)
Changes of assumptions	15,245	(16,386)	(212,776)	210,882	-	(74,541)	-	-
Benefit payments, including refunds of member contributions	(240,451)	(226,389)	(228,072)	(296,030)	(315,053)	(321,091)	(340,199)	(359,205)
Net change in total pension liability	265,450	475,102	(17,036)	804,229	325,547	176,923	38,539	56,444
Total pension liability - beginning	5,231,603	5,497,053	5,972,155	5,955,119	6,759,348	7,084,895	7,261,818	7,300,357
TOTAL PENSION LIABILITY - ENDING	\$ 5,497,053	\$ 5,972,155	\$ 5,955,119	\$ 6,759,348	\$ 7,084,895	\$ 7,261,818	\$ 7,300,357	\$ 7,356,801
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 112,586	\$ 123,741	\$ 122,675	\$ 162,504	\$ 96,631	\$ 109,910	\$ 104,655	\$ 71,551
Contributions - member	53,387	57,229	54,129	80,189	61,678	59,683	50,803	46,292
Net investment income	25,509	340,586	917,578	(301,471)	1,096,659	984,078	1,271,859	(1,059,885)
Benefit payments, including refunds of member contributions	(240,451)	(226,389)	(228,072)	(296,030)	(315,053)	(321,091)	(340,199)	(359,205)
Other	(215,665)	187,208	(50,239)	133,177	69,450	13,308	(19,642)	(625,269)
Net change in plan fiduciary net position	(264,634)	482,375	816,071	(221,631)	1,009,365	845,888	1,067,476	(1,926,516)
Plan fiduciary net position - beginning	5,138,970	4,874,336	5,356,711	6,172,782	5,951,151	6,960,516	7,806,404	8,873,880
PLAN FIDUCIARY NET POSITION - ENDING	\$ 4,874,336	\$ 5,356,711	\$ 6,172,782	\$ 5,951,151	\$ 6,960,516	\$ 7,806,404	\$ 8,873,880	\$ 6,947,364
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 622,717	\$ 615,444	\$ (217,663)	\$ 808,197	\$ 124,379	\$ (544,586)	\$ (1,573,523)	\$ 409,437

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022
Plan fiduciary net position as a percentage of the total pension liability (asset)	88.70%	89.70%	103.70%	88.00%	98.20%	107.50%	121.60%	94.40%
Covered payroll	\$ 1,186,370	\$ 1,271,754	\$ 1,200,245	\$ 1,379,151	\$ 1,370,636	\$ 1,182,291	\$ 1,128,960	\$ 1,028,714
Employer's net pension liability (asset) as a percentage of covered payroll	52.50%	48.40%	(18.10%)	58.60%	9.10%	(46.10%)	(139.40%)	39.80%

Assumption Changes:

In 2020, changes in assumptions were made related to salary rates, price inflation, retirement age and mortality rates.

In 2018, changes in assumptions were made related to the discount rate.

In 2017, changes in assumptions were made related to price inflation, salary increases, retirement age and mortality rates.

In 2015 and 2016, changes in assumptions were made related to the discount rate.

IMRF's measurement date is December 31, 2022; therefore, information above is presented for the calendar year ended December 31, 2022.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Five Fiscal Years

MEASUREMENT DATE APRIL 30,	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY					
Service cost	\$ 571,673	\$ 671,446	\$ 477,430	\$ 945,847	\$ 648,240
Interest	691,129	728,159	492,116	741,261	889,319
Changes of benefit terms	-	161,837	-	-	(8,891)
Differences between expected and actual experience	-	739,436	680,227	(416,567)	(417,780)
Changes of assumptions	-	5,511,258	991,268	(4,752,226)	(2,189,191)
Benefit payments, including refunds of member contributions	(421,363)	(454,787)	(569,777)	(587,679)	(877,705)
Net change in total pension liability	841,439	7,357,349	2,071,264	(4,069,364)	(1,956,008)
Total pension liability - beginning	15,603,314	16,444,753	23,802,102	25,873,366	21,804,002
TOTAL PENSION LIABILITY - ENDING	\$ 16,444,753	\$ 23,802,102	\$ 25,873,366	\$ 21,804,002	\$ 19,847,994
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 293,088	\$ 385,058	\$ 634,868	\$ 839,664	\$ 863,756
Contributions - member	124,305	125,086	131,460	122,280	118,457
Contributions - other	-	317,467	6,819	-	35,446
Net investment income	231,967	68,794	842,274	(311,071)	66,619
Benefit payments, including refunds of member contributions	(421,363)	(454,787)	(569,777)	(587,679)	(877,704)
Administrative expense	(7,131)	(15,966)	(28,232)	(34,222)	(32,131)
Prior period adjustment	17,942	-	-	-	-
Net change in plan fiduciary net position	238,808	425,652	1,017,412	28,972	174,443
Plan fiduciary net position - beginning	4,821,404	5,060,212	5,485,864	6,503,276	6,532,248
PLAN FIDUCIARY NET POSITION - ENDING	\$ 5,060,212	\$ 5,485,864	\$ 6,503,276	\$ 6,532,248	\$ 6,706,691
EMPLOYER'S NET PENSION LIABILITY	\$ 11,384,541	\$ 18,316,238	\$ 19,370,090	\$ 15,271,754	\$ 13,141,303
Plan fiduciary net position as a percentage of the total pension liability	30.80%	23.00%	25.10%	30.00%	33.80%
Covered payroll	\$ 1,117,587	\$ 1,236,171	\$ 1,342,686	\$ 1,247,622	\$ 1,192,517
Employer's net pension liability as a percentage of covered payroll	1,018.70%	1,481.70%	1,442.60%	1,224.10%	1,102.00%

Assumption changes:

For 2023, the changes in assumptions include a change in the discount rate from 4.16% to 4.80%.

For 2022, the changes in assumptions include a change in the discount rate from 3.07% to 4.16%.

For 2021, the changes in assumptions include a change in the discount rate from 3.27% to 3.07%.

For 2020, the changes in assumptions include a change in the discount rate from 4.49% to 3.27%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Five Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2019	2020	2021	2022	2023
Annual money-weighted rate of return, net of investment expense	5.49%	1.66%	5.47%	(5.03%)	1.60%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

SCHEDULE OF TAX DATA

For the Last Ten Levy Years

	Levy Year			
	2022	2021	2020	2019
ASSESSED VALUATION	\$ 182,355,813	\$ 173,206,792	\$ 170,493,749	\$ 163,201,741
TAX RATES BY FUND				
General Fund				
Corporate	0.2009	0.1804	0.1556	0.1672
Police protection	0.0856	0.0877	0.1019	0.1079
Street and bridge	-	-	-	-
ESDA	0.0014	0.0013	0.0013	0.0030
Total General Fund	0.2879	0.2694	0.2588	0.2781
Special Revenue Funds				
IMRF and social security	0.0631	0.0647	0.0736	0.1139
Police pension	0.4963	0.4998	0.4771	0.3925
Tort immunity*	0.0477	0.0489	0.0515	0.0810
Audit	0.0082	0.0084	0.0085	0.0090
Street lighting	0.0082	0.0084	0.0096	0.0240
School crossing guard	0.0011	0.0011	0.0011	0.0060
Forestry	0.0098	0.0101	0.0113	0.0240
Total Special Revenue Funds	0.6344	0.6414	0.6327	0.6504
TOTAL TAX RATES BY FUND	0.9223	0.9108	0.8915	0.9285
TAX EXTENSIONS BY FUND				
General Fund	\$ 475,466	\$ 466,619	\$ 441,238	\$ 453,864
Special Revenue Funds				
IMRF and social security	104,227	112,065	127,480	194,192
Police pension	820,101	865,688	826,370	669,188
Tort immunity*	78,884	84,698	89,201	138,100
Audit	13,610	14,549	14,723	15,344
Street lighting	13,610	14,549	16,628	40,918
School crossing guard	1,828	1,905	1,905	10,230
Forestry	16,335	17,494	19,572	40,918
TOTAL TAX EXTENSIONS BY FUND	\$ 1,524,061	\$ 1,577,567	\$ 1,537,117	\$ 1,562,754
TAX COLLECTIONS - ALL FUNDS				
Levy collections through year end	\$ -	\$ 1,605,482	\$ 136,236	\$ 1,501,604
PERCENT COLLECTED	N/A	101.77%	8.86%	96.09%

*Includes liability, unemployment, and workmen's compensation

N/A - information not available

Levy Year					
2018	2017	2016	2015	2014	2013
\$ 154,809,301	\$ 145,486,257	\$ 135,670,634	\$ 128,478,442	\$ 126,549,070	\$ 130,765,768
0.2592	0.3246	0.3526	0.3497	0.3730	0.3610
0.1234	0.1295	0.1410	0.1399	0.1422	0.1377
-	0.0003	0.0118	0.0128	0.0041	-
0.0032	0.0034	0.0037	0.0037	0.0027	0.0025
0.3858	0.4578	0.5091	0.5061	0.5220	0.5012
0.1324	0.1505	0.1633	0.1620	0.1739	0.1682
0.2503	0.1902	0.2067	0.2051	0.1946	0.1721
0.1001	0.1124	0.0297	0.1215	0.1170	0.1132
0.0116	0.0136	0.0149	0.0147	0.0146	0.0142
0.0323	0.0478	0.0500	0.0473	0.0500	0.0500
0.0097	0.0102	0.0111	0.0111	0.0099	0.0096
0.0310	0.0342	0.0371	0.0368	0.0360	0.0347
0.5674	0.5589	0.5128	0.5985	0.5960	0.5620
0.9532	1.0167	1.0219	1.1046	1.1180	1.0632
\$ 597,254	\$ 666,036	\$ 690,699	\$ 650,229	\$ 660,586	\$ 655,398
216,079	232,988	237,579	219,786	223,424	212,856
408,494	294,447	300,720	278,260	250,019	217,791
163,365	174,006	43,209	164,840	150,320	143,254
18,931	21,054	21,677	19,944	18,758	17,970
52,714	73,999	72,743	64,172	64,239	63,275
15,831	15,791	16,149	15,059	12,719	12,149
50,593	52,945	53,975	49,917	46,252	43,913
\$ 1,523,261	\$ 1,531,266	\$ 1,436,751	\$ 1,462,207	\$ 1,426,317	\$ 1,366,606
\$ 1,465,329	\$ 1,472,887	\$ 1,414,018	\$ 1,437,204	\$ 1,387,889	\$ 1,404,850
96.20%	96.19%	98.42%	98.29%	97.31%	102.80%

(See independent auditor's report.)

CITY OF SANDWICH, ILLINOIS

**ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT
CONSOLIDATED YEAR END FINANCIAL REPORT**

For the Year Ended April 30, 2023

CSFA Number	Program Name	State	Federal	Other	Total
532-60-0378	Section 319(h) - Nonpoint Source Pollution Control Financial Assistance Program	\$ -	\$ 2,543	\$ -	\$ 2,543
420-00-1785	Construction and/or Renovation to Buildings, Additions, or Structures	247,503	-	-	247,503
	Other grant programs and activities	-	511,874	-	511,874
	All other costs not allocated	-	-	7,244,633	7,244,633
TOTALS		<u>\$ 247,503</u>	<u>\$ 514,417</u>	<u>\$ 7,244,633</u>	<u>\$ 8,006,553</u>

(See independent auditor's report.)