

REND LAKE CONSERVANCY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS

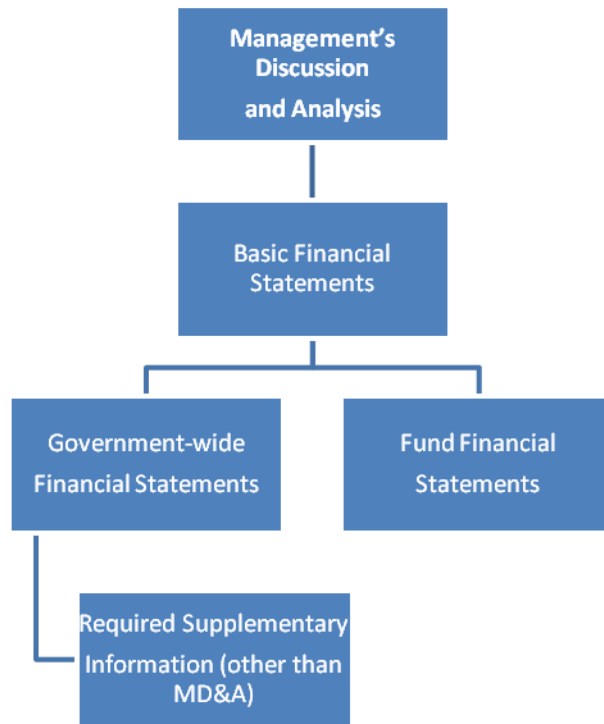
April 30, 2024

The Rend Lake Conservancy District’s (the District) discussion and analysis is designed to identify the significant financial issues within the District, provide a summary of the District’s financial activity, discuss variances in the District’s financial position, and discuss individual fund issues and/or concerns.

This narrative overview and analysis of the financial activities of the District is for the fiscal year ended April 30, 2024. We encourage readers to consider this information in conjunction with the District’s financial statements, which follow.

USING THIS REPORT

The following chart is provided for your review:



The financial statement’s focus is on both the District as a whole, government-wide, and on the major individual funds. Both perspectives (government-wide and major fund) allow the reader to address relevant questions and enhance the District’s accountability.

OVERVIEW OF FINANCIAL STATEMENTS

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

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. They are comprised of the Statement of Net Position and Statement of Activities.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. This statement combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

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

Both of the financial statements have separate sections for two different types of programs or activities. These two types of activities are:

Governmental Activities - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the District include General Administration.

Enterprise (Business-Type) Activities - These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the District include Inter-City Water, Recreation, and Sewer Treatment.

Fund Financial Statements

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

The fund financial statements provide detail information about each of the District's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each fund is presented individually. All of the District's funds are considered major funds except for the Sewage Treatment System Fund. This fund is considered a Non-Major Fund.

Notes to the Financial Statements

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

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison statement for the general fund.

STATEMENT OF NET POSITION

Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 2,450,705	\$ 2,132,102	\$ 27,565,114	\$ 24,734,032	\$ 30,015,819	\$ 26,866,134
Noncurrent Assets	1,241,206	1,742,000	46,057,940	46,256,392	47,299,146	47,998,392
Deferred Outflows of Resources	<u>759,745</u>	<u>888,639</u>	<u>2,454,592</u>	<u>2,979,637</u>	<u>3,214,337</u>	<u>3,868,276</u>
Total Assets	<u>4,451,656</u>	<u>4,762,741</u>	<u>76,077,646</u>	<u>73,970,061</u>	<u>80,529,302</u>	<u>78,732,802</u>
Current Liabilities	89,257	62,315	1,147,349	895,749	1,236,606	958,064
Noncurrent Liabilities	86,243	363,453	655,977	1,279,613	742,220	1,643,066
Deferred Inflows of Resources	<u>784,675</u>	<u>948,247</u>	<u>1,558,273</u>	<u>1,891,999</u>	<u>2,342,948</u>	<u>2,840,246</u>
Total Liabilities and Deferred Inflows of Resources	<u>960,175</u>	<u>1,374,015</u>	<u>3,361,599</u>	<u>4,067,361</u>	<u>4,321,774</u>	<u>5,441,376</u>
Net Position:						
Net Investment in Capital Assets	1,235,056	1,742,000	45,598,809	46,249,984	46,833,865	47,991,984
Restricted	-	-	-	-	-	-
Unrestricted	<u>2,256,425</u>	<u>1,646,726</u>	<u>27,117,238</u>	<u>23,652,716</u>	<u>29,373,663</u>	<u>25,299,442</u>
Total Net Position	<u>\$ 3,491,481</u>	<u>\$ 3,388,726</u>	<u>\$ 72,716,047</u>	<u>\$ 69,902,700</u>	<u>\$ 76,207,528</u>	<u>\$ 73,291,426</u>

Normal Impacts

There are four basic transactions that will affect the Statement of Net Assets summary presentation.

Net Results of Activities - This can impact all classifications of the Statement of Net Position, current assets and liabilities, long-term assets and liabilities, and net position. In this fiscal year, the change in net position was \$220,990 for the governmental activities and \$2,359,917 for the business-type activities.

Spending Borrowed Proceeds or Current Assets on New Capital Assets - Spending borrowed proceeds will increase capital assets and liabilities and will have no impact on net assets. Spending current assets (cash and investments) will increase capital assets and decrease current assets. In addition, it will increase net assets invested in capital assets, net of related debt, and decrease unrestricted net assets. Capital assets were purchased this fiscal year utilizing current assets.

Reduction of Capital Assets through Depreciation - Depreciation will reduce capital assets and invested in capital assets, net of debt. Depreciation expense in this fiscal year was \$2,572,681.

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

Principal Payment on Debt Secured by Capital Assets - Debt payments will (a) reduce current assets and liabilities and (b) reduce unrestricted net assets and increase investment in capital assets, net of debt. Principal paid on notes payable in this fiscal year was \$66,486.

Statement of Activities

The following condensed Statement of Activities for the fiscal years ended April 30, 2024 and April 30, 2023 displays the revenues and expenses for the fiscal years.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 15,093,049	\$ 14,093,590	\$ 15,093,049	\$ 14,093,590
Operating Grants and Contributions	-	5,247	127,236	-	127,236	5,247
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes	372,795	376,099	83,512	97,958	456,307	474,057
Other Taxes	232,270	272,667	-	-	232,270	272,667
Investment income	87,302	235,090	1,038,345	62,573	1,125,647	297,663
Miscellaneous	3,953	3,282	186,384	12,073	190,337	15,355
Total Revenues	<u>696,320</u>	<u>892,385</u>	<u>16,528,526</u>	<u>14,266,194</u>	<u>17,224,846</u>	<u>15,158,579</u>
EXPENSES						
General Government	1,272,704	1,366,970	-	-	1,272,704	1,366,970
Water	-	-	10,456,688	9,844,359	10,456,688	9,844,359
Recreation	-	-	2,409,873	2,083,282	2,409,873	2,083,282
Sewage	-	-	504,674	348,861	504,674	348,861
Total Expenses	<u>1,272,704</u>	<u>1,366,970</u>	<u>13,371,235</u>	<u>12,276,502</u>	<u>14,643,939</u>	<u>13,643,472</u>
Change in Net Position						
Before Transfers	(576,384)	(474,585)	3,157,291	1,989,692	2,580,907	1,515,107
Transfers	<u>797,374</u>	<u>906,083</u>	<u>(797,374)</u>	<u>(906,083)</u>	<u>-</u>	<u>-</u>
Change in Net Position	220,990	431,498	2,359,917	1,083,609	2,580,907	1,515,107
Net Position, Beginning of the Year						
	<u>3,388,726</u>	<u>2,957,228</u>	<u>69,902,700</u>	<u>68,819,091</u>	<u>73,291,426</u>	<u>71,776,319</u>
Prior Period Adjustment						
	(118,235)	-	453,430	-	335,195	-
Net Position, End of the Year						
	<u>\$ 3,491,481</u>	<u>\$ 3,388,726</u>	<u>\$ 72,716,047</u>	<u>\$ 69,902,700</u>	<u>\$ 76,207,528</u>	<u>\$ 73,291,426</u>

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

OVERALL FINANCIAL POSITION

Results of Operations

The net position increase of \$2,580,907 in this fiscal year compared to the net position increase of \$1,515,107 in the prior fiscal year was due to a combination of higher water sales, and absorbing two small water systems. Cash, cash equivalents, and investments increased by \$2,875,586. Investment income increased from \$297,663 last year to \$1,125,647. The increase can be attributed to much higher interest rates all year, along with the District investing more in CDARS.

In the enterprise funds, operating revenues increased by \$1,173,770 from the prior year in continuing to recover from COVID-19. Operating expenses increased by \$1,095,962, resulting in an increase in net operating revenue of \$77,808 compared to the past year. Total non-operating revenue increased by \$1,089,791 in large part because of high interest rates earned on Certificates of Deposit and grant revenue. The District received \$127,236 in grant and contribution revenue this year for replacing and repairing part of the District's media filtration system. As a result, the change in net position in the enterprise funds, before interfund transfers, was \$1,167,599 more than it was last year.

Property Taxes

The District's property tax revenue in the fiscal year was \$456,307, just over 3% of the District's total revenue. On the most recent levy, the District's tax for a property with a fair market value of \$100,000 amounted to only \$51 a year. The District levied a tax rate of .1226 (per \$100) for 2004. The rate for 2023 will be .05133, a reduction of over 57%. The District's success in reducing property taxes is even more impressive when compared to other taxing bodies.

THE DISTRICT'S FUNDS

Governmental Fund

The District has only one governmental fund. It is the administrative fund. In the fiscal year ended April 30, 2024, receipts for the fund came from Property Taxes (\$372,795), Personal Property Replacement Tax (\$232,270), Interest and Miscellaneous Income (\$91,255) and Administration Fees (\$797,374) from the other funds. The fund balance increased during the fiscal year by \$170,678. Revenues were 88% of the budgeted number. Expenditures were 82% of budgeted expenses.

Proprietary Funds

Inter-City Water

Inter-City Water is comprised of a water plant and water distribution system. During the year, 37 wholesale customers purchased 4,741,955,772 gallons at an average price of \$2.39 per thousand gallons. Approximately 1,450 retail customers purchased 176,199,484 gallons at an average price of \$4.46 per thousand gallons. Total sales in the year were up from the prior year by 94 million gallons and up by \$680,578.

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

Wholesale sales increased by more than 97 million gallons. Retail sales were down over 3 million gallons. Among retail customers, residential sales were down 1.7 million gallons, retail commercial sales were down 2 million gallons, and miscellaneous other sales remained the same. Weather can affect future prospects. A wet year could cause sales volume to decrease, while a drought year could increase sales volume.

Net position, before interfund transfers out, increased during the fiscal year by \$2,814,605 compared to an increase of \$1,588,017 in the prior fiscal year. The District received \$127,236 in grant and contribution revenue in the current year and none in the prior year.

Recreation

The Recreation Fund is comprised of five departments, including the Golf Course, Restaurant, Event Center, and the Lodge/Condo complex, which provide recreation opportunities and promote tourism in the area, and Recreation Central/Leasing, which provides income and recreation opportunities through the leasing of the shooting complex, farm land, apartment land, and oil royalties.

Net position increased by \$1,098,969, after an increase last year of \$246,777. Cash flow was positive during the year by \$419,964, even after paying down principal on the long-term debt of \$178,271 and purchasing capital assets during the year of \$499,337.

Golf course revenue increased almost 31% this year over the prior year. Seasons Lodge revenue increased 15% in the current year. Golf course revenue and Seasons Lodge revenue have made excellent rebounds from the COVID-19 pandemic in 2020. Lease revenue decreased 15% in the current year, due to cancelling the restaurant lease. Oil royalty revenue fluctuates with the price of crude and production. During the year, the price of crude was comparable to 2023.

The Recreation Department is an engine for tourism in Southern Illinois, providing an exceptional recreation destination for thousands of golfers, fishermen, and hunters from throughout the Midwest and beyond. Tourism is an important part of the local economy. The golf resort is an important component of that tourism.

Sewage Treatment System

Net position decreased by \$16,871 compared to an increase of \$151,898 last year. Two small communities and seven commercial customers in the vicinity of Rend Lake are served by the fund. Departments of the State of Illinois represent 78% of the billing. Those departments are paying late and are currently not paying interest and maintenance charges. Maintenance charges assessed and unpaid are for damages to the sewage system by materials improperly put into the system per District ordinances. An increase in rates for the next year should have a positive impact on the sewage treatment system.

REND LAKE CONSERVANCY DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED

April 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of year-end, the District had \$115,038,107 invested in a variety of capital assets and \$384,951 invested in projects uncompleted, as reflected in the following schedule.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Activities</u>
Property, Plant and Equipment	\$ 2,412,041	\$ 111,138,670	\$ 113,550,711
Land	925,323	562,073	1,487,396
Construction in Progress	50,312	384,951	435,263
Accumulated Depreciation	<u>(2,152,620)</u>	<u>(66,054,723)</u>	<u>(68,207,343)</u>
Total	<u>\$ 1,235,056</u>	<u>\$ 46,030,971</u>	<u>\$ 47,266,027</u>

Debt Outstanding

As of year end, the District had outstanding notes and bonds as follows:

ILEPA	\$ 432,162
Interfund loans	1,467,710

Net principal payments of \$66,486 were made during the fiscal year. More detailed information regarding long-term debt is in Note G of the financial statements.

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about this report or need additional information, please contact the District's Comptroller, P.O. Box 907, Benton, Illinois 62812.