

Salt Creek SANITARY DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED APRIL 30, 2019

SALT CREEK SANITARY DISTRICT

Villa Park, Illinois

Annual Financial Report

For the Year Ended April 30, 2019

Administrative Office

201 South Route 83
Villa Park, Illinois 60181

(630) 832-3637

Board of Trustees

Raymond Hensley, President
Robert Taglia, Vice President
Troy Clampit, Clerk

Administration

James Listwan, Manager
Raymond Hoving, Business Administrator

Salt Creek Sanitary District, Villa Park, Illinois
Annual Financial Report
For the Year Ended April 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Salt Creek Sanitary District
Villa Park, Illinois

We have audited the accompanying statement of net position of the **Salt Creek Sanitary District, Villa Park, Illinois** (District) as of and for the year ended April 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note I.C.8. to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Salt Creek Sanitary District, Villa Park, Illinois, as of April 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 and the multiyear schedule of changes in net pension liability and related ratios (pages 32 – 33), the multiyear schedule of contributions (page 34) and the schedule of changes in the employer's net OPEB liability and related ratios (page 35) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Salt Creek Sanitary District's basic financial statements. The accompanying financial information listed as supplementary information in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 36 – 46 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

October 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Salt Creek Sanitary District
Management's Discussion and Analysis
April 30, 2019**

As management of the Salt Creek Sanitary District (District), we offer readers of the District's financial statements this narrative overview to the financial activities of the District for the fiscal year ended April 30, 2019. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- As of April 30, 2019, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$7,817,702 (net position). Of this amount, \$4,793,670 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's operating expenses for fiscal year 2019 decreased by \$28,415 or 1.3% over 2018. The decrease was due to a decrease in salaries and fringe benefit costs.
- User charge revenues decreased by \$60,571 or 2.18% over 2018 primarily due to decreased billable flow during the fiscal year ended April 30, 2019.
- Nonoperating revenues increased by \$49,833 due to increased interest income, decreased interest expense, and increased other income for 2019.

Overview of the Financial Statements

This annual report includes this Management's Discussion and Analysis report, the Independent Auditor's Report, and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Basic Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the District's assets, deferred outflows, liabilities, deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

All of the current year's revenues and expenses are accounted for in the statement of activities. This statement measures the success of the District's operations over the past year, and can be used to determine whether the District has successfully recovered all its costs through its user fees, capital charges, and other non-operating revenues.

Basic Financial Statements (cont'd)

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investments and capital and financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

The statement of net position and the statement of activities report information about the District's activities in a way that helps explain how the District did financially. These two statements report the net position of the District and the changes therein. One can think of the District's net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Net Position

To begin our analysis, a summary of the District's statement of net position is presented in Table A-1.

**Table A-1
Condensed Statement of Net Position**

	<u>FY 2019</u>
Current and other assets	\$ 5,117,403
Capital assets	17,906,096
Net pension asset	-
	<hr/>
Total assets	23,023,499
	<hr/>
Deferred outflow of resources - pension amounts	678,559
	<hr/>
Long-term liabilities	14,338,941
Other liabilities	1,223,686
	<hr/>
Total liabilities	15,562,627
	<hr/>
Deferred inflow of resources - pension amounts	321,729
Net investment in capital assets	3,024,032
Unrestricted	4,793,670
	<hr/>
Total net position	\$ 7,817,702

Net Position (cont'd)

During 2019, capital assets increased by \$1,209,302. This increase resulted from additions to construction in process for the digester cover replacement project. Long-term liabilities outstanding increased by \$1,508,837 due to draws on the construction loan dated October 12, 2016 (see Note II.C.). Other liabilities decreased by \$679,142 due to a decrease in accounts payable from construction expenses unpaid at April 30, 2018.

Table A-2
Condensed Statement of Activities

	<u>FY 2019</u>
Operating revenues	\$ 2,779,107
Nonoperating revenues (expenses)	<u>(75,807)</u>
Total revenues	<u>2,703,300</u>
Depreciation expense	743,120
Other operating expense	<u>1,519,014</u>
Total operating expenses	<u>2,262,134</u>
Change in net position	441,166
Net position, beginning of the year (as adjusted)	<u>7,376,536</u>
Net position ,end of year	<u>\$ 7,817,702</u>

While the statement of net position shows the change in financial position of the District, the statement of activities provides answers as to the nature and source of these changes. During fiscal year 2019, net position increased by \$441,166.

The District's operating revenues decreased by \$60,571 to \$2,779,107 in 2019 due to a decrease in billable flows. Also, non-operating revenues (expense) as shown in more detail on page 10 increased by \$49,833 to \$(75,807) primarily due to increased interest income and decreased interest expense in fiscal year 2019.

The District adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. The District's operating budget remains in effect the entire year, and is not revised except for budget transfers. A fiscal 2019 budget comparison and analysis is presented to management as interim financial statements; budgetary comparison schedules are presented in this report as supplementary information beginning on page 36.

Budgetary Highlights

A fiscal 2019 General Fund budget comparison and analysis is presented in Table A-3.

**Table A-3
Budget vs. Actual
FY 2019**

	Budget	Actual	Variance
Revenues:			
From operations	\$ 2,835,700	\$ 2,764,607	\$ (71,093)
Non operating	33,000	53,924	20,924
Total revenues	<u>2,868,700</u>	<u>2,818,531</u>	<u>(50,169)</u>
Operation expenses:			
Employee costs:			
Salaries	568,021	516,688	51,333
Fringe benefits	390,810	354,703	36,107
Contractual services	128,700	100,376	28,324
Waste disposal	87,000	74,154	12,846
Utilities	237,000	241,624	(4,624)
Insurance	53,000	46,916	6,084
Chemicals	17,000	11,016	5,984
Materials and supplies	69,500	56,825	12,675
Maintenance	132,000	89,060	42,940
Other	164,000	98,209	65,791
Total expenses	<u>1,847,031</u>	<u>1,589,571</u>	<u>257,460</u>
Revenues over expenditures	<u>\$ 1,021,669</u>	<u>\$ 1,228,960</u>	<u>\$ 207,291</u>

Revenues over expenses were over budget by \$207,291 due to the following:

- Operational revenues were under budget by \$71,093 due to decreased billable flows in waste treatment services.
- Nonoperational revenues were over budget by \$20,924 due to increased replacement income taxes and interest income.
- Salaries were \$51,333 lower than expected, primarily due to not filling budgeted positions.
- Fringe benefits were \$36,107 lower than anticipated because of budgeted positions not filled.
- Waste disposal expenses were \$12,846 lower than expected primarily because of lower sludge removal costs.

Budgetary Highlights (cont'd)

- Utilities were \$4,624 higher than expected due to more utility usage due to higher electric and natural gas prices.
- Materials and supplies were \$12,675 lower than expected primarily because incurred expenditures were less than anticipated.
- Maintenance costs were \$42,940 lower than budget primarily because incurred expenditures were less than expected.
- Other costs were under budget by \$65,791 primarily due to the budgeted amount containing a significant unutilized contingency expense component.

Capital Assets

At the end of fiscal 2019, the District had \$17,906,096 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

**Table A-4
Capital Assets**

	<u>FY 2019</u>
Wastewater treatment facilities	\$ 25,830,447
Office and lab equipment	196,304
Transportation equipment	119,038
Construction in progress	<u>8,579,417</u>
Total capital assets	34,725,206
Accumulated depreciation	<u>(16,819,110)</u>
Net capital assets	<u>\$ 17,906,096</u>

Additional information on the District's capital assets can be found at Note II.B. on page 18 of this report.

Debt Administration

In order to avoid levying a tax for debt service, the District maintains cash and investments in a fund to meet the balance of the current year's debt service requirements. The District believes the most equitable method is collecting for debt service requirements based on billable flow.

Notes payable outstanding at April 30, 2019, amounted to \$14,882,064. This balance represents funds received by the District through the Illinois Environmental Protection Agency Revolving Loan Fund Program. Interest on these loans are payable semiannually at rates of 1.75% - 2.50%.

Additional information on the District's long-term debt can be found at Note II.C. on page 19 of this report.

Future Considerations at the District

User fees will be increased by \$0.17 per thousand gallons for operation and maintenance and \$0.30 per thousand gallons for debt service expenses effective May 2019

A table summarizing the District's user rate history follows:

**Table A-5
District Rate History**

<u>Fiscal Year</u>	<u>Volume (Per 1,000 Gallons)</u>	<u>BOD (Per Lb.)</u>	<u>Suspended Solids (Per Lb.)</u>
2005	\$ 2.41	\$.1775	\$.1649
2006	2.61	.1775	.1649
2007	2.81	.1775	.1649
2008	2.98	.1775	.1649
2009	2.98	.1775	.1649
2010	3.08	.1775	.1649
2011	3.28	.1775	.1649
2012	3.53	.1775	.1649
2013	3.83	.1775	.1649
2014	3.99	.1775	.1649
2015	4.21	.1775	.1649
2016	4.50	.1775	.1649
2017	4.84	.1775	.1649
2018	5.03	.1775	.1649
2019	5.50	.1775	.1649

District Contact Information

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and its accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Raymond Hoving, Business Administrator, Salt Creek Sanitary District, 201 South Route 83, Post Office Box 6600, Villa Park, Illinois 60181 or by phone, 630-832-3637, or by email at info@saltcreeksd.com.

BASIC FINANCIAL STATEMENTS

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30, 2019

Assets	
Current assets:	
Cash	\$ 1,628,534
Investments	3,148,394
Receivables:	
Accounts	237,939
Replacement taxes	9,822
Accrued interest	26,909
Prepaid assets	65,805
Total current assets	5,117,403
Capital assets, net:	
Not being depreciated	8,629,481
Being depreciated	9,276,615
Total capital assets, net	17,906,096
Total assets	23,023,499
Deferred Outflows of Resources	
Deferred pension amounts	676,889
Deferred OPEB amounts	1,670
Total deferred outflows of resources	678,559
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	120,462
Payroll related liabilities	29,904
Accrued interest payable	76,558
Compensated absences	25,070
Current maturities of long-term debt	971,692
Total current liabilities	1,223,686
Long-term liabilities:	
Long-term debt, less current maturities	13,910,372
Compensated absences	42,120
Net OPEB liability	63,861
Net pension liability	322,588
Total long-term liabilities	14,338,941
Total liabilities	15,562,627
Deferred Inflows of Resources	
Deferred pension amounts	321,729
Net Position	
Net investment in capital assets	3,024,032
Unrestricted	4,793,670
Total net position	\$ 7,817,702

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Activities
For the Year Ended April 30, 2019

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Operating revenues:	
User charges	\$ 2,633,949
Capital charges	145,158
	<hr/>
Total operating revenues	2,779,107
	<hr/>
Operating expenses:	
Employee costs:	
Salaries	516,688
Fringe benefits	284,810
Contractual services	100,671
Waste disposal	74,155
Utilities	244,832
Insurance	46,916
Chemicals	11,016
Material and supplies	26,176
Maintenance	96,588
Administrative	117,162
Depreciation	743,120
	<hr/>
Total operating expenses	2,262,134
	<hr/>
Operating income	516,973
	<hr/>
Nonoperating revenues (expenses):	
Replacement taxes	36,010
Interest income	50,575
Interest expense	(175,080)
Other income	12,688
	<hr/>
Total nonoperating revenues (expenses)	(75,807)
	<hr/>
Changes in net position	441,166
	<hr/>
Net position, beginning of the year, as previously reported	7,441,935
Adjustment (Note I.C.8.)	(65,399)
	<hr/>
Net position, beginning of the year, as adjusted	7,376,536
	<hr/>
Net position, end of the year	\$ 7,817,702
	<hr/>

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Cash Flows
For the Year Ended April 30, 2019

Cash flows from operating activities:	
Received from customers	\$ 2,747,073
Paid to suppliers for goods and services	(794,051)
Paid to employees for services	(891,146)
Net cash flows from operating activities	1,061,876
Cash flows from investing activities:	
Investment income received	39,584
Investments purchased	(2,405,000)
Investments matured	2,350,336
Net cash flows from investing activities	(15,080)
Cash flows from capital and related financing activities:	
Proceeds from Illinois Environmental Protection Agency loan	2,151,696
Debt retired	(675,804)
Interest paid	(204,881)
Purchases of capital assets	(2,900,503)
Net cash flows from capital and related financing activities	(1,629,492)
Cash flows from noncapital financing activities:	
Replacement taxes received	33,313
Other income received	12,688
Net cash from noncapital financing activities	46,001
Net change in cash	(536,695)
Cash, beginning of the year	2,165,229
Cash, end of the year	\$ 1,628,534
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 516,973
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	743,120
Deferred outflows of resources	(532,630)
Deferred inflows of resources	(154,144)
Changes in:	
Receivables	(32,034)
Net pension asset	299,009
Other assets	(44,704)
Payables and compensated absences	(54,764)
Net OPEB liability	(1,538)
Net pension liability	322,588
Net cash flows from operating activities	\$ 1,061,876

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

Salt Creek Sanitary District, Villa Park, Illinois (District), was organized in 1928, as a municipality, and derives its operating income from an annual appropriation ordinance, taxes if levied, and from user charges for sanitation purification. The District provides purification and treatment of sewage for substantially all of Villa Park, Illinois.

The District includes all funds of its business operations and its component units based on financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no other organizations for which it has financial accountability.

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

The term "measurement focus" is used to denote what is being measured and reported in the District's operating statement. The District is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the District is better or worse off economically as a result of events and transactions of the period.

The term "basis of accounting" is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes, if levied, would be recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District prepares its financial statements in accordance with Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" as amended by Statement Number 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*" GASB 34 and GASB 63 require the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

Use of Estimates – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position

1. Cash and Investments

For the purpose of reporting cash flows, cash includes cash on hand and demand deposits. Investments in certificates of deposit are stated at cost.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position (cont'd)

1. Cash and Investments (cont'd)

Under State of Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represent the types of instruments allowable by State of Illinois law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or State of Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- State of Illinois Funds.
- Repurchase agreements that meet instrument transaction requirements of State of Illinois law.

2. Accounts Receivable

All receivables are reported at their gross value, and are deemed fully collectible, since the District's policy is to place liens on properties or request the shut off of water service to collect past due monies.

Illinois Environmental Protection Agency Clean Water Revolving Fund proceed receivables consist of revolving fund loan draws to fund current construction projects. These funds have been remitted by the lender prior to April 30, but not received by the District until after that date.

3. Prepaid Assets

Payments to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid assets. Prepaid assets are recognized as expense when the service or good has been received.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position (cont'd)

4. Capital Assets

The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated asset lives as follows:

Plant buildings and equipment	7 – 30 years
Administration building and improvements	7 – 50 years
Transportation equipment	5 – 7 years
Office equipment	5 – 10 years

5. Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees, and the unpaid liability is reflected as compensated absences payable.

6. Long-term Obligations

Long-term debt and other obligations of the District are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as expenses at the time of issuance.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

I. Summary of Significant Accounting Policies (cont'd)

C. Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position (cont'd)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. All deferred outflows and inflows at April 30, 2019 and 2018, relate to employee pensions with the Illinois Municipal Retirement Fund (IMRF). See Note III.C. – Employee Retirement System – Defined Benefit Pension Plan for more detail on these pensions.

8. Prior Period Adjustment

The beginning net position of governmental activities was restated for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Further disclosures are included at Notes III.D. and III.F.

D. Revenues and Expenses

Revenue and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees and capital revenue for wastewater treatment services.

Operating expenses include the costs associated with the conveyance and treatment of wastewater, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

II. Detailed Notes for All Activities and Fund Types

A. Cash and Investments

Deposits – At April 30, 2019, the carrying amount of the District's deposits was \$1,628,234, and the bank balance was \$1,611,933, which was fully insured and collateralized. In addition, the District has cash on hand of \$300 at April 30, 2019.

Investments – The District's investments consist of certificates of deposit with a carrying value of \$3,148,394 which approximates the fair value as of April 30, 2019. All certificates of deposit mature within one year. All investments are held by the bank's agent in the District's name.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its investment policy, the District manages its interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities.

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. Certificates of deposit insured by the Federal Deposit Insurance Corporation (FDIC) are not considered to have credit risk exposure.

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. All District deposits with financial institutions are fully insured or collateralized. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the District's policy that investments shall be collateralized by the actual security held in safekeeping by the agent.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

II. Detailed Notes for All Activities and Fund Types (cont'd)

B. Capital Assets

Capital asset activity for the years ended April 30, 2019, is as follows:

	Balance May 1, 2018	Additions	Deletions	Balance April 30, 2019
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,062	\$ -	\$ -	\$ 50,062
Construction in process	7,152,893	1,820,925	(394,401)	8,579,417
Total capital assets not being depreciated	7,202,955	1,820,925	(394,401)	8,629,479
Capital assets being depreciated:				
Plant, buildings and equipment	24,560,085	506,198	(7,458)	25,058,825
Administration building	701,860	19,700	-	721,560
Transportation equipment	119,038	-	-	119,038
Office equipment	196,304	-	-	196,304
Total capital assets being depreciated	25,577,287	525,898	(7,458)	26,095,727
Less accumulated depreciation	(16,083,448)	(743,120)	7,458	(16,819,110)
Total capital assets being depreciated, net	9,493,839	(217,222)	-	9,276,617
Total capital assets, net of accumulated depreciation	\$ 16,696,794	\$ 1,603,703	\$ (394,401)	\$ 17,906,096

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

II. Detailed Notes for All Activities and Fund Types (cont'd)

C. Long-term Debt

Long-term debt outstanding consists of the following at April 30:

	2019
Illinois Environmental Protection Agency loan dated May 14, 2004, for \$7,894,744 at 2.5%. Repayment of principal and interest in semiannual installments of \$258,139 with final payment due September 2025.	\$ 3,079,646
Illinois Environmental Protection Agency loan dated June 21, 2012, for \$4,746,660 at 2.295%. Repayment of principal and interest in semiannual installments of \$148,957 with final payment due July 2034.	3,867,218
Illinois Environmental Protection Agency loan dated October 12, 2016, for \$7,974,204 at 1.750%. Repayment of principal and interest in semiannual installments of \$178,585 with final payment due June 26, 2038.	<u>7,935,200</u>
	<u>\$ 14,882,064</u>

Long-term debt activity during the years ended April 30, 2019, was as follows:

	Balance May 1, 2018	Increase/ Proceeds	Decrease/ Payments	Balance April 30, 2019	Due Within One Year
IEPA loan dated:					
May 2004	\$ 3,510,831	\$ -	\$ 431,185	\$ 3,079,646	\$ 442,032
June 2012	4,072,833	-	205,615	3,867,218	210,369
October 2016	5,822,508	2,151,696	39,004	7,935,200	319,291
Compensated absences	89,042	64,842	86,694	67,190	25,070
Net OPEB liability	65,399	-	1,538	63,861	-
Net pension liability	-	322,588	-	322,588	-
	\$ 13,560,613	\$ 2,539,126	\$ 764,037	\$ 15,335,702	\$ 996,762

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

II. Detailed Notes for All Activities and Fund Types (cont'd)

C. Long-term Debt (cont'd)

Principal and interest maturities of the outstanding debt, excluding the 2016 IEPA loan, are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 971,684	\$ 300,620	\$ 1,272,304
2021	1,020,306	277,568	1,297,874
2022	1,042,859	255,016	1,297,875
2023	1,065,921	231,952	1,297,873
2024	1,089,507	208,367	1,297,874
2025 – 2029	3,944,274	738,123	4,682,397
2030 – 2034	3,515,924	392,057	3,907,981
2035 - 2039	2,231,589	93,938	2,325,527
	<u>\$ 14,882,064</u>	<u>\$ 2,497,641</u>	<u>\$ 17,379,705</u>

III. Other Information

A. Risk Management

The District is exposed to various risks related to theft of, damage to, and destruction of assets, environmental remediation, errors and omissions, injuries to employees and natural disasters. The District purchases commercial insurance to cover itself against known risks and maintains the following types of insurance: general liability and property, automobile liability, boiler and machinery liability, umbrella liability, national flood insurance, public officials' and employees' liability, treasurer's bond, and terrorism. The District also purchases group insurance to cover its employees as follows: workers' compensation, health, dental, life, and vision. As of April 30, 2019, the District had no outstanding claims, and has not had any insurance settlements exceed commercial coverage.

B. Deferred Compensation Plan

The District offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All funds are held in trust, and administered by an outside third-party trustee, for the exclusive benefit of participants and their beneficiaries. The District did not make contributions to this plan for the year ended April 30, 2019. In accordance with Governmental Accounting Standards Board Statement Number 32, the assets and related liability of the plan are not reported in these financial statements.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan**

General Information About the Pension Plan

Plan Description – The District’s defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides pensions for all full-time employees of the District. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

The IMRF Plan membership consisted of the following at December 31, 2019:

Retirees and beneficiaries	12
Inactive, non-retired members	3
Active members	8
	<hr/>
Total	23

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided – IMRF provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011, who retire at or after age 60 with 8 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter.

Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$114,952 and \$113,645 at January 1, 2019 and 2018, respectively. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

Contributions – As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2018, was 9.49%. For the fiscal year ended April 30, 2019, the District contributed \$46,974 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

C. Employee Retirement System – Defined Benefit Pension Plan (cont'd)

Net Pension Liability

For the year ended April 30, 2019, the District's net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset or liability was determined by actuarial valuations as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2018, valuation was based on an actuarial experience study for the period January 1, 2014 – December 31, 2016, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2018, was 25 years.

Mortality Rates – For the actuarial valuation at December 31, 2018, for non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Net Pension Liability (cont'd)

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the actuarial valuations dated December 31:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	37%	7.15%
International equities	18%	7.25%
Fixed income	28%	3.75%
Real estate	9%	6.25%
Alternatives:	7%	
Private equity		8.50%
Hedge funds		5.50%
Commodities		3.20%
Cash equivalents	1%	2.50%

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

C. Employee Retirement System – Defined Benefit Pension Plan (cont'd)

Net Pension Liability (cont'd)

Single Discount Rate – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 3.71%, and the resulting single discount rate used to measure the total pension liability is 7.25%.

Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 99 years.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

C. Employee Retirement System – Defined Benefit Pension Plan (cont'd)

Changes in Net Pension Liability

Changes in net pension liability are made up of the following for the year ended December 31, 2018.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/17	\$ 4,397,319	\$ 4,696,328	\$ (299,009)
Changes for the year:			
Service cost	48,983	-	48,983
Interest	323,524	-	323,524
Differences between expected and actual experience	33,773	-	33,773
Assumption changes	121,059	-	121,059
Contributions - employer	-	46,973	(46,973)
Contributions - employee	-	22,274	(22,274)
Net investment income	-	(265,151)	265,151
Benefit payments, including refunds of employee contributions	(216,314)	(216,314)	-
Other changes	-	101,646	(101,646)
Net changes	311,025	(310,572)	621,597
Balances at 12/31/18	\$ 4,708,344	\$ 4,385,756	\$ 322,588

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

C. Employee Retirement System – Defined Benefit Pension Plan (cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension (asset) liability	\$ 865,818	\$ 322,588	\$ (131,762)

Pension Plan Fiduciary Net Position – Detailed information about the pension plans fiduciary net position is available in the separately issued IRMF financial report.

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

For the year ended April 30, 2019, the District recognized pension expense (recovery) of \$(12,315). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at April 30:

	2019		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 30,389	\$ 4,942	\$ 25,447
Assumption changes	84,013	52,023	31,990
Net difference between projected and actual earnings in pension plan investments	554,544	264,764	289,780
Subtotal	668,946	321,729	347,217
Contributions made subsequent to measurement date	7,943	-	7,943
Total	\$ 676,889	\$ 321,729	\$ 355,160

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,		
2019	\$	97,724
2020		78,788
2021		47,569
2022		<u>123,136</u>
	\$	<u>347,217</u>

D. **Other Post-Employment Benefits (OPEB)**

Plan Description – The District provides limited health care insurance coverage for its eligible retired employees. Full-time employees who retire and are eligible for a pension under either the IMRF Plan can elect to continue their medical insurance for life by paying the full price of the insurance under the pension plan offered by the District. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The District accounts for the plan in the government-wide financial statements. The plan does not issue a stand-alone financial report. The general fund issued to liquidate other post-employment benefit liabilities.

At April 30, 2019, the OPEB Retiree Healthcare Plan membership consisted of:

Total active employees	8
Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u>9</u>

Funding Policy – The retirees are allowed to participate in the same healthcare plan as active employees but must pay their full premium. Premiums are the same for active and retired employees. There is no formal funding policy that exists for the OPEB plan as the total OPEB liabilities are currently an unfunded obligation.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. **Other Information** (cont'd)

D. **Other Post-Employment Benefits (OPEB)** (cont'd)

Net OPEB Liability

The District's net OPEB liability was measured as of April 30, 2019, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Total OPEB liability	\$	63,861
Plan fiduciary net position		-
Net OPEB liability	\$	63,861

Retiree Lapse Rates – 100% of retirees receiving medical coverage are expected to lapse all coverages at age 65.

Election at Retirement – The percentage of active employees assumed to continue the participation from the active medical plan into the retiree medical plan upon retirement is based on the current population. The percent of the active employees whom have waived active coverage but are assumed to elect retiree medical coverage upon retirement is based on the current population.

Actuarial Valuation and Assumptions – The total OPEB liability was determined by an actuarial valuation as of May 1, 2018, with a measurement date of April 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases		4.00%
Discount rate		3.21%
Investment rate of return		N/A

The mortality rates had the same basis as the respective pension plan. The health care trend rate by calendar year is as follows:

Fiscal Year	PPO Plan	
2020	7.10	%
2021	6.81	
2022	6.52	
2023	6.23	
2024	5.94	
2025	5.66	
2026	5.37	
2027	5.08	
2028	4.79	
2029	4.50	
Subsequent	4.50	

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

D. Other Post-Employment Benefits (OPEB) (cont'd)

Discount Rate – The discount rate used to measure the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. The District does not have a trust dedicated exclusively to the payment of OPEB benefit and, therefore, only the municipal bond rate is used in determining the total OPEB liability.

Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance 5/1/18	\$ 65,399	\$ -	\$ 65,399
Changes for the year:			
Service cost	1,203	-	1,203
Interest	2,248	-	2,248
Differences between expected and actual experience	-	-	-
Changes in assumptions	1,050	-	1,050
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments	(6,945)	-	(6,945)
Administrative expenses	-	-	-
Other changes	906	-	906
Net changes	(1,538)	-	(1,538)
Balances at 4/30/19	\$ 63,861	\$ -	\$ 63,861

The total net OPEB benefit recognized in financial statements amounted to \$3,208. Deferred outflows of resources related to the net OPEB liability totaled \$1,670 at April 30, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District, calculated using the discount rate of 3.21%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (2.21%)	Current Discount Rate (3.21%)	1% Increase (4.21%)
Net OPEB Liability	\$ 65,971	\$ 63,861	\$ 61,834

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Financial Statements (cont'd)

III. Other Information (cont'd)

D. Other Post-Employment Benefits (OPEB) (cont'd)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point higher or lower than the current rate:

	1% Decrease (Varies)	Current Discount Rate (Varies)	1% Increase (Varies)
Net OPEB Liability	\$ 61,465	\$ 63,861	\$ 66,400

OPEB Expense and Deferred Inflows of Resources Related to OPEB – Because this is the implementation year of GASB Statement 75, the beginning total OPEB liability is based on the same assumptions and data as the ending total OPEB liability. Therefore, there are no differences between actual and expected experience that are being deferred in the current year.

E. Commitments

The District has an open contract in process totaling approximately \$7,295,000 for replacement of the District's digester covers. Of the contract amount, the remaining commitment is for approximately \$47,000 as of April 30, 2019.

F. Change in Accounting Principle

Effective May 1, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions. As a result, the District adjusted its beginning net position to reflect a \$65,399 net OPEB liability.

REQUIRED SUPPLEMENTARY INFORMATION

Salt Creek Sanitary District, Villa Park, Illinois
Illinois Municipal Retirement Fund
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Calendar Years

	<u>2018</u>	<u>2017</u>
Total pension liability:		
Service cost	\$ 48,983	\$ 46,589
Interest on the total pension liability	323,524	319,749
Benefit changes	-	-
Difference between expected and actual experience	33,773	18,327
Assumption changes	121,059	(134,964)
Benefit payments and refunds	<u>(216,314)</u>	<u>(184,819)</u>
Net change in total pension liability	311,025	64,882
Total pension liability - beginning	<u>4,397,319</u>	<u>4,332,437</u>
Total pension liability - ending	<u>\$ 4,708,344</u>	<u>\$ 4,397,319</u>
Plan fiduciary net position:		
Employer contributions	\$ 46,973	\$ 55,529
Employee contributions	22,274	21,069
Pension plan net investment income	(265,151)	745,137
Benefit payments and refunds	(216,314)	(184,819)
Other	<u>101,646</u>	<u>(92,409)</u>
Net change in plan fiduciary net position	(310,572)	544,507
Plan fiduciary net position - beginning	<u>4,696,328</u>	<u>4,151,821</u>
Plan fiduciary net position - ending	<u>\$ 4,385,756</u>	<u>\$ 4,696,328</u>
Net pension liability (asset)	<u>\$ 322,588</u>	<u>\$ (299,009)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>93.15%</u>	<u>106.80%</u>
Covered valuation payroll	<u>\$ 494,986</u>	<u>\$ 468,203</u>
Net pension liability as a percentage of covered valuation payroll	<u>65.17%</u>	<u>-63.86%</u>

Note - The District adopted GASB 68 in the prior year and will build a ten-year history prospectively.

See independent auditor's report.

2016	2015
\$ 49,771	\$ 46,736
310,945	302,182
-	-
(59,887)	(46,260)
(10,022)	-
<u>(181,019)</u>	<u>(193,015)</u>
109,788	109,643
<u>4,222,649</u>	<u>4,113,006</u>
<u>\$ 4,332,437</u>	<u>\$ 4,222,649</u>
\$ 168,742	\$ 318,354
18,885	19,011
266,990	18,994
(181,019)	(193,015)
<u>32,833</u>	<u>(44,634)</u>
306,431	118,710
<u>3,845,390</u>	<u>3,726,680</u>
<u>\$ 4,151,821</u>	<u>\$ 3,845,390</u>
<u>\$ 180,616</u>	<u>\$ 377,259</u>
<u>95.83%</u>	<u>91.07%</u>
<u>\$ 419,668</u>	<u>\$ 422,462</u>
<u>43.04%</u>	<u>89.30%</u>

**Salt Creek Sanitary District, Villa Park, Illinois
 Illinois Municipal Retirement Fund
 Required Supplementary Information -
 Multiyear Schedule of Contributions - Last 10 Fiscal Years**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 67,532	\$ 317,532	\$ (250,000)	\$ 422,462	75.16 %
2017	63,411	163,411	(100,000)	419,668	38.94
2018	53,549	53,549	-	480,685	11.14
2019	46,974	46,974	-	490,310	9.58

Notes to Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % of Pay (Open)
Remaining Amortization Period	25 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	3.50%
Salary Increases	3.75% to 14.50% Including Inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The District adopted GASB 68 during the year ended April 30, 2016, and will build a ten-year history prospectively.

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Other Post-employment Benefits Retiree Healthcare Plan
Required Supplementary Information - Schedule of Changes
in the Employer's Net OPEB Liability and Related Ratios
April 30,

	2019
Total OPEB liability:	
Service cost	\$ 1,885
Interest	2,205
Changes in assumptions	1,506
Benefit payments, including refunds of member contributions	(2,237)
Net change in total OPEB liability	3,359
Total OPEB liability, beginning of year	56,670
Total OPEB liability, end of year	\$ 60,029
Plan fiduciary net position, beginning of year	-
Plan fiduciary net position, end of year	\$ -
Employer's net OPEB liability	\$ 60,029
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 537,389
Employer's net OPEB liability as a percentage of covered-employee payroll	11.17%

Note: The District adopted GASB 75 in the fiscal year ended April 30, 2019, and will build a ten-year history prospectively. There is no actuarially determined contribution (ADC) or employer contribution in relation to the ADC as there is no trust that exists for funding the OPEB liabilities.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
User charges	\$ 2,706,700	\$ 2,619,449	\$ (87,251)
Capital charges	129,000	145,158	16,158
Replacement income taxes	27,000	36,010	9,010
Interest	1,000	7,026	6,026
Miscellaneous	5,000	10,888	5,888
Total revenues	<u>2,868,700</u>	<u>2,818,531</u>	<u>(50,169)</u>
Expenditures:			
Administrative	548,292	494,265	54,027
Operating	947,742	833,266	114,476
Maintenance	253,567	184,315	69,252
Laboratory	97,430	77,725	19,705
Total expenditures	<u>1,847,031</u>	<u>1,589,571</u>	<u>257,460</u>
Revenues over expenditures	1,021,669	1,228,960	207,291
Other financing uses - transfers out	<u>(1,233,000)</u>	<u>(1,219,679)</u>	<u>13,321</u>
Changes in fund balance	<u>\$ (211,331)</u>	<u>9,281</u>	<u>\$ 220,612</u>
Fund balance, beginning of the year		<u>1,304,360</u>	
Fund balance, end of the year		<u>\$ 1,313,641</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	Budget	Actual	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	\$ 205,182	\$ 194,167	\$ 11,015
Payroll taxes and fringe benefits	134,210	137,541	(3,331)
	<u>339,392</u>	<u>331,708</u>	<u>7,684</u>
Contractual services:			
Bank fees	3,600	2,815	785
Legal	22,000	12,003	9,997
Audit	13,000	10,600	2,400
Other professional fees	32,100	19,905	12,195
	<u>70,700</u>	<u>45,323</u>	<u>25,377</u>
Supplies:			
Office supplies	8,000	8,562	(562)
Computer	8,000	6,388	1,612
Office equipment maintenance	4,000	3,861	139
Postage	13,000	10,729	2,271
	<u>33,000</u>	<u>29,540</u>	<u>3,460</u>
Utilities - telephone service	<u>1,200</u>	<u>1,618</u>	<u>(418)</u>
Other:			
Advertising	2,000	555	1,445
Meetings	5,000	4,309	691
Permit/assessment fees	65,000	58,620	6,380
Travel	800	553	247
Dues and subscriptions	3,200	3,022	178
Water meter readings	500	-	500
Uncollectible accounts	2,000	9	1,991
Miscellaneous	500	70	430
Contingency	25,000	18,938	6,062
	<u>104,000</u>	<u>86,076</u>	<u>17,924</u>
Total administrative	<u>548,292</u>	<u>494,265</u>	<u>54,027</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2019

	Budget	Actual	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	\$ 293,782	\$ 256,794	\$ 36,988
Payroll taxes and fringe benefits	195,160	172,269	22,891
	<u>488,942</u>	<u>429,063</u>	<u>59,879</u>
Contractual services - engineer fees	21,000	17,053	3,947
Waste disposal	87,000	74,154	12,846
Insurance:			
Vehicle insurance	3,000	473	2,527
General insurance	50,000	46,443	3,557
	<u>53,000</u>	<u>46,916</u>	<u>6,084</u>
Supplies:			
Drying bed supplies	11,000	15,074	(4,074)
Supplies	9,000	1,559	7,441
	<u>20,000</u>	<u>16,633</u>	<u>3,367</u>
Chemicals - other chemicals	17,000	11,016	5,984
Utilities:			
Telephone and pager	4,600	4,535	65
Electric	200,000	210,400	(10,400)
Natural gas	30,000	24,294	5,706
Water	1,200	777	423
	<u>235,800</u>	<u>240,006</u>	<u>(4,206)</u>
Contingency	25,000	(1,575)	26,575
Total operating	<u>947,742</u>	<u>833,266</u>	<u>114,476</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2019

	Budget	Actual	Variance Positive (Negative)
Maintenance:			
Personnel costs:			
Salaries and wages	\$ 45,667	\$ 42,722	\$ 2,945
Payroll taxes and fringe benefits	38,400	29,888	8,512
	<u>84,067</u>	<u>72,610</u>	<u>11,457</u>
Materials and supplies:			
Repair materials	5,000	2,610	2,390
Supplies	4,500	4,649	(149)
Tools	3,000	1,678	1,322
	<u>12,500</u>	<u>8,937</u>	<u>3,563</u>
Repair and maintenance:			
Outside equipment repairs	40,000	14,342	25,658
Equipment rental	6,000	-	6,000
Vehicle repairs	3,000	1,157	1,843
Building maintenance	69,000	66,124	2,876
Software maintenance	10,000	2,611	7,389
Oil and gasoline	4,000	4,826	(826)
	<u>132,000</u>	<u>89,060</u>	<u>42,940</u>
Contingency	<u>25,000</u>	<u>13,708</u>	<u>11,292</u>
Total maintenance	<u>253,567</u>	<u>184,315</u>	<u>69,252</u>
Laboratory:			
Personnel costs:			
Salaries and wages	23,390	23,005	385
Payroll taxes and fringe benefits	23,040	15,005	8,035
	<u>46,430</u>	<u>38,010</u>	<u>8,420</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2019

	Budget	Actual	Variance Positive (Negative)
Laboratory (cont'd):			
Contractual services - outside services	\$ 37,000	\$ 38,000	\$ (1,000)
Materials and supplies	4,000	1,715	2,285
Other - contingency	10,000	-	10,000
Total laboratory	97,430	77,725	19,705
Total expenditures	\$ 1,847,031	\$ 1,589,571	\$ 257,460

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Improvement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Connection fees	\$ -	\$ 14,500	\$ 14,500
Interest income	-	14,723	14,723
Total revenues	<u>-</u>	<u>29,223</u>	<u>29,223</u>
Expenditures:			
Current - repairs	-	10,353	(10,353)
Capital outlay	613,500	342,662	270,838
Total expenditures	<u>613,500</u>	<u>353,015</u>	<u>260,485</u>
Revenues under expenditures	(613,500)	(323,792)	289,708
Other financing sources - transfers in	117,500	133,438	15,938
Changes in fund balance	<u>\$ (496,000)</u>	<u>(190,354)</u>	<u>\$ 305,646</u>
Fund balance, beginning of the year		<u>1,137,718</u>	
Fund balance, end of the year		<u>\$ 947,364</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Replacement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 9,834	\$ 9,834
Expenditures - capital outlay	229,687	19,700	209,987
Total expenditures	<u>229,687</u>	<u>19,700</u>	<u>209,987</u>
Revenues under expenditures	(229,687)	(9,866)	219,821
Other financing sources - transfers in	11,500	11,605	105
Changes in fund balance	<u>\$ (218,187)</u>	<u>1,739</u>	<u>\$ 219,926</u>
Fund balance, beginning of the year		<u>876,351</u>	
Fund balance, end of the year		<u>\$ 878,090</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 18,755	\$ 18,755
Expenditures - debt service:			
Principal	809,274	675,804	133,470
Interest	249,607	316,973	(67,366)
Total expenditures	<u>1,058,881</u>	<u>992,777</u>	<u>66,104</u>
Revenues under expenditures	(1,058,881)	(974,022)	84,859
Other financing sources - transfers in	<u>1,104,000</u>	<u>1,074,636</u>	<u>(29,364)</u>
Changes in fund balance	<u>\$ 45,119</u>	<u>100,614</u>	<u>\$ 55,495</u>
Fund balance, beginning of the year		<u>1,681,117</u>	
Fund balance, end of the year		<u>\$ 1,781,731</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Project Fund
Schedule of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 237	\$ 237
Expenditures - capital outlay	2,316,871	1,461,974	854,897
Revenues under expenditures	(2,316,871)	(1,461,737)	855,134
Other financing sources - Illinois Environmental Protection Agency loan proceeds	-	2,091,005	2,091,005
Changes in fund balance (deficit)	<u>\$ (2,316,871)</u>	<u>629,268</u>	<u>\$ 2,946,139</u>
Fund deficit, beginning of the year		<u>(650,249)</u>	
Fund deficit, end of the year		<u>\$ (20,981)</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Notes to Supplementary Information

I. Stewardship, Compliance and Accountability

A. Budgets

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the supplementary information:

- Administration submits to the Board of Trustees a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- Public hearings are conducted, and the proposed budget is available for inspection to obtain taxpayer comments. The budget is legally adopted through passage of an ordinance.
- Any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end. Expenditures may not legally exceed budgeted appropriations at the fund level.
- Budgets are adopted on a basis of anticipated revenues to be received in cash, and expenditures to be incurred, under the current financial resources measurement focus and the modified accrual basis of accounting. This basis differs from generally accepted accounting principles presented in the statement of activities as follows:

Salt Creek Sanitary District, Villa Park, Illinois
Notes to the Supplementary Information (cont'd)

Net changes in fund balances - budgetary basis \$ 550,548

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

The budgetary basis reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives, as depreciation expense.

This is the amount of capital outlay in the governmental funds. 1,952,422

This is the amount of depreciation expense in the government-wide statement of activities. (743,120)

The issuance of long-term debt provides current financial resources under the budgetary basis, while the repayment of the principal of long-term debt consumes the current financial resources under the budgetary basis. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt. (1,385,399)

The net effect of changes in the net pension liability is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures. 63,507

The net effect of changes in the net OPEB liability is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures. 3,208

Changes in net position (page 10) \$ 441,166