

# DOWNERS GROVE SANITARY DISTRICT

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## ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
APRIL 30, 2020

# **DOWNERS GROVE SANITARY DISTRICT**

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## **FINANCIAL SECTION**

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
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## **INDEPENDENT AUDITORS' REPORT**

This section includes the opinion of the District's independent auditing firm.



## **INDEPENDENT AUDITORS' REPORT**

September 9, 2020

Members of the Board of Trustees  
Downers Grove Sanitary District, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downers Grove Sanitary District, Illinois, as of and for the year ended April 30, 2020, 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 opinions 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 of 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 District'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 District'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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Downers Grove Sanitary District, Illinois, as of April 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 opinions on the financial statements that collectively comprise the Downers Grove Sanitary District, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information and supplemental schedule are the responsibility of management and were derived from and relate 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 other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **DOWNERS GROVE SANITARY DISTRICT**

### **Management's Discussion and Analysis April 30, 2020**

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Our discussion and analysis of the Downers Grove Sanitary District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2020. Please read it in conjunction with the District's financial statements, which begin on page 12.

#### **FINANCIAL HIGHLIGHTS**

- The user charge was increased from \$1.70 to \$1.80 per 1,000 gallons of consumption, effective April 2020. Staff identified a calculation error that overstated the billable flow for the past five fiscal years. The FY2018-19 billable flow was stated as 5.50 million gallons per day in the FY2018-19 Audit whereas actual billable flow for FY2018-19 was 5.12 million gallons per day. Billable flows for FY2019-20 were 4.96 million gallons per day, a 3.1% decrease below the corrected FY2018-19 billable flows.
- During the year, government-wide revenues for the District totaled \$10,159,388, while expenses totaled \$10,268,423, resulting in an decrease in net position of \$109,035. Even though the District recognized a positive net change in fund balances of \$1,703,619, the decrease in net position of \$109,035 resulted largely from the following: the disposal of CHP #1 as a depreciable capital asset, an increase in deferred inflows related to IMRF, and a change to the Total OPEB liability for the year.
- The District's net position totaled \$74,657,827 on April 30, 2020, which includes \$68,464,231 net investment in capital assets, \$2,209,431 subject to external restrictions, and \$3,984,165 unrestricted net position that may be used to meet the ongoing obligations of the District.
- Beginning net position was restated due to the District implementing GASB Statement No. 84 in the current fiscal year. The purpose of this restatement was to now include amounts related to fiduciary funds managed by the District on behalf of a third party. The \$7,260 amount found in Note 3 on page 33 represents funds held in trust in the District's Sewer Extensions Escrow Fund 71 as of May 1, 2019.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 - 14) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Management's Discussion and Analysis April 30, 2020**

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#### **USING THIS ANNUAL REPORT – Continued**

##### **Government-Wide Financial Statements**

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 12 - 14 of this report.

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, 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. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

The Statement of Activities presents information showing how the government's net position changed during the most recent 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 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).

##### **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 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 fiduciary funds.

##### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Management's Discussion and Analysis April 30, 2020**

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#### **USING THIS ANNUAL REPORT – Continued**

#### **Fund Financial Statements – Continued**

#### **Governmental Funds – Continued**

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Benefit Fund, Improvement Fund, Construction Fund, and Special Assessment Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of the governmental funds, except the Special Assessment Fund. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 - 20 of this report.

#### **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. The notes to the financial statements can be found on pages 21 - 43 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's I.M.R.F. employee pension obligations, retiree benefit plan, and budgetary comparison schedules for the General Fund and major special revenue fund. Required supplementary information can be found on pages 44 - 49 of this report. The budgetary comparison schedules are presented immediately following the required supplementary information on pages 50 - 52 of this report. A supplemental schedule detailing the District's long-term debt requirements on page 53 of this report.

## DOWNERS GROVE SANITARY DISTRICT

### Management's Discussion and Analysis April 30, 2020

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#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$74,657,827.

	Net Position	
	2020	2019
Current/Other Assets	\$ 9,540,412	7,711,253
Capital Assets	71,651,920	73,767,546
Total Assets	81,192,332	81,478,799
Deferred Outflows	644,427	1,617,892
Total Assets/Deferred Outflows	81,836,759	83,096,691
Long-Term Debt	4,685,230	6,434,877
Other Liabilities	867,496	802,483
Total Liabilities	5,552,726	7,237,360
Deferred Inflows	1,626,206	1,099,729
Total Liabilities/Deferred Inflows	7,178,932	8,337,089
Net Position		
Net Investment in Capital Assets	68,464,231	70,276,268
Restricted	2,209,431	1,533,241
Unrestricted	3,984,165	2,950,093
Total Net Position	74,657,827	74,759,602

A large portion of the District's net position, \$68,464,231 or 91.7 percent, reflects its investment in capital assets (for example, land, sewers, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$2,209,431 or 3.0 percent, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining 5.3 percent, or \$3,984,165, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Management's Discussion and Analysis April 30, 2020**

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#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued**

	Change in Net Position	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 8,256,107	7,952,664
Operating Grants/Contributions	503,722	-
General Revenues		
Property Taxes	1,200,957	1,238,470
Replacement Taxes	98,083	74,500
Miscellaneous	13,502	25,852
Investment Income	87,017	67,426
Total Revenues	<u>10,159,388</u>	<u>9,358,912</u>
Expenses		
General Government	10,268,423	8,466,372
Interest on Long-Term Debt	-	368
Total Expenses	<u>10,268,423</u>	<u>8,466,740</u>
Change in Net Position	(109,035)	892,172
Net Position - Beginning as Restated	<u>74,766,862</u>	<u>73,867,430</u>
Net Position - Ending	<u><u>74,657,827</u></u>	<u><u>74,759,602</u></u>

Net position of the District decreased by 0.1 percent (\$74,766,862 in 2019, as restated, compared to \$74,657,827 in 2020). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$3,984,165 on April 30, 2020.

#### **Governmental Activities**

Revenues for governmental activities totaled \$10,159,388, while the cost of all governmental functions totaled \$10,268,423. This results in a deficit of \$109,035.

# DOWNERS GROVE SANITARY DISTRICT

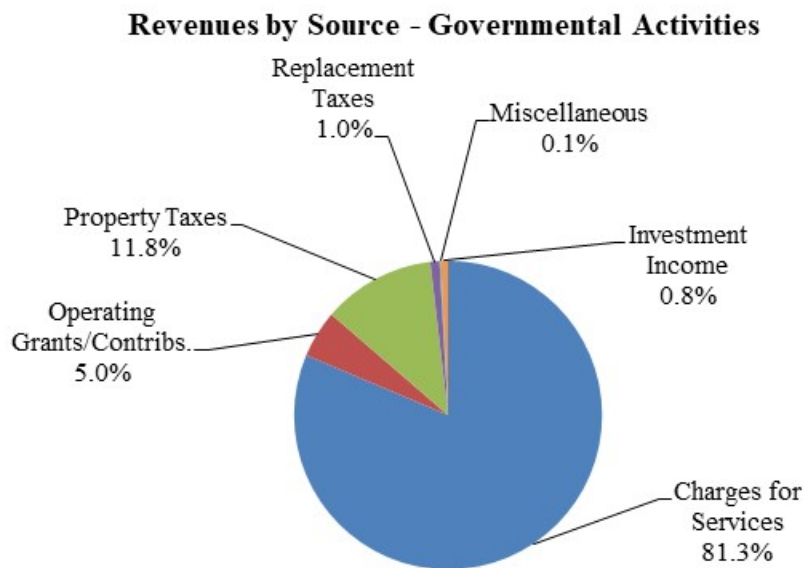
## Management's Discussion and Analysis April 30, 2020

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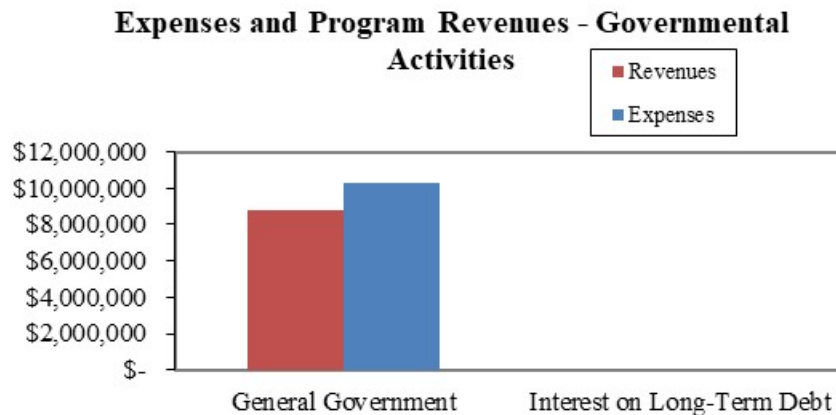
### GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

#### Governmental Activities – Continued

The following figure graphically depicts the major revenue sources of the District. It depicts very clearly the reliance on charges for services and property taxes to fund governmental activities. It also clearly identifies the less significant percentage the District receives from grants and contributions, replacement taxes, investment and miscellaneous income.



The 'Expenses and Program Revenues' Figure identifies those governmental functions where program expenses greatly exceed revenues.



## **DOWNERS GROVE SANITARY DISTRICT**

### **Management's Discussion and Analysis April 30, 2020**

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#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

##### **Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

In the course of closing this fiscal year, the District changed its year-end accrual practices. Historically, the District has not accrued April invoices to the fiscal year, rather they have been applied to the next fiscal year. This year, the District accrued the April 2020 invoices in accordance with generally accepted accounting practices and hence, the expenditures included both the April 2019 and the April 2020 invoices. The impact to fund balances due to the change in accrual practices will only occur this year as the District intends to continue accruing April invoices going forward.

The District's governmental funds reported combining ending fund balances of \$8,394,699, which is \$1,703,619 or 25.5 percent, more than last year's restated total of \$6,691,080. Of the \$8,394,699 total, \$4,419,762, or approximately 52.6 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$1,027,429, an increase of 19.9 percent. A reduction in fund balance of \$61,200 was budgeted to restore the ending fund balance to 25% of annual expenses. These variances are further outlined on the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the District. On April 30, 2020, unassigned fund balance in the General Fund was \$4,419,762, which represents 71.5 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 53.1 percent of total General Fund expenditures.

The Improvement Fund reported a negative change in fund balance for the year of \$22,433, a decrease of 1.9 percent. This change reflects project expenditures in excess of fund revenues for the year, with some variances from budgeted amounts. The Auditor's Management Letter includes a recommendation for the District to investigate the cause of the expenditures for this fund being over budget by \$3,861. This amount being above budgeted expenditures was due to the change in accrual practices mentioned above and the scope of engineering expenses related to the unsewered area plan being more extensive this year as compared to other recent years. In the future, the budget will be adjusted or cost control measures will be used to keep expenditures within budget. These variances are further outlined on the Improvement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

## DOWNERS GROVE SANITARY DISTRICT

### Management's Discussion and Analysis April 30, 2020

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#### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

##### Governmental Funds – Continued

The Construction Fund reported a positive change in fund balance for the year of \$717,539, an increase of 227.5 percent. An increase in fund balance of \$731,100 was budgeted, to replenish capital reserves for future construction of improvements at the wastewater treatment center. These variances are further outlined on the Construction Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

##### GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$9,329,731, compared to budgeted revenues of \$9,368,200.

The General Fund actual expenditures for the year were \$1,106,999 lower than budgeted (\$8,322,401 actual compared to \$9,429,400 budgeted). Operation and maintenance costs were generally lower than anticipated, and a capital project at the wastewater treatment center and the completion of some sewer replacement work were delayed.

##### CAPITAL ASSETS AND DEBT ADMINISTRATION

###### Capital Assets

The District's investment in capital assets for its governmental and business type activities as of April 30, 2020 was \$71,651,920 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and equipment, and sanitary sewer infrastructure.

	Capital Assets - Net of Depreciation	
	2020	2019
Land	\$ 2,455,790	2,455,790
Construction in Progress	1,270,699	1,135,267
Buildings and Equipment	25,989,206	27,649,538
Sanitary Sewer Infrastructure	41,936,225	42,526,951
Total	71,651,920	73,767,546

This year's major additions included:

Construction in Progress	\$ 135,432
Buildings and Equipment	404,232
Sanitary Sewer Infrastructure	244,932
	<u>784,596</u>

Additional information on the District's capital assets can be found in note 3 of this report.



**DOWNERS GROVE SANITARY DISTRICT**

**Management’s Discussion and Analysis  
April 30, 2020**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

**Debt Administration**

At year-end, the District had total outstanding debt of \$3,187,689 as compared to \$3,491,278 the previous year, a decrease of 8.7 percent. The following is a comparative statement of outstanding debt:

	<u>Long-Term Debt Outstanding</u>	
	<u>2020</u>	<u>2019</u>
IEPA Loans	<u>\$ 3,187,689</u>	<u>3,491,278</u>

Additional information on the District’s long-term debt can be found in Note 3 of this report.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The District’s Board of Trustees considered many factors when setting the fiscal-year 2020-20 budget, tax rate, and fees that will be charged for its governmental activities. Increases in the user charge from \$1.70 to \$1.80 per 1,000 gallons of consumption and the surcharge rates from \$0.26 to \$0.28 per pound for BOD and \$0.33 to \$0.40 per pound for SS were established to match the increasing costs of operation, maintenance and replacement of infrastructure. Increases in connection fees were established to match increases in the cost of construction. Increases in inspection fees and sampling and monitoring charges were established to match salary increases.

The District anticipates an increase in tax revenues, budgeting \$1.254 million for 2020-21 as compared to the 2019-20 budget of \$1.188 million, an increase of 5.5 percent. The District’s 2020-21 budget continues with previous equipment and infrastructure investments that help control long-term operating costs and sustain the infrastructure.

The President declared a major disaster for the State of Illinois on March 26, 2020, as a result of the COVID-19 pandemic. In response, the District discontinued water shutoffs of delinquent customers and began to waive late fees. The District put measures in place to address the safety of the District’s employees and ensure continuity of service throughout the pandemic. As of the date of this report, the extent of the impact of COVID-19 on the District’s operations and financial position cannot be determined.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the General Manager or Treasurer, Downers Grove Sanitary District, 2710 Curtiss Street, Downers Grove, IL 60515.

## **BASIC FINANCIAL STATEMENTS**

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

### **Governmental Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Statement of Net Position**

**April 30, 2020**

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<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 6,375,697
Receivables - Net of Allowances	3,123,964
Prepays	<u>40,751</u>
Total Current Assets	<u>9,540,412</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	3,726,489
Depreciable Capital Assets	119,980,283
Accumulated Depreciation	<u>(52,054,852)</u>
Total Noncurrent Assets	<u>71,651,920</u>
Total Assets	81,192,332
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Items - IMRF	<u>644,427</u>
Total Assets and Deferred Outflows of Resources	<u>81,836,759</u>

The notes to the financial statements are an integral part of this statement.

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## LIABILITIES

Current Liabilities	
Accounts Payable	\$ 290,500
Retainage Payable	113,527
Accrued Payroll	112,476
Current Portion of Long-Term Debt	350,993
Total Current Liabilities	<u>867,496</u>
Noncurrent Liabilities	
Compensated Absences	189,610
Net Pension Liability - IMRF	671,444
Total OPEB Liability - RBP	940,077
IEPA Loans Payable	2,884,099
Total Noncurrent Liabilities	<u>4,685,230</u>
Total Liabilities	<u>5,552,726</u>

## DEFERRED INFLOWS OF RESOURCES

Property Taxes	629,210
Deferred Items - IMRF	996,996
Total Deferred Inflows of Resources	<u>1,626,206</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,178,932</u>

## NET POSITION

Net Investment in Capital Assets	68,464,231
Restricted	
Public Benefit	37,325
Capital Projects	2,172,106
Unrestricted	<u>3,984,165</u>
Total Net Position	<u><u>74,657,827</u></u>

The notes to the financial statements are an integral part of this statement.

## DOWNERS GROVE SANITARY DISTRICT

### Statement of Activities

For the Fiscal Year Ended April 30, 2020

		<u>Program Revenues</u>		Net
		Charges	Operating	(Expenses)
	Expenses	for	Grants	Revenues and
		Services		Change in
				Net Position
Functions/Programs				
Governmental Activities				
General Government	\$ 10,268,423	8,256,107	503,722	(1,508,594)
General Revenues				
Taxes				
Property Taxes				1,200,957
Replacement Taxes				98,083
Miscellaneous				13,502
Investment Income				87,017
				<u>1,399,559</u>
Change in Net Position				(109,035)
Net Position - Beginning as Restated				<u>74,766,862</u>
Net Position - Ending				<u><u>74,657,827</u></u>

The notes to the financial statements are an integral part of this statement.

**DOWNERS GROVE SANITARY DISTRICT**

**Balance Sheet**

**April 30, 2020**

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**See Following Page**

# **DOWNERS GROVE SANITARY DISTRICT**

## **Balance Sheet**

**April 30, 2020**

	<u>General</u>
<b>ASSETS</b>	
Cash and Investments	\$ 4,163,903
Receivables - Net of Allowances	
Property Taxes	1,258,421
Other	1,862,013
Prepays	<u>40,751</u>
Total Assets	<u><u>7,325,088</u></u>
<b>LIABILITIES</b>	
Accounts Payable	284,607
Retainage Payable	113,527
Accrued Payroll	<u>112,476</u>
Total Liabilities	510,610
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>629,210</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>1,139,820</u></u>
<b>FUND BALANCES</b>	
Nonspendable	40,751
Restricted	-
Assigned	1,724,755
Unassigned	<u>4,419,762</u>
Total Fund Balances	<u><u>6,185,268</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u><u>7,325,088</u></u></u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Public Benefit	Capital Projects			Totals
	Improvement	Construction	Special Assessment	
37,325	1,141,559	1,032,910	-	6,375,697
-	-	-	-	1,258,421
-	3,530	-	-	1,865,543
-	-	-	-	40,751
37,325	1,145,089	1,032,910	-	9,540,412
-	5,893	-	-	290,500
-	-	-	-	113,527
-	-	-	-	112,476
-	5,893	-	-	516,503
-	-	-	-	629,210
-	5,893	-	-	1,145,713
-	-	-	-	40,751
37,325	1,139,196	1,032,910	-	2,209,431
-	-	-	-	1,724,755
-	-	-	-	4,419,762
37,325	1,139,196	1,032,910	-	8,394,699
37,325	1,145,089	1,032,910	-	9,540,412

The notes to the financial statements are an integral part of this statement.



## **DOWNERS GROVE SANITARY DISTRICT**

### **Reconciliation of Total Fund Balances to the Statement of Net Position April 30, 2020**

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<b>Total Fund Balances</b>	<b>\$ 8,394,699</b>
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Amounts reported in the Statement of Net Position  
are different because:

Capital assets are not financial resources and therefore, are not reported in the funds.	71,651,920
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(352,569)
--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(237,013)
Net Pension Liability - IMRF	(671,444)
Total OPEB Liability - RBP	(940,077)
IEPA Loans Payable	<u>(3,187,689)</u>

<b>Net Position</b>	<b><u><u>74,657,827</u></u></b>
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The notes to the financial statements are an integral part of this statement.

**DOWNERS GROVE SANITARY DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended April 30, 2020**

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**See Following Page**

## DOWNERS GROVE SANITARY DISTRICT

### Statement of Revenues, Expenditures and Changes in Fund Balances For the Fiscal Year Ended April 30, 2020

	General
Revenues	
Taxes	\$ 1,299,040
Charges for Services	7,961,375
Grants and Donations	3,722
Investment Income	52,092
Miscellaneous	13,502
Total Revenues	<u>9,329,731</u>
Expenditures	
General Government	8,140,810
Capital Outlay	-
Debt Service	
Principal Retirement	<u>181,591</u>
Total Expenditures	<u>8,322,401</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,007,330</u>
Other Financing Sources (Uses)	
Transfer In	20,099
Transfer Out	-
	<u>20,099</u>
Net Change in Fund Balance	1,027,429
Fund Balances - Beginning as Restated	<u>5,157,839</u>
Fund Balances - Ending	<u><u>6,185,268</u></u>

The notes to the financial statements are an integral part of this statement.

Special Revenue	Capital Projects			Totals
	Improvement	Construction	Special Assessment	
Public Benefit				
-	-	-	-	1,299,040
-	57,500	237,232	-	8,256,107
-	-	500,000	-	503,722
856	24,628	9,114	327	87,017
-	-	-	-	13,502
856	82,128	746,346	327	10,159,388
-	-	-	-	8,140,810
-	11,370	-	-	11,370
-	93,191	28,807	-	303,589
-	104,561	28,807	-	8,455,769
856	(22,433)	717,539	327	1,703,619
-	-	-	-	20,099
-	-	-	(20,099)	(20,099)
-	-	-	(20,099)	-
856	(22,433)	717,539	(19,772)	1,703,619
36,469	1,161,629	315,371	19,772	6,691,080
37,325	1,139,196	1,032,910	-	8,394,699

The notes to the financial statements are an integral part of this statement.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities**

**For the Fiscal Year Ended April 30, 2020**

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<b>Net Change in Fund Balances</b>	<b>\$ 1,703,619</b>
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Amounts reported in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays	784,596
Depreciation Expense	(2,011,391)
Disposals - Cost	(1,225,638)
Disposals - Accumulated Depreciation	336,807

The net effect of deferred outflows (inflows) of resources related to the pensions  
not reported in the funds.

Change in Deferred Items - IMRF	(1,431,604)
Change in Deferred Items - RBP	(13,281)

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal on long-term  
debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences	(8,950)
Change in Net Pension Liability - IMRF	1,562,188
Change in Total OPEB Liability - RBP	(108,970)
Retirement of Debt	<u>303,589</u>

<b>Changes in Net Position</b>	<b><u>(109,035)</u></b>
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## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Downers Grove Sanitary District (the District) was incorporated to provide and maintain economical treatment of the domestic and industrial wastes collected at its sewage treatment plant so that the wastes are given the degree of treatment necessary to prevent pollution of the water of the State of Illinois.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP in the United States for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies established in GAAP in the United States and used by the District are described below.

#### **REPORTING ENTITY**

The District includes all funds of its operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. This report represents the financial activity of the District for the year.

#### **BASIS OF PRESENTATION**

##### **Government-Wide and Fund Financial Statements**

The government-wide Statement of Activities reports both the gross and net cost of the District's functions. The District's activities are supported by taxes and charges for services revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District accounts for all of its activities in governmental funds, with the emphasis in the fund financial statements being on the major funds.

Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements**

**April 30, 2020**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **BASIS OF PRESENTATION – Continued**

##### **Government–Wide and Fund Financial Statements – Continued**

##### **Governmental Funds**

The following fund types are used by the District:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

*General Fund* is the general operating fund of the District. It is used to account for all financial resources, except for those required to be accounted for in another fund. The General Fund is a major fund.

*Special revenues funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District maintains one major special revenue fund. The Public Benefit Fund is used to account for the payment of sewer extensions or sewer special assessments which the District Board of Trustees deems to be of benefit to an area larger than the immediate service area.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District reports three capital projects funds. The Improvement Fund, a major fund, is used to account for sewer system, pump station improvements, and repayment of loans to the Illinois Environmental Protection Agency. The Construction Fund, a major fund, is used to account for improvements and expansions to the Wastewater Treatment Center and repayment of loans to the Illinois Environmental Protection Agency. The Special Assessment Fund, also a major fund, is used to account for the installation of the public sanitary sewers in special assessment areas.

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

On the government-wide Statement of Net Position and the Statement of Activities, activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

---

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

###### **Measurement Focus**

The District's funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the "economic resources" measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

###### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The District recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability/deferred inflow is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.



## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY**

##### **Cash and Investments**

For the purpose of the Statement of Net Position, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs. All of the District's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

##### **Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances include property taxes.

##### **Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

##### **Capital Assets**

Capital assets purchased, or acquired with an original cost of \$5,000, or more, are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Upgrades or rehabilitation that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements**

**April 30, 2020**

---

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

##### **Capital Assets – Continued**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Equipment	5 - 75 Years
Sanitary Sewer Infrastructure	20 - 100 Years

##### **Compensated Absences**

The District accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### **Deferred Outflows/Inflows of Resources**

Deferred outflow/inflow of resources represents an acquisition/reduction of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

**DOWNERS GROVE SANITARY DISTRICT**

**Notes to the Financial Statements  
April 30, 2020**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued**

**Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, as applicable.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGETARY INFORMATION**

The budget, levy and appropriation is prepared on the same basis and uses the same accounting practices as are used in the fund financial statements. Unexpended budget amounts lapse at the end of the budget year. Spending controls for the fund is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line level items. Expenditures may not exceed appropriations. During the fiscal year there were no supplemental appropriations. The District does not budget for the Special Assessment Fund.

**EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND**

The following fund had an excess of actual expenditures over budget as of the date of this report:

<u>Fund</u>	<u>Excess</u>
Improvement	\$ 3,861

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS**

##### **DEPOSITS AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments."

Permitted Deposits and Investments – Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and Illinois Funds.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

##### **Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the District's deposits totaled \$3,379,651 and the bank balances totaled \$3,395,316. In addition, the District had \$2,996,046 invested in the Illinois Funds, which has an average maturity of less than one year.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy does not address interest rate risk.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy does not address credit risk. The District's investment in the Illinois Funds was rated AAAm by Standard & Poor's.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy does not address custodial credit risk for deposits. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

## DOWNERS GROVE SANITARY DISTRICT

### Notes to the Financial Statements April 30, 2020

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Custodial Credit Risk – Continued.* For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk for investments. The District's investment in the Illinois Fund is not subject to custodial credit risk.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not address concentration of credit risk. At year-end, the District does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

##### PROPERTY TAXES

Property taxes for 2019 attach as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by DuPage County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically.

##### INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Special Assessment	<u>\$ 20,099</u>

The District transferred the remaining fund balance in the Special Assessment Fund to the General Fund as of April 30, 2020.

## DOWNERS GROVE SANITARY DISTRICT

### Notes to the Financial Statements April 30, 2020

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 2,455,790	-	-	2,455,790
Construction in Progress	1,135,267	135,432	-	1,270,699
	<u>3,591,057</u>	<u>135,432</u>	<u>-</u>	<u>3,726,489</u>
Depreciable Capital Assets				
Buildings and Equipment	57,324,529	404,232	1,171,073	56,557,688
Sanitary Sewer Infrastructure	63,232,228	244,932	54,565	63,422,595
	<u>120,556,757</u>	<u>649,164</u>	<u>1,225,638</u>	<u>119,980,283</u>
Less Accumulated Depreciation				
Buildings and Equipment	29,674,991	1,203,562	310,071	30,568,482
Sanitary Sewer Infrastructure	20,705,277	807,829	26,736	21,486,370
	<u>50,380,268</u>	<u>2,011,391</u>	<u>336,807</u>	<u>52,054,852</u>
Total Net Depreciable Capital Assets	<u>70,176,489</u>	<u>(1,362,227)</u>	<u>888,831</u>	<u>67,925,431</u>
Total Net Capital Assets	<u>73,767,546</u>	<u>(1,226,795)</u>	<u>888,831</u>	<u>71,651,920</u>

Depreciation expense of \$2,011,391 was charged to the general government function.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements**

**April 30, 2020**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT**

###### **IEPA Loans Payable**

The District has entered into loan agreements with the IEPA to provide no interest financing for waterworks and sewerage improvements. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
Illinois Environmental Protection Agency (IEPA) Loan of 2010, due in annual installments of \$303,590, non-interest bearing, through November 2, 2030.	\$ 3,491,278	-	303,589	3,187,689

###### **Long-Term Liability Activity**

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 228,063	17,901	8,951	237,013	47,403
Net Pension Liability - IMRF	2,233,632	-	1,562,188	671,444	-
Total OPEB Liability - RBP	831,107	108,970	-	940,077	-
IEPA Loans Payable	3,491,278	-	303,589	3,187,689	303,590
	6,784,080	126,871	1,874,728	5,036,223	350,993

The General Fund makes payments on the compensated absences, the net pension liability, and the total OPEB liability. Payments on the IEPA loans payable are made by the General, Improvement and Construction Funds.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT – Continued**

##### **Debt Service Requirements to Maturity**

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities	
	IEPA Loans	
	Payable	
	Principal	Interest
2021	\$ 303,590	-
2022	303,590	-
2023	303,590	-
2024	303,590	-
2025	303,590	-
2026	303,590	-
2027	303,590	-
2028	303,590	-
2029	303,590	-
2030	303,590	-
2031	151,789	-
Totals	3,187,689	-

#### **NET POSITION/FUND BALANCE**

##### **Net Position Classifications**

Net investment in capital assets was comprised of the following as of April 30, 2020:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 71,651,920
Less Capital Related Debt:	
IEPA Loan of 2010	<u>(3,187,689)</u>
Net Investment in Capital Assets	<u>68,464,231</u>



## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **NET POSITION/FUND BALANCE – Continued**

##### **Fund Balance Classification**

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

*Nonspendable Fund Balance.* Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

*Restricted Fund Balance.* Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance.* Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

*Assigned Fund Balance.* Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The District's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

*Unassigned Fund Balance.* Consists of residual net resources of a fund that has not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

*Minimum Fund Balance Policy.* The District's policy manual states that the General Fund should maintain a minimum fund balance equal to 25% of annual operating expenditures.

## DOWNERS GROVE SANITARY DISTRICT

### Notes to the Financial Statements April 30, 2020

#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### NET POSITION/FUND BALANCE – Continued

#### Fund Balance Classification – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Special Revenue Public Benefit	Improvement	Capital Projects Construction	Special Assessment	Totals
Fund Balances						
Nonspendable						
Prepays	\$ 40,751	-	-	-	-	40,751
Restricted						
Public Benefits	-	37,325	-	-	-	37,325
Capital Projects	-	-	1,139,196	1,032,910	-	2,172,106
	-	37,325	1,139,196	1,032,910	-	2,209,431
Assigned						
Construction Projects	1,724,755	-	-	-	-	1,724,755
Unassigned	4,419,762	-	-	-	-	4,419,762
Total Fund Balances	6,185,268	37,325	1,139,196	1,032,910	-	8,394,699

#### Net Position/Fund Balance Restatement

Beginning net position/fund balance was restated due to the implementation of GASB Statement No. 84. The following is a summary of the net position/fund balance as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	Increase
Governmental Activities	\$ 74,759,602	74,766,862	7,260
General	5,150,579	5,157,839	7,260

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION**

##### **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss including worker's compensation and employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the past three fiscal years.

##### **CONTINGENT LIABILITIES**

###### **Litigation**

The District is not a defendant in any lawsuits.

###### **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 which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

###### **Financial Impact of COVID-19**

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the District's operations and financial position cannot be determined.

##### **NONDOMESTIC WASTE**

The District received 4.468 billion gallons of waste water from 20,226 users (of which 649 are nonmetered). The District billed users for 1.802 billion gallons. Of the 20,226 users of the system, the following discharge nondomestic waste:

User	Volume (Gallons Per Day)
Good Samaritan Hospital	30,607
Mar Cor Services	2,800
Bales Mold Service	2,098
Rexnord, Inc.	686

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN**

###### **Illinois Municipal Retirement Fund (IMRF)**

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at [www.imrf.org](http://www.imrf.org). The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

###### **Plan Descriptions**

*Plan Administration.* All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. 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.

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

## DOWNERS GROVE SANITARY DISTRICT

### Notes to the Financial Statements April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

#### Illinois Municipal Retirement Fund (IMRF) – Continued

#### Plan Descriptions – Continued

*Benefits Provided - Continued.* 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 employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings up to a statutorily set maximum during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Plan Membership.* As of December 31, 2019, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	27
Inactive Plan Members Entitled to but not yet Receiving Benefits	18
Active Plan Members	
Tier 1	25
Tier 2	<u>14</u>
Total	<u>84</u>

*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. For the year-ended April 30, 2020, the District's contribution was 9.59% of covered payroll.

*Net Pension Liability.* The District's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements**

**April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

##### **Illinois Municipal Retirement Fund (IMRF) – Continued**

##### **Plan Descriptions – Continued**

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation performed, as of December 31, 2019, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	3.35% to 14.25%
Cost of Living Adjustments	2.50%
Inflation	2.50%

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 projection 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 were 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.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

#### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

#### **Illinois Municipal Retirement Fund (IMRF) – Continued**

#### **Plan Descriptions – Continued**

*Actuarial Assumptions – Continued.* 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:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	28.00%	3.25%
Domestic Equities	37.00%	5.75%
International Equities	18.00%	6.50%
Real Estate	9.00%	5.20%
Blended	7.00%	3.60% - 7.60%
Cash and Cash Equivalents	1.00%	1.85%

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.25%, the same as in the prior valuation. 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 District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

#### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

#### **Illinois Municipal Retirement Fund (IMRF) – Continued**

##### **Discount Rate Sensitivity**

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the District calculated using the discount rate as well as what the District's net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset) \$	2,895,101	671,444	(1,169,111)

##### **Changes in the Net Pension Liability**

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2018	\$ 16,731,056	14,497,424	2,233,632
Changes for the Year:			
Service Cost	294,834	-	294,834
Interest on the Total Pension Liability	1,195,585	-	1,195,585
Difference Between Expected and Actual Experience of the Total Pension Liability	159,402	-	159,402
Changes of Assumptions	-	-	-
Contributions - Employer	-	255,585	(255,585)
Contributions - Employees	-	128,794	(128,794)
Net Investment Income	-	2,633,242	(2,633,242)
Benefit Payments, including Refunds of Employee Contributions	(775,302)	(775,302)	-
Other (Net Transfer)	-	194,388	(194,388)
Net Changes	874,519	2,436,707	(1,562,188)
Balances at December 31, 2019	17,605,575	16,934,131	671,444



## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued**

##### **Illinois Municipal Retirement Fund (IMRF) – Continued**

##### **Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

For the year ended April 30, 2020, the District recognized pension expense of \$154,677. At April 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 239,816	(135,597)	104,219
Change in Assumptions	293,784	(235,436)	58,348
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(625,963)	(625,963)
Total Pension Expense to be Recognized in Future Periods	533,600	(996,996)	(463,396)
Pension Contributions Made Subsequent to the Measurement Date	110,827	-	110,827
Total Deferred Amounts Related to IMRF	644,427	(996,996)	(352,569)

\$110,827 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2021.

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

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (147,315)
2022	(178,305)
2023	135,500
2024	(273,276)
2025	-
Thereafter	-
Total	(463,396)

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements**

**April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **OTHER POST-EMPLOYMENT BENEFITS**

###### **General Information about the OPEB Plan**

*Plan Description.* The District's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the District. RBP is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided.* RBP provides healthcare, dental, and vision benefits for retirees and their dependents. Retirees and their dependents pay the full cost of the coverage. Coverage ends when the retiree stops paying for the coverage.

*Plan Membership.* As of April 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	4
Inactive Plan Members Entitled to but not yet Receiving Benefits	-
Active Plan Members	<u>34</u>
Total	<u><u>38</u></u>

###### **Total OPEB Liability**

The District's total OPEB liability was measured as of April 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the April 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

## DOWNERS GROVE SANITARY DISTRICT

### Notes to the Financial Statements

April 30, 2020

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### Total OPEB Liability – Continued

##### *Actuarial assumptions and other inputs – Continued.*

Inflation	2.50%
Salary Increases	2.25%
Discount Rate	2.56%
Healthcare Cost Trend Rates	The initial trend rate is based on known information with the second rate following the 2019 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums for retirees

The discount rate was based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the municipal bond rate.

Mortality rates were based on the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

#### Change in the Total OPEB Liability

	Total OPEB Liability
Balance at April 30, 2019	<u>\$ 831,107</u>
Changes for the Year:	
Service Cost	12,508
Interest on the Total OPEB Liability	30,685
Changes of Assumptions or Other Inputs	108,439
Benefit Payments	<u>(42,662)</u>
Net Changes	<u>108,970</u>
Balance at April 30, 2020	<u>940,077</u>

## **DOWNERS GROVE SANITARY DISTRICT**

### **Notes to the Financial Statements April 30, 2020**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **OTHER POST-EMPLOYMENT BENEFITS – Continued**

##### **Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability, calculated using a Single Discount Rate of 2.56%, as well as what the total OPEB liability would be if it were calculated using a Single Discount Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (1.56%)	Current Discount Rate (2.56%)	1% Increase (3.56%)
Total OPEB Liability	\$ 1,051,324	940,077	849,727

##### **Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$ 827,719	940,077	1,077,208

##### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB. At April 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

For the year ended April 30, 2020, the District recognized OPEB expense of \$164,913.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability  
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Total OPEB Liability  
Retiree Benefit Plan
- Budgetary Comparison Schedule  
General Fund  
Public Benefit – Special Revenue Fund

### Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

## DOWNERS GROVE SANITARY DISTRICT

### Illinois Municipal Retirement Fund

#### Required Supplementary Information

#### Schedule of Employer Contributions

April 30, 2020

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 314,598	\$ 314,598	\$ -	\$ 2,475,195	12.71%
2017	291,750	291,750	-	2,449,621	11.91%
2018	315,598	315,598	-	2,647,939	11.92%
2019	310,019	310,019	-	2,793,762	11.10%
2020	285,261	285,261	-	2,973,772	9.59%

#### Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.50%
Salary Increases	3.35% - 14.25%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	An IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015).

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

## DOWNERS GROVE SANITARY DISTRICT

### Illinois Municipal Retirement Fund

#### Required Supplementary Information

#### Schedule of Changes in the Employer's Net Pension Liability

April 30, 2020

	<u>12/31/15</u>
Total Pension Liability	
Service Cost	\$ 269,423
Interest	1,014,911
Differences Between Expected and Actual Experience	(25,684)
Change of Assumptions	35,991
Benefit Payments, Including Refunds of Member Contributions	<u>(472,715)</u>
Net Change in Total Pension Liability	821,926
Total Pension Liability - Beginning	<u>13,633,789</u>
Total Pension Liability - Ending	<u><u>14,455,715</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 314,598
Contributions - Members	111,384
Net Investment Income	63,049
Benefit Payments, Including Refunds of Member Contributions	(472,715)
Other (Net Transfer)	<u>(173,299)</u>
Net Change in Plan Fiduciary Net Position	(156,983)
Plan Net Position - Beginning	<u>12,633,124</u>
Plan Net Position - Ending	<u><u>12,476,141</u></u>
Employer's Net Pension Liability	<u><u>\$ 1,979,574</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.31%
Covered Payroll	\$ 2,475,195
Employer's Net Pension Liability as a Percentage of Covered Payroll	79.98%

#### Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/16	12/31/17	12/31/18	12/31/19
268,172	261,468	261,182	294,834
1,070,538	1,140,308	1,139,708	1,195,585
163,916	(292,511)	116,384	159,402
(36,313)	(496,265)	476,076	-
(555,597)	(586,106)	(655,619)	(775,302)
910,716	26,894	1,337,731	874,519
14,455,715	15,366,431	15,393,325	16,731,056
15,366,431	15,393,325	16,731,056	17,605,575
291,750	301,021	340,584	255,585
110,233	115,089	125,869	128,794
857,080	2,246,061	(752,348)	2,633,242
(555,597)	(586,106)	(655,619)	(775,302)
82,784	(166,822)	267,304	194,388
786,250	1,909,243	(674,210)	2,436,707
12,476,141	13,262,391	15,171,634	14,497,424
13,262,391	15,171,634	14,497,424	16,934,131
2,104,040	221,691	2,233,632	671,444
86.31%	98.56%	86.65%	96.19%
2,449,621	2,557,519	2,793,956	2,862,096
85.89%	8.67%	79.95%	23.46%



## DOWNERS GROVE SANITARY DISTRICT

### Retiree Benefit Plan

#### Required Supplementary Information

#### Schedule of Changes in the Employer's Total OPEB Liability

April 30, 2020

	2019	2020
Total OPEB Liability		
Service Cost	\$ 11,813	12,508
Interest	31,615	30,685
Differences Between Expected and Actual Experience	14,372	-
Change of Assumptions or Other Inputs	-	108,439
Benefit Payments	(46,136)	(42,662)
Net Change in Total OPEB Liability	11,664	108,970
Total OPEB Liability - Beginning	819,443	831,107
Total OPEB Liability - Ending	831,107	940,077
Covered Payroll	\$ 2,804,694	2,903,364
Total OPEB Liability as a Percentage of Covered Payroll	29.63%	32.38%

#### Notes:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

*Changes of Assumptions.* Changes in assumptions related to the discount rate were made in 2019 and 2020.

## DOWNERS GROVE SANITARY DISTRICT

### General Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,188,550	1,188,550	1,200,957
Replacement Taxes	75,000	75,000	98,083
Charges for Services			
User Billings	3,535,400	3,535,400	3,362,440
Inspection and Review Fees	23,650	23,650	25,146
Monthly Service Fees	4,069,100	4,069,100	4,095,962
Surcharges	325,000	325,000	340,136
Sampling and Monitoring	70,000	70,000	103,235
Property Lease Payments	33,500	33,500	34,456
Grants and Donations	3,000	3,000	3,722
Investment Income	35,000	35,000	52,092
Miscellaneous	10,000	10,000	13,502
Total Revenues	9,368,200	9,368,200	9,329,731
Expenditures			
General Government	9,429,400	9,429,400	8,140,810
Debt Service			
Principal Retirement	-	-	181,591
Total Expenditures	9,429,400	9,429,400	8,322,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,200)	(61,200)	1,007,330
Other Financing Sources			
Transfer In	-	-	20,099
Net Change in Fund Balance	(61,200)	(61,200)	1,027,429
Fund Balance - Beginning as Restated			5,157,839
Fund Balance - Ending			6,185,268

## DOWNERS GROVE SANITARY DISTRICT

### Public Benefit - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
Revenues			
Investment Income	\$ 550	550	856
Expenditures			
Capital Outlay	-	-	-
Net Change in Fund Balance	<u>550</u>	<u>550</u>	856
Fund Balance - Beginning			<u>36,469</u>
Fund Balance - Ending			<u><u>37,325</u></u>

## **OTHER SUPPLEMENTARY INFORMATION**

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds

## **INDIVIDUAL FUND SCHEDULES**

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### **GENERAL FUND**

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

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### **SPECIAL REVENUE FUND**

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

#### **Public Benefit Fund**

The Public Benefit Fund is used to account for the payment of sewer extensions or sewer special assessments which the District Board of Trustees deems to be of benefit to an area larger than the immediate service area.

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### **CAPITAL PROJECTS FUNDS**

The Capital Projects Funds are used to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

#### **Improvement Fund**

The Improvement Fund is used to account for sewer system, pump station improvements and repayment of loans to the Illinois Environmental Protection Agency.

#### **Construction Fund**

The Construction Fund is used to account for improvements and expansions to the Wastewater Treatment Center and repayment of loans to the Illinois Environmental Protection Agency.

#### **Special Assessment Fund**

The Special Assessment Fund is used to account for the installation of the public sanitary sewers in special assessment areas.

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## DOWNERS GROVE SANITARY DISTRICT

### General Fund

#### Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Budget		Actual
	Original	Final	
General Government			
Salaries and Wages			
Plant	\$ 1,273,950	1,273,950	1,315,699
Administrative	1,093,650	1,093,650	1,047,480
Sewer System	446,800	446,800	400,768
Laboratory	235,450	235,450	231,276
Lift Station	70,500	70,500	61,708
Office Expenditures	279,750	279,750	272,019
Insurance	721,750	721,750	663,392
Operations			
Plant	2,198,950	2,198,950	1,791,980
Sewer System	1,638,500	1,638,500	963,471
Laboratory	88,400	88,400	62,430
Lift Station	352,700	352,700	326,664
Motor Vehicles	61,000	61,000	89,780
Professional Services	455,500	455,500	382,437
Retirement Contributions	512,500	512,500	511,607
Miscellaneous	-	-	20,099
Total General Government	9,429,400	9,429,400	8,140,810
Debt Service			
Principal Retirement	-	-	181,591
Total Expenditures	9,429,400	9,429,400	8,322,401

## **DOWNERS GROVE SANITARY DISTRICT**

### **Improvement - Capital Projects Fund**

#### **Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Connection Charges	\$ 90,000	90,000	57,500
Investment Income	17,150	17,150	24,628
Total Revenues	107,150	107,150	82,128
Expenditures			
Capital Outlay	7,500	7,500	11,370
Debt Service			
Principal Retirement	93,200	93,200	93,191
Total Expenditures	100,700	100,700	104,561
Net Change in Fund Balance	6,450	6,450	(22,433)
Fund Balance - Beginning			1,161,629
Fund Balance - Ending			1,139,196

## **DOWNERS GROVE SANITARY DISTRICT**

### **Construction - Capital Projects Fund**

#### **Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended April 30, 2020**

	Budget		Actual
	Original	Final	
Revenues			
Charges for Services			
Connection Charges	\$ 250,000	250,000	237,232
Grants and Donations	500,000	500,000	500,000
Investment Income	10,000	10,000	9,114
Total Revenues	760,000	760,000	746,346
Expenditures			
Debt Service			
Principal Retirement	28,900	28,900	28,807
Net Change in Fund Balance	731,100	731,100	717,539
Fund Balance - Beginning			315,371
Fund Balance - Ending			1,032,910



## **SUPPLEMENTAL SCHEDULE**

## **DOWNERS GROVE SANITARY DISTRICT**

### **Long-Term Debt Requirements**

#### **IEPA Loan Payable of 2010**

**April 30, 2020**

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Date of Issue	July 29, 2011
Date of Maturity	November 2, 2030
Authorized Issue	\$8,847,011
Interest Rate	Non-Interest Bearing
Principal Maturity Date	November 2
Payable at	Illinois Environment Protection Agency

### **CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Totals
2021	\$ 303,590	-	303,590
2022	303,590	-	303,590
2023	303,590	-	303,590
2024	303,590	-	303,590
2025	303,590	-	303,590
2026	303,590	-	303,590
2027	303,590	-	303,590
2028	303,590	-	303,590
2029	303,590	-	303,590
2030	303,590	-	303,590
2031	151,789	-	151,789
	<u>3,187,689</u>	<u>-</u>	<u>3,187,689</u>