



**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2020**

SALT CREEK SANITARY DISTRICT

Villa Park, Illinois

Annual Financial Report

For the Year Ended April 30, 2020

Administrative Office

201 South Route 83
Villa Park, Illinois 60181

(630) 832-3637

Board of Trustees

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

Administration

James Listwan, Manager
Raymond Hoving, Business Administrator

Salt Creek Sanitary District, Villa Park, Illinois
Annual Financial Report
For the Year Ended April 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Salt Creek Sanitary District
Villa Park, Illinois

We have audited the accompanying statement of net position of the **Salt Creek Sanitary District, Villa Park, Illinois** (District) as of and for the year ended April 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Salt Creek Sanitary District, Villa Park, Illinois, as of April 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 and the multiyear schedule of changes in net pension liability and related ratios (pages 33 – 34), the multiyear schedule of contributions (page 35) and the schedule of changes in the employer's net OPEB liability and related ratios (page 36) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information on pages 37 – 47 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

August 11, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Salt Creek Sanitary District
Management's Discussion and Analysis
April 30, 2020**

As management of the Salt Creek Sanitary District (District), we offer readers of the District's financial statements this narrative overview to the financial activities of the District for the fiscal year ended April 30, 2020. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- As of April 30, 2020, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$8,329,801 (net position). Of this amount, \$4,403,092 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's operating expenses for fiscal year 2020 increased by \$59,092 or 2.6% over 2019. All operating expense categories decreased from the fiscal 2019, except depreciation expense.
- User charge revenues increased by \$242,656 or 9.2% over 2019 primarily due to increased rates.
- Nonoperating revenues decreased by \$114,627 due to increased interest expense.

Overview of the Financial Statements

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

Basic Financial Statements

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

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

Basic Financial Statements (cont'd)

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

Financial Analysis of the District

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

Net Position

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

Table A-1
Condensed Statement of Net Position

	FY 2020
Current and other assets	\$ 4,903,837
Capital assets	18,005,707
Net pension asset	187,348
Total assets	23,096,892
Deferred outflow of resources - pension amounts	465,349
Long-term liabilities	13,165,474
Other liabilities	1,454,447
Total liabilities	14,619,921
Deferred inflow of resources - pension amounts	612,519
Net investment in capital assets	3,926,709
Unrestricted	4,403,092
Total net position	\$ 8,329,801

Net Position (cont'd)

During 2020, capital assets increased by \$99,611. This increase resulted from additions to construction in process for the East Grit Channel replacement project. Long-term liabilities outstanding decreased by \$1,173,467 due to scheduled principal payments on long-term debt (see Note II.C.). Other liabilities decreased by \$177,463 due to an increase in accounts payable from April 30, 2019.

Table A-2
Condensed Statement of Activities

	<u>FY 2020</u>
Operating revenues	\$ 3,023,759
Nonoperating revenues (expenses)	<u>(190,434)</u>
Total revenues	<u>2,833,325</u>
Depreciation expense	900,744
Other operating expense	<u>1,420,482</u>
Total operating expenses	<u>2,321,226</u>
Change in net position	512,099
Net position, beginning of the year	<u>7,817,702</u>
Net position, end of year	<u>\$ 8,329,801</u>

While the statement of net position shows the change in financial position of the District, the statement of activities provides answers as to the nature and source of these changes. During fiscal year 2020, net position increased by \$512,099.

The District's operating revenues increased by \$244,652 to \$3,023,759 in 2020 due to an increase in user charge rates. Also, non-operating revenues (expense) as shown in more detail on page 11 decreased by \$114,627 to \$(190,434) primarily due to increased interest expense.

The District adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. The District's operating budget remains in effect the entire year, and is not revised except for budget transfers. A fiscal 2020 budget comparison and analysis is presented to management as interim financial statements; budgetary comparison schedules are presented in this report as supplementary information beginning on page 37.

Budgetary Highlights

A fiscal 2020 General Fund budget comparison and analysis is presented in Table A-3.

**Table A-3
Budget vs. Actual
FY 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
From operations	\$ 2,999,240	\$ 3,015,659	\$ 16,419
Non operating	30,500	63,486	32,986
Total revenues	<u>3,029,740</u>	<u>3,079,145</u>	<u>49,405</u>
Operation expenses:			
Administrative	518,568	447,579	70,989
Operating	843,388	693,865	149,523
Maintenance	341,002	244,186	96,816
Laboratory	93,360	79,423	13,937
Total expenses	<u>1,796,318</u>	<u>1,465,053</u>	<u>331,265</u>
Revenues over expenditures	<u>\$ 1,233,422</u>	<u>\$ 1,614,092</u>	<u>\$ 380,670</u>

Revenues over expenses were under budget by \$380,670 due to the following:

- Favorable variance of revenues from operations and non operating revenues, including \$19,417 more state replacement tax revenue than budgeted for.
- Salaries were \$12,201 lower than expected.
- Fringe benefits were \$65,104 lower than anticipated because of decreased health insurance costs.
- Insurance expenses were \$49,152 lower than expected.

Capital Assets

At the end of fiscal 2020, the District had \$18,005,707 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

**Table A-4
Capital Assets**

	<u>FY 2020</u>
Wastewater treatment facilities	\$ 34,332,530
Office and lab equipment	209,502
Transportation equipment	134,039
Construction in progress	<u>1,049,493</u>
Total capital assets	35,725,564
Accumulated depreciation	<u>(17,719,857)</u>
Net capital assets	<u>\$ 18,005,707</u>

Additional information on the District's capital assets can be found at Note II.B. on page 19 of this report.

Debt Administration

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

Notes payable outstanding at April 30, 2020, amounted to \$14,078,998. This balance represents funds received by the District through the Illinois Environmental Protection Agency Revolving Loan Fund Program. Interest on these loans are payable semiannually at rates of 1.75% - 2.50%.

Additional information on the District's long-term debt can be found at Note II.C. on page 20 of this report.

User Rate History

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

**Table A-5
District Rate History**

<u>Fiscal Year</u>	<u>Volume (Per 1,000 Gallons)</u>	<u>BOD (Per Lb.)</u>	<u>Suspended Solids (Per Lb.)</u>
2005	\$ 2.41	\$.1775	\$.1649
2006	2.61	.1775	.1649
2007	2.81	.1775	.1649
2008	2.98	.1775	.1649
2009	2.98	.1775	.1649
2010	3.08	.1775	.1649
2011	3.28	.1775	.1649
2012	3.53	.1775	.1649
2013	3.83	.1775	.1649
2014	3.99	.1775	.1649
2015	4.21	.1775	.1649
2016	4.50	.1775	.1649
2017	4.84	.1775	.1649
2018	5.03	.1775	.1649
2019	5.50	.1775	.1649
2020	5.80	.1775	.1649

District Contact Information

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

BASIC FINANCIAL STATEMENTS

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30, 2020

Assets

Current assets:

Cash	\$ 2,014,817
Investments	2,534,000
Receivables:	
Accounts	284,547
Replacement taxes	5,381
Accrued interest	11,499
Prepaid assets	<u>53,593</u>

Total current assets	<u>4,903,837</u>
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Capital assets, net:

Not being depreciated	1,099,552
Being depreciated	<u>16,906,155</u>

Total capital assets, net	<u>18,005,707</u>
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Net pension asset	<u>187,348</u>
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Total assets	<u>23,096,892</u>
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Deferred Outflows of Resources

Deferred pension amounts	463,420
Deferred OPEB amounts	<u>1,929</u>

Total deferred outflows of resources	<u>465,349</u>
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Total assets and deferred outflows of resources	<u>\$ 23,562,241</u>
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See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30, 2020

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 307,022
Payroll related liabilities	18,533
Accrued interest payable	78,576
Compensated absences	25,326
Current maturities of long-term debt	<u>1,024,990</u>

Total current liabilities

1,454,447

Long-term liabilities:

Long-term debt, less current maturities	13,054,008
Compensated absences	49,972
Net OPEB liability	<u>61,494</u>

Total long-term liabilities

13,165,474

Total liabilities

14,619,921

Deferred Inflows of Resources

Deferred pension amounts	612,403
Deferred OPEB amounts	<u>116</u>

Total deferred inflows of resources

612,519

Net Position

Net investment in capital assets	3,926,709
Unrestricted	<u>4,403,092</u>

Total net position

\$ 8,329,801

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Activities
For the Year Ended April 30, 2020

Operating revenues:	
User charges	\$ 2,876,605
Capital charges	147,154
	<hr/>
Total operating revenues	3,023,759
	<hr/>
Operating expenses:	
Employee costs:	
Salaries	492,341
Fringe benefits	281,937
Contractual services	92,608
Waste disposal	67,013
Utilities	205,052
Insurance	46,741
Chemicals	11,540
Material and supplies	26,874
Maintenance	84,117
Administrative	112,259
Depreciation	900,744
	<hr/>
Total operating expenses	2,321,226
	<hr/>
Operating income	702,533
	<hr/>
Nonoperating revenues (expenses):	
Intergovernmental - state replacement taxes	39,417
Interest income	60,372
Interest expense	(302,639)
Other income	12,416
	<hr/>
Total nonoperating revenues (expenses)	(190,434)
	<hr/>
Changes in net position	512,099
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Net position, beginning of the year	7,817,702
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Net position, end of the year	\$ 8,329,801
	<hr/>

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Cash Flows
For the Year Ended April 30, 2020

Cash flows from operating activities:	
Received from customers	\$ 2,977,151
Paid to suppliers for goods and services	(626,764)
Paid to employees for services	(785,839)
Net cash flows from operating activities	1,564,548
Cash flows from investing activities:	
Investment income received	75,782
Investments purchased	(3,335,000)
Investments matured	3,949,394
Net cash flows from investing activities	690,176
Cash flows from capital and related financing activities:	
Proceeds from Illinois Environmental Protection Agency loan	161,534
Debt retired	(964,600)
Interest paid	(300,621)
Purchases of capital assets	(821,028)
Net cash flows from capital and related financing activities	(1,924,715)
Cash flows from noncapital financing activities:	
Replacement taxes received	43,858
Other income received	12,416
Net cash from noncapital financing activities	56,274
Net change in cash	386,283
Cash, beginning of the year	1,628,534
Cash, end of the year	\$ 2,014,817
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 702,533
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	900,744
Deferred outflows of resources	213,210
Deferred inflows of resources	290,790
Changes in:	
Receivables	(46,608)
Net pension asset	(187,348)
Other assets	12,212
Payables and compensated absences	3,970
Net OPEB liability	(2,367)
Net pension liability	(322,588)
Net cash flows from operating activities	\$ 1,564,548

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois

Notes to the Financial Statements

I. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Cash and Investments

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

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

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

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

1. Cash and Investments (cont'd)

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

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

2. Accounts Receivable

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

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

3. Prepaid Assets

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

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

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

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

4. Capital Assets

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

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

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. All deferred outflows and inflows at April 30, 2020, relate to employee pensions with the Illinois Municipal Retirement Fund (IMRF) and other post employment benefits. See Note III.C. – Employee Retirement System – Defined Benefit Pension Plan for more detail on these pensions and Note III.D. – Other Post Employment Benefits.

D. Revenues and Expenses

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

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

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

II. Detailed Notes for All Activities and Fund Types

A. Cash and Investments

Deposits – At April 30, 2020, the carrying amount of the District's deposits was \$2,014,517, and the bank balance was \$2,011,400, which was fully insured and collateralized. In addition, the District has cash on hand of \$300 at April 30, 2020.

Investments – The District's investments consist of certificates of deposit with a carrying value of \$2,534,000 which approximates the fair value as of April 30, 2020. All certificates of deposit mature within one year. All investments are held by the bank's agent in the District's name.

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

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

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

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

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

B. Capital Assets

Capital asset activity for the years ended April 30, 2020, is as follows:

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,062	\$ -	\$ -	\$ 50,062
Construction in process	8,579,417	941,048	(8,470,975)	1,049,490
Total capital assets not being depreciated	8,629,479	941,048	(8,470,975)	1,099,552
Capital assets being depreciated:				
Plant, buildings and equipment	25,058,825	8,502,084	-	33,560,909
Administration building	721,560	-	-	721,560
Transportation equipment	119,038	15,000	-	134,038
Office equipment	196,304	13,198	-	209,502
Total capital assets being depreciated	26,095,727	8,530,282	-	34,626,009
Less accumulated depreciation	(16,819,110)	(900,744)	-	(17,719,854)
Total capital assets being depreciated, net	9,276,617	7,629,538	-	16,906,155
Total capital assets, net of accumulated depreciation	\$ 17,906,096	\$ 8,570,586	\$ (8,470,975)	\$ 18,005,707

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

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

C. Long-term Debt

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

	<u>2020</u>
Illinois Environmental Protection Agency loan dated May 14, 2004, for \$7,894,744 at 2.5%. Repayment of principal and interest in semiannual installments of \$258,139 with final payment due September 2025.	\$ 2,637,614
Illinois Environmental Protection Agency loan dated June 21, 2012, for \$4,746,660 at 2.295%. Repayment of principal and interest in semiannual installments of \$148,957 with final payment due July 2034.	3,656,857
Illinois Environmental Protection Agency loan dated October 12, 2016, for \$7,974,204 at 1.750%. Repayment of principal and interest in semiannual installments of \$178,585 with final payment due June 26, 2038.	<u>7,784,527</u>
	<u>\$ 14,078,998</u>

Long-term debt activity during the years ended April 30, 2020, was as follows:

	<u>Balance May 1, 2019</u>	<u>Increase/ Proceeds</u>	<u>Decrease/ Payments</u>	<u>Balance April 30, 2020</u>	<u>Due Within One Year</u>
IEPA loan dated:					
May 2004	\$ 3,079,646	\$ -	\$ 442,032	\$ 2,637,614	\$ 453,152
June 2012	3,867,218	-	210,361	3,656,857	215,217
October 2016	7,935,200	161,534	312,207	7,784,527	356,621
Compensated absences	67,190	76,135	68,027	75,298	25,326
Net OPEB liability	63,861	-	2,367	61,494	-
Net pension liability	322,588	-	322,588	-	-
	<u>\$ 15,335,703</u>	<u>\$ 237,669</u>	<u>\$ 1,357,583</u>	<u>\$ 14,215,790</u>	<u>\$ 1,050,316</u>

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

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

C. Long-term Debt (cont'd)

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

Fiscal Year	Principal	Interest	Total
2021	\$ 1,024,990	\$ 277,568	\$ 1,302,558
2022	1,052,226	255,016	1,307,242
2023	1,075,289	231,952	1,307,241
2024	1,098,874	208,367	1,307,241
2025	1,122,994	184,248	1,307,242
2026 – 2030	3,553,457	659,500	4,212,957
2031 – 2035	3,483,221	322,640	3,805,861
2036 - 2039	1,667,947	57,729	1,725,676
	\$ 14,078,998	\$ 2,197,020	\$ 16,276,018

III. Other Information

A. Risk Management

The District is exposed to various risks related to theft of, damage to, and destruction of assets, environmental remediation, errors and omissions, injuries to employees and natural disasters. The District purchases commercial insurance to cover itself against known risks and maintains the following types of insurance: general liability and property, automobile liability, boiler and machinery liability, umbrella liability, national flood insurance, public officials' and employees' liability, treasurer's bond, and terrorism. The District also purchases group insurance to cover its employees as follows: workers' compensation, health, dental, life, and vision. As of April 30, 2020, the District had no outstanding claims, and has not had any insurance settlements exceed commercial coverage.

B. Deferred Compensation Plan

The District offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All funds are held in trust, and administered by an outside third-party trustee, for the exclusive benefit of participants and their beneficiaries. The District did not make contributions to this plan for the year ended April 30, 2020. In accordance with Governmental Accounting Standards Board Statement Number 32, the assets and related liability of the plan are not reported in these financial statements.

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

III. Other Information (cont'd)

C. Employee Retirement System – Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

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

III. Other Information (cont'd)

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

General Information About the Pension Plan (cont'd)

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

Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$115,929 and \$114,952 at January 1, 2020 and 2019, respectively. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

Contributions – As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2019, was 5.62%. For the fiscal year ended April 30, 2020, the District contributed \$31,114 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

III. Other Information (cont'd)

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

Net Pension Asset/Liability

For the year ended April 30, 2020, the District's net pension asset was measured as of December 31, 2019. The total pension liability used to calculate the net pension asset or liability was determined by actuarial valuations as of that date.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2019, valuation was based on an actuarial experience study for the period January 1, 2014 – December 31, 2016, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.35% to 14.25%
Investment rate of return	7.50%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2019, was 24 years.

Mortality Rates – For the actuarial valuation at December 31, 2019, for non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

III. Other Information (cont'd)

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

Net Pension Liability (cont'd)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	37%	5.75%
International equities	18%	6.50%
Fixed income	28%	3.25%
Real estate	9%	5.20%
Alternatives:	7%	
Private equity		7.60%
Hedge funds		N/A
Commodities		3.60%
Cash equivalents	1%	1.85%

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

III. Other Information (cont'd)

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

Net Pension Liability (cont'd)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%, and the resulting single discount rate used to measure the total pension liability is 7.25%.

Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 91 years.

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

III. Other Information (cont'd)

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

Changes in Net Pension Liability

Changes in net pension liability are made up of the following for the year ended December 31, 2019.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/18	\$ 4,708,344	\$ 4,385,756	\$ 322,588
Changes for the year:			
Service cost	43,268	-	43,268
Interest	334,426	-	334,426
Differences between expected and actual experience	21,885	-	21,885
Assumption changes	-	-	-
Contributions - employer	-	26,201	(26,201)
Contributions - employee	-	20,979	(20,979)
Net investment income	-	845,035	(845,035)
Benefit payments, including refunds of employee contributions	(234,424)	(234,424)	-
Other changes	-	17,300	(17,300)
Net changes	165,155	675,091	(509,936)
Balances at 12/31/19	\$ 4,873,499	\$ 5,060,847	\$ (187,348)

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

III. Other Information (cont'd)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension (asset) liability	\$ 358,894	\$ (187,348)	\$ (644,973)

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

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

For the year ended April 30, 2020, the District recognized pension expense of \$25,321. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at April 30:

	2020		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,616	\$ -	\$ 29,616
Assumption changes	46,967	9,312	37,655
Net difference between projected and actual earnings in pension plan investments	373,981	603,091	(229,110)
Subtotal	450,564	612,403	(161,839)
Contributions made subsequent to measurement date	12,856	-	12,856
Total	\$ 463,420	\$ 612,403	\$ (148,983)

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

III. Other Information (cont'd)

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

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

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

Year Ending December 31,	
2020	\$ (21,223)
2021	(52,442)
2022	18,470
2023	<u>(106,644)</u>
	<u>\$ (161,839)</u>

D. Other Post-Employment Benefits (OPEB)

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

At April 30, 2020, the OPEB Retiree Healthcare Plan membership consisted of:

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

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

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

III. Other Information (cont'd)

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

Net OPEB Liability

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

Total OPEB liability	\$ 61,494
Plan fiduciary net position	<u>-</u>
Net OPEB liability	<u>\$ 61,494</u>

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

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

Actuarial Valuation and Assumptions – The total OPEB liability was determined by an actuarial valuation as of May 1, 2018, rolled forward to April 30, 2020, the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

III. Other Information (cont'd)

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

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

Changes in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance 5/1/19	\$ 63,861	\$ -	\$ 63,861
Changes for the year:			
Service cost	1,306	-	1,306
Interest	1,951	-	1,951
Differences between expected and actual experience	-	-	-
Changes in assumptions	647	-	647
Contributions - employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments	(6,133)	-	(6,133)
Administrative expenses	-	-	-
Other changes	(138)	-	(138)
Net changes	(2,367)	-	(2,367)
Balances at 4/30/20	\$ 61,494	\$ -	\$ 61,494

The total net OPEB benefit recognized in financial statements amounted to \$1,538. Deferred outflows of resources related to the net OPEB liability totaled \$1,929 and deferred inflows of resources related to the net OPEB liability totaled \$116 at April 30, 2020.

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

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Net OPEB Liability	\$ 63,338	\$ 61,494	\$ 59,720

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

III. Other Information (cont'd)

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

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

	1% Decrease (Varies)	Current Discount Rate (Varies)	1% Increase (Varies)
Net OPEB Liability	\$ 59,409	\$ 61.494	\$ 63,700

E. Subsequent Events

Subsequent events have been evaluated through August 11, 2020, which is the date the financial statements were available to be issued. The COVID-19 outbreak has caused business disruption in the United States of America through mandated and voluntary stay at home orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption and impact on the economy. The related financial impact to the District and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2019</u>	<u>2018</u>
Total pension liability:		
Service cost	\$ 43,268	\$ 48,983
Interest on the total pension liability	334,426	323,524
Benefit changes	-	-
Difference between expected and actual experience	21,885	33,773
Assumption changes	-	121,059
Benefit payments and refunds	<u>(234,424)</u>	<u>(216,314)</u>
Net change in total pension liability	165,155	311,025
Total pension liability - beginning	<u>4,708,344</u>	<u>4,397,319</u>
Total pension liability - ending	<u>\$ 4,873,499</u>	<u>\$ 4,708,344</u>
Plan fiduciary net position:		
Employer contributions	\$ 26,201	\$ 46,973
Employee contributions	20,979	22,274
Pension plan net investment income	845,035	(265,151)
Benefit payments and refunds	(234,424)	(216,314)
Other	<u>17,300</u>	<u>101,646</u>
Net change in plan fiduciary net position	675,091	(310,572)
Plan fiduciary net position - beginning	<u>4,385,756</u>	<u>4,696,328</u>
Plan fiduciary net position - ending	<u>\$ 5,060,847</u>	<u>\$ 4,385,756</u>
Net pension liability (asset)	<u>\$ (187,348)</u>	<u>\$ 322,588</u>
Plan fiduciary net position as a percentage of total pension liability	<u>103.84%</u>	<u>93.15%</u>
Covered valuation payroll	<u>\$ 466,209</u>	<u>\$ 494,986</u>
Net pension liability as a percentage of covered valuation payroll	<u>-40.19%</u>	<u>65.17%</u>

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

See independent auditor's report.

2017	2016	2015
\$ 46,589	\$ 49,771	\$ 46,736
319,749	310,945	302,182
-	-	-
18,327	(59,887)	(46,260)
(134,964)	(10,022)	-
(184,819)	(181,019)	(193,015)
64,882	109,788	109,643
4,332,437	4,222,649	4,113,006
<u>\$ 4,397,319</u>	<u>\$ 4,332,437</u>	<u>\$ 4,222,649</u>
\$ 55,529	\$ 168,742	\$ 318,354
21,069	18,885	19,011
745,137	266,990	18,994
(184,819)	(181,019)	(193,015)
(92,409)	32,833	(44,634)
544,507	306,431	118,710
4,151,821	3,845,390	3,726,680
<u>\$ 4,696,328</u>	<u>\$ 4,151,821</u>	<u>\$ 3,845,390</u>
<u>\$ (299,009)</u>	<u>\$ 180,616</u>	<u>\$ 377,259</u>
<u>106.80%</u>	<u>95.83%</u>	<u>91.07%</u>
<u>\$ 468,203</u>	<u>\$ 419,668</u>	<u>\$ 422,462</u>
<u>-63.86%</u>	<u>43.04%</u>	<u>89.30%</u>

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

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 67,532	\$ 317,532	\$ (250,000)	\$ 422,462	75.16 %
2017	63,411	163,411	(100,000)	419,668	38.94
2018	53,549	53,549	-	480,685	11.14
2019	46,974	46,974	-	490,310	9.58
2020	31,114	31,114	-	466,209	6.67

Notes to Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % of Pay (Open)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market; 20% Corridor
Inflation	2.50%
Salary Increases	3.35% to 14.25% Including Inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	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-2017 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 adjustments 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.

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

See independent auditor's report.

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

	<u>2020</u>	<u>2019</u>
Total OPEB liability:		
Service cost	\$ 1,306	\$ 1,203
Interest	1,951	2,248
Changes in assumptions	647	1,050
Benefit payments, including refunds of member contributions	(6,133)	(6,945)
Other changes	<u>(138)</u>	<u>905</u>
Net change in total OPEB liability	(2,367)	(1,539)
Total OPEB liability, beginning of year	<u>63,861</u>	<u>65,400</u>
Total OPEB liability, end of year	<u>\$ 61,494</u>	<u>\$ 63,861</u>
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	<u>\$ -</u>	<u>\$ -</u>
Employer's net OPEB liability	<u>\$ 61,494</u>	<u>\$ 63,861</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ 466,209</u>	<u>\$ 537,389</u>
Employer's net OPEB liability as a percentage of covered-employee payroll	<u>13.19%</u>	<u>11.88%</u>

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

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
User charges	\$ 2,854,140	\$ 2,868,505	\$ 14,365
Capital charges	145,100	147,154	2,054
Intergovernmental - state replacement taxes	20,000	39,417	19,417
Interest	3,500	11,645	8,145
Miscellaneous	7,000	12,424	5,424
	<u>3,029,740</u>	<u>3,079,145</u>	<u>49,405</u>
Total revenues	<u>3,029,740</u>	<u>3,079,145</u>	<u>49,405</u>
Expenditures:			
Administrative	518,568	447,579	70,989
Operating	843,388	693,865	149,523
Maintenance	341,002	244,186	96,816
Laboratory	93,360	79,423	13,937
	<u>1,796,318</u>	<u>1,465,053</u>	<u>331,265</u>
Total expenditures	<u>1,796,318</u>	<u>1,465,053</u>	<u>331,265</u>
Revenues over expenditures	1,233,422	1,614,092	380,670
Other financing uses - transfers out	<u>(1,370,100)</u>	<u>(1,300,485)</u>	<u>69,615</u>
Changes in fund balance	<u>\$ (136,678)</u>	<u>313,607</u>	<u>\$ 450,285</u>
Fund balance, beginning of the year		<u>1,313,641</u>	
Fund balance, end of the year		<u>\$ 1,627,248</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	Budget	Actual	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	\$ 184,166	\$ 175,923	\$ 8,243
Payroll taxes and fringe benefits	122,702	98,906	23,796
	<u>306,868</u>	<u>274,829</u>	<u>32,039</u>
Contractual services:			
Bank fees	3,800	3,307	493
Legal	15,000	13,707	1,293
Audit	14,000	15,665	(1,665)
Other professional fees	25,100	17,522	7,578
	<u>57,900</u>	<u>50,201</u>	<u>7,699</u>
Supplies:			
Office supplies	8,000	4,883	3,117
Computer	6,000	6,858	(858)
Office equipment maintenance	4,500	2,680	1,820
Postage	13,000	11,572	1,428
	<u>31,500</u>	<u>25,993</u>	<u>5,507</u>
Utilities - telephone service	<u>1,500</u>	<u>1,153</u>	<u>347</u>
Other:			
Advertising	3,000	1,043	1,957
Meetings	5,000	1,686	3,314
Permit/assessment fees	80,000	79,322	678
Travel	800	183	617
Dues and subscriptions	4,000	2,879	1,121
Water meter readings	500	-	500
Uncollectible accounts	2,000	-	2,000
Miscellaneous	500	4	496
Contingency	25,000	10,286	14,714
	<u>120,800</u>	<u>95,403</u>	<u>25,397</u>
Total administrative	<u>518,568</u>	<u>447,579</u>	<u>70,989</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2020

	Budget	Actual	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	\$ 215,663	\$ 211,304	\$ 4,359
Payroll taxes and fringe benefits	143,225	129,556	13,669
Employee training	2,000	-	2,000
	<u>360,888</u>	<u>340,860</u>	<u>20,028</u>
Contractual services - engineer fees	<u>20,000</u>	<u>12,240</u>	<u>7,760</u>
Waste disposal	<u>83,000</u>	<u>67,013</u>	<u>15,987</u>
Insurance:			
Vehicle insurance	3,000	2,107	893
General insurance	95,000	46,741	48,259
	<u>98,000</u>	<u>48,848</u>	<u>49,152</u>
Supplies:			
Drying bed supplies	10,000	7,929	2,071
Supplies	5,000	4,541	459
	<u>15,000</u>	<u>12,470</u>	<u>2,530</u>
Chemicals - other chemicals	<u>17,500</u>	<u>11,540</u>	<u>5,960</u>
Utilities:			
Telephone and pager	4,800	5,049	(249)
Electric	210,000	177,525	32,475
Natural gas	33,000	17,543	15,457
Water	1,200	777	423
	<u>249,000</u>	<u>200,894</u>	<u>48,106</u>
Total operating	<u>843,388</u>	<u>693,865</u>	<u>149,523</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Maintenance:			
Personnel costs:			
Salaries and wages	\$ 78,140	\$ 79,588	\$ (1,448)
Payroll taxes and fringe benefits	68,362	48,612	19,750
	<u>146,502</u>	<u>128,200</u>	<u>18,302</u>
Materials and supplies:			
Repair materials	5,000	3,726	1,274
Supplies	7,500	8,994	(1,494)
Tools	3,000	1,933	1,067
	<u>15,500</u>	<u>14,653</u>	<u>847</u>
Repair and maintenance:			
Outside equipment repairs	40,000	41,255	(1,255)
Equipment rental	6,000	5,866	134
Building maintenance	59,000	38,350	20,650
Software maintenance	10,000	8,237	1,763
Oil and gasoline	4,000	4,158	(158)
	<u>119,000</u>	<u>97,866</u>	<u>21,134</u>
Contingency	<u>60,000</u>	<u>3,467</u>	<u>56,533</u>
Total maintenance	<u>341,002</u>	<u>244,186</u>	<u>96,816</u>
Laboratory:			
Personnel costs:			
Salaries and wages	26,573	25,526	1,047
Payroll taxes and fringe benefits	22,787	14,898	7,889
	<u>49,360</u>	<u>40,424</u>	<u>8,936</u>

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Laboratory (cont'd):			
Contractual services - outside services	\$ 40,000	\$ 35,321	\$ 4,679
Materials and supplies	<u>4,000</u>	<u>3,678</u>	<u>322</u>
Total laboratory	<u>93,360</u>	<u>79,423</u>	<u>13,937</u>
Total expenditures	<u>\$ 1,796,318</u>	<u>\$ 1,465,053</u>	<u>\$ 331,265</u>

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Improvement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Connection fees	\$ -	\$ 8,100	\$ 8,100
Interest income	-	<u>14,080</u>	<u>14,080</u>
Total revenues	<u>-</u>	<u>22,180</u>	<u>22,180</u>
Expenditures - capital outlay	<u>1,059,100</u>	<u>629,093</u>	<u>430,007</u>
Revenues under expenditures	(1,059,100)	(606,913)	452,187
Other financing sources - transfers in	<u>-</u>	<u>422,310</u>	<u>422,310</u>
Changes in fund balance	<u>\$ (1,059,100)</u>	<u>(184,603)</u>	<u>\$ 874,497</u>
Fund balance, beginning of the year		<u>947,364</u>	
Fund balance, end of the year		<u>\$ 762,761</u>	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Replacement Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 13,581	\$ 13,581
Expenditures - capital outlay	569,838	335,000	234,838
Total expenditures	569,838	335,000	234,838
Revenues under expenditures	(569,838)	(321,419)	248,419
Other financing sources - transfers in	-	11,436	11,436
Changes in fund balance	\$ (569,838)	(309,983)	\$ 259,855
Fund balance, beginning of the year		878,090	
Fund balance, end of the year		\$ 568,107	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 20,892	\$ 20,892
Expenditures - debt service:			
Principal	1,032,393	964,601	67,792
Interest	265,799	300,621	(34,822)
Total expenditures	1,298,192	1,265,222	32,970
Revenues under expenditures	(1,298,192)	(1,244,330)	53,862
Other financing sources - transfers in	-	1,007,466	1,007,466
Changes in fund balance	\$ (1,298,192)	(236,864)	\$ 1,061,328
Fund balance, beginning of the year		1,781,731	
Fund balance, end of the year		\$ 1,544,867	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Project Fund
Schedule of Revenues, Expenditures and Changes in
Fund Deficit - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 174	\$ 174
Other financing sources (uses):			
Illinois Environmental Protection			
Agency loan proceeds	-	161,534	161,534
Transfers out	(53,051)	(140,727)	(87,676)
Total other financing sources (uses)	(53,051)	20,807	73,858
Changes in fund balance (deficit)	\$ (127,051)	20,981	\$ 148,032
Fund deficit, beginning of the year		(20,981)	
Fund balance, end of the year		\$ -	

See independent auditor's report.

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

I. Stewardship, Compliance and Accountability

A. Budgets

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

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

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

Net changes in fund balances - budgetary basis	\$ (396,864)
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Amounts reported for governmental activities in the statement of activities (page 11) are different because:

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

This is the amount of capital outlay in the governmental funds.	1,000,355
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This is the amount of depreciation expense in the government-wide statement of activities.	(900,744)
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The issuance of long-term debt provides current financial resources under the budgetary basis, while the repayment of the principal of long-term debt consumes the current financial resources under the budgetary basis. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt.

	801,049
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The net effect of changes in the net pension liability is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures.

	5,793
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The net effect of changes in the net OPEB liability is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures.

	<u>2,510</u>
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Changes in net position (page 11)	<u>\$ 512,099</u>
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