

WHEATON SANITARY DISTRICT
WHEATON, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2020

WHEATON SANITARY DISTRICT

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Principal Officials	1
---------------------	---

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2 - 3
-------------------------------------	-------

MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 10
---	--------

FINANCIAL STATEMENTS

Statement of Net Position	11 - 12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Combining Statement of Net Position - Enterprise Funds	15 - 16
Combining Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds	17
Combining Statement of Cash Flows - Enterprise Funds	18
Notes to Financial Statements	19 - 36

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	37
Schedule of Changes in the Employer's Net Pension Liability	
Illinois Municipal Retirement Fund	38 - 39

OTHER SUPPLEMENTAARY INFORMATION

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
User Charge - Enterprsie Fund	40 - 41
Schedule of Operating Expenses - Budget and Actual - User Charge - Enterprise Fund	42 - 45
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	
Capital Improvements - Enterprise Fund	46 - 47
Debt Service - Enterprise Fund	48 - 49
Consolidated Year-End Financial Report	50
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	51 - 52

INTRODUCTORY SECTION

This section includes miscellaneous data regarding the District including the List of Principal Officials.

WHEATON SANITARY DISTRICT

List of Principal Officials
April 30, 2020

LEGISLATIVE BOARD OF TRUSTEES

Jeffrey R. Walker

Henry S. Stillwell III

William A. Kindorf III

ADMINISTRATIVE

Matthew Larson, Executive Director

Sue Baert, Plant Superintendent

Diana Soltess, Administrative Services Director

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Other Supplementary Information
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

July 31, 2020

Members of the Board of Trustees
Wheaton Sanitary District
Wheaton, Illinois

We have audited the accompanying financial statements of the business-type activities and each major fund of the Wheaton 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 business-type activities and each major fund of the Wheaton Sanitary District, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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

We did not audit the financial Statements of the Wheaton Sanitary District as of and for the year ended April 30, 2019. Those Statements were audited by another auditor who issued an unmodified opinion on August 8, 2019.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wheaton Sanitary District, Illinois' basic financial statements. The introductory sections and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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, other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

Our discussion and analysis of the Wheaton Sanitary District's 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 11.

FINANCIAL HIGHLIGHTS

- The District's net position increased as a result of this year's operations. Net position increased by \$4,715,947, or 14 percent.
- During the year, revenues totaled \$11,496,503, while expenses totaled \$6,780,556, resulting in an increase to net position of \$4,715,947.
- The District's net position totaled \$38,319,225 on April 30, 2020, which includes \$24,930,424 net investment in capital assets and \$13,388,801 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position (on pages 11 - 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Individual financial statements begin on page 14.

This report also contains other supplementary information in addition to the basic financial statements.

Entity-Wide Financial Statements

The entity-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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 uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District is unique to many governments since it is an entity with three funds, proprietary in nature.

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

USING THIS ANNUAL REPORT – Continued

Proprietary Funds

The District maintains one proprietary fund type: an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District utilizes enterprise funds to account for its sewerage operations.

Proprietary fund financial statements provide the same type of information as the entity-wide financial statements, only in more detail. For purposes of the audit, the User Charge Fund, Capital Improvements Fund and Debt Service Fund were combined in to one fund which is considered to be a major fund of the District.

The basic proprietary fund financial statements can be found on pages 15 - 18 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 19 - 36 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 IMRF employee pension obligation and budgetary comparison schedules. Required supplementary information can be found on pages 37 - 39 of this report. Combining and budgetary comparison schedules for the can be found on pages 40 - 52 of this report.

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT

Net position may serve over time as a useful indicator of the District's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$38,319,225.

	Net Position	
	2020	2019
Current/Other Assets	\$ 15,561,127	9,895,261
Capital Assets	47,439,833	42,780,394
Total Assets	63,000,960	52,675,655
Deferred Outflows	367,482	1,554,621
Total Assets/Deferred Outflows	63,368,442	54,230,276
Long-Term Debt	21,629,659	18,152,046
Other Liabilities	2,860,449	1,740,360
Total Liabilities	24,490,108	19,892,406
Deferred Inflows	559,109	734,592
Total Liabilities/Deferred Inflows	25,049,217	20,626,998
Net Postion		
Net Investment in Capital Assets	24,930,424	24,981,485
Unrestricted	13,388,801	8,621,793
Total Net Position	38,319,225	33,603,278

A large portion of the District's net position, \$24,930,424 or 65 percent, reflects its investment in capital assets (for example, land, buildings, machinery, 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.

The remaining 35 percent, or \$13,388,801, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT – Continued

	Change in Net Position	
	2020	2019
Revenues		
Operating Revenues		
Charges for Services	\$ 11,009,935	10,241,666
Other Revenue	21,979	73,700
Nonoperating Revenues		
Replacement Taxes	38,060	34,800
Miscellaneous	316,617	-
Investment Income	109,912	59,076
Total Revenues	<u>11,496,503</u>	<u>10,409,242</u>
Expenses		
Operating Expenses	6,531,613	6,503,078
Interest on Long-Term Debt	248,943	137,121
Total Expenses	<u>6,780,556</u>	<u>6,640,199</u>
Change in Net Position	4,715,947	3,769,043
Net Position - Beginning	<u>33,603,278</u>	<u>29,834,235</u>
Net Position - Ending	<u>38,319,225</u>	<u>33,603,278</u>

Net position increased by 14 percent (\$38,319,225 in 2020 compared to \$33,603,278 in 2019). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$13,388,801 at April 30, 2020.

Revenues for the District are a function of the different user charge rates that are charged for wastewater treatment to residents, businesses, and institutions in each of the communities it serves. In the current year, the District experienced a 6.9 percent increase in the wastewater treatment revenue over the prior year. The increase in revenues was created by the net effect of a 9.9 percent increase in the user charge rate to cover the Northside Interceptor (NSI) Sewer Capital Improvements Project and other scheduled capital improvements projects, less the decrease in water consumption.

The total expenses for the District increased by \$140,357, a 2.1 percent increase from 2019. The increase was primarily due to interest on additional long-term debt for scheduled capital improvement projects, and a small portion attributable to increased operational costs.

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

BUDGETARY HIGHLIGHTS

The District did not amend their budget during the fiscal year. For the current year, total operating revenue received was in below budget by \$405,239. The deficiency of revenue was due to reduced water consumption compared to the budget. The District spent \$21,991,879 less than what was budgeted for operating expenses, excluding depreciation. During the current year, the District had excess budget in such areas as capital outlay and salaries, which offset the reduction in water consumption revenue.

Capital Assets

The District's investment in capital assets as of April 30, 2020 was \$47,439,833 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, system furniture, machinery & equipment, and sewers & extensions.

	Capital Assets - Net of Depreciation	
	2020	2019
Land	\$ 173,777	173,777
Construction in Progress	11,753,753	12,290,597
Land Improvements	920,616	987,483
Buildings and Building Improvements	9,981,507	10,468,759
Furniture, Machinery and Equipment	2,208,560	2,490,925
Sewers, Extensions, and Plant Improvements	22,401,620	16,368,853
Total	47,439,833	42,780,394

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

Long Term Debt

The District is utilizing long term debt, specifically State Revolving Fund (SRF) Loans, to finance the construction of the NSI Sewer Project and other scheduled capital improvement projects. As of April 30, 2020, the District had \$17,870,268 of Illinois Environmental Protection District Loans outstanding. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding	
	2020	2019
IEPA Loans Payable	\$ 17,870,268	22,509,409

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

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic factors that influenced Fiscal Year 2020 include: a decrease in water consumption; forwent penalties and fees from COVID-19, increased costs for large capital improvement projects, and some staffing changes.

The methodology for establishing user charge rates, the major source of revenue for the operating and capital funds, is established in the User Charge Ordinance first adopted in 1976, and updated annually. The user charge rate ordinance and fiscal year budget are presented at a public hearing each year. After receiving comments from the public, the budget and user charge rates are reviewed by the Board of Trustees.

There is a significant amount of tax exempt property within the District's boundaries, and this is one of the primary reasons the District does not levy property taxes. In addition, the user charge system is deemed by the District to be a more equitable method of revenue generation by charging the cost of the services to those that use them the most.

The District has an extensive capital improvements program including replacement of the Northside Interceptor Sewer, which will be phased over three to four years. Rehabilitation of the sanitary sewer collection system is anticipated each year. Plant improvements are generally driven by changing EPA regulations, and the District is monitoring potential regulations on biological nutrient removal (i.e. phosphorous), wet weather treatment, and ammonia levels. The District's strategic financial plan incorporates the capital costs for these projects as well.

With reliance on user charges, projecting the amount of water to be used by its customers in the coming years becomes critical. Annual water use, and billed water use, varies depending on factors including temperature, occupancy, and precipitation. The District budget for billable water use is based on historical trends.

As with any government entity which operates an enterprise activity, the District must continually monitor its billing rates to gain assurances that the rates charged are sufficient to cover operating costs. Approximately eight years ago, the District consulted with a rate analyst to consciously and proactively plan for the District's large forthcoming capital improvement projects. The District has approved 9.9 % user charge rate increases for the past seven years. The information is analyzed each year. There will be a couple more years of larger rate increases, then it is expected that subsequent annual increases run in line with the cost of living increases.

WHEATON SANITARY DISTRICT

Management's Discussion and Analysis

April 30, 2020

REQUESTS FOR INFORMATION

This financial report is designed to provide our customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be forwarded to the Wheaton Sanitary District: Administrative Services, 1S649 Shaffner Road, Illinois 60189.

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

Proprietary 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.

WHEATON SANITARY DISTRICT

Statement of Net Position

April 30, 2020

(with Comparative Information for April 30, 2019)

See Following Page

WHEATON SANITARY DISTRICT

Statement of Net Position

April 30, 2020

(with Comparative Information for April 30, 2019)

	April 30, 2020	April 30, 2019
ASSETS		
Current Assets		
Cash and Investments	\$ 12,843,556	8,235,516
Accounts Receivable - Net of Allowances		
User Charges	1,634,192	1,614,715
Special Assessments	35,759	25,885
Due from Other Governments	1,046,945	9,483
Total Current Assets	15,560,452	9,885,599
Noncurrent Assets		
Capital Assets		
Nondepreciable Capital Assets	11,927,530	12,464,374
Depreciable Capital Assets	69,162,464	62,387,807
Accumulated Depreciation	(33,650,161)	(32,071,787)
Total Capital Assets	47,439,833	42,780,394
Other Assets		
Special Assessments	-	8,987
Drum/Cylinder Deposits	675	675
Total Other Assets	675	9,662
Total Noncurrent Assets	47,440,508	42,790,056
Total Assets	63,000,960	52,675,655
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF	367,482	1,554,621
Total Assets and Deferred Outflows of Resources	63,368,442	54,230,276

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

	April 30, 2020	April 30, 2019
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,685,953	577,579
Accrued Payroll	15,344	112,909
Accrued Interest Payable	22,083	-
Current Portion of Long-Term Debt		
Compensated Absences Payable	18,394	-
IEPA Loans Payable	1,118,675	1,049,872
Total Current Liabilities	2,860,449	1,740,360
Noncurrent Liabilities		
Compensated Absences	73,575	90,009
IEPA Loans Payable	21,390,734	16,820,396
Net Pension Liability - IMRF	152,304	1,228,596
Other Payables - Special Assessments	13,046	13,045
Total Noncurrent Liabilities	21,629,659	18,152,046
Total Liabilities	24,490,108	19,892,406
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF	559,109	734,592
Total Liabilities and Deferred Inflows of Resources	25,049,217	20,626,998
NET POSITION		
Net Investment in Capital Assets	24,930,424	24,981,485
Unrestricted	13,388,801	8,621,793
Total Net Position	38,319,225	33,603,278

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

WHEATON SANITARY DISTRICT

Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended April 30, 2020

(with Comparative Information for the Fiscal Year Ended April 30, 2019)

	April 30, 2020	April 30, 2019
Operating Revenues		
Charges for Services	\$ 11,009,935	10,241,666
Other Revenue	21,979	73,700
Total Operating Revenues	11,031,914	10,315,366
Operating Expenses		
Administrative	2,062,367	1,917,089
Laboratory	322,906	302,649
Plant Operations	1,194,888	1,156,127
Plant Maintenance	772,307	1,017,164
Sewer Operations and Maintenance	256,947	314,836
Trustees	18,791	19,012
Capital Improvements	325,032	166,807
Depreciation	1,578,375	1,609,394
Total Operating Expenses	6,531,613	6,503,078
Operating Income	4,500,301	3,812,288
Nonoperating Revenues (Expenses)		
Personal Property Replacement Taxes	38,060	34,800
Interest Income	109,912	59,076
Other Revenue	316,617	-
Interest Expense	(248,943)	(137,121)
Total Nonoperating Revenues (Expenses)	215,646	(43,245)
Change in Net Position	4,715,947	3,769,043
Net Position - Beginning	33,603,278	29,834,235
Net Position - Ending	38,319,225	33,603,278

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

WHEATON SANITARY DISTRICT

Statement of Cash Flows

For the Fiscal Year Ended April 30, 2020

(with Comparative Information for the Fiscal Year Ended April 30, 2019)

	April 30, 2020	April 30, 2019
Cash Flows from Operating Activities		
Receipts from Customers	\$ 12,515,306	10,124,079
Payments to Employees	(1,839,272)	(1,695,518)
Payments to Suppliers	(4,368,350)	(4,972,813)
	<u>6,307,684</u>	<u>3,455,748</u>
Cash Flows from Capital and Related Financing Activities		
Special Assessments	-	4,058
Personal Property Replacement Tax	38,060	34,800
Purchase of Capital Assets	(6,237,814)	(5,836,156)
Issuance of Capital Related Debt	5,733,609	6,420,069
Interest and Fiscal Charges	(248,943)	(137,121)
Payment of Principal	(1,094,468)	(1,426,142)
	<u>(1,809,556)</u>	<u>(940,492)</u>
Cash Flows from Investing Activities		
Investment Income	<u>109,912</u>	<u>59,076</u>
Net Change in Cash and Cash Equivalents	4,608,040	2,574,332
Cash and Cash Equivalents		
Beginning	<u>8,235,516</u>	<u>5,661,184</u>
Ending	<u><u>12,843,556</u></u>	<u><u>8,235,516</u></u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Operating Income	4,500,301	3,812,288
Adjustments to Reconcile Operating		
Income to Net Income to Net Cash		
Provided by (Used In) Operating Activities:		
Depreciation Expense	1,578,375	1,609,394
Other Income	316,617	-
(Increase) Decrease in Current Assets	1,166,775	(172,140)
Increase (Decrease) in Current Liabilities	(1,254,384)	(1,793,794)
Net Cash Provided by Operating Activities	<u><u>6,307,684</u></u>	<u><u>3,455,748</u></u>

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

WHEATON SANITARY DISTRICT**Combining Statement of Net Position - Enterprise Funds****April 30, 2020**

	User Charge	Capital Improvements	Debt Service	Totals
ASSETS				
Current Assets				
Cash and Investments	\$ 6,881,754	3,662,265	2,299,537	12,843,556
Accounts Receivable - Net of Allowances				
User Charges	1,634,192	-	-	1,634,192
Special Assessments	-	35,759	-	35,759
Due from Other Governments	-	-	1,046,945	1,046,945
Due from Other Funds	-	-	15,408,862	15,408,862
Total Current Assets	8,515,946	3,698,024	18,755,344	30,969,314
Noncurrent Assets				
Capital Assets				
Nondepreciable Capital Assets	-	11,927,530	-	11,927,530
Depreciable Capital Assets	-	69,162,464	-	69,162,464
Accumulated Depreciation	-	(33,650,161)	-	(33,650,161)
Total Capital Assets	-	47,439,833	-	47,439,833
Other Assets				
Drum/Cylinder Deposits	675	-	-	675
Total Noncurrent Assets	675	47,439,833	-	47,440,508
Total Assets	8,516,621	51,137,857	18,755,344	78,409,822
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Items - IMRF	367,482	-	-	367,482
Total Assets and Deferred Outflows of Resources	8,884,103	51,137,857	18,755,344	78,777,304

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

	User Charge	Capital Improvements	Debt Service	Totals
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 267,813	1,418,140	-	1,685,953
Accrued Payroll	15,344	-	-	15,344
Accrued Interest Payable	-	-	22,083	22,083
Due to Other Funds	-	15,408,862	-	15,408,862
Current Portion of Long-Term Debt				
Compensated Absences Payable	18,394	-	-	18,394
IEPA Loans Payable	-	-	1,118,675	1,118,675
Total Current Liabilities	301,551	16,827,002	1,140,758	18,269,311
Noncurrent Liabilities				
Compensated Absences	73,575	-	-	73,575
IEPA Loans Payable	-	-	21,390,734	21,390,734
Net Pension Liability - IMRF	152,304	-	-	152,304
Other Payables - Special Assessments	-	13,046	-	13,046
Total Noncurrent Liabilities	225,879	13,046	21,390,734	21,629,659
Total Liabilities	527,430	16,840,048	22,531,492	39,898,970
DEFERRED INFLOWS OF RESOURCES				
Deferred Items - IMRF	559,109	-	-	559,109
Total Liabilities and Deferred Inflows of Resources	1,086,539	16,840,048	22,531,492	40,458,079
NET POSITION				
Net Investment in Capital Assets	-	47,439,833	(22,509,409)	24,930,424
Unrestricted (Deficit)	7,797,564	(13,142,024)	18,733,261	13,388,801
Total Net Position	7,797,564	34,297,809	(3,776,148)	38,319,225

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

WHEATON SANITARY DISTRICT

Combining Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds For the Fiscal Year Ended April 30, 2020

	User Charge	Capital Improvements	Debt Service	Totals
Operating Revenues				
Charges for Services	\$ 7,205,546	2,004,615	1,799,774	11,009,935
Other Revenue	21,979	-	-	21,979
Total Operating Revenues	7,227,525	2,004,615	1,799,774	11,031,914
Operating Expenses				
Administrative	2,062,367	-	-	2,062,367
Laboratory	322,906	-	-	322,906
Plant Operations	1,194,888	-	-	1,194,888
Plant Maintenance	772,307	-	-	772,307
Sewer Operations and Maintenance	256,947	-	-	256,947
Trustees	18,791	-	-	18,791
Capital Improvements	-	325,032	-	325,032
Depreciation	-	1,578,375	-	1,578,375
Total Operating Expenses	4,628,206	1,903,407	-	6,531,613
Operating Income	2,599,319	101,208	1,799,774	4,500,301
Nonoperating Revenues (Expenses)				
Personal Property Replacement Taxes	-	38,060	-	38,060
Interest Income	50,367	34,353	25,192	109,912
Other Revenue	-	316,617	-	316,617
Interest Expense	-	(28,902)	(220,041)	(248,943)
Total Nonoperating Revenues (Expenses)	50,367	360,128	(194,849)	215,646
Income Before Transfers	2,649,686	461,336	1,604,925	4,715,947
Transfers In	49,052	-	-	49,052
Transfers Out	-	(23,582)	(25,470)	(49,052)
	49,052	(23,582)	(25,470)	-
Change in Net Position	2,698,738	437,754	1,579,455	4,715,947
Net Position - Beginning	5,098,826	33,860,055	(5,355,603)	33,603,278
Net Position - Ending	7,797,564	34,297,809	(3,776,148)	38,319,225

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

WHEATON SANITARY DISTRICT

Combining Statement of Cash Flows - Enterprise Funds For the Fiscal Year Ended April 30, 2020

	User Charge	Capital Improvements	Debt Service	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 8,395,187	2,320,345	1,799,774	12,515,306
Payments to Employees	(1,839,272)	-	-	(1,839,272)
Payments to Suppliers	(4,260,197)	(130,237)	22,084	(4,368,350)
	2,295,718	2,190,108	1,821,858	6,307,684
Cash Flows from Noncapital Financing Activities				
Transfers In (Out)	49,052	(23,582)	(25,470)	-
Cash Flows from Capital and Related Financing Activities				
Personal Property Replacement Tax	-	38,060	-	38,060
Purchase of Capital Assets	-	(6,237,814)	-	(6,237,814)
Issuance of Capital Related Debt	-	5,733,609	-	5,733,609
Interest and Fiscal Charges	-	(28,902)	(220,041)	(248,943)
Payment of Principal	-	-	(1,094,468)	(1,094,468)
	-	(495,047)	(1,314,509)	(1,809,556)
Cash Flows from Investing Activities				
Investment Income	50,367	34,353	25,192	109,912
Net Change in Cash and Cash Equivalents	2,395,137	1,705,832	507,071	4,608,040
Cash and Cash Equivalents				
Beginning	4,486,617	1,956,433	1,792,466	8,235,516
Ending	6,881,754	3,662,265	2,299,537	12,843,556
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income	2,599,319	101,208	1,799,774	4,500,301
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used In) Operating Activities:				
Depreciation Expense	-	1,578,375	-	1,578,375
Other Income	-	316,617	-	316,617
(Increase) Decrease in Current Assets	1,167,662	(887)	-	1,166,775
Increase (Decrease) in Current Liabilities	(1,471,263)	194,795	22,084	(1,254,384)
Net Cash Provided by Operating Activities	2,295,718	2,190,108	1,821,858	6,307,684

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

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 61, "The Financial Reporting Omnibus - an Amendment of GASB Statements No. 14 and No. 34," and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The District reports only business-type activities, which include the district's user charge, capital improvement and debt service activities.

In the Statement of Net Position, the District's activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term obligations/deferred inflows.

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

The District utilizes three proprietary funds. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus

All proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The District’s basic financial statements 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 is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Authority are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Investments

For the purpose of the Statement of Net Position, the 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 Authority 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. At year-end the District does not have any investments.

WHEATON 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

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. Business-type activities report user charges as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

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.

Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. For movable property, the District's capitalization policy includes all items with a unit cost of \$2,500 or more, and an estimated useful life that is greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation has been provided using the straight-line method over the following estimated useful lives of the assets:

Land Improvements	10 - 20 Years
Buildings and Building Improvements	10 - 40 Years
Furniture, Machinery and Equipment	3 - 20 Years
Sewers, Extensions and Plant Improvement	50 Years

WHEATON 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

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.

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 financial statements.

Long-Term Obligations

In the financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Loan premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Loans payable are reported net of the applicable loan premium or discount. Loan issuance costs are reported as expenses at the time of issuance.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in two 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.

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

WHEATON SANITARY DISTRICT

Notes to the Financial Statements
April 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The District’s fiscal policy on budget development and approval is intended to ensure that plans for expenditure of District funds are developed and approved by the Board of Trustees under a defined schedule that will provide for stakeholder review and engagement.

The budget shall be structured so that costs are accumulated by line item, expense category, and department. Each department shall develop its budget for accountability and control purposes including proposed staffing levels and submit it to the Executive Director. The Executive Director shall submit a proposed budget of estimated revenues and expenditures, including transfers to the Capital Improvements Fund and the Debt Service Fund for the Board of Trustees to review. The Executive Director shall establish a calendar for public hearings and review of the proposed budget. A public notice of the public hearing will be published, pursuant to Illinois State Statutes. A summary of the proposed budget shall be made available for public inspection at least 15 days prior to the public hearing, and a notice of the public hearing shall be published at least 15 days prior to the public hearing. The Board of Trustees must approve the budget and any budget amendments.

Budgeted amounts used for comparison in this report are obtained from the operating budget of the District, approved by Board of Trustees, which is prepared in accordance with generally accepted accounting principles, except that depreciation expense is not part of the operating budget, and note principal payments are budgeted as expenses. The budget lapses at the end of the fiscal year.

DEFICIT NET POSITION

The following fund had deficit net position as of the date of this report:

<u>Fund</u>	<u>Deficit</u>
Debt Service	<u>\$ 3,776,148</u>

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS

DEPOSITS 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, and commercial paper rated within the three highest classifications by at least two standard rating services.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Deposits. At year-end, the carrying amount of the District's deposits totaled \$12,843,556 and the bank balances totaled \$12,915,956.

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 does not have a formal policy to mitigate interest rate risk but does not have any investments with exposure to 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 does not have a formal policy with regards to credit risk but does not have any investments with exposure to credit risk.

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 does not have a formal policy with regards to custodial credit risk, but at year end, the entire bank balance was covered by collateral, federal depository or equivalent insurance.

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 does not have a formal policy with regards to concentration risk.

CONSTRUCTION COMMITMENTS

The District has entered into contracts for the construction or renovation of various facilities as follows:

Project	Expended to Date	Remaining Commitment
Back-up Power Generators	\$ 524,398	1,112,196
PT Building Air Handling	302,025	1,091,195
UV Disinfection	3,935,657	843,500

INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts to cover temporary cash shortages. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service	Capital Improvements	<u>\$ 15,408,862</u>

WHEATON SANITARY DISTRICT

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
User Charge	Capital Improvements	\$ 23,582
User Charge	Debt Service	25,470
		<u>49,052</u>

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Additions	Deletions	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 173,777	-	-	173,777
Construction in Progress	12,290,597	6,208,063	6,744,907	11,753,753
	<u>12,464,374</u>	<u>6,208,063</u>	<u>6,744,907</u>	<u>11,927,530</u>
Depreciable Capital Assets				
Land Improvements	1,921,786	-	-	1,921,786
Buildings and Building Improvements	20,070,316	33,355	-	20,103,671
Furniture, Machinery and Equipment	12,784,938	43,085	-	12,828,023
Sewers, Extensions, and Plant Improvements	27,610,767	6,698,217	-	34,308,984
	<u>62,387,807</u>	<u>6,774,657</u>	<u>-</u>	<u>69,162,464</u>
Less Accumulated Depreciation				
Land Improvements	934,303	66,867	-	1,001,170
Buildings and Building Improvements	9,601,557	520,607	-	10,122,164
Furniture, Machinery and Equipment	10,294,013	325,450	-	10,619,463
Sewers, Extensions, and Plant Improvements	11,241,914	665,450	-	11,907,364
	<u>32,071,787</u>	<u>1,578,374</u>	<u>-</u>	<u>33,650,161</u>
Total Net Depreciable Capital Assets	<u>30,316,020</u>	<u>5,196,283</u>	<u>-</u>	<u>35,512,303</u>
Total Net Capital Assets	<u>42,780,394</u>	<u>11,404,346</u>	<u>6,744,907</u>	<u>47,439,833</u>

Depreciation expense of \$1,578,374 was charged to the Capital Improvements Fund.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

LONG-TERM DEBT

IEPA Loans Payable

The District has entered into Illinois Environmental Protection Agency (IEPA) loan agreements to provide low interest financing for capital improvements. IEPA loans currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan Payable (L175052), due in semi-annual installments of \$135,575, including interest at 2.210%, through September 8, 2036.	\$ 3,917,531	-	185,593	3,731,938
IEPA Loan Payable (L175054), due in semi-annual installments of \$20,877, including interest at 1.750%, through December 17, 2036.	642,325	-	30,647	611,678
IEPA Loan Payable (L170249), due in semi-annual installments of \$311,908, including interest at 0.000%, through September 2, 2031.	7,797,688	-	623,815	7,173,873
IEPA Loan Payable (L175053), due in semi-annual installments of \$188,255, including interest at 1.750%, through October 15, 2038.	5,512,724	670,109	254,413	5,928,420
IEPA Loan Payable (L175055), due in semi-annual installments including interest at 1.840%, through July 26, 2040. No final repayment schedule is available for this loan.	-	4,162,046	-	4,162,046
IEPA Loan Payable (L172955), due in semi-annual installments including interest at 2.000%, through December 1, 2040. No final repayment schedule is available for this loan.	-	457,240	-	457,240

WHEATON SANITARY DISTRICT

Notes to the Financial Statements April 30, 2020

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

LONG-TERM DEBT – Continued

IEPA Loans Payable – Continued

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan Payable (L174720), due in semi-annual installments including interest at 2.000%, through September 1, 2040. No final repayment schedule is available for this loan.	\$ -	444,214	-	444,214
	17,870,268	5,733,609	1,094,468	22,509,409

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
Compensated Absences	\$ 90,009	3,920	1,960	91,969	18,394
Net Pension Liability - IMRF	1,228,596	-	1,076,292	152,304	-
IEPA Loans Payable	17,870,268	5,733,609	1,094,468	22,509,409	1,118,675
	19,188,873	5,737,529	2,172,720	22,753,682	1,137,069

Payments on the compensated absences and the net pension liabilities are made by the User Charge Fund. The Debt Service Fund makes payments on the IEPA loans payable.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – 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	IEPA Loans Payable	
	Principal	Interest
2021	\$ 1,118,675	194,554
2022	1,128,254	184,975
2023	1,138,021	175,208
2024	1,147,980	165,249
2025	1,158,134	155,095
2026	1,168,487	144,742
2027	1,179,045	134,184
2028	1,189,810	123,419
2029	1,200,785	112,444
2030	1,211,979	398,250
2031	1,223,391	89,838
2032	923,119	78,203
2033	623,077	66,337
2034	635,176	54,238
2035	647,514	41,900
2036	660,093	29,321
2037	537,344	16,495
2038	368,403	8,107
2039	186,622	1,633
2040	-	-
2041	-	-
	<u>17,445,909</u>	<u>2,174,192</u>

The L175055, L172955 and L174720 loans do not have final repayment schedules; therefore, they are not included in the debt service requirements to maturity above.

WHEATON SANITARY DISTRICT

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

NOTE 3 – DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS – Continued

NET POSITION CLASSIFICATION

Net investment in capital assets was comprised of the following as of year-end:

Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 47,439,833
Less Capital Related Debt:	
IEPA Loans Payable	<u>(22,509,409)</u>
Net Investment in Capital Assets	<u>24,930,424</u>

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; natural disasters; and injuries to the District’s employees. The District has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenses in the appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

The District does not have any pending or threatened litigation, claims or assessments as of the opinion date.

Financial Impact from 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.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

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.

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 that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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. 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).

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

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. 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.

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 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	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	12
Active Plan Members	<u>24</u>
Total	<u><u>57</u></u>

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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 8.26% of covered payroll.

Net Pension Liability. The Authority'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.

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% - 14.25%
Cost of Living Adjustments	3.25%
Inflation	2.50%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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 tables was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

WHEATON SANITARY DISTRICT

Notes to the Financial Statements

April 30, 2020

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 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 Authority 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 IMRF'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.

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 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:

WHEATON SANITARY DISTRICT

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity – Continued

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ 1,403,439	152,304	(891,883)

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Balances at December 31, 2018	\$ 10,452,608	9,224,013	1,228,595
Changes for the Year:			
Service Cost	172,915	-	172,915
Interest on the Total Pension Liability	744,965	-	744,965
Difference Between Expected and Actual Experience of the Total Pension Liability	64,994	-	64,994
Changes of Assumptions	-	-	-
Contributions - Employer	-	131,045	(131,045)
Contributions - Employees	-	77,491	(77,491)
Net Investment Income	-	1,742,221	(1,742,221)
Benefit Payments, Including Refunds of Employee Contributions	(527,379)	(527,379)	-
Other (Net Transfer)	-	108,408	(108,408)
Net Changes	455,495	1,531,786	(1,076,291)
Balances at December 31, 2019	10,908,103	10,755,799	152,304

WHEATON SANITARY DISTRICT

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement – 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 \$87,581. 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	\$ 168,854	(16,919)	151,935
Change in Assumptions	139,797	(82,189)	57,608
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(460,001)	(460,001)
	308,651	(559,109)	(250,458)
Pension Contributions Made Subsequent to the Measurement Date	58,831	-	58,831
Total Deferred Amounts Related to IMRF	367,482	(559,109)	(191,627)

\$58,831 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	\$ (85,561)
2022	(21,818)
2023	66,555
2024	(209,634)
2025	-
Thereafter	-
Total	(250,458)

WHEATON SANITARY DISTRICT

Notes to the Financial Statements April 30, 2020

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

The District has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through the District are required to pay 100% of the current premium. However, there is minimal participation. As the District provides no explicit benefit, and there is minimal participation, there is no material implicit subsidy to calculate in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Therefore, the District has not recorded a liability as of April 30, 2020.

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

WHEATON 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
2015	\$ 172,480	\$ 175,651	\$ 3,171	\$ 1,446,978	12.14%
2016	175,605	175,605	-	1,474,434	11.91%
2017	170,382	170,382	-	1,443,914	11.80%
2018	166,102	166,102	-	1,577,419	10.53%
2019	179,137	179,137	-	1,706,063	10.50%
2020	151,217	151,217	-	1,830,022	8.26%

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.

WHEATON SANITARY DISTRICT

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability

April 30, 2020

	<u>12/31/2014</u>
Total Pension Liability	
Service Cost	\$ 168,011
Interest	601,314
Differences Between Expected and Actual Experience	11,587
Change of Assumptions	337,239
Benefit Payments, Including Refunds of Member Contributions	<u>(372,344)</u>
Net Change in Total Pension Liability	745,807
Total Pension Liability - Beginning	<u>8,119,686</u>
Total Pension Liability - Ending	<u><u>8,865,493</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 175,651
Contributions - Members	66,312
Net Investment Income	478,569
Benefit Payments, Including Refunds of Member Contributions	(372,344)
Other (Net Transfer)	<u>69,305</u>
Net Change in Plan Fiduciary Net Position	417,493
Plan Net Position - Beginning	<u>7,910,568</u>
Plan Net Position - Ending	<u><u>8,328,061</u></u>
Employer's Net Pension Liability/(Asset)	<u><u>\$ 537,432</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.94%
Covered Payroll	\$ 1,446,978
Employer's Net Pension Liability as a Percentage of Covered Payroll	37.14%

Note:

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

12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
159,043	159,014	140,924	159,259	172,915
654,192	676,687	701,114	706,631	744,965
(84,690)	(67,892)	(19,962)	229,108	64,994
-	(9,806)	(284,925)	270,369	-
(421,605)	(434,811)	(435,793)	(509,742)	(527,379)
306,940	323,192	101,358	855,625	455,495
8,865,493	9,172,433	9,495,625	9,596,983	10,452,608
9,172,433	9,495,625	9,596,983	10,452,608	10,908,103
175,606	170,381	166,102	179,137	131,045
66,350	64,976	71,024	76,773	77,491
41,191	563,525	1,524,507	(524,353)	1,742,221
(421,605)	(434,811)	(435,793)	(509,742)	(527,379)
(38,036)	90,616	(178,545)	248,649	108,408
(176,494)	454,687	1,147,295	(529,536)	1,531,786
8,328,061	8,151,567	8,606,254	9,753,549	9,224,013
8,151,567	8,606,254	9,753,549	9,224,013	10,755,799
1,020,866	889,371	(156,566)	1,228,595	152,304
88.87%	90.63%	101.63%	88.25%	98.60%
1,474,434	1,443,914	1,577,419	1,706,063	1,722,015
69.24%	61.59%	(9.93)%	72.01%	8.84%

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 statements and schedules include:

- Budgetary Comparison Schedules – Proprietary Funds
- Consolidated Year-End Financial Report

WHEATON SANITARY DISTRICT

User Charge - Enterprise Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2020 (with Comparative Information for the Fiscal Year Ended April 30, 2019)

	For the Fiscal Year Ended April 30, 2020		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Charges for Services			
User Charges - Sewer Billings	\$ 4,426,300	4,078,885	(347,415)
User Charges - Sewer Maintenance	290,143	308,914	18,771
Sale of Plant Effluent	6,750	5,880	(870)
User Charge Penalties	44,550	108,480	63,930
Septage, Leachate and Sludge Charges	194,520	219,388	24,868
Interceptor Charges	229,142	216,029	(13,113)
Billing Charges	2,241,171	2,267,970	26,799
Water Meter Maintenance	-	-	-
Other Revenue	1,040	21,979	20,939
Total Operating Revenues	7,433,616	7,227,525	(206,091)
Operating Expenses			
Administrative	2,434,495	2,062,367	372,128
Laboratory	402,382	322,906	79,476
Plant Operations	1,459,092	1,194,888	264,204
Plant Maintenance	1,440,802	772,307	668,495
Sewer Operations and Maintenance	532,909	256,947	275,962
Trustees	20,037	18,791	1,246
Total Operating Expenses	6,289,717	4,628,206	1,661,511
Operating Income	1,143,899	2,599,319	1,455,420
Nonoperating Revenues			
Interest Income	47,299	50,367	3,068
Income Before Transfers	1,191,198	2,649,686	1,458,488
Transfers In	-	49,052	49,052
Transfers Out	-	-	-
Change in Net Position	<u>1,191,198</u>	2,698,738	<u>1,507,540</u>
Net Position - Beginning		<u>5,098,826</u>	
Net Position - Ending		<u><u>7,797,564</u></u>	

For the Fiscal Year Ended April 30, 2019		
Original and Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,415,391	4,375,060	(40,331)
297,657	282,821	(14,836)
6,750	7,880	1,130
28,300	98,451	70,151
238,610	191,456	(47,154)
208,508	199,467	(9,041)
1,936,028	2,030,780	94,752
-	1,183	1,183
1,640	73,700	72,060
7,132,884	7,260,798	127,914
1,983,509	1,917,089	66,420
458,382	302,649	155,733
1,463,677	1,156,127	307,550
1,673,800	1,017,164	656,636
671,809	314,836	356,973
20,037	19,012	1,025
6,271,214	4,726,877	1,544,337
861,670	2,533,921	1,672,251
9,000	23,999	14,999
870,670	2,557,920	1,687,250
-	10,728	10,728
-	(39,106)	(39,106)
<u>870,670</u>	2,529,542	<u>1,658,872</u>
	<u>2,569,284</u>	
	<u>5,098,826</u>	

WHEATON SANITARY DISTRICT

User Charge - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenses			
Administrative			
Salaries	\$ 691,544	608,530	83,014
Illinois Municipal Retirement Fund	63,467	54,384	9,083
IMRF GASB 68 Adjustment	-	(64,636)	64,636
F.I.C.A.	67,578	49,787	17,791
Unemployment Compensation	1,882	1,676	206
Workman's Compensation Insurance	560	36,986	(36,426)
Group Insurance	550,000	481,891	68,109
Property and General Liability Insurance	61,600	51,883	9,717
Surety Bonds	5,300	29,333	(24,033)
Liability Insurance	14,850	16,520	(1,670)
Telephone	16,020	15,425	595
Stationary and Supplies	3,500	3,778	(278)
Postage	80,000	71,680	8,320
Dues and Subscriptions	181,390	143,926	37,464
Permit Fees	33,500	32,500	1,000
Travel, Training and Meetings	8,200	9,068	(868)
Data Processing	128,554	104,925	23,629
User Charge Billing	159,700	66,786	92,914
Car Allowance	6,000	1,500	4,500
Safety Equipment and Supplies	200	191	9
Contract Maintenance Service	5,000	2,567	2,433
Miscellaneous Employee Expenses	8,150	12,596	(4,446)
Professional Services	288,500	11,149	277,351
Contract Personnel Service	-	38,695	(38,695)
Legal Services	-	55,884	(55,884)
Internal Audit	15,000	14,053	947
Annual Audit	29,500	7,653	21,847
Engineering Services	10,000	148,746	(138,746)
Legal Publications	4,500	1,738	2,762
Bank Service Charges	-	50,170	(50,170)
FSA Fees	-	1,413	(1,413)
ADP Payroll Fees	-	1,570	(1,570)
Total Administrative	2,434,495	2,062,367	372,128

WHEATON SANITARY DISTRICT

User Charge - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenses - Continued			
Laboratory			
Salaries	\$ 238,496	218,788	19,708
Illinois Municipal Retirement Fund	22,170	10,793	11,377
F.I.C.A.	28,178	17,013	11,165
Unemployment Compensation	807	736	71
Workman's Compensation Insurance	5,760	-	5,760
Stationary and Supplies	2,000	570	1,430
Dues and Subscriptions	890	512	378
Travel, Training and Meetings	8,500	1,927	6,573
Data Processing	2,000	-	2,000
Miscellaneous Employee Expenses	-	404	(404)
Small Tools and Supplies	15,550	10,491	5,059
Personal Clothing and Equipment	2,724	870	1,854
Safety Equipment and Supplies	3,150	1,901	1,249
Contract Maintenance Services	6,745	2,088	4,657
Outside Laboratory Services	39,832	30,086	9,746
Laboratory Chemicals and Supplies	23,580	26,727	(3,147)
Maintenance Supplies and Materials	2,000	-	2,000
Total Laboratory	402,382	322,906	79,476
Plant Operations			
Salaries	555,925	544,569	11,356
Illinois Municipal Retirement Fund	51,678	47,087	4,591
F.I.C.A.	98,699	41,078	57,621
Unemployment Compensation	2,958	2,303	655
Workman's Compensation Insurance	19,200	-	19,200
Electrical Power	312,500	278,263	34,237
Natural Gas	20,000	7,924	12,076
Telephone	3,130	3,661	(531)
Stationary and Supplies	725	115	610
Dues and Subscriptions	850	647	203
Travel, Training and Meetings	15,900	5,161	10,739
Data Processing	64,800	25,717	39,083
Miscellaneous Employee Expenses	-	5,862	(5,862)
Vehicle Gas and Oil	6,600	4,697	1,903

WHEATON SANITARY DISTRICT

User Charge - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenses - Continued			
Plant Operations - Continued			
Diesel Fuel	\$ 8,220	4,223	3,997
Small Tools and Supplies	6,000	3,717	2,283
Personal Clothing and Equipment	6,605	3,794	2,811
Safety Equipment and Supplies	12,650	16,499	(3,849)
Sodium Hypochlorite	18,814	15,120	3,694
Sulfur Dioxide	10,418	11,166	(748)
Other Process Chemicals	52,480	35,026	17,454
Sludge Disposal	100,650	81,970	18,680
Scavenger Services	18,450	15,109	3,341
Contract Maintenance Services	11,200	1,844	9,356
Maintenance Supplies and Materials	2,000	1,916	84
Water and Sewer	20,040	14,714	5,326
Grounds Maintenance, Equip. and Supplies	38,600	22,706	15,894
Total Plant Operations	1,459,092	1,194,888	264,204
Plant Maintenance			
Salaries	437,309	384,145	53,164
Illinois Municipal Retirement Fund	40,652	33,243	7,409
F.I.C.A.	47,540	29,920	17,620
Unemployment Compensation	1,345	1,861	(516)
Workman's Compensation Insurance	11,520	-	11,520
Telephone	3,696	2,677	1,019
Stationary and Supplies	540	89	451
Dues and Subscriptions	110	188	(78)
Travel, Training and Meetings	2,250	3,185	(935)
Data Processing	4,100	-	4,100
Miscellaneous Employee Expenses	-	2,585	(2,585)
Vehicle Repair and Maintenance	49,435	19,509	29,926
Diesel Fuel	-	6,163	(6,163)
Small Tools and Supplies	11,650	1,829	9,821
Personal Clothing and Equipment	4,540	3,887	653
Safety Equipment and Supplies	3,510	2,964	546
Lubricants	7,920	8,019	(99)
Contract Maintenance Services	310,135	65,818	244,317
Maintenance Supplies and Materials	224,900	108,453	116,447
Major Equipment Repair and Replacement	279,650	97,772	181,878
Total Plant Maintenance	1,440,802	772,307	668,495

WHEATON SANITARY DISTRICT

User Charge - Enterprise Fund

Schedule of Operating Expenses - Budget and Actual - Continued For the Fiscal Year Ended April 30, 2020

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenses - Continued			
Sewer Operations and Maintenance			
Salaries	\$ 62,957	65,240	(2,283)
Illinois Municipal Retirement Fund	5,852	5,710	142
F.I.C.A.	9,153	5,225	3,928
Unemployment Compensation	269	245	24
Workman's Compensation Insurance	1,920	-	1,920
Telephone	960	870	90
Stationary and Supplies	100	21	79
Dues and Subscriptions	110	-	110
Travel, Training and Meetings	2,200	882	1,318
Data Processing	2,000	-	2,000
Miscellaneous Employee Expenses	-	404	(404)
Small Tools and Supplies	805	53	752
Personal Clothing and Equipment	1,193	206	987
Safety Equipment and Supplies	150	-	150
Lift Station Maintenance	6,920	411	6,509
Interceptor Sewer Maintenance	87,340	12,675	74,665
Collector Sewer Maintenance	338,480	159,685	178,795
Engineering Services	9,500	5,320	4,180
Maintenance Supplies and Materials	3,000	-	3,000
Total Sewer Operations and Maintenance	532,909	256,947	275,962
Trustees			
Salaries	18,000	18,000	-
F.I.C.A.	1,377	691	686
Workman's Compensation Insurance	210	-	210
Surety Bonds	450	100	350
Total Trustees	20,037	18,791	1,246
Total Operating Expenses	6,289,717	4,628,206	1,661,511

WHEATON SANITARY DISTRICT

Capital Improvements - Enterprise Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual For the Fiscal Year Ended April 30, 2020 (with Comparative Information for the Fiscal Year Ended April 30, 2019)

	For the Fiscal Year Ended April 30, 2020		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Charges for Services			
User Charges - Capital Improvement	\$ 1,859,534	1,735,401	(124,133)
Septage, Leachate and Sludge Charges	112,500	107,851	(4,649)
Permit Fees	100,000	161,363	61,363
Total Operating Revenues	<u>2,072,034</u>	<u>2,004,615</u>	<u>(67,419)</u>
Operating Expenses			
Capital Improvements			
Process Equipment	-	-	-
Land Improvements	177,000	13,410	163,590
Plant and Buildings	467,000	781,080	(314,080)
Capital Improvement Studies	836,400	204,338	632,062
Plant Expansions	18,659,000	5,244,543	13,414,457
Sewers and Extensions	516,000	245,373	270,627
Water Meter Installation	-	3,570	(3,570)
Legal Services	-	70,531	(70,531)
Less: Capital Assets Capitalized	-	(6,237,813)	6,237,813
Depreciation	-	1,578,375	(1,578,375)
Total Operating Expenses	<u>20,655,400</u>	<u>1,903,407</u>	<u>18,751,993</u>
Operating Income (Loss)	<u>(18,583,366)</u>	<u>101,208</u>	<u>18,684,574</u>
Nonoperating Revenues (Expenses)			
Personal Property Replacement Taxes	28,000	38,060	10,060
Interest Income	26,208	34,353	8,145
Loan Proceeds	21,625,651	-	(21,625,651)
Other Revenue	2,500	316,617	314,117
Interest Expense	-	(28,902)	(28,902)
Total Nonoperating Revenues	<u>21,682,359</u>	<u>360,128</u>	<u>(21,322,231)</u>
Income (Loss) Before Transfers	3,098,993	461,336	(2,637,657)
Transfers In	-	-	-
Transfers Out	-	(23,582)	(23,582)
Change in Net Position	<u>3,098,993</u>	<u>437,754</u>	<u>(2,661,239)</u>
Net Position - Beginning		<u>33,860,055</u>	
Net Position - Ending		<u>34,297,809</u>	

For the Fiscal Year Ended April 30, 2019		
Original and Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,268,310	1,188,043	(80,267)
147,967	93,887	(54,080)
150,000	93,631	(56,369)
1,566,277	1,375,561	(190,716)
-	2,063	(2,063)
417,000	161,166	255,834
397,000	271,106	125,894
176,000	253,693	(77,693)
8,238,500	4,935,240	3,303,260
1,757,500	340,589	1,416,911
-	-	-
-	-	-
-	(5,797,050)	5,797,050
-	1,609,394	(1,609,394)
10,986,000	1,776,201	9,209,799
(9,419,723)	(400,640)	9,019,083
28,000	34,800	6,800
3,150	15,941	12,791
7,231,500	-	(7,231,500)
2,500	-	(2,500)
-	-	-
7,265,150	50,741	(7,214,409)
(2,154,573)	(349,899)	1,804,674
-	39,106	39,106
-	(4,219)	(4,219)
(2,154,573)	(315,012)	1,839,561
	34,175,067	
	33,860,055	

WHEATON SANITARY DISTRICT

Debt Service - Enterprise Fund

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended April 30, 2020

(with Comparative Information for the Fiscal Year Ended April 30, 2019)

	For the Fiscal Year Ended April 30, 2020		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Charges for Services			
User Charges - Debt	\$ 1,931,503	1,799,774	(131,729)
Operating Expenses			
None	-	-	-
Operating Income	1,931,503	1,799,774	(131,729)
Nonoperating Revenues (Expenses)			
Interest Income	28,963	25,192	(3,771)
Principal Retirement	(1,049,871)	-	1,049,871
Interest Expense	(180,277)	(220,041)	(39,764)
Total Nonoperating Revenues (Expenses)	(1,201,185)	(194,849)	1,006,336
Income Before Transfers	730,318	1,604,925	874,607
Transfers Out	-	(25,470)	(25,470)
Change in Net Position	<u>730,318</u>	1,579,455	<u>849,137</u>
Net Position - Beginning		<u>(5,355,603)</u>	
Net Position - Ending		<u>(3,776,148)</u>	

For the Fiscal Year Ended April 30, 2019		
Original and Final Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,757,512	1,679,007	(78,505)
-	-	-
1,757,512	1,679,007	(78,505)
5,400	19,136	13,736
(1,106,914)	-	1,106,914
(225,010)	(137,121)	87,889
(1,326,524)	(117,985)	1,208,539
430,988	1,561,022	1,130,034
-	(6,509)	(6,509)
<u>430,988</u>	1,554,513	<u>1,123,525</u>
	<u>(6,910,116)</u>	
	<u>(5,355,603)</u>	

WHEATON SANITARY DISTRICT

Consolidated Year-End Financial Report April 30, 2020

CSFA #	Program Name	State	Federal	Other	Totals
532-60-0379	USEPA Capitalization Grants for Drinking Water State Revolving Funds	\$ 3,298,791	1,302,063	-	4,600,854
	Other Grant Programs and Activities	-	-	-	-
	All Other Costs Not Allocated	-	-	2,179,702	2,179,702
	Totals	3,298,791	1,302,063	2,179,702	6,780,556



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING
STANDARDS**

July 31, 2020

Members of the Board of Trustees
Wheaton Sanitary District
Wheaton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Wheaton 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, and have issued our report thereon dated July 31, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. According, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP