

# **Salt Creek** SANITARY DISTRICT

## **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED APRIL 30, 2021**

# **SALT CREEK SANITARY DISTRICT**

## **Villa Park, Illinois**

### **Annual Financial Report**

For the Year Ended April 30, 2021

#### **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, 2021**

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# **INDEPENDENT AUDITOR'S REPORT**

# Selden Fox

Accounting for your future

619 Enterprise Drive | Oak Brook, Illinois 60523 | [www.seldenfox.com](http://www.seldenfox.com)  
p 630.954.1400 | f 630.954.1327 | [email@seldenfox.com](mailto: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, 2021, 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, 2021, 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 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 comprises 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 – 46 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Seelden Fox, Ltd.*

August 27, 2021

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

**Salt Creek Sanitary District  
Management's Discussion and Analysis  
April 30, 2021**

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, 2021. 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, 2021, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$8,764,538 (net position). Of this amount, \$3,381,102 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's operating expenses for fiscal year 2021 increased by \$173,220 or 7.5% over 2020. Depreciation expense and fringe benefits increased from the prior year while all other expense categories remained relatively consistent with the prior year expense levels.
- User charge revenues increased by \$107,725 or 3.7% over 2020 primarily due to increased rates.
- Nonoperating revenues decreased by \$8,848 due to decreased interest income.

**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**

Current and other assets	\$ 3,852,618
Capital assets	18,434,336
Net pension asset	<u>557,988</u>
<b>Total assets</b>	<b><u>22,844,942</u></b>
<b>Deferred outflow of resources - pension amounts</b>	<b><u>275,271</u></b>
Long-term liabilities	12,419,751
Other liabilities	<u>1,407,142</u>
<b>Total liabilities</b>	<b><u>13,826,893</u></b>
<b>Deferred inflow of resources - pension amounts</b>	<b><u>528,782</u></b>
Net investment in capital assets	5,383,436
Unrestricted	<u>3,381,102</u>
<b>Total net position</b>	<b><u>\$ 8,764,538</u></b>

## Net Position (cont'd)

During 2021, capital assets increased by \$428,629. This increase resulted from additions to construction in process for the East Grit Channel replacement project. Long-term liabilities outstanding decreased by \$745,723 due to scheduled principal payments on long-term debt (see Note II.C.). Other liabilities decreased by \$47,305 due to a decrease in accounts payable from April 30, 2020.

**Table A-2**  
**Condensed Statement of Activities**

Operating revenues	\$ 3,128,465
Nonoperating revenues (expenses)	<u>(199,282)</u>
<b>Total revenues</b>	<b><u>2,929,183</u></b>
Depreciation expense	1,020,189
Other operating expense	<u>1,474,257</u>
<b>Total operating expenses</b>	<b><u>2,494,446</u></b>
<b>Change in net position</b>	<b>434,737</b>
Net position, beginning of the year	<u>8,329,801</u>
Net position, end of year	<b><u>\$ 8,764,538</u></b>

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 2021, net position increased by \$434,737.

The District's operating revenues increased by \$104,706 to \$3,128,465 in 2021 due to an increase in user charge rates. Also, non-operating revenues (expense) as shown in more detail on page 11 increased by \$8,848 to \$(199,282) primarily due to decreased interest income.

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 2021 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 2021 General Fund budget comparison and analysis is presented in Table A-3.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
From operations	\$ 3,149,100	\$ 3,117,365	\$ (31,735)
Non operating	45,500	<b>65,037</b>	19,537
<b>Total revenues</b>	<u>3,194,600</u>	<u><b>3,182,402</b></u>	<u>(12,198)</u>
Operation expenses:			
Administrative	570,684	<b>486,462</b>	84,222
Operating	750,225	<b>665,609</b>	84,616
Maintenance	365,568	<b>276,400</b>	89,168
Laboratory	84,033	<b>72,185</b>	11,848
<b>Total expenses</b>	<u>1,770,510</u>	<u><b>1,500,656</b></u>	<u>269,854</u>
<b>Revenues over expenditures</b>	<u>\$ 1,424,090</u>	<u><b>\$ 1,681,746</b></u>	<u>\$ 257,656</u>

Revenues over expenses were under budget by \$257,656 due to the following:

- Unfavorable variance of revenues from operations and non operating revenues, including \$30,870 less user charges than budgeted offset by \$19,997 more state replacement tax revenue than budgeted for.
- Salaries were \$28,236 lower than expected.
- Fringe benefits were \$15,298 lower than anticipated because of decreased health insurance costs.
- Insurance expenses were \$5,969 lower than expected.
- Utilities expenses were \$29,510 lower than expected.

## Capital Assets

At the end of fiscal 2021, the District had \$18,434,336 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

**Table A-4  
Capital Assets**

Wastewater treatment facilities	\$ 34,449,982
Office and lab equipment	222,699
Transportation equipment	134,038
Construction in progress	<u>2,367,657</u>
<b>Total capital assets</b>	<b>37,174,376</b>
Accumulated depreciation	<u>(18,740,040)</u>
<b>Net capital assets</b>	<b><u>\$ 18,434,336</u></b>

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, 2021, amounted to \$13,050,900. 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
2021	5.90	.1775	.1649

## District Contact Information

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

## **BASIC FINANCIAL STATEMENTS**

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Net Position**  
**April 30, 2021**

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<b>Assets</b>	
Current assets:	
Cash	\$ 1,764,904
Investments	1,958,000
Receivables:	
Accounts	74,586
Replacement taxes	14,025
Accrued interest	488
Prepaid assets	<u>40,615</u>
<b>Total current assets</b>	<u><b>3,852,618</b></u>
Capital assets, net:	
Not being depreciated	2,417,719
Being depreciated	<u>16,016,617</u>
<b>Total capital assets, net</b>	<u><b>18,434,336</b></u>
Net pension asset	<u>557,988</u>
<b>Total assets</b>	<u><b>22,844,942</b></u>
<b>Deferred Outflows of Resources</b>	
Deferred pension amounts	80,820
Deferred OPEB amounts	<u>194,451</u>
<b>Total deferred outflows of resources</b>	<u><b>275,271</b></u>
<b>Total assets and deferred outflows of resources</b>	<u><b>\$ 23,120,213</b></u>

See accompanying notes.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Net Position**  
**April 30, 2021**

**Liabilities**

Current liabilities:

Accounts payable and accrued expenses	\$ 238,338
Payroll related liabilities	19,149
Accrued interest payable	72,779
Compensated absences	26,088
Current maturities of long-term debt	<u>1,052,049</u>

**Total current liabilities** 1,408,403

Long-term liabilities:

Long-term debt, less current maturities	11,998,851
Compensated absences	56,077
Net OPEB liability	<u>363,562</u>

**Total long-term liabilities** 12,418,490

**Total liabilities** 13,826,893

**Deferred Inflows of Resources**

Deferred pension amounts	452,790
Deferred OPEB amounts	<u>75,992</u>

**Total deferred inflows of resources** 528,782

**Net Position**

Net investment in capital assets	5,383,436
Unrestricted	<u>3,381,102</u>

**Total net position** \$ 8,764,538



**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Activities**  
**For the Year Ended April 30, 2021**

<hr/>	
Operating revenues:	
User charges	\$ 2,984,330
Capital charges	<u>144,135</u>
<b>Total operating revenues</b>	<u><b>3,128,465</b></u>
Operating expenses:	
Employee costs:	
Salaries	488,733
Fringe benefits	332,802
Contractual services	84,240
Waste disposal	66,046
Utilities	205,340
Insurance	49,852
Chemicals	15,994
Material and supplies	18,376
Maintenance	98,711
Administrative	114,163
Other	-
Depreciation	<u>1,020,189</u>
<b>Total operating expenses</b>	<u><b>2,494,446</b></u>
<b>Operating income</b>	<u><b>634,019</b></u>
Nonoperating revenues (expenses):	
Intergovernmental - state replacement taxes	49,997
Interest income	16,255
Interest expense	(275,517)
Other income	<u>9,983</u>
<b>Total nonoperating revenues (expenses)</b>	<u><b>(199,282)</b></u>
<b>Changes in net position</b>	<u><b>434,737</b></u>
Net position, beginning of the year	<u>8,329,801</u>
Net position, end of the year	<u><b>\$ 8,764,538</b></u>

See accompanying notes.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Cash Flows**  
**For the Year Ended April 30, 2021**

Cash flows from operating activities:	
Received from customers	\$ 3,338,426
Paid to suppliers for goods and services	(645,184)
Paid to employees for services	(776,283)
<b>Net cash flows from operating activities</b>	<b>1,916,959</b>
Cash flows from investing activities:	
Investment income received	27,266
Investments purchased	(4,800,000)
Investments matured	5,376,000
<b>Net cash flows from investing activities</b>	<b>603,266</b>
Cash flows from capital and related financing activities:	
Debt retired	(1,028,098)
Interest paid	(281,314)
Purchases of capital assets	(1,512,062)
<b>Net cash flows from capital and related financing activities</b>	<b>(2,821,474)</b>
Cash flows from noncapital financing activities:	
Replacement taxes received	41,353
Other income received	9,983
<b>Net cash from noncapital financing activities</b>	<b>51,336</b>
<b>Net change in cash</b>	<b>(249,913)</b>
Cash, beginning of the year	2,014,817
Cash, end of the year	\$ 1,764,904
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 634,019
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	1,020,189
Deferred outflows of resources	190,078
Deferred inflows of resources	(83,737)
Changes in:	
Receivables	209,961
Net pension asset	(370,640)
Other assets	12,978
Payables and compensated absences	2,043
Net OPEB liability	302,068
<b>Net cash flows from operating activities</b>	<b>\$ 1,916,959</b>

See accompanying notes.

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

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**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)**

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**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)**

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**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.

**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)**

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**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)**

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**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, 2021, 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)**

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**II. Detailed Notes for All Activities and Fund Types**

**A. Cash and Investments**

**Deposits** – At April 30, 2021, the carrying amount of the District's deposits was \$1,764,604, and the bank balance was \$1,779,534, which was fully insured and collateralized. In addition, the District has cash on hand of \$300 at April 30, 2021.

**Investments** – The District's investments consist of certificates of deposit with a carrying value of \$1,958,000 which approximates the fair value as of April 30, 2021. 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, 2021, is as follows:

	Balance May 1, 2020	Additions	Deletions	Balance April 30, 2021
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,062	\$ -	\$ -	\$ 50,062
Construction in process	1,049,490	1,318,167	-	2,367,657
<b>Total capital assets not being depreciated</b>	<b>1,099,552</b>	<b>1,318,167</b>	<b>-</b>	<b>2,417,719</b>
Capital assets being depreciated:				
Plant, buildings and equipment	33,560,909	117,451	-	33,678,360
Administration building	721,560	-	-	721,560
Transportation equipment	134,038	-	-	134,038
Office equipment	209,502	13,197	-	222,699
<b>Total capital assets being depreciated</b>	<b>34,626,009</b>	<b>130,648</b>	<b>-</b>	<b>34,756,657</b>
Less accumulated depreciation	(17,719,854)	(1,020,186)	-	(18,740,040)
<b>Total capital assets being depreciated, net</b>	<b>16,906,155</b>	<b>(889,538)</b>	<b>-</b>	<b>16,016,617</b>
<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 18,005,707</b>	<b>\$ 428,629</b>	<b>\$ -</b>	<b>\$ 18,434,336</b>

**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:

	<b>2021</b>
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.	<b>\$ 2,184,461</b>
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.	<b>3,441,641</b>
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.	<b>7,424,798</b>
	<b>\$ 13,050,900</b>

Long-term debt and other liability activity during the years ended April 30, 2021, was as follows:

	Balance May 1, 2020	Increase/ Proceeds	Decrease/ Payments	Balance April 30, 2021	Due Within One Year
IEPA loan dated:					
May 2004	\$ 2,637,614	\$ -	\$ 453,153	\$ 2,184,461	\$ 464,552
June 2012	3,656,857	-	215,216	3,441,641	220,184
October 2016	7,784,527	-	359,729	7,424,798	367,313
<b>Total IEPA</b>	14,078,998	-	1,028,098	<b>13,050,900</b>	1,052,049
Other liabilities:					
Compensated absences	75,298	67,242	60,375	<b>82,165</b>	26,088
Net OPEB liability	61,494	302,068	-	<b>363,562</b>	-
	\$ 14,215,790	\$ 369,310	\$ 1,088,473	<b>\$ 13,496,627</b>	\$ 1,078,137

**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 are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,052,049	\$ 255,016	\$ 1,307,065
2023	1,075,111	231,952	1,307,063
2024	1,098,697	208,367	1,307,064
2025	1,122,816	184,248	1,307,064
2026	889,343	159,583	1,048,926
2027 – 2031	3,361,723	592,206	3,953,929
2032 – 2036	3,250,084	256,975	3,507,059
2037 - 2039	1,201,077	31,105	1,232,182
	<u>\$ 13,050,900</u>	<u>\$ 1,919,452</u>	<u>\$ 14,970,352</u>

**D. Supplemental Cash Flow Disclosure**

Capital assets acquired included in accounts payable as of April 30, 2021, amounted to \$197,638. Capital assets acquired during the year ended April 30, 2020, paid for during the year ended April 30, 2021, amounted to \$260,882.

**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, 2021, the District had no outstanding claims, and has not had any insurance settlements exceed commercial coverage.

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

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

**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, 2021. 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.

**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](http://www.imrf.org).

The IMRF Plan membership consisted of the following at December 31, 2020:

Retirees and beneficiaries	<b>12</b>
Inactive, non-retired members	<b>2</b>
Active members	<b>8</b>
	<hr/>
<b>Total</b>	<b>22</b>

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

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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 \$116,740 and \$115,929 at January 1, 2021 and 2020, 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 2020, was 8.24%. For the fiscal year ended April 30, 2021, the District contributed \$37,916 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)**

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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, 2021, the District's net pension asset was measured as of December 31, 2020. 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, 2020, valuation was based on an actuarial experience study for the period January 1, 2017 – December 31, 2019, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.85% to 13.75%
Investment rate of return	7.25%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2020, was 23 years.

**Mortality Rates** – For the actuarial valuation at December 31, 2020, for non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

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

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

**Net Pension Liability (cont'd)**

**Mortality Rates (cont'd)**

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 Healthy 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.

**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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	37%	5.00%
International equities	18%	6.00%
Fixed income	28%	1.30%
Real estate	9%	6.20%
Alternatives:	7%	
Private equity		6.95%
Commodities		2.85%
Cash equivalents	1%	0.70%

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

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

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

**Net Pension Liability** (cont'd)

**Discount Rate** – The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees for the next 99 years. Therefore, the long-term expected rate of return on pension plan investments (7.25%) was applied to the next 87 periods of projected benefit payments, and then the municipal bond rate of 2.00% (based on an index of 20-year general obligation bonds with an average AA credit rating with is published by the Federal Reserve as of December 31, 2020) was utilized, resulting in a single discount rate of 7.25% being used to determine the total pension liability.



**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 (asset) are made up of the following for the year ended December 31, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/19	\$ 4,873,499	\$ 5,060,847	\$ (187,348)
Changes for the year:			
Service cost	47,354	-	47,354
Interest	345,439	-	345,439
Differences between expected and actual experience	71,535	-	71,535
Assumption changes	(7,580)	-	(7,580)
Contributions – employer	-	37,916	(37,916)
Contributions – employee	-	20,707	(20,707)
Net investment income	-	718,517	(718,517)
Benefit payments, including refunds of employee contributions	(264,991)	(264,991)	-
Other changes	-	50,248	(50,248)
Net changes	191,757	562,397	(370,640)
<b>Balances at 12/31/20</b>	<b>\$ 5,065,256</b>	<b>\$ 5,623,244</b>	<b>\$ (557,988)</b>

**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 (Asset) to Changes in the Discount Rate –**

The following presents the plan's net pension liability, calculated using a single discount rate of 7.25% (7.50% in the prior year), 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	\$ (11,178)	\$ (557,988)	\$ (1,015,128)

**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, 2021, the District recognized pension income of \$110,813. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at April 30, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,119	\$ -	\$ 59,119
Assumption changes	9,921	5,058	4,863
Net difference between projected and actual earnings in pension plan investments	-	447,732	(447,732)
Subtotal	69,040	452,790	(383,750)
Contributions made subsequent to measurement date	11,780	-	11,780
Total	<b>\$ 80,820</b>	<b>\$ 452,790</b>	<b>\$ (371,970)</b>

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

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**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,		
2021	\$	(102,618)
2022		(31,706)
2023		(177,973)
2024		<u>(71,453)</u>
	\$	<u>(383,750)</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, 2021, 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>
<b>Total</b>	<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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2020.

Total OPEB liability	\$	363,562
Plan fiduciary net position		-
Net OPEB liability	\$	363,562

**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, 2020, rolled forward to April 30, 2021, 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		1.83%
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		Fiscal Year	PPO Plan	
2021	6.00	%	2032	4.82	%
2022	5.89		2033	4.71	
2023	5.79		2034	4.61	
2024	5.68		2035	4.50	
2025	5.57		Subsequent	4.50	
2026	5.46				
2027	5.36				
2028	5.25				
2029	5.14				
2030	5.04				
2031	4.93				

**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 20-year, tax-exempt general obligation municipal bond rates with an average rating of AA/Aa or higher. The District does not have a trust dedicated exclusively to the payment of OPEB benefit.

**Changes in Net OPEB Liability**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance 5/1/20	\$ 61,494	\$ -	\$ 61,494
Changes for the year:			
Service cost	11,018	-	11,018
Interest	1,516	-	1,516
Changes of benefit terms	167,944	-	167,944
Differences between expected and actual experience	(89,647)	-	(89,647)
Changes in assumptions	227,855	-	227,855
Contributions - employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments	(16,618)	-	(16,618)
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	302,068	-	302,068
<b>Balances at 4/30/21</b>	<b>\$ 363,562</b>	<b>\$ -</b>	<b>\$ 363,562</b>

The total net OPEB benefit recognized in financial statements amounted to \$185,422. Deferred outflows of resources related to the net OPEB liability totaled \$194,451 and deferred inflows of resources related to the net OPEB liability totaled \$75,992 at April 30, 2021.

**Change in Assumptions** – The discount rate was changed to comply with the GASB 75 standard. The mortality assumption was changed from the RP-2014 Combined Annuitant Mortality Table for males and females to the PubG.H.-2010 Mortality Table – General with Mortality Improvement using Scale MP-2020. The election assumption was increased for retiree’s anticipated to elect coverage upon retirement.

**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 Discount Rate** – The following presents the net OPEB liability of the District, calculated using the discount rate of 1.83% (3.21% in the prior year), 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 (0.83%)	Current Discount Rate (1.83%)	1% Increase (2.83%)
Net OPEB Liability	\$ 372,408	\$ 363,562	\$ 354,706

**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	\$ 351,646	\$ 363,562	\$ 376,158

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Net OPEB Liability**

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

Year Ending April 30,

2022	\$ 21,563
2023	21,563
2024	21,563
2025	21,517
2026	21,228
2027	11,025
	\$ 118,459

**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**

	2020	2019	2018	2017	2016	2015
<b>Total pension liability:</b>						
Service cost	\$ 47,354	\$ 43,268	\$ 48,983	\$ 46,589	\$ 49,771	\$ 46,736
Interest on the total pension liability	345,439	334,426	323,524	319,749	310,945	302,182
Benefit changes	-	-	-	-	-	-
Difference between expected and actual experience	71,535	21,885	33,773	18,327	(59,887)	(46,260)
Assumption changes	(7,580)	-	121,059	(134,964)	(10,022)	-
Benefit payments and refunds	(264,991)	(234,424)	(216,314)	(184,819)	(181,019)	(193,015)
<b>Net change in total pension liability</b>	<b>191,757</b>	<b>165,155</b>	<b>311,025</b>	<b>64,882</b>	<b>109,788</b>	<b>109,643</b>
<b>Total pension liability - beginning</b>	<b>4,873,499</b>	<b>4,708,344</b>	<b>4,397,319</b>	<b>4,332,437</b>	<b>4,222,649</b>	<b>4,113,006</b>
<b>Total pension liability - ending</b>	<b>\$ 5,065,256</b>	<b>\$ 4,873,499</b>	<b>\$ 4,708,344</b>	<b>\$ 4,397,319</b>	<b>\$ 4,332,437</b>	<b>\$ 4,222,649</b>
<b>Plan fiduciary net position:</b>						
Employer contributions	\$ 37,916	\$ 26,201	\$ 46,973	\$ 55,529	\$ 168,742	\$ 318,354
Employee contributions	20,707	20,979	22,274	21,069	18,885	19,011
Pension plan net investment income	718,517	845,035	(265,151)	745,137	266,990	18,994
Benefit payments and refunds	(264,991)	(234,424)	(216,314)	(184,819)	(181,019)	(193,015)
Other	50,248	17,300	101,646	(92,409)	32,833	(44,634)
<b>Net change in plan fiduciary net position</b>	<b>562,397</b>	<b>675,091</b>	<b>(310,572)</b>	<b>544,507</b>	<b>306,431</b>	<b>118,710</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,060,847</b>	<b>4,385,756</b>	<b>4,696,328</b>	<b>4,151,821</b>	<b>3,845,390</b>	<b>3,726,680</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 5,623,244</b>	<b>\$ 5,060,847</b>	<b>\$ 4,385,756</b>	<b>\$ 4,696,328</b>	<b>\$ 4,151,821</b>	<b>\$ 3,845,390</b>
<b>Net pension liability (asset)</b>	<b>\$ (557,988)</b>	<b>\$ (187,348)</b>	<b>\$ 322,588</b>	<b>\$ (299,009)</b>	<b>\$ 180,616</b>	<b>\$ 377,259</b>
Plan fiduciary net position as a percentage of total pension liability	<b>111.02%</b>	<b>103.84%</b>	<b>93.15%</b>	<b>106.80%</b>	<b>95.83%</b>	<b>91.07%</b>
Covered valuation payroll	<b>\$ 460,151</b>	<b>\$ 466,209</b>	<b>\$ 494,986</b>	<b>\$ 468,203</b>	<b>\$ 419,668</b>	<b>\$ 422,462</b>
Net pension liability as a percentage of covered valuation payroll	<b>-121.26%</b>	<b>-40.19%</b>	<b>65.17%</b>	<b>-63.86%</b>	<b>43.04%</b>	<b>89.30%</b>

Note - The District adopted GASB 68 in the fiscal 2015 and will build a ten-year history prospectively.

See independent auditor's report.



**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
2021	37,916	37,916	-	445,468	8.51

**Notes to Required Supplementary Information:**

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % of Pay (Closed)
Remaining Amortization Period	23 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	7.25%
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>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ 11,018	\$ 1,306	\$ 1,203
Interest	1,515	1,951	2,248
Changes in assumptions	138,209	647	1,050
Benefit payments, including refunds of member contributions	(16,618)	(6,133)	(6,945)
Other changes	167,944	(138)	905
<b>Net change in total OPEB liability</b>	<b>302,068</b>	<b>(2,367)</b>	<b>(1,539)</b>
Total OPEB liability, beginning of year	61,494	63,861	65,400
<b>Total OPEB liability, end of year</b>	<b>\$ 363,562</b>	<b>\$ 61,494</b>	<b>\$ 63,861</b>
Plan fiduciary net position, beginning of year	-	-	-
<b>Plan fiduciary net position, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Employer's net OPEB liability	<b>\$ 363,562</b>	<b>\$ 61,494</b>	<b>\$ 63,861</b>
Plan fiduciary net position as a percentage of the total OPEB liability	<b>0.00%</b>	0.00%	0.00%
Covered employee payroll	<b>\$ 445,468</b>	<b>\$ 466,209</b>	<b>\$ 537,389</b>
Employer's net OPEB liability as a percentage of covered-employee payroll	<b>81.61%</b>	13.19%	11.88%

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

See independent auditor's report.

**SUPPLEMENTARY INFORMATION**

**Salt Creek Sanitary District, Villa Park, Illinois**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis**  
**For the Year Ended April 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
User charges	\$ 3,004,100	\$ 2,973,230	\$ (30,870)
Capital charges	145,000	144,135	(865)
Intergovernmental - state replacement taxes	30,000	49,997	19,997
Interest	7,000	6,502	(498)
Miscellaneous	8,500	8,538	38
<b>Total revenues</b>	<u>3,194,600</u>	<u>3,182,402</u>	<u>(12,198)</u>
<b>Expenditures:</b>			
Administrative	570,684	486,462	84,222
Operating	750,225	665,609	84,616
Maintenance	365,568	276,400	89,168
Laboratory	84,033	72,185	11,848
<b>Total expenditures</b>	<u>1,770,510</u>	<u>1,500,656</u>	<u>269,854</u>
<b>Revenues over expenditures</b>	1,424,090	1,681,746	257,656
Other financing uses - transfers out	<u>(1,520,100)</u>	<u>(1,511,599)</u>	<u>8,501</u>
<b>Changes in fund balance</b>	<u>\$ (96,010)</u>	<u>170,147</u>	<u>\$ 266,157</u>
Fund balance, beginning of the year		<u>1,627,248</u>	
Fund balance, end of the year		<u>\$ 1,797,395</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, 2021**

	Budget	Actual	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	\$ 193,800	\$ 198,802	\$ (5,002)
Payroll taxes and fringe benefits	107,884	121,129	(13,245)
	<u>301,684</u>	<u>319,931</u>	<u>(18,247)</u>
Contractual services:			
Bank fees	3,800	3,111	689
Legal	15,000	9,510	5,490
Audit	15,000	14,245	755
Other professional fees	28,100	12,307	15,793
	<u>61,900</u>	<u>39,173</u>	<u>22,727</u>
Supplies:			
Office supplies	5,000	2,674	2,326
Computer	20,000	20,960	(960)
Office equipment maintenance	4,000	1,888	2,112
Postage	24,000	16,820	7,180
	<u>53,000</u>	<u>42,342</u>	<u>10,658</u>
Utilities - telephone service	<u>1,500</u>	<u>1,159</u>	<u>341</u>
Other:			
Advertising	1,500	748	752
Meetings	5,000	-	5,000
Permit/assessment fees	83,000	79,954	3,046
Travel	800	-	800
Dues and subscriptions	3,500	3,155	345
Water meter readings	31,700	-	31,700
Uncollectible accounts	2,000	-	2,000
Miscellaneous	100	-	100
Contingency	25,000	-	25,000
	<u>152,600</u>	<u>83,857</u>	<u>68,743</u>
<b>Total administrative</b>	<u>570,684</u>	<u>486,462</u>	<u>84,222</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, 2021**

	Budget	Actual	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	\$ 213,212	\$ 193,681	\$ 19,531
Payroll taxes and fringe benefits	124,713	118,579	6,134
Employee training	3,000	-	3,000
	<u>340,925</u>	<u>312,260</u>	<u>28,665</u>
Contractual services - engineer fees	<u>15,000</u>	<u>9,142</u>	<u>5,858</u>
Waste disposal	<u>75,000</u>	<u>66,047</u>	<u>8,953</u>
Insurance:			
Vehicle insurance	3,000	2,179	821
General insurance	55,000	49,852	5,148
	<u>58,000</u>	<u>52,031</u>	<u>5,969</u>
Supplies:			
Drying bed supplies	10,000	6,270	3,730
Supplies	5,000	4,234	766
	<u>15,000</u>	<u>10,504</u>	<u>4,496</u>
Chemicals - other chemicals	<u>17,500</u>	<u>15,994</u>	<u>1,506</u>
Utilities:			
Telephone and pager	4,800	5,006	(206)
Electric	195,000	175,795	19,205
Natural gas	28,000	17,886	10,114
Water	1,000	944	56
	<u>228,800</u>	<u>199,631</u>	<u>29,169</u>
<b>Total operating</b>	<u>750,225</u>	<u>665,609</u>	<u>84,616</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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Maintenance:			
Personnel costs:			
Salaries and wages	\$ 89,961	\$ 75,017	\$ 14,944
Payroll taxes and fringe benefits	60,107	44,877	15,230
	<u>150,068</u>	<u>119,894</u>	<u>30,174</u>
Materials and supplies:			
Repair materials	5,000	6,288	(1,288)
Supplies	7,500	3,194	4,306
Tools	3,000	1,211	1,789
	<u>15,500</u>	<u>10,693</u>	<u>4,807</u>
Repair and maintenance:			
Outside equipment repairs	50,000	53,901	(3,901)
Equipment rental	6,000	9,193	(3,193)
Building maintenance	70,000	60,196	9,804
Software maintenance	10,000	1,916	8,084
Oil and gasoline	4,000	5,710	(1,710)
	<u>140,000</u>	<u>130,916</u>	<u>9,084</u>
Contingency	<u>60,000</u>	<u>14,897</u>	<u>45,103</u>
<b>Total maintenance</b>	<u>365,568</u>	<u>276,400</u>	<u>89,168</u>
Laboratory:			
Personnel costs:			
Salaries and wages	19,997	21,234	(1,237)
Payroll taxes and fringe benefits	20,036	12,857	7,179
	<u>40,033</u>	<u>34,091</u>	<u>5,942</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, 2021**

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	Budget	Actual	Variance Positive (Negative)
Laboratory (cont'd):			
Contractual services - outside services	\$ 40,000	\$ 35,825	\$ 4,175
Materials and supplies	4,000	2,269	1,731
<b>Total laboratory</b>	84,033	72,185	11,848
<b>Total expenditures</b>	\$ 1,770,510	\$ 1,500,656	\$ 269,854

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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Connection fees	\$ -	\$ 11,100	\$ 11,100
Interest income	-	1,847	1,847
Miscellaneous	-	1,345	1,345
<b>Total revenues</b>	<u>-</u>	<u>14,292</u>	<u>14,292</u>
Expenditures - capital outlay	<u>1,270,000</u>	<u>971,467</u>	<u>298,533</u>
<b>Revenues under expenditures</b>	(1,270,000)	(957,175)	312,825
Other financing sources - transfers in	<u>-</u>	<u>432,477</u>	<u>432,477</u>
<b>Changes in fund balance</b>	<u>\$ (1,270,000)</u>	<u>(524,698)</u>	<u>\$ 745,302</u>
Fund balance, beginning of the year		<u>762,761</u>	
Fund balance, end of the year		<u>\$ 238,063</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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 2,315	\$ 2,315
Expenditures - capital outlay	560,000	413,084	146,916
<b>Revenues under expenditures</b>	(560,000)	<b>(410,769)</b>	149,231
Other financing sources - transfers in	-	11,520	11,520
<b>Changes in fund balance</b>	<u>\$ (560,000)</u>	<u><b>(399,249)</b></u>	<u>\$ 160,751</u>
Fund balance, beginning of the year		<u>568,107</u>	
Fund balance, end of the year		<u><b>\$ 168,858</b></u>	

See independent auditor's report.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis**  
**For the Year Ended April 30, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 5,592	\$ 5,592
Expenditures - debt service:			
Principal	1,028,099	1,028,098	1
Interest	281,315	281,313	2
<b>Total expenditures</b>	<u>1,309,414</u>	<u>1,309,411</u>	<u>3</u>
<b>Revenues under expenditures</b>	(1,309,414)	(1,303,819)	5,595
Other financing sources - transfers in	-	1,067,602	1,067,602
<b>Changes in fund balance</b>	<u>\$ (1,309,414)</u>	<u>(236,217)</u>	<u>\$ 1,073,197</u>
Fund balance, beginning of the year		<u>1,544,867</u>	
Fund balance, end of the year		<u>\$ 1,308,650</u>	

See independent auditor's report.

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

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**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)**

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Net changes in fund balances - budgetary basis \$ (990,017)

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. 1,448,818

This is the amount of depreciation expense in the government-wide statement of activities. (1,020,189)

The issuance of long-term debt provides current financial resources under the budgetary basis, while the repayment of the principal of long-term debt consumes the current financial resources under the budgetary basis. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt. 1,033,893

The net effect of changes in the net pension asset is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures. 147,654

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. (185,422)

Changes in net position (page 11) \$ 434,737