

Salt Creek SANITARY DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED APRIL 30, 2022

SALT CREEK SANITARY DISTRICT

Villa Park, Illinois

Annual Financial Report

For the Year Ended April 30, 2022

Administrative Office

201 South Route 83
Villa Park, Illinois 60181

(630) 832-3637

Board of Trustees

Raymond Hensley, President
Robert Taglia, Vice President
Mary Agrusa, 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, 2022

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INDEPENDENT AUDITOR'S REPORT

Selden Fox

Accounting for your future

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Salt Creek Sanitary District
Villa Park, Illinois

Opinion

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, 2022, 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.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Salt Creek Sanitary District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

Responsibilities of Management for the Financial Statements (cont'd)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Salt Creek Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Salt Creek Sanitary District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Salt Creek Sanitary District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 9 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 (pages 36 – 37) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 38 – 47 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

August 22, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Salt Creek Sanitary District
Management's Discussion and Analysis
April 30, 2022**

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, 2022. 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, 2022, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$9,326,435 (net position). Of this amount, \$3,737,048 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's operating expenses for fiscal year 2022 decreased by \$69,755 or 0.3% from 2021. Depreciation expense and utilities increased from the prior year while all other expense categories remained relatively consistent with the prior year expense levels.
- User charge revenues increased by \$3,358 or 0.11% over 2021 primarily due to increased rates.
- Nonoperating revenues increased by \$53,714 primarily due to increased state replacement taxes.

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	\$ 3,835,664
Capital assets	17,589,499
Net pension asset	<u>1,127,700</u>
Total assets	<u>22,552,863</u>
Deferred outflow of resources - pension and OPEB amounts	<u>364,364</u>
Long-term liabilities	11,338,237
Other liabilities	<u>1,282,247</u>
Total liabilities	<u>12,620,484</u>
Deferred inflow of resources – pension and OPEB amounts	<u>970,308</u>
Net investment in capital assets	5,589,387
Unrestricted	<u>3,737,048</u>
Total net position	<u>\$ 9,326,435</u>

Net Position (cont'd)

During 2022, capital assets increased by \$269,431. This increase resulted from additions to the 10-year facility plan. Long-term liabilities outstanding decreased by \$1,080,253 due to scheduled principal payments on long-term debt (see Note II.C.). Other liabilities decreased by \$126,156 due to a decrease in accounts payable from April 30, 2021.

Table A-2
Condensed Statement of Activities

Operating revenues	\$ 3,132,156
Nonoperating revenues (expenses)	(145,568)
Total revenues	<u>2,986,588</u>
Depreciation expense	1,114,268
Other operating expense	1,310,423
Total operating expenses	<u>2,424,691</u>
Change in net position	561,897
Net position, beginning of the year	<u>8,764,538</u>
Net position, end of year	<u>\$ 9,326,435</u>

While the statement of net position shows the change in financial position of the District, the statement of activities provides answers as to the nature and source of these changes. During fiscal year 2022 net position increased by \$561,897.

The District's operating revenues increased by \$3,691 to \$3,132,156 in 2022 due to a slight increase in user charge rates. Also, non-operating revenues (expense) as shown in more detail on page 12 decreased by (\$52,714) to \$(145,568) primarily due to expenses incurred in relation to consulting for the new facility plan.

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 2022 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 38.

Budgetary Highlights

A fiscal 2022 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	\$ 3,199,100	\$ 3,132,156	\$ (66,944)
Non operating	36,500	121,739	85,239
Total revenues	<u>3,235,600</u>	<u>3,253,895</u>	<u>18,295</u>
Operation expenses:			
Administrative	555,924	506,400	49,524
Operating	788,622	745,869	42,753
Maintenance	386,740	272,493	114,247
Laboratory	81,832	69,750	12,082
Total expenses	<u>1,813,118</u>	<u>1,594,512</u>	<u>218,606</u>
Revenues over expenditures	<u>\$ 1,422,482</u>	<u>\$ 1,659,383</u>	<u>\$ 236,901</u>

Revenues over expenses were over budget by \$236,901 due to the following:

- Unfavorable variance of revenues from operations and non operating revenues, including \$66,412 less user charges than budgeted offset by \$83,980 more state replacement tax revenue than budgeted for.
- Salaries were \$32,453 lower than expected.
- Fringe benefits were \$29,173 lower than anticipated because of increased pension expense and decreased change in OPEB Liability
- Maintenance expenses were \$114,247 lower than expected.
- Utilities expenses were \$19,156 higher than expected

Capital Assets

At the end of fiscal 2022, the District had \$17,589,499 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

**Table A-4
Capital Assets**

Wastewater treatment facilities	\$ 37,087,070
Office and lab equipment	222,699
Transportation equipment	<u>134,038</u>
Total capital assets	37,443,807
Accumulated depreciation	<u>(19,854,308)</u>
Net capital assets	<u>\$ 17,589,499</u>

Additional information on the District's capital assets can be found at Note II.B. on page 20 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, 2022, amounted to \$12,000,112. 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 21 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
2022	6.40	.1775	.1649

District Contact Information

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

BASIC FINANCIAL STATEMENTS

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30, 2022

Assets

Current assets:	
Cash	\$ 2,073,585
Investments	1,619,000
Receivables:	
Accounts	86,253
Replacement taxes	26,878
Accrued interest	773
Prepaid assets	<u>29,175</u>
Total current assets	<u>3,835,664</u>
Capital assets, net:	
Not being depreciated	50,062
Being depreciated	<u>17,539,437</u>
Total capital assets, net	<u>17,589,499</u>
Net pension asset	<u>1,127,700</u>
Total assets	<u>22,552,863</u>
Deferred Outflows of Resources	
Deferred pension amounts	205,246
Deferred OPEB amounts	<u>159,118</u>
Total deferred outflows of resources	<u>364,364</u>
Total assets and deferred outflows of resources	<u>\$ 22,917,227</u>

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30, 2022

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 96,014
Payroll related liabilities	17,500
Accrued interest payable	68,050
Compensated absences	26,693
Current maturities of long-term debt	<u>1,073,990</u>

Total current liabilities 1,282,247

Long-term liabilities:

Long-term debt, less current maturities	10,926,122
Compensated absences	58,660
Net OPEB liability	<u>353,455</u>

Total long-term liabilities 11,338,237

Total liabilities 12,620,484

Deferred Inflows of Resources

Deferred pension amounts	895,863
Deferred OPEB amounts	<u>74,445</u>

Total deferred inflows of resources 970,308

Net Position

Net investment in capital assets	5,589,387
Unrestricted	<u>3,737,048</u>

Total net position \$ 9,326,435

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Activities
For the Year Ended April 30, 2022

Operating revenues:	
User charges	\$ 2,987,688
Capital charges	<u>144,468</u>
Total operating revenues	<u>3,132,156</u>
Operating expenses:	
Employee costs:	
Salaries	508,080
Fringe benefits	79,088
Contractual services	94,690
Waste disposal	62,378
Utilities	257,631
Insurance	50,951
Chemicals	10,648
Material and supplies	24,487
Maintenance	102,012
Administrative	120,458
Depreciation	<u>1,114,268</u>
Total operating expenses	<u>2,424,691</u>
Operating income	<u>707,465</u>
Nonoperating revenues (expenses):	
Intergovernmental - state replacement taxes	108,980
Interest income	2,238
Interest expense	(253,066)
Other expense	<u>(3,720)</u>
Total nonoperating revenues (expenses)	<u>(145,568)</u>
Changes in net position	<u>561,897</u>
Net position, beginning of the year	<u>8,764,538</u>
Net position, end of the year	<u>\$ 9,326,435</u>

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Cash Flows
For the Year Ended April 30, 2022

Cash flows from operating activities:	
Received from customers	\$ 3,120,489
Paid to suppliers for goods and services	(678,110)
Paid to employees for services	(813,015)
Net cash flows from operating activities	1,629,364
Cash flows from investing activities:	
Investment income received	1,953
Investments purchased	(4,508,000)
Investments matured	4,847,000
Net cash flows from investing activities	340,953
Cash flows from capital and related financing activities:	
Debt retired	(1,050,788)
Interest paid	(257,795)
Purchases of capital assets	(445,460)
Net cash flows from capital and related financing activities	(1,754,043)
Cash flows from noncapital financing activities:	
Replacement taxes received	96,127
Other income received	(3,720)
Net cash from noncapital financing activities	92,407
Net change in cash	308,681
Cash, beginning of the year	1,764,904
Cash, end of the year	\$ 2,073,585
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 707,465
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	1,114,268
Deferred outflows of resources	(89,093)
Deferred inflows of resources	441,526
Changes in:	
Receivables	(11,667)
Net pension asset	(569,712)
Other assets	11,440
Payables and compensated absences	35,244
Net OPEB liability	(10,107)
Net cash flows from operating activities	\$ 1,629,364

See accompanying notes.

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

I. Summary of Significant Accounting Policies

A. The Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Cash and Investments

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

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

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

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

1. Cash and Investments (cont'd)

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

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

2. Accounts Receivable

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

3. Prepaid Assets

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

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

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

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

4. Capital Assets

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

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

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. All deferred outflows and inflows at April 30, 2022, relate to employee pensions with the Illinois Municipal Retirement Fund (IMRF) and other post employment benefits. See Note III.C. – Employee Retirement System – Defined Benefit Pension Plan for more detail on these pensions and Note III.D. – Other Post Employment Benefits.

D. Revenues and Expenses

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

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

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

II. Detailed Notes for All Activities and Fund Types

A. Cash and Investments

Deposits – At April 30, 2022, the carrying amount of the District's deposits was \$2,073,285, and the bank balance was \$2,048,522, which was fully insured and collateralized. In addition, the District has cash on hand of \$300 at April 30, 2022.

Investments – The District's investments consist of certificates of deposit with a carrying value of \$1,619,000 which approximates the fair value as of April 30, 2022. 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, 2022, is as follows:

	Balance May 1, 2021	Additions	Deletions	Balance April 30, 2022
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,062	\$ -	\$ -	\$ 50,062
Construction in process	2,367,657	-	(2,367,657)	-
Total capital assets not being depreciated	2,417,719	-	(2,367,657)	50,062
Capital assets being depreciated:				
Plant, buildings and equipment	33,678,360	2,605,135	-	36,283,495
Administration building	721,560	31,953	-	753,513
Transportation equipment	134,038	-	-	134,038
Office equipment	222,699	-	-	222,699
Total capital assets being depreciated	34,756,657	2,637,088	-	37,393,745
Less accumulated depreciation	(18,740,040)	(1,114,268)	-	(19,854,308)
Total capital assets being depreciated, net	16,016,617	1,522,820	-	17,539,437
Total capital assets, net of accumulated depreciation	\$ 18,434,336	\$ 1,522,820	\$ (2,367,657)	\$ 17,589,499

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:

	2022
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.	\$ 1,719,909
Illinois Environmental Protection Agency loan dated June 21, 2012, for \$4,746,660 at 2.295%. Repayment of principal and interest in semiannual installments of \$148,957 with final payment due July 2034.	3,221,457
Illinois Environmental Protection Agency loan dated October 12, 2016, for \$7,974,204 at 1.750%. Repayment of principal and interest in semiannual installments of \$178,585 with final payment due June 26, 2038.	<u>7,058,746</u>
	<u>\$ 12,000,112</u>

Long-term debt and other liabilities activity during the years ended April 30, 2022, was as follows:

	Balance May 1, 2021	Increase/ Proceeds	Decrease/ Payments	Balance April 30, 2022	Due Within One Year
IEPA loan dated:					
May 2004	\$ 2,184,461	\$ -	\$ 464,552	\$ 1,719,909	\$ 476,238
June 2012	3,441,641	-	220,184	3,221,457	225,266
October 2016	<u>7,424,798</u>	<u>-</u>	<u>366,052</u>	<u>7,058,746</u>	<u>372,486</u>
Total IEPA	13,050,900	-	1,050,788	12,000,112	1,073,990
Other liabilities:					
Compensated absences	82,165	65,952	62,764	85,353	26,962
Net OPEB liability	<u>363,562</u>	<u>-</u>	<u>10,107</u>	<u>353,455</u>	<u>-</u>
	<u>\$ 13,496,627</u>	<u>\$ 65,952</u>	<u>\$ 1,123,659</u>	<u>\$ 12,438,920</u>	<u>\$ 1,100,952</u>

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

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

C. Long-term Debt (cont'd)

Principal and interest maturities of the outstanding debt are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,073,990	\$ 231,952	\$ 1,305,942
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	646,708	144,079	790,787
2028 – 2032	3,429,498	526,813	3,956,311
2033 – 2037	3,012,265	196,881	3,209,146
2038 – 2039	726,795	12,514	739,309
	<u>\$ 12,000,112</u>	<u>\$ 1,664,437</u>	<u>\$ 13,664,549</u>

D. Supplemental Cash Flow Disclosure

Capital assets acquired included in accounts payable as of April 30, 2022, amounted to \$21,609. Capital assets acquired during the year ended April 30, 2021, paid for during the year ended April 30, 2021, amounted to \$197,638.

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, 2022, 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)

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, 2022. 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.

The IMRF Plan membership consisted of the following at December 31, 2021:

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

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

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

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

General Information About the Pension Plan (cont'd)

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

Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$119,892 and \$116,740 at January 1, 2022 and 2021, 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 2021, was 7.43%. For the fiscal year ended April 30, 2022, the District contributed \$35,549 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

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

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

Net Pension Asset/Liability

For the year ended April 30, 2022, the District's net pension asset was measured as of December 31, 2021. 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, 2021, 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, 2021, 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, 2021, was 22 years.

Mortality Rates – For the actuarial valuation at December 31, 2021, 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)

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

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

Net Pension Liability (cont'd)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	39%	1.90%
International equities	15%	3.15%
Fixed income	25%	(0.60%)
Real estate	10%	3.30%
Alternatives:	10%	
Private equity		5.50%
Commodities		1.70%
Cash equivalents	1%	(0.90%)

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 District 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 86 periods of projected benefit payments, and then the municipal bond rate of 1.84% (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, 2021) 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, 2021:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/20	\$ 5,065,256	\$ 5,623,244	\$ (557,988)
Changes for the year:			
Service cost	45,731	-	45,731
Interest	358,937	-	358,937
Differences between expected and actual experience	71,417	-	71,417
Assumption changes	-	-	-
Contributions – employer	-	35,549	(35,549)
Contributions – employee	-	21,531	(21,531)
Net investment income	-	982,139	(982,139)
Benefit payments, including refunds of employee contributions	(274,535)	(274,535)	-
Other changes	-	6,578	(6,578)
Net changes	201,550	771,262	(569,712)
Balances at 12/31/21	\$ 5,266,806	\$ 6,394,506	\$ (1,127,700)

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 (asset) liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension (asset) 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	\$ (568,056)	\$ (1,127,700)	\$ (1,597,283)

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, 2022, the District recognized pension income of \$219,195. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at April 30, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,009	\$ -	\$ 74,009
Assumption changes	-	2,536	(2,536)
Net difference between projected and actual earnings in pension plan investments	123,136	893,327	(770,191)
Subtotal	197,145	895,863	(698,718)
Contributions made subsequent to measurement date	8,101	-	8,101
Total	\$ 205,246	\$ 895,863	\$ (690,619)

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

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

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

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

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

Year Ending December 31,		
2022	\$	(124,801)
2023		(271,068)
2024		(186,431)
2025		<u>(116,418)</u>
	\$	<u>(698,718)</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, 2022, the OPEB Retiree Healthcare Plan membership consisted of:

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

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

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

III. Other Information (cont'd)

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

Net OPEB Liability

The District's net OPEB liability was measured as of April 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2020, and rolled forward to April 30, 2022.

Total OPEB liability	\$	353,455
Plan fiduciary net position		-
Net OPEB liability	\$	353,455

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, 2022, the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases		4.00%
Discount rate		3.98% (1.83% at April 30, 2021)
Investment rate of return		N/A

The mortality rates used were derived from the PubG.H-2010 Mortality Table – General with Mortality Improvement using Scale MP-2020. The health care trend rate by calendar year is as follows:

Fiscal Year	PPO Plan	Fiscal Year	PPO Plan
2022	5.89 %	2032	4.82 %
2023	5.79	2033	4.71
2024	5.68	2034	4.61
2025	5.57	2035	4.50
2026	5.46	Subsequent	4.50
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, S&P Municipal Bond 20 year high grade rate index. 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 5/1/21	\$ 363,562	\$ -	\$ 363,562
Changes for the year:			
Service cost	15,521	-	15,521
Interest	6,493	-	6,493
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions	(14,650)	-	(14,650)
Contributions - employer	-	-	-
Contributions – employee	-	-	-
Net investment income	-	-	-
Benefit payments	(17,471)	-	(17,471)
Administrative expenses	-	-	-
Other changes	-	-	-
Net changes	(10,107)	-	(10,107)
Balances at 4/30/22	\$ 353,455	\$ -	\$ 353,455

The total net OPEB benefit recognized in financial statements amounted to \$23,679. Deferred outflows of resources related to the net OPEB liability totaled \$159,118 and deferred inflows of resources related to the net OPEB liability totaled \$74,445 at April 30, 2022.

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 3.98% (1.83% 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 (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
Net OPEB Liability	\$ 360,266	\$ 353,455	\$ 346,689

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	\$ 344,866	\$ 353,455	\$ 362,488

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 related to pensions will be recognized in OPEB expense as follows:

Year Ending April 30,

2023	\$	35,334
2024		35,334
2025		35,288
2026		34,986
2027		18,176
	\$	159,118

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>2021</u>	<u>2020</u>
Total pension liability:		
Service cost	\$ 45,731	\$ 47,354
Interest on the total pension liability	358,937	345,439
Benefit changes	-	-
Difference between expected and actual experience	71,417	71,535
Assumption changes	-	(7,580)
Benefit payments and refunds	<u>(274,535)</u>	<u>(264,991)</u>
Net change in total pension liability	201,550	191,757
Total pension liability - beginning	<u>5,065,256</u>	<u>4,873,499</u>
Total pension liability - ending	<u>\$ 5,266,806</u>	<u>\$ 5,065,256</u>
Plan fiduciary net position:		
Employer contributions	\$ 35,549	\$ 37,916
Employee contributions	21,531	20,707
Pension plan net investment income	982,139	718,517
Benefit payments and refunds	(274,535)	(264,991)
Other	<u>6,578</u>	<u>50,248</u>
Net change in plan fiduciary net position	771,262	562,397
Plan fiduciary net position - beginning	<u>5,623,244</u>	<u>5,060,847</u>
Plan fiduciary net position - ending	<u>\$ 6,394,506</u>	<u>\$ 5,623,244</u>
Net pension liability (asset)	<u>\$ (1,127,700)</u>	<u>\$ (557,988)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>121.41%</u>	<u>111.02%</u>
Covered valuation payroll	<u>\$ 478,467</u>	<u>\$ 460,151</u>
Net pension liability as a percentage of covered valuation payroll	<u>-235.69%</u>	<u>-121.26%</u>

Note - The District adopted GASB 68 in the fiscal 2016 and will build a ten-year history prospectively.

See independent auditor's report.

2019	2018	2017	2016	2015
\$ 43,268	\$ 48,983	\$ 46,589	\$ 49,771	\$ 46,736
334,426	323,524	319,749	310,945	302,182
-	-	-	-	-
21,885	33,773	18,327	(59,887)	(46,260)
-	121,059	(134,964)	(10,022)	-
(234,424)	(216,314)	(184,819)	(181,019)	(193,015)
165,155	311,025	64,882	109,788	109,643
4,708,344	4,397,319	4,332,437	4,222,649	4,113,006
<u>\$ 4,873,499</u>	<u>\$ 4,708,344</u>	<u>\$ 4,397,319</u>	<u>\$ 4,332,437</u>	<u>\$ 4,222,649</u>
\$ 26,201	\$ 46,973	\$ 55,529	\$ 168,742	\$ 318,354
20,979	22,274	21,069	18,885	19,011
845,035	(265,151)	745,137	266,990	18,994
(234,424)	(216,314)	(184,819)	(181,019)	(193,015)
17,300	101,646	(92,409)	32,833	(44,634)
675,091	(310,572)	544,507	306,431	118,710
4,385,756	4,696,328	4,151,821	3,845,390	3,726,680
<u>\$ 5,060,847</u>	<u>\$ 4,385,756</u>	<u>\$ 4,696,328</u>	<u>\$ 4,151,821</u>	<u>\$ 3,845,390</u>
<u>\$ (187,348)</u>	<u>\$ 322,588</u>	<u>\$ (299,009)</u>	<u>\$ 180,616</u>	<u>\$ 377,259</u>
103.84%	93.15%	106.80%	95.83%	91.07%
<u>\$ 466,209</u>	<u>\$ 494,986</u>	<u>\$ 468,203</u>	<u>\$ 419,668</u>	<u>\$ 422,462</u>
<u>-40.19%</u>	<u>65.17%</u>	<u>-63.86%</u>	<u>43.04%</u>	<u>89.30%</u>

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

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 67,532	\$ 317,532	\$ (250,000)	\$ 422,462	75.16 %
2017	63,411	163,411	(100,000)	419,668	38.94
2018	53,549	53,549	-	480,685	11.14
2019	46,974	46,974	-	490,310	9.58
2020	31,114	31,114	-	466,209	6.67
2021	37,916	37,916	-	445,468	8.51
2022	35,550	35,549	1	478,467	7.43

Notes to Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % of Pay (Closed)
Remaining Amortization Period	22 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>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability:			
Service cost	\$ 15,521	\$ 11,018	\$ 1,306
Interest	6,494	1,515	1,951
Changes in assumptions	(14,650)	138,209	647
Benefit payments, including refunds of member contributions	(17,472)	(16,618)	(6,133)
Other changes	-	167,944	(138)
Net change in total OPEB liability	(10,107)	302,068	(2,367)
Total OPEB liability, beginning of year	<u>363,562</u>	<u>61,494</u>	<u>63,861</u>
Total OPEB liability, end of year	\$ 353,455	\$ 363,562	\$ 61,494
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year	\$ -	\$ -	\$ -
Employer's net OPEB liability	<u>\$ 353,455</u>	<u>\$ 363,562</u>	<u>\$ 61,494</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered employee payroll	<u>\$ 478,467</u>	<u>\$ 445,468</u>	<u>\$ 466,209</u>
Employer's net OPEB liability as a percentage of covered-employee payroll	<u>73.87%</u>	<u>81.61%</u>	<u>13.19%</u>

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

See independent auditor's report.

<u>2019</u>	
\$	1,203
	2,248
	1,050
	(6,945)
	<u>905</u>
	(1,539)
	<u>65,400</u>
\$	<u>63,861</u>
	-
\$	<u>-</u>
\$	<u>63,861</u>
	<u>0.00%</u>
\$	<u>537,389</u>
	<u>11.88%</u>

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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
User charges	\$ 3,054,100	\$ 2,987,688	\$ (66,412)
Capital charges	145,000	144,468	(532)
Intergovernmental - state replacement taxes	25,000	108,980	83,980
Interest	3,000	988	(2,012)
Miscellaneous	8,500	11,771	3,271
Total revenues	<u>3,235,600</u>	<u>3,253,895</u>	<u>18,295</u>
Expenditures:			
Administrative	555,924	506,400	49,524
Operating	788,622	745,869	42,753
Maintenance	386,740	272,493	114,247
Laboratory	81,832	69,750	12,082
Total expenditures	<u>1,813,118</u>	<u>1,594,512</u>	<u>218,606</u>
Revenues over expenditures	1,422,482	1,659,383	236,901
Other financing uses - transfers out	<u>(1,420,000)</u>	<u>(1,397,569)</u>	<u>22,431</u>
Changes in fund balance	<u>\$ 2,482</u>	<u>261,814</u>	<u>\$ 259,332</u>
Fund balance, beginning of the year		<u>1,797,395</u>	
Fund balance, end of the year		<u>\$ 2,059,209</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, 2022

	Budget	Actual	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	\$ 202,590	\$ 205,357	\$ (2,767)
Payroll taxes and fringe benefits	133,834	123,536	10,298
	<u>336,424</u>	<u>328,893</u>	<u>7,531</u>
Contractual services:			
Bank fees	3,800	3,188	612
Legal	15,000	8,550	6,450
Audit	18,000	16,262	1,738
Other professional fees	16,100	13,904	2,196
	<u>52,900</u>	<u>41,904</u>	<u>10,996</u>
Supplies:			
Office supplies	5,000	2,745	2,255
Computer	10,000	11,192	(1,192)
Office equipment maintenance	4,000	1,976	2,024
Postage	17,000	15,152	1,848
	<u>36,000</u>	<u>31,065</u>	<u>4,935</u>
Utilities - telephone service	<u>1,500</u>	<u>1,172</u>	<u>328</u>
Other:			
Advertising	1,500	750	750
Meetings	5,000	783	4,217
Permit/assessment fees	85,000	83,021	1,979
Travel	800	596	204
Dues and subscriptions	3,500	3,024	476
Water meter readings	16,200	15,180	1,020
Uncollectible accounts	2,000	3	1,997
Miscellaneous	100	9	91
Contingency	15,000	-	15,000
	<u>129,100</u>	<u>103,366</u>	<u>25,734</u>
Total administrative	<u>555,924</u>	<u>506,400</u>	<u>49,524</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, 2022

	Budget	Actual	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	\$ 231,134	\$ 205,167	\$ 25,967
Payroll taxes and fringe benefits	134,988	127,404	7,584
Employee training	3,000	45	2,955
	<u>369,122</u>	<u>332,616</u>	<u>36,506</u>
Contractual services - engineer fees	<u>20,000</u>	<u>20,629</u>	<u>(629)</u>
Waste disposal	<u>78,000</u>	<u>62,378</u>	<u>15,622</u>
Insurance:			
Vehicle insurance	3,000	1,642	1,358
General insurance	53,000	50,951	2,049
	<u>56,000</u>	<u>52,593</u>	<u>3,407</u>
Supplies:			
Drying bed supplies	10,000	10,862	(862)
Supplies	5,000	3,659	1,341
	<u>15,000</u>	<u>14,521</u>	<u>479</u>
Chemicals - other chemicals	<u>17,500</u>	<u>10,648</u>	<u>6,852</u>
Utilities:			
Telephone and pager	5,000	5,072	(72)
Electric	200,000	211,352	(11,352)
Natural gas	27,000	35,317	(8,317)
Water	1,000	743	257
	<u>233,000</u>	<u>252,484</u>	<u>(19,484)</u>
Total operating	<u>788,622</u>	<u>745,869</u>	<u>42,753</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, 2022

	Budget	Actual	Variance Positive (Negative)
Maintenance:			
Personnel costs:			
Salaries and wages	\$ 87,052	\$ 75,253	\$ 11,799
Payroll taxes and fringe benefits	50,188	45,386	4,802
	<u>137,240</u>	<u>120,639</u>	<u>16,601</u>
Materials and supplies:			
Repair materials	5,000	1,971	3,029
Supplies	7,500	2,242	5,258
Tools	2,500	653	1,847
	<u>15,000</u>	<u>4,866</u>	<u>10,134</u>
Repair and maintenance:			
Outside equipment repairs	60,000	54,163	5,837
Equipment rental	10,000	6,300	3,700
Building maintenance	95,000	57,689	37,311
Software maintenance	20,000	15,458	4,542
Oil and gasoline	4,500	5,146	(646)
	<u>189,500</u>	<u>138,756</u>	<u>50,744</u>
Contingency	<u>45,000</u>	<u>8,232</u>	<u>36,768</u>
Total maintenance	<u>386,740</u>	<u>272,493</u>	<u>114,247</u>
Laboratory:			
Personnel costs:			
Salaries and wages	19,757	22,303	(2,546)
Payroll taxes and fringe benefits	20,075	13,586	6,489
	<u>39,832</u>	<u>35,889</u>	<u>3,943</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, 2022

	Budget	Actual	Variance Positive (Negative)
Laboratory (cont'd):			
Contractual services - outside services	\$ 38,000	\$ 29,573	\$ 8,427
Materials and supplies	4,000	4,288	(288)
Total laboratory	81,832	69,750	12,082
Total expenditures	\$ 1,813,118	\$ 1,594,512	\$ 218,606

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, 2022**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest income	\$ -	\$ 226	\$ 226
Expenditures - capital outlay	340,000	208,170	131,830
Revenues under expenditures	(340,000)	(207,944)	132,056
Other financing sources - transfers in	-	332,940	332,940
Changes in fund balance	<u>\$ (340,000)</u>	<u>124,996</u>	<u>\$ 464,996</u>
Fund balance, beginning of the year		<u>238,063</u>	
Fund balance, end of the year		<u>\$ 363,059</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, 2022**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 93	\$ 93
Expenditures - capital outlay	110,000	20,048	89,952
Revenues under expenditures	(110,000)	(19,955)	90,045
Other financing sources - transfers in	-	11,560	11,560
Changes in fund balance	<u>\$ (110,000)</u>	<u>(8,395)</u>	<u>\$ 101,605</u>
Fund balance, beginning of the year		<u>168,858</u>	
Fund balance, end of the year		<u>\$ 160,463</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 930	\$ 930
Expenditures - debt service:			
Principal	1,028,099	1,050,788	(22,689)
Interest	281,315	257,795	23,520
Total expenditures	1,309,414	1,308,583	831
Revenues under expenditures	(1,309,414)	(1,307,653)	1,761
Other financing sources - transfers in	-	1,053,069	1,053,069
Changes in fund balance	\$ (1,309,414)	(254,584)	\$ 1,054,830
Fund balance, beginning of the year		1,308,650	
Fund balance, end of the year		\$ 1,054,066	

See independent auditor's report.

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

I. Stewardship, Compliance and Accountability

A. Budgets

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

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

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

Net changes in fund balances - budgetary basis	\$ 123,831
<p>Amounts reported for governmental activities in the statement of activities (page 12) are different because:</p>	
<p>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.</p>	
This is the amount of capital outlay in the governmental funds.	269,431
This is the amount of depreciation expense in the government-wide statement of activities.	(1,114,268)
<p>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 and accrued interest.</p>	
	1,055,517
Outflows and inflows related to the net pension liability (asset), as well as the change in the net pension liability (asset), are not due and payable in the current period and, therefore, are not included in the budgeted expenditures.	251,065
Outflows and inflows related to the net OPEB liability are not due and payable in the current period and, therefore, are not included in the budgeted expenditures.	(23,679)
Changes in net position (page 12)	\$ 561,897