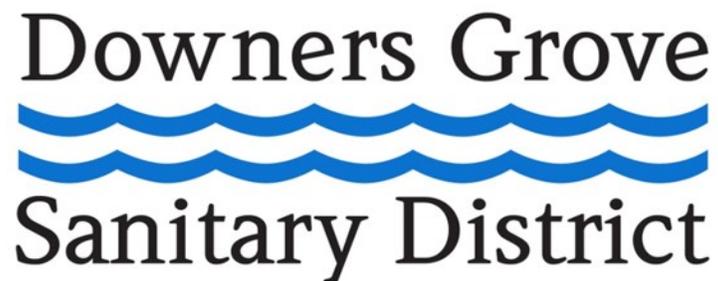


DOWNERS GROVE SANITARY DISTRICT

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
APRIL 30, 2023

2710 Curtiss Street
Downers Grove, IL 60515
Phone: 630.969.0664
www.dgsd.org

DOWNERS GROVE SANITARY DISTRICT

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FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITOR'S REPORT

August 1, 2023

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downers Grove Sanitary District, Illinois, as of and for the year ended April 30, 2023, 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 governmental activities, each major fund, and the aggregate remaining fund information of the Downers Grove Sanitary District, Illinois, as of April 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the 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 opinions. 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 the 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 the 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, the budgetary comparison schedules, and required pension and other post-employment benefit (OPEB) reporting, as listed in the table of contents, 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.

Downers Grove Sanitary District, Illinois
August 1, 2023

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Downers Grove Sanitary District, Illinois' basic financial statements. The other supplementary information and supplemental schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

Our discussion and analysis of the Downers Grove Sanitary District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended April 30, 2023. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The user charge was increased from \$ 2.05 to \$ 2.25 per 1,000 gallons of consumption and the monthly fee was increased from \$19.00 to \$20.00, both effective April 2023. Billable flows for FY2022-23 were 4.95 million gallons per day, a 2.4% decrease from the FY2021-22 billable flows.
- During the year, government-wide revenues for the District totaled \$11,482,752, while the cost of all government functions totaled \$9,586,149, resulting in an increase in net position of \$1,896,603. This increase in net position primarily resulted from a positive net change in fund balances of \$2,059,183 which was the result of slow progress on budgeted construction projects for which revenue was collected.
- The District's net position totaled \$81,355,546 on April 30, 2023, which includes \$68,827,147 net investment in capital assets, \$2,168,469 subject to external restrictions, and \$10,359,930 unrestricted net position that may be used to meet the ongoing obligations of the District.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

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

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered governmental funds.

Governmental Funds

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

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

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's I.M.R.F. employee pension obligations, retiree benefit plan, and budgetary comparison schedules for the General Fund and major special revenue fund. The budgetary comparison schedules are presented immediately following the required supplementary information, in addition to a supplemental schedule detailing the District's long-term debt requirements.

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$81,355,546.

| | Net Position | |
|------------------------------------|---------------|------------|
| | 2023 | 2022 |
| Current/Other Assets | \$ 14,326,289 | 14,380,517 |
| Capital Assets | 71,104,069 | 71,634,824 |
| Total Assets | 85,430,358 | 86,015,341 |
| Deferred Outflows | 1,797,954 | 524,179 |
| Total Assets/Deferred Outflows | 87,228,312 | 86,539,520 |
| Long-Term Debt | 4,061,998 | 3,017,172 |
| Other Liabilities | 1,049,886 | 803,323 |
| Total Liabilities | 5,111,884 | 3,820,495 |
| Deferred Inflows | 760,882 | 3,260,082 |
| Total Liabilities/Deferred Inflows | 5,872,766 | 7,080,577 |
| Net Position | | |
| Net Investment in Capital Assets | 68,827,147 | 69,054,313 |
| Restricted | 2,168,469 | 1,812,253 |
| Unrestricted | 10,359,930 | 8,592,377 |
| Total Net Position | 81,355,546 | 79,458,943 |

A large portion of the District's net position, \$68,827,147 or 84.6 percent, reflects its investment in capital assets (for example, land, construction in progress, building and equipment, and sanitary sewers infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$2,168,469 or 2.7 percent, of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining 12.7 percent, or \$10,359,930, represents unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

| | Change in Net Position | |
|----------------------------------|------------------------|-------------------|
| | 2023 | 2022 |
| Revenues | | |
| Program Revenues | | |
| Charges for Services | \$ 9,502,512 | 9,136,787 |
| Operating Grants/Contributions | 126,046 | 160,259 |
| General Revenues | | |
| Property Taxes | 1,397,827 | 1,329,850 |
| Intergovernmental - Unrestricted | | |
| Replacement Taxes | 281,814 | 214,976 |
| Investment Income | 164,795 | 10,601 |
| Miscellaneous | 9,758 | 17,554 |
| Total Revenues | <u>11,482,752</u> | <u>10,870,027</u> |
| Expenses | | |
| General Government | <u>9,586,149</u> | <u>7,637,516</u> |
| Change in Net Position | 1,896,603 | 3,232,511 |
| Net Position - Beginning | <u>79,458,943</u> | <u>76,226,432</u> |
| Net Position - Ending | <u>81,355,546</u> | <u>79,458,943</u> |

Net position of the District increased by 2.4 percent (\$79,458,943 in 2022, compared to \$81,355,546 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$10,359,930 on April 30, 2023.

Governmental Activities

Revenues for governmental activities totaled \$11,482,752, while the cost of all governmental functions totaled \$9,586,149. This results in a surplus of \$1,896,603.

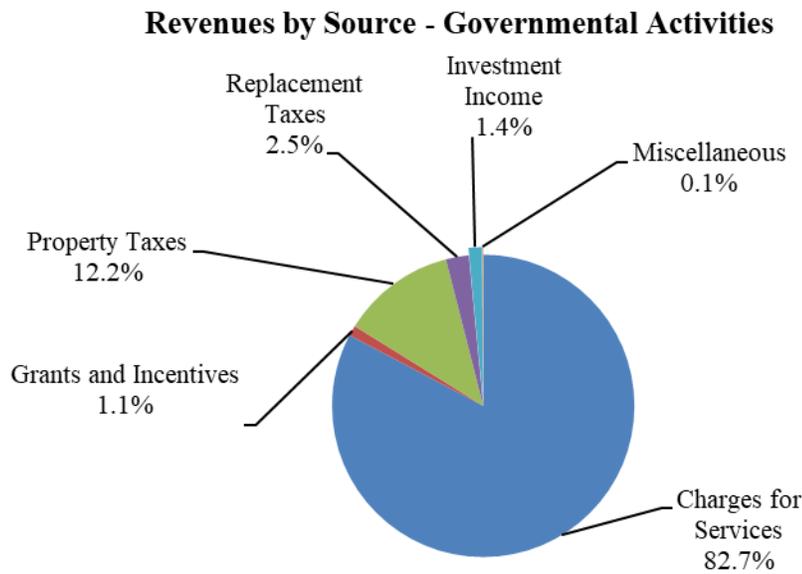
DOWNERS GROVE SANITARY DISTRICT

**Management’s Discussion and Analysis
April 30, 2023**

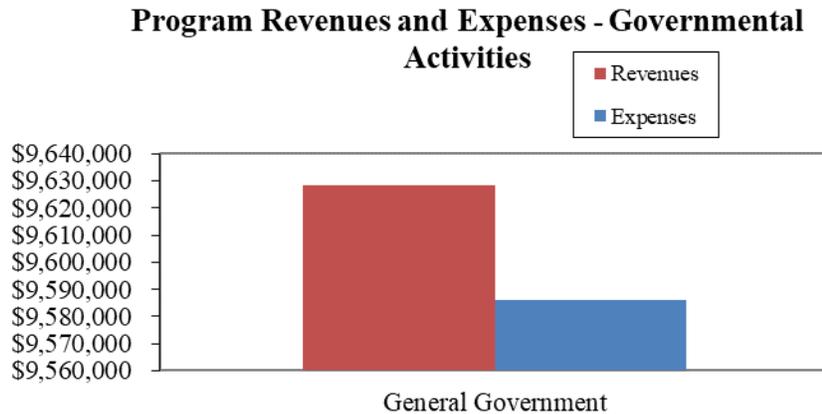
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

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



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



DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

In the course of closing this fiscal year, the District continued its year-end accrual practices that it began in the fiscal year ending 2020.

The District's governmental funds reported combining ending fund balances of \$12,866,683, which is \$2,059,183 or 19.1 percent, more than last year's total of \$10,807,500. Of the \$12,866,683 total, \$7,502,158, or approximately 58.3 percent, of the combined fund balances constitutes unassigned fund balance.

The General Fund reported a positive change in fund balance for the year of \$1,808,201, an increase of 23.0 percent. A reduction in fund balance of \$1,508,600 was budgeted to restore the ending fund balance to 25% of annual expenses. These variances are further outlined in the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The General Fund is the chief operating fund of the District. On April 30, 2023, unassigned fund balance in the General Fund was \$7,502,158, which represents 77.5 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 85.1 percent of total General Fund expenditures.

The Public Benefit Fund reported no change in fund balance for the year.

The Improvement Fund reported a positive change in fund balance for the year of \$55,712, an increase of 4.3 percent. A reduction in fund balance was budgeted for the year but not realized due to delay of the Centex Lift Station improvement project. These variances are further outlined on the Improvement Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

The Construction Fund reported a positive change in fund balance for the year of \$195,270, an increase of 12.2 percent. An increase in fund balance of \$222,300 was budgeted, to replenish capital reserves for future construction of improvements at the wastewater treatment center. These variances are further outlined on the Construction Fund Schedule of Revenues, Expenditures and Changes in Fund Balance.

DOWNERS GROVE SANITARY DISTRICT

Management's Discussion and Analysis April 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$11,108,338, compared to budgeted revenues of \$11,506,750.

The General Fund actual expenditures for the year were \$3,680,372 lower than budgeted (\$8,860,978 actual compared to \$12,541,350 budgeted). This is due to delays of the outfall sewer repair project, the Curtiss Street Lining project, and the Administration Center Remodel project all budgeted for FY22-23. In addition, several smaller projects were not completed due to supply chain issues either causing delays in receiving goods, increasing the cost of goods beyond what the District could spend or causing goods not to be available.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental and business type activities as of April 30, 2023 was \$71,104,069 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and equipment, and sanitary sewer infrastructure.

| | Capital Assets - Net of Depreciation | |
|-------------------------------|--------------------------------------|-------------------|
| | 2023 | 2022 |
| Land | \$ 2,496,725 | 2,496,725 |
| Construction in Progress | 700,442 | 805,853 |
| Buildings and Equipment | 25,465,211 | 26,119,245 |
| Sanitary Sewer Infrastructure | 42,441,691 | 42,213,001 |
| Totals | <u>71,104,069</u> | <u>71,634,824</u> |

This year's major additions included:

| | |
|-------------------------------|------------------|
| Construction in Progress | \$ 632,692 |
| Buildings and Equipment | 639,280 |
| Sanitary Sewer Infrastructure | <u>330,693</u> |
| | <u>1,602,665</u> |

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

DOWNERS GROVE SANITARY DISTRICT

**Management’s Discussion and Analysis
April 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the District had total outstanding debt of \$2,276,922 as compared to \$2,580,511 the previous year, a decrease of 11.8 percent. The following is a comparative statement of outstanding debt:

| | <u>Long-Term Debt Outstanding</u> | |
|--------------------|-----------------------------------|------------------|
| | <u>2023</u> | <u>2022</u> |
| IEPA Loans Payable | <u>\$ 2,276,922</u> | <u>2,580,511</u> |

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The District’s Board of Trustees considered many factors when setting the fiscal-year 2023-24 budget and fees that will be charged for its governmental activities. Increases in the user charge from \$2.05 to \$2.25 per 1,000 gallons of consumption and the monthly service fees from \$19.00 to \$20.00 were established to match the increasing costs of operation, maintenance, and replacement of infrastructure. Increases in connection fees were established to match increases in the cost of construction. Increases in inspection fees and sampling and monitoring charges were established to match salary increases. Surcharge rates were increased to match the cost of treatment. The rate for hauled grease interceptor waste was increased for the first time since 2010.

The District anticipates an increase in tax revenues, budgeting \$1.403 million for 2023-24 as compared to the 2022-23 budget of \$1.340 million, an increase of 3.7 percent. The District’s 2023-24 budget continues with previous equipment and infrastructure investments that help control long-term operating costs and sustain the infrastructure.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

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

DOWNERS GROVE SANITARY DISTRICT

Statement of Net Position

April 30, 2023

See Following Page

DOWNERS GROVE SANITARY DISTRICT

Statement of Net Position

April 30, 2023

ASSETS

| | |
|---------------------------------|---------------------|
| Current Assets | |
| Cash and Investments | \$ 10,822,782 |
| Receivables - Net of Allowances | 3,503,507 |
| Total Current Assets | <u>14,326,289</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Nondepreciable | 3,197,167 |
| Depreciable | 125,840,042 |
| Accumulated Depreciation | <u>(57,933,140)</u> |
| Total Noncurrent Assets | <u>71,104,069</u> |
| Total Assets | <u>85,430,358</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---|-------------------|
| Deferred Items - IMRF | <u>1,797,954</u> |
| Total Assets and Deferred Outflows of Resources | <u>87,228,312</u> |

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

LIABILITIES

| | |
|-----------------------------------|------------------|
| Current Liabilities | |
| Accounts Payable | \$ 521,754 |
| Retainage Payable | 70,044 |
| Accrued Payroll | 152,837 |
| Current Portion of Long-Term Debt | 305,251 |
| Total Current Liabilities | <u>1,049,886</u> |
| Noncurrent Liabilities | |
| Compensated Absences | 6,648 |
| Net Pension Liability - IMRF | 1,467,568 |
| Total OPEB Liability - RBP | 614,449 |
| IEPA Loans Payable | 1,973,333 |
| Total Noncurrent Liabilities | <u>4,061,998</u> |
| Total Liabilities | <u>5,111,884</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|---|------------------|
| Property Taxes | 714,971 |
| Deferred Items - IMRF | 45,911 |
| Total Deferred Inflows of Resources | <u>760,882</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>5,872,766</u> |

NET POSITION

| | |
|----------------------------------|-------------------|
| Net Investment in Capital Assets | 68,827,147 |
| Restricted | |
| Public Benefit | 37,818 |
| Capital Projects | 2,130,651 |
| Unrestricted | <u>10,359,930</u> |
| Total Net Position | <u>81,355,546</u> |

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

DOWNERS GROVE SANITARY DISTRICT

Statement of Activities

For the Fiscal Year Ended April 30, 2023

| | | Program Revenues | | Net |
|----------------------------------|--------------|------------------|-----------|--------------------------|
| | | Charges | Operating | (Expenses) |
| | Expenses | for | Grants | Revenues and |
| | | Services | | Change in |
| | | | | Net Position |
| Functions/Programs | | | | |
| Governmental Activities | | | | |
| General Government | \$ 9,586,149 | 9,502,512 | 126,046 | 42,409 |
| General Revenues | | | | |
| Taxes | | | | |
| Property Taxes | | | | 1,397,827 |
| Intergovernmental - Unrestricted | | | | |
| Replacement Taxes | | | | 281,814 |
| Investment Income | | | | 164,795 |
| Miscellaneous | | | | 9,758 |
| | | | | <u>1,854,194</u> |
| Change in Net Position | | | | 1,896,603 |
| Net Position - Beginning | | | | <u>79,458,943</u> |
| Net Position - Ending | | | | <u><u>81,355,546</u></u> |

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

DOWNERS GROVE SANITARY DISTRICT

Balance Sheet
April 30, 2023

See Following Page

DOWNERS GROVE SANITARY DISTRICT

Balance Sheet
April 30, 2023

| | <u>General</u> |
|---|--------------------------|
| ASSETS | |
| Cash and Investments | \$ 7,363,677 |
| Receivables - Net of Allowances | |
| Property Taxes | 1,429,941 |
| Other | <u>2,073,566</u> |
| Total Assets | <u><u>10,867,184</u></u> |
| LIABILITIES | |
| Accounts Payable | 293,932 |
| Retainage Payable | 21,021 |
| Accrued Payroll | <u>152,837</u> |
| Total Liabilities | 467,790 |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Taxes | <u>714,971</u> |
| Total Liabilities and Deferred Inflows of Resources | <u><u>1,182,761</u></u> |
| FUND BALANCES | |
| Restricted | - |
| Assigned | 2,182,265 |
| Unassigned | <u>7,502,158</u> |
| Total Fund Balances | <u><u>9,684,423</u></u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>10,867,184</u></u> |

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

| Special Revenue Public Benefit | Capital Projects | | Totals |
|---|------------------|--------------|------------|
| | Improvement | Construction | |
| 37,818 | 1,629,054 | 1,792,233 | 10,822,782 |
| - | - | - | 1,429,941 |
| - | - | - | 2,073,566 |
| 37,818 | 1,629,054 | 1,792,233 | 14,326,289 |
| - | 227,822 | - | 521,754 |
| - | 49,023 | - | 70,044 |
| - | - | - | 152,837 |
| - | 276,845 | - | 744,635 |
| - | - | - | 714,971 |
| - | 276,845 | - | 1,459,606 |
| 37,818 | 338,418 | 1,792,233 | 2,168,469 |
| - | 1,013,791 | - | 3,196,056 |
| - | - | - | 7,502,158 |
| 37,818 | 1,352,209 | 1,792,233 | 12,866,683 |
| 37,818 | 1,629,054 | 1,792,233 | 14,326,289 |

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

DOWNERS GROVE SANITARY DISTRICT

**Reconciliation of Total Fund Balances to the Statement of Net Position
April 30, 2023**

Total Fund Balances \$ 12,866,683

Amounts reported in the Statement of Net Position
are different because:

Capital assets are not financial resources and therefore,
are not reported in the funds. 71,104,069

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.
Deferred Items - IMRF 1,752,043

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

| | |
|------------------------------|--------------------|
| Compensated Absences | (8,310) |
| Net Pension Liability - IMRF | (1,467,568) |
| Total OPEB Liability - RBP | (614,449) |
| IEPA Loans Payable | <u>(2,276,922)</u> |

Net Position 81,355,546

DOWNERS GROVE SANITARY DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2023**

See Following Page

DOWNERS GROVE SANITARY DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended April 30, 2023**

| | <u>General</u> |
|--|-------------------------|
| Revenues | |
| Taxes | \$ 1,397,827 |
| Charges for Services | 9,163,596 |
| Intergovernmental | 407,860 |
| Investment Income | 129,297 |
| Miscellaneous | 9,758 |
| Total Revenues | <u>11,108,338</u> |
| Expenditures | |
| General Government | 8,630,364 |
| Capital Outlay | - |
| Debt Service | |
| Principal Retirement | <u>181,591</u> |
| Total Expenditures | <u>8,811,955</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,296,383</u> |
| Other Financing Sources (Uses) | |
| Disposal of Capital Assets | 11,818 |
| Transfers In | - |
| Transfers Out | <u>(500,000)</u> |
| | <u>(488,182)</u> |
| Net Change in Fund Balance | 1,808,201 |
| Fund Balances - Beginning | <u>7,876,222</u> |
| Fund Balances - Ending | <u><u>9,684,423</u></u> |

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

| Special Revenue | Capital Projects | | Totals |
|--------------------|------------------|--------------|------------|
| | Improvement | Construction | |
| Public Benefit | | | |
| - | - | - | 1,397,827 |
| - | 133,200 | 205,716 | 9,502,512 |
| - | - | - | 407,860 |
| - | 17,137 | 18,361 | 164,795 |
| - | - | - | 9,758 |
| - | 150,337 | 224,077 | 11,482,752 |
| - | - | - | 8,630,364 |
| - | 501,434 | - | 501,434 |
| - | 93,191 | 28,807 | 303,589 |
| - | 594,625 | 28,807 | 9,435,387 |
| - | (444,288) | 195,270 | 2,047,365 |
| - | - | - | 11,818 |
| - | 500,000 | - | 500,000 |
| - | - | - | (500,000) |
| - | 500,000 | - | 11,818 |
| - | 55,712 | 195,270 | 2,059,183 |
| 37,818 | 1,296,497 | 1,596,963 | 10,807,500 |
| 37,818 | 1,352,209 | 1,792,233 | 12,866,683 |

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

DOWNERS GROVE SANITARY DISTRICT

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

For the Fiscal Year Ended April 30, 2023

| | |
|------------------------------------|---------------------|
| Net Change in Fund Balances | \$ 2,059,183 |
|------------------------------------|---------------------|

Amounts reported in the Statement of Activities
are different because:

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

| | |
|--------------------------------------|-------------|
| Capital Outlays | 1,602,665 |
| Depreciation Expense | (2,094,349) |
| Disposals - Cost | (128,967) |
| Disposals - Accumulated Depreciation | 89,896 |

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

| | |
|---------------------------------|-----------|
| Change in Deferred Items - IMRF | 3,807,458 |
|---------------------------------|-----------|

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

| | |
|--|-------------|
| Change in Compensated Absences | (620) |
| Change in Net Pension Liability - IMRF | (3,861,902) |
| Change in Total OPEB Liability - RBP | 119,650 |
| Retirement of Debt | 303,589 |

| | |
|--------------------------------|-------------------------|
| Changes in Net Position | <u>1,896,603</u> |
|--------------------------------|-------------------------|

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

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

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

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

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

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

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

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government–Wide and Fund Financial Statements – Continued

Governmental Funds

The following fund types are used by the District:

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

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

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District reports two capital projects funds. The Improvement Fund, a major fund, is used to account for sewer system, pump station improvements, and repayment of loans to the Illinois Environmental Protection Agency. The Construction Fund, a major fund, is used to account for improvements and expansions to the Wastewater Treatment Center and repayment of loans to the Illinois Environmental Protection Agency.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

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

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

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

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

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

Basis of Accounting

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

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

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District’s investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

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

Capital Assets

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

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

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

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

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Compensated Absences

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

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

Deferred Outflows/Inflows of Resources

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

Net Position

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

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

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

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

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

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

Deposits. At year-end, the carrying amount of the District's deposits totaled \$4,033,024 and the bank balances totaled \$3,812,012. In addition, the District had \$6,789,758 invested in the Illinois Funds, which has an average maturity of less than one year.

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

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

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

PROPERTY TAXES

Property taxes for 2022 attach as an enforceable lien in 2021, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by DuPage County and are payable in two installments, on or about June 1, and September 1. The County collects such taxes and remits them periodically.

CAPITAL ASSETS

Capital asset activity for the year was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------------|-----------------------|------------------|----------------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 2,496,725 | - | - | 2,496,725 |
| Construction in Progress | 805,853 | 632,692 | 738,103 | 700,442 |
| | <u>3,302,578</u> | <u>632,692</u> | <u>738,103</u> | <u>3,197,167</u> |
| Depreciable Capital Assets | | | | |
| Buildings and Equipment | 58,895,795 | 639,280 | 126,487 | 59,408,588 |
| Sanitary Sewer Infrastructure | 65,365,138 | 1,068,796 | 2,480 | 66,431,454 |
| | <u>124,260,933</u> | <u>1,708,076</u> | <u>128,967</u> | <u>125,840,042</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Equipment | 32,776,550 | 1,256,026 | 89,199 | 33,943,377 |
| Sanitary Sewer Infrastructure | 23,152,137 | 838,323 | 697 | 23,989,763 |
| | <u>55,928,687</u> | <u>2,094,349</u> | <u>89,896</u> | <u>57,933,140</u> |
| Total Net Depreciable Capital Assets | <u>68,332,246</u> | <u>(386,273)</u> | <u>39,071</u> | <u>67,906,902</u> |
| Total Net Capital Assets | <u>71,634,824</u> | <u>246,419</u> | <u>777,174</u> | <u>71,104,069</u> |

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Depreciation expense of \$2,094,349 was charged to the general government function.

LONG-TERM DEBT

IEPA Loans Payable

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

| Issue | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-----------------------|-----------|-------------|--------------------|
| Illinois Environmental Protection Agency (IEPA) Loan of 2010, due in annual installments of \$303,590, non-interest bearing, through November 2, 2030. | \$ 2,580,511 | - | 303,589 | 2,276,922 |

Long-Term Liability Activity

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

| Type of Debt | Beginning Balances | Additions | Deductions | Ending Balances | Amounts Due within One Year |
|--------------------------------------|-----------------------|------------------|----------------|--------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Compensated Absences | \$ 7,690 | 1,240 | 620 | 8,310 | 1,662 |
| Net Pension Liability/(Asset) - IMRF | (2,394,334) | 3,861,902 | - | 1,467,568 | - |
| Total OPEB Liability - RBP | 734,099 | - | 119,650 | 614,449 | - |
| IEPA Loans Payable | 2,580,511 | - | 303,589 | 2,276,922 | 303,589 |
| | <u>927,966</u> | <u>3,863,142</u> | <u>423,859</u> | <u>4,367,249</u> | <u>305,251</u> |

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

| Fiscal Year | Governmental Activities | |
|----------------|-------------------------|----------|
| | IEPA Loans | |
| | Payable | |
| | Principal | Interest |
| 2024 | \$ 303,589 | - |
| 2025 | 303,589 | - |
| 2026 | 303,589 | - |
| 2027 | 303,589 | - |
| 2028 | 303,589 | - |
| 2029 | 303,589 | - |
| 2030 | 303,589 | - |
| 2031 | 151,799 | - |
| Totals | <u>2,276,922</u> | - |

NET POSITION/FUND BALANCE

Net Position Classifications

Net investment in capital assets was comprised of the following as of April 30, 2023:

| | |
|--|--------------------|
| Governmental Activities | |
| Capital Assets - Net of Accumulated Depreciation | \$ 71,104,069 |
| Less Capital Related Debt: | |
| IEPA Loan of 2010 | <u>(2,276,922)</u> |
| Net Investment in Capital Assets | <u>68,827,147</u> |

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classification

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

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

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

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

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

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

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE – Continued

Fund Balance Classification – Continued

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

| | General | Special Revenue Public Benefit | Capital Projects | | Totals |
|-----------------------|-----------|---|------------------|--------------|------------|
| | | | Improvement | Construction | |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Public Benefits | \$ - | 37,818 | - | - | 37,818 |
| Capital Projects | - | - | 338,418 | 1,792,233 | 2,130,651 |
| | - | 37,818 | 338,418 | 1,792,233 | 2,168,469 |
| Assigned | | | | | |
| Construction Projects | 2,182,265 | - | 1,013,791 | - | 3,196,056 |
| Unassigned | 7,502,158 | - | - | - | 7,502,158 |
| Total Fund Balances | 9,684,423 | 37,818 | 1,352,209 | 1,792,233 | 12,866,683 |

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

CONTINGENT LIABILITIES

Litigation

The District is not a defendant in any lawsuits.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NONDOMESTIC WASTE

The District received 3.548 billion gallons of waste water from 20,289 users (of which 606 are nonmetered). The District billed users for 1.806 billion gallons. Of the 20,289 users of the system, the following discharge nondomestic waste:

| User | Volume (Gallons Per Day) |
|-------------------------|-----------------------------|
| Good Samaritan Hospital | 161,629 |
| Mar Cor Services | 12,707 |
| Bales Mold Service | 1,130 |
| Rexnord, Inc. | 7,101 |

DOWNERS GROVE SANITARY DISTRICT

Notes to the Financial Statements April 30, 2023

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

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

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided - Continued. Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings up to a statutorily set maximum during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

Plan Membership. As of December 31, 2022, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 33 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 18 |
| Active Plan Members | |
| Tier 1 | 21 |
| Tier 2 | <u>19</u> |
| Total | <u><u>91</u></u> |

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended April 30, 2023, the District’s contribution was 8.39% of covered payroll.

Net Pension Liability/(Asset). The District’s net pension liability/(asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2022, using the following actuarial methods and assumptions:

| | |
|----------------------------|---------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 7.25% |
| Salary Increases | 2.85% to 13.75% |
| Cost of Living Adjustments | 2.75% |
| Inflation | 2.25% |

For nondisabled 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.

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:

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions – Continued.

| <u>Asset Class</u> | <u>Target</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------|---|
| Fixed Income | 25.00% | 4.90% |
| Domestic Equities | 35.50% | 6.50% |
| International Equities | 18.00% | 7.60% |
| Real Estate | 10.50% | 6.20% |
| Blended | 9.50% | 6.25% - 9.90% |
| Cash and Cash Equivalents | 1.00% | 4.00% |

Discount Rate

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

Discount Rate Sensitivity

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

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate Sensitivity – Continued

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) \$ | 3,671,406 | 1,467,568 | (263,493) |

Changes in the Net Pension Liability/(Asset)

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability/ (Asset) (A) - (B) |
|---|--------------------------------------|---------------------------------------|---|
| Balances at December 31, 2021 | \$ 19,265,780 | 21,660,114 | (2,394,334) |
| Changes for the Year: | | | |
| Service Cost | 272,061 | - | 272,061 |
| Interest on the Total Pension Liability | 1,371,158 | - | 1,371,158 |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 40,136 | - | 40,136 |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 269,080 | (269,080) |
| Contributions - Employees | - | 143,238 | (143,238) |
| Net Investment Income | - | (2,670,592) | 2,670,592 |
| Benefit Payments, including Refunds of Employee Contributions | (978,567) | (978,567) | - |
| Other (Net Transfer) | - | 79,727 | (79,727) |
| Net Changes | 704,788 | (3,157,114) | 3,861,902 |
| Balances at December 31, 2022 | 19,970,568 | 18,503,000 | 1,467,568 |

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

For the year ended April 30, 2023, the District recognized pension expense of \$310,679. At April 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|------------------|
| Difference Between Expected and Actual Experience | \$ 235,624 | - | 235,624 |
| Change in Assumptions | 12,281 | (45,911) | (33,630) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 1,483,858 | - | 1,483,858 |
| Total Pension Expense to be Recognized in Future Periods | 1,731,763 | (45,911) | 1,685,852 |
| Pension Contributions Made Subsequent to the Measurement Date | 66,191 | - | 66,191 |
| Total Deferred Amounts Related to IMRF | <u>1,797,954</u> | <u>(45,911)</u> | <u>1,752,043</u> |

\$66,191 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| Fiscal Year | Net Deferred Outflows of Resources |
|----------------|--|
| 2024 | \$ 28,859 |
| 2025 | 302,034 |
| 2026 | 505,561 |
| 2027 | 849,398 |
| 2028 | - |
| Thereafter | - |
| Total | <u>1,685,852</u> |

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

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

Plan Membership. As of April 30, 2023, the measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 3 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | - |
| Active Plan Members | <u>33</u> |
| Total | <u><u>36</u></u> |

Total OPEB Liability

The District’s total OPEB liability was measured as of April 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the April 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial assumptions and other inputs – Continued.

| | |
|--|--|
| Inflation | 2.25% |
| Salary Increases | 2.50% |
| Discount Rate | 3.53% |
| Healthcare Cost Trend Rates | The initial trend rate is based on known information with the second rate following the 2023 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range. |
| Retirees' Share of Benefit-Related Costs | 100% of Projected Health Insurance Premiums for Retirees |

The discount rate was based on the Bond Buyer 20-Bond G.O. Index.

Mortality rates were based on PubG-2010(B) improved generationally using MP-2020 Improvement Rates, weighted per IMRF experience study report dated December 14, 2020; age 83 for Males, age 87 for Females.

Change in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|-------------------------------------|
| Balance at April 30, 2022 | <u>\$ 734,099</u> |
| Changes for the Year: | |
| Service Cost | 8,733 |
| Interest on the Total OPEB Liability | 22,570 |
| Difference Between Expected and Actual Experience | (92,045) |
| Changes of Assumptions or Other Inputs | 3,043 |
| Benefit Payments | <u>(61,951)</u> |
| Net Changes | <u>(119,650)</u> |
| Balance at April 30, 2023 | <u><u>614,449</u></u> |

DOWNERS GROVE SANITARY DISTRICT

**Notes to the Financial Statements
April 30, 2023**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

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

The discount rate used to measure the total pension liability was 3.53%, while the prior valuation used 3.21%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

| | 1% Decrease (2.53%) | Current Discount Rate (3.53%) | 1% Increase (4.53%) |
|----------------------|------------------------|-------------------------------------|------------------------|
| Total OPEB Liability | \$ 646,996 | 614,449 | 583,509 |

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

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

| | 1% Decrease (Varies) | Healthcare Cost Trend Rates (Varies) | 1% Increase (Varies) |
|----------------------|-------------------------|---|-------------------------|
| Total OPEB Liability | \$ 564,168 | 614,449 | 674,090 |

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

Per GASB Statement No. 75, under the Alternative Measurement Method, changes in Total OPEB Liability are immediately recognized as expense, resulting in no deferred outflows of resources or deferred inflows of resources related to OPEB. At April 30, 2023, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

For the year ended April 30, 2023, the District recognized OPEB revenue of \$57,699.

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Total OPEB Liability
Retiree Benefit Plan
- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

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

DOWNERS GROVE SANITARY DISTRICT

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Employer Contributions
April 30, 2023**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|-----------------|--|
| 2016 | \$ 314,598 | \$ 314,598 | \$ - | \$ 2,475,195 | 12.71% |
| 2017 | 291,750 | 291,750 | - | 2,449,621 | 11.91% |
| 2018 | 315,598 | 315,598 | - | 2,647,939 | 11.92% |
| 2019 | 310,019 | 310,019 | - | 2,793,762 | 11.10% |
| 2020 | 285,261 | 285,261 | - | 2,973,772 | 9.59% |
| 2021 | 293,539 | 293,539 | - | 2,829,875 | 10.37% |
| 2022 | 286,739 | 286,739 | - | 2,928,485 | 9.79% |
| 2023 | 256,235 | 256,235 | - | 3,054,434 | 8.39% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 21 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Inflation | 2.25% |
| Salary Increases | 2.85% to 13.75%, Including Inflation |
| Investment Rate of Return | 7.25% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | 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. |

Note:

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

DOWNERS GROVE SANITARY DISTRICT

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

April 30, 2023

| | <u>12/31/2015</u> |
|--|----------------------------|
| Total Pension Liability | |
| Service Cost | \$ 269,423 |
| Interest | 1,014,911 |
| Differences Between Expected and Actual Experience | (25,684) |
| Change of Assumptions | 35,991 |
| Benefit Payments, Including Refunds of Member Contributions | <u>(472,715)</u> |
| Net Change in Total Pension Liability | 821,926 |
| Total Pension Liability - Beginning | <u>13,633,789</u> |
| Total Pension Liability - Ending | <u><u>14,455,715</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 314,598 |
| Contributions - Members | 111,384 |
| Net Investment Income | 63,049 |
| Benefit Payments, Including Refunds of Member Contributions | (472,715) |
| Other (Net Transfer) | <u>(173,299)</u> |
| Net Change in Plan Fiduciary Net Position | (156,983) |
| Plan Net Position - Beginning | <u>12,633,124</u> |
| Plan Net Position - Ending | <u><u>12,476,141</u></u> |
| Employer's Net Pension Liability/(Asset) | <u><u>\$ 1,979,574</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 86.31% |
| Covered Payroll | \$ 2,475,195 |
| Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll | 79.98% |

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2015 through 2022. Changes in assumptions related to the demographics were made in 2015 and 2017.

Note:

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

| 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 |
|------------|------------|------------|------------|------------|-------------|-------------|
| 268,172 | 261,468 | 261,182 | 294,834 | 305,510 | 259,796 | 272,061 |
| 1,070,538 | 1,140,308 | 1,139,708 | 1,195,585 | 1,257,591 | 1,311,792 | 1,371,158 |
| 163,916 | (292,511) | 116,384 | 159,402 | 181,350 | 177,114 | 40,136 |
| (36,313) | (496,265) | 476,076 | - | (115,046) | - | - |
| (555,597) | (586,106) | (655,619) | (775,302) | (824,498) | (893,404) | (978,567) |
| 910,716 | 26,894 | 1,337,731 | 874,519 | 804,907 | 855,298 | 704,788 |
| 14,455,715 | 15,366,431 | 15,393,325 | 16,731,056 | 17,605,575 | 18,410,482 | 19,265,780 |
| 15,366,431 | 15,393,325 | 16,731,056 | 17,605,575 | 18,410,482 | 19,265,780 | 19,970,568 |
| 291,750 | 301,021 | 340,584 | 255,585 | 306,188 | 299,722 | 269,080 |
| 110,233 | 115,089 | 125,869 | 128,794 | 130,354 | 135,961 | 143,238 |
| 857,080 | 2,246,061 | (752,348) | 2,633,242 | 2,379,190 | 3,205,318 | (2,670,592) |
| (555,597) | (586,106) | (655,619) | (775,302) | (824,498) | (893,404) | (978,567) |
| 82,784 | (166,822) | 267,304 | 194,388 | (15,190) | 2,342 | 79,727 |
| 786,250 | 1,909,243 | (674,210) | 2,436,707 | 1,976,044 | 2,749,939 | (3,157,114) |
| 12,476,141 | 13,262,391 | 15,171,634 | 14,497,424 | 16,934,131 | 18,910,175 | 21,660,114 |
| 13,262,391 | 15,171,634 | 14,497,424 | 16,934,131 | 18,910,175 | 21,660,114 | 18,503,000 |
| 2,104,040 | 221,691 | 2,233,632 | 671,444 | (499,693) | (2,394,334) | 1,467,568 |
| 86.31% | 98.56% | 86.65% | 96.19% | 102.71% | 112.43% | 92.65% |
| 2,449,621 | 2,557,519 | 2,793,956 | 2,862,096 | 2,896,760 | 2,976,382 | 2,950,442 |
| 85.89% | 8.67% | 79.95% | 23.46% | (17.25%) | (80.44%) | 49.74% |

DOWNERS GROVE SANITARY DISTRICT

Retiree Benefit Plan

**Required Supplementary Information
Schedule of Changes in the Employer's Total OPEB Liability
April 30, 2023**

| | <u>4/30/2019</u> |
|---|-----------------------|
| Total OPEB Liability | |
| Service Cost | \$ 11,813 |
| Interest | 31,615 |
| Differences Between Expected and Actual Experience | 14,372 |
| Change of Assumptions or Other Inputs | - |
| Benefit Payments | <u>(46,136)</u> |
| Net Change in Total OPEB Liability | 11,664 |
| Total OPEB Liability - Beginning | <u>819,443</u> |
| Total OPEB Liability - Ending | <u><u>831,107</u></u> |
| Covered-Employee Payroll | \$ 2,804,694 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 29.63% |

Notes:

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2019 - 2023.

| 4/30/2020 | 4/30/2021 | 4/30/2022 | 4/30/2023 |
|-----------|-----------|-----------|-----------|
| 12,508 | 14,521 | 11,580 | 8,733 |
| 30,685 | 23,461 | 21,109 | 22,570 |
| - | - | - | (92,045) |
| 108,439 | 31,589 | (196,000) | 3,043 |
| (42,662) | (47,241) | (64,997) | (61,951) |
| 108,970 | 22,330 | (228,308) | (119,650) |
| 831,107 | 940,077 | 962,407 | 734,099 |
| 940,077 | 962,407 | 734,099 | 614,449 |
| 2,903,364 | 2,975,948 | 2,877,989 | 3,096,054 |
| 32.38% | 32.34% | 25.51% | 19.85% |

DOWNERS GROVE SANITARY DISTRICT

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

| | Budget | | Actual |
|--|--------------------|--------------------|-------------------------|
| | Original | Final | |
| Revenues | | | |
| Taxes | | | |
| Property Taxes | \$ 1,339,900 | 1,339,900 | 1,397,827 |
| Charges for Services | | | |
| User Billings | 3,902,500 | 3,902,500 | 4,033,482 |
| Inspection and Review Fees | 21,150 | 21,150 | 18,381 |
| Monthly Service Fees | 4,535,600 | 4,535,600 | 4,556,686 |
| Surcharges | 312,000 | 312,000 | 399,758 |
| Sampling and Monitoring | 105,000 | 105,000 | 117,546 |
| Property Lease Payments | 35,600 | 35,600 | 37,743 |
| Intergovernmental | | | |
| Replacement Taxes | 85,000 | 85,000 | 281,814 |
| Grants and Donations | 1,153,000 | 1,153,000 | 126,046 |
| Investment Income | 7,000 | 7,000 | 129,297 |
| Miscellaneous | 10,000 | 10,000 | 9,758 |
| Total Revenues | <u>11,506,750</u> | <u>11,506,750</u> | <u>11,108,338</u> |
| Expenditures | | | |
| General Government | 12,541,350 | 12,541,350 | 8,630,364 |
| Debt Service | | | |
| Principal Retirement | - | - | 181,591 |
| Total Expenditures | <u>12,541,350</u> | <u>12,541,350</u> | <u>8,811,955</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,034,600)</u> | <u>(1,034,600)</u> | <u>2,296,383</u> |
| Other Financing Sources | | | |
| Disposal of Capital Assets | 26,000 | 26,000 | 11,818 |
| Transfers Out | (500,000) | (500,000) | (500,000) |
| | <u>(474,000)</u> | <u>(474,000)</u> | <u>(488,182)</u> |
| Net Change in Fund Balance | <u>(1,508,600)</u> | <u>(1,508,600)</u> | 1,808,201 |
| Fund Balance - Beginning | | | <u>7,876,222</u> |
| Fund Balance - Ending | | | <u><u>9,684,423</u></u> |

OTHER SUPPLEMENTARY INFORMATION

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

Such schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUND

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

Public Benefit Fund

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

CAPITAL PROJECTS FUNDS

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

Improvement Fund

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

Construction Fund

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

DOWNERS GROVE SANITARY DISTRICT

General Fund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended April 30, 2023

| | Budget | | Actual |
|--------------------------|--------------|------------|-----------|
| | Original | Final | |
| General Government | | | |
| Salaries and Wages | | | |
| Plant | \$ 1,522,600 | 1,522,600 | 1,486,187 |
| Administrative | 940,900 | 940,900 | 927,768 |
| Sewer System | 509,000 | 509,000 | 481,061 |
| Laboratory | 268,050 | 268,050 | 234,938 |
| Lift Station | 29,550 | 29,550 | 16,945 |
| Office Expenditures | 594,400 | 594,400 | 372,217 |
| Insurance | 828,300 | 828,300 | 759,136 |
| Operations | | | |
| Plant | 2,258,150 | 2,258,150 | 1,626,860 |
| Sewer System | 3,962,150 | 3,962,150 | 1,351,552 |
| Laboratory | 128,600 | 128,600 | 108,550 |
| Lift Station | 377,250 | 377,250 | 327,754 |
| Motor Vehicles | 103,500 | 103,500 | 17,403 |
| Professional Services | 477,900 | 477,900 | 428,979 |
| Retirement Contributions | 541,000 | 541,000 | 491,014 |
| Total General Government | 12,541,350 | 12,541,350 | 8,630,364 |
| Debt Service | | | |
| Principal Retirement | - | - | 181,591 |
| Total Expenditures | 12,541,350 | 12,541,350 | 8,811,955 |

DOWNERS GROVE SANITARY DISTRICT

Improvement - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

| | Budget | | Actual |
|--|--------------------|--------------------|-------------------------|
| | Original | Final | |
| Revenues | | | |
| Charges for Services | | | |
| Connection Charges | \$ 90,000 | 90,000 | 133,200 |
| Investment Income | 250 | 250 | 17,137 |
| Total Revenues | <u>90,250</u> | <u>90,250</u> | <u>150,337</u> |
| Expenditures | | | |
| Capital Outlay | 1,588,500 | 1,588,500 | 501,434 |
| Debt Service | | | |
| Principal Retirement | 93,200 | 93,200 | 93,191 |
| Total Expenditures | <u>1,681,700</u> | <u>1,681,700</u> | <u>594,625</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,591,450) | (1,591,450) | (444,288) |
| Other Financing Sources | | | |
| Transfers In | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Net Change in Fund Balance | <u>(1,091,450)</u> | <u>(1,091,450)</u> | 55,712 |
| Fund Balance - Beginning | | | <u>1,296,497</u> |
| Fund Balance - Ending | | | <u><u>1,352,209</u></u> |

DOWNERS GROVE SANITARY DISTRICT

Construction - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended April 30, 2023**

| | Budget | | Actual |
|----------------------------|----------------|----------------|------------------|
| | Original | Final | |
| Revenues | | | |
| Charges for Services | | | |
| Connection Charges | \$ 250,000 | 250,000 | 205,716 |
| Investment Income | 1,200 | 1,200 | 18,361 |
| Total Revenues | <u>251,200</u> | <u>251,200</u> | 224,077 |
| Expenditures | | | |
| Debt Service | | | |
| Principal Retirement | <u>28,900</u> | <u>28,900</u> | 28,807 |
| Net Change in Fund Balance | <u>222,300</u> | <u>222,300</u> | 195,270 |
| Fund Balance - Beginning | | | <u>1,596,963</u> |
| Fund Balance - Ending | | | <u>1,792,233</u> |

SUPPLEMENTAL SCHEDULE

DOWNERS GROVE SANITARY DISTRICT

Long-Term Debt Requirements

IEPA Loan Payable of 2010

April 30, 2023

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

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

| Fiscal Year | Principal | Interest | Totals |
|----------------|------------------|----------|------------------|
| 2024 | \$ 303,589 | - | 303,589 |
| 2025 | 303,589 | - | 303,589 |
| 2026 | 303,589 | - | 303,589 |
| 2027 | 303,589 | - | 303,589 |
| 2028 | 303,589 | - | 303,589 |
| 2029 | 303,589 | - | 303,589 |
| 2030 | 303,589 | - | 303,589 |
| 2031 | 151,799 | - | 151,799 |
| | <u>2,276,922</u> | <u>-</u> | <u>2,276,922</u> |