SANITARY DISTRICT OF DECATUR

ANNUAL FINANCIAL REPORT

For the fiscal year ended April 30, 2021

MCK
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SANITARY DISTRICT OF DECATUR

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April 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary District of Decatur
Decatur, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Sanitary District of Decatur, as of and for the years ended April 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Sanitary District of Decatur's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sanitary District of Decatur as of April 30, 2021 and 2020, and the change in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021, on our consideration of the Sanitary District of Decatur's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Sanitary District of Decatur's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sanitary District of Decatur's internal control over financial reporting and compliance.

MCK CPAs & Advisors

Decatur, Illinois
October 26, 2021

SANITARY DISTRICT OF DECATUR
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2021

The Sanitary District of Decatur (the District) is presenting the following discussion and analysis to provide an overall review of the District's financial activities for the fiscal year ended April 30, 2021. We encourage readers to consider the information in conjunction with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Background Information

The Sanitary District of Decatur was organized under the Sanitary District Act of 1917. The District serves a population of roughly 88,500 in an area of approximately 30 square miles. For the years ended April 30, 2021 and 2020, approximately 31,972 and 31,800 customers, respectfully, were billed a user charge based on their water consumption, solids, ammonia, and oxygen demanding waste; except for a few users which are billed on metered discharge rather than water purchased. Customers are divided into three categories: residential, commercial/domestic, and industrial. While residential customers are the largest group in number, the industrial customers account for about two-thirds of the District's user charges.

In FY 2021, the District budgeted for sixty (60) full-time positions which was one more than FY 2020. All the budgeted positions were not filled the entire year due to retirements and other turnover and the extended length of the hiring process at the end of the year due to coronavirus pandemic mitigation efforts.

The District treated a maximum flow of 97.15 million gallons per day (MGD) in FY 2021 down from 110.38 MGD in FY 2020. The average flow was 33.18 MGD in FY 2021 and 37.69 MGD in FY 2020. The plant is designed for 41 MGD during dry weather flow and maximum capacity of 125 MGD during wet weather events.

The District continues to meet U.S. Environmental Protection Agency (USEPA) and Illinois Environmental Protection Agency (IEPA) permit requirements and regulations for all requirements except for the amount of nickel discharged. In 2019, the District received a site-specific rule for a higher nickel limit from the Illinois Pollution Control Board that was approved by the USEPA; however, as of April 30, 2021 the IEPA had not changed the NPDES permit to match the new limit because the District was operating under an administrative continuation permit. A new permit was issued in September of 2021 and became effective on October 1, 2021. The new permit includes the site-specific nickel limit, and the District is now in compliance with all discharge regulations.

Financial Highlights

- During FY 2021, the District's net position increased \$ 10,151,054 representing an increase of 8.0%. During FY 2020, the District's net position increased \$ 11,419,831 representing an increase of 9.8%
- During FY 2021, operating expenses increased by \$ 985,840 or 8.25%. This increase was mainly due to an increase in depreciation expense as well as changes in pension expense in FY 2021 compared to FY 2020 which was the result of actuarial adjustments to the Net Pension Liability/Asset.

Financial Highlights, continued

- Operating revenue for FY 2021 increased $ 829,745 because revenue from penalties paid by industrial users from a one-time incident caused by extreme weather. However, total revenues for FY 2021 decreased ($ 364,636) from FY 2020 because of less non-operating net investment income.

Overview of the Financial Statements

Management's Discussion and Analysis serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The financial statements also include notes that explain in detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods like those used by the private sector companies. These statements offer short and long-term information about the District's overall financial status.

The Statement of Net Position presents information on all the District's assets, deferred outflows, liabilities and deferred inflows, and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation also need to be considered.

The revenue and expenses for each year are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over each year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities, and provides answers to such questions as what is the source of cash, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

A summary, in thousands, of the District's Statement of Net Position are presented below.

	FY 2021	FY 2020	FY 2019	2021 vs 2020 Dollar Change	2021 vs 2020 Percent Change
Current and other assets	$ 81,826	70,540	61,563	11,286	16.0%
Capital assets, net of accumulated depreciation	95,020	99,232	98,154	(4,212)	(4.2)%
Deferred outflows	1,129	2,153	3,038	(1,024)	(47.6)%
Total assets and deferred outflows	177,975	171,925	162,755	6,050	3.5%
Outstanding debt	33,005	37,283	35,084	(4,278)	(11.5)%
Other liabilities and deferred inflows	7,315	7,138	11,587	177	2.5%
Total liabilities and deferred inflows	40,320	44,421	46,671	(4,101)	(9.2)%
Net investment in capital assets	62,015	61,949	62,370	66	0.1%
Restricted for pension and OPEB					
Unrestricted	75,640	65,555	53,714	10,085	15.4%
Total net position	$ 137,655	127,504	116,084	10,151	8.0%

For FY 2021, the increase in net position was due to assets increasing while liabilities decreased. The main factors causing the change in position was the accumulation of cash to pay for future capital asset improvements and pension related activities. The net pension asset increased due to actuarial adjustments and investment earnings on assets held in trust.

Deferred Outflows are related to pension fund investment returns being higher than the assumed return.

Outstanding debt decreased in FY 2021 as the District paid off debt early to take advantage of the inverse spread between interest rates on debt and investments.

Financial Analysis of the District, continued

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. The table below reflects the past two years changes, in thousands.

				2021 vs 2020	
	FY 2021	FY 2020	FY 2019	Dollar Change	Percent Change
Operating revenues	$ 18,955	18,125	18,295	830	4.6%
Nonoperating revenues	4,709	5,904	5,177	(1,195)	(20.2)%
Total revenues	23,664	24,029	23,472	(365)	(1.5)%
Operating expenses	7,897	7,336	11,072	561	7.6%
Depreciation expense	5,044	4,619	4,486	425	9.2%
Nonoperating expense	572	654	448	(82)	(12.5)%
Total expenses	13,513	12,609	16,006	904	7.2%
Changes in net position	10,151	11,420	7,466	(1,269)	(11.1)%
Beginning net position	127,504	116,084	108,618	11,420	9.8%
Total net position	$ 137,655	127,504	116,084	10,151	8.0%

The major factors for FY 2021 which contributed to these results include:

- The increase in operating revenues was the result of revenue from industrial user penalties from a one-time incident caused by extreme weather.
- The increase in operating expenses was mainly due to changes in pension costs.
- Nonoperating revenues decreased because of lower investment returns and less loan proceeds from Illinois Revolving Loan Fund supported capital projects.
- The 2020 Beginning Net Position was restated to account for a classification error in retainage payable that should have been included in Construction in Process.

Capital Assets

At the end of fiscal years 2021 and 2020, the District had $ 95,019,914 and $ 99,232,368 invested in capital assets (net of depreciation), respectively. As of April 30, 2021, the District had various contracts for construction projects and engineering projects with outstanding commitments totaling $ 16,737,980. The District is obligated to pay the cost under these contracts as the work is completed.

Debt Administration

As of April 30, 2021, the District has outstanding loans from the Illinois Revolving Loan and Debt Certificates with Hickory Point Bank in the amount of $ 33,004,699 of which the principal and interest due in the upcoming fiscal year are $ 2,250,450 and $ 524,272, respectively. As of April 30, 2020, the District had outstanding loans from the Illinois Revolving Loan Fund and Debt Certificates with Hickory Point Bank in the amount of $ 37,283,047. It is anticipated that the Revolving Loan Fund will continue to be used to fund future projects.

Budgetary Highlights

The District adopts an annual combined budget following presentation to the Board of Trustees and public notification and a public hearing. These budgets outline the estimated expenditures and the means of financing them. The District's budget may be revised throughout the year, after Board of Trustees' approval.

Economic Factors and Next Year's Budget and Rates

The District considers many factors when setting the fiscal year budget, user fees and charges. User charge rates generally reflect inflationary pressure on salaries and related personnel expenses, supplies and utilities. Additional consideration is given to the amount of capital improvements and replacements needed for the current fiscal year.

Domestic, commercial, and minor industrial classes generate approximately 30% of the billable flow. The District expects to continue to see a small decrease in this user class.

Demand for services provided by the District tends to be inelastic due to the nature of the service and the agricultural sector focus of the industrial customers.

Unemployment has been dramatically impacted by the coronavirus pandemic primarily in the service industries of restaurants, entertainment and hospitality. This is anticipated to have an indirect impact on the District's budget as wastewater sources shift from commercial sources to residential sources. The unemployment rate in Decatur had fallen to 9.7% in April 2021 from the record high of 17.2% in April 2020. Supply chain instability is starting to be a concern for major manufacturing customers in the District and could lead to extended higher than normal unemployment.

The influence of the Midwest Inland Port continues to expand the attractiveness of Decatur as a destination for warehouse and distribution jobs in addition to industries aligned with the agricultural sector. The Mueller Company also started construction of a new foundry in Decatur to replace their century old location. Most development does not appear to be a significant source of new user fees for the District but helps stabilize the declining population and taxable property values of the District.

The major industrial user class generates more than 70% of the billable flow. Industrial user volume is expected to remain stable in future years.

The continuing financial instability for the State of Illinois does not have a direct impact on the District because less than two percent (2%) of total revenue comes directly from the State.

Economic Factors and Next Year's Budget and Rates, continued

Domestic user charge rates are listed below:

	Domestic User Charge Rates					
	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Cost per 100 cu. ft.	$ 1.70	1.60	1.51	1.46	1.43	1.41
Average annual costs per user's household	$ 163.16	154.62	146.94	139.67	137.10	135.40

The District's long-range financing plan projects user fees to be increased by three cents ($ 0.03) to ten cents ($ 0.10) per 100 cubic feet per year through 2040. This includes a projected increase of ten cents ($ 0.10) in FY 2021 to keep pace with increasing expenses and to provide funding for a new Regulatory Compliance Fund. The Regulatory Compliance Fund was established to accumulate funds required to pay for anticipated expenses required to comply with nutrient reduction and other regulatory enhancements in the District's pending National Pollutant Discharge Elimination System (NPDES) permit. Capital costs for regulatory compliance is not incorporated into the projections until compliance dates can be projected and the financial impact can be determined.

DISTRICT CONTACT INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kent D. Newton, CPFO, Executive Director/CFO, Sanitary District of Decatur, 501 Dipper Lane, Decatur, Illinois 62522 or by telephone at (217) 442-6931, ext. 213, or by email at kentn@sddcleanwater.org.

SANITARY DISTRICT OF DECATUR

STATEMENTS OF NET POSITION
April 30, 2021 and 2020

		2021	2020
ASSETS			
Current assets:			
Cash and cash equivalents	$	**40,660,923**	23,231,310
Investments		**21,129,293**	31,117,469
Receivables, net		**7,062,366**	6,641,542
Prepaid expenses		**59,697**	63,609
Notes receivable - Village of Oreana, current portion		**137,803**	137,803
Notes receivable - Argenta Sanitary District, current portion		**130,138**	123,136
Total current assets		**69,180,220**	61,314,869
Noncurrent assets:			
Net pension asset		**5,435,979**	1,747,001
Capital assets, net of accumulated depreciation		**95,019,914**	99,232,368
Notes receivable - Village of Oreana, less current portion		**2,771,226**	2,909,030
Notes receivable - Argenta Sanitary District, less current portion		**4,437,906**	4,568,044
Total noncurrent assets		**107,665,025**	108,456,443
TOTAL ASSETS		**176,845,245**	169,771,312
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions		**1,129,266**	2,153,452
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**1,129,266**	2,153,452
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	**177,974,511**	171,924,764

See Notes to Financial Statements.

		2021	2020
LIABILITIES			
Current liabilities:			
Accounts payable, including retainage of $ 80,066 and $ -0-, respectively	$	**1,123,814**	979,154
Accrued expenses		**392,427**	415,743
Accrued interest		**135,732**	90,780
Debt certificates, current maturities		**169,069**	255,984
Notes payable, current maturities		**2,081,381**	2,559,465
Total current liabilities		**3,902,423**	4,301,126
Long-term liabilities:			
Debt certificates, less current maturities			169,069
Notes payable, less current maturities		**30,754,249**	34,298,529
Total OPEB liability		**1,683,530**	1,594,895
Total long-term liabilities		**32,437,779**	36,062,493
TOTAL LIABILITIES		**36,340,202**	40,363,619
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions		**122,578**	195,636
Subsequent year's property taxes		**3,856,408**	3,861,240
TOTAL DEFERRED INFLOWS OF RESOURCES		**3,978,986**	4,056,876
NET POSITION			
Net investment in capital assets		**62,015,215**	61,949,321
Unrestricted		**75,640,108**	65,554,948
TOTAL NET POSITION		**137,655,323**	127,504,269
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	**177,974,511**	171,924,764

SANITARY DISTRICT OF DECATUR

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended April 30, 2021 and 2020

		2021	2020
Operating revenues:			
Industrial user charges and penalties	$	**14,001,293**	13,161,560
User charges		**4,456,565**	4,464,130
Annexations		**7,161**	19,374
Pump stations		**123,352**	121,715
Miscellaneous		**366,666**	358,513
Total operating revenues		**18,955,037**	18,125,292
Operating expenses:			
Personnel services		**2,543,109**	1,927,936
Operations and maintenance		**3,443,415**	3,632,599
Building and grounds		**342,356**	136,113
Contractual/outside services		**1,019,138**	727,285
Depreciation expense		**5,043,590**	4,618,561
General and administrative expenses		**548,682**	911,956
Total operating expenses		**12,940,290**	11,954,450
Operating income		**6,014,747**	6,170,842
Nonoperating revenues (expenses):			
Property taxes		**3,887,434**	3,574,542
Replacement taxes		**528,427**	416,610
State funding		**1,092**	5,157
Net investment income (loss)		**233,467**	1,820,229
Interest expense		**(572,378)**	(565,517)
Gain (loss) on disposal of assets			(88,560)
Other income-interest on loans		**58,265**	86,528
Total nonoperating revenues		**4,136,307**	5,248,989
Change in net position		**10,151,054**	11,419,831
Net position, beginning, as restated		**127,504,269**	116,084,438
Net position, ending	$	**137,655,323**	127,504,269

See Notes to Financial Statements.

SANITARY DISTRICT OF DECATUR

STATEMENTS OF CASH FLOWS
Years ended April 30, 2021 and 2020

		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	$	**18,524,682**	18,177,634
Payments to suppliers		**(5,205,019)**	(6,400,067)
Payments to employees		**(5,215,640)**	(5,285,552)
Net cash flows from operating activities		**8,104,023**	6,492,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property tax receipts		**3,887,434**	3,574,542
Replacement tax receipts		**437,065**	463,546
Net cash flows from noncapital financing activities		**4,324,499**	4,038,088
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets		**(831,136)**	(6,976,878)
Principal payments on notes payable and debt certificates		**(4,278,348)**	(3,194,940)
State funding		**1,092**	5,157
Proceeds from notes payable and debt certificates			5,393,704
Interest paid on notes payable and debt certificates		**(527,426)**	(642,381)
Payments received on notes receivable		**260,940**	254,179
Interest received on notes receivable		**58,265**	86,525
Net cash flows from capital and related financing activities		**(5,316,613)**	(5,074,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale and maturity of investments		**11,613,174**	2,179,694
Purchase of investments		**(1,955,678)**	(3,040,869)
Interest income received		**660,208**	792,833
Net cash flows from investing activities		**10,317,704**	(68,342)
Net increase in cash and cash equivalents		**17,429,613**	5,387,127
Cash and cash equivalents at beginning of year		**23,231,310**	17,844,183
Cash and cash equivalents at end of year	$	**40,660,923**	23,231,310

(Continued)

SANITARY DISTRICT OF DECATUR

STATEMENTS OF CASH FLOWS (Continued)
Years ended April 30, 2021 and 2020

		2021	2020
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net operating income	$	**6,014,747**	6,170,842
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation		**5,043,590**	4,618,561
Effects of changes in operating assets and liabilities:			
Receivables		**(430,355)**	52,342
Prepaid expenses		**3,912**	(20,747)
Accounts payable		**144,660**	(971,367)
Accrued expenses		**(23,316)**	(43,308)
Net pension liability (asset)		**(3,688,978)**	(3,933,515)
Total OPEB liability		**88,635**	29,450
Deferred outflows of resources for pension		**1,024,186**	869,525
Deferred outflows of resources for OPEB			14,700
Deferred inflows of resources for pension		**(73,058)**	(294,468)
Net cash flows from operating activities	**$**	**8,104,023**	6,492,015

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

Sanitary District of Decatur (the District) was incorporated in 1917 under the provisions of the Sanitary District Act for the purpose of providing wastewater services to a geographic area which includes Decatur, Illinois and annexed areas surrounding the city. Revenues are generated from wastewater services provided for the constituents of the District, supplemented by real estate taxes, grants, investment earnings, and an allocated portion of state of Illinois replacement taxes.

Reporting Entity: In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The financial reporting entity consists of (a) the primary government, the Sanitary District of Decatur, which has a separately appointed governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is an independent special purpose government in that it has the authority to determine its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

There are no component units of the Sanitary District of Decatur nor is the Sanitary District of Decatur dependent on any other entity.

Financial Statement Presentation and Basis of Accounting: The District operates as a proprietary fund in which the intent of the District is to recover its operating costs, including depreciation, through the use of industrial and residential user charges and tax levies within. Within this fund, the District maintains subfunds to account for specific resources and expenses. The accounting records of the District are maintained on the cash method of reporting revenue and expenses, and are adjusted at year-end to the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The District recognizes user charge revenues when the service is provided. Monthly cycle billing is utilized for industrial users; residential and small commercial customers are billed on quarterly cycles. Unbilled receivables have been estimated at April 30. User charge rates are intended to generate revenues equivalent to estimated operating and replacement costs.

State of Illinois replacement taxes are recognized as revenue when the underlying exchange transaction has occurred.

Permit income and other miscellaneous revenues are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Charges for services are recognized when the service is performed as they are measurable and available.

Note 1 - Summary of Significant Accounting Policies, continued

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and disclosure of contingent assets and deferred outflows of resources and liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues, expenses and changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For the purposes of the statements of cash flows, all short-term investments with a maturity at the date of purchase of three months or less are considered to be cash equivalents.

Investments: Investments are stated at estimated fair value, and are composed of certificates of deposit and U.S. treasury notes. The types of investments allowed are regulated by Illinois state laws and include municipal bonds, U.S. government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Public Treasurer's Investment Pool and agreements collateralized by securities or mortgages in an amount at least equal to the market value of the funds deposited.

User Charges Receivable: User charges receivable include both billed and unbilled services for residential and industrial customers in the Decatur area. The receivables are uncollateralized customer obligations which generally require payment within twenty days from the invoice date. Accounts receivable are stated at the invoice amount plus delinquency fees.

Account balances with invoices over twenty days old are considered delinquent and charged a 5% late fee. The District has the right to file a lien against the property. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the District could be adversely affected. All accounts or portions thereof deemed to be uncollectible, or to require an excessive collection cost, are written off to bad debt expense.

Note 1 - Summary of Significant Accounting Policies, continued

Capital Assets: Capital assets are defined by the District as assets with an initial cost equal to or more than $ 5,000 through April 30, 2018. At May 1, 2018, listed below are the initial costs equal to or more than utilized by the District. Land, buildings, improvements, infrastructure, and machinery and equipment acquired or constructed prior to May 1, 2002, are valued at estimated cost. All other additions since this date are valued at historical cost. Depreciation is provided using the straight-line method over the following estimated useful lives:

	Amount	Useful Life
Land	$ 25,000	Nondepreciable
Land improvements	50,000	20 years
Buildings and improvements	50,000	20 to 50 years
Infrastructure	150,000	50 years
Machinery and equipment	10,000	5 to 15 years

Work in progress includes costs incurred for various additions, improvements and modifications to existing capital assets during the year for which the project was incomplete at year-end. Depreciation is not provided until the project is completed and placed in service.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances. Interest of $ -0- and $ 60,667 was capitalized in fiscal years 2021 and 2020, respectively.

Compensated Absences: District personnel earn vacation time in varying amounts depending on length of service with the District. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with accounting standards, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Deferred Outflows of Resources: The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The District has two types of deferred outflows of resources which occurs related to its pension and other post-employment benefits (OPEB) plans. The District has deferred outflows related to pension and OPEB expenses to be recognized in future periods.

Deferred Inflows of Resources: The District reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has two types of items which occur related to revenue recognition. The District has property tax receivables which are recorded in the current year, but the revenue will be recorded in the subsequent year and for pension differences between expected and actual experience.

Note 1 - Summary of Significant Accounting Policies, continued

Pensions: For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Property Taxes: Property taxes attach as an enforceable lien on all assessable real property located within the boundaries of the District as of each January 1. Taxes are levied on or about May 1 and payable in two installments on or about June 1 and September 1. The County of Macon bills and collects the taxes for the District, and the District receives significant property tax distributions during the months of June, July, and September.

At year-end, the District records a receivable for property taxes levied and records deferred inflows for the full amount to match the revenue recording with the period in which the monies will actually be received and used. The receivable and deferral are recorded at 99% of the levy as history has shown that 99% or more of the levy is collected.

Note 2 - Deposits and Investments

The District has adopted a formal investment policy approved by the Board of Trustees and management. The District is authorized by its policy to make deposits or investments in a manner which will provide the maximum security at the highest investment return while meeting the daily cash flow demands of the District and conforming to all state and local statutes and ordinances governing the investment of public funds. The investment policy applies to all financial assets of the District. The District may invest in any type of security allowed by Illinois law, including savings accounts, money market accounts, commercial paper, State Treasurer's Investment Pool (The Illinois Funds), money market mutual funds, repurchase agreement, certificates of deposit, and time deposits constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the FDIC; bonds, notes, and obligations guaranteed by the full faith and credit of the United States as to principal and interest.

At April 30, 2021, the carrying value of the District's deposits including cash and money markets were $ 40,660,823 and the respective bank balances totaled $ 41,001,605. At April 30, 2020, the carrying value of the District's deposits including cash and money markets were $ 23,231,310 and the respective bank balances totaled $ 23,428,323.

Note 2 - Deposits and Investments, continued

Interest Rate Risk: Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The District will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. By investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy the District will also minimize interest rate risk. The District's formal investment policy states the portfolio shall remain sufficiently liquid to meet all operating costs which may be reasonably anticipated. Portfolios are structured so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). The portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

Credit Risk: Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. The standard of prudence to be used by the District shall be the "prudent person" standard which states:

> Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the District's overall portfolio.

The District's investments in U.S. treasury notes of $ 13,436,503 at April 30, 2021, were rated AA+ by Moody's Investors Service. At April 30, 2021, the District's investments representing greater than 5% of their portfolio were U.S. treasury notes, which totaled $ 13,436,503. The District's investments in U.S. treasury notes of $ 16,256,744 at April 30, 2020, were rated Aaa-Baa2 by Moody's Investors Service. At April 30, 2020, the District's investments representing greater than 5% of their portfolio were U.S. treasury notes, which totaled $ 16,256,744.

Custodial Credit Risk - Deposits and Certificates of Deposit: Custodial credit risk is the risk that a government will not be able to cover deposits if the depository financial institution fails or will not be able to recover collateral securities that are in the possession of an outside party. It is the policy of the District to require that demand and time deposits in excess of FDIC or other federal insurable limits be secured by some form of collateral to protect public deposits in a single situation if it were to default due to poor management or economic factors. As of April 30, 2021 and 2020, the District's bank deposits were fully insured or collateralized.

Note 2 - Deposits and Investments, continued

Custodial Credit Risk - Deposits and Certificates of Deposit, continued:

As of April 30, 2021, the District had the following investments:

Investment Type	**Fair Value**	**Investment Maturities (in Years)** Less than 1	1 - 5	More than 5
Certificates of Deposit - negotiable	**$ 7,692,790**	**3,155,326**	**4,537,464**	
U.S. Treasury Notes	**13,436,503**	**3,922,230**	**9,514,273**	
Total	**$ 21,129,293**	**7,077,556**	**14,051,737**	-

As of April 30, 2020, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years) Less than 1	1 - 5	More than 5
Certificates of Deposit - negotiable	$ 10,784,465	3,013,160	7,771,305	
Certificates of Deposit - nonnegotiable	4,076,260	4,076,260		
U.S. Treasury Notes	16,256,744	2,954,668	13,302,076	
Total	$ 31,117,469	10,044,088	21,073,381	-

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. The District has the following recurring fair value measurements as of April 30, 2021 and 2020:

Level 2 Inputs of $ 21,129,293 and $ 27,041,269 for 2021 and 2020, respectively, including negotiable certificates of deposit and U.S. treasury securities.

Note 3 - Receivables

Receivables are summarized as follows as of April 30:

	2021	2020
Property tax receivable	**$ 3,856,408**	3,861,240
Replacement tax receivable	**148,231**	56,869
Interest receivable	**126,673**	222,734
Billed user charges, net allowance of doubtful accounts of $ 61,037 and $ 61,037, respectively	**296,989**	325,733
Unbilled user charges	**219,327**	211,268
Industrial user charges	**2,414,738**	1,963,698
Total	**$ 7,062,366**	6,641,542

Note 4 - Major Customers

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. Approximately 88% of the District's operating revenues for the year ended April 30, 2021, was from two industrial customers. The accounts receivable from these two customers totaled $ 2,301,844 at April 30, 2021. Approximately 92% of the District's operating revenues for the year ended April 30, 2020, was from two industrial customers. The accounts receivable from these two customers totaled $ 1,858,044 at April 30, 2020.

Note 5 - Capital Assets

Following is a summary of changes in capital assets and related depreciation for fiscal years ended April 30, 2021 and 2020:

	Balance April 30, 2020	Increases	Decreases	Balance April 30, 2021
Capital assets, not being depreciated:				
Land	$ 2,935,993			2,935,993
Work in progress	438,582	464,402	282,318	620,666
Total capital assets, not being depreciated	3,374,575	464,402	282,318	3,556,659
Capital assets being depreciated:				
Buildings and improvements	87,909,468			87,909,468
Infrastructure	79,573,736	135,172		79,708,908
Machinery and equipment	63,886,279	361,143		64,247,422
Vehicles	1,803,741	152,737		1,956,478
Land improvements	6,587,244			6,587,244
Total capital assets being depreciated	239,760,468	649,052	-	240,409,520
Less: accumulated depreciation	143,902,675	5,043,590		148,946,265
Total capital assets being depreciated, net	95,857,793	(4,394,538)	-	91,463,255
Capital assets, net	$ 99,232,368	(3,930,136)	282,318	95,019,914

Note 5 - Capital Assets, continued

Following is a summary of changes in capital assets and related depreciation for fiscal years ended April 30, 2020 and 2019:

	Balance April 30, 2019	Increases	Decreases	Balance April 30, 2020
Capital assets, not being depreciated:				
Land	$ 2,935,993			2,935,993
Work in progress	8,431,881	214,091	8,207,390	438,582
Total capital assets, not being depreciated	11,367,874	214,091	8,207,390	3,374,575
Capital assets being depreciated:				
Buildings and improvements	81,626,594	6,498,874	216,000	87,909,468
Infrastructure	78,695,663	878,073		79,573,736
Machinery and equipment	59,187,970	5,316,144	617,835	63,886,279
Vehicles	1,746,432	57,309		1,803,741
Land improvements	5,559,125	1,028,119		6,587,244
Total capital assets being depreciated	226,815,784	13,778,519	833,835	239,760,468
Less: accumulated depreciation	140,029,390	4,618,561	745,276	143,902,675
Total capital assets being depreciated, net	86,786,394	9,159,958	88,559	95,857,793
Capital assets, net	$ 98,154,268	9,374,049	8,295,949	99,232,368

Work in progress at April 30 consisted of the following projects:

	2021	2020
Biogas Co-Generation Replacement Project	**$ 156,264**	156,264
South Shores Interceptor lining	**97,749**	
Building 043 MCC replacement		68,227
Lake Shore lift station	**188,522**	
Digester #3 lid replacement	**145,366**	
Fermentation reactor	**32,765**	
Financial software replacement		57,813
Macerator replacement		156,278
Total	**$ 620,666**	438,582

Note 6 - Notes Receivable

Village of Oreana: The District financed the construction of a joint wastewater system for the Village of Oreana (the Village). The Village's original cost of the construction was $ 5,077,771, less $ 1,164,431 of loan forgiveness related to a grant received by the District, for a net amount due from the Village of $ 3,913,340. In addition, related to this project, the Village owes the District $ 195,007 in annexation fees. The agreement calls for the above items to be repaid to the District over a 30-year period, at a 0% interest rate. As of April 30, 2021 and 2020, the Village owed $ 2,909,026 and $ 3,046,833, respectively. Following are the expected maturities on the notes receivable:

Year Ending April 30,	Principal	Interest	Total
2022	$ 137,803		137,803
2023	137,803		137,803
2024	137,803		137,803
2025	137,803		137,803
2026	137,803		137,803
2027 - 2031	689,017		689,017
2032 - 2036	689,017		689,017
2037 - 2041	689,017		689,017
2042 - 2043	152,963		152,963
Total	$ 2,909,029	-	2,909,029

Argenta Sanitary District: The District financed the construction of a joint wastewater system for the Argenta Sanitary District (ASD). ASD's cost of the construction was $ 6,568,822, less $ 1,451,797 of loan forgiveness related to a grant received by the District, for a net amount due from ASD of $ 5,117,025. In addition, related to this project, the ASD owes the District $ 266,111 in annexation fees. The agreement calls for the above items to be repaid to the District over a 30-year period, at a 1.25% interest rate. As of April 30, 2021 and 2020, the Argenta Sanitary District owed $ 4,568,044 and $ 4,691,180, respectively. Following are the expected maturities on the notes receivable:

Year Ending April 30,	Principal	Interest	Total
2022	$ 130,138	56,704	186,842
2023	137,393	55,055	192,448
2024	144,907	53,314	198,221
2025	152,688	51,479	204,167
2026	160,747	49,545	210,292
2027 - 2031	934,924	215,041	1,149,965
2032 - 2036	1,108,252	150,959	1,259,211
2037 - 2041	1,182,115	79,570	1,261,685
2042 - 2044	616,880	11,585	628,465
Total	$ 4,568,044	723,252	5,291,296

Note 7 - Long-Term Debt

Notes Payable: The District has the following Illinois Environmental Protection Agency (IEPA) loans:

Ultra Violet Project: Note payable to the IEPA, for the Ultra Violet project; interest at 2.535%; due in semiannual installments in June and December of each year through June 2020.

2002 Rehabilitation Project: Note payable to the IEPA, for the 2002 Rehabilitation project; interest at 2.500%; due in semi-annual installments in July and January of each year through January 2024. The note was paid off during fiscal year 2021.

Damon to Monroe Project: Note payable to the IEPA, for the Damon to Monroe project; interest at 2.500%; due in semi-annual installments in January and July of each year through July 2024. The note was paid off during fiscal year 2021.

Phase 2 - WWTP Project: Note payable to the IEPA, for the Phase 2 - WWTP project; interest at 2.570%; due in semi-annual installments in January and July of each year through January 2024. The note was paid off during fiscal year 2021.

Odor Control Project: Note payable to the IEPA, for the Odor Control project; interest at 2.500%; due in semiannual installments in April and October of each year through January 2027. The note was paid off during fiscal year 2021.

2004 Rehabilitation Project: Note payable to the IEPA, for the 2004 Rehabilitation project; interest at 2.500%; due in semi-annual installments in June and December of each year through December 2025. The note was paid off during fiscal year 2021.

Wyckles Forcemain Project I: Note payable to the IEPA, for the Wyckles Forcemain Project I; interest at 0.000%; due in semi-annual installments in July and January of each year through 2031.

Oreana Collection System Project: Note payable to the IEPA, for the Oreana Collection System project; interest at 0.000%; due in semi-annual installments in March and September of each year through 2031.

Wyckles Phase II Project: Note payable to the IEPA, for the Wyckles Phase II project; interest at 0.000%; due in semi-annual installments in November and May of each year through 2030.

Note 7 - Long-Term Debt, continued

Notes Payable, continued:

Argenta Collection System Project: Note payable to the IEPA, for the Argenta Collection System project; interest at 0.000%; due in semi-annual installments in July and January of each year through 2032.

Stevens Creek Interceptor Rehab Project: Note payable to the IEPA, for the Stevens Creek Interceptor Rehab project; interest at 1.250%; due in semi-annual installments in March and September of each year through 2031.

2011 Trestle Rehab Project: Note payable to the IEPA, for the 2011 Trestle Rehab project; interest at 1.250%; due in semi-annual installments in January and July of each year through 2032.

Primary Digester Upgrade: Note payable to the IEPA, for the Primary Digester Upgrade; interest at 1.930%; due in semi-annual installments in November and May each year through 2035.

Sludge Thickening System: Note payable to the IEPA, for the Sludge Thickening System; interest at 1.995%; due in semi-annual installments in November and May each year through 2036.

East Side Separation Rehabilitation: Note payable to the IEPA, for the East Side Separation Rehabilitation; interest at 2.210%; due in semi-annual installments each year through September 2035.

Odor Control Project - Phase II: Note payable to the IEPA, for the Odor Control Project - Phase II; interest at 2.210%; due in semi-annual installments each year through February 2036.

Southeast 36 Interceptor Project: Note payable to the IEPA, for the Southeast 36 Interceptor Project; interest at 1.760%; due in semi-annual installments each year through June 2038.

West Head Works Improvement Project: Note payable to the IEPA, for the West Head Works Improvement Project; interest at 1.760%; due in semi-annual installments each year through October 2039.

Note 7 - Long-Term Debt, continued

Notes Payable, continued: The following is a summary of changes in notes payable for the year ended April 30, 2021:

	Principal Outstanding April 30, 2020	Issuances	Retirements	Principal Outstanding April 30, 2021	Current Portion
Ultra Violet Project	$ 65,073		65,073		
2002 Rehabilitation Project	131,368		131,368		
Damon to Monroe Project	772,551		772,551		
Phase 2 - WWTP project	489,033		489,033		
Odor Control Project	275,848		275,848		
2004 Rehabilitation Project	544,359		544,359		
Wyckles Forcemain Project I	441,403		42,038	399,365	42,038
Oreana Collection System Project	2,781,764		252,888	2,528,876	252,887
Wyckles Phase II Project	427,301		40,695	386,606	40,695
Argenta Collection System Project	3,671,092		142,254	3,528,838	287,180
Stevens Creek Interceptor Rehab Project	1,003,377		78,004	925,373	78,982
2011 Trestle Rehab Project	1,553,186		115,547	1,437,639	116,996
Primary Digester Upgrade	6,013,205		167,333	5,845,872	339,525
Sludge Thickening System	4,175,225		223,915	3,951,310	228,405
East Side Separation Rehabilitation	1,778,038		97,346	1,680,692	99,509
Odor Control Project - Phase II	3,032,172		159,889	2,872,283	163,442
West Head Works Improvement Project	8,571,442		371,981	8,199,461	378,556
SE 36 Interceptor Project	1,131,557		52,242	1,079,315	53,166
Total	$ 36,857,994	-	4,022,364	32,835,630	2,081,381

Note 7 - Long-Term Debt, continued

Notes Payable, continued: The following is a summary of changes in notes payable for the year ended April 30, 2020:

	Principal Outstanding April 30, 2019	Issuances	Retirements	Principal Outstanding April 30, 2020	Current Portion
Ultra Violet Project	$ 192,785		127,712	65,073	65,073
2002 Rehabilitation Project	163,073		31,705	131,368	32,503
Damon to Monroe Project	934,913		162,362	772,551	166,446
Phase 2 - WWTP project	605,266		116,233	489,033	119,239
Odor Control Project	311,483		35,635	275,848	36,531
2004 Rehabilitation Project	630,630		86,271	544,359	88,441
Wyckles Forcemain Project I	483,441		42,038	441,403	42,038
Oreana Collection System Project	3,034,651		252,887	2,781,764	252,887
Wyckles Phase II Project	467,996		40,695	427,301	40,695
Argenta Collection System Project	3,952,954		281,862	3,671,092	283,623
Stevens Creek Interceptor Rehab Project	1,080,415		77,038	1,003,377	78,004
2011 Trestle Rehab Project	1,667,302		114,116	1,553,186	115,547
Primary Digester Upgrade	6,343,087		329,882	6,013,205	333,066
Sludge Thickening System	4,394,739		219,514	4,175,225	223,915
East Side Separation Rehabilitation	1,873,267		95,229	1,778,038	97,346
Odor Control Project - Phase II	3,188,585		156,413	3,032,172	159,889
West Head Works Improvement Project	3,361,296	5,393,704	183,558	8,571,442	371,980
SE 36 Interceptor Project	1,184,097		52,540	1,131,557	52,242
Total	$ 33,869,980	5,393,704	2,405,690	36,857,994	2,559,465

Note 7 - Long-Term Debt, continued

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending April 30,	Principal	Interest	Total
2022	$ 2,081,381	521,624	2,603,005
2023	2,112,078	490,927	2,603,005
2024	2,143,335	459,670	2,603,005
2025	2,175,164	427,841	2,603,005
2026	2,207,573	395,432	2,603,005
2027 - 2031	11,503,779	1,469,879	12,973,658
2032 - 2036	8,675,472	604,692	9,280,164
2037 - 2040	1,936,848	67,202	2,004,050
Total	$ 32,835,630	4,437,267	37,272,897

Debt Certificates: On April 24, 2015, the District issued debt certificates for $ 2,000,000, however, only $ 108,500 of that was actually disbursed to the District in fiscal year 2015. The $ 2,000,000 was reduced to $ 500,000 during fiscal year 2016. Principal and interest are due April 24 and October 24 at an interest rate of 2.55%. At April 30, 2021 and 2020, there was principal outstanding in the amount of $ 169,069 and $ 425,053, respectively.

	Balance April 30, 2020	**Issuances**	**Retirements**	**Balance April 30, 2021**	**Current**
General Obligation Debt Certificates, Series 2015	**$ 425,053**	**-**	**255,984**	**169,069**	**169,069**

	Balance April 30, 2019	Issuances	Retirements	Balance April 30, 2020	Current
General Obligation Debt Certificates, Series 2013	$ 539,670		539,670		
General Obligation Debt Certificates, Series 2015	674,633		249,580	425,053	255,984
Total	$ 1,214,303	-	789,250	425,053	255,984

Annual debt service requirements to maturity for debt certificates is as follows:

Year Ending April 30,	Principal	Interest	Total
2022	$ 169,069	2,648	171,717

Note 8 - Pension Plan

IMRF Plan Description: The District's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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). The District only participates in the Regular Plan.

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms: As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	93
Inactive plan members entitled to but not yet receiving benefits	15
Active plan members	55
Total	163

Note 8 - Pension Plan, continued

Contributions: As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar years 2020 and 2019 was 7.82% and 3.90%, respectively. For the fiscal years 2021 and 2020, the District's required contribution was $ 271,037 and $ 194,466, respectively, to the plan and the District contributed $ 271,037 and $ 194,466, respectively. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset): The District's net pension liability (asset) was measured as of December 31, 2020 and 2019. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- **Price Inflation** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
- For **Non-disabled Retirees**, the Pub-2010, Amounted-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, Amounted-Weighted, below-median income, General, Disabled Retiree, Male and Female (both adjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amounted-Weighted, below-median income, General, Employee, Male and Female (both adjusted) tables, and future mortality improvements projected using scale MP-2020.

There were no benefit changes during the year.

Note 8 - Pension Plan, continued

Actuarial Assumptions, continued: The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2019:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- **Price Inflation** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.35% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

There were no benefit changes during the year.

Note 8 - Pension Plan, continued

Actuarial Assumptions, continued:

- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for 2020:

Asset Class	**Portfolio Target Percentage**	**Long-Term Expected Real Rate of Return**
Domestic Equity	**37%**	**5.00%**
International Equity	**18%**	**6.00%**
Fixed Income	**28%**	**1.30%**
Real Estate	**9%**	**6.20%**
Alternative Investments	**7%**	**2.85% - 6.95%**
Cash Equivalents	**1%**	**0.70%**
Total	**100%**	

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60%-7.60%
Cash Equivalents	1%	1.85%
Total	100%	

Note 8 - Pension Plan, continued

Single Discount Rate: A Single Discount Rate of 7.25% in 2020 and 2019 was used to measure the total pension liability (asset). The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25% for 2020 and 7.25% for 2019, the municipal bond rate is 2.00% for 2020 and 2.75% for 2019, and the resulting single discount rate is 7.25% for 2020 and 7.25% for 2019.

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, 2019	**$ 35,815,434**	**37,562,435**	**(1,747,001)**
Changes for the year:			
Service Cost	**395,783**		**395,783**
Interest on the Total Pension Liability	**2,532,040**		**2,532,040**
Differences Between Expected and Actual Experience of the Total Pension Liability	**(89,452)**		**(89,452)**
Changes of Assumptions	**(80,139)**		**(80,139)**
Contributions - Employer		**289,703**	**(289,703)**
Contributions - Employees		**189,119**	**(189,119)**
Net Investment Income - Projected		**5,560,062**	**(5,560,062)**
Differences Between Projected and Actual Investment Income		**436,506**	**(436,506)**
Benefit Payments, including Refunds of Employee Contributions	**(2,186,869)**	**(2,186,869)**	
Administrative Expenses		**(28,191)**	**28,191**
Other		**11**	**(11)**
Net Changes	**571,363**	**4,260,341**	**(3,688,978)**
Balances at December 31, 2020	**$ 36,386,797**	**41,822,776**	**(5,435,979)**

Note 8 - Pension Plan, continued

Changes in the Net Pension Liability (Asset), continued:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2018	$ 34,672,975	32,486,461	2,186,514
Changes for the year:			
Service Cost	367,014		367,014
Interest on the Total Pension Liability	2,452,447		2,452,447
Differences Between Expected and Actual Experience of the Total Pension Liability	388,757		388,757
Changes of Assumptions			
Contributions - Employer		145,661	(145,661)
Contributions - Employees		190,024	(190,024)
Net Investment Income		6,492,563	(6,492,563)
Differences Between Projected and Actual Investment Income		348,198	(348,198)
Benefit Payments, including Refunds of Employee Contributions	(2,065,759)	(2,065,759)	
Other		(34,713)	34,713
Net Changes	1,142,459	5,075,974	(3,933,515)
Balances at December 31, 2019	$ 35,815,434	37,562,435	(1,747,001)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1 % lower or 1 % higher for 2020:

	1% Lower (6.25%)	**Current (7.25%)**	**1% Higher (8.25%)**
Net Pension Liability/(Asset)	**$(1,369,455)**	**(5,435,979)**	**(8,802,253)**

Note 8 - Pension Plan, continued

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate, continued: The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1 % lower or 1 % higher for 2019:

	1% Lower (6.25%)	Current (7.25%)	1% Higher (8.25%)
Net Pension Liability/(Asset)	$ 2,475,903	(1,747,001)	(5,305,994)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the years ended April 30, 2021 and 2020, the District recognized pension expense (income) of $(2,299,946) and $(4,303,204), respectively. At April 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	**$ 221,370**	**64,655**
Changes of assumptions	**178,997**	**57,923**
Net difference between projected and actual earnings on pension plan investments	**653,637**	
Total deferred amounts to be recognized in pension expense in future periods	**1,054,004**	**122,578**
Pension contributions made subsequent to the measurement date	**75,262**	
Total deferred amounts related to pensions	**$ 1,129,266**	**122,578**

$ 75,262 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2022.

Note 8 - Pension Plan, continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued: At April 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	$ 408,387	
Changes of assumptions	410,468	195,636
Net difference between projected and actual earnings on pension plan investments	1,240,669	
Total deferred amounts to be recognized in pension expense in future periods	2,059,524	195,636
Pension contributions made subsequent to the measurement date	93,928	
Total deferred amounts related to pensions	$ 2,153,452	195,636

$ 93,928 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2021.

Note 8 - Pension Plan, continued

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

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions as of April 30, 2021, prior to contributions subsequent to measurement date, will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Net Deferred Outflows of Resources
2022	$ 445,382
2023	758,837
2024	(185,493)
2025	(87,300)
Total	$ 931,426

Note 9 - Other Postemployment Benefits (OPEB)

Plan Description: In addition to providing the pension benefits described in Note 8, the District provides limited other postemployment health care benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its personnel manual and union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan. The Plan does not issue a separate report.

Eligibility: Employees are eligible to retire from the District and continue their health coverage after meeting the age and service requirements for retirement, as follows:

> Retiree must be at least age 55 with a minimum of 20 years of service (10 years of service if hired prior to January 1, 2007) at retirement. An employee that retires using the IMRF early retirement may be 50 years of age.

This program is only available to those who were hired prior to January 1, 2007 and who retire by December 31, 2020.

Note 9 - Other Postemployment Benefits (OPEB), continued

Membership: Membership in the plan as of April 30, 2021 and 2020 consisted of:

	2021	2020
Active employees	**51**	52
Inactive employees currently receiving benefits	**14**	20
Inactive employees entitled to but not yet receiving benefit payments	**-**	-
Total	**65**	72

Funding Policy: Retirees and beneficiaries electing coverage pay 100% of the premium to the District in accordance with rates set by the District. The plan is financed on a pay-as-you-go basis. The District's Annual Contribution Rate has been determined through the use of an actuary. There have been no OPEB contributions by either the District or employees to date. As such, there are no plan assets.

Total OPEB Liability: The District's total OPEB liability was determined for fiscal year ending April 30, 2021, using April 30, 2021 as the measurement date by an actuarial valuation as of May 1, 2021.

The District's total OPEB liability was determined for fiscal year ending April 30, 2020, using April 30, 2020 as the measurement date by an actuarial valuation as of May 1, 2018.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the April 30, 2021 and 2020 (measurement date), actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25% per year
Salary Increases	2.50% plus merit and longevity increases
Healthcare Cost Trend Rates	7.70% for 2021, decreasing 0.30% annually to an ultimate rate of 5.0% for 2031 and later years (6.87% in 2020)

Mortality rates were based on the RP-2014 Study with Blue Collar Adjustment and MP2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017; age 85 for males, age 88 for females.

Discount Rate: Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa2 or higher (or equivalent quality on another rating scale). The discount rate was 2.27% as of April 30, 2021, and 2.56% as of April 30, 2020, for accounting disclosures purposes.

Note 9 - Other Postemployment Benefits (OPEB), continued

Changes in Total OPEB Liability

	2021	2020
Total OPEB Liability		
Service Cost	$ **39,688**	36,482
Interest on the Total OPEB Liability	**38,725**	55,983
Difference Between Expected and Actual Experience	**66,248**	
Changes of Assumptions	**108,407**	112,566
Benefit Payments	**(164,433)**	(175,581)
Net Changes in Total OPEB Liability	**88,635**	29,450
Total OPEB Liability - Beginning	**1,594,895**	1,565,445
Total OPEB Liability - Ending	**$ 1,683,530**	1,594,895

Sensitivity Analysis: The following presents the total OPEB liability of the District as of April 30, 2021 using the discount rate of 2.27%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower 1.27% or one-percentage-point higher 3.27% than the current discount rate:

	1% Lower (1.27%)	**Current (2.27%)**	**1% Higher (3.27%)**
Total OPEB Liability	**$ 1,837,005**	**1,683,530**	**1,556,431**

The following presents the total OPEB liability of the District as of April 30, 2021, calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates:

	1% Lower Varies	**Current Varies**	**1% Higher Varies**
Total OPEB Liability	**$ 1,565,932**	**1,683,530**	**1,824,399**

The following presents the total OPEB liability of the District as of April 30, 2020 using the discount rate of 2.56%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.56%) or one-percentage-point higher (3.56%) than the current discount rate:

	1% Lower (1.56%)	Current (2.56%)	1% Higher (3.56%)
Total OPEB Liability	$ 1,704,649	1,594,895	1,500,969

Note 9 - Other Postemployment Benefits (OPEB), continued

Sensitivity Analysis, continued: The following presents the total OPEB liability of the District as of April 30, 2020, calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates:

	1% Lower Varies	Current Varies	1% Higher Varies
Total OPEB Liability	$ 1,460,326	1,594,895	1,749,795

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended April 30, 2021, the District recognized OPEB expense of $ 253,068. At April 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Deferred amounts to be recognized in OPEB expense in future periods:		
Changes of assumptions	$ -	-
Total deferred amounts related to recognized in OPEB expense in future periods	$ -	-

For the year ended April 30, 2020, the District recognized OPEB expense of $ 219,730. At April 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in OPEB expense in future periods:		
Changes of assumptions	$ -	-
Total deferred amounts related to recognized in OPEB expense in future periods	$ -	-

Note 10 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 11 - Commitments and Contingencies

At April 30, 2021, the District had various contracts for construction projects and engineering projects at varying stages of completion with outstanding commitments totaling approximately $ 16,737,980. The District is obligated to pay the costs under these contracts as the work is completed.

Note 12 - Subsequent Events

The District has evaluated subsequent events through October 26, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SANITARY DISTRICT OF DECATUR

SCHEDULE OF EMPLOYER CONTRIBUTIONS

ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
LAST 10 FISCAL YEARS**

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2020	**$ 271,037**	**271,037**	**-**	**3,633,580**	**7.46%**
2019	194,466	194,466	-	3,779,022	5.15%
2018	330,279	330,279	-	3,638,786	9.08%
2017	468,076	468,076	-	3,578,565	13.08%
2016	485,153	2,951,153	(2,466,000)	3,414,684	86.43%
2015	542,387	1,492,387	(950,000)	3,549,418	42.05%

Note to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SANITARY DISTRICT OF DECATUR

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

ILLINOIS MUNICIPAL RETIREMENT FUND (Unaudited)
April 30, 2021

Calendar Year Ended December 31	**2020**	2019	2018
Total Pension Liability			
Service Cost	**$ 395,783**	367,014	356,865
Interest	**2,532,040**	2,452,447	2,399,846
Changes in Benefit Terms	**-**	-	-
Differences Between Expected and Actual Experience	**(89,452)**	388,757	222,709
Changes of Assumption	**(80,139)**	-	873,407
Benefit Payments, Including Refunds of Employee Contributions	**(2,186,869)**	(2,065,759)	(1,995,482)
Net Change in Total Pension Liability	**571,363**	1,142,459	1,857,345
Total Pension Liability - Beginning	**35,815,434**	34,672,975	32,815,630
Total Pension Liability - Ending	**$ 36,386,797**	35,815,434	34,672,975
Plan Fiduciary Net Position			
Contributions - Employer	**$ 289,703**	145,661	416,920
Contributions - Employee	**189,119**	190,024	173,474
Net Investment Income	**5,996,568**	6,840,761	(1,820,909)
Benefit Payments, Including Refunds of Employee Contributions	**(2,186,869)**	(2,065,759)	(1,995,482)
Other	**(28,180)**	(34,713)	(35,506)
Net Change in Plan Fiduciary Net Position	**4,260,341**	5,075,974	(3,261,503)
Plan Fiduciary Net Position - Beginning	**37,562,435**	32,486,461	35,747,964
Plan Fiduciary Net Position - Ending	**$ 41,822,776**	37,562,435	32,486,461
Net Pension Liability (Asset) - Ending	**$ (5,435,979)**	(1,747,001)	2,186,514
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	**114.94%**	**104.88%**	**93.69%**
Covered Payroll	**$ 3,633,580**	**3,734,919**	**3,628,766**
District's Net Pension Liability (Asset) as a Percentage of Covered Payroll	**(149.60)%**	**(46.77)%**	**60.26%**

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

2017	2016	2015
366,524	360,112	408,884
2,401,678	2,350,315	2,272,329
-	-	-
102,447	(130,108)	246,402
(933,051)	(109,165)	35,988
(1,922,170)	(1,908,569)	(1,800,538)
15,428	562,585	1,163,065
32,800,202	32,237,617	31,074,552
32,815,630	32,800,202	32,237,617
2,455,889	1,710,406	878,601
162,768	153,085	165,740
5,128,640	2,154,331	574,993
(1,922,170)	(1,908,569)	(1,800,538)
(27,622)	(28,670)	(80,906)
5,797,505	2,080,583	(262,110)
29,950,459	27,869,876	28,131,986
35,747,964	29,950,459	27,869,876
(2,932,334)	2,849,743	4,367,741
108.94%	**91.31%**	**86.45%**
3,542,223	**3,401,867**	**3,632,546**
(82.78)%	**83.77%**	**120.24%**

SANITARY DISTRICT OF DECATUR

SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND TOTAL OPEB LIABILITY AND RELATED RATIOS (Unaudited)

April 30, 2021

Change in the Net OPEB Liability	2021	2020	2019
Total OPEB Liability			
Service Cost	**$ 39,688**	36,482	34,800
Interest	**38,725**	55,983	61,269
Differences Between Expected and Actual Experiences	**66,248**	-	-
Change in Assumptions	**108,407**	112,566	16,353
Benefit Payments	**(164,433)**	(175,581)	(180,711)
Net Change in Total OPEB Liability	**88,635**	29,450	(68,289)
Total OPEB Liability - Beginning	**1,594,895**	1,565,445	1,633,734
Total OPEB Liability - Ending (a)	**$ 1,683,530**	1,594,895	1,565,445
OPEB Plan Net Position			
Contributions - Employer	**$ 164,433**	175,581	180,711
Benefit Payments	**(164,433)**	(175,581)	(180,711)
Net Change in OPEB Plan Net Position	-	-	-
OPEB Plan Net Position - Beginning	-	-	-
OPEB Plan Net Position - Ending (b)	$ -	-	-
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	**$ 1,683,530**	1,594,895	1,565,445

Total OPEB Liability and Related Ratio	2021	2020	2019
Total OPEB Liability - Ending (a)	**$ 1,683,530**	1,594,895	-
OPEB Plan Net Position - Ending (b)	-	-	-
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	**$ 1,683,530**	1,594,895	1,565,445
OPEB Plan Net Positon as a Percentage of the Total OPEB Liability	**0.00%**	**0.00%**	**0.00%**
Covered - Employee Payroll	**$ 3,410,199**	**3,502,013**	**3,416,598**
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	**49.37%**	**45.54%**	**45.82%**

Notes to Schedule: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

No assets are accumulated in a trust to pay related benefits.

Covered-Employee Payroll has been estimated based on Total Covered Payroll for the postretirement plan Members during the prior fiscal year.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate*

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 each year which is twelve months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2020 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal.
Amortization Method:	Level percentage of payroll, closed.
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period. Early Retirement Incentive Plan Liabilities: A period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2018 actuarial valuation; note 2-year lag between valuation and rate setting.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate*

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 each year which is twelve months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal.
Amortization Method:	Level percentage of payroll, closed.
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period. Early Retirement Incentive Plan Liabilities: A period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation; note 2-year lag between valuation and rate setting.

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

Board of Trustees
Sanitary District of Decatur
Decatur, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sanitary District of Decatur, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise Sanitary District of Decatur's basic financial statements, and have issued our report thereon dated October 26, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Sanitary District of Decatur's Response to Finding

Sanitary District of Decatur's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Sanitary District of Decatur's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

MCK CPAs & Advisors

Decatur, Illinois
October 26, 2021

2021-001 Material Weakness in Internal Control over Financial Reporting

Condition: The District does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and the related footnote disclosures to ensure they are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP), including all adjustments required to convert the cash basis records to accrual basis.

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with GAAP.

Context: Management has informed us that they do not have an internal control policy in place over the annual financial reporting in that they do not have the necessary staff capacity to prepare the annual financial statements, including footnote disclosures and accrual adjustments. However, management accepts responsibility for the financial statements and reviews and approves the financial statements and adjustments.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the District's internal controls.

Repeat Finding: Repeat of finding 2020-001 from the fiscal year 2020 audit.

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials and Planned Corrective Actions: The District recognizes and accepts the audit finding as presented. The District does not have an internal control policy in place over the annual financial reporting nor do they have the necessary staff capacity to prepare the annual financial statements, including footnote disclosures and accrual adjustments. Management accepts responsibility for the financial statements.

District Official Responsible: Executive Director/CFO.

Expected Completion: The plan is ongoing.