SANITARY DISTRICT OF DECATUR

ANNUAL FINANCIAL REPORT

For the fiscal year ended April 30, 2023

MCK
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SANITARY DISTRICT OF DECATUR

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April 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sanitary District of Decatur
Decatur, Illinois

Opinion

We have audited the accompanying financial statements of the Sanitary District of Decatur, as of and for the years ended April 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sanitary District of Decatur as of April 30, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sanitary District of Decatur and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sanitary District of Decatur's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sanitary District of Decatur's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2023, 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 results 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 the Sanitary District of Decatur's internal control over financial reporting and compliance.

MCK CPAs & Advisors

Decatur, Illinois
September 18, 2023

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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, 2023, 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 September 18, 2023.

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 2023-001 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
September 18, 2023

2023-001 Material Weakness in Internal Control over Financial Reporting

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.

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.

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 2022-001 from the fiscal year 2022 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.

Management's Response and Planned Corrective Actions: The District recognizes and accepts the audit finding as presented. Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not 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.

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

April 30, 2023

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, 2023. 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 82,100 in an area of approximately 30 square miles. For the years ended April 30, 2023 and 2022, approximately 31,100 and 31,100 customers, respectively, 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 2023, the District budgeted for sixty (60) full-time positions which was the same as FY 2022. All the budgeted positions were not filled the entire year due to retirements and other turnover and the extended length of the hiring process for qualified employees. In February 2023, the District signed a four-year Collective Bargaining Agreement retroactive to May 1, 2022 with the American Federation of State, County, and Municipal Employees that reorganized some of the entry level positions by eliminating in-training positions and substituting a lower starting wage with a ramp up provision for new hires. A new type of laborer position was also created.

The District treated a maximum flow of 85.49 million gallons per day (MGD) in FY 2023 down from 90.44 MGD in FY 2022. The average flow was 33.79 MGD in FY 2023 and 35.94 MGD in FY 2022. The treatment plant is designed for 41 MGD during dry weather flow and maximum capacity of 125 MGD during wet weather events.

The District has no pending compliance issues with the National Pollutant Discharge Elimination System (NPDES) permit issued by the Illinois Environmental Protection Agency (IEPA) or the U.S. Environmental Protection Agency (USEPA) pretreatment permit program. In December 2022, the District achieved the National Association of Clean Water Agencies (NACWA) Peak Performance Gold Award for having no permit violations for the entire calendar year.

Financial Highlights

- During FY 2023 the District's net position increased $ 7,572,864 representing an increase of 5.1%. During FY 2022 the District's net position increased $ 15,712,721 representing an increase of 11.4%.

- Operating revenue for FY 2023 decreased $ 1,336,757 because revenue from industrial user fees returned to normal as permit violations by industrial users were corrected and penalties decreased significantly. Nonoperating revenue from investments increased $ 1,917,101 from the prior year due primarily to more funds invested, and increased interest rates earned on invested dollars. Total revenues for FY 2023 increased $ 808,142 from FY 2022.

Financial Highlights, continued

- During FY 2023, operating expenses increased by $ 8,707,044, or 166.7%. This increase was mainly due to changes in pension and OPEB expense in FY 2023 compared to FY 2022. The net pension and OPEB expense change was $ 6,007,290 and was the result of investment earnings on the assets held in trust and actuarial adjustments to the related assets, deferred outflows, liabilities and deferred inflows. Other factors were higher inflation and contractual / outside service expenses increasing significantly because the amount of biosolids being removed was back to normal as the District returned to full capacity after the repaired lagoon was available for operation.

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 the source of cash is, 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 2023	FY 2022	FY 2021	2023 vs 2022 Dollar Change	2023 vs 2022 Percent Change
Current and other assets	$ 94,226	95,386	81,826	(1,160)	(1.2)%
Capital assets, net of accumulated depreciation	102,440	103,335	95,020	(895)	(0.9)
Deferred outflows	5,959	1,085	1,129	4,874	449.2
Total assets and deferred outflows	202,625	199,806	177,975	2,819	1.4
Outstanding debt	36,908	37,358	33,005	(450)	(1.2)
Other liabilities and deferred inflows	8,275	9,080	7,314	(805)	(8.9)
Total liabilities and deferred inflows	45,183	46,438	40,319	(1,255)	(2.7)
Net investment in capital assets	65,532	65,977	62,015	(445)	(0.7)
Unrestricted	91,910	87,391	75,640	4,519	5.2
Total net position	$ 157,442	153,368	137,656	4,074	2.7%

For FY 2023, the increase in net position was due to assets increasing and liabilities decreasing. The main factors causing the change in position were the change in deferred outflows and the reduction of outstanding debt and other liabilities. The pension activities asset decreased and actually ended in a liability position due to actuarial adjustments and investment earnings on assets held in trust.

Deferred Outflows are related to pension fund investment returns.

Outstanding debt decreased in FY 2023 as the District paid more principle on outstanding debt than the amount of new debt that was issued.

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.

				2023 vs 2022	
	FY 2023	FY 2022	FY 2021	Dollar Change	Percent Change
Operating revenues	$ 20,954	22,291	18,955	(1,337)	(6.0)%
Nonoperating revenues	6,206	5,134	4,709	1,072	20.9
Total revenues	27,160	27,425	23,664	(265)	(1.0)
Operating expenses	13,732	5,148	7,897	8,584	166.7
Depreciation expense	5,141	5,017	5,044	124	2.5
Nonoperating expense	714	1,547	572	(833)	(53.8)
Total expenses	19,587	11,712	13,513	7,875	67.3
Changes in net position	7,573	15,713	10,151	(8,140)	100.6
Beginning net position, as restated	149,869	137,655	127,504	12,214	8.9
Total net position	$ 157,442	153,368	137,655	4,074	2.7%

The major factors for FY 2023 which contributed to these results include:

- The decrease in operating revenues was the result of revenue from industrial user fees and penalties due industrial customers correcting several pretreatment violations that caused escalating and multiple day penalties in the prior year.

- The increase in operating expenses was mainly due to changes in pension costs and land application of biosolids.

- Nonoperating revenues increased because of higher-than-normal Investment Income revenue.

Capital Assets

At the end of fiscal years 2023 and 2022, the District had $ 102,440,321 and $ 103,335,094 invested in capital assets (net of depreciation), respectively. As of April 30, 2023, the District had various contracts for construction projects and engineering projects with outstanding commitments totaling $8,334,347. The District is obligated to pay the cost under these contracts as the work is completed.

Debt Administration

As of April 30, 2023, the District has outstanding loans from the Illinois Revolving Loan in the amount of $ 36,908,428 of which the principal and interest due in the upcoming fiscal year are $ 2,527,739 and $ 569,971, respectively. On April 30, 2022, the District had outstanding loans from the Illinois Revolving Loan in the amount of $ 37,358,151. It is anticipated that debt including Revolving Loan Fund loans will continue to be used to fund future infrastructure 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 22% of the billable flow. The decrease in the amount of billable flow from this class of customer is not proportional to a decrease in usage but is caused by an increase in usage by industrial customers.

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.

Fluctuations in the unemployment rate and the number of workers in the market has been dramatically impacted by the coronavirus pandemic. The labor force in Decatur has decreased from 51,000 people in 2018 to about 46,000 in 2023 as people did not return to the workforce after the pandemic. The unemployment rate in the Decatur Metropolitan Statistical Area decreased to 5.5% in April 2023 from 5.6% in April 2022 and 7.7% in April 2021. Unemployment in the Decatur area is higher than the State average of 3.7%.

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 has completed of a new foundry in Decatur to replace their century old location, however the old foundry is still operating until full production is moved to the new location. There has been some interest in new development of manufacturing facilities that use renewable agricultural products in new innovative ways. It appears that this development could expand the District's user base and could be a source of new user fees for the District. This development may also reverse the declining population and increase taxable property values of the District as new jobs are created and workers with the required skills move to the area for the new jobs.

The major industrial user class generates more than 78% of the billable flow. Industrial user volume has increased in recent years as the amount of water required has fluctuated with changing product production to meet consumer needs. The amount of billable flow from existing sources can be expected to decrease in the future as more energy efficient water reuse technology is developed. The total flow to the District is not expected to decrease significantly and may increase if the planned industrial development reaches fruition.

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

The inconsistent financial management by the State of Illinois does not have a direct impact on the District because less than five percent (5%) of total revenue comes directly from the State in the form of replacement taxes and grants.

Domestic user charge rates are listed below:

	Domestic User Charge Rates					
	Projected FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Cost per 100 cu. ft.	$ 1.90	$ 1.80	$ 1.70	$ 1.60	$ 1.51	$ 1.46
Average annual costs per user's household	$ 183.24	$ 174.70	$ 166.16	$ 160.62	$ 146.94	$ 139.67

The District's long-range financing plan projects user fees to be increased by three cents ($ 0.03) to twelve cents ($ 0.12) per 100 cubic feet per year through 2040. This includes a projected increase of ten cents ($ 0.10) in FY 2024 to keep pace with increasing expenses and to provide funding for the 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 NPDES permit. Capital costs for regulatory compliance is not incorporated into the projections until 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; 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, 2023 and 2022

		2023	2022
ASSETS			
Current assets:			
Cash and cash equivalents	$	**36,681,799**	45,189,026
Investments		**43,072,550**	23,176,630
Receivables:			
Sewer service charges, net		**3,048,178**	5,874,595
Property taxes		**3,911,988**	3,941,781
Replacement taxes		**254,116**	284,076
Other		**203,898**	116,726
Prepaid expenses		**119,976**	55,719
Notes receivable - Village of Oreana, current portion		**137,803**	137,803
Notes receivable - Argenta Sanitary District, current portion		**144,907**	137,393
Total current assets		**87,575,215**	78,913,749
Noncurrent assets:			
Net pension asset			9,537,821
Capital assets, net of accumulated depreciation		**102,440,321**	103,335,094
Notes receivable - Village of Oreana, less current portion		**2,495,619**	2,633,423
Notes receivable - Argenta Sanitary District, less current portion		**4,155,606**	4,300,513
Total noncurrent assets		**109,091,546**	119,806,851
TOTAL ASSETS		**196,666,761**	198,720,600
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions		**5,958,645**	1,085,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**5,958,645**	1,085,310
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	**202,625,406**	199,805,910

See Notes to Financial Statements.

		2023	2022
LIABILITIES			
Current liabilities:			
Accounts payable, including retainage of $ 405,848 and $ 65,930, respectively	$	**2,051,091**	3,223,975
Accrued expenses		**428,871**	389,501
Accrued interest		**131,926**	137,766
Notes payable, current maturities		**2,527,739**	2,401,781
Total current liabilities		**5,139,627**	6,153,023
Long-term liabilities:			
Notes payable, less current maturities		**34,380,689**	34,956,370
Total OPEB liability		**1,156,943**	1,311,127
Net pension liability		**565,393**	
Total long-term liabilities		**36,103,025**	36,267,497
TOTAL LIABILITIES		**41,242,652**	42,420,520
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions		**28,552**	75,565
Subsequent year's property taxes		**3,911,988**	3,941,781
TOTAL DEFERRED INFLOWS OF RESOURCES		**3,940,540**	4,017,346
NET POSITION			
Net investment in capital assets		**65,531,893**	65,976,943
Unrestricted		**91,910,321**	87,391,101
TOTAL NET POSITION		**157,442,214**	153,368,044
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$	**202,625,406**	199,805,910

SANITARY DISTRICT OF DECATUR

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended April 30, 2023 and 2022

		2023	2022
Operating revenues:			
Industrial user charges and penalties	$	**15,423,035**	16,876,464
User charges		**4,976,886**	4,782,890
Annexation fees		**18,571**	95,272
Pump stations		**133,253**	127,173
Miscellaneous		**402,532**	409,235
Total operating revenues		**20,954,277**	22,291,034
Operating expenses:			
Personnel services		**5,155,079**	5,009,484
Operations and maintenance		**5,491,847**	3,594,105
Building and grounds		**302,092**	354,861
Contractual/outside services		**822,672**	179,209
Depreciation expense		**5,141,015**	5,017,439
General and administrative expenses		**430,105**	487,958
Pension (income) expense		**1,684,172**	(4,104,899)
OPEB (income) expense		**(154,184)**	(372,403)
Total operating expenses		**18,872,798**	10,165,754
Operating income		**2,081,479**	12,125,280
Nonoperating revenues (expenses):			
Property taxes		**3,920,782**	3,873,059
Replacement taxes		**1,301,910**	1,151,833
Grant funding		**31,647**	
Net investment income (loss)		**896,741**	(1,020,360)
Interest expense		**(590,137)**	(526,305)
Gain (loss) on disposal of assets		**(124,613)**	52,510
Other income-interest on loans		**55,055**	56,704
Total nonoperating revenues (expenses)		**5,491,385**	3,587,441
Change in net position		**7,572,864**	15,712,721
Net position, beginning, as restated		**149,869,350**	137,655,323
Net position, ending	$	**157,442,214**	153,368,044

See Notes to Financial Statements.

SANITARY DISTRICT OF DECATUR

STATEMENTS OF CASH FLOWS
Years ended April 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ **23,780,694**	19,347,493
Payments to suppliers	**(8,689,716)**	(2,511,994)
Payments for employee wages and benefits	**(5,115,709)**	(5,012,410)
Net cash flows from operating activities	**9,975,269**	11,823,089
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property tax receipts	**3,920,782**	3,873,059
Replacement tax receipts	**1,331,870**	1,015,988
Net cash flows from noncapital financing activities	**5,252,652**	4,889,047
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	**(4,203,484)**	(13,349,709)
Proceeds from sales of capital assets	**238,488**	69,600
Principal payments on notes payable	**(2,446,713)**	(2,250,449)
State funding	**31,647**	
Proceeds from notes payable	**1,996,990**	6,603,901
Interest paid on notes payable	**(595,977)**	(524,271)
Payments received on notes receivable	**275,197**	267,941
Interest received on notes receivable	**55,055**	56,704
Net cash flows from capital and related financing activities	**(4,648,797)**	(9,126,283)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale and maturity of investments	**524,010**	2,250,000
Purchase of investments	**(20,489,449)**	(5,724,027)
Interest income received	**879,088**	416,277
Net cash flows from investing activities	**(19,086,351)**	(3,057,750)
Net increase (decrease) in cash and cash equivalents	**(8,507,227)**	4,528,103
Cash and cash equivalents at beginning of year	**45,189,026**	40,660,923
Cash and cash equivalents at end of year	$ **36,681,799**	45,189,026

(Continued)

SANITARY DISTRICT OF DECATUR

STATEMENTS OF CASH FLOWS (Continued)
Years ended April 30, 2023 and 2022

		2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net operating income	$	**2,081,479**	12,125,280
Adjustments to reconcile net operating income to net cash provided by operating activities:			
Depreciation		**5,141,015**	5,017,439
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Receivables		**2,826,417**	(2,943,541)
Prepaid expenses		**(64,257)**	3,978
Net pension asset		**9,537,821**	
Deferred outflows of resources for pensions		**(4,873,335)**	43,956
Accounts payable		**(1,578,743)**	2,100,161
Accrued expenses		**39,370**	(2,926)
Net pension liability		**565,393**	(4,101,842)
Total OPEB liability		**(154,184)**	(372,403)
Deferred inflows of resources for pensions		**(3,545,707)**	(47,013)
Net cash flows from operating activities	**$**	**9,975,269**	11,823,089

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. The District is governed by a Board of Trustees consisting of five individuals appointed by the Chairman of the Macon County Board. 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 a primary government in that it has the authority to set and amend its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

The District has determined that no other outside agency meets the criteria to be included within its financial reporting entity.

Financial Statement Presentation and Basis of Accounting: The District accounts for all of its various fund's activity and balances as a single business-type proprietary fund. 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 uses a single business-type fund to account for all assets, liabilities, net position, revenues, and expenses. Business-type funds are used to account for operations that are financed and operated in a manner similar to private businesses where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges. Accordingly, the District's financial statements are presented on the accrual basis of accounting. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred.

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

Note 1 - Summary of Significant Accounting Policies, continued

Financial Statement Presentation and Basis of Accounting, continued: 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, 2023. 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.

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 billed and collected by other governmental agencies.

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.

Note 1 - Summary of Significant Accounting Policies, continued

User Charges Receivable, continued: 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.

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. As of May 1, 2018, the District increased its capitalization threshold to include initial costs equal to or more than the amounts listed below. 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:

Description	Threshold	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

Construction 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. Interest of $ -0- and $ 7,099 was capitalized in fiscal years 2023 and 2022, 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, which approximated $ 381,000 at April 30, 2023 (2022 - $ 447,000).

Note 1 - Summary of Significant Accounting Policies, continued

Deferred Inflows and Outflows of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred pension charges in its Statement of Net Position in connection with their participation in the Illinois Municipal Retirement Fund. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contribution made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue from property taxes as deferred in its Statement of Net Position. These amounts are deferred and recognized as revenue in the period that the amounts become available. The District also recognizes deferred inflows related to pensions, which are recognized in future periods similar to deferred pension charges noted above.

Property Taxes: Property taxes attach as an enforceable lien on all assessable real property located within the boundaries of the District as of the prior January 1. Taxes levied in one year became due and payable in two installments in June and September during the following year. The County of Macon bills and collects the taxes for the District, and the District typically receives significant property tax distributions in July through 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 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.

Note 2 - Deposits and Investments, continued

At April 30, 2023, the carrying value of the District's deposits including cash and money markets were $ 36,681,699 and the respective bank balances totaled $ 36,914,104. At April 30, 2022, the carrying value of the District's deposits including cash and money markets were $ 45,188,926 and the respective bank balances totaled $ 45,951,130.

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 $ 35,665,184 at April 30, 2023, were rated Aaa by Moody's Investors Service. At April 30, 2023, the District's investments representing greater than 5% of their portfolio were U.S. Treasury notes, which totaled $ 35,665,184. The District's investments in U.S. Treasury notes of $ 14,089,894 at April 30, 2022, were rated Aaa by Moody's Investors Service. At April 30, 2022, the District's investments representing greater than 5% of their portfolio were U.S. Treasury notes, which totaled $ 14,089,894.

Note 2 - Deposits and Investments, continued

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, 2023 and 2022, the District's bank deposits were fully insured or collateralized.

As of April 30, 2023, the District had the following investments:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**More than 5**
Certificates of Deposit - negotiable	**$ 3,334,769**	**2,370,528**	**964,241**	
U.S. Treasury Notes	**35,665,184**	**7,220,791**	**22,793,075**	**5,651,318**
Agency Securities	**4,072,597**			**4,072,597**
Total	**$ 43,072,550**	**9,591,319**	**23,757,316**	**9,723,915**

As of April 30, 2022, the District had the following investments:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1 - 5	More than 5
Certificates of Deposit - negotiable	$ 4,350,242	2,189,982	2,160,260	
U.S. Treasury Notes	14,089,894	2,643,101	8,848,811	2,597,982
Agency Securities	4,736,494			4,736,494
Total	$ 23,176,630	4,833,083	11,009,071	7,334,476

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 quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data; Level 3 are unobservable inputs that reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The District has the following recurring fair value measurements as of April 30, 2023 and 2022:

Level 2 Inputs of $ 43,072,550 and $ 23,176,630 for 2023 and 2022, respectively, including negotiable certificates of deposit and U.S. treasury securities.

Note 3 - Property Taxes

The District's ad valorem property tax was levied by ordinance on November 17, 2021. The 2021 tax levy is reflected as revenue in the fiscal year ending April 30, 2023. Forfeited, objected, and delinquent tax distributions are recognized as revenues when collected.

Property taxes levied in 2022 to be collected in fiscal year 2024 have been recognized as assets (property taxes receivable) and deferred inflows as these taxes have been matched to be used in the 2024 budget.

The tax rates and assessed valuation for the years are as follows:

	Levy Year	
	2021	2022
General	.07433	.06995
Bond and interest	.23629	.21080
IMRF	.00930	.01296
Public benefit	.05000	.04750
Total	.36992	.34121
Assessed valuation	$ 1,076,340,356	1,158,086,673

Note 4 - Receivables

Receivables are summarized as follows as of April 30:

	2023	2022
Property tax receivable	**$ 3,911,988**	3,941,781
Replacement tax receivable	**254,116**	284,076
Interest receivable	**203,898**	116,726
Billed user charges, net allowance of doubtful accounts of $ 61,037 and $ 61,037, respectively	**371,553**	346,187
Unbilled user charges	**269,833**	247,678
Industrial user charges	**2,406,792**	5,280,730
Total	**$ 7,418,180**	10,217,178

Note 5 - Major Customers

Accounting principles generally accepted in the United States of America require disclosure of information about current vulnerabilities due to certain concentrations. Approximately 87% of the District's operating revenues for the year ended April 30, 2023, was from two industrial customers. The accounts receivable from these two customers totaled $ 2,320,167 at April 30, 2023. Approximately 80% of the District's operating revenues for the year ended April 30, 2022, was from two industrial customers. The accounts receivable from these two customers totaled $ 5,190,432 at April 30, 2022.

Note 6 - Capital Assets

Following is a summary of changes in capital assets and related depreciation for fiscal years ended April 30, 2023 and 2022:

	Balance April 30, 2022	Increases	Decreases	Balance April 30, 2023
Capital assets, not being depreciated:				
Land	$ 2,935,993			2,935,993
Construction in progress	13,303,009	3,092,732	11,692,357	4,703,384
Total capital assets, not being depreciated	16,239,002	3,092,732	11,692,357	7,639,377
Capital assets being depreciated:				
Buildings and improvements	87,863,678	2,623,069	90,000	90,396,747
Infrastructure	79,708,908	8,620,819		88,329,727
Machinery and equipment	64,598,334	1,337,413	953,535	64,982,212
Vehicles	1,759,282	66,369	433,635	1,392,016
Land improvements	6,853,093	209,649	146,438	6,916,304
Total capital assets being depreciated	240,783,295	12,857,319	1,623,608	252,017,006
Less accumulated depreciation:	153,687,203	5,141,015	1,612,156	157,216,062
Total capital assets being depreciated, net	87,096,092	7,716,304	11,452	94,800,944
Capital assets, net	$ 103,335,094	10,809,036	11,703,809	102,440,321

Note 6 - Capital Assets, continued

	Balance April 30, 2021	Increases	Decreases	Balance April 30, 2022
Capital assets, not being depreciated:				
Land	$ 2,935,993			2,935,993
Construction in progress	620,666	12,682,343		13,303,009
Total capital assets, not being depreciated	3,556,659	12,682,343	-	16,239,002
Capital assets being depreciated:				
Buildings and improvements	87,909,468	22,850	68,640	87,863,678
Infrastructure	79,708,908			79,708,908
Machinery and equipment	64,247,422	378,667	27,755	64,598,334
Vehicles	1,956,478		197,196	1,759,282
Land improvements	6,587,244	265,849		6,853,093
Total capital assets being depreciated	240,409,520	667,366	293,591	240,783,295
Less accumulated depreciation:	148,946,265	5,017,439	276,501	153,687,203
Total capital assets being depreciated, net	91,463,255	(4,350,073)	17,090	87,096,092
Capital assets, net	$ 95,019,914	8,332,270	17,090	103,335,094

Note 6 - Capital Assets, continued

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

	2023	2022
Biogas Co-Generation Replacement Project	**$ 143,846**	158,549
South Shores Interceptor lining		8,566,437
Primary Sludge MCC		141,244
Lake Shore lift station		1,653,147
Digester #3 lid replacement	**3,263,462**	1,946,151
Fermentation reactor	**343,415**	827,736
USG FRP Tank		9,745
Front gate replacement	**242,412**	
CSO overflow monitoring	**23,584**	
Mechanism primary clarifier #5	**32,045**	
NR plant upgrades	**634,220**	
Bio solids transfer pump south	**20,400**	
Total	**$ 4,703,384**	13,303,009

Note 7 - 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, 2023 and 2022, the Village owed $ 2,633,422 and $ 2,771,226, respectively. Following are the expected maturities on the notes receivable:

Year Ending April 30,	Principal	Interest	Total
2024	$ 137,803		137,803
2025	137,803		137,803
2026	137,803		137,803
2027	137,803		137,803
2028	137,803		137,803
2029 - 2033	689,017		689,017
2034 - 2038	689,017		689,017
2039 - 2043	566,373		566,373
Total	$ 2,633,422	-	2,633,422

Note 7 - Notes Receivable, continued

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, 2023 and 2022, the Argenta Sanitary District owed $ 4,300,513 and $ 4,437,906, respectively. Following are the expected maturities on the notes receivable:

Year Ending April 30,	Principal	Interest	Total
2024	$ 144,907	53,314	198,221
2025	152,688	51,479	204,167
2026	160,747	49,545	210,292
2027	169,091	47,510	216,601
2028	177,729	45,370	223,099
2029 - 2033	1,021,643	190,821	1,212,464
2034 - 2038	1,138,739	122,946	1,261,685
2039 - 2043	1,211,946	49,739	1,261,685
2044	123,023	769	123,792
Total	$ 4,300,513	611,493	4,912,006

Note 8 - Long-Term Debt

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

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.

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.

Note 8 - Long-Term Debt, continued

Notes Payable, continued:

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 2035.

East Side Separation Rehabilitation: Note payable to the IEPA, for the East Side Separation Rehabilitation; interest at 2.210%; due in semi-annual installments in March and September 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 in February and August 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 in June and December 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 in April and October each year through October 2039.

South Shores Interceptor Rehabilitation: Note payable to the IEPA, for the South Shores Interceptor Rehabilitation; interest at 1.35%; due in semi-annual installments in March and September each year through March 2042.

Note 8 - Long-Term Debt, continued

Notes Payable, continued: The following is a summary of changes in notes payable for the year ended April 30, 2023:

	Principal Outstanding April 30, 2022	Issuances	Retirements	Principal Outstanding April 30, 2023	Current Portion
Wyckles Forcemain Project I	$ 357,327		42,038	315,289	42,038
Oreana Collection System Project	2,275,989		252,887	2,023,102	252,887
Wyckles Phase II Project	345,911		40,695	305,216	40,695
Argenta Collection System Project	3,241,659		290,781	2,950,878	294,427
Stevens Creek Interceptor Rehab Project	846,391		79,972	766,419	80,975
2011 Trestle Rehab Project	1,320,643		118,463	1,202,180	119,949
Primary Digester Upgrade	5,506,347		346,110	5,160,237	352,822
Sludge Thickening System	3,722,905		232,984	3,489,921	237,655
East Side Separation Rehabilitation	1,581,183		101,720	1,479,463	103,981
Odor Control Project - Phase II	2,708,841		167,074	2,541,767	170,787
West Head Works Improvement Project	7,820,905		385,248	7,435,657	392,058
SE 36 Interceptor Project	1,026,149		54,106	972,043	55,062
South Shores Interceptor Rehabilitation	6,603,901	1,996,990	334,635	8,266,256	384,403
Total	$ 37,358,151	1,996,990	2,446,713	36,908,428	2,527,739

Note 8 - Long-Term Debt, continued

Notes Payable, continued: The following is a summary of changes in notes payable for the year ended April 30, 2022:

	Principal Outstanding April 30, 2021	Issuances	Retirements	Principal Outstanding April 30, 2022	Current Portion
Wyckles Forcemain Project I	$ 399,365		42,038	357,327	42,038
Oreana Collection System Project	2,528,876		252,887	2,275,989	252,887
Wyckles Phase II Project	386,606		40,695	345,911	40,695
Argenta Collection System Project	3,528,838		287,179	3,241,659	290,781
Stevens Creek Interceptor Rehab Project	925,373		78,982	846,391	79,972
2011 Trestle Rehab Project	1,437,639		116,996	1,320,643	118,463
Primary Digester Upgrade	5,845,872		339,525	5,506,347	346,110
Sludge Thickening System	3,951,310		228,405	3,722,905	232,984
East Side Separation Rehabilitation	1,680,692		99,509	1,581,183	101,720
Odor Control Project - Phase II	2,872,283		163,442	2,708,841	167,074
West Head Works Improvement Project	8,199,461		378,556	7,820,905	385,248
SE 36 Interceptor Project	1,079,315		53,166	1,026,149	54,106
South Shores Interceptor Rehabilitation		6,603,901		6,603,901	289,703
Total	$ 32,835,630	6,603,901	2,081,380	37,358,151	2,401,781

Note 8 - Long-Term Debt, continued

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

Year Ending April 30,	Principal	Interest	Total
2024	$ 2,527,739	569,971	3,097,710
2025	2,564,774	532,936	3,097,710
2026	2,602,461	495,249	3,097,710
2027	2,640,812	456,897	3,097,709
2028	2,679,840	417,870	3,097,710
2029 - 2033	12,973,456	1,479,680	14,453,136
2034 - 2038	8,195,398	532,597	8,727,995
2039 - 2042	2,723,948	72,649	2,796,597
Total	$ 36,908,428	4,557,849	41,466,277

Note 9 - 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 an agent multiple 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.

Note 9 - Pension Plan, continued

Benefits Provided, continued: Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 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 $1^2/_3$% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms: As of December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	96
Inactive plan members entitled to but not yet receiving benefits	23
Active plan members	54
Total	173

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 2022 and 2021 was 2.44% and 6.66%, respectively. For the fiscal years 2023 and 2022, the District's required contribution was $ 69,906 and $ 186,895, respectively, to the plan and the District contributed $ 69,906 and $ 186,895, 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, 2022 and 2021. The total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Note 9 - Pension Plan, continued

Actuarial Assumptions: The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2022:

- 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%, including inflation.
- 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, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

There were no benefit changes during the year.

Note 9 - Pension Plan, continued

Actuarial Assumptions, continued: The following are the methods and assumptions used to determine total pension liability (asset) at December 31, 2021:

- 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, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
- For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

There were no benefit changes during the year.

Note 9 - 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 2022:

Asset Class	**Portfolio Target Percentage**	**Long-Term Expected Real Rate of Return**
Domestic Equities	**35.5%**	**6.50%**
International Equities	**18.0%**	**7.60%**
Fixed Income	**25.5%**	**4.90%**
Real Estate	**10.5%**	**6.20%**
Alternative Investments	**9.5%**	**6.25% - 9.90%**
Cash Equivalents	**1.0%**	**4.00%**
Total	**100.0%**	

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for 2021:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equities	39%	1.90%
International Equities	15%	3.15%
Fixed Income	25%	(0.60)%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70% - 5.50%
Cash Equivalents	1%	(0.96)%
Total	100%	

Note 9- Pension Plan, continued

Single Discount Rate: A Single Discount Rate of 7.25% in 2022 and 2021 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. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's 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 plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25% for 2022 and 7.25% for 2021, the municipal bond rate is 4.05% for 2022 and 1.84% for 2021, and the resulting single discount rate is 7.25% for 2022 and 7.25% for 2021.

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (A)	**Plan Fiduciary Net Position (B)**	**Net Pension Liability (Asset) (A) - (B)**
Balances at December 31, 2021	**$ 37,555,489**	**47,093,310**	**(9,537,821)**
Changes for the year:			
Service Cost	**331,953**	**-**	**331,953**
Interest on the Total Pension Liability	**2,645,013**	**-**	**2,645,013**
Differences Between Expected and Actual Experience of the Total Pension Liability	**158,391**	**-**	**158,391**
Changes of Assumptions			
Contributions - Employer	**-**	**86,037**	**(86,037)**
Contributions - Employees	**-**	**189,913**	**(189,913)**
Net Investment Income - Projected	**-**	**(7,210,262)**	**7,210,262**
Benefit Payments, including Refunds of Employee Contributions	**(2,513,411)**	**(2,513,411)**	**-**
Administrative Expenses	**-**	**(33,661)**	**33,661**
Other	**-**	**116**	**(116)**
Net Changes	**621,946**	**(9,481,268)**	**10,103,214**
Balances at December 31, 2022	**$ 38,177,435**	**37,612,042**	**565,393**

Note 9 - 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, 2020	$ 36,386,797	41,822,776	(5,435,979)
Changes for the year:			
Service Cost	338,302	-	338,302
Interest on the Total Pension Liability	2,563,784	-	2,563,784
Differences Between Expected and Actual Experience of the Total Pension Liability	675,976	-	675,976
Changes of Assumptions			
Contributions - Employer	-	233,725	(233,725)
Contributions - Employees	-	180,434	(180,434)
Net Investment Income - Projected	-	7,305,819	(7,305,819)
Differences Between Projected and Actual Investment Income	-	(15,828)	15,828
Benefit Payments, including Refunds of Employee Contributions	(2,409,370)	(2,409,370)	-
Administrative Expenses	-	(24,257)	24,257
Other	-	11	(11)
Net Changes	1,168,692	5,270,534	(4,101,842)
Balances at December 31, 2021	$ 37,555,489	47,093,310	(9,537,821)

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 2022:

	1% Lower (6.25%)	**Current (7.25%)**	**1% Higher (8.25%)**
Net Pension Liability/(Asset)	**$ 4,585,929**	**565,393**	**(2,766,874)**

Note 9 - 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 2021:

	1% Lower (6.25%)	Current (7.25%)	1% Higher (8.25%)
Net Pension Liability/(Asset)	$(5,353,575)	(9,537,821)	(13,001,022)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: For the years ended April 30, 2023 and 2022, the District recognized pension expense (income) of $ 1,684,172 and $(4,637,022), respectively. At April 30, 2023, 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	**$ 401,062**	**15,061**
Changes of assumptions	**-**	**13,491**
Net difference between projected and actual earnings on pension plan investments	**5,545,283**	**-**
Total deferred amounts to be recognized in pension expense in future periods	**5,946,345**	**28,552**
Pension contributions made subsequent to the measurement date	**12,300**	**-**
Total deferred amounts related to pensions	**$ 5,958,645**	**28,552**

An amount of $ 12,300 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, 2024.

Note 9 - Pension Plan, continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued: At April 30, 2022, 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	$ 551,820	39,858
Changes of assumptions	-	35,707
Net difference between projected and actual earnings on pension plan investments	505,059	-
Total deferred amounts to be recognized in pension expense in future periods	1,056,879	75,565
Pension contributions made subsequent to the measurement date	28,431	-
Total deferred amounts related to pensions	$ 1,085,310	75,565

An amount of $ 28,431 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, 2023.

The net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions as of April 30, 2023, 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
2024	$ 1,283,948
2025	1,284,644
2026	1,248,188
2027	2,101,013
Total	$ 5,917,793

Note 10 - Other Postemployment Benefits (OPEB)

Plan Description: In addition to providing the pension benefits described in Note 9, 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.

Membership: Membership in the plan as of April 30, 2023 and 2022 consisted of:

	2023	2022
Active employees	**56**	51
Inactive employees currently receiving benefits	**10**	14
Inactive employees entitled to but not yet receiving benefit payments	**-**	-
Total	**66**	65

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, 2023, using April 30, 2023 as the measurement date by an actuarial valuation as of May 1, 2022.

The District's total OPEB liability was determined for fiscal year ending April 30, 2022, using April 30, 2022 as the measurement date by an actuarial valuation as of May 1, 2022.

Note 10 - Other Postemployment Benefits (OPEB), continued

Actuarial Assumptions and Other Inputs: The total OPEB liability in the April 30, 2023 and 2022 (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	7.40% for 2022, decreasing 0.27% annually to an ultimate rate of 5.0% for 2033 and later years (7.70% in 2021)

Mortality rates for April 30, 2023 and 2022 were based on the Pub G - 2010(B), Improved Generationally using MP-2020 Improvement Rate, weighted per IMRF Experience Study Report dated December 14, 2020, age 83 for males, age 87 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 3.53% as of April 30, 2023, and 3.21% as of April 30, 2022, for accounting disclosures purposes.

Changes in Total OPEB Liability

	2023	2022
Total OPEB Liability		
Service Cost	**$ 10,791**	16,799
Interest on the Total OPEB Liability	**39,452**	35,796
Difference Between Expected and Actual Experience	**(41,153)**	-
Changes of Assumptions	**933**	(211,763)
Benefit Payments	**(164,207)**	(213,235)
Net Changes in Total OPEB Liability	**(154,184)**	(372,403)
Total OPEB Liability - Beginning	**1,311,127**	1,683,530
Total OPEB Liability - Ending	**$ 1,156,943**	1,311,127

Note 10 - Other Postemployment Benefits (OPEB), continued

Sensitivity Analysis: The following presents the total OPEB liability of the District as of April 30, 2023 using the discount rate of 3.53%, 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 2.53% or one-percentage-point higher 4.53% than the current discount rate:

	1% Lower (2.53%)	Current (3.53%)	1% Higher (4.53%)
Total OPEB Liability	**$ 1,240,946**	**1,156,943**	**1,082,774**

The following presents the total OPEB liability of the District as of April 30, 2023, 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	**$ 1,071,112**	**1,156,943**	**1,257,848**

The following presents the total OPEB liability of the District as of April 30, 2022 using the discount rate of 3.21%, 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 2.21% or one-percentage-point higher 4.21% than the current discount rate:

	1% Lower (2.21%)	Current (3.21%)	1% Higher (4.21%)
Total OPEB Liability	$ 1,416,784	1,311,127	1,222,277

The following presents the total OPEB liability of the District as of April 30, 2022, 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	$ 1,217,927	1,311,127	1,421,234

Note 10 - Other Postemployment Benefits (OPEB), continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended April 30, 2023, the District recognized OPEB income of $ 154,184. At April 30, 2023, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

For the year ended April 30, 2022, the District recognized OPEB income of $ 159,168. At April 30, 2022, the District reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Note 11 - 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 12 - Commitments and Contingencies

At April 30, 2023, the District had various contracts for construction projects and engineering projects at varying stages of completion with outstanding commitments totaling approximately $ 8,334,347. The District is obligated to pay the costs under these contracts as the work is completed.

Note 13 - Prior Period Adjustment

During 2023, it was determined that the deferred inflows relating to pensions in prior years were calculated in error. As a result, beginning net position has been restated as follows:

Beginning net position, May 1, 2022	$ 153,368,044
Adjustments to net position	(3,498,694)
Beginning net position, as restated, May 1, 2022	$ 149,869,350

Note 14 - Subsequent Events

The District has evaluated subsequent events through September 18 2023, 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
2022	**$ 69,906**	**69,906**	**-**	**3,742,966**	**1.87%**
2021	186,895	186,895	-	3,544,555	5.27%
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, 2023

Calendar Year Ended December 31	**2022**	2021	2020
Total Pension Liability			
Service Cost	**$ 331,953**	338,302	395,783
Interest	**2,645,013**	2,563,784	2,532,040
Changes in Benefit Terms	**-**	-	-
Differences Between Expected and Actual Experience	**158,391**	675,976	(89,452)
Changes of Assumption	**-**	-	(80,139)
Benefit Payments, Including Refunds of Employee Contributions	**(2,513,411)**	(2,409,370)	(2,186,869)
Net Change in Total Pension Liability	**621,946**	1,168,692	571,363
Total Pension Liability - Beginning	**37,555,489**	36,386,797	35,815,434
Total Pension Liability - Ending	**$ 38,177,435**	37,555,489	36,386,797
Plan Fiduciary Net Position			
Contributions – Employer	**$ 86,037**	233,725	289,703
Contributions - Employee	**189,913**	180,434	189,119
Net Investment Income	**(7,210,262)**	7,289,991	5,996,568
Benefit Payments, Including Refunds of Employee Contributions	**(2,513,411)**	(2,409,370)	(2,186,869)
Other	**(33,545)**	(24,246)	(28,180)
Net Change in Plan Fiduciary Net Position	**(9,481,268)**	5,270,534	4,260,341
Plan Fiduciary Net Position - Beginning	**47,093,310**	41,822,776	37,562,435
Plan Fiduciary Net Position - Ending	**$ 37,612,042**	47,093,310	41,822,776
Net Pension Liability (Asset) - Ending	**$ 565,393**	(9,537,821)	(5,435,979)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	**98.51%**	**125.40%**	**114.94%**
Covered Payroll	**$ 3,742,966**	**3,544,555**	**3,633,580**
District's Net Pension Liability (Asset) as a Percentage of Covered Payroll	**15.10%**	**(269.08)%**	**(149.60)%**

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.

2019	2018	2017	2016	2015
367,014	356,865	366,524	360,112	408,884
2,452,447	2,399,846	2,401,678	2,350,315	2,272,329
-	-	-	-	-
388,757	222,709	102,447	(130,108)	246,402
-	873,407	(933,051)	(109,165)	35,988
(2,065,759)	(1,995,482)	(1,922,170)	(1,908,569)	(1,800,538)
1,142,459	1,857,345	15,428	562,585	1,163,065
34,672,975	32,815,630	32,800,202	32,237,617	31,074,552
35,815,434	34,672,975	32,815,630	32,800,202	32,237,617
145,661	416,920	2,455,889	1,710,406	878,601
190,024	173,474	162,768	153,085	165,740
6,840,761	(1,820,909)	5,128,640	2,154,331	574,993
(2,065,759)	(1,995,482)	(1,922,170)	(1,908,569)	(1,800,538)
(34,713)	(35,506)	(27,622)	(28,670)	(80,906)
5,075,974	(3,261,503)	5,797,505	2,080,583	(262,110)
32,486,461	35,747,964	29,950,459	27,869,876	28,131,986
37,562,435	32,486,461	35,747,964	29,950,459	27,869,876
(1,747,001)	2,186,514	(2,932,334)	2,849,743	4,367,741
104.88%	**93.69%**	**108.94%**	**91.31%**	**86.45%**
3,734,919	**3,628,766**	**3,542,223**	**3,401,867**	**3,632,546**
(46.77)%	**60.26%**	**(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, 2023

Change in the Net OPEB Liability	**2023**	2022	2021
Total OPEB Liability			
Service Cost	**$ 10,791**	16,799	39,688
Interest	**39,452**	35,796	38,725
Differences Between Expected and Actual Experiences	**(41,153)**	-	66,248
Change in Assumptions	**933**	(211,763)	108,407
Benefit Payments	**(164,207)**	(213,235)	(164,433)
Net Change in Total OPEB Liability	**(154,184)**	(372,403)	88,635
Total OPEB Liability - Beginning	**1,311,127**	1,683,530	1,594,895
Total OPEB Liability - Ending (a)	**$ 1,156,943**	1,311,127	1,683,530
OPEB Plan Net Position			
Contributions – Employer	**$ 164,207**	213,235	164,433
Benefit Payments	**(164,207)**	(213,235)	(164,433)
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)	**$ 1,156,943**	1,311,127	1,683,530
Total OPEB Liability and Related Ratio			
Total OPEB Liability - Ending (a)	**$ 1,156,943**	1,311,127	1,683,530
OPEB Plan Net Position - Ending (b)	**$ -**	-	-
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	**$ 1,156,943**	1,311,127	1,683,530
OPEB Plan Net Positon as a Percentage of the Total OPEB Liability	**0.00%**	**0.00%**	**0.00%**
Covered - Employee Payroll	**$ 3,739,691**	**3,571,691**	**3,410,199**
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	**30.94%**	**36.71%**	**49.37%**

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.

2020	2019
36,482	34,800
55,983	61,269
-	-
112,566	16,353
(175,581)	(180,711)
29,450	(68,289)
1,565,445	1,633,734
1,594,895	1,565,445
175,581	180,711
(175,581)	(180,711)
-	-
-	-
-	-
1,594,895	1,565,445
1,594,895	-
-	-
1,594,895	1,565,445
0.00%	**0.00%**
3,502,013	**3,416,598**
45.54%	**45.82%**

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate*

<u>Valuation Date</u>:

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.

<u>Methods and Assumptions Used to Determine 2022 Contribution Rates</u>:

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): 21-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 attributed to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75%, 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 2020 valuation pursuant to an experience study of the period 2017 to 2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

<u>Other Information</u>:

There were no benefit changes during the year.
* Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation.

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 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 2021 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): 22-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 attributed to Public Act 94-712 were financed over 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; four employers were financed over 27 years and one employer was 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, IMRF specific mortality rates were 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, IMRF specific mortality rates were 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, 2019 actuarial valuation.