

**THE GREATER PEORIA SANITARY  
AND SEWAGE DISPOSAL DISTRICT**  
Peoria, Illinois

**BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**  
Years Ended April 30, 2021 and 2020

**MEISTER, HILTON, CHITWOOD & ASSOCIATES, INC.**

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Certified Public Accountants

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT

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# **Meister, Hilton, Chitwood & Associates, Inc.**

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## **Independent Auditor's Report**

Board of Trustees of the Greater Peoria Sanitary  
and Sewage Disposal District  
Peoria, Illinois

We have audited the accompanying basic financial statements of The Greater Peoria Sanitary and Sewage Disposal District (Sanitary District) as of and for the years ended April 30, 2021 and 2020, and the related notes to the financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinion

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages III through IX, the Illinois Municipal Retirement Fund - Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 29 to 31, and Other Post-Employment Benefits - Schedule of Changes in Employer's Net OPEB Liability and Related Ratios on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Meister, Hilton, Chitwood & Associates, Inc.*

Peoria, Illinois  
June 25, 2021

# GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### **Background Information**

The Greater Peoria Sanitary and Sewage Disposal District began treating sewage in May 1931. Currently, the District serves a population of roughly 140,000 in an area of approximately 66 square miles. Approximately 50,000 customers are billed a user charge based on their water consumption, solids, ammonia and oxygen demanding waste. Customers are divided into three categories: residential, commercial/domestic and industrial. A staff of approximately 67 employees treats an average of 20 million gallons of sewage a day, while average design flow of the Darst Street Water Reclamation Facility is 37 million gallons a day. The District continues to consistently meet all U.S. Environmental Protection Agency and Illinois Environmental Protection Agency permit regulations.

### **Highlights**

- Completed diffuser replacement project to increase ammonia removal efficiency, reduce energy usage, and enhance phosphorous removal
- Completed negotiations on federal consent decree with IEPA/USEPA
- Continued implementing advanced asset management
- Increased customer satisfaction rating
- Refinanced \$4.2 million dollars in debt resulting in lower debt service costs for customers
- Obtained \$25 million in financing for new construction projects
- Emerging from pandemic financially sound
- Continues to meet all permit requirements

### **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 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 similar to those used by 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 of the District's assets and liabilities 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 are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

All of the current year's revenue and expenses 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 the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges. 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 where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

## Financial Analysis of the District

A summary of the District's Statement of Net Position is presented in Table A-1:

**Table A-1**  
**Condensed Statements of Net Position**  
**(000's)**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>	<u>FY 2019</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current Assets	\$ 32,169	\$ 29,747	\$ 2,422	8.1%	\$ 25,473	\$ 4,274	16.8%
Non-current Assets	33,461	503	32,958	6552.3%	\$ 164	339	206.7%
Deferred Outflows of Resources	2,508	3,631	(1,123)	-30.9%	5,139	(1,508)	-29.3%
Capital Assets	151,765	153,504	(1,739)	-1.1%	154,544	(1,040)	-0.7%
Total Assets	219,903	187,385	32,518	17.4%	185,320	2,065	1.1%
Current Liabilities	3,023	3,315	(292)	-8.8%	3,545	(230)	-6.5%
Long-term Debt Outstanding	31,295	3,522	27,773	788.6%	4,175	(653)	-15.6%
Other Long-term Liabilities	858	1,060	(202)	-19.1%	4,097	(3,037)	-74.1%
Deferred Inflows of Resources	6,317	5,280	1,037	19.6%	3,057	2,223	72.7%
Total Liabilities	41,493	13,177	28,316	214.9%	14,874	(1,697)	-11.4%
Invested in Capital Assets,							
Net of Related Debt	150,275	149,329	946	0.6%	149,732	(403)	-0.3%
- Restricted for Debt Service	3,150	-	3,150		-	-	
- Unrestricted	24,985	24,879	106	0.4%	20,713	4,166	20.1%
Total Net Position	\$ 178,410	\$ 174,208	\$ 4,202	2.4%	\$ 170,445	\$ 3,763	2.2%

In April 2021, the District finalized debt financing to refinance existing debt and to secure \$25 million for new construction projects resulting in the increases shown in long-term debt outstanding and non-current assets. Again in fiscal year 2021 as well as fiscal year 2020 and 2019 non-current assets and other long-term liabilities reflects dramatic changes due to the recognition of the net pension obligation/asset in accordance with GASB Statement No. 68 pension accounting and the implementation of GASB Statement No.75, Accounting and Reporting for OPEB in 2019. Please refer to notes 6 and 7 in the Notes to the Financial Statements for more information. While the Statement of Net Position shows the change in financial position of the District, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. Table A-2 below reflects the past two year changes.

**Table A-2**  
**Condensed Summary of Revenues,**  
**Expenses, and Changes in Net Position**  
**(000's)**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>	<u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Operating revenues	\$ 20,310	\$ 19,508	\$ 802	4.1%	\$ 17,847	\$ 1,661	9.3%
Nonoperating revenues	2,120	2,013	107	5.3%	1,741	272	15.6%
Total Revenues	22,430	21,521	909	4.2%	19,588	1,933	9.9%
Operating expense	9,502	10,922	(1,420)	-13.0%	10,663	259	2.4%
Depreciation expense	8,157	7,247	910	12.6%	6,995	252	3.6%
Nonoperating expense	990	217	773	356.2%	417	(200)	-48.0%
Total Expenses	18,649	18,386	263	1.4%	18,075	311	1.7%
Income (Loss) Before Capital Contributions	3,781	3,135	646	20.6%	1,513	1,622	107.2%
Capital Contribution	421	628	(207)	-33.0%	332	296	89.2%
Changes in Net Position	4,202	3,763	439	11.7%	1,845	1,918	104.0%
Beginning Net Position	174,208	170,445	3,763	2.2%	168,600	1,845	1.1%
Total Net Position	<u>\$ 178,410</u>	<u>\$ 174,208</u>	<u>\$ 4,202</u>	<u>2.4%</u>	<u>\$ 170,445</u>	<u>\$ 3,763</u>	<u>2.2%</u>

Operating revenues increased due to planned increases in rates to meet higher operating, capital and debt service needs. Operating expenses in FY 2021 were significantly lower primarily to an actuarial reduction in pension expense. FY 2020 was higher in comparison to 2019 due to an actuarial reduction in post-employment healthcare benefits (OPEB) expense in 2019 as well as additional chemical costs. Plant and collection system improvements led to higher depreciation expense in 2021 and 2020.

## Capital Assets

At the end of fiscal years 2021 and 2020 the District had \$151,765,000 and \$153,504,000 invested in capital assets (net of depreciation) respectively. The breakdown of assets by category is shown in Table A-3 below:

**Table A-3**  
**Capital Assets**

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>	<u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
<b>Non-depreciating Capital Assets</b>							
Land	\$ 2,830,000	\$ 2,830,000	\$ -	0.0%	\$ 2,784,000	\$ 46,000	1.7%
Construction in progress	4,050,000	1,500,000	2,550,000	170.0%	8,148,000	(6,648,000)	-81.6%
Subtotal	\$ 6,880,000	\$ 4,330,000	\$ 2,550,000	58.9%	\$ 10,932,000	\$ (6,602,000)	-60.4%
<b>Depreciating Capital Assets</b>							
Land Improvements	\$ 12,280,000	\$ 12,193,000	87,000	0.7%	\$ 8,632,000	3,561,000	41.3%
Buildings	60,260,000	60,186,000	74,000	0.1%	60,175,000	11,000	0.0%
Vehicles, Machinery & Equipment	53,172,000	52,646,000	526,000	1.0%	52,149,000	497,000	1.0%
Intercepting Sewer System	148,802,000	146,341,000	2,461,000	1.7%	142,885,000	3,456,000	2.4%
Other	10,362,000	13,400,000	(3,038,000)	-22.7%	8,578,000	4,822,000	56.2%
Subtotal	284,876,000	284,766,000	110,000	0.0%	272,419,000	12,347,000	4.5%
	291,756,000	289,096,000	2,660,000	0.9%	283,351,000	5,745,000	2.0%
Less: Accumulated Depreciation	139,991,000	135,592,000	4,399,000	3.2%	128,807,000	6,785,000	5.3%
Net Property and Equipment	\$ 151,765,000	\$ 153,504,000	\$ (1,739,000)	-1.1%	\$ 154,544,000	\$ (1,040,000)	-0.7%

In the past several years, numerous projects were undertaken and completed to maintain assets and the Districts' rehabilitation program continues which will be an on-going effort to maintain collection systems on a 75-year life cycle. More information on this topic is listed under "District Challenges".

## Debt Administration

The District issued general obligation bonds (alternative revenue source) series 2021 in the amount of \$28,260,000; a portion of the issuance was to refinance the loan with the Illinois Environmental Protection Agency with the remainder (\$25 million) to fund new construction projects. Please see note 6 in the Notes to Basic Financial Statements for more information.

## Economic Outlook

### Plant Capacity

	<u>CY 2017</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>CY 2020</u>	<u>Capacity</u>
Flow (MGD)	19.23	22.21	28.94	24.74	37.00
BOD (lb./day)	43,155	51,519	58,967	57,098	76,500
SS (lb./day)	36,763	44,505	52,614	46,515	81,200
NH <sub>3</sub> -N (lb./day)	2,711	3,201	2,909	2,846	4,000



The table below reflects the Darst Street plant load in comparison to design capacity (measured by average design flow). The District views treatment capacity as adequate and anticipates no expansion for the Darst Street water reclamation plant for the foreseeable future. This outlook may change if a major industrial development were to occur within the District’s boundaries. Expansion in the northwest area of the District has currently been met with the capacity of the Darst Street facility. As sewage transport to the Darst Street plant is nearing capacity, the District may pursue building a new water reclamation facility in this area or pursue other options as demand warrants.

**Plant Loadings by Calendar Year**

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Flow (CCF/year)	6,547,000	6,127,000	5,859,000	5,956,000	6,045,000
BOD (lbs./year)	13,829,000	10,684,000	13,706,000	13,339,000	11,746,000
SS (lbs./year)	2,646,000	2,298,000	2,897,000	2,966,000	2,816,000
NH3-N (lbs./year)	97,000	84,600	93,000	102,000	74,000

**Permits Issued**

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Permits	157	83	191	108	108

The number of permits reflect general economic conditions in the respective fiscal year. During the past several years, the number of permits issued was down from historical averages; the District does not foresee increases in the number of permits in the near future.

**Revenues and Expenses**

The District uses a cost allocation budgeting process to establish a cost of service user charge rate system. Historical user charge rate adjustments generally reflect inflationary pressure on salaries, supplies, utilities and insurance. Additional consideration is given to the amount of capital improvements and replacements needed for the current fiscal year. Rates are determined by associating costs with billing parameters, summarized in the table below:

**Billing Parameters by Fiscal Year**

	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2020</u></b>	<b><u>FY 2021</u></b>
Flow (CCF/year)	6,547,000	6,127,000	5,859,000	5,956,000	6,045,000
BOD (lbs./year)	13,829,000	10,684,000	13,706,000	13,339,000	11,746,000
SS (lbs./year)	2,646,000	2,298,000	2,897,000	2,966,000	2,816,000
NH3-N (lbs./year)	97,000	84,600	93,000	102,000	74,000

Flow (CCF): Volume of sewage billed measured in hundred cubic feet.

BOD (lbs.): Biochemical oxygen demand measured in pounds.

SS (lbs.): Suspended solids measured in pounds.

NH<sub>3</sub>-N (lbs.): Ammonia measured as nitrogen in pounds.

Parameters shown above reflect billed units. Parameters reflecting sewage quality are considered relatively constant; while flow is weather related and may also reflect water conservancy efforts. Residential and commercial domestic customers are billed based on flow. Industrial customers are billed based on direct measurement of all the parameters listed. Domestic, commercial and minor industrial user classes generate over 80% of the billable flow. The District does not anticipate any significant change in flows from these groups given the current economic conditions. The major industrial user class, although small in number, generates more than 50% of the billable biochemical oxygen demand. While no significant long-term increase or decrease in the billing parameters is anticipated, any additions or loss to this group could have a significant impact to the District.

Currently, user charges and other designated operating revenue generally meet operating expenses. Debt service and most capital needs are met by special assessments, connection charges, non-operating revenue and the user surcharge. Larger capital projects require either borrowing or use of internal reserves for funding. While current sources are inadequate to meet the long term capital needs of the District, the District is committed to building a reliable adequate revenue stream to fund both debt service and capital needs. Substantial progress has been made in the past several years to increase the surcharge to meet District needs. However, several more years of rate increases need to be made in order for the District to meet its goal of maintaining District assets. Annually, the District will review the surcharge rate in conjunction with debt service and capital requirements.

### **District Challenges**

The District continues to focus resources on maintenance and replacement of aging assets plus meeting the compliance requirements of the Clean Water Act.

The sewage capital assets fall into two categories: the sewage collection system (sewer pipe) and the treatment works with sewer pipe representing the larger financial investment. In regards to the sewage collection system, sewer pipe is generally recognized as having a useful life of 75 to 100 years. With the oldest portions of the District's system now reaching this age range, there has been no historical need to establish procedures and provide funding for a replacement program beyond premature failures. Experience gained through work completed on the City of Peoria sewer system has provided a basis for an annual investment of approximately \$6 million in current dollars to achieve a 75 year replacement cycle. An implementation strategy has been adopted to achieve this level of investment. In regards to the treatment works, over the last ten years the District has concentrated on basic maintenance such as roof replacements and tuck pointing to the extent of satisfying that need for the next 20 years. However, the District is beginning advanced asset management initiatives, including utilizing a computerized maintenance management system, in order to better analyze and prepare for treatment plant infrastructure.

The United States Environmental Protection Agency (EPA) took enforcement action against the District in 2011. Negotiations have completed and the capital cost to reach compliance is estimated to be between \$25-\$32 million. Bonds have been issued to start beginning the capital projects.

The Illinois Environmental Protection Agency (IEPA) has determined that major treatment plants must meet a total phosphorus limit of 0.5 mg/L annual geometric mean by 2030. To meet this requirement the District will likely require additional capital, with the dollar amount being unknown at this time. The capital impact to treat nitrogen is unknown as permit limits are yet to be established.

Beginning with a preliminary study in FY 2008, the Sanitary District is proactively addressing the adequacy of the levee protecting the Darst Street water reclamation facility from Illinois River flooding. During previous fiscal years, improvements to the levee, consisting of raising the crest of the levee, erosion protection and seepage management, were identified and presented to the Federal Emergency Management Agency (FEMA). FEMA has concurred the scope of work will satisfy requirements for 100 year protection. The District is exploring possible grant and other funding opportunities for this improvement, which could cost approximately \$10 million.

During the past year, the District has further refined strategic planning to determine future goals and expectations. The District has identified three main stakeholders: customers, supported communities and employees. In the coming years, the District will participate in a number of communication efforts to identify areas and/or projects we can undertake to achieve a higher level of proficiency for our stakeholders.

With the COVID-19 outbreak, the District has taken great strides in maintaining the highest level of service possible while maintaining customer and staff safety. To date, operating revenue and cash receipts have not been materially affected.

### **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 Brian Johnson, Executive Director, Greater Peoria Sanitary and Sewage Disposal District, 2322 S. Darst Street, Peoria, IL 61607-2093 by phone at 309-637-3511 or by e-mail at [www.gpsd.dst.il.us](http://www.gpsd.dst.il.us).

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF NET POSITION**  
**April 30, 2021 and 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,164,275	\$ 1,583,771
Investments (Note 2)	25,137,403	23,977,273
Receivables:		
User charges, net of allowance for doubtful accounts of \$200,000 in 2021 and \$110,000 in 2020	3,832,162	3,679,358
Property owners and other	144,121	33,245
Special assessment receivable (Note 4)	19,358	26,288
Accrued interest receivable	1,501	2,388
Replacement taxes receivable	533,473	204,669
Prepaid items	<u>336,920</u>	<u>239,455</u>
Total current assets	<u>32,169,213</u>	<u>29,746,447</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash (Note 2)	3,150,000	-
Restricted investments (Note 2)	26,770,564	-
Special assessment receivable, less current portion (Note 4):	74,913	128,291
Capital assets:		
Not being depreciated (Note 5)	6,880,505	4,330,743
Net of accumulated depreciation (Note 5)	<u>144,884,209</u>	<u>149,173,757</u>
Total capital assets	<u>151,764,714</u>	<u>153,504,500</u>
Net pension asset (Note 7)	<u>3,465,126</u>	<u>374,641</u>
Total noncurrent assets	<u>185,225,317</u>	<u>154,007,432</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to net pensions (Note 7)	2,320,460	3,528,330
Deferred outflows related to net other post employment benefit liability (Note 8)	<u>187,201</u>	<u>102,595</u>
	<u>2,507,661</u>	<u>3,630,925</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 219,902,191</u>	<u>\$ 187,384,804</u>

## LIABILITIES AND NET POSITION

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,262,610	\$ 1,509,518
Retainage payable	153,087	145,071
Due to customers	424,755	313,256
Accrued payroll	228,290	213,654
Accrued vacation	487,776	447,317
Accrued interest payable	81,645	21,337
Other accrued expenses	64,832	10,956
Current portion of long-term debt (Note 6)	<u>320,000</u>	<u>653,373</u>
Total current liabilities	<u>3,022,995</u>	<u>3,314,482</u>
Long-term liabilities:		
IEPA loan payable (Note 6)	-	3,521,839
Bonds payable, plus bond premium (Note 6)	31,294,687	-
Net other post employment benefit liability (Note 8)	<u>857,537</u>	<u>1,060,265</u>
Total long-term liabilities	<u>32,152,224</u>	<u>4,582,104</u>
Total liabilities	<u>35,175,219</u>	<u>7,896,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to net pensions (Note 7)	5,811,213	5,056,962
Deferred inflows related to net other post employment benefit liability (Note 8)	<u>505,915</u>	<u>223,455</u>
	<u>6,317,128</u>	<u>5,280,417</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	150,275,281	149,329,288
Restricted for debt service	3,150,000	-
Unrestricted	<u>24,984,563</u>	<u>24,878,513</u>
Total net position	<u>178,409,844</u>	<u>174,207,801</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 219,902,191</u>	<u>\$ 187,384,804</u>

The accompanying notes are an integral part of the basic financial statements.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Sewer user charges	\$ 11,192,076	\$ 10,856,451
Capital improvement and replacement surcharge	8,230,519	7,615,797
Services and permits	781,426	768,427
Capital investment and sewer connection charges	46,955	191,374
Other	<u>59,490</u>	<u>76,279</u>
Total operating revenues	<u>20,310,466</u>	<u>19,508,328</u>
<b>OPERATING EXPENSES</b>		
Operations	5,422,722	5,450,313
Planning and construction	665,407	583,604
System rehabilitation and maintenance	626,552	655,670
Vehicles and equipment	285,145	335,669
Administration	2,814,715	2,851,416
Retirement	(312,166)	1,045,481
Depreciation	<u>8,156,818</u>	<u>7,246,716</u>
Total operating expenses	<u>17,659,193</u>	<u>18,168,869</u>
Operating income	<u>2,651,273</u>	<u>1,339,459</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Replacement taxes	1,901,774	1,499,351
Investment income	212,632	490,125
Interest income other than investment	6,127	8,620
Interest expense	(147,195)	(113,277)
Bad debt expense	(136,304)	(104,139)
Bond issuance costs	(333,223)	-
Gain (loss) on sale of capital assets	<u>(373,562)</u>	<u>14,122</u>
Total nonoperating revenues	<u>1,130,249</u>	<u>1,794,802</u>
Income before capital contributions	3,781,522	3,134,261
<b>CAPITAL CONTRIBUTIONS</b>	<u>420,521</u>	<u>628,338</u>
<b>CHANGES IN NET POSITION</b>	4,202,043	3,762,599
<b>NET POSITION</b>		
Beginning of year	<u>174,207,801</u>	<u>170,445,202</u>
End of year	<u>\$ 178,409,844</u>	<u>\$ 174,207,801</u>

The accompanying notes are an integral part of the basic financial statements.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received by customers and users	\$ 20,021,981	\$ 19,116,867
Payment to suppliers and others	(5,671,689)	(5,852,296)
Payments to employees	<u>(5,124,804)</u>	<u>(5,081,195)</u>
Net cash provided by operating activities	<u>9,225,488</u>	<u>8,183,376</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Replacement tax receipts	<u>1,572,970</u>	<u>1,668,271</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from issuance on bonds payable	31,640,623	-
Payment of bond issuance costs	(333,223)	-
Principal payments on IEPA loan	(4,175,212)	(637,340)
Interest paid on IEPA loan	(112,823)	(116,534)
Acquisition and construction of capital assets	(6,436,579)	(5,572,314)
Proceeds from sale of capital assets	-	34,983
Receipt on special assessment receivable	60,308	36,971
Receipt of interest on special assessment receivable	<u>7,014</u>	<u>9,128</u>
Net cash provided by (used in) capital and related financing activities	<u>20,650,108</u>	<u>(6,245,106)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	212,632	490,125
Purchase of investments	(56,516,793)	(22,095,367)
Sale and maturity of investments	<u>28,586,099</u>	<u>18,116,200</u>
Net cash used in investing activities	<u>(27,718,062)</u>	<u>(3,489,042)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 \$ 3,730,504	 \$ 117,499
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	<u>1,583,771</u>	<u>1,466,272</u>
End of the year	<u>\$ 5,314,275</u>	<u>\$ 1,583,771</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended April 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 2,651,273	\$ 1,339,459
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,156,818	7,246,716
Pension expense	(1,128,364)	305,206
Other postemployment benefit obligation	(4,874)	14,915
Change in operating assets and liabilities:		
Receivables	(399,984)	(373,870)
Prepaid items	(97,465)	(78,269)
Accounts payable	(172,386)	(273,551)
Due to customers	111,499	(17,591)
Accrued payroll	14,636	(32,656)
Accrued vacation	40,459	66,282
Other accrued expenses	53,876	(13,265)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 9,225,488</u>	<u>\$ 8,183,376</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES</b>		
Contribution of capital assets	<u>\$ 420,521</u>	<u>\$ 628,338</u>
Acquisition and construction of capital assets financed with accounts and retainage payable	<u>\$ 481,413</u>	<u>\$ 547,919</u>
Amortization of bond premiums	<u>\$ 25,936</u>	<u>\$ -</u>
Cash and cash equivalents are presented in the Statement of Net Position as follows:		
Cash and cash equivalents	\$ 2,164,275	\$ 1,583,771
Restricted cash	3,150,000	-
	<u>\$ 5,314,275</u>	<u>\$ 1,583,771</u>

The accompanying notes are an integral part of the basic financial statements.



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Greater Peoria Sanitary and Sewage Disposal District (District) was established by referendum in 1927 for the purpose of providing sewage services to a geographic area which includes Peoria and adjacent municipalities and unincorporated areas. Revenues are generated from sewage services provided for the constituents of the District, supplemented by investment earnings and an allocated portion of State of Illinois replacement taxes.

**(a) 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 Greater Peoria Sanitary and Sewage Disposal District which has a separately appointed governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is an independent special purpose government in that it has authority to determine its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

There are no component units of The Greater Peoria Sanitary and Sewage Disposal District nor is The Greater Peoria Sanitary and Sewage Disposal District dependent on any other entity.

**(b) Financial Statement Presentation and Basis of Accounting**

The District uses a single enterprise fund to account for all assets, liabilities, net position, revenues, and expenses. Enterprise 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.

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Financial Statement Presentation and Basis of Accounting (Continued)**

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

Permits, capital investment charges, and other miscellaneous revenues (except investment earnings) are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Charges for services are recognized when the service is performed as they are measurable and available.

Operating revenues, such as sewer user charges, services, and other charges, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as replacement taxes and investment income, result from nonexchange transactions or ancillary activities.

**(c) Investments**

Investment securities are stated at fair value. Certificates of deposit are stated at cost plus any accrued interest, which approximates fair value. The types of investments allowed are regulated by Illinois Compiled Statutes 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.

**(d) User Charges Receivable**

User charges receivable are uncollateralized customer obligations which generally require payment within thirty days from the billing date. User charges receivable are stated at the statement amount plus accrued interest. Unpaid accounts over forty-five days old bear interest at 2 percent per month.

Account balances with billings over thirty days old are considered delinquent. Payments of user charges receivable are applied to the earliest unpaid billing. The carrying amount of user charges 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 user charges receivable. If there is a deterioration of a major customer's creditworthiness 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 the allowance for doubtful accounts.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Capital Assets**

Public domain property (sewers) and other capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	15-60
Buildings	10-60
Equipment, vehicles, and machinery	3-60
Intercepting sewer system	70
Other	5-60

Depreciation is not provided on construction in progress until the project is completed and placed in service.

**(f) Restricted Cash and Investments**

Restricted cash represents pledged revenues that are required to be used for debt service on the General Obligation Bonds (Alternative Revenue Source), series 2021. Restricted investments represents the amount of unexpended bond proceeds which must be used for specific construction projects.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**(g) 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. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**(h) Capital Contributions**

Capital contributions consist of donated infrastructure capital assets, reimbursements, special assessments levied, and capital grants on construction.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and therefore will not be recognized as expenditures until then. The District reports deferred outflows of resources related to pensions and other postemployment benefit liabilities. In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and therefore will not be recognized as revenue until that time. The District reports deferred inflows of resources related to pensions and other postemployment benefit liabilities. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**(j) Pension**

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

**(k) Long-term Liabilities**

In the statements of net position, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Issuance costs are reported as expenditures when incurred.

**(l) Statements of Cash Flows**

For 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. None of the investments at April 30, 2021 and 2020 qualified as a cash equivalent.

**(m) Net Position/Fund Balance Classifications**

In the statements of net position, the District's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt - This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(m) Net Position/Fund Balance Classifications (Continued)**

Restricted Net Assets - This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Restricted net position represents the amount of pledged revenues that are required to be used for debt service on the General Obligation Bonds (Alternative Revenue Source), series 2021.

Unrestricted Net Assets - This includes resources derived from user charges for services, unrestricted state revenues, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the District and may be used at the discretion of the Board to meet current expenses for any purpose.

**(n) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND INVESTMENTS**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires deposits to be limited to \$250,000 per financial institution unless collateralized by obligations of the United States Government or its agencies which are owned by the financial institution.

As of April 30, 2021, the District's bank balance was \$30,451,325. Of the bank balance, \$24,497,079 was covered by Federal depository insurance and \$5,954,246 was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. The bank balance includes \$16,565,882 of certificates of deposit which are included in investments below.

As of April 30, 2020, the District's bank balance was \$19,158,443. Of the bank balance, \$17,183,085 was covered by Federal depository insurance and \$1,975,358 was exposed to custodial credit risk and collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. The bank balance includes \$14,875,298 of certificates of deposit and an insured cash sweep account which are included in investments below.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates would adversely affect the fair value of an investment. The District manages its exposure to fair value losses arising from increasing interest rates by requiring a minimum of five to ten percent of investable funds to be maintained in interest-bearing, short-term investments, which will mature within ninety days, as well as requiring investments to be structured so that maturities are concurrent with cash needs to meet anticipated demands and utilize investment vehicles such as money market/sweep funds which offer same-day liquidity for short-term funds. The investment policy prohibits the purchase of securities with a maturity greater than five years at the date of purchase.

**Investments**

As of April 30, the District had the following types of investments, by contractual maturities:

<u>Investment Type</u>	<u>2021</u>			
	<u>Fair Value</u>	<u>Maturities (In Years)</u>		<u>Carrying Amount</u>
		<u>Less Than One</u>	<u>1-5</u>	
Certificates of deposit	\$ 16,565,882	\$ 16,565,882	\$ -	\$ 16,565,882
IPRIME Investment Shares Class (ISC)	26,772,833	26,772,833	-	26,772,833
Insured cash sweep	<u>8,569,252</u>	<u>8,569,252</u>	<u>-</u>	<u>8,569,252</u>
	<u>\$51,907,967</u>	<u>\$51,907,967</u>	<u>\$ -</u>	<u>\$ 51,907,967</u>
<u>Investment Type</u>	<u>2020</u>			
	<u>Fair Value</u>	<u>Maturities (In Years)</u>		<u>Carrying Amount</u>
		<u>Less Than One</u>	<u>1-5</u>	
Certificates of deposit	\$ 14,875,298	\$ 14,875,298	\$ -	\$ 14,875,298
IPRIME Investment Shares Class (ISC)	6,544,579	6,544,579	-	6,544,579
Insured cash sweep	<u>2,557,396</u>	<u>2,557,396</u>	<u>-</u>	<u>2,557,396</u>
	<u>\$23,977,273</u>	<u>\$23,977,273</u>	<u>\$ -</u>	<u>\$ 23,977,273</u>

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

As of April 30, 2021, the District's investment in the Illinois Public Reserves Investment Management Trust (IPRIME) Investment Shares Class (ISC) were rated AAAM by Standard and Poor's. The IPRIME ISC is an external investment pool for Illinois Municipal Treasurers acting on behalf of local governmental entities of the State of Illinois. The Investment Shares Series is managed to comply with specific requirements of Illinois law, particularly the Public Funds Investment Act and other laws applicable to the investment of participant funds. The IPRIME ISC invests in U.S. government obligations, short-term corporate debt obligations that are rated in one of the three highest rating categories by at least two major rating organizations, bank obligations (interest-bearing certificates of deposit, interest-bearing time deposits, or other investments that are direct obligations of a bank or credit union that are permitted by Illinois law), repurchase agreements that are fully collateralized at 102% with US government securities, government money market mutual funds, municipal obligations and floating-rate and variable-rate obligations. The fair value position in the IPRIME ISC is the same as the value of the pool shares. This investment in IPRIME represents a beneficial interest in the investment and is not insured or guaranteed by the FDIC.

The insured cash sweep (ICS) account is an investment at a financial institution that in turn places the deposits received from the District into interest-bearing savings accounts at other FDIC-insured banks in the ICS network. The funds are placed at multiple banks across the network in amounts that stay within the FDIC deposit insurance limit at each bank (\$250,000) and, therefore, are fully FDIC insured.

The certificates of deposit mature within one year and are included in the custodial credit risk disclosures above.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer. At April 30, 2021, the District had approximately 52 percent of its investments in the IPRIME ISC account.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

GASB Statement No.72, *Fair Value Measurement and Application* establishes a framework for measuring fair value that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Quoted prices in active markets for identical assets or liabilities

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Significant unobservable inputs

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of April 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 16,565,882	\$ -	\$ -	\$ 16,565,882
IPRIME Shares Class	-	26,772,833	-	26,772,833
Insured cash sweep	<u>8,569,252</u>	<u>-</u>	<u>-</u>	<u>8,569,252</u>
Total assets at fair value	<u>\$ 25,135,134</u>	<u>\$ 26,772,833</u>	<u>\$ -</u>	<u>\$ 51,907,967</u>

**NOTE 4 - SPECIAL ASSESSMENTS RECEIVABLE**

The District has a special assessment receivable due for one project (SD #62). SD #62 special assessment receivable was due in annual installments of interest only in 2009 and 2010 and then is due in annual installments of principal and interest beginning in 2011 through 2026. The interest rate is 4.57 percent. The receivables are presented in the accompanying statements of net position as follows at April 30:

	<u>2021</u>	<u>2020</u>
Current	\$ 19,358	\$ 26,288
Long-term	<u>74,913</u>	<u>128,291</u>
	<u>\$ 94,271</u>	<u>\$ 154,579</u>

The following summarizes the remaining principal installments receivable under the assessment at April 30, 2021:

**Fiscal Year Ending April 30,**

2022	\$ 19,358
2023	18,728
2024	18,728
2025	18,728
2026	<u>18,729</u>
<b>Total</b>	<b><u>\$ 94,271</u></b>



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2021 was as follows:

	<u>Balance</u> <u>April 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2021</u>
Capital assets, not being depreciated:					
Land	\$ 2,830,420	\$ -	\$ -	\$ -	\$ 2,830,420
Construction in progress	<u>1,500,323</u>	<u>5,941,099</u>	<u>-</u>	<u>(3,391,337)</u>	<u>4,050,085</u>
Total capital assets not being depreciated	<u>4,330,743</u>	<u>5,941,099</u>	<u>-</u>	<u>(3,391,337)</u>	<u>6,880,505</u>
Capital assets being depreciated:					
Land improvements	12,192,909	-	-	86,496	12,279,405
Buildings	60,185,951	-	-	74,390	60,260,341
Equipment, vehicles, and machinery	52,646,065	428,974	(929,860)	1,027,061	53,172,240
Intercepting sewer system	146,341,245	420,521	-	2,039,538	148,801,304
Other	<u>13,399,430</u>	<u>-</u>	<u>(3,201,564)</u>	<u>163,852</u>	<u>10,361,718</u>
Total capital assets being depreciated	<u>284,765,600</u>	<u>849,495</u>	<u>(4,131,424)</u>	<u>3,391,337</u>	<u>284,875,008</u>
Less accumulated depreciation for:					
Land improvements	(5,490,370)	(509,514)	-	-	(5,999,884)
Buildings	(34,695,508)	(1,497,202)	-	-	(36,192,710)
Equipment, vehicles, and machinery	(32,495,244)	(2,003,326)	556,298	-	(33,942,272)
Intercepting sewer system	(57,546,426)	(2,166,054)	-	-	(59,712,480)
Other	<u>(5,364,295)</u>	<u>(1,980,722)</u>	<u>3,201,564</u>	<u>-</u>	<u>(4,143,453)</u>
Total accumulated depreciation	<u>(135,591,843)</u>	<u>(8,156,818)</u>	<u>3,757,862</u>	<u>-</u>	<u>(139,990,799)</u>
Total capital assets being depreciated	<u>149,173,757</u>	<u>(7,307,323)</u>	<u>(373,562)</u>	<u>3,391,337</u>	<u>144,884,209</u>
Capital assets, net	<u>\$ 153,504,500</u>	<u>\$ (1,366,224)</u>	<u>\$ (373,562)</u>	<u>\$ -</u>	<u>\$ 151,764,714</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended April 30, 2020 was as follows:

	<u>Balance</u> <u>April 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2020</u>
Capital assets, not being depreciated:					
Land	\$ 2,783,821	\$ -	\$ -	\$ 46,599	\$ 2,830,420
Construction in progress	<u>8,147,888</u>	<u>5,219,346</u>	<u>-</u>	<u>(11,866,911)</u>	<u>1,500,323</u>
Total capital assets not being depreciated	<u>10,931,709</u>	<u>5,219,346</u>	<u>-</u>	<u>(11,820,312)</u>	<u>4,330,743</u>
Capital assets being depreciated:					
Land improvements	8,631,520	-	-	3,561,389	12,192,909
Buildings	60,175,185	-	-	10,766	60,185,951
Equipment, vehicles, and machinery	52,148,900	379,988	(481,922)	599,099	52,646,065
Intercepting sewer system	142,885,403	628,338	-	2,827,504	146,341,245
Other	<u>8,577,876</u>	<u>-</u>	<u>-</u>	<u>4,821,554</u>	<u>13,399,430</u>
Total capital assets being depreciated	<u>272,418,884</u>	<u>1,008,326</u>	<u>(481,922)</u>	<u>11,820,312</u>	<u>284,765,600</u>
Less accumulated depreciation for:					
Land improvements	(5,085,495)	(404,875)	-	-	(5,490,370)
Buildings	(33,195,960)	(1,499,548)	-	-	(34,695,508)
Equipment, vehicles, and machinery	(30,994,455)	(1,961,850)	461,061	-	(32,495,244)
Intercepting sewer system	(55,425,087)	(2,121,339)	-	-	(57,546,426)
Other	<u>(4,105,191)</u>	<u>(1,259,104)</u>	<u>-</u>	<u>-</u>	<u>(5,364,295)</u>
Total accumulated depreciation	<u>(128,806,188)</u>	<u>(7,246,716)</u>	<u>461,061</u>	<u>-</u>	<u>(135,591,843)</u>
Total capital assets being depreciated	<u>143,612,696</u>	<u>(6,238,390)</u>	<u>(20,861)</u>	<u>11,820,312</u>	<u>149,173,757</u>
Capital assets, net	<u>\$ 154,544,405</u>	<u>\$(1,019,044)</u>	<u>\$ (20,861)</u>	<u>\$ -</u>	<u>\$ 153,504,500</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

Construction in progress at April 30, 2021 and 2020 consists of the following projects:

	<u>2021</u>	<u>2020</u>
Strategic Planning	\$ 365,876	\$ 114,588
GPSD Sewer Rehab Project	1,515,699	594,489
Pump Station Rehabilitation	65,010	51,409
Pump Rebuilds/Replacements	12,558	43,896
Levee Improvements	396,785	174,979
Effluent Channel Control Structure	66,097	27,857
Kickapoo Interceptor Control Structure	77,212	43,167
Regulator Improvements	665,206	140,866
Nitrification/Dewatering Study	227,031	57,181
Biochar Collaboration	42,323	12,989
Unmanned Aerial Vehicle	-	57,991
Kickapoo Creek Bridge Repair	34,059	31,807
Secondary Clarifier #5 Repairs	288,311	-
Admin Building air conditioner replacement	83,987	-
Maintenance building replacement	57,257	-
2015 NPDES Permit Renewal	33,224	-
Data Integration/Automation Study	32,896	-
Other	<u>86,554</u>	<u>149,104</u>
	<u>\$ 4,050,085</u>	<u>\$ 1,500,323</u>

**NOTE 6 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the years ended April 30, 2021 and 2020:

<u>2021</u>	<u>April 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2021</u>
<b>General Obligation Alternative Revenue Bonds:</b>				
Series 2021	\$ -	\$ 28,260,000	\$ -	\$ 28,260,000
<b>Illinois EPA Loan - Water Revolving Fund</b>				
	<u>4,175,212</u>	<u>-</u>	<u>(4,175,212)</u>	<u>-</u>
Subtotal	4,175,212	28,260,000	(4,175,212)	28,260,000
Bond premium	<u>-</u>	<u>3,380,623</u>	<u>(25,936)</u>	<u>3,354,687</u>
Total long-term debt	<u>\$ 4,175,212</u>	<u>\$ 31,640,623</u>	<u>\$ (4,201,148)</u>	<u>\$ 31,614,687</u>
Less current portion				<u>320,000</u>
<b>Total long-term debt, net of current portion</b>				<u>\$ 31,294,687</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

<u>2020</u>	<u>Illinois EPA Loan - Water Revolving Fund</u>
Balance at April 30, 2019	\$ 4,812,552
Retirements	<u>(637,340)</u>
Balance at April 30, 2020	4,175,212
Current portion	<u>653,373</u>
<b>Total long-term debt, net of current portion</b>	<b><u>\$ 3,521,839</u></b>

Long-term debt is comprised of the following:

Illinois EPA Loan - Water Revolving Fund, Project L17-2281, was executed on August 31, 2004, interest at 2.50 percent, original loan amount of \$11,576,199. Principal and interest payments were due each February 15 and August 15 through February, 2026. The loan was paid off on April 6, 2021.

General Obligation Bonds (Alternative Revenue Source), series 2021 dated April 1, 2021, original issue amount of \$28,260,000. The issue provides for serial retirement of principal due each August 15 through 2041. Interest is due on August 15 and February 15 of each year, commencing August 15, 2021, with interest rates varying from 3.00 to 4.00 percent. The bonds due on or after August 15, 2032 are subject to redemption prior to maturity at the option of the District as a whole or in part in any order of their maturity as determined by the District, at the redemption price of par plus interest to the redemption date.

Annual debt service requirements to maturity at April 30, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending April 30:			
2022	\$ 320,000	\$ 854,527	\$ 1,174,527
2023	1,560,000	943,050	2,503,050
2024	1,615,000	879,550	2,494,550
2025	1,645,000	814,350	2,459,350
2026	1,685,000	747,750	2,432,750
2027-2031	5,885,000	2,969,150	8,854,150
2032-2036	6,445,000	1,866,450	8,311,450
2037-2041	7,475,000	818,625	8,293,625
2042	<u>1,630,000</u>	<u>24,450</u>	<u>1,654,450</u>
	<b><u>\$ 28,260,000</u></b>	<b><u>\$ 9,917,902</u></b>	<b><u>\$ 38,177,902</u></b>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
April 30, 2021 and 2020**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The bond indenture contains limitations and restrictions on annual debt service requirements and maintenance of, and flow of monies through various restricted accounts.

**Legal Debt Margin**

The legal debt margin of the District at April 30, 2021 is as follows:

Assessed valuation 2020	<u>\$ 2,209,039,891</u>
Statutory debt limitation (5.75 percent of assessed valuation)	\$ 127,019,794
Less total debt, excluding alternative revenue bonds	<u>                                -</u>
<b>Legal debt margin</b>	<b><u>\$ 127,019,794</u></b>

**NOTE 7 - DEFINED BENEFIT PENSION PLAN**

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits provided" section below. 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](http://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 Township Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 7 - DEFINED BENEFIT 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 ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

**Employees Covered by Benefit Terms**

As of December 31, 2020, the following employees were covered by the benefit terms:

	<b>Regular</b>
Retirees and Beneficiaries currently receiving benefits	85
Inactive Plan Members entitled to but not yet receiving benefits	20
Active Plan Members	68
<b>Total</b>	<b>173</b>

**Contributions**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2020 was 8.81%. For the fiscal year ended April 30, 2021, the District contributed \$444,493 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Asset/Liability**

The District's net pension asset/liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

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

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected 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 from years 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, Employee, 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, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- There were no benefit changes during the year.
- 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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	1%	.70%
Total	<u>100%</u>	

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Single Discount Rate**

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

**Changes in the Net Pension Asset/Liability – Regular Plan Members**

The following table shows the components of the change in the District's net pension asset/liability for the calendar year ended December 31, 2020 for Regular Plan members:

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (Asset) (A) - (B)</b>
<b>Balances at December 31, 2019</b>	\$ 37,398,759	\$ 37,773,400	\$ (374,641)
<b>Changes for the year:</b>			
Service Cost	525,743	-	525,743
Interest on the Total Pension Liability	2,654,762	-	2,654,762
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(129,426)	-	(129,426)
Changes of Assumptions	(263,758)	-	(263,758)
Contributions - Employer	-	452,313	(452,313)
Contributions - Employees	-	266,046	(266,046)
Net Investment Income	-	5,461,215	(5,461,215)
Benefit Payments, including Refunds of Employee Contributions	(2,088,436)	(2,088,436)	-
Other (Net Transfer)	-	(301,768)	301,768
<b>Net Changes</b>	<u>698,885</u>	<u>3,789,370</u>	<u>(3,090,485)</u>
<b>Balances at December 31, 2020</b>	<u>\$ 38,097,644</u>	<u>\$ 41,562,770</u>	<u>\$ (3,465,126)</u>



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate**

The following presents the net pension asset/liability, calculated using a single discount rate of 7.25 percent, as well as what the plan's net pension asset/liability would be if it were calculated using a single discount rate that is 1% lower (6.25 percent) or 1% higher (8.25 percent) than the current rate:

	<b>(6.25%) 1% Lower</b>	<b>(7.25%) Current Discount Rate</b>	<b>(8.25%) 1% Higher</b>
Net pension liability (asset)	\$ <u>869,753</u>	\$ <u>(3,465,126)</u>	\$ <u>(6,919,754)</u>

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

For the years ended April 30, 2021 and 2020, the District recognized pension expense (revenue) of \$(685,900) and \$677,231, respectively.

At April 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>Deferred Amounts Related to Pensions</u></b>	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ -	\$ 221,912
Changes of assumptions	302,664	326,102
Net difference between projected and actual earnings on pension plan investments	<u>1,871,182</u>	<u>5,263,199</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>2,173,846</u>	<u>5,811,213</u>
<b>Pension Contributions made subsequent to the Measurement Date</b>	<u>146,614</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b><u>\$ 2,320,460</u></b>	<b><u>\$ 5,811,213</u></b>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

<u>Year Ending December 31,</u>	<u>Net Deferred Inflows of Resources</u>
2021	\$ (1,143,583)
2022	(457,366)
2023	(1,447,514)
2024	<u>(588,904)</u>
	<u>\$ (3,637,367)</u>

**NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

The District provides post-employment healthcare benefits (OPEB) for retired employees and their spouses through a single-employer defined benefit plan. 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 OPEB plan does not issue a separate report.

**Benefits Provided**

The District provides post-employment healthcare and dental benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Illinois Municipal Retirement Fund retirement plan (hired prior to January 1, 2011 - minimum age 55 with 8 years of service, hired on/after January 1, 2011 - minimum age 62 with 10 years of service).

All healthcare benefits are provided through the District's fully funded health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Retirees are allowed to remain in the plan until they reach age 65. Retirees participating in the plan contribute 100 percent of the current calculated premium to the plan.

**Employees Covered by Benefit Terms**

The membership at April 30, 2020 included 59 active participants and 4 retiree participants.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

**Total OPEB Liability**

The District's total OPEB liability of \$857,537 at April 30, 2021 was determined by an actuarial valuation dated April 30, 2021. The District's total OPEB liability of \$1,060,265 at April 30, 2020 was determined by an actuarial valuation dated April 30, 2020.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB Statement No. 75.

<u>Discount Rate</u>	<u>4/30/2021</u>	<u>4/30/2020</u>
Discount Rate	2.27%	2.92%
20 Year tax-exempt Municipal Bond Yield	1.83% – 2.27%	2.36% – 2.92%

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher at the April 30, 2021 and 2020 measurement dates.

Other Key Assumptions

The plan had a formal actuarial experience study performed as of April 30, 2021. The plan had an interim actuarial experience study performed as of April 30, 2020.

	<u>4/30/2021</u>	<u>4/30/2020</u>
Valuation date	April 30, 2021	April 30, 2020
Measurement date	April 30, 2021	April 30, 2020
Inflation	2.75%	2.50%
Salary increases including inflation	.14% - 7.10%	3.80% - 10.50%
Health Care Trend Rates	4.50% - 8.00%	4.50% - 7.50%

Mortality: General Activities and Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020. Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

Actuarial Cost Method: Entry Age Normal Level Percentage of Salary Method.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

Changes in the Total OPEB Liability:

Fiscal year ended	<u>2021</u>	<u>2020</u>
<b>OPEB Liability - Beginning</b>	\$ 1,060,265	\$ 910,832
Changes for the year:		
Service Cost	65,964	52,528
Interest on the OPEB Liability	32,044	35,524
Differences Between Expected and Actual Experience	(349,315)	61,273
Changes of Assumptions	106,672	52,721
Benefit Payments	<u>(58,093)</u>	<u>(52,613)</u>
Net change in total OPEB liability	<u>(202,728)</u>	<u>149,433</u>
 <b>OPEB Liability - Ending</b>	 <u>\$ 857,537</u>	 <u>\$ 1,060,265</u>

**Sensitivity of the OPEB Liability to Changes in the Discount/Healthcare Cost Trend Rates**

The following presents the total OPEB liability at April 30, 2021, calculated using the discount rate of 2.27 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.27 percent) or 1% higher (3.27 percent) than the current rate:

	<u>(1.27%)</u> <u>1% Lower</u>	<u>Discount Rate</u> <u>(2.27%)</u> <u>Current Discount Rate</u>	<u>(3.27%)</u> <u>1% Higher</u>
Total OPEB liability	\$ <u>912,140</u>	\$ <u>857,537</u>	\$ <u>804,349</u>

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

	<u>(7.00% to 3.50%)</u> <u>1% Lower</u>	<u>Healthcare Cost trend Rates</u> <u>(8.00% to 4.50%)</u> <u>Current Trend Rate</u>	<u>(9.00% to 5.50%)</u> <u>1% Higher</u>
Total OPEB liability	\$ <u>767,962</u>	\$ <u>857,537</u>	\$ <u>961,879</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 8 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

For the year ended April 30, 2021 and 2020, the District recognized OPEB expense of \$53,219 and \$67,528, respectively. At April 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 49,019	\$ 418,215
Changes of assumptions	138,182	87,700
Net difference between projected and actual earnings on OPEB investments	<u>          -</u>	<u>          -</u>
Total Deferred Amounts to be recognized in OPEB expense in future periods	<u>187,201</u>	<u>505,915</u>
<b>Total Deferred Amounts Related to OPEB</b>	<b><u>\$ 187,201</u></b>	<b><u>\$ 505,915</u></b>

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

<u>Year Ending April 30,</u>	<u>Net Deferred Inflows of Resources</u>
2022	\$ (44,789)
2023	(44,789)
2024	(44,789)
2025	(44,789)
2026	(44,789)
Thereafter	<u>(94,769)</u>
	<b><u>\$ (318,714)</u></b>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2021 and 2020**

**NOTE 9 - 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 10 - CONCENTRATIONS**

The District received approximately 13 percent and 16 percent of its operating revenue from one customer in 2021 and 2020.

**NOTE 11 - COMMITMENTS**

At April 30, 2021, the District had awarded various engineering services and construction contracts totaling approximately \$7,779,000, which were approximately 77 percent complete. The District is obligated to pay the remaining costs under these contracts.

**NOTE 12 - CONTINGENCIES**

The Greater Peoria Sanitary and Sewage Disposal District is subject to external factors such as fluctuations in customer bases, water consumption, bids, supply chain issues and changing laws and regulations. These external factors can have a significant impact on the District's ability to finance its operations and capital projects.

**NOTE 13 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through June 25, 2021 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended April 30, 2021**

**Schedule of Changes in the Net Pension Liability and Related Ratios  
Calendar Years Ended December 31, 2020 - 2015**

Calendar Year Ended December 31,	<u>2020</u>	<u>2019</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 525,743	\$ 544,596
Interest on the Total Pension Liability	2,654,762	2,585,977
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	(129,426)	(119,069)
Changes of Assumptions	(263,758)	-
Benefit Payments, including Refunds of Employee Contributions	<u>(2,088,436)</u>	<u>(2,018,198)</u>
<b>Net Change in Total Pension Liability</b>	698,885	993,306
<b>Total Pension Liability - Beginning</b>	<u>37,398,759</u>	<u>36,405,453</u>
<b>Total Pension Liability – Ending (A)</b>	<u>\$ 38,097,644</u>	<u>\$ 37,398,759</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 452,313	\$ 317,401
Contributions - Employees	266,046	229,262
Pension Plan Net Investment Income	5,461,215	6,287,039
Benefit Payments, including Refunds of Employee Contributions	(2,088,436)	(2,018,198)
Other (Net Transfer)	<u>(301,768)</u>	<u>(261,627)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	3,789,370	4,553,877
<b>Plan Fiduciary Net Position - Beginning</b>	<u>37,773,400</u>	<u>33,219,523</u>
<b>Plan Fiduciary Net Position – Ending (B)</b>	<u>\$ 41,562,770</u>	<u>\$ 37,773,400</u>
<b>Net Pension (Asset) Liability - Ending (A) - (B)</b>	<u>\$ (3,465,126)</u>	<u>\$ (374,641)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>109.10%</u>	<u>101.00%</u>
<b>Covered Valuation Payroll</b>	<u>\$ 5,134,088</u>	<u>\$ 5,094,716</u>
<b>Net Pension (Asset) Liability as a Percentage of Covered Valuation Payroll</b>	<u>(67.49)%</u>	<u>(7.35)%</u>

**Notes to Schedule:** The Sanitary District implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 532,818	\$ 541,416	\$ 543,576	\$ 551,402
2,525,087	2,504,650	2,398,927	2,324,884
-	-	-	-
(175,312)	(9,547)	99,922	(255,493)
957,642	(1,092,854)	(38,176)	37,319
<u>(1,672,396)</u>	<u>(1,661,348)</u>	<u>(1,611,117)</u>	<u>(1,637,398)</u>
2,167,839	282,317	1,393,132	1,020,714
<u>34,237,614</u>	<u>33,955,297</u>	<u>32,562,165</u>	<u>31,541,451</u>
<u>\$ 36,405,453</u>	<u>\$ 34,237,614</u>	<u>\$ 33,955,297</u>	<u>\$ 32,562,165</u>
\$ 488,491	\$ 475,820	\$ 524,470	\$ 514,563
230,267	231,726	227,031	220,317
(1,999,878)	5,703,201	2,094,831	154,071
(1,672,396)	(1,661,348)	(1,611,117)	(1,637,398)
<u>(23,014)</u>	<u>(581,842)</u>	<u>114,983</u>	<u>161,261</u>
(2,976,530)	4,167,557	1,350,198	(587,186)
<u>36,196,053</u>	<u>32,028,496</u>	<u>30,678,298</u>	<u>31,265,484</u>
<u>\$ 33,219,523</u>	<u>\$ 36,196,053</u>	<u>\$ 32,028,496</u>	<u>\$ 30,678,298</u>
<u>\$ 3,185,930</u>	<u>\$ (1,958,439)</u>	<u>\$ 1,926,801</u>	<u>\$ 1,883,867</u>
<u>91.25%</u>	<u>105.72%</u>	<u>94.33%</u>	<u>94.21%</u>
<u>\$ 5,258,252</u>	<u>\$ 5,149,456</u>	<u>\$ 5,045,132</u>	<u>\$ 4,895,933</u>
<u>60.59%</u>	<u>(38.03)%</u>	<u>38.19%</u>	<u>38.48%</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED April 30, 2021**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions  
Calendar Years Ended December 31, 2020 - 2015**

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2020	\$ 452,313	\$ 452,313	\$ -	\$ 5,134,088	8.81%
2019	317,401	317,401	-	5,094,716	6.23
2018	488,492	488,491	1	5,258,252	9.29
2017	470,660	475,820	(5,160)	5,149,456	9.24
2016	515,612	524,470	(8,858)	5,045,132	10.40
2015	514,563	514,563	-	4,895,933	10.51

**Notes to Schedule:**

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

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine 2020 Contribution Rates:**

Actuarial Cost Method: Aggregate entry age normal  
 Amortization Method: Level percentage of payroll, closed  
 Remaining Amortization Period: Non-Taxing bodies: 10 year rolling period.  
 Taxing bodies: 23-year closed period  
 Asset Valuation Method: 5-year smoothed market; 20% corridor  
 Wage Growth: 3.25%  
 Price Inflation: 2.50%  
 Salary Increases: 3.35% to 14.25%, including inflation  
 Investment Rate of Return: 7.25%  
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.  
 Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2018, actuarial valuation.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended April 30, 2021**

**Schedule of Changes in Employer's Net OPEB Liability and Related Ratios**

Fiscal Year Year April 30,	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 65,964	\$ 52,528	\$ 89,922
Interest	32,044	35,524	46,572
Changes of Benefit Terms	-	-	-
Changes of Assumptions	106,672	52,721	(131,551)
Differences between Expected and Actual Experience	(349,315)	61,273	(155,750)
Benefit Payments	<u>(58,093)</u>	<u>(52,613)</u>	<u>(42,664)</u>
<b>Net Change in OPEB Liability</b>	(202,728)	149,433	(193,471)
<b>Total OPEB Liability - Beginning</b>	<u>1,060,265</u>	<u>910,832</u>	<u>1,104,303</u>
<b>Total OPEB Liability – Ending</b>	<u>\$ 857,537</u>	<u>\$ 1,060,265</u>	<u>\$ 910,832</u>
<b>Plan Fiduciary Net position</b>			
Employer contributions	\$ 58,093	\$ 52,613	\$ 42,664
Benefit payments	<u>(58,093)</u>	<u>(52,613)</u>	<u>(42,664)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	-	-	-
<b>Total Plan Fiduciary Net Position - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Plan Fiduciary Net Position – Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net OPEB Liability - Ending</b>	<u>\$ 857,537</u>	<u>\$ 1,060,265</u>	<u>\$ 910,832</u>
<b>Plan Fiduciary Net Position as a Percentage of the total OPEB Liability</b>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<b>Covered Employee Payroll</b>	<u>\$ 5,248,842</u>	<u>\$ 5,120,821</u>	<u>\$ 5,295,002</u>
<b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	<u>16.34%</u>	<u>20.70%</u>	<u>17.20%</u>

**Notes to Schedule:** The Sanitary District implemented GASB Statement No. 75 in fiscal year 2019, and the above table will be expanded to 10 years of information as the information becomes available.