

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

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
April 30, 2020 and 2019

MEISTER, HILTON, CHITWOOD & ASSOCIATES, INC.

Certified Public Accountants

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT

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Meister, Hilton, Chitwood & Associates, Inc.

Certified Public Accountants

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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, 2020 and 2019, 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, 2020 and 2019, 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 Funding Progress 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 30, 2020

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, 2020. 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 65 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

- Begun implementation of an Asset Management Program to assist the District in the efficient maintenance and replacement of District assets.
- Continues to build a revenue stream to finance sewer rehabilitation on a sustainable level with a goal of rehabilitating sewers on a 75-year cycle.
- Continues sewer rehabilitation and lining programs to reinforce infrastructure
- Continues erosion control programs to protect infrastructure

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 2020</u>	<u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>	<u>FY 2018</u>	<u>Dollar</u> <u>Change</u>	<u>Total</u> <u>Percent</u> <u>Change</u>
Current Assets	\$ 29,747	\$ 25,473	\$ 4,274	16.8%	\$ 22,935	\$ 2,538	11.1%
Non-current Assets	503	\$ 164	339	206.7%	2,157	(1,993)	-92.4%
Deferred Outflows of Resources	3,631	5,139	(1,508)	-29.3%	1,197	3,942	329.3%
Capital Assets	153,504	154,544	(1,040)	-0.7%	155,795	(1,251)	-0.8%
Total Assets	187,385	185,320	2,065	1.1%	182,084	3,236	1.8%
Current Liabilities	3,315	3,545	(230)	-6.5%	3,631	(86)	-2.4%
Long-term Debt Outstanding	3,522	4,175	(653)	-15.6%	4,813	(638)	-13.3%
Other Long-term Liabilities	1,060	4,097	(3,037)	-74.1%	1,104	2,993	271.1%
Deferred Inflows of Resources	5,280	3,057	2,223	72.7%	3,936	(879)	-22.3%
Total Liabilities	13,177	14,874	(1,697)	-11.4%	13,484	1,390	10.3%
Invested in Capital Assets, Net of Related Debt	149,329	149,732	(403)	-0.3%	150,361	(629)	-0.4%
- Unrestricted	24,879	20,713	4,166	20.1%	18,239	2,474	13.6%
Total Net Position	\$ 174,208	\$ 170,445	\$ 3,763	2.2%	\$ 168,600	\$ 1,845	1.1%

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. In 2020, cash and investments increased as capital spending was slower than expected. Long term debt continues to be paid down according to schedule.

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 2020</u>	<u>FY 2019</u>	Total		<u>FY 2018</u>	Total	
			<u>Dollar Change</u>	<u>Percent Change</u>		<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 19,508	\$ 17,847	\$ 1,661	9.3%	\$ 15,754	\$ 2,093	13.3%
Nonoperating revenues	2,013	1,741	272	15.6%	1,683	58	3.4%
Total Revenues	21,521	19,588	1,933	9.9%	17,437	2,151	12.3%
Other Operating expense	10,922	10,663	259	2.4%	10,690	(27)	-0.3%
Depreciation expense	7,247	6,995	252	3.6%	6,006	989	16.5%
Nonoperating expense	217	417	(200)	-48.0%	182	235	129.1%
Total Expenses	18,386	18,075	311	1.7%	16,878	1,197	7.1%
Income (Loss) Before Capital Contributions	3,135	1,513	1,622	107.2%	559	954	170.7%
Capital Contribution	628	332	296	89.2%	6,876	(6,544)	-95.2%
Changes in Net Position	3,763	1,845	1,918	104.0%	7,435	(5,590)	-75.2%
Beginning Net Position	170,445	168,600	1,845	1.1%	161,165	7,435	4.6%
Total Net Position	\$ 174,208	\$ 170,445	\$ 3,763	2.2%	\$ 168,600	\$ 1,845	1.1%

Operating revenues increased due to planned increases in rates to meet higher operating, capital and debt service needs. Operating expenses were higher this year in comparison to 2019 due to an actuarial reduction in health insurance in 2019 as well as additional chemical costs. Plant and collection system improvements led to higher depreciation expense. The capital contribution increase was from acceptance of additional collection system assets from new development.

Capital Assets

At the end of fiscal years 2020 and 2019 the District had \$153,504,000 and \$154,544,000 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 2020</u>	<u>FY 2019</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Non-depreciating Capital Assets							
Land	\$ 2,830,000	\$ 2,784,000	\$ 46,000	1.7%	\$ 2,784,000	\$ -	0.0%
Construction in progress	1,500,000	8,148,000	(6,648,000)	-81.6%	20,073,000	(11,925,000)	-59.4%
Subtotal	\$ 4,330,000	\$ 10,932,000	\$ (6,602,000)	-60.4%	\$ 22,857,000	\$ (11,925,000)	-52.2%
Depreciating Capital Assets							
Land Improvements	\$ 12,193,000	\$ 8,632,000	3,561,000	41.3%	\$ 8,326,000	306,000	3.7%
Buildings	60,186,000	60,175,000	11,000	0.0%	56,471,000	3,704,000	6.6%
Vehicles, Machinery & Equip	52,646,000	52,149,000	497,000	1.0%	43,053,000	9,096,000	21.1%
Intercepting Sewer System	146,341,000	142,885,000	3,456,000	2.4%	141,560,000	1,325,000	0.9%
Other	13,400,000	8,578,000	4,822,000	56.2%	7,239,000	1,339,000	18.5%
Subtotal	284,766,000	272,419,000	12,347,000	4.5%	256,649,000	15,770,000	6.1%
	289,096,000	283,351,000	5,745,000	2.0%	279,506,000	3,845,000	1.4%
Less: Accumulated Depreciation	135,592,000	128,807,000	6,785,000	5.3%	123,711,000	5,096,000	4.1%
Net Property and Equipment	\$ 153,504,000	\$ 154,544,000	\$ (1,040,000)	-0.7%	\$ 155,795,000	\$ (1,251,000)	-0.8%

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 has entered into a loan agreement with the Illinois Environmental Protection Agency for \$11,576,199 in State Revolving Funds to finance the Darst Street Facility Improvements. Debt service payments continue on a regular basis and at April 30, 2020 and 2019; the outstanding loan balance was \$4,175,212 and \$4,812,522 respectively. In FY 2021 additional debt may be incurred for capital projects for the maintenance of existing capital assets. Funding for any other future expansions are expected to be generated in a manner funded entirely by developers.

Economic Outlook

Plant Capacity

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

	<u>CY 2016</u>	<u>CY 2017</u>	<u>CY 2018</u>	<u>CY 2019</u>	<u>Capacity</u>
Flow (MGD)	22.20	19.23	22.21	28.94	37.00
BOD (lb/day)	53,776	43,155	51,519	58,967	76,500
SS (lb/day)	37,910	36,763	44,505	52,614	81,200
NH ₃ -N (lb/day)	3,371	2,711	3,201	2,909	4,000

Permits Issued

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Permits	256	157	83	191	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

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Flow (CCF/year)	6,410,000	6,547,000	6,127,000	5,859,000	5,956,000
BOD (lbs/year)	13,478,000	13,829,000	10,684,000	13,706,000	13,339,000
SS (lbs/year)	3,099,000	2,646,000	2,298,000	2,897,000	2,966,000
NH ₃ -N (lbs/year)	99,000	97,000	84,600	93,000	102,000

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.

NH₃-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. A component of any public utility that supports the economic vitality of a community is assuring sewer infrastructure is in place to support new development. In the District's case, new expansion construction is at a relative low point as stated above and new development can be satisfied with current assets for the foreseeable future.

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 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 progressed to the point where the scope of work has narrowed to modification of certain District-owned infrastructure within the City of Peoria's combined sewer system and elimination of two minor wet weather treatment facilities located in the southwestern portion of the service area. The capital cost to reach compliance is estimated to be between \$20-\$30 million. The District will pursue low interest loan funds from the Illinois EPA, State Revolving Loan Fund or issue bonds to finance the construction.

The Illinois Environmental Protection Agency (IEPA) is nearing completion of a nutrient strategy to meet goals set by EPA. This strategy addresses point nutrient sources such as sewage treatment facilities as well as non-point sources, primarily agricultural operations. While a substantial capital impact to treat phosphorous is completed, final permit limits are not yet set and 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. With minimal impact to FY 2020 financial results, the full impact on FY 2021 is yet to be determined. To date, operating revenue and cash receipts have not been materially affected. Concerned about the Covid-19 impact on its customers, the District has pushed back rate adjustments until August 1, 2020.

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 or by phone at 309-637-3511 or by e-mail at www.gpsd.dst.il.us.

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
STATEMENTS OF NET POSITION
April 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 1,583,771	\$ 1,466,272
Investments (Note 2)	23,977,273	19,998,106
Receivables:		
User charges, net of allowance for doubtful accounts of \$110,000 in 2020 and \$55,000 in 2019	3,679,358	3,296,149
Property owners and other	33,245	146,723
Special assessment receivable (Note 3)	26,288	27,904
Accrued interest receivable	2,388	2,896
Replacement taxes receivable	204,669	373,589
Prepaid items	<u>239,455</u>	<u>161,186</u>
Total current assets	<u>29,746,447</u>	<u>25,472,825</u>
 NONCURRENT ASSETS		
Special assessment receivable, less current portion (Note 3):	128,291	163,646
Capital assets:		
Not being depreciated (Note 4)	4,330,743	10,931,709
Net of accumulated depreciation (Note 4)	<u>149,173,757</u>	<u>143,612,696</u>
Total capital assets	<u>153,504,500</u>	<u>154,544,405</u>
Net pension asset (Note 6)	<u>374,641</u>	<u>-</u>
Total noncurrent assets	<u>154,007,432</u>	<u>154,708,051</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to net pensions (Note 6)	3,528,330	5,138,703
Deferred inflows related to net other post employment benefit liability (Note 7)	<u>102,595</u>	<u>-</u>
	<u>3,630,925</u>	<u>5,138,703</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 187,384,804</u>	<u>\$ 185,319,579</u>

LIABILITIES AND NET POSITION

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 1,509,518	\$ 1,668,344
Retainage payable	145,071	232,776
Due to customers	313,256	330,847
Accrued payroll	213,654	246,310
Accrued vacation	447,317	381,035
Accrued interest payable	21,337	24,594
Other accrued expenses	10,956	24,221
Current installment of IEPA loan payable (Note 5)	<u>653,373</u>	<u>637,340</u>
Total current liabilities	<u>3,314,482</u>	<u>3,545,467</u>
Long-term liabilities:		
IEPA loan payable (Note 5)	3,521,839	4,175,212
Net pension obligation (Note 6)	-	3,185,930
Net other post employment benefit liability (Note 7)	<u>1,060,265</u>	<u>910,832</u>
Total long-term liabilities	<u>4,582,104</u>	<u>8,271,974</u>
Total liabilities	<u>7,896,586</u>	<u>11,817,441</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to net pensions (Note 6)	5,056,962	2,801,558
Deferred inflows related to net other post employment benefit liability (Note 7)	<u>223,455</u>	<u>255,378</u>
	<u>5,280,417</u>	<u>3,056,936</u>
NET POSITION		
Invested in capital assets, net of related debt	149,329,288	149,731,853
Unrestricted	<u>24,878,513</u>	<u>20,713,349</u>
Total net position	<u>174,207,801</u>	<u>170,445,202</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
	<u>\$ 187,384,804</u>	<u>\$ 185,319,579</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Sewer user charges	\$ 10,856,451	\$ 10,166,340
Capital improvement and replacement surcharge	7,615,797	6,546,084
Services and permits	768,427	941,261
Capital investment and sewer connection charges	191,374	117,251
Other	<u>76,279</u>	<u>75,770</u>
Total operating revenues	<u>19,508,328</u>	<u>17,846,706</u>
OPERATING EXPENSES		
Operations	5,450,313	5,476,597
Planning and construction	583,604	623,593
System rehabilitation and maintenance	655,670	574,605
Vehicles and equipment	335,669	365,150
Administration	2,851,416	2,449,727
Retirement	1,045,481	1,173,075
Depreciation	<u>7,246,716</u>	<u>6,995,339</u>
Total operating expenses	<u>18,168,869</u>	<u>17,658,086</u>
Operating income	<u>1,339,459</u>	<u>188,620</u>
NONOPERATING REVENUES (EXPENSES)		
Replacement taxes	1,499,351	1,369,732
Investment income	490,125	361,033
Interest income other than investment	8,620	9,745
Interest expense	(113,277)	(128,818)
Bad debt expense	(104,139)	(36,824)
Gain (loss) on sale of capital assets	<u>14,122</u>	<u>(250,582)</u>
Total nonoperating revenues	<u>1,794,802</u>	<u>1,324,286</u>
Income before capital contributions	3,134,261	1,512,906
CAPITAL CONTRIBUTIONS	<u>628,338</u>	<u>332,124</u>
CHANGES IN NET POSITION	3,762,599	1,845,030
NET POSITION		
Beginning of year	<u>170,445,202</u>	<u>168,600,172</u>
End of year	<u>\$ 174,207,801</u>	<u>\$ 170,445,202</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received by customers and users	\$ 19,116,867	\$ 17,642,436
Payment to suppliers and others	(5,852,296)	(4,912,124)
Payments to employees	<u>(5,081,195)</u>	<u>(5,375,964)</u>
Net cash provided by operating activities	<u>8,183,376</u>	<u>7,354,348</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Replacement tax receipts	<u>1,668,271</u>	<u>1,267,159</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on IEPA loan	(637,340)	(621,700)
Interest paid on IEPA loan	(116,534)	(131,996)
Acquisition and construction of capital assets	(5,572,314)	(5,980,708)
Proceeds from sale of capital assets	34,983	11,300
Receipt on special assessment receivable	36,971	35,573
Receipt of interest on special assessment receivable	<u>9,128</u>	<u>10,245</u>
Net cash used in capital and related financing activities	<u>(6,245,106)</u>	<u>(6,677,286)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	490,125	361,033
Purchase of investments	(22,095,367)	(24,730,568)
Sale and maturity of investments	<u>18,116,200</u>	<u>22,699,900</u>
Net cash used in investing activities	<u>(3,489,042)</u>	<u>(1,669,635)</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended April 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 117,499	\$ 274,586
CASH AND CASH EQUIVALENTS		
Beginning of the year	<u>1,466,272</u>	<u>1,191,686</u>
End of the year	<u>\$ 1,583,771</u>	<u>\$ 1,466,272</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 1,339,459	\$ 188,620
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	7,246,716	6,995,339
Write-off of construction in progress	-	134,644
Pension expense	305,206	355,649
Other postemployment benefit obligation	14,915	(225,394)
Change in operating assets and liabilities:		
Receivables	(373,870)	(205,837)
Prepaid items	(78,269)	37,272
Accounts payable	(273,551)	358,447
Due to customers	(17,591)	1,567
Accrued payroll	(32,656)	(4,705)
Accrued vacation	66,282	(76,257)
Other accrued expenses	<u>(13,265)</u>	<u>(204,997)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 8,183,376</u>	<u>\$ 7,354,348</u>
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
Contribution of capital assets	<u>\$ 628,338</u>	<u>\$ 332,124</u>
Acquisition and construction of capital assets financed with accounts and retainage payable	<u>\$ 547,919</u>	<u>\$ 520,899</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, 2020 and 2019

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, 2020 and 2019

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, 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 1 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, 2020 and 2019

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) 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.

(g) Capital Contributions

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

(h) 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.

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

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

(i) 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.

(j) 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.

(k) 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, 2020 and 2019 qualified as a cash equivalent.

(l) 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.

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. There were no restricted net assets at April 30, 2020 and 2019.

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.

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

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

(m) 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, 2020, the District' 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 which are included in investments below.

As of April 30, 2019, the District' bank balance was \$14,486,204. Of the bank balance, \$10,202,043 was covered by Federal depository insurance and \$4,284,161 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 \$12,987,628 of certificates of deposit and an insured cash sweep account which are included in investments below.

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.

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

<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>
<u>Investment Type</u>	<u>2019</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	\$ 12,594,780	\$ 12,594,780	\$ -	\$ 12,594,780
IPRIME Investment				
Shares Class (ISC)	7,010,478	7,010,478	-	7,010,478
Insured cash sweep	<u>392,848</u>	<u>392,848</u>	<u>-</u>	<u>392,848</u>
	<u>\$ 19,998,106</u>	<u>\$ 19,998,106</u>	<u>\$ -</u>	<u>\$ 19,998,106</u>

Credit Risk

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

As of April 30, 2020, 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

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

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 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, 2020, the District had approximately 27 percent of its investments in the IPRIME ISC account.

NOTE 3 - 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>2020</u>	<u>2019</u>
Current	\$ 26,288	\$ 27,904
Long-term	<u>128,291</u>	<u>163,646</u>
	<u>\$ 154,579</u>	<u>\$ 191,550</u>

The following summarizes the remaining principal installments receivable under the assessment at April 30, 2020:

<u>Fiscal Year</u> <u>Ending April 30,</u>	
2021	\$ 26,288
2022	25,658
2023	25,658
2024	25,658
2025	26,658
2026	<u>25,659</u>
Total	<u>\$ 154,579</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 4 - CAPITAL ASSETS

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, 2020 and 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2019 was as follows:

	<u>Balance</u> <u>April 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2019</u>
Capital assets, not being depreciated:					
Land	\$ 2,783,821	\$ -	\$ -	\$ -	\$ 2,783,821
Construction in progress	<u>20,073,044</u>	<u>5,259,847</u>	<u>(134,644)</u>	<u>(17,050,359)</u>	<u>8,147,888</u>
Total capital assets not being depreciated	<u>22,856,865</u>	<u>5,259,847</u>	<u>(134,644)</u>	<u>(17,050,359)</u>	<u>10,931,709</u>
Capital assets being depreciated:					
Land improvements	8,325,896	-	(492,705)	798,329	8,631,520
Buildings	56,470,964	-	(14,095)	3,718,316	60,175,185
Equipment, vehicles, and machinery	43,053,612	625,087	(1,730,928)	10,201,129	52,148,900
Intercepting sewer system	141,559,862	332,124	-	993,417	142,885,403
Other	<u>7,238,708</u>	<u>-</u>	<u>-</u>	<u>1,339,168</u>	<u>8,577,876</u>
Total capital assets being depreciated	<u>256,649,042</u>	<u>957,211</u>	<u>(2,237,728)</u>	<u>17,050,359</u>	<u>272,418,884</u>
Less accumulated depreciation for:					
Land improvements	(5,244,196)	(334,003)	492,704	-	(5,085,495)
Buildings	(31,692,093)	(1,509,514)	5,647	-	(33,195,960)
Equipment, vehicles, and machinery	(30,327,491)	(2,068,459)	1,401,495	-	(30,994,455)
Intercepting sewer system	(53,325,300)	(2,099,787)	-	-	(55,425,087)
Other	<u>(3,121,615)</u>	<u>(983,576)</u>	<u>-</u>	<u>-</u>	<u>(4,105,191)</u>
Total accumulated depreciation	<u>(123,710,695)</u>	<u>(6,995,339)</u>	<u>1,899,846</u>	<u>-</u>	<u>(128,806,188)</u>
Total capital assets being depreciated	<u>132,938,347</u>	<u>(6,038,128)</u>	<u>(337,882)</u>	<u>17,050,359</u>	<u>143,612,696</u>
Capital assets, net	<u>\$ 155,795,212</u>	<u>\$ (778,281)</u>	<u>\$ (472,526)</u>	<u>\$ -</u>	<u>\$ 154,544,405</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Construction in progress at April 30, 2020 and 2019 consists of the following projects:

	<u>2020</u>	<u>2019</u>
NPDES Permit Discharge #005 & 006 Elimination	\$ -	\$ 1,817,885
Strategic Planning	114,588	72,121
Clean Water Act Capital Improvement Plan	-	1,498,055
GPSD Sewer Rehab Project	594,489	3,389,426
Interceptor Collection/Analysis	-	1,218,169
Pump Station Rehabilitation	51,409	22,869
Water Vault Meter Improvements	-	65,668
Pump Rebuilds/Replacements	43,896	11,713
Levee Improvements	174,979	-
Effluent Channel Control Structure	27,857	-
Kickapoo Interceptor Control Structure	43,167	-
Regulator Improvements	140,866	-
Nitrification/Dewatering Study	57,181	-
Biochar Collaboration	12,989	-
Unmanned Aerial Vehicle	57,991	-
Kickapoo Creek Bridge Repair	31,807	-
Other	<u>149,104</u>	<u>51,982</u>
	<u>\$ 1,500,323</u>	<u>\$ 8,147,888</u>

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the years ended April 30, 2020 and 2019:

<u>2020</u>	Illinois EPA Loan - Water Revolving Fund
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>
Total long-term debt, net of current portion	<u>\$ 3,521,839</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

	Illinois EPA Loan - Water Revolving Fund
<u>2019</u>	
Balance at April 30, 2018	\$ 5,434,252
Retirements	<u>(621,700)</u>
Balance at April 30, 2019	4,812,552
Current portion	<u>637,340</u>
Total long-term debt, net of current portion	<u>\$ 4,175,212</u>

Annual debt service requirements to maturity for the Illinois EPA loan at April 30, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending April 30:			
2021	\$ 653,373	\$ 100,322	\$ 753,695
2022	669,810	83,886	753,696
2023	686,659	67,036	753,695
2024	703,933	49,762	753,695
2025	721,642	32,054	753,696
2026	<u>739,795</u>	<u>13,910</u>	<u>753,705</u>
	<u>\$ 4,175,212</u>	<u>\$ 346,970</u>	<u>\$ 4,522,182</u>

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 are due each February 15 and August 15 through February, 2026.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019**

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Legal Debt Margin

The legal debt margin of the District at April 30, 2020 is as follows:

Assessed valuation 2019	<u>\$ 2,253,242,412</u>
Statutory debt limitation (5.75 percent of assessed valuation)	\$ 129,561,439
Less total debt	<u>4,175,212</u>
Legal debt margin	<u>\$ 125,386,227</u>

NOTE 6 - 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.

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, 2020 and 2019**

NOTE 6 - 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, 2019, the following employees were covered by the benefit terms:

	Regular
Retirees and Beneficiaries currently receiving benefits	87
Inactive Plan Members entitled to but not yet receiving benefits	19
Active Plan Members	68
Total	174

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 2019 was 6.23%. For the fiscal year ended April 30, 2020, the District contributed \$368,046 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, 2019. 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, 2019:

- 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 2.50%.

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- There were no benefit changes during the year.
- 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%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	<u>1%</u>	1.85%
Total	<u>100%</u>	

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 6 - 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 2.75%, 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, 2019 for Regular Plan members:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2018	\$ 36,405,453	\$ 33,219,523	\$ 3,185,930
Changes for the year:			
Service Cost	544,596	-	544,596
Interest on the Total Pension Liability	2,585,977	-	2,585,977
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	(119,069)	-	(119,069)
Changes of Assumptions	-	-	-
Contributions - Employer	-	317,401	(317,401)
Contributions - Employees	-	229,262	(229,262)
Net Investment Income	-	6,287,039	(6,287,039)
Benefit Payments, including Refunds of Employee Contributions	(2,018,198)	(2,018,198)	-
Other (Net Transfer)	-	(261,627)	261,627
Net Changes	<u>993,306</u>	<u>4,553,877</u>	<u>(3,560,571)</u>
Balances at December 31, 2019	<u>\$ 37,398,759</u>	<u>\$ 37,773,400</u>	<u>\$ (374,641)</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 6 - 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:

	(6.25%) <u>1% Lower</u>	(7.25%) <u>Current Discount Rate</u>	(8.25%) <u>1% Higher</u>
Net pension liability (asset)	\$ <u>4,047,714</u>	\$ <u>(374,641)</u>	\$ <u>(4,048,291)</u>

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

For the year ended April 30, 2020 and 2019, the District recognized pension expense of \$677,231 and \$790,105, respectively. At April 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 10,510	\$ 190,956
Changes of assumptions	520,990	369,385
Net difference between projected and actual earnings on pension plan investments	<u>2,842,396</u>	<u>4,496,621</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>3,373,896</u>	<u>5,056,962</u>
Pension Contributions made subsequent to the Measurement Date	<u>154,434</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,528,330</u>	<u>\$ 5,056,962</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019**

NOTE 6 - 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	\$ (575,249)
2022	(496,701)
2023	189,516
2024	<u>(800,632)</u>
	<u>\$ (1,683,066)</u>

NOTE 7 - 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 5 retiree participants.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019**

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Total OPEB Liability

The District's total OPEB liability of \$1,060,265 at April 30, 2020 was determined by an actuarial valuation dated April 30, 2020. The District's total OPEB liability of \$910,832 at April 30, 2019 was determined by an actuarial valuation dated April 30, 2019.

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>4/30/2020</u>	<u>4/30/2019</u>
Discount Rate	2.92%	3.79%
20 Year tax-exempt Municipal Bond Yield	2.36% – 2.92%	3.21% – 3.79%

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, 2020 and 2019 reporting dates.

Other Key Assumptions

The plan had an interim actuarial experience study performed as of April 30, 2020. The plan had a formal actuarial experience study performed as of April 30, 2019.

	<u>4/30/2020</u>	<u>4/30/2019</u>
Valuation date	April 30, 2020	April 30, 2019
Measurement date	April 30, 2020	April 30, 2019
Inflation	2.50%	2.50%
Salary increases including inflation	3.80% - 10.50%	3.80% - 10.50%
Health Care Trend Rates	4.50% - 7.50%	4.50% - 8.73%

Mortality: RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 improvement backed out, projected to 2018 using MP-2018 improvement.)

Actuarial Cost Method: Entry Age Normal Level Percentage of Salary

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Total OPEB Liability:

Fiscal year ended	<u>2020</u>	<u>2019</u>
OPEB Liability - Beginning	\$ 910,832	\$ 1,104,303
Changes for the year:		
Service Cost	52,528	89,922
Interest on the OPEB Liability	35,524	46,572
Differences Between Expected and Actual Experience	61,273	(155,750)
Changes of Assumptions	52,721	(131,551)
Benefit Payments	<u>(52,613)</u>	<u>(42,664)</u>
Net change in total OPEB liability	<u>149,433</u>	<u>(193,471)</u>
 OPEB Liability - Ending	 <u>\$ 1,060,265</u>	 <u>\$ 910,832</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, 2020, calculated using the discount rate of 2.92 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.92 percent) or 1% higher (3.92 percent) than the current rate:

	(1.92%) <u>1% Lower</u>	Discount Rate (2.92%) <u>Current Discount Rate</u>	(3.92%) <u>1% Higher</u>
Total OPEB liability	<u>\$ 1,122,294</u>	<u>\$ 1,060,265</u>	<u>\$ 999,787</u>

The following presents the total OPEB liability at April 30, 2020, 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:

	(6.50% to 3.50%) <u>1% Lower</u>	Healthcare Cost trend Rates (7.50% to 4.50%) <u>Current Trend Rate</u>	(8.50% to 5.50%) <u>1% Higher</u>
Total OPEB liability	<u>\$ 950,700</u>	<u>\$ 1,060,265</u>	<u>\$ 1,187,559</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 7 - 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, 2020 and 2019, the District recognized OPEB expense of \$67,528 and \$104,571, respectively. At April 30, 2020, 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>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between expected and actual experience	\$ 55,146	\$ 121,138
Changes of assumptions	47,449	102,317
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>102,595</u>	<u>223,455</u>
Total Deferred Amounts Related to OPEB	<u>\$ 102,595</u>	<u>\$ 223,455</u>

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>
2021	\$ (20,524)
2022	(20,524)
2023	(20,524)
2024	(20,524)
2025	(20,524)
Thereafter	<u>(18,240)</u>
	<u>\$ (120,860)</u>

THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019

NOTE 8 - 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 9 - CONCENTRATIONS

The District received approximately 16 percent of its operating revenue from one customer in 2020 and 2019.

NOTE 10 - COMMITMENTS

At April 30, 2020, the District had awarded various engineering services and construction contracts totaling approximately \$9,770,000, which were approximately 80 percent complete. The District is obligated to pay the remaining costs under these contracts.

NOTE 11 - CONTINGENCIES

The Greater Peoria Sanitary and Sewage Disposal District is subject to compliance of all past and future Environmental Protection Agency (EPA) and Illinois Environmental Protection Agency (IEPA) regulations. Any violation of past regulation or adoption of future regulation could subject the Sanitary District to an enforcement action as stipulated by the EPA or IEPA. The District is in negotiations with the EPA relating to District owned infrastructure with the City of Peoria's combined sewer system and the District's separate sewer system. The District estimates that the financial impact to meet the requirements, through improvements to existing equipment and facilities, will be approximately \$30 million on a time table that is yet to be determined.

In April 2020, the Board of Trustees approved an ordinance authorizing the issuance and sale of general obligation bonds (alternative revenue source) in a principal amount not to exceed \$30,000,000. The proceeds of the bonds are to be used for the purpose of improving the sewerage system of the Sanitary District, in an aggregate principal amount not to exceed \$25,800,000, and for the purpose of refunding certain outstanding debt obligations, in an aggregate principal amount not to exceed \$4,200,000. As of April 30, 2020, none of the bonds had been issued.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2020 and 2019**

NOTE 12 – SUBSEQUENT EVENTS

Management evaluated subsequent events through June 30, 2020, 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 SUPPLEMENTAL INFORMATION
Year Ended April 30, 2020**

**Schedule of Changes in the Net Pension Liability and Related Ratios
Calendar Years Ended December 31, 2019 - 2015**

Calendar Year Ended December 31,	<u>2019</u>
Total Pension Liability	
Service Cost	\$ 544,596
Interest on the Total Pension Liability	2,585,977
Changes of Benefit Terms	-
Differences between Expected and Actual Experience of the Total Pension Liability	(119,069)
Changes of Assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>(2,018,198)</u>
Net Change in Total Pension Liability	993,306
Total Pension Liability - Beginning	<u>36,405,453</u>
Total Pension Liability – Ending (A)	<u>\$ 37,398,759</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 317,401
Contributions - Employees	229,262
Pension Plan Net Investment Income	6,287,039
Benefit Payments, including Refunds of Employee Contributions	(2,018,198)
Other (Net Transfer)	<u>(261,627)</u>
Net Change in Plan Fiduciary Net Position	4,553,877
Plan Fiduciary Net Position - Beginning	<u>33,219,523</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 37,773,400</u>
Net Pension (Asset) Liability - Ending (A) - (B)	<u>\$ (374,641)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>101.00%</u>
Covered Valuation Payroll	<u>\$ 5,094,716</u>
Net Pension (Asset) Liability as a Percentage of Covered Valuation Payroll	<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, 2020**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions
Calendar Years Ended December 31, 2019 - 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>
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 2019 Contribution Rate**

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 2019 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
 Amortization Method: Level percentage of payroll, closed
 Remaining Amortization Period: Non-Taxing bodies: 10 year rolling period.
 Taxing bodies: 24-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: 7.50%
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
 Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017, actuarial valuation.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTAL INFORMATION
Year Ended April 30, 2020**

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

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