Salt Creek SANITARY DISTRICT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2018

Selden Fox
Accounting for your future

SALT CREEK SANITARY DISTRICT
Villa Park, Illinois

Annual Financial Report

For the Year Ended April 30, 2018

Administrative Office

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Salt Creek Sanitary District, Villa Park, Illinois
Annual Financial Report
For the Year Ended April 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Salt Creek Sanitary District
Villa Park, Illinois

We have audited the accompanying statement of net position of the **Salt Creek Sanitary District, Villa Park, Illinois,** as of and for the years ended April 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Salt Creek Sanitary District, Villa Park, Illinois, as of April 30, 2018, and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 and the multiyear schedule of changes in net pension liability and related ratios (pages 30 – 31) and the multiyear schedule of contributions (page 32) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Salt Creek Sanitary District's basic financial statements. The accompanying financial information listed as supplementary information in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 33 – 43 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Selden Fox, Ltd.

October 3, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS

Salt Creek Sanitary District
Management's Discussion and Analysis
April 30, 2018

As management of the Salt Creek Sanitary District (District), we offer readers of the District's financial statements this narrative overview of the financial activities of the District for the fiscal years ended April 30, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the District's financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- As of April 30, 2018, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by $7,441,935 (net position). Of this amount, $4,151,313 (unrestricted net position) may be used to meet the District's ongoing obligations.

- The District's operating expenses for fiscal year 2018, increased by $92,428 or 4.3% over 2017. The increase was due to an increase in salaries and fringe benefit costs related to an additional employee and significant increases in health insurance premiums paid by the District.

- User charge revenues increased by $234,881 or 9.55% over 2017, primarily due to a rate increase of $ .34 in user rates and increased billable flow during the fiscal year ended April 30, 2018.

- Nonoperating revenues increased by $17,277 due to increased interest income and expected decreases in interest expense for 2018, due to lower average loan balances.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report, and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Basic Financial Statements

The financial statements of the District report information using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the District's assets, deferred outflows, liabilities, deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to the District's creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

Basic Financial Statements (cont'd)

All of the current year's revenues and expenses are accounted for in the statement of activities. 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, capital charges, and other nonoperating revenues.

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, investments and capital and financing activities, and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

The statement of net position and the statement of activities report information about the District's activities in a way that helps explain how the District performed financially. These two statements report the net position of the District and the changes therein. One can think of the District's net position – the difference between assets plus deferred outflows and liabilities plus deferred inflows – as one way to measure financial health or financial position. 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 nonfinancial factors such as changes in economic conditions, population growth, and new or changed governmental legislation.

Net Position

To begin our analysis, a summary of the District's statement of net position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	FY 2018	FY 2017
Current and other assets	**$ 5,509,008**	$ 5,466,748
Capital assets	**16,696,794**	12,159,858
Net pension asset	**299,009**	-
Total assets	**22,504,811**	17,626,606
Deferred outflow of resources - pension amounts	**145,929**	192,698
Long-term liabilities	**12,830,104**	9,344,223
Other liabilities	**1,902,828**	1,447,766
Total liabilities	**14,732,932**	10,791,989
Deferred inflow of resources - pension amounts	**475,873**	65,699
Net investment in capital assets	**3,290,622**	2,428,450
Unrestricted	**4,151,313**	4,533,166
Total net position	**$ 7,441,935**	$ 6,961,616

Net Position (cont'd)

During 2018, net capital assets increased by $4,536,936. This increase resulted from additions to construction in process for the digester cover replacement project. Long-term liabilities outstanding increased by $3,485,881, due to draws on the construction loan dated October 12, 2016. See Note II. C. Other liabilities increased by $455,062 due to an increase in accounts payable primarily from construction expenses unpaid at April 30, 2018.

The following table shows a summarized version of the statement of activities.

Table A-2
Condensed Statement of Activities

	FY 2018	FY 2017
Operating revenues	**$ 2,839,678**	$ 2,575,939
Nonoperating revenues (expense)	**(125,640)**	(142,917)
Total revenues	**2,714,038**	2,433,022
Depreciation expense	**742,577**	761,553
Other operating expense	**1,491,142**	1,379,738
Total operating expenses	**2,233,719**	2,141,291
Change in net position	**480,319**	291,731
Net position, beginning of the year	**6,961,616**	6,669,885
Net position, end of year	**$ 7,441,935**	$ 6,961,616

While the statement of net position shows the change in financial position of the District, the statement of activities provides answers as to the nature and source of these changes. During fiscal year 2018, net position increased by $480,319.

The District's operating revenues increased by $263,739 to $2,839,678 in 2018, due to a rate increase of $.34 in user rates and an increase in billable flow. Also, nonoperating revenues (expense), as shown in more detail on page 10, increased by $17,277 to $125,640, primarily due to increased interest income and decreased interest expense in 2018.

The District adopts an annual operating budget following public budget workshops and a public hearing. The operating budget includes proposed expenses and the means of financing them. The District's operating budget remains in effect the entire year and is not revised except for budget transfers. A fiscal 2018 budget comparison and analysis is presented to management as interim financial statements; budgetary comparison schedules are presented in this report as supplementary information beginning on page 33.

Budgetary Highlights

A 2018 General Fund budget comparison and analysis is presented in Table A-3.

Table A-3
Budget vs. Actual
FY 2018

	Budget	**Actual**	Variance
Revenues:			
From operations	$ 2,555,780	**$ 2,835,878**	$ $280,098
Nonoperating	35,500	**46,630**	11,130
Total revenues	2,591,280	**2,882,508**	291,228
Operation expenses:			
Employee costs:			
Salaries	576,258	**508,641**	67,617
Fringe benefits	398,925	**326,728**	72,197
Contractual services	131,500	**98,850**	32,650
Waste disposal	95,000	**90,108**	4,892
Utilities	241,800	**194,738**	47,062
Insurance	68,000	**52,794**	15,206
Chemicals	16,000	**14,393**	1,607
Materials and supplies	75,500	**61,852**	13,648
Maintenance	118,500	**96,774**	21,726
Other	158,200	**104,310**	53,890
Total expenses	1,879,683	**1,549,188**	330,495
Revenues over expenditures	$ 711,597	**$ 1,333,320**	$ 621,723

Revenues over expenditures were over budget by $621,723 due to the following:

- Operational revenues were over budget by $280,098 due to increased rate and billable flows in waste treatment services.
- Nonoperational revenues were over budget by $11,130 due to increased interest income.
- Salaries were $67,617 lower than expected, primarily due to not filling budgeted positions.
- Fringe benefits were $72,197 lower than anticipated because of budgeted positions not filled.
- Contractual services were $32,650 lower than expected primarily because of lower legal and engineering fees
- Insurance expenses were $15,206 lower than expected because of reduced insurance premiums.

Budgetary Highlights (cont'd)

- Utilities were $47,062 lower than expected primarily because of electric billing disputes and lower natural gas prices.
- Materials and supplies were $13,648 lower than expected primarily because incurred expenditures were less than anticipated.
- Maintenance costs were $21,726 lower than budget, primarily because incurred expenditures were less than expected.
- Other costs were under budget by $53,890 primarily due to the budgeted amount containing a significant unutilized contingency expense component.

Capital Assets

At the end of 2018, the District had $16,696,794 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

Table A-4
Capital Assets

	FY 2018	FY 2017
Wastewater treatment facilities	**$ 25,312,007**	$ 25,211,960
Office and lab equipment	**196,304**	196,304
Transportation equipment	**119,038**	119,038
Construction in progress	**7,152,893**	1,973,427
Total capital assets	**32,780,242**	27,500,729
Accumulated depreciation	**(16,083,448)**	(15,340,871)
Net capital assets	**$ 16,696,794**	$ 12,159,858.

Additional information on the District's capital assets can be found at Note II. B. on pages 18 and 19 of this report.

Debt Administration

In order to avoid levying a tax for debt service, the District maintains cash and investments in a fund to meet the balance of the current year's debt service requirements. The District believes the most equitable method is collecting for debt service requirements based on billable flow.

Notes payable outstanding at April 30, 2018 and 2017, amounted to $13,406,172 and $9,731,408, respectively. This balance represents funds received by the District through Illinois Environmental Protection Agency Revolving Loan Fund Program. Interest on these loans are payable semiannually at rates of 1.750% - 2.5%.

Additional information on the District's long-term debt can be found at Note II. C. on pages 20 and 21 of this report.

Future Considerations at the District

User fees will be increased by $0.09 per thousand gallons for operation and maintenance and $0.10 per thousand gallons for debt service expenses effective May 1, 2018.

A table summarizing the District's user rate history follows.

Table A-5
District Rate History

Fiscal Year	Volume (Per 1,000 Gallons)	BOD (Per Lb.)	Suspended Solids (Per Lb.)
2005	$ 2.41	$ .1775	$ .1649
2006	2.61	.1775	.1649
2007	2.81	.1775	.1649
2008	2.98	.1775	.1649
2009	2.98	.1775	.1649
2010	3.08	.1775	.1649
2011	3.28	.1775	.1649
2012	3.53	.1775	.1649
2013	3.83	.1775	.1649
2014	3.99	.1775	.1649
2015	4.21	.1775	.1649
2016	4.50	.1775	.1649
2017	4.84	.1775	.1649
2018	5.03	.1775	.1649

District Contact Information

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and its accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Deborah Seaton, Business Administrator, Salt Creek Sanitary District, 201 South Route 83, Post Office Box 6600, Villa Park, Illinois, 60181, or by phone, 630-832-3637, or by email at scsd@scsd.comcastbiz.net.

BASIC FINANCIAL STATEMENTS

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Net Position
April 30

	2018	2017
Assets		
Current assets:		
Cash	**$ 2,165,229**	$ 1,651,773
Investments	**3,093,730**	3,265,730
Receivables:		
Accounts	**205,905**	249,233
Illinois Environmental Protection Agency Clean Water Revolving Fund proceeds	**-**	248,322
Replacement taxes	**7,125**	6,116
Accrued interest	**15,918**	6,984
Prepaid assets	**21,101**	38,590
Total current assets	**5,509,008**	5,466,748
Capital assets, net:		
Not being depreciated	**7,202,955**	2,023,489
Being depreciated	**9,493,839**	10,136,369
Total capital assets, net	**16,696,794**	12,159,858
Net pension asset	**299,009**	-
Total assets	**22,504,811**	17,626,606
Deferred Outflows of Resources		
Deferred pension amounts	**145,929**	192,698
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	**1,100,373**	728,409
Payroll related liabilities	**30,986**	26,246
Accrued interest payable	**106,359**	41,072
Compensated absences	**28,310**	30,458
Current maturities of long-term debt	**636,800**	621,581
Total current liabilities	**1,902,828**	1,447,766
Long-term liabilities:		
Long-term debt, less current maturities	**12,769,372**	9,109,827
Compensated absences	**60,732**	53,780
Net pension liability	-	180,616
Total long-term liabilities	**12,830,104**	9,344,223
Total liabilities	**14,732,932**	10,791,989
Deferred Inflows of Resources		
Deferred pension amounts	**475,873**	65,699
Net Position		
Net investment in capital assets	**3,290,622**	2,428,450
Unrestricted	**4,151,313**	4,533,166
Total net position	**$ 7,441,935**	$ 6,961,616

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Activities
For the Year Ended April 30

	2018	2017
Operating revenues:		
User charges	**$ 2,695,053**	$ 2,460,172
Capital charges	**144,625**	115,767
Total operating revenues	**2,839,678**	2,575,939
Operating expenses:		
Employee costs:		
Salaries	**508,641**	452,854
Fringe benefits	**302,909**	263,854
Contractual services	**98,058**	108,161
Waste disposal	**90,108**	47,712
Utilities	**197,555**	229,277
Insurance	**52,794**	56,930
Chemicals	**14,393**	13,842
Material and supplies	**26,547**	24,035
Maintenance	**108,043**	89,940
Administrative	**87,077**	90,576
Other	**5,017**	2,557
Depreciation	**742,577**	761,553
Total operating expenses	**2,233,719**	2,141,291
Operating income	**605,959**	434,648
Nonoperating revenues (expenses):		
Replacement taxes	**33,286**	39,781
Interest income	**24,084**	15,984
Interest expense	**(190,353)**	(205,261)
Other income	**7,343**	6,579
Total nonoperating revenues (expenses)	**(125,640)**	(142,917)
Changes in net position	**480,319**	291,731
Net position, beginning of the year	**6,961,616**	6,669,885
Net position, end of the year	**$ 7,441,935**	$ 6,961,616

See accompanying notes.

Salt Creek Sanitary District, Villa Park, Illinois
Statement of Cash Flows
For the Year Ended April 30

	2018	2017
Cash flows from operating activities:		
Received from customers	**$ 2,883,006**	$ 2,560,871
Paid to suppliers for goods and services	**(653,534)**	(771,316)
Paid to employees for services	**(824,688)**	(832,411)
Net cash flows from operating activities	**1,404,784**	957,144
Cash flows from investing activities:		
Investment income received	**15,150**	18,182
Investments purchased	**(1,251,746)**	(295,974)
Investments matured	**1,423,746**	100,000
Net cash flows from investing activities	**187,150**	(177,792)
Cash flows from capital and related financing activities:		
Proceeds from Illinois Environmental Protection Agency loan	**4,544,667**	1,277,840
Debt retired	**(621,581)**	(606,724)
Interest paid	**(125,066)**	(207,466)
Purchases of capital assets	**(4,916,118)**	(1,103,814)
Net cash flows from capital and related financing activities	**(1,118,098)**	(640,164)
Cash flows from noncapital financing activities:		
Replacement taxes received	**32,277**	39,601
Other income received	**7,343**	6,579
Net cash from noncapital financing activities	**39,620**	46,180
Net change in cash	**513,456**	185,368
Cash, beginning of the year	**1,651,773**	1,466,405
Cash, end of the year	**$ 2,165,229**	$ 1,651,773
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	**$ 605,959**	$ 434,648
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation and amortization	**742,577**	761,553
Deferred outflows of resources	**46,769**	39,866
Deferred inflows of resources	**410,174**	33,984
Changes in:		
Receivables	**43,328**	(15,066)
Net pension asset	**(299,009)**	-
Other assets	**17,489**	(34,965)
Payables and compensated absences	**18,113**	(66,233)
Net pension liability	**(180,616)**	(196,643)
Net cash flows from operating activities	**$ 1,404,784**	$ 957,144

See accompanying notes.

I. Summary of Significant Accounting Policies

A. The Reporting Entity

Salt Creek Sanitary District, Villa Park, Illinois (District), was organized in 1928, as a municipality, and derives its operating income from an annual appropriation ordinance, taxes if levied, and from user charges for sanitation purification. The District provides purification and treatment of sewage for substantially all of Villa Park, Illinois.

The District includes all funds of its business operations and its component units based on financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will and fiscal dependency. The accompanying financial statements include only those funds of the District, as there are no other organizations for which it has financial accountability.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The term "measurement focus" is used to denote what is being measured and reported in the District's operating statement. The District is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the District is better or worse off economically as a result of events and transactions of the period.

The term "basis of accounting" is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes, if levied, would be recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District prepares its financial statements in accordance with Governmental Accounting Standards Board Statement Number 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" as amended by Statement Number 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*." GASB 34 and GASB 63 require the classification of net position into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

I. **Summary of Significant Accounting Policies** (cont'd)

B. **Measurement Focus, Basis of Accounting and Financial Statement Presentation** (cont'd)

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

Use of Estimates – Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. **Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position**

1. **Cash and Investments**

For the purpose of reporting cash flows, cash includes cash on hand and demand deposits. Investments in certificates of deposit are stated at cost.

I. **Summary of Significant Accounting Policies** (cont'd)

C. **Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position** (cont'd)

1. **Cash and Investments** (cont'd)

Under State of Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represent the types of instruments allowable by State of Illinois law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over $500,000,000 in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or State of Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- State of Illinois Funds.
- Repurchase agreements that meet instrument transaction requirements of State of Illinois law.

2. **Accounts Receivable**

All receivables are reported at their gross value, and are deemed fully collectible, since the District's policy is to place liens on properties or request the shut off of water service to collect past due monies.

Illinois Environmental Protection Agency Clean Water Revolving Fund proceed receivables consist of revolving fund loan draws to fund current construction projects. These funds have been remitted by the lender prior to April 30, but not received by the District until after that date.

3. **Prepaid Assets**

Payments to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid assets. Prepaid assets are recognized as expense when the service or good has been received.

I. **Summary of Significant Accounting Policies** (cont'd)

C. **Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position** (cont'd)

4. **Capital Assets**

The District defines capital assets as assets with an initial cost of more than $5,000 and an estimated useful life more than two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is capitalized.

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated asset lives as follows:

Plant buildings and equipment	7 – 30 years
Administration building and improvements	7 – 50 years
Transportation equipment	5 – 7 years
Office equipment	5 – 10 years

5. **Compensated Absences**

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees, and the unpaid liability is reflected as compensated absences payable.

6. **Long-term Obligations**

Long-term debt and other obligations of the District are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as expenses at the time of issuance.

I. **Summary of Significant Accounting Policies** (cont'd)

C. **Assets/Deferred Outflows, Liabilities/Deferred Inflows and Net Position** (cont'd)

7. **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. All deferred outflows and inflows at April 30, 2018 and 2017, relate to employee pensions with the Illinois Municipal Retirement Fund (IMRF). See Note III.C. – Employee Retirement System – Defined Benefit Pension Plan for more detail on these pensions.

D. **Revenues and Expenses**

Revenue and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are fees and capital revenue for wastewater treatment services.

Operating expenses include the costs associated with the conveyance and treatment of wastewater, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

II. Detailed Notes for All Activities and Fund Types

A. Cash and Investments

Deposits – At April 30, 2018, the carrying amount of the District's deposits was $2,164,929 ($1,651,473 at April 30, 2017), and the bank balance was $2,071,929 ($1,644,766 at April 30, 2017), which was fully insured and collateralized. In addition, the District has cash on hand of $300 at both April 30, 2018 and 2017.

Investments – The District's investments consist of certificates of deposit with a carrying value of $3,093,730 which approximates the fair value as of April 30, 2018 ($3,265,730 at April 30, 2017). $2,350,336 of certificates of deposit mature within one year. The remaining $743,394 of certificates of deposit mature within two years. All investments are held by the bank's agent in the District's name.

Interest Rate Risk – This is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its investment policy, the District manages its interest rate risk by structuring its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter term securities.

Credit Risk – Generally, credit risk is the risk that an issuer of a debt type instrument will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. Certificates of deposit insured by the Federal Deposit Insurance Corporation (FDIC) are not considered to have credit risk exposure.

Custodial Credit Risk – For deposits, this is the risk that, in the event of a bank failure, a government will not be able to recover its deposits. All District deposits with financial institutions are fully insured or collateralized. For investments, this is the risk that in the event of the failure of the counterparty, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. It is the District's policy that investments shall be collateralized by the actual security held in safekeeping by the agent.

II. **Detailed Notes for All Activities and Fund Types** (cont'd)

B. **Capital Assets**

Capital asset activity for the years ended April 30, 2018 and 2017, is as follows:

	Balance May 1, 2017	Additions	Deletions	**Balance April 30, 2018**
Capital assets, not being depreciated:				
Land and land improvements	$ 50,062	$ -	$ -	**$ 50,062**
Construction in process	1,973,427	5,179,703	(237)	**7,152,893**
Total capital assets not being depreciated	2,023,489	5,179,703	(237)	**7,202,955**
Capital assets being depreciated:				
Plant, buildings and equipment	24,460,038	100,047	-	**24,560,085**
Administration building	701,860		-	**701,860**
Transportation equipment	119,038		-	**119,038**
Office equipment	196,304		-	**196,304**
Total capital assets being depreciated	25,477,240	100,047	-	**25,577,287**
Less accumulated depreciation	(15,340,871)	(742,577)	-	**(16,083,448)**
Total capital assets being depreciated, net	10,136,369	(642,530)	-	**9,493,839**
Total capital assets, net of accumulated depreciation	$ 12,159,858	$ 4,537,173	$ (237)	**$ 16,696,794**

II. **Detailed Notes for All Activities and Fund Types** (cont'd)

B. **Capital Assets** (cont'd)

	Balance May 1, 2016	Additions	Deletions	Balance April 30, 2017
Capital assets, not being depreciated:				
Land and land improvements	$ 50,062	$ -	$ -	$ 50,062
Construction in process	407,358	1,569,777	(3,708)	1,973,427
Total capital assets not being depreciated	457,420	1,569,777	(3,708)	2,023,489
Capital assets being depreciated:				
Plant, buildings and equipment	24,300,310	159,728	-	24,460,038
Administration building	653,639	48,221	-	701,860
Transportation equipment	119,038	-	-	119,038
Office equipment	196,304	-	-	196,304
Total capital assets being depreciated	25,269,291	207,949	-	25,477,240
Less accumulated depreciation	(14,579,318)	(761,553)	-	(15,340,871)
Total capital assets being depreciated, net	10,689,973	(553,604)	-	10,136,369
Total capital assets, net of accumulated depreciation	$ 11,147,393	$ 1,016,173	$ (3,708)	$ 12,159,858

II. **Detailed Notes for All Activities and Fund Types** (cont'd)

C. **Long-term Debt**

Long-term debt outstanding consists of the following at April 30:

	2018	2017
Illinois Environmental Protection Agency loan dated May 14, 2004, for $7,894,744 at 2.5%. Repayment of principal and interest in semiannual installments of $258,139 with final payment due September 2025.	**$ 3,510,831**	$ 3,931,436
Illinois Environmental Protection Agency loan dated June 21, 2012, for $4,746,660 at 2.295%. Repayment of principal and interest in semiannual installments of $148,957 with final payment due July 2034.	**4,072,833**	4,273,809
Illinois Environmental Protection Agency loan dated October 12, 2016, for $8,135,738 at 1.750%. Repayment period has not begun as loan is in construction draw down phase. Repayment installments are indeterminable at April 30, 2018. First repayment is due December 26, 2018, with final payment due June 26, 2038.	**5,822,508**	1,526,163
	$ 13,406,172	$ 9,731,408

Long-term debt activity during the years ended April 30, 2018 and 2017, was as follows:

	Balance May 1, 2017	Increase/ Proceeds	Decrease/ Payments	**Balance April 30, 2018**	Due Within One Year
IEPA loan dated:					
May 2004	$ 3,931,436	$ -	$ 420,605	**$ 3,510,831**	$ 431,185
June 2012	4,273,809	-	200,976	**4,072,833**	205,615
October 2016	1,526,163	4,296,345	-	**5,822,508**	Unknown
Compensated absences	84,238	64,842	60,038	**89,042**	28,310
Net pension liability	180,616	249,701	430,317	**-**	-
	$ 9,996,262	$ 4,610,888	$ 1,111,936	**$ 13,495,214**	$ 665,110

II. **Detailed Notes for All Activities and Fund Types** (cont'd)

C. **Long-term Debt** (cont'd)

	Balance May 1, 2016	Increase/ Proceeds	Payments	Balance April 30, 2017	Due Within One Year
IEPA loan dated:					
May 2004	$ 4,341,719	$ -	$ 410,283	$ 3,931,436	$ 420,605
June 2012	4,470,251	-	196,442	4,273,809	200,976
October 2016	-	1,526,163	-	1,526,163	-
Compensated absences	77,800	58,378	51,940	84,238	30,458
Net pension liability	377,259	290,806	487,449	180,616	-
	$ 9,267,029	$ 1,875,347	$ 1,146,114	$ 9,996,262	$ 652,039

Principal and interest maturities of the outstanding debt, excluding the 2016 IEPA loan, are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 636,800	$ 177,392	$ 814,192
2020	652,393	161,799	814,192
2021	668,369	145,823	814,192
2022	684,736	129,456	814,192
2023	701,505	112,687	814,192
2024 – 2028	2,450,437	329,825	2,780,262
2029 – 2033	1,352,616	136,951	1,489,567
2034 – 2035	436,808	10,062	446,870
	$ 7,583,664	$ 1,203,995	$ 8,787,659

III. **Other Information**

A. **Risk Management**

The District is exposed to various risks related to theft of, damage to, and destruction of assets, environmental remediation, errors and omissions, injuries to employees and natural disasters. The District purchases commercial insurance to cover itself against known risks and maintains the following types of insurance: general liability and property, automobile liability, boiler and machinery liability, umbrella liability, national flood insurance, public officials' and employees' liability, treasurer's bond, and terrorism. The District also purchases group insurance to cover its employees as follows: workers' compensation, health, dental, life, and vision. As of April 30, 2018 and 2017, the District had no outstanding claims, and has not had any insurance settlements exceed commercial coverage.

III. **Other Information** (cont'd)

B. **Deferred Compensation Plan**

The District offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All funds are held in trust, and administered by an outside third-party trustee, for the exclusive benefit of participants and their beneficiaries. The District did not make contributions to this plan for either the year ended April 30, 2018 or 2017. In accordance with Governmental Accounting Standards Board Statement Number 32, the assets and related liability of the plan are not reported in these financial statements.

C. **Employee Retirement System – Defined Benefit Pension Plan**

General Information About the Pension Plan

Plan Description – The District's defined benefit pension plan, the Illinois Municipal Retirement Fund (IMRF), provides pensions for all full-time employees of the District. IMRF is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

The IMRF Plan membership consisted of the following at December 31:

	2018	2017
Retirees and beneficiaries	**10**	10
Inactive, non-retired members	**3**	3
Active members	**9**	8
Total	**22**	21

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

General Information About the Pension Plan (cont'd)

Benefits Provided – IMRF provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011, who retire at or after age 60 with 8 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent of each year thereafter.

Employees with at least 8 years of service may retire at or after age 55 and receive a reduced benefit. For participating members hired on or after January 1, 2011, who retire at or after age 67 with 10 years of service, are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of $113,645 at January 1, 2018. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits.

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 2017, was 11.86% (15.51% for calendar year 2016). For the fiscal year ended April 30, 2018, the District contributed $53,549 to the plan ($163,411 for the year ended April 30, 2017). 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.

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Net Pension Liability

For the year ended April 30, 2018, the District's net pension asset was measured as of December 31, 2017. For the year ended April 30, 2017, the District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension asset or liability was determined by actuarial valuations as of those dates.

Actuarial Valuation and Assumptions – The actuarial assumptions used in the December 31, 2017 and 2016, valuations were based on an actuarial experience study for the period January 1, 2011 – December 31, 2013, using the entry age normal actuarial cost method. The total pension liability in the December 31, 2017 and 2016, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Post-retirement benefit increase:	
Tier 1	3.0%-simple
Tier 2	lesser of 3.0%-simple or ½ increase in CPI

The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2017, was 26 years (27 years at December 31, 2016).

Mortality Rates – For the actuarial valuation at both December 31, 2017 and 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 scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that was 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.

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Net Pension Liability (cont'd)

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the actuarial valuations dated December 31:

	2017	
Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return**
Domestic equities	37%	6.85%
International equities	18%	6.75%
Fixed income	28%	3.00%
Real estate	9%	5.75%
Alternatives investments	7%	2.65 – 7.35%
Cash equivalents	1%	2.25%

	2016	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equities	38%	6.85%
International equities	17%	6.75%
Fixed income	27%	3.00%
Real estate	8%	5.75%
Alternatives investments	9%	2.65 – 7.35%
Cash equivalents	1%	2.25%

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Net Pension Liability (cont'd)

Discount Rate – A Single Discount Rate of 7.50% was used to measure the total pension liability for the actuarial valuations dated December 31, 2017 and 2016. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefits of current active and inactive employees for the next 100 years.

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Changes in Net Pension Liability

Changes in net pension liability are made up of the following for the years ended December 31, 2017 and 2016.

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/15	$ 4,222,649	$ 3,845,390	$ 377,259
Changes for the year:			
Service cost	49,771	-	49,771
Interest	310,945	-	310,945
Differences between expected and actual experience	(59,887)	-	(59,887)
Assumption changes	(10,022)	-	(10,022)
Contributions - employer	-	168,742	(168,742)
Contributions - employee	-	18,885	(18,885)
Net investment income	-	266,990	(266,990)
Benefit payments, including refunds of employee contributions	(181,019)	(181,019)	-
Other changes	-	32,833	(32,833)
Net changes	109,788	306,431	(196,643)
Balances at 12/31/16	4,332,437	4,151,821	180,616
Changes for the year:			
Service cost	46,589	-	46,589
Interest	319,749	-	319,749
Differences between expected and actual experience	18,327	-	18,327
Assumption changes	(134,964)	-	(134,964)
Contributions - employer	-	55,529	(55,529)
Contributions - employee	-	21,069	(21,069)
Net investment income	-	745,137	(745,137)
Benefit payments, including refunds of employee contributions	(184,819)	(184,819)	-
Other changes	-	(92,409)	92,409
Net changes	64,882	544,507	(479,625)
Balances at 12/31/17	**$ 4,397,319**	**$ 4,696,328**	**$ (299,009)**

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension (asset) liability	$ 217,976	$ (299,009)	$ (732,625)

Pension Plan Fiduciary Net Position – Detailed information about the pension plans fiduciary net position is available in the separately issued IRMF financial report.

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

For the year ended April 30, 2018, the District recognized pension expense of $30,867 ($40,618 for the year ended April 30, 2017). The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at April 30:

	2018		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Net Deferred Outflows of Resources**
Differences between expected and actual experience	$ 12,639	$ 25,882	$ (13,243)
Assumption changes	-	96,972	(96,972)
Net difference between projected and actual earnings in pension plan investments	119,434	353,019	(233,585)
Subtotal	132,073	475,873	(343,800)
Contributions made subsequent to measurement date	13,856	-	13,856
Total	**$ 145,929**	**$ 475,873**	**$ (329,944)**

III. **Other Information** (cont'd)

C. **Employee Retirement System – Defined Benefit Pension Plan** (cont'd)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

	2017		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 58,742	$ (58,742)
Assumption changes	-	6,957	(6,957)
Net difference between projected and actual earnings in pension plan investments	176,862	-	176,862
Subtotal	176,862	65,699	111,163
Contributions made subsequent to measurement date	15,836	-	15,836
Total	$ 192,698	$ 65,699	$ 126,999

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

Year Ending December 31,	
2018	$ (77,172)
2019	(72,791)
2020	(91,727)
2021	(88,254)
	$ (329,944)

D. **Commitments**

The District has an open contract in process totaling approximately $7,285,000 for replacement of the District's digester covers. Of the contract amount, the remaining commitment is for approximately $1,420,000 as of April 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Salt Creek Sanitary District, Villa Park, Illinois
Illinois Municipal Retirement Fund
Multiyear Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Calendar Years

	2017	2016	2015
Total pension liability:			
Service cost	**$ 46,589**	$ 49,771	$ 46,736
Interest on the total pension liability	**319,749**	310,945	302,182
Benefit changes	**-**	-	-
Difference between expected and actual experience	**18,327**	(59,887)	(46,260)
Assumption changes	**(134,964)**	(10,022)	-
Benefit payments and refunds	**(184,819)**	(181,019)	(193,015)
Net change in total pension liability	**64,882**	109,788	109,643
Total pension liability - beginning	**4,332,437**	4,222,649	4,113,006
Total pension liability - ending	**$ 4,397,319**	$ 4,332,437	$ 4,222,649
Plan fiduciary net position:			
Employer contributions	**$ 55,529**	$ 168,742	$ 318,354
Employee contributions	**21,069**	18,885	19,011
Pension plan net investment income	**745,137**	266,990	18,994
Benefit payments and refunds	**(184,819)**	(181,019)	(193,015)
Other	**(92,409)**	32,833	(44,634)
Net change in plan fiduciary net position	**544,507**	306,431	118,710
Plan fiduciary net position - beginning	**4,151,821**	3,845,390	3,726,680
Plan fiduciary net position - ending	**$ 4,696,328**	$ 4,151,821	$ 3,845,390
Net pension liability (asset)	**$ (299,009)**	$ 180,616	$ 377,259
Plan fiduciary net position as a percentage of total pension liability	**106.80%**	95.83%	91.07%
Covered valuation payroll	**$ 468,203**	$ 419,668	$ 422,462
Net pension liability as a percentage of covered valuation payroll	**-63.86%**	43.04%	89.30%

Note - The District adopted GASB 68 in the prior year and will build a ten-year history prospectively.

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Illinois Municipal Retirement Fund
Required Supplementary Information -
Multiyear Schedule of Contributions - Last 10 Fiscal Years

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	$ 67,532	$ 317,532	$ (250,000)	$ 422,462	75.16 %
2017	63,411	163,411	(100,000)	419,668	38.94
2018	**53,549**	**53,549**	**-**	**480,685**	**11.14**

Notes to Required Supplementary Information:

The information presented was determined as part of the actuarial valuations as of December 31, of each year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level of percentage pay, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 3.75% to 14.50% including inflation, and postretirement benefit increases of 2.75% compounded annually. The mortality table used was an IMRF specific mortality table with fully generational projection scale MP-2014 (base year 2012).

The District adopted GASB 68 in the prior year and will build a ten-year history prospectively.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
User charges	$ 2,426,780	**$ 2,691,253**	$ 264,473
Capital charges	129,000	**144,625**	15,625
Replacement income taxes	28,000	**33,286**	5,286
Interest	1,500	**6,003**	4,503
Miscellaneous	6,000	**7,341**	1,341
Total revenues	2,591,280	**2,882,508**	291,228
Expenditures:			
Administrative	539,273	**431,807**	107,466
Operating	952,660	**786,994**	165,666
Maintenance	271,334	**239,397**	31,937
Laboratory	116,416	**90,990**	25,426
Total expenditures	1,879,683	**1,549,188**	330,495
Revenues over expenditures	711,597	**1,333,320**	621,723
Other financing uses - transfers out	(1,417,680)	**(1,505,277)**	(87,597)
Changes in fund balance	$ (706,083)	**(171,957)**	$ 534,126
Fund balance, beginning of the year		**1,476,317**	
Fund balance, end of the year		**$ 1,304,360**	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	$ 207,113	**$ 200,452**	$ 6,661
Payroll taxes and fringe benefits	132,360	**100,938**	31,422
	339,473	**301,390**	38,083
Contractual services:			
Bank fees	4,200	**2,322**	1,878
Legal	30,000	**11,624**	18,376
Audit	10,100	**10,100**	-
Other professional fees	21,200	**19,214**	1,986
	65,500	**43,260**	22,240
Supplies:			
Office supplies	8,000	**5,885**	2,115
Computer	7,000	**6,516**	484
Office equipment maintenance	6,000	**2,535**	3,465
Postage	14,000	**12,135**	1,865
	35,000	**27,071**	7,929
Utilities - telephone service	1,100	**1,186**	(86)
Other:			
Advertising	3,000	**652**	2,348
Meetings	5,000	**5,339**	(339)
Permit/assessment fees	57,000	**49,926**	7,074
Travel	1,200	**477**	723
Dues and subscriptions	4,000	**2,426**	1,574
Water meter readings	500	**80**	420
Uncollectible accounts	2,000	**-**	2,000
Miscellaneous	500	**-**	500
Contingency	25,000	**-**	25,000
	98,200	**58,900**	39,300
Total administrative	539,273	**431,807**	107,466

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	$ 268,683	**$ 220,438**	$ 48,245
Payroll taxes and fringe benefits	194,277	**161,089**	33,188
	462,960	**381,527**	81,433
Contractual services - engineer fees	21,000	**15,017**	5,983
Waste disposal	95,000	**90,108**	4,892
Insurance:			
Vehicle insurance	3,000	**1,152**	1,848
General insurance	65,000	**51,642**	13,358
	68,000	**52,794**	15,206
Supplies:			
Drying bed supplies	15,000	**14,753**	247
Supplies	9,000	**4,105**	4,895
	24,000	**18,858**	5,142
Chemicals - other chemicals	16,000	**14,393**	1,607
Utilities:			
Telephone and pager	4,500	**4,523**	(23)
Electric	200,000	**165,489**	34,511
Natural gas	35,000	**22,630**	12,370
Water	1,200	**910**	290
	240,700	**193,552**	47,148
Contingency	25,000	**20,745**	4,255
Total operating	952,660	**786,994**	165,666

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Maintenance:			
Personnel costs:			
Salaries and wages	$ 66,142	**$ 60,309**	$ 5,833
Payroll taxes and fringe benefits	48,192	**43,527**	4,665
	114,334	**103,836**	10,498
Materials and supplies:			
Repair materials	7,000	**7,566**	(566)
Supplies	4,500	**4,750**	(250)
Tools	2,000	**1,806**	194
	13,500	**14,122**	(622)
Repair and maintenance:			
Outside equipment repairs	40,000	**34,847**	5,153
Equipment rental	8,000	**1,075**	6,925
Vehicle repairs	3,000	**749**	2,251
Building maintenance	53,500	**50,488**	3,012
Software maintenance	10,000	**5,612**	4,388
Oil and gasoline	4,000	**4,003**	(3)
	118,500	**96,774**	21,726
Contingency	25,000	**24,665**	335
Total maintenance	271,334	**239,397**	31,937
Laboratory:			
Personnel costs:			
Salaries and wages	34,320	**27,442**	6,878
Payroll taxes and fringe benefits	24,096	**21,174**	2,922
	58,416	**48,616**	9,800

(cont'd)

Salt Creek Sanitary District, Villa Park, Illinois
General Fund
Detailed Schedule of Expenditures - Budget and Actual
Non-GAAP Budgetary Basis (cont'd)
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Laboratory (cont'd):			
Contractual services - outside services	$ 45,000	**$ 40,573**	$ 4,427
Materials and supplies	3,000	**1,801**	1,199
Other - contingency	10,000	**-**	10,000
Total laboratory	116,416	**90,990**	25,426
Total expenditures	$ 1,879,683	**$ 1,549,188**	$ 330,495

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Connection fees	$ -	**$ 3,800**	$ 3,800
Interest income	-	**5,135**	5,135
Total revenues	-	**8,935**	8,935
Expenditures:			
Current - repairs	-	**18,374**	(18,374)
Capital outlay	891,500	**450,544**	440,956
Total expenditures	891,500	**468,918**	422,582
Revenues under expenditures	(891,500)	**(459,983)**	431,517
Other financing sources - transfers in	417,500	**434,647**	17,147
Changes in fund balance	$ (474,000)	**(25,336)**	$ 448,664
Fund balance, beginning of the year		**1,163,054**	
Fund balance, end of the year		**$ 1,137,718**	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Revenues - interest	$ -	**$ 4,161**	$ 4,161
Expenditures:			
Current - repairs and maintenance	-	**32,968**	(32,968)
Capital outlay	283,861	**57,518**	226,343
Total expenditures	283,861	**90,486**	193,375
Revenues under expenditures	(283,861)	**(86,325)**	197,536
Other financing sources - transfers in	11,500	**11,619**	119
Changes in fund balance	$ (272,361)	**(74,706)**	$ 197,655
Fund balance, beginning of the year		**951,057**	
Fund balance, end of the year		**$ 876,351**	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Revenues - interest	$ -	**$ 8,413**	$ 8,413
Expenditures - debt service:			
Principal	621,581	**621,581**	-
Interest	192,610	**192,611**	(1)
Other	-	**15**	(15)
Total expenditures	814,191	**814,207**	(16)
Revenues under expenditures	(814,191)	**(805,794)**	8,397
Other financing sources - transfers in	988,680	**1,059,010**	70,330
Changes in fund balance	$ 174,489	**253,216**	$ 78,727
Fund balance, beginning of the year		**1,427,901**	
Fund balance, end of the year		**$ 1,681,117**	

See independent auditor's report.

Salt Creek Sanitary District, Villa Park, Illinois
Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Non-GAAP Budgetary Basis
For the Year Ended April 30, 2018

	Budget	**Actual**	Variance Positive (Negative)
Revenues - interest	$ -	**$ 374**	$ 374
Expenditures - capital outlay	6,597,660	**4,617,182**	1,980,478
Revenues under expenditures	(6,597,660)	**(4,616,808)**	1,980,852
Other financing sources - Illinois Environmental Protection Agency loan proceeds	6,597,660	**4,357,037**	(2,240,623)
Changes in fund balance (deficit)	$ -	**(259,771)**	$ (259,771)
Fund balance (deficit), beginning of the year		**(390,478)**	
Fund balance (deficit), end of the year		**$ (650,249)**	

See independent auditor's report.

I. Stewardship, Compliance and Accountability

A. Budgets

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the supplementary information:

- Administration submits to the Board of Trustees a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures/expenses and the means of financing them.

- Public hearings are conducted, and the proposed budget is available for inspection to obtain taxpayer comments. The budget is legally adopted through passage of an ordinance.

- Any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

- All appropriations lapse at year end. Expenditures may not legally exceed budgeted appropriations at the fund level.

- Budgets are adopted on a basis of anticipated revenues to be received in cash, and expenditures to be incurred, under the current financial resources measurement focus and the modified accrual basis of accounting. This basis differs from generally accepted accounting principles presented in the statement of activities as follows:

Net changes in fund balances - budgetary basis	$	(278,554)
Amounts reported for governmental activities in the statement of activities (page 10) are different because:		
The budgetary basis reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives, as depreciation expense.		
This is the amount of capital outlay in the governmental funds.		5,279,513
This is the amount of depreciation expense in the government wide statement of activities.		(742,577)
The issuance of long-term debt provides current financial resources under the budgetary basis, while the repayment of the principal of long-term debt consumes the current financial resources under the budgetary basis. Neither transaction, however, has any effect on net position. This amount is the net effect of the differences in the treatment of long-term debt.		(3,800,745)
The net effect of changes in the net pension liability is reported as an expense or reduction of expense in the statement of activities, but is not included in the budgeted expenditures.		22,682
Changes in net position (page 10)	$	480,319