

# **SALT CREEK SANITARY DISTRICT**

## **Villa Park, Illinois**

### **Annual Financial Report**

For the Year Ended April 30, 2016

#### **Administrative Office**

201 South Route 83  
Villa Park, Illinois 60181

(630) 832-3637

#### **Board of Trustees**

William Dewyer, President  
Dennis Keating, Vice President  
Raymond Hensley, Clerk

#### **Administration**

James Listwan, Manager  
Deborah Seaton, Business Administrator

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Annual Financial Report**  
**For the Year Ended April 30, 2016**

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# **INDEPENDENT AUDITOR'S REPORT**

# Selden Fox, LTD.

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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** as of and for the year ended April 30, 2016, and the related statements of activities and cash flows for the year 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, as of April 30, 2016, and the respective change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note I.E. to the financial statements, the Salt Creek Sanitary District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **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 (page 26) and the multiyear schedule of contributions (page 27) 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 28 – 37 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.*

September 23, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Salt Creek Sanitary District  
Management's Discussion and Analysis  
April 30, 2016**

As management of the Salt Creek Sanitary District (District), we offer readers of the District's financial statements this narrative overview to the financial activities of the District for the fiscal year ended April 30, 2016. 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, 2016, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows by \$6,669,885 (net position). Of this amount, \$4,334,462 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's operating expenses for fiscal year 2016 increased by \$77,613 or 3.7% over 2015. The increase was due primarily to an increase in fringe benefit costs related to the District's defined benefit pension plan in the Illinois Municipal Retirement Fund (IMRF).
- User charge revenues increased by \$58,077 or 2.8% over 2015 primarily due to a rate increase of \$ .22 in user rates during the fiscal year ended April 30, 2016.
- Nonoperating revenues increased by \$185,851 due to Grant income of \$179,150 for the Turbo Blower Project.

**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.

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 non-operating revenues.

## Basic Financial Statements (cont'd)

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 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

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 and deferred inflows and liabilities and 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 government 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**

Current and other assets	\$ 4,789,071
Capital assets	<u>11,147,393</u>
<b>Total assets</b>	<b><u>15,936,464</u></b>
<b>Deferred outflow of resources – pension amounts</b>	<b><u>232,564</u></b>
Long-term liabilities	8,451,597
Other liabilities	<u>1,015,831</u>
<b>Total liabilities</b>	<b><u>9,467,428</u></b>
<b>Deferred inflow of resources – pension amounts</b>	<b>31,715</b>
Net investment in capital assets	2,335,423
Unrestricted	<u>4,334,462</u>
<b>Total net position</b>	<b><u>\$ 6,669,885</u></b>



## Net Position (cont'd)

Beginning net position was restated by \$291,342 due to the implementation of new governmental accounting standards. See Note I.E. of the financial statements for more detail of this restatement.

During 2016, capital assets decreased by \$334,161. This decrease resulted from the excess of asset depreciation over newly acquired capital assets. Long-term liabilities outstanding decreased by \$476,487, due to payments on long-term debt. Other liabilities decreased by \$249,875 due to a decrease in accounts payable related to the construction of the tertiary sand filter building.

**Table A-2**  
**Condensed Statement of Activities**

Operating revenues	\$ 2,258,614
Non operating revenues	<u>23,253</u>
<b>Total revenues</b>	<b><u>2,281,867</u></b>
Depreciation expense	761,037
Other operating expense	<u>1,402,471</u>
<b>Total operating expenses</b>	<b><u>2,163,508</u></b>
<b>Change in net position</b>	<b>118,359</b>
Net position, beginning of the year as restated	<u>6,551,526</u>
Net position, end of year	<b><u>\$ 6,669,885</u></b>

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 2016, net position increased by \$118,359.

The District's operating revenues increased by \$53,800 to \$2,258,614 in 2016 due to a rate increase of \$.22 in user rates. Also, non-operating revenues, as shown in more detail on page 10, increased by \$185,851 to \$23,253, primarily due to an increase in grant income of \$179,150 from our turbo blower project.

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 2016 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 28.

## Budgetary Highlights

A 2016 General Fund budget comparison and analysis is presented in Table A-3.

**Table A-3  
Budget vs. Actual  
FY 2016**

	Budget	Actual	Variance
Revenues:			
From operations	\$ 2,326,050	\$ 2,256,613	\$ (69,437)
Non operating	35,500	48,841	13,341
<b>Total revenues</b>	<b>2,361,550</b>	<b>2,305,454</b>	<b>(56,096)</b>
Operation expenses:			
Employee costs:			
Salaries	479,018	445,571	33,447
Fringe benefits	603,705	529,597	74,108
Contractual services	116,250	93,487	22,763
Waste disposal	74,000	41,387	32,613
Utilities	277,400	220,756	56,644
Insurance	58,000	59,141	(1,141)
Chemicals	16,000	13,710	2,290
Materials and supplies	70,500	42,570	27,930
Maintenance	94,000	80,016	13,984
Other	158,300	70,005	88,295
<b>Total expenses</b>	<b>1,947,173</b>	<b>1,596,240</b>	<b>350,933</b>
<b>Revenues over expenditures</b>	<b>\$ 414,377</b>	<b>\$ 709,214</b>	<b>\$ 294,837</b>

Revenues over expenditures were over budget by \$294,837 due to the following:

- Operational revenues were under budget by \$69,437 due to decreased billable flows in waste treatment services.
- Nonoperational revenues were over budget by \$13,341 due to increased replacement income taxes, interest income and miscellaneous income.
- Salaries were \$33,447 lower than expected, primarily due to not filling budgeted positions.
- Fringe benefits were \$74,108 lower than anticipated because of budgeted positions not filled.
- Waste disposal expenses were \$32,613 lower than expected primarily because of lower sludge removal costs.

### Budgetary Highlights (cont'd)

- Utilities were \$56,644 lower than expected due to less utility usage due to less billable flow.
- Materials and supplies were \$27,930 lower than expected, primarily because incurred expenditures were less than anticipated.
- Maintenance costs were \$13,984 lower than budget, primarily because incurred expenditures were less than expected.
- Other costs were under budget by \$88,295, primarily due to the budgeted amount containing a significant unutilized contingency expense component.

### Capital Assets

At the end of 2016, the District had \$11,147,393 invested in capital assets, including wastewater treatment facilities, as shown in Table A-4.

**Table A-4  
Capital Assets**

Wastewater treatment facilities	<b>\$ 25,004,011</b>
Office and lab equipment	<b>196,304</b>
Transportation equipment	<b>119,038</b>
Construction in process	<b>407,358</b>
	<hr/>
<b>Total capital assets</b>	<b>25,726,711</b>
Accumulated depreciation	<b>(14,579,318)</b>
	<hr/>
<b>Net capital assets</b>	<b>\$ 11,147,393</b>

Additional information on the District's capital assets can be found at Note II.B. on page 18 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 water usage.

Notes payable outstanding at April 30, 2016, amounted to \$8,811,970. 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 2.295% - 2.5%.

Additional information on the District's long-term debt can be found at Note II.C. on page 19 of this report.

## Future Considerations at the District

User fees will be increased by \$0.09 per thousand gallons for operation and maintenance and \$0.20 per thousand gallons for debt service expenses effective May, 2016.

**Table A-5**

### District Rate History

<u>Fiscal Year</u>	<u>Volume (Per 1,000 Gallons)</u>	<u>BOD (Per Lb.)</u>	<u>Suspended Solids (Per Lb.)</u>
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

### 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](mailto:scsd@scsd.comcastbiz.net).

## **BASIC FINANCIAL STATEMENTS**

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Net Position**  
**April 30, 2016**

<b>Assets</b>	
Current assets:	
Cash	\$ 1,466,405
Investments	3,069,756
Receivables:	
Accounts	234,167
Replacement taxes	5,936
Accrued interest	9,182
Prepaid assets	3,625
<b>Total current assets</b>	<b>4,789,071</b>
Capital assets, net:	
Not being depreciated	457,420
Being depreciated	10,689,973
<b>Total capital assets, net</b>	<b>11,147,393</b>
<b>Total assets</b>	<b>15,936,464</b>
<b>Deferred Outflows of Resources</b>	
Deferred pension amounts	232,564
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	135,491
Payroll related liabilities	25,594
Accrued interest payable	39,314
Compensated absences	27,722
Current maturities of long-term debt	606,725
Current portion of net pension liability	180,985
<b>Total current liabilities</b>	<b>1,015,831</b>
Long-term liabilities:	
Long-term debt, less current maturities	8,205,245
Compensated absences	50,078
Net pension liability	196,274
<b>Total long-term liabilities</b>	<b>8,451,597</b>
<b>Total liabilities</b>	<b>9,467,428</b>
<b>Deferred Inflows of Resources</b>	
Deferred pension amounts	31,715
<b>Net Position</b>	
Net investment in capital assets	2,335,423
Unrestricted	4,334,462
<b>Total net position</b>	<b>\$ 6,669,885</b>

See accompanying notes.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Activities**  
**For the Year Ended April 30, 2016**

Operating revenues:		
User charges	\$ 2,147,289	
Capital charges	111,325	
<b>Total operating revenues</b>		2,258,614
Operating expenses:		
Employee costs:		
Salaries	445,571	
Fringe benefits	338,882	
Contractual services	89,680	
Waste disposal	41,387	
Utilities	223,223	
Insurance	59,141	
Chemicals	13,710	
Material and supplies	11,390	
Maintenance	77,676	
Administrative	95,554	
Other	6,257	
Depreciation	761,037	
<b>Total operating expenses</b>		2,163,508
<b>Operating income</b>		95,106
Nonoperating revenues (expenses):		
Grant income	179,150	
Replacement taxes	35,812	
Interest income	16,963	
Interest expense	(219,908)	
Gain on disposal of capital assets	1,500	
Other income	9,736	
<b>Total nonoperating revenue (expense)</b>		23,253
<b>Change in net position</b>		118,359
Net position, beginning of the year as previously reported		6,842,868
Restatement (see note I.E.)		(291,342)
Net position, beginning of the year, as restated		6,551,526
Net position, end of the year		\$ 6,669,885

See accompanying notes.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Statement of Cash Flows**  
**For the Year Ended April 30, 2016**

Cash flows from operating activities:	
Received from customers	\$ 2,206,711
Paid to suppliers for goods and services	(1,036,101)
Paid to employees for services	(957,908)
<b>Net cash flows from operating activities</b>	<b>212,702</b>
Cash flows from investing activities:	
Investment income received	15,189
Investments purchased	(261,144)
Investments matured	480,726
<b>Net cash flows from investing activities</b>	<b>234,771</b>
Cash flows from capital and related financing activities:	
Grants received	179,150
Debt retired	(607,863)
Interest paid	(219,300)
Proceeds from the sale of capital assets	1,500
Purchases of capital assets	(426,876)
<b>Net cash flows from capital and related financing activities</b>	<b>(1,073,389)</b>
Cash flows from noncapital financing activities:	
Replacement taxes received	37,698
Other income received	9,736
<b>Net cash from noncapital financing activities</b>	<b>47,434</b>
<b>Net change in cash</b>	<b>(578,482)</b>
Cash, beginning of the year	2,044,887
Cash, end of the year	<b>\$ 1,466,405</b>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 95,106
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	761,037
Deferred outflows of resources	(210,575)
Net pension liability	(13,696)
Deferred inflows of resources	31,715
Changes in:	
Receivables	(51,903)
Other assets	19,760
Payables and compensated absences	(418,742)
<b>Net cash flows from operating activities</b>	<b>\$ 212,702</b>

See accompanying notes.



**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements**

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**I. Summary of Significant Accounting Policies**

**A. The Reporting Entity**

Salt Creek Sanitary District (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:

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**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.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**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.

**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.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**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 in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at their estimated fair 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.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**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.

**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.

**E. Accounting Changes and Restatements**

During the current fiscal year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the financial statements include a net pension liability for the unfunded defined benefit pension plan legacy costs reported on the lines titled, Net Pension Liability. Some changes in net pension liability each year will be recognized immediately as part of the pension expense measurement, while some changes will be deferred and recognized over future years. Refer to Note III.C. - Employee Retirement System - Defined Benefit Pension Plan. The implementation of these statements resulted in the restatement to decrease beginning net position for governmental activities by \$291,342.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**II. Detailed Notes For All Activities and Fund Types**

**A. Cash and Investments**

**Deposits** – At April 30, 2016, the carrying amount of the District's deposits was \$1,466,105 and the bank balance was \$1,462,421, which was fully insured and collateralized. In addition, the District has cash on hand of \$300.

**Investments** – The District's investments consist of certificates of deposit with a carrying value of \$3,069,756 which approximates the fair value as of April 30, 2016. All certificates of deposit mature within one year. 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.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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

**B. Capital Assets**

Capital asset activity for the year ended April 30, 2016, is as follows:

	Balance May 1, 2015	Additions	Deletions	Balance April 30, 2016
Capital assets, not being depreciated:				
Land and land improvements	\$ 50,062	\$ -	\$ -	\$ 50,062
Construction in process	393,076	329,058	(314,776)	407,358
<b>Total capital assets not being depreciated</b>	<b>443,138</b>	<b>329,058</b>	<b>(314,776)</b>	<b>457,420</b>
Capital assets being depreciated:				
Plant, buildings and equipment	23,941,907	358,403	-	24,300,310
Administration building	643,075	10,564	-	653,639
Transportation equipment	113,215	23,808	(17,985)	119,038
Office equipment	185,710	19,819	(9,225)	196,304
<b>Total capital assets being depreciated</b>	<b>24,883,907</b>	<b>412,594</b>	<b>(27,210)</b>	<b>25,269,291</b>
Less accumulated depreciation	(13,845,491)	(761,037)	27,210	(14,579,318)
<b>Total capital assets being depreciated, net</b>	<b>11,038,416</b>	<b>(348,443)</b>	<b>-</b>	<b>10,689,973</b>
<b>Total capital assets, net of accumulated depreciation</b>	<b>\$ 11,481,554</b>	<b>\$ (19,385)</b>	<b>\$ (314,776)</b>	<b>\$ 11,147,393</b>

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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

**C. Long-term Debt**

Long-term debt consists of the following at April 30, 2016.

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.	<b>\$ 4,341,719</b>
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.	<u><b>4,470,251</b></u>
	<u><b>\$ 8,811,970</b></u>

Long-term debt activity during the year ended April 30, 2016, was as follows:

	Balance May 1, 2015	Increase/ Proceeds	Payments	Balance April 30, 2016	Due Within One Year
IEPA loan dated:					
October 1996	\$ 20,938	\$ -	\$ 20,938	\$ -	\$ -
May 2004	4,741,935	-	400,216	<b>4,341,719</b>	410,283
June 2012	4,654,017	2,942	186,708	<b>4,470,251</b>	196,442
Compensated absences	67,337	59,279	48,816	<b>77,800</b>	27,722
Net pension liability	<u>77,624</u>	<u>299,635</u>	<u>-</u>	<u><b>377,259</b></u>	<u>180,985</u>
	<u><b>\$ 9,561,851</b></u>	<u><b>\$ 361,856</b></u>	<u><b>\$ 656,678</b></u>	<u><b>\$ 9,267,029</b></u>	<u><b>\$ 815,432</b></u>

Principal and interest maturities of the outstanding debt are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 606,725	\$ 207,467	\$ 814,192
2018	621,581	192,611	814,192
2019	636,801	177,391	814,192
2020	652,393	161,799	814,192
2021	668,369	145,823	814,192
2022 – 2026	3,337,390	475,429	3,812,819
2027 – 2031	1,292,272	197,295	1,489,567
2032 – 2036	<u>996,439</u>	<u>46,258</u>	<u>1,042,697</u>
	<u><b>\$ 8,811,970</b></u>	<u><b>\$ 1,604,073</b></u>	<u><b>\$ 10,416,043</b></u>



**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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**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, 2016, the District had no outstanding claims, and has not had any insurance settlements exceed commercial coverage.

**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, 2016 or 2015. 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](http://www.imrf.org).

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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

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

**General Information About the Pension Plan** (cont'd)

At December 31, 2015, the IMRF Plan membership consisted of:

Retirees and beneficiaries	9
Inactive, non-retired members	3
Active members	8
<b>Total</b>	<b>20</b>

**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 \$110,631 at January 1, 2014. 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** – Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The District is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2016 was 16.18 percent. The District's contribution to the Plan totaled \$318,354 in 2015 which was \$250,000 in excess of its annual required contribution.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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

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

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Valuation and Assumptions** – The actuarial assumptions used in the December 31, 2015 valuation 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75% to 14.5%
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, 2015, was 26 years.

**Mortality Rates** – For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). 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-2014 (base year 2014). 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-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

**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 is the expected return to be earned over the entire trust portfolio based on the asset allocation of the portfolio, using best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	38%	7.39%
International equities	17%	7.59%
Fixed income	27%	3.00%
Real estate	8%	6.00%
Alternatives:	9%	
Private equity		8.15%
Hedge funds		5.25%
Commodities		2.75%
Cash equivalents	1%	2.25%

**Discount Rate** – Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects: (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average !! credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.48%. 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 62 years.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

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

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

**Changes in Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
Balance 12/31/14	\$ 4,113,006	\$ 3,726,680	\$ 386,326
Changes for the year:			
Service cost	46,736	-	46,736
Interest	302,182	-	302,182
Differences between expected and actual experience	(46,260)	-	(46,260)
Contributions - employer	-	318,354	(318,354)
Contributions - employee	-	19,011	(19,011)
Net investment income	-	18,994	(18,994)
Benefit payments, including refunds of employee contributions	(193,015)	(193,015)	-
Other changes	-	(44,634)	44,634
Net changes	109,643	118,710	(9,067)
<b>Balances at 12/31/15</b>	<b>\$ 4,222,649</b>	<b>\$ 3,845,390</b>	<b>\$ 377,259</b>

**Discount Rate Sensitivity** – The following presents the net pension liability of the District, calculated using the discount rate of 7.48%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point higher or lower than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension (asset) liability	\$ 916,757	\$ 377,259	\$ (72,025)

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to the Financial Statements (cont'd)**

**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**

For the year ended April 30, 2016, the District recognized pension expense of \$129,605. At April 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,715	\$ (31,715)
Net difference between projected and actual earnings in pension plan investments	211,397	-	211,397
Subtotal	211,397	31,715	179,682
Contributions made subsequent to measurement date	21,167	-	21,167
Total	\$ 232,564	\$ 31,715	\$ 200,849

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,

2016	\$ 38,304
2017	38,304
2018	50,224
2019	52,850
	\$ 179,682

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2015
<b>Total pension liability:</b>	
Service cost	\$ 46,736
Interest on the total pension liability	302,182
Benefit changes	-
Difference between expected and actual experience	(46,260)
Assumption changes	-
Benefit payments and refunds	(193,015)
<b>Net change in total pension liability</b>	<b>109,643</b>
<b>Total pension liability - beginning</b>	<b>4,113,006</b>
<b>Total pension liability - ending</b>	<b>\$ 4,222,649</b>
<b>Plan fiduciary net position:</b>	
Employer contributions	\$ 318,354
Employee contributions	19,011
Pension plan net investment income	18,994
Benefit payments and refunds	(193,015)
Other	(44,634)
<b>Net change in plan fiduciary net position</b>	<b>118,710</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,726,680</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 3,845,390</b>
<b>Net pension liability</b>	<b>\$ 377,259</b>
Plan fiduciary net position as a percentage of total pension liability	<b>91.07%</b>
Covered valuation payroll	<b>\$ 422,462</b>
Net pension liability as a percentage of covered valuation payroll	<b>89.30%</b>

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

See independent auditor's report.



**Salt Creek Sanitary District  
 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
<b>2016</b>	<b>\$ 67,532</b>	<b>\$ 317,532</b>	<b>\$ (250,000)</b>	<b>\$ 422,462</b>	<b>75.16 %</b>

Note - The District adopted GASB 68 in the current year and will build 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**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
User charges	\$ 2,215,050	\$ 2,145,288	\$ (69,762)
Capital charges	111,000	111,325	325
Replacement income taxes	30,000	35,812	5,812
Interest	1,500	3,228	1,728
Miscellaneous	4,000	9,801	5,801
<b>Total revenues</b>	<b>2,361,550</b>	<b>2,305,454</b>	<b>(56,096)</b>
<b>Expenditures:</b>			
Administrative	750,394	668,695	81,699
Operating	846,589	663,437	183,152
Maintenance	247,290	192,904	54,386
Laboratory	102,900	71,204	31,696
<b>Total expenditures</b>	<b>1,947,173</b>	<b>1,596,240</b>	<b>350,933</b>
<b>Revenues over expenditures</b>	<b>414,377</b>	<b>709,214</b>	<b>294,837</b>
Other financing uses - transfers out	(877,600)	(859,396)	18,204
<b>Changes in fund balance</b>	<b>\$ (463,223)</b>	<b>(150,182)</b>	<b>\$ 313,041</b>
Fund balance, beginning of the year		<b>1,494,191</b>	
Fund balance, end of the year		<b>\$ 1,344,009</b>	

See independent auditor's report.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**General Fund**  
**Detailed Schedule of Expenditures - Budget and Actual**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Administrative:			
Personnel costs:			
Salaries and wages	\$ 171,589	\$ 183,570	\$ (11,981)
Payroll taxes and fringe benefits	383,255	341,801	41,454
	<u>554,844</u>	<u>525,371</u>	<u>29,473</u>
Contractual services:			
Bank fees	1,800	15	1,785
Legal	25,000	19,760	5,240
Audit	9,250	9,250	-
Other professional fees	23,200	18,655	4,545
	<u>59,250</u>	<u>47,680</u>	<u>11,570</u>
Supplies:			
Office supplies	6,000	5,449	551
Computer	8,000	7,980	20
Office equipment maintenance	8,000	5,119	2,881
Postage	15,000	12,209	2,791
	<u>37,000</u>	<u>30,757</u>	<u>6,243</u>
Utilities - telephone service	<u>1,000</u>	<u>1,049</u>	<u>(49)</u>
Other:			
Advertising	1,600	1,518	82
Meetings	6,000	3,125	2,875
Permit/assessment fees	56,000	47,288	8,712
Travel	1,600	881	719
Dues and subscriptions	5,000	2,425	2,575
Water meter readings	1,000	-	1,000
Uncollectible accounts	2,000	8,511	(6,511)
Miscellaneous	100	90	10
Contingency	25,000	-	25,000
	<u>98,300</u>	<u>63,838</u>	<u>34,462</u>
<b>Total administrative</b>	<u>750,394</u>	<u>668,695</u>	<u>81,699</u>

(cont'd)

**Salt Creek Sanitary District, Villa Park, Illinois**  
**General Fund**  
**Detailed Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating:			
Personnel costs:			
Salaries and wages	\$ 214,789	\$ 178,122	\$ 36,667
Payroll taxes and fringe benefits	154,900	128,639	26,261
	<u>369,689</u>	<u>306,761</u>	<u>62,928</u>
Contractual services - engineer fees	15,000	14,023	977
Waste disposal	74,000	41,387	32,613
Insurance:			
Vehicle insurance	3,000	1,582	1,418
General insurance	55,000	57,559	(2,559)
	<u>58,000</u>	<u>59,141</u>	<u>(1,141)</u>
Supplies:			
Drying bed supplies	7,500	237	7,263
Supplies	5,000	2,304	2,696
	<u>12,500</u>	<u>2,541</u>	<u>9,959</u>
Chemicals - other chemicals	16,000	13,710	2,290
Utilities:			
Telephone and pager	5,000	4,474	526
Electric	220,000	188,973	31,027
Natural gas	50,000	25,641	24,359
Water	1,400	619	781
	<u>276,400</u>	<u>219,707</u>	<u>56,693</u>

(cont'd)

**Salt Creek Sanitary District, Villa Park, Illinois**  
**General Fund**  
**Detailed Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating (cont'd):			
Contingency	\$ 25,000	\$ 6,167	\$ 18,833
<b>Total operating</b>	<b>846,589</b>	<b>663,437</b>	<b>183,152</b>
Maintenance:			
Personnel costs:			
Salaries and wages	61,990	62,398	(408)
Payroll taxes and fringe benefits	48,300	43,748	4,552
	110,290	106,146	4,144
Materials and supplies:			
Repair materials	11,000	2,168	8,832
Supplies	4,500	3,532	968
Tools	2,500	1,042	1,458
	18,000	6,742	11,258
Repair and maintenance:			
Outside equipment repairs	40,000	30,701	9,299
Equipment rental	3,000	3,915	(915)
Vehicle repairs	2,000	2,064	(64)
Building maintenance	35,000	30,528	4,472
Software maintenance	8,000	9,292	(1,292)
Oil and gasoline	6,000	3,516	2,484
	94,000	80,016	13,984
Contingency	25,000	-	25,000
<b>Total maintenance</b>	<b>247,290</b>	<b>192,904</b>	<b>54,386</b>

(cont'd)

**Salt Creek Sanitary District, Villa Park, Illinois**  
**General Fund**  
**Detailed Schedule of Expenditures - Budget and Actual (cont'd)**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Laboratory:			
Personnel costs:			
Salaries and wages	\$ 30,650	\$ 21,481	\$ 9,169
Payroll taxes and fringe benefits	17,250	15,409	1,841
	<u>47,900</u>	<u>36,890</u>	<u>11,010</u>
Contractual services - outside services	42,000	31,784	10,216
Materials and supplies	3,000	2,530	470
Other - contingency	10,000	-	10,000
	<u>102,900</u>	<u>71,204</u>	<u>31,696</u>
<b>Total laboratory</b>			
	<u>102,900</u>	<u>71,204</u>	<u>31,696</u>
<b>Total expenditures</b>	<u>\$ 1,947,173</u>	<u>\$ 1,596,240</u>	<u>\$ 350,933</u>

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  
For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Connection fees	\$ -	\$ 2,000	\$ 2,000
Interest income	-	4,020	4,020
<b>Total revenues</b>	<b>-</b>	<b>6,020</b>	<b>6,020</b>
Expenditures:			
Current - repairs	-	2,300	(2,300)
Capital outlay	452,400	357,241	95,159
<b>Total expenditures</b>	<b>452,400</b>	<b>359,541</b>	<b>92,859</b>
<b>Revenues under expenditures</b>	<b>(452,400)</b>	<b>(353,521)</b>	<b>98,879</b>
Other financing sources (uses):			
Transfers in	100,000	91,471	(8,529)
Transfers out	-	(1,841)	(1,841)
<b>Total other financing         sources (uses)</b>	<b>100,000</b>	<b>89,630</b>	<b>(10,370)</b>
<b>Changes in fund balance</b>	<b>\$ (352,400)</b>	<b>(263,891)</b>	<b>\$ 88,509</b>
Fund balance, beginning of the year		<b>1,027,331</b>	
Fund balance, end of the year		<b>\$ 763,440</b>	

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  
For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Grants	\$ -	\$ 179,150	\$ 179,150
Interest	-	2,744	2,744
<b>Total revenues</b>	<b>-</b>	<b>181,894</b>	<b>181,894</b>
Expenditures:			
Current - repairs and maintenance	-	14,935	(14,935)
Capital outlay	496,116	45,157	450,959
<b>Total expenditures</b>	<b>496,116</b>	<b>60,092</b>	<b>436,024</b>
<b>Revenues over (under)         expenditures</b>	<b>(496,116)</b>	<b>121,802</b>	<b>617,918</b>
Other financing sources - transfers in	11,000	11,352	352
<b>Changes in fund balance</b>	<b>\$ (485,116)</b>	<b>133,154</b>	<b>\$ 618,270</b>
Fund balance, beginning of the year		<b>670,720</b>	
Fund balance, end of the year		<b>\$ 803,874</b>	

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**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 6,767	\$ 6,767
Expenditures - debt service:			
Principal	657,264	607,863	49,401
Interest	171,862	219,300	(47,438)
<b>Total expenditures</b>	<b>829,126</b>	<b>827,163</b>	<b>1,963</b>
<b>Revenues under expenditures</b>	<b>(829,126)</b>	<b>(820,396)</b>	<b>8,730</b>
Other financing sources - transfers in	766,600	756,622	(9,978)
<b>Changes in fund balance</b>	<b>\$ (62,526)</b>	<b>(63,774)</b>	<b>\$ (1,248)</b>
Fund balance, beginning of the year		<b>1,702,636</b>	
Fund balance, end of the year		<b>\$ 1,638,862</b>	

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**  
**For the Year Ended April 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues - interest	\$ -	\$ 239	\$ 239
Other financing sources - Transfers in	-	1,792	1,792
<b>Changes in fund deficit</b>	<b>\$ -</b>	<b>2,031</b>	<b>\$ 2,031</b>
Fund balance (deficit), beginning of the year		<b>(2,031)</b>	
Fund balance, end of the year		<b>\$ -</b>	

See independent auditor's report.

**Salt Creek Sanitary District, Villa Park, Illinois**  
**Notes to Supplementary Information**

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**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, which does not differ materially from accounting principles generally accepted in the United States of America.