

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

For the Year Ended April 30, 2021

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

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Pehlman & Dold, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Joseph B. Dold, C.P.A., Retired
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July 23, 2021

Board of Trustees
Sangamon County Water Reclamation District
Springfield, Illinois

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Sangamon County Water Reclamation District, Springfield, Illinois (the "District"), as of and for the year ended April 30, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Sangamon County Water Reclamation District, Springfield, Illinois, as of April 30, 2020, and the respective changes 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.

Other Matters

Required Supplementary Information

The required supplementary information relative to the Illinois Municipal Retirement Fund defined benefit plan, and the post-employment benefit other than a pension, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 regarding the methods of measurement and presentation of the supplementary information. 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 made for the purpose of forming opinions on the financial statements that collectively comprise the Sangamon County Water Reclamation District, Springfield, Illinois' basic financial statements. The accompanying financial information listed as "*Other Supplemental Data*" in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021 on our consideration of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting and compliance.

Respectfully submitted,

PEHLMAN & DOLD, P.C.

PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

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July 23, 2021

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Springfield, Illinois

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the Sangamon County Water Reclamation District, Springfield, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the Sangamon County Water Reclamation District, Springfield, Illinois' basic financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangamon County Water Reclamation District, Springfield, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the Sangamon County Water Reclamation District, Springfield, Illinois' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangamon County Water Reclamation District, Springfield, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

PEHLMAN & DOLD, P.C.

PEHLMAN & DOLD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
SPRINGFIELD, ILLINOIS

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

STATEMENT OF NET POSITION
April 30, 2021

ASSETS

Current assets:

Cash	\$ 2,539,784
Receivables:	
Sewer service charges	2,430,352
Property taxes	3,212,675
Replacement taxes	139,872
U.S. Treasury	701,770
Prepaid expenses	102,797
Restricted assets:	
Cash and investments	<u>9,449,333</u>

Total current assets 18,576,583

Non-current assets:

Capital assets not being depreciated:	
Land	852,859
Construction in progress	526,257
Capital assets, net of accumulated depreciation:	
Property, plant and equipment	<u>270,571,259</u>
Total capital assets	<u>271,950,375</u>

Low pressure receivables 120,650

Total noncurrent assets 272,071,025

Total assets 290,647,608

LIABILITIES

Current liabilities:

Accounts payable	496,281
Accounts payable outlay	315,206
Accrued vacation and payroll	1,984,202
Accrued interest payable	1,885,536
Current portion of Illinois Environmental Protection Agency	2,488,176
Current portion of bonds payable	<u>1,425,000</u>
Total current liabilities	<u>8,594,401</u>

Non-current liabilities:

Bonds payable	174,275,000
Illinois Environmental Protection Agency	
wastewater treatment loans	27,235,507
Net post-employment benefit obligations	<u>12,998,918</u>
Total non-current liabilities	<u>214,509,425</u>

Total liabilities 223,103,826

DEFERRED INFLOWS OF RESOURCES

Deferred property taxes	3,212,675
Deferred gain on refunding	7,176,544
Deferred pension and OPEB adjustments	<u>1,861,833</u>

Total deferred inflows of resources 12,251,052

NET POSITION

Net investment in capital assets	146,571,692
Restricted – capital projects	4,392,939
Unrestricted	<u>(95,671,901)</u>

Total net position \$ 55,292,730

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended April 30, 2021

Operating Revenues	
Sewer service charge	\$25,057,602
Sewer permits	132,865
Special waste fees	208,756
Lab fees	13,000
Low pressure system payments	7,110
Annexation fees	<u>400</u>
Total operating revenues	<u>25,419,733</u>
Operating Expenses	
Plant operations	9,305,795
Pump station	1,058,497
Sewer operations	891,494
Management and administration	5,774,483
Depreciation	<u>5,820,198</u>
Total operating expenses	<u>22,850,467</u>
Operating income	<u>2,569,266</u>
Non-operating Revenues (Expenses)	
Property taxes	3,130,856
Federal sources – Build America Bonds	1,417,356
State sources – COVID relief	250,000
Illinois replacement taxes	498,630
Interest income	611,214
Rental income	18,408
Refunds, reimbursements, and miscellaneous	1,341
Interest expense	(9,634,616)
Bond fees	<u>(6,900)</u>
Total non-operating revenues (expenses)	<u>(3,713,711)</u>
Change in Net Position	<u>(1,144,445)</u>
Net Position	
Beginning of year	<u>56,437,175</u>
End of year	<u>\$55,292,730</u>

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

STATEMENT OF CASH FLOWS
For the Year Ended April 30, 2021

Net Cash Flows from Operating Activities:	
Cash received from customers and users	\$25,300,468
Payments to suppliers	(10,963,267)
Payments to employees	(6,172,811)
Net cash provided by operating activities	<u>8,164,390</u>
Net Cash Flows from Non-Capital Financing Activities:	
Property tax receipts	3,130,856
Illinois replacement tax receipts	412,420
Federal and state receipts	1,679,655
Refunds, reimbursements, and miscellaneous	1,341
Net cash provided by non-capital financing activities	<u>5,224,272</u>
Net Cash Flows from Capital and Related Financing Activities:	
Principal payments on long-term debt	(20,005,484)
Bond expenses	(6,900)
Interest paid	(9,921,630)
Acquisition and construction of capital assets	(3,645,622)
Net cash used by capital and related financing activities	<u>(33,579,636)</u>
Net Cash Flows from Investing Activities:	
Interest income	385,062
Rental income	18,408
Net cash provided by investing activities	<u>403,470</u>
<i>Net decrease in cash or cash equivalents</i>	(19,787,504)
Cash or cash equivalents – May 1, 2021	<u>31,776,621</u>
Cash or cash equivalents – April 30, 2021	<u>\$11,989,117</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,569,266
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation	5,820,198
<i>Change in operating assets and liabilities:</i>	
Decrease in receivables	(206,223)
Increase in accounts payable	101,366
Increase in accrued vacation and payroll	334,452
Increase in prepaid expenses	1,927
Decrease in OPEB obligations	(456,596)
Net cash provided by operating activities	<u>\$ 8,164,390</u>

The Notes to the Financial Statements are an integral part of this statement.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS
April 30, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sangamon County Water Reclamation District, Springfield, Illinois (the "District") is a municipal corporation governed by a Board of Trustees consisting of five individuals who are appointed by the Chairman of the Sangamon County Board. Revenues consist primarily of property taxes and charges for services to customers living within an area of 165 square miles, of which the City of Springfield occupies about two-thirds. The District's revenues are therefore dependent on the economy within its territorial boundaries. Industry within the District's customer base is primarily state and local government, health care, and retail.

Adoption of New Accounting Standards:

Effective May 1, 2004, the District adopted Governmental Accounting Standards (GASB) Board Statement No. 34, *Financial statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. The primary impact of adopting the statements included capitalization of infrastructure (sewer lines) capital assets, changing the presentation of fund equity, and changing the presentation of the cash flow statement from the indirect method to the direct method. Also, as part of the adoption of the new standards, the District chose to account for all of its various fund's activity and balances as a single business-type proprietary fund special purpose government entity.

Financial reporting information pertaining to the District's participation in the Illinois Municipal Retirement Fund is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant of such policies.

Reporting Entity:

For financial reporting purposes, in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, the District is a primary government in that it is a district with the authority to set and amend its budget, levy for taxes, set rates for charges, and issue bonded debt without approval from another government.

The District has developed criteria to determine whether outside agencies, such as cities, districts, and townships, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility on the following:

- Financial interdependency*
- Selection of governing authority*
- Designation of management*
- Ability to significantly influence operations*
- Accountability for fiscal matters*
- Scope of public service*
- Special financing relationship*

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements.

Government-Wide Financial Statement Presentation and Basis of Accounting:

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

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide Financial Statement Presentation and Basis of Accounting: - continued

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

The District recognizes user charge revenues when the service is provided. Monthly cycle billing is utilized for all users. Unbilled receivables have been estimated at April 30. User charge rates are intended to generate revenues equivalent to estimated operating and replacement costs.

Service charges, permits, annexation fees, lab fees, and other miscellaneous revenues (except interest earnings) are recorded as revenues when received because they are generally not measurable until actually received. Interest earnings are recorded as earned since they are measurable and available.

Restricted Assets:

Restricted assets are cash and cash equivalents whose use is limited by legal requirements or board designation. Restricted cash represents the cash balances reserved for capital improvements, public benefit, sewer rehabilitation and replacement, special assessment debt, and bond and interest payments.

Capital Assets:

Public domain property (sewers) and other capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than \$1,000. The District capitalizes interest expense on funds used during construction of major projects. Bond costs discounts and premiums are amortized/accreted on a straight line basis over the useful life of the bond. Depreciation is provided using the straight-line method over the following estimated lives:

	<u>Years</u>
Land improvements	50-100
Buildings	100
Equipment, vehicles, and machinery	30-50
Sewer system	75

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

Compensated Absences:

It is the District's policy to permit employees to accumulate earned but unused sick, personal, holiday and compensatory pay benefits. One sick day is earned per month, and a maximum of 80 days may be carried over into the next year. Three personal leave days are credited to an employee at the first of the year and may be carried over into the next year with no maximum to the amount carried. Holiday leave time is earned when an employee works on a holiday as determined by the District. Holiday time may be accumulated and carried over to the next year. Employees may earn compensatory time in lieu of overtime pay for overtime worked. Employees are allowed to carry a maximum of 120 hours at any time. Upon termination of employment with the District, an employee's accumulated compensated absences balance, excluding sick time, is fully vested and payable at the employee's current pay rate. Sick leave is only paid to employees who have five or more years of service with the District and the termination is in good standing.

SANGAMON COUNTY WATER RECLAMATION DISTRICT

Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences: - continued

Employees receive vacation time based on their prior year service. Vacation days are given to employees on January 1st and they have sixteen months to use it. Any unused time is lost. Upon termination employees are paid for current unused time as well as time earned in the current year for the following year.

Deferred Inflows and Outflows of Resources:

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue from property taxes as deferred in its Statement of Net Position. These amounts are deferred and recognized as revenue in the period that the amounts become available. The District also recognizes deferred inflows related to a gain on refunding. This amount will be amortized over the life of the debt.

Reservations of Net Position:

The District records reservations for portions of net position which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure. Unrestricted net position indicates that portion of net position, which is available for appropriations, in future periods. Net position reserves have been established for encumbrances in capital projects and for future debt service.

Use of Estimates:

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

Sewer Service Charges Receivable:

A majority of the sewer service charges receivable is billed and collected by other governmental agencies and then remitted to the District. The governmental agencies each have a separate collection policy. All of sewer service charges receivable are deemed collectible.

Cash and Cash Equivalents:

For purposes of reporting cash flows, the District considers all cash accounts that are not subject to withdrawal restrictions or penalties, and certificates of deposit with original maturities of 1 year or less, to be cash or cash equivalents.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 2. DEPOSITS AND INVESTMENTS

Statutes permit the District to make deposits/invest in obligations of the United States Government, direct obligations of any bank as defined by the Illinois Banking Act, short-term obligations of United States corporations, subject to certain conditions, money market mutual funds with portfolios limited to U.S. Government obligations, credit union shares, the Illinois Public Treasurer's Investment Pool (IPTIP) and repurchase agreements, subject to certain conditions.

All funds of the District must be deposited and invested according to these statutes. Depository banks use the Dedicated Method of collateralization, placing approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

The following is disclosed regarding coverage as of April 30, 2021.

- a) The total amount of FDIC coverage as of April 30, 2021 was \$1,500,000
- b) Dedicated Method: The market value of securities pledged was \$16,729,256

At April 30, 2019, deposits and investments of the District consist of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Petty cash	\$ 400	\$
Cash in bank	7,052,449	7,243,646
Money Market Account	94,480	94,480
Certificate of Deposit	4,841,788	4,841,788
	<u>\$11,989,117</u>	<u>\$12,179,914</u>

Investment Policies:

- Interest Rate Risk: The District has no formal policy on interest rate risk. This is the risk that changes in market interest rates will adversely affect the fair market value of an investment. In general, the longer the maturity, the greater the chance that interest rate changes will adversely affect the investment. The District currently has zero exposure to interest rate risk.
- Custodial Credit Risk: The District has no formal policy on custodial credit risk. This is the risk that in the event of the failure of the counterparty (ie: financial institution) to a transaction, a government will not be able to recover the value of its deposits or investments or collateral securities that are in the possession of another party. As of April 30, 2021, the District's deposits and investments were all insured and collateralized.
- Credit Risk: The District has no formal policy on credit risk. Generally, credit risk is the risk that an issuer of a debt type investment 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. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure.
- Concentration Risk: The District's Board places no limit on the amount that can be invested with any single issuer. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. Two of the Districts investments are more than 5%, or \$242,089:

Hickory Point Bank	\$ 4,574,723	94.48%
TBK Bank, SSB	246,000	5.08%

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 2. DEPOSITS AND INVESTMENTS

At April 30, 2021, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years				Rating
		Less than 1	1 to 5	6 to 10	More than 10	
Certificates of deposit	\$ 4,841,788	519,921	4,321,867			Unrated

Note 3. PROPERTY TAXES

The District's ad valorem property tax was levied by ordinance on May 26, 2020 on the assessed value listed and attached as an enforceable lien as of the prior January 1 for all real and business property located in the District. Taxes levied in one year become due and payable in two installments in June and September during the following year. Substantial collections of real estate taxes are typically received July through October.

The District accounts for property taxes using requirements that taxes relating to the current budget be recognized as revenue currently; and a property tax assessment made during the current year for the purpose of and relating to the following fiscal period budget be recorded as receivable and the related revenue deferred to the period for which it was levied.

The 2019 tax levy is reflected as revenue in the fiscal year ending April 30, 2021. Forfeited, objected, and delinquent tax distributions are recognized as revenues when collected.

Property taxes levied in 2020 to be collected in 2021 have been recognized as assets (property taxes receivable) and deferred inflows as these taxes have been matched to be used in the 2021 budget.

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

	Levy Year	
	2020	2019
General	.0502	.0498
Illinois Municipal Retirement Fund	.0283	.0272
Sewer Treatment	.0084	.0084
Social Security	.0158	.0147
Total	.1027	.1001
Assessed valuation	\$3,128,213,230	\$3,107,404,151

Note 4. SHORT-TERM DEBT

In March 2019, the District approved ordinance No. 2019-4 authorizing a short-term line of credit with Illinois National Bank up to \$1,000,000. The loan was used to cover operating expenses and was needed due to the lag of payments from the State of Illinois. The line of credit originally matured on March 19, 2020 and carried an interest rate of 5%. In March 2020, the loan was renewed with the new maturity date of March 19, 2021. As of April 30, 2021, the loan was fully repaid.

Changes in short-term debt are as follows:

	Balance April 30, 2020	Proceeds	Payments	Balance April 30, 2021
INB Line of Credit	\$443,834	\$	\$443,834	\$

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 5. CAPITAL ASSETS

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

	Balances April 30, 2020	Additions	Deletions	Transfers	Balances April 30, 2021
<i>Capital Assets not being Depreciated:</i>					
Land	\$ 852,859	\$	\$	\$	\$ 852,859
Construction in progress	<u>337,194</u>	<u>189,063</u>	<u></u>	<u></u>	<u>526,257</u>
Total non-depreciable capital assets	<u>\$ 1,190,053</u>	<u>\$ 189,063</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,379,116</u>
<i>Capital Assets being Depreciated:</i>					
Land improvements	\$ 1,884,428	\$ 503,035	\$	\$	\$ 2,387,463
Buildings	140,663,671	889,836			141,553,507
Equipment, vehicles, and machinery	73,953,167	1,880,431			75,833,598
Sewer system	<u>115,828,903</u>	<u>358,391</u>	<u></u>	<u></u>	<u>116,187,294</u>
Total depreciable capital assets	<u>\$332,330,169</u>	<u>\$ 3,631,693</u>	<u>\$</u>	<u>\$</u>	<u>\$335,961,862</u>
<i>Less Accumulated Depreciation:</i>					
Land improvements	\$ 563,546	\$ 63,253	\$	\$	\$ 626,799
Buildings	9,462,073	1,889,549			11,351,622
Equipment, vehicles, and machinery	17,206,686	1,971,901			19,178,587
Sewer system	<u>32,338,100</u>	<u>1,895,495</u>	<u></u>	<u></u>	<u>34,233,595</u>
Total accumulated depreciation	<u>\$ 59,570,405</u>	<u>\$ 5,820,198</u>	<u>\$</u>	<u>\$</u>	<u>\$ 65,390,603</u>
Total capital assets	<u>\$273,949,817</u>	<u>\$ 1,999,442</u>	<u>\$</u>	<u>\$</u>	<u>\$271,950,375</u>

Total interest on long-term debt associated with the acquisition or construction of capital assets expensed during the year ended April 30, 2021 was \$7,503,776. No interest was capitalized as construction in progress for major projects during the current fiscal year.

Note 6. LONG-TERM LIABILITIES

Loans Payable:

Illinois Environmental Protection Agency Revolving Loans:

- (a) On September 21, 2009, the District was granted a wastewater treatment works loan, under the provision of the Environmental Protection Act, in the amount of \$20,000,000 at zero percent interest. In order to secure this loan, the District authorized the issuance of the Series 2009D Subordinate Lien Bonds. \$10,000,000 of eligible costs were funded by the Water Pollution Control Loan Program and will be required to be repaid fully. The other \$10,000,000 of eligible costs was funded under the American Recovery and Reinvestment Act of 2009, of which only \$5,000,000 will be required to be repaid.

Principal payments of \$375,000 payments began April 2012 and are due each April and October through 2031. The balance of the loan at April 30, 2021 was \$7,875,000. The \$5,000,000 of loan forgiveness was included in non-operating income for fiscal year 2012. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Loans Payable: - continued

Illinois Environmental Protection Agency Revolving Loans: - continued

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$ 750,000	\$	\$ 750,000
April 30, 2023	750,000		750,000
April 30, 2024	750,000		750,000
April 30, 2025	750,000		750,000
April 30, 2026	750,000		750,000
April 30, 2027-2032	<u>4,125,000</u>		<u>4,125,000</u>
Total	\$ <u>7,875,000</u>	\$	\$ <u>7,875,000</u>

- (b) On July 28, 2010, the District was granted a \$20,000,000 loan from the Illinois Environmental Protection Agency, pursuant to the Environmental Protection Act, from the Water Revolving Fund. In order to secure this loan, the District authorized the issuance of the Series 2010C Subordinate Lien Bonds. The loan has a fixed interest rate of 1.25% and was used to construct Phase III of a four-phased new wastewater treatment plant. \$20,000,000 of eligible costs were funded from the Water Pollution Control Loan Program, of which \$2,500,000 was forgiven and was recognized as non-operating income for fiscal year 2012. Payments began May 1, 2012 and continue through November 1, 2031. The balance of the loan at April 30, 2021 was \$9,799,201. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A and 2009E Bonds, and the 2011A Bonds the 2010A and 2010B Bonds.

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$ 878,999	\$ 119,752	\$ 998,751
April 30, 2023	890,021	108,730	998,751
April 30, 2024	901,181	97,570	998,751
April 30, 2026	912,481	86,270	998,751
April 30, 2026	923,923	74,828	998,751
April 30, 2027-2032	<u>5,292,596</u>	<u>200,533</u>	<u>5,493,129</u>
Total	\$ <u>9,799,201</u>	\$ <u>687,683</u>	\$ <u>10,486,884</u>

- (c) As of June 30, 2011 the Sangamon County Water Reclamation District, Springfield, Illinois was approved for a loan from the Water Pollution Control Loan Program in the amount of \$20,000,000 at a 1.25% simple annual interest rate. In accordance with the procedures for issuing loans from the Water Pollution Control Loan Program Title 35 Illinois Administration Code 365.260 \$2,500,000 of the loan amount will be forgiven by the State of Illinois.

In order to secure this loan, the District authorized the issuance of the Series 2011B Subordinate Lien Bonds. The proceeds of the loan will be used in the construction of Phase IV of the new Spring Creek Wastewater Treatment Plant. The \$2,500,000 of loan forgiveness was included in nonoperating income for the fiscal year 2013. The balance of the loan at April 30, 2021 was \$12,049,482. Repayment of the loan is secured by a lien on the net revenue of the District subordinate to the pledge of revenues that has been granted to the 2009A, 2009E, 2010A, 2010B, and 2011A Bonds.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Illinois Environmental Protection Agency Revolving Loans: - continued

The following is the future payment obligations on the Illinois Environmental Protection Agency loan:

Loans Payable: *continued*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$ 859,177	\$ 147,941	\$ 1,007,118
April 30, 2023	869,950	137,168	1,007,118
April 30, 2024	880,858	126,260	1,007,118
April 30, 2025	891,903	115,215	1,007,118
April 30, 2026	903,087	104,032	1,007,119
April 30, 2027-2031	4,688,159	347,433	5,035,592
April 30, 2032-2034	<u>2,956,348</u>	<u>65,007</u>	<u>3,021,355</u>
Total	<u>\$12,049,482</u>	<u>\$1,043,056</u>	<u>\$13,092,538</u>

Bond Issues:

- (a) Sangamon County Water Reclamation District, Springfield, Illinois issued General Obligation Bonds (Alternate Revenue Source), Series 2009-A, in the amount of \$18,800,000 for the purpose of redeeming in full the District's Sewer Revenue Bonds, Series 2007, and also to pay for capital improvements including engineering studies on the District's combined sewer overflows, and to pay interest and other costs related to the issuance of these bonds. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the board on June 30, 2009 and the Series 2009A Bond Ordinance adopted June 30, 2009. Principal payments ranging from \$490,000 to \$870,000 are due each January 1 from 2011 to 2039. The bonds carry interest rates ranging from 3.00% to 5.25% and shall pay interest semiannually on January 1 and July 1. The 2009A Bonds are secured and payable from a lien on the net revenues of the District that is subordinate to the lien of any Senior Lien Bonds that may be issued under the master bond ordinance, including the 2010A, 2010B, and 2011A Bonds. The 2009A Bonds are additionally payable from a levy of ad valorem property taxes if net revenues are not sufficient to pay the bonds. The bond was fully repaid during the current fiscal year using the proceeds of the 2019 A and B General Obligation (Alternate Revenue Source) Project and Refunding Bonds.
- (b) Sangamon County Water Reclamation District, Springfield, Illinois issued \$38,860,000 taxable General Obligation Bonds, Series 2009E, for the purposes of paying for the construction costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, and to pay for the interest and costs related to the issuance of this bond. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the Board on June 30, 2009 and the Series 2009E Bond ordinance adopted September 20, 2009. The bonds are dated October 28, 2009 carry an interest rate of 6.22% and mature January 1, 2049. Principal payments ranging from \$2,365,000 to \$2,675,000 are due each January 1 from 2037 to 2049. The bonds shall pay interest semiannually on January 1 and July 1. The 2009E Bonds are issued on parity with the 2009A Bonds and are secured and payable from a lien on the net revenues of the District that is subordinate to the lien of any Senior Lien Bonds that may be issued under the Master Bond Ordinance, including the 2010A, 2010B, and 2011A Bonds. The 2009E Bonds are additionally payable from a levy of ad valorem property taxes if net revenues are not sufficient to pay the bonds. The District elected to issue the 2009E Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue. The Budget Control Act of 2011 allows the United States Government to sequester portions of the reimbursement through federal fiscal year 2021. The percentage reduction for federal fiscal year 2016 is 6.9%, making the reimbursement 32.59%.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Bond Issues:

The following is future payment obligations on the bonds, Series 2009E (before any interest reimbursement):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$	\$ 2,417,092	\$ 2,417,092
April 30, 2023		2,417,092	2,417,092
April 30, 2024		2,417,092	2,417,092
April 30, 2025		2,417,092	2,417,092
April 30, 2026		2,417,092	2,417,092
April 30, 2027 – 2031		12,085,460	12,085,460
April 30, 2032 – 2036		12,085,460	12,085,460
April 30, 2037 – 2041	13,095,000	10,529,216	23,624,216
April 30, 2042 – 2046	16,045,000	6,095,600	22,140,600
April 30, 2047 – 2049	<u>9,720,000</u>	<u>1,151,322</u>	<u>10,871,322</u>
Total	<u>\$38,860,000</u>	<u>\$54,032,518</u>	<u>\$92,892,518</u>

- (c) Sangamon County Water Reclamation District, Springfield, Illinois issued \$37,140,000 Sewer Revenue Taxable Senior Lien Bonds, Series 2010A (Build America Bonds), and \$3,065,000 Sewer Revenue Bonds, Series 2010B dated April 27, 2010, for the purposes of paying for a portion of the costs for a new treatment plant and facilities upgrade at the District's Spring Creek site, for the redemption of the District's outstanding 2009B and 2009C bond series, to fund debt service reserve funds with respect to the 2010 bonds, and to pay interest and costs related to the issuance of these bonds. The bonds were issued pursuant to an authorizing ordinance duly adopted by the Board of Trustees on November 28, 2008 and January 26, 2010, a master bond ordinance duly adopted by the Board on June 30, 2009 and the Series 2010 Bond Ordinance adopted March 30, 2010. Principal payments ranging from \$255,000 to \$2,510,000 are due each January 1 from 2011 to 2036. The bonds carry varying interest rates from 4.098-6.498% for the 2010A Series and 2.50-4.00% for the 2010B Series. The bonds shall pay interest semiannually on January 1 and July 1. The 2010A and 2010B bonds are secured and payable from a lien on the net revenues of the District as defined in the Master Bond Ordinance. The District elected to issue the 2010A Bonds as taxable "Build America Bonds" under which, subject to compliance with applicable federal tax regulations, the District will be eligible to receive reimbursement from the United States Government for 35% of the interest expense of the issue. The Budget Control Act of 2011 allows the United States Government to sequester portions of the reimbursement through federal fiscal year 2021. The percentage reduction for federal fiscal year 2016 is 6.9%, making the reimbursement 32.59%.

The following is future payment obligations on the bonds, Series 2010A&B (before any interest reimbursement):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$ 1,425,000	\$ 1,835,417	\$ 3,260,417
April 30, 2023	1,480,000	1,748,335	3,228,335
April 30, 2024	1,540,000	1,657,892	3,197,892
April 30, 2025	1,600,000	1,563,783	3,163,783
April 30, 2026	1,665,000	1,466,006	3,131,006
April 30, 2027 – 2031	9,425,000	5,638,039	15,063,039
April 30, 2032 – 2036	<u>11,580,000</u>	<u>2,319,461</u>	<u>13,899,461</u>
Total	<u>\$28,715,000</u>	<u>\$16,228,933</u>	<u>\$44,943,933</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Bond Issues: - continued

- (d) Sangamon County Water Reclamation District, Springfield, Illinois issued Senior Lien Revenue Bonds, Series 2011-A, in the amount of \$20,120,000 for the purpose of paying a portion of the costs of the Spring Creek Wastewater Treatment Plant (including but not limited to Phase IV), funding reserve accounts for the Series 2011A Bonds, and paying the costs of issuing the Series 2011A Bonds. The bonds were issued pursuant to an authorizing ordinance adopted by the Board of Trustees on January 27, 2009, a master bond ordinance adopted by the Board on June 30, 2009 a Revenue Bond Authorizing Ordinance adopted February 22, 2011, and the Series 2011A Bond Ordinance adopted July 26, 2011. The bonds carry varying interest rates ranging from 2.5-5% and shall pay interest semiannually on January 1 and July 1. The bond series was fully paid in the current year.
- (e) Sangamon County Water Reclamation District, Springfield, Illinois issued General Obligation (Alternative Revenue Source) and Taxable General Obligation (Alternative Revenue Source) Bonds, Series 2015A and 2015C in the amount of \$24,995,000. The proceeds of the 2015A bonds are expected to be used to finance certain capital improvements in the District including a portion of the costs of the construction of a new Sugar Creek Wastewater Treatment Plant as well as fund interest payments and refund outstanding bonds. The proceeds of the 2015C Bonds are to be used to fund debt service reserve funds for the IEPA loans as well as pay issuance costs and fund interest payments. The bonds are being issued pursuant to an authorizing ordinance adopted by the Board of Trustees of the District on February 24, 2015, a master bond ordinance adopted by the Board on June 30, 2009, and the Bond ordinances adopted on June 30, 2015. The bonds are payable from the net revenues of the System and ad valorem taxes levied within the District. The bonds carry varying interest rates from 4.125% to 5.75%. Semi-annual interest payments are due each July 1 and January 1, with principal repayment beginning in 2033.

The following is the future payment obligations on the bonds, Series 2015A & C:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$	\$ 1,284,905	\$ 1,284,905
April 20, 2023		1,284,905	1,284,905
April 30, 2024		1,284,905	1,284,905
April 30, 2025		1,284,905	1,284,905
April 30, 2026		1,284,905	1,284,905
April 30, 2027 – 2031		6,424,525	6,424,525
April 30, 2032 – 2036	2,270,000	6,254,745	8,524,745
April 30, 2037 – 2041	4,620,000	5,472,464	10,092,464
April 30, 2042 – 2046	6,220,000	4,333,126	10,553,126
April 30, 2047 – 2051	8,005,000	2,548,112	10,553,112
April 30, 2052 – 2053	<u>3,880,000</u>	<u>337,813</u>	<u>4,217,813</u>
Total	<u>\$24,995,000</u>	<u>\$31,795,310</u>	<u>\$56,790,310</u>

- (f) Sangamon County Water Reclamation District, Springfield, Illinois issued General Obligation (Alternative Revenue Source) Project and Refunding Bonds, Series 2019A in the amount of \$83,130,000. The proceeds of the bonds are to be used to refund several outstanding loans and bond issues as well as fund capital projects. A portion of the proceeds of the 2019A Bonds are to be used to fund debt service reserve funds. The bonds are being issued pursuant to an authorizing ordinance adopted by the District Board of Trustees on February 2, 2015, a master bond ordinance adopted by the Board on June 30, 2009, and Bond Ordinance No. 2019-16 (2019 series) approved on July 30, 2019. The bonds are payable from the net revenues of the district and ad valorem taxes levied within the District. The bonds carry varying interest rates from 2.507% to 4.000% with annual payments due every March 30 ending in 2049.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Bond Issues: - continued

The following is the future payment obligations on the bonds, Series 2019A:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30, 2022	\$	\$ 3,226,783	\$ 3,226,783
April 20, 2023		3,226,783	3,226,783
April 30, 2024	120,000	3,226,783	3,346,783
April 30, 2025	160,000	3,223,774	3,383,774
April 30, 2026	195,000	3,219,763	3,414,763
April 30, 2027 – 2031	1,665,000	16,002,154	17,667,154
April 30, 2032 – 2036	11,650,000	15,367,900	27,017,900
April 30, 2037 – 2041	21,085,000	12,462,977	33,547,977
April 30, 2042 – 2046	26,875,000	7,693,000	34,568,000
April 30, 2047 - 2049	<u>21,380,000</u>	<u>1,786,400</u>	<u>23,166,400</u>
Total	\$83,130,000	\$69,436,317	\$152,566,317

Postemployment Benefits Other Than Pensions (OPEB):

Plan Description. The District administers a single-employer defined benefit healthcare plan. Both members of the collective Bargaining Agreement of the Sangamon County Water Reclamation District, Springfield, Illinois and non-union employees are eligible for post-retirement medical coverage. For retirement benefits, the employee must have worked at least 8 years and must be at least 55 years old. Special arrangements may be made under an Early Retirement incentive program. Special subsidies are available for long service employees, as described below.

Benefit Provisions. The Sangamon County Water Reclamation District offers a special retirement subsidy for employees who retire after age 55 with 8 years of service. The District will pay 50% of the full blended premium cost for single coverage. If the employee has over 20 years of service, the District will pay 75% of the full blended premium cost for single coverage. If the employee has over 30 years of service, the District will pay the entire full blended premium cost for single coverage.

Retirees may elect to cover themselves and their spouses, as long as the spouse had been covered for at least one year before the employee retired. The retiree must pay the difference between the "Employee plus spouse" rate and the "Employee only" rate.

Retirees are covered under the post-retirement medical benefit for their natural lives. Spouses of retirees may be covered under the plan as long as the retiree lives, plus 18 additional months ("COBRA coverage") as long as the premiums are paid.

Funding Policy. The current funding policy is to pay post-retirement, medical and insurance benefits for premiums as they occur. The funding policy of the District may be amended by the Board.

Net OPEB (Asset) Liability. The District's net OPEB (asset) liability was measured as of April 30, 2021. The total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date.

- *Actuarial Assumptions*

. The following are the methods and assumptions used to determine total pension liability at April 30, 2021:

- The **Actuarial Cost Method** used was Entry Age Normal (level % of salary).
- The **Asset Valuation Method** used was Market Value of Assets. (The plan is unfunded)
- The plan is unfunded; assets are not assumed to accumulate in a trust or earn any material return.
- The **Inflation Rate** was assumed to be 2.0%.
- **Projected Salary Increases** were expected to be 2.0%.
- For **Mortality**, PUB-2010 Total Data Set Headcount-weighted mortality base table from General Population Table, generationally projected with scale MP-2020.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

- For **Turnover**, 80% of the Vaughn ultimate table; 100% of the Vaughn select rates for the first three years of employment (50%, 30%, 20% respectively). Sample ultimate rates:

<u>Age</u>	<u>Rate</u>
25	10.88%
30	8.08%
35	6.32%
40	5.20%
45	4.40%
50	3.60%
55 & above	0.00%

- **Retirement Rates** were calculated specifically for the District.

<u>Age</u>	<u>Rate</u>
55	15%
56	6%
57	12%
58	12%
59	8%
60	10%
61	25%
62	25%
63	25%
64	10%
65	33%
66-69	50%
70	100%

- **Discount Rate** is 2.25 (previously 2.56%)

The discount rate used for the GASB calculations is equal to the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

- 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Investment Rate of Return shown above, and
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

For this purpose, the municipal bond rate is based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade (Aa) Rate Index as reported by WM Financial Strategies as of the measurement date.

As of the current valuation date, the Municipal Bond Rate is 2.25.

Because this plan is unfunded, all future benefit payments are discounted at the Municipal Bond Rate.

- **No Expense.**
- For **Spousal Participation Rate**, 60% of current male Active Employees will be married at retirement; 50% of current female Active Employees will be married. Male spouses are assumed to be two years older than female spouses.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

- For the **Health Care Trend Rate**, Pre-Medicare was based on the 2020 Getzen Model, published by the Society of Actuaries, with an initial rate of 4.7%, trending down to an ultimate rate of 3.5% over 50 years.
 Post-Medicare trend is 3.5% in all years.
- For **Amortization Method**, straight-line, closed amortization (layered bases) over average expected service to full eligibility for all participants (actives and retirees).
- For **Participation Rate**, 100% of current Active Employees eligible to participate in the post-retirement medical plan will do so.
- For **Medical Costs**, insurance rates were provided by the Office Supervisor of the District for retirees. Rates for the current valuation are summarized in the following table:

	Pre Medicare		Post Medicare	
	<u>Participant</u>	<u>Spouse</u>	<u>Participant</u>	<u>Spouse</u>
LCHP	\$1,010	\$929	\$747	\$688
LCDHP	808	743	598	550
Aetna HMO	1,020	938	755	694
Blue Advantage HMO	900	828	666	613
Health Alliance HMO	990	911	733	673
HMO Illinois	909	836	673	618
Healthlink OAP	1,044	960	773	710
Aetna OAP	953	877	705	649
BCBS OAP	913	840	676	621

- For **Aging Factors**, there is an implicit subsidy for retiree and spousal costs because the costs were developed by combining older, more costly employees, with younger ones.

Aging factors are applied to composite rates shown above to determine liability, Sample factors are shown below

For the District's medical plans, the following factors are applicable:

<u>Age</u>	<u>Medical (unisex)</u>
55	1.409
60	1.673
64	1.920
65	0.766
70	0.889
75	1.030
80	1.194
85	1.384
90	1.605

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

• **Changes in Net OPEB (Asset) Liability.**

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB (Asset) Liability (A) - (B)
Balance April 30, 2020	\$12,928,356	\$	\$12,928,356
Changes for the year:			
Service Cost	752,945		752,945
Interest on Total OPEB Liability	336,249		336,249
Changes in Benefit Terms			
Difference between Expected and Actual Experience	(2,189,624)		(2,189,624)
Changes of Assumptions	2,071,904		2,071,904
Contributions – Employer		340,172	(340,172)
Contributions – Employees			
Net Investment Income			
Benefit Payments including Refunds	(340,172)	(340,172)	
Other (net transfer)			
Net Changes	<u>631,302</u>		<u>631,302</u>
Balance April 30, 2021	<u>\$13,559,658</u>	<u>\$</u>	<u>\$13,559,658</u>

• **Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate.**

The following presents the plan's net OPEB (asset) liability, calculated using a Discount Rate of 2.56%, as well as what the plan's OPEB (asset) liability would be if it were calculated using a Discount Rate that is 1% lower or 1% higher:

	1% Lower (1.25%)	Current Discount (2.25%)	1% Higher (3.25%)
Net OPEB Liability	\$16,335,559	\$13,559,658	\$11,402,009

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

For the year ended April 30, 2021, the District recognized OPEB expense of \$340,172. At April 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflow of Resources - Net</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods:	
Differences between expected and actual experience	\$(1,079,253)
Changes of assumptions	<u>1,744,120</u>
Total Deferred amounts related to OPEB	<u>\$ 664,867</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Postemployment Benefits Other Than Pensions (OPEB): - continued

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

Year Ending <u>April 30</u>	Net Deferred Inflows <u>of Resources</u>
2022	\$ 135,320
2023	135,320
2024	181,298
2025	154,862
2026	<u>58,067</u>
Total	\$ <u>664,867</u>

Illinois Municipal Retirement Fund Pension Plan

- ***Plan Description.***

Sangamon County Water Reclamation District's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund ("IMRF"), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

- ***Benefits Provided***

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any of the 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

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

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

- **Employees Covered by Benefit Terms.**

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	90
Inactive Plan Members entitled to but not yet receiving benefits	11
Active Plan Members	<u>75</u>
Total	<u>176</u>

- **Contributions.**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2020 was 14.11%. For the fiscal year ended April 30, 2021, the District contributed \$1,247,915 to the plan. The District also contributed for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

- **Net Pension (Asset) Liability.**

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

- **Actuarial Assumptions.**

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

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- There were no benefit changes during this year.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan - continued

• **Single Discount Rate.**

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (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 7.25%, the municipal bond rate is 2.0%, and the resulting single discount rate is 7.25%.

• **Changes in Net Pension (Asset) Liability.**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(A)	(B)	(A) - (B)
Balance December 31, 2019	\$33,748,507	\$31,242,864	\$2,505,643
Changes for the year:			
Service Cost	612,266		612,266
Interest on Total Pension Liability	2,389,809		2,389,809
Changes in Benefit Terms			
Difference between Expected and Actual Experience of Total Pension Liability	28,518		28,518
Changes of Assumptions	(255,864)		(255,864)
Contributions – Employer		852,810	(852,810)
Contributions – Employees		301,264	(301,264)
Net Investment Income		4,662,700	(4,662,700)
Benefit Payments including Refunds	(2,183,520)	(2,183,520)	
Other (net transfer)		24,338	(24,338)
Net Changes in NPL(A)	591,209	3,657,592	(3,066,383)
Balance December 31, 2020	\$34,339,716	\$34,900,456	\$(560,740)

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 6. LONG-TERM LIABILITIES

Illinois Municipal Retirement Fund Pension Plan – continued

• **Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate.**

The following presents the plan's net pension (asset) liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension (asset) liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current Discount (7.25%)	1% Higher (8.25%)
Net Pension Liability (Asset)	\$3,615,144	\$(560,740)	\$(3,959,189)

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

For the year ended April 30, 2021, the District recognized pension expense of \$936,077. At April 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows(Inflows) of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods:			
Differences between expected and actual experience	\$ 82,742	\$ 26,044	\$ 56,698
Changes of assumptions	312,336	303,561	8,775
Net difference between projected and actual actual earning on pension plan investments	<u>1,666,216</u>	<u>4,664,011</u>	<u>(2,997,795)</u>
Total deferred Amounts to be recognized in pension expense in future periods	2,061,294	4,993,616	(2,932,322)
Pension Contributions made subsequent to the measurement date	<u>405,622</u>	<u>_____</u>	<u>405,622</u>
Total Deferred amounts Related to Pensions	<u>\$2,466,916</u>	<u>\$4,993,616</u>	<u>\$(2,526,700)</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2021	\$(468,081)
2022	(292,963)
2023	(1,239,678)
2024	(525,978)
Total	<u>\$(2,526,700)</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 7. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the District for the year ended April 30, 2021:

	Balance April 30, 2020	Additions	Retirements	Balance April 30, 2021
IEPA Wastewater Treatment Loans	\$ 32,190,333	\$	\$ 2,466,650	\$ 29,723,683
General Obligation Bonds	146,985,000			146,985,000
Revenue Bonds	45,810,000		17,095,000	28,715,000
Premium	7,402,696		226,152	7,176,544
Post-Employment Benefits	15,433,999		2,435,081	12,998,918
Totals	\$247,822,028	\$	\$22,222,883	\$225,599,145

Note 8. MULTI EMPLOYER PENSION PLANS

The District contributes to a multiemployer defined benefit pension plan under the terms of a collective-bargaining agreement that covers its union-represented employees. The risk of participating in multiemployer plans is different from single-employer pension plans in the following aspects:

- (a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- (b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- (c) If the District stops participating in its multiemployer pension plan, it may be required to pay the plan an amount based on the underfunded status of the entire plan, referred to as a withdrawal liability.

The District's participation in the plan for the fiscal year ended April 30, 2021 is outlined in the following table. Information in the table was obtained from the plan's Form 5500 for the most current available filing. These dates may not correspond with the District's fiscal year contributions. The Plan Protection Act (PPA) zone status column ranks the funded status of multiemployer pension plans depending upon a plan's current and projected funding. The zone status is based on information that the District received from the plan. Among other factors, the plan is in the Red Zone (critical) if it has a current funded percentage less than 65%. A plan is in the Yellow Zone (endangered) or Orange Zone (seriously endangered) if it has a current funded percentage of less than 80%, or projects a credit balance deficit within seven years. A plan is in the Green Zone (healthy) if it has a current funded percentage greater than 80% and does not have a projected credit balance deficit within seven years. The Funding Improvement Plan (FIP)/Rehabilitation Plan (RP) status column indicates plans for which a FIP or RP is either pending or in place.

The following table lists information about the District's multiemployer pension plan for the year ended April 30, 2021:

Plan Name:

Fund of the International Union of Operating Engineers and Participating Employers

EIN/Pension Plan Number	(1) PPA Status	FIP/RP Status Pending/ Implemented	Company Contributions	Company Contributions > 5% (2)	Expiration Date of CBA (2)
36-6052390 / 001	Green	N/A	\$552,866	No	4/30/2022

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 8. MULTIEMPLOYER PENSION PLANS - continued

- (1) The Zoning status represents the most recent available information for the respective multiemployer pension plan, which may be 2020 or earlier for 2021.
- (2) Collective Bargaining Agreement (CBA).

The District has no intentions of withdrawing from any of the multiemployer pension plans in which they participate.

Note 9. RESTRICTED CASH AND INVESTMENTS

At April 30, 2021, the District has a restricted cash and investment balance of \$9,449,333 comprised of the following account balances:

Special Assessment	\$ 816,149
Public Benefit	30,923
Sewer Rehabilitation	146,642
Capital Improvement	56,545
Bond and Interest and IEPA Reserve	
2009E	3,311,766
2010A Principal and Interest	1,502,520
2010A Reserve	2,622,422
2011A Principal and Interest	269,439
2015A Principal and Interest	(1,158,160)
2015C Principal and Interest	(676,060)
2019 A & B Principal and Interest	(2,949,723)
IEPA Loans	5,429,887
Capital Improvement – 2019A and B	166
Replacement	46,817
	<u>\$9,449,333</u>

Amounts in the Special Assessment and Public Benefit Accounts are restricted by statute to pay for the extension of sewer lines. Upon ordinance adopted by the Board, amounts in the Public Benefit Account may be used for other purposes deemed a public benefit.

The loan agreements and bond ordinances of the District establish certain accounts for the benefit of bond holders and for specific purposes designated in the ordinances. These accounts include:

Bond and Interest: Recently funded to pay principal and interest on the 2007 and 2009 General Obligation Alternate Bonds, the 2010A&B Revenue Bonds, the 2011A Revenue Bonds, 2015 A&C and 2019 General Obligation Bonds, and the IEPA loans. Includes amounts deposited from bond proceeds to pay a portion of interest and establish reserve accounts for the 2010A Bonds, 2019 A&B Bonds, and the IEPA loans.

Construction - 2010A and 2010B: Established to pay for the costs of constructing the new Spring Creek wastewater treatment plant.

Capital Improvements: Established to pay for capital improvements, and through Ordinances passed by the Board in 2007 requires the deposit of connection fees received by the District. Portions of Capital Improvement have also been restricted per the 2009 Master Bond Ordinance requiring a minimum balance of \$400,000 for depreciation, repair, and replacement, established for the payment of extraordinary maintenance, necessary repairs and replacements, and ordinary maintenance when no other funds are available.

Sewer Rehabilitation: Used to pay for sewer rehabilitation and lining projects. Balances may be used to meet the minimum balance of \$400,000 for depreciation, repair, and replacement established in the 2009 Master Bond Ordinance.

Amounts in other accounts have been designated by ordinance of the Board.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 10. RESTRICTED ACCOUNTS – REQUIRED BY BOND ORDINANCE 2009-29

(a) Bond and Interest – reserve accounts:

	<u>2007A</u>	<u>2009A</u>	<u>2009E</u>	<u>2010B</u>
Cash and cash equivalents				
- reserve accounts April 30, 2020	\$ 264,227	\$1,745,928	\$3,251,190	\$ 12,445
Add (deduct)				
Transfer to Bond and Interest				
Accounts		526,100	1,646,710	
Build America Bond Receipts			796,915	
Interest Income	2,879	19,022	35,423	136
Counsel and Reporting Fees			(500)	
Paying Agent Fees			(880)	
Transfer of existing Reserve Funds	(267,106)	(2,291,050)		(12,581)
Bond Principal Repayment			(2,417,092)	
Bond Interest Expense				
Cash and cash equivalents				
- reserve accounts April 30, 2021	<u>\$</u>	<u>\$</u>	<u>\$3,311,766</u>	<u>\$</u>

	<u>2010A Principal & Interest</u>	<u>2010A Reserve</u>	<u>2015A Principal & Interest</u>	<u>2015C Principal & Interest</u>
Cash and cash equivalents				
- reserve accounts April 30, 2020	\$ 1,438,178	\$2,622,422	\$(1,296,237)	\$(519,935)
Add (deduct)				
Transfer to Bond and Interest				
Accounts	2,677,877		1,286,905	2,000
Build America Bond Receipts	632,740			
Interest Income	15,670		(14,123)	(5,665)
Reserve Fund Earnings	28,572			
Counsel and Reporting Fees	(500)		(500)	(500)
Paying Agent Fees	(880)		(880)	(880)
Bond Principal Repayment	(1,370,000)			
Bond Interest Expense	(1,919,137)		(1,133,325)	(151,080)
Cash and cash equivalents				
- reserve accounts April 30, 2021	<u>\$1,502,520</u>	<u>\$2,622,422</u>	<u>\$(1,158,160)</u>	<u>\$(676,060)</u>

	<u>2011A Principal & Interest</u>	<u>2019 A&B</u>	<u>2019A&B Reserves</u>	<u>IEPA Loans</u>
Cash and cash equivalents				
- reserve accounts April 30, 2020	\$ 534,046	\$(976,997)	\$16,226,074	\$ 2,746,558
Transfer to Bond and Interest				
Accounts		1,089,291		2,755,869
Interest Income	5,819	(10,645)		112,592
Reserve Fund Earnings		176,791		
Counsel and Reporting Fees		(500)		
Paying Agent Fee		(880)		
Bond Principal Repayment	(15,725,000)			(2,466,650)
Bond Interest Expense	(771,500)	(3,226,783)		(289,219)
Transfer of existing Reserve Funds	16,226,074		(16,226,074)	2,570,737
Cash and cash equivalents				
- reserve accounts April 30, 2021	<u>\$ 269,439</u>	<u>\$(2,949,723)</u>	<u>\$</u>	<u>\$ 5,429,887</u>

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

NOTES TO FINANCIAL STATEMENTS - continued
April 30, 2021

Note 10. RESTRICTED ACCOUNTS – REQUIRED BY BOND ORDINANCE 2009-29 – continued

(b) Capital improvements accounts:

	Capital Improvement <u>2019A&B</u>
Cash and cash equivalents - April 30, 2020	\$ 1,009,499
Interest Received	1,719
Transfer to Other Funds	(1,011,052)
Cash and cash equivalents April 30, 2021	\$ <u>166</u>

Note 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District carries a broad range of commercial insurance coverage, including business auto liability, general liability, workers' compensation, and an umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 12. COMMITMENTS

At April 30, 2021, the District had several unfinished capital construction contracts with various vendors due to ongoing construction projects.

	<u>Total Contract</u>	<u>Billed Amount</u>	<u>Remaining Contract</u>
CMT	\$ 2,445,528	\$ 732,993	\$ 1,712,535
Plocher	5,128,000		5,128,000
Petersburg Plumbing & Exc.	1,089,767		1,089,767

Note 13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2021, which is the date the financial statements were available to be issued. Through July 19, 2021, no subsequent events required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois**

**REQUIRED SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MOST RECENT CALENDAR YEARS**

Calendar Year Ended <i>December 31</i>	2020	2019	2018	2017	2016	2015
<i>Total Pension Liability</i>						
Service Cost	\$ 612,266	\$ 568,370	\$ 533,102	\$ 513,312	\$ 535,233	\$ 507,569
Interest on the Total Pension Liability	2,389,809	2,333,151	2,291,927	2,266,245	2,217,605	2,060,943
Changes of Benefit Terms						
Differences between Expected and Actual Experience of the Total Pension Liability	28,518	(16,592)	(46,499)	625,333	(151,755)	1,380,495
Changes of Assumptions	(255,864)		887,505	(1,046,745)	(105,249)	34,455
Benefit Payments, including Refunds of Employee Contributions	(2,183,520)	(2,067,256)	(2,055,354)	(1,995,869)	(1,914,301)	(1,812,097)
<i>Net Change in Total Pension Liability</i>	<u>591,209</u>	<u>817,673</u>	<u>1,610,681</u>	<u>362,276</u>	<u>581,533</u>	<u>2,171,365</u>
<i>Total Pension Liability - Beginning</i>	<u>33,748,507</u>	<u>32,930,834</u>	<u>31,320,153</u>	<u>30,957,877</u>	<u>30,376,344</u>	<u>28,204,979</u>
<i>Total Pension Liability - Ending (A)</i>	<u>\$34,339,716</u>	<u>\$33,748,507</u>	<u>\$32,930,834</u>	<u>\$31,320,153</u>	<u>\$30,957,877</u>	<u>\$30,376,344</u>
<i>Plan Fiduciary Net Position</i>						
Contributions - Employer	\$ 852,810	\$ 711,763	\$ 821,146	\$ 764,228	\$ 1,064,596	\$ 907,160
Contributions - Employees	301,264	243,145	230,625	223,248	203,644	300,105
Net Investment Income	4,662,700	5,431,795	(1,970,548)	4,942,160	1,723,671	121,669
Benefit Payments, including Refunds of Employee Contributions	(2,183,520)	(2,067,256)	(2,055,354)	(1,995,869)	(1,914,301)	(1,812,097)
Other (Net Transfer)	<u>24,338</u>	<u>(134,320)</u>	<u>527,031</u>	<u>(642,896)</u>	<u>24,620</u>	<u>958,637</u>
<i>Net Change in Plan Fiduciary Net Position</i>	<u>3,657,592</u>	<u>4,185,127</u>	<u>(2,447,100)</u>	<u>3,290,871</u>	<u>1,102,230</u>	<u>(475,474)</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<u>31,242,864</u>	<u>27,057,737</u>	<u>29,504,837</u>	<u>26,213,966</u>	<u>25,111,736</u>	<u>24,636,262</u>
<i>Plan Fiduciary Net Position - Ending (B)</i>	<u>34,900,456</u>	<u>31,424,864</u>	<u>27,057,737</u>	<u>29,504,837</u>	<u>26,213,966</u>	<u>25,111,736</u>
<i>Net Position (Asset) Liability – Ending (A)-(B)</i>	<u>\$ (560,740)</u>	<u>\$ 2,505,643</u>	<u>\$ 5,873,097</u>	<u>\$ 1,815,316</u>	<u>\$ 4,743,911</u>	<u>\$ 5,264,608</u>
<i>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</i>	101.63%	92.58%	82.17%	94.20%	84.68%	82.67%
<i>Covered Valuation Payroll</i>	\$ 6,044,006	\$ 5,403,223	\$ 5,125,006	\$ 4,961,062	\$ 4,525,303	\$ 4,609,581
<i>Net Pension Liability as a Percentage of Covered Valuation Payroll</i>	(9.28%)	46.37%	114.60%	36.59%	104.83%	114.21%

Note to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

REQUIRED SUPPLEMENTARY INFORMATION
RELATIVE TO ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR CALENDAR YEARS

<u>Calendar Year Ended December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation of Payroll</u>
2015	\$612,613	\$ 907,160	\$(294,547)	\$4,609,581	19.68%
2016	\$683,321	\$1,064,596	\$(381,275)	\$4,525,303	23.53%
2017	\$741,679	\$ 764,228	\$(22,549)	\$4,961,062	15.40%
2018	\$758,501	\$ 821,146	\$(62,645)	\$5,125,006	16.02%
2019	\$653,790	\$ 711,763	\$(57,973)	\$5,403,223	13.17%
2020	\$852,809*	\$ 852,810	\$(1)	\$6,044,006	14.11%

*Estimated based on contribution rate of 14.11% and covered valuation payroll of \$6,044,006

Valuation Date:

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

Methods and Assumptions Used to Determine 2018 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization

Period:

Non-Taxing bodies: 10-year rolling period.

Taxing bodies (Regular, SLEP, and ECO groups): 23-year closed period.

Early Retirement Incentive plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 years).

Asset Valuation Method: 5 year smoothed market; 20% corridor

Wage Growth: 3.25%

Price Inflation: 2.50%

Salary Increases: 3.35% to 14.25%, including inflation

Investment Rate of Return: 7.25%

Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

OTHER SUPPLEMENTAL DATA (UNAUDITED)

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

SCHEDULE OF ASSESSED VALUATIONS, RATES
EXTENSIONS AND COLLECTIONS
(Unaudited)
Tax Years 2020 and 2019

	<u>2020 Taxes</u> <u>Payable in 2021</u>	<u>2019 Taxes</u> <u>Payable in 2020</u>
Assessed Valuation	<u>\$3,128,213,230</u>	<u>\$3,107,404,151</u>
Estimated Actual Value	<u>\$9,384,639,690</u>	<u>\$9,322,212,453</u>
Tax Rates:		
General	.0502	.0498
Illinois municipal retirement	.0283	.0272
Sewer treatment	.0084	.0084
Social security	<u>.0158</u>	<u>.0147</u>
Total	<u>.1027</u>	<u>.1001</u>
Extensions:		
General	\$1,570,363	\$1,547,487
Illinois municipal retirement	885,284	845,214
Sewer treatment	262,770	261,022
Social security	<u>494,258</u>	<u>456,788</u>
Total	<u>\$3,212,675</u>	<u>\$3,110,511</u>
Collections:		<u>\$3,101,934</u>

BILLABLE WATER FLOWS

Number of customers	62,236
Number of units	5,568,844
1 unit is equal to 748 gallons	
Gallons billed for calendar year 2020	4,165,495,312

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

RATE INCREASES AND RATE SCHEDULE
For the Year Ended April 30, 2021

	Fiscal Years Ending April 30,										
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Rate 1a – Suburban Springfield Base User Charge											
User Charge (per CCF)	\$ 2.27	\$ 2.98	\$ 3.90	\$ 4.14	\$ 4.39	\$ 4.65	\$ 4.93	\$ 4.93	\$ 4.93	\$ 5.20	\$ 5.47
Service Charge (monthly)	5.44	7.13	9.36	9.93	10.52	11.15	11.82	11.82	11.82	12.17	12.48
Collection Charge	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50	.50
Rate 1b – City of Springfield Baser User Charge											
User Charge (per CCF) net	1.14	1.49	1.95	2.07	2.20	2.33	2.47	2.47	2.47	2.77	3.07
Service charge (monthly)	2.72	3.57	4.68	4.97	5.26	5.58	5.91	5.91	5.91	6.09	6.25
Collection Charge	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25
Rate 1c – District Base User Charge											
User Charge (per CCF) net	1.14	1.49	1.95	2.07	2.20	2.33	2.47	2.47	2.47	2.61	2.75
Service Charge (monthly)	2.72	3.57	4.68	4.97	5.26	5.58	5.91	5.91	5.91	6.09	6.25
Collection Charge	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25	.25
Rate 1d – District Unmetered User Charge											
Within Springfield	7.41	9.59	12.40	13.11	13.87	14.87	15.52	15.52	15.52	17.67	19.03
Outside of Springfield	24.26	31.70	41.45	43.91	46.52	49.28	52.20	52.20	52.20	33.47	34.86
Rate 1e – Surcharge											
BOD Surcharge	.11	.15	.20	.21	.22	.23	.25	.25	.25	.28	.29
TSS Surcharge	.16	.21	.27	.29	.31	.33	.34	.34	.34	.38	.39
Rate 1f – Surcharge											
Base User Charge	.23	.30	.39	.41	.44	.46	.49	.49	.49	.54	.56
BOD Surcharge	.05	.06	.08	.08	.09	.09	.10	.10	.10	.11	.12
TSS Surcharge	.05	.06	.08	.08	.09	.09	.10	.10	.10	.11	.12

SANGAMON COUNTY WATER RECLAMATION DISTRICT
Springfield, Illinois

SCHEDULE OF REVENUES AND EXPENSES REQUIRED BY ORDINANCE 2009-29
For the Year Ended April 30, 2021

	Statement of Revenues and Expenses	Public Benefits	Less Special Assessments	Other Adjustments	Required by Ordinance 2009-29
Operating Revenues:					
Sewer service charges	\$25,057,602	\$	\$	\$	\$25,057,602
Sewer permits	132,865				132,865
Special waste fees	208,756				208,756
Lab fees	13,000				13,000
Low pressure system payments	7,110	(7,110)			
Annexation fees	400	(400)			
Total operating revenues	<u>25,419,733</u>	<u>(7,510)</u>			<u>25,412,223</u>
Operating Expenses					
Plant operations	9,305,795	(53,973)		(614,815)	8,637,007
Pump station operations	1,058,497			(42,927)	1,015,570
Sewer operations	891,494			(28,341)	863,153
Management and administration	5,774,483			(198,262)	5,576,221
Depreciation	5,820,198			(5,820,198)	
Total operating expenses	<u>22,850,467</u>	<u>(53,973)</u>		<u>(6,704,543)</u>	<u>16,091,951</u>
Operating gain (loss)	<u>2,569,266</u>	<u>46,463</u>		<u>6,704,543</u>	<u>9,320,272</u>
Non-operating Revenues (Expenses)					
Property taxes	3,130,856				3,130,856
Federal receipts	1,417,356			(1,417,356)	
State receipts – COVID relief	250,000				250,000
Illinois replacement taxes	498,630				498,630
Interest income	611,214	(6,506)	(2,268)		602,440
Rental income	18,408				18,408
Refunds, reimbursements, and miscellaneous	1,341				1,341
Interest expense	(9,634,616)			9,634,616	
Bond costs	(6,900)			6,900	
Total non-operating revenues (expenses)	<u>(3,713,711)</u>	<u>(6,506)</u>	<u>(2,268)</u>	<u>8,224,160</u>	<u>4,501,675</u>
Change in Net Assets	<u>\$ (1,144,445)</u>	<u>\$ 39,957</u>	<u>\$ (2,268)</u>	<u>\$14,928,703</u>	<u>\$13,821,947</u>

