

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

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
April 30, 2017 and 2016

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

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Certified Public Accountants

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**

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## **Independent Auditor's Report**

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

We have audited the accompanying basic financial statements of The Greater Peoria Sanitary and Sewage Disposal District (Sanitary District) as of and for the years ended April 30, 2017 and 2016, and the related notes to the financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Peoria Sanitary and Sewage Disposal District as of April 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages III through IX, the Illinois Municipal Retirement Fund - Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 27 and 28, and Other Post-Employment Benefits - Schedule of Funding Progress on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Peoria, Illinois  
July 3, 2017

# GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS

The Greater Peoria Sanitary and Sewage Disposal District (District) is presenting the following discussion and analysis in order to provide an overall review of the District's financial activities for the fiscal year ended April 30, 2017. We encourage readers to consider the information in conjunction with the District's financial statements, and notes to the financial statements, to enhance their understanding of the District's financial performance.

### Background Information

The Greater Peoria Sanitary and Sewage Disposal District began treating sewage in May 1931. Currently, the District serves a population of roughly 140,000 in an area of approximately 66 square miles. 50,000 customers are billed a user charge based on their water consumption, solids, ammonia and oxygen demanding waste. Customers are divided into three categories: residential, commercial/domestic and industrial. A staff of 73 employees treats an average of 24 million gallons of sewage a day, while maximum capacity of the Darst Street Water Reclamation Facility is 37 million gallons a day. The District continues to consistently meet all U.S. Environmental Protection Agency and Illinois Environmental Protection Agency permit regulations.

### Highlights

- District awards a \$9.3 million construction contract to improve the Secondary Treatment process. This is a cooperative project with a local industry to accommodate variable loadings and improve nutrient management.
- Continues to build a revenue stream to finance sewer rehabilitation on a sustainable level with a goal of rehabilitating sewer on a 75 year cycle by FY 2020.
- District executed an agreement with the Department of the Army to conduct a feasibility study relating to the levee protecting the treatment works.
- Completed the design of a supplemental pipeline to eliminate two wet weather treat and discharge facilities located in the southwestern portion of the service area.
- Awarded a construction contract to replace roofs at a majority of the treatment works buildings.

### Overview of the Financial Statements

Management's Discussion and Analysis serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The financial statements include notes that explain in detail some of the information in the financial statements.

### Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term information about the District's overall financial status.

The Statement of Net Position presents information on all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

### Financial Analysis of the District

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

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current and Other Assets	\$ 23,236	\$ 24,161	\$ (925)	-3.8%	\$ 24,738	\$ (577)	-2.3%
Deferred Outflows of Resources	1,688	1,759	(71)	-4.0%	1,150	609	53.0%
Capital Assets	149,095	146,258	2,837	1.9%	142,720	3,538	2.5%
<b>Total Assets</b>	<b>174,019</b>	<b>172,178</b>	<b>1,841</b>	<b>1.1%</b>	<b>168,608</b>	<b>3,570</b>	<b>2.1%</b>
Long-term Debt Outstanding	6,040	6,633	(593)	-8.9%	7,209	(576)	-8.0%
Deferred Inflows of Resources	170	198	(28)	-14.1%	-	198	100.0%
Other Liabilities	6,667	6,682	(15)	-0.2%	3,417	3,265	95.6%
<b>Total Liabilities</b>	<b>12,877</b>	<b>13,513</b>	<b>(636)</b>	<b>-4.7%</b>	<b>10,626</b>	<b>2,887</b>	<b>27.2%</b>
Invested in Capital Assets, Net of Related Debt	143,054	139,625	3,429	2.5%	135,510	4,115	3.0%
- Unrestricted	18,087	19,040	(953)	-5.0%	22,472	(3,432)	-15.3%
<b>Total Net Position</b>	<b><u>\$ 161,141</u></b>	<b><u>\$ 158,665</u></b>	<b><u>\$ 2,476</u></b>	<b><u>1.6%</u></b>	<b><u>\$ 157,982</u></b>	<b><u>\$ 683</u></b>	<b><u>0.4%</u></b>

Fiscal year 2017 saw the beginning of several years of extensive multiple capital projects that will improve process and collection systems methods. Current and Other Assets/Liabilities reflect changes due to the implementation of GASB #68 (see Notes to the Financial Statements). Long term debt continues to be paid down according to schedule.

While the Statement of Net Position shows the change in financial position of the District, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. Table A-2 below reflects the past two year changes.

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

	FY 2017	FY 2016	Total		FY 2015	Total	
			Dollar Change	Percent Change		Dollar Change	Percent Change
Operating revenues	\$ 16,459	\$ 15,250	\$ 1,209	7.9%	\$ 14,649	\$ 601	4.1%
Nonoperating revenues	1,661	1,368	293	21.4%	1,661	(293)	-17.6%
<b>Total Revenues</b>	<b>18,120</b>	<b>16,618</b>	<b>1,502</b>	<b>9.0%</b>	<b>16,310</b>	<b>308</b>	<b>1.9%</b>
Other Operating expense	10,072	11,543	(1,471)	-12.7%	11,842	(299)	-2.5%
Depreciation expense	5,942	5,524	418	7.6%	5,338	186	3.5%
Nonoperating expense	188	194	(6)	-3.1%	217	(23)	-10.6%
<b>Total Expenses</b>	<b>16,202</b>	<b>17,261</b>	<b>(1,059)</b>	<b>-6.1%</b>	<b>17,397</b>	<b>(136)</b>	<b>-0.8%</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>1,918</b>	<b>(643)</b>	<b>2,561</b>	<b>-398.3%</b>	<b>(1,087)</b>	<b>444</b>	<b>-40.8%</b>
Capital Contribution	558	1,326	(768)	-57.9%	970	356	36.7%
<b>Changes in Net Position</b>	<b>2,476</b>	<b>683</b>	<b>1,793</b>	<b>262.5%</b>	<b>(117)</b>	<b>800</b>	<b>-683.8%</b>
<b>Beginning Net Position</b>	<b>158,665</b>	<b>157,982</b>	<b>683</b>	<b>0.4%</b>	<b>158,099</b>	<b>(117)</b>	<b>-0.1%</b>
<b>Total Net Position</b>	<b>\$ 161,141</b>	<b>\$ 158,665</b>	<b>\$ 2,476</b>	<b>1.6%</b>	<b>\$ 157,982</b>	<b>\$ 683</b>	<b>0.4%</b>

Operating revenues increased over the past years due to planned rises in rates specifically designed to increase revenue for capital and debt service needs. In the current year, this was tempered by an expected decrease in other service revenue. Eliminating the impact of GASB #68 revision to expense of \$87,000 and \$1,197,000 respectively, operating expenses were lower than the in both of the two previous years largely due to lower maintenance costs, increased internal participation on capital projects and lower than expected system repair costs.

### Capital Assets

At the end of fiscal years 2017 and 2016 the District had \$149,095,000 and \$146,258,000 invested in capital assets (net of depreciation) respectively. The breakdown of assets by category is shown in Table A-3 below:

**Table A-3  
Capital Assets**

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
<b>Non-depreciating Capital Assets</b>							
Land	\$ 2,784,000	\$ 2,784,000	\$ -	0.0%	\$ 2,784,000	\$ -	0.0%
Construction in progress	11,911,000	6,916,000	4,995,000	72.2%	3,063,000	3,853,000	125.8%
Subtotal	\$ 14,695,000	\$ 9,700,000	\$ 4,995,000	51.5%	\$ 5,847,000	\$ 3,853,000	65.9%
<b>Depreciating Capital Assets</b>							
Land Improvements	\$ 8,288,000	\$ 8,181,000	107,000	1.3%	\$ 8,190,000	(9,000)	-0.1%
Buildings	55,896,000	55,810,000	86,000	0.2%	55,674,000	136,000	0.2%
Vehicles, Machinery & Equipment	42,848,000	42,828,000	20,000	0.0%	42,224,000	604,000	1.4%
Intercepting Sewer System	139,462,000	137,244,000	2,218,000	1.6%	135,315,000	1,929,000	1.4%
Other	6,079,000	5,677,000	402,000	7.1%	3,961,000	1,716,000	43.3%
Subtotal	252,573,000	249,740,000	2,833,000	1.1%	245,364,000	4,376,000	1.8%
	267,268,000	259,440,000	7,828,000	3.0%	251,211,000	8,229,000	3.3%
Less: Accumulated Depreciation	118,173,000	113,182,000	4,991,000	4.4%	108,491,000	4,691,000	4.3%
Net Property and Equipment	\$ 149,095,000	\$ 146,258,000	\$ 2,837,000	1.9%	\$ 142,720,000	\$ 3,538,000	2.5%

The District continues to place on-going emphasis on the maintenance of assets rather than expansive efforts until such demand arises for additional infrastructure. In the past several years, numerous projects were undertaken and completed to maintain assets and the Districts' rehabilitation program has begun which will be an on-going effort to maintain collection systems on a 75 year life cycle. More information on this topic is listed under "District Challenges".

### **Debt Administration**

The District has entered into a loan agreement with the Illinois Environmental Protection Agency for \$11,576,199 in State Revolving Funds to finance the Darst Street Facility Improvements. Debt service payments continue on a regular basis and at April 30, 2017 and 2016; the outstanding loan balance was \$6,040,696, and \$6,632,597 respectively. In late FY 2018 or early FY 2019 some additional debt may be incurred for capital projects maintaining capital assets. Funding for any other future expansions are expected to be generated in a manner funded entirely by developers.

### **Economic Outlook**

#### **Plant Capacity**

The table below reflects the Darst Street plant load in comparison to design capacity. The District views treatment capacity as adequate and anticipates no expansion for the Darst Street water reclamation plant for the foreseeable future. This outlook may change if a major industrial development were to occur within the District's boundaries. Expansion in the northwest area of the District has currently been met with the capacity of the Darst Street facility. As sewage transport to



the Darst Street plant is nearing capacity, the District will pursue building a new water reclamation facility in this area or pursue other options as demand warrants.

**Plant Loadings by Calendar Year**

	<u>CY 2013</u>	<u>CY 2014</u>	<u>CY 2015</u>	<u>CY 2016</u>	<u>Capacity</u>
Flow (MGD)	24.61	23.12	26.58	22.20	37.00
BOD (lb/day)	42,991	45,135	45,682	53,776	76,500
SS (lb/day)	45,192	43,577	43,957	37,910	81,200
NH <sub>3</sub> -N (lb/day)	3,529	3,479	3,187	3,371	4,000

**Permits Issued**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Permits	575	201	244	256	157

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

**Revenues and Expenses**

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

**Billing Parameters by Fiscal Year**

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Flow (CCF/year)	6,910,000	6,787,000	6,556,000	6,410,000	6,547,000
BOD (lbs/year)	13,791,000	13,281,000	13,873,000	13,478,000	13,829,000
SS (lbs/year)	3,212,000	3,167,000	3,286,000	3,099,000	2,646,000
NH <sub>3</sub> -N (lbs/year)	112,000	100,000	97,000	99,000	97,000

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

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

SS (lbs): Suspended solids measured in pounds.

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

Parameters shown above reflect billed units. Parameters reflecting sewage quality are considered relatively constant; while flow is weather related and may also reflect water conservancy efforts.

Residential and commercial domestic customers are billed based on flow. Industrial customers are billed based on direct measurement of all the parameters listed. Domestic, commercial and minor industrial user classes generate over 80% of the billable flow. The District does not anticipate any significant change in flows from these groups given the current economic conditions. The major industrial user class, although small in number, generates more than 50% of the billable biochemical oxygen demand. While no significant long-term increase or decrease in the billing parameters is anticipated, any additions or loss to this group could have a significant impact to the District.

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

### **District Challenges**

The District continues to focus resources on maintenance and replacement of aging assets plus meeting the compliance requirements of the Clean Water Act. A component of any public utility that supports the economic vitality of a community is assuring sewer infrastructure is in place to support new development. In the District's case, new expansion construction is at a relative low point as stated above and new development can be satisfied with current assets for the foreseeable future.

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

The United States Environmental Protection Agency (EPA) took enforcement action against the District in 2011. Negotiations have progressed to the point where the scope of work has narrowed to elimination of two minor wet weather treatment facilities located in the southwestern portion of the service area. The capital cost to reach compliance is estimated to be \$16 million with the work to be completed by 2019. The District is pursuing low interest loan funds from the Illinois EPA, State Revolving Loan Fund to finance the construction.

The Illinois Environmental Protection Agency (IEPA) is nearing completion of a nutrient strategy to meet goals set by EPA. These goals are directed at improving water quality in the Gulf of Mexico as well as local rivers and streams. This strategy addresses point nutrient sources such as sewage treatment facilities as well as non-point sources, primarily agricultural operations. The capital impact on the District is expected to be on the order of \$5 million and will be addressed by the current secondary process optimization improvements.

Beginning with a preliminary study in FY 2008, the Sanitary District is proactively addressing the adequacy of the levee protecting the Darst Street water reclamation facility from Illinois River flooding. During previous fiscal years, improvements to the levee, consisting of raising the crest of the levee, erosion protection and seepage management, were identified and presented to the Federal Emergency Management Agency (FEMA). FEMA has concurred the scope of work will satisfy requirements for 100 year protection. The Department of the Army has accepted the project for Section 205 funding. Feasibility studies are currently being conducted for a project valued at \$6 million. The project qualifies for 65% federal funding, 35% local funding.

During the past year, the District has undertaken some strategic planning to meet future goals and expectations. The District has identified four main stakeholders: residential customers, industrial customers, our employees and other units of government. In the upcoming year, the District will participate in a number of communication efforts to identify areas and/or projects we can commence to achieve a better experience for all.

### **District Contact Information**

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stanton Browning, Executive Director, Greater Peoria Sanitary and Sewage Disposal District, 2322 S. Darst Street, Peoria, IL 61607-2093 or by phone at 309-637-3511 or by e-mail at [www.gpsd.dst.il.us](http://www.gpsd.dst.il.us).

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF NET POSITION**  
**April 30, 2017 and 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 767,408	\$ 1,273,626
Investments (Note 2)	17,858,724	18,311,677
Receivables:		
User charges, net of allowance for doubtful accounts of \$55,000 in 2017 and 2016	3,334,553	2,854,755
Property owners and other	607,592	940,228
Special assessment receivable (Note 3)	29,909	41,746
Accrued interest receivable	3,917	6,059
Replacement taxes receivable	232,651	225,778
Prepaid items	<u>167,142</u>	<u>136,658</u>
Total current assets	<u>23,001,896</u>	<u>23,790,527</u>
<b>NONCURRENT ASSETS</b>		
Special assessment receivable, less current portion (Note 3):	234,233	370,040
Capital assets:		
Not being depreciated (Note 4)	14,694,996	9,700,193
Net of accumulated depreciation (Note 4)	<u>134,399,897</u>	<u>136,557,632</u>
Total capital assets	<u>149,094,893</u>	<u>146,257,825</u>
Total noncurrent assets	<u>149,329,126</u>	<u>146,627,865</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions (Note 6)	<u>1,687,549</u>	<u>1,759,347</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 174,018,571</u>	<u>\$ 172,177,739</u>

**LIABILITIES AND NET POSITION**

	<u>2017</u>	<u>2016</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,518,462	\$ 2,337,425
Retainage payable	875,930	310,148
Due to customers	284,343	223,870
Accrued payroll	243,959	251,717
Accrued vacation	425,345	430,501
Accrued interest payable	30,871	33,894
Other accrued expenses	29,626	25,272
Current installment of IEPA loan payable (Note 5)	<u>606,444</u>	<u>591,563</u>
Total current liabilities	<u>4,014,980</u>	<u>4,204,390</u>
Long-term liabilities:		
IEPA loan payable (Note 5)	5,434,252	6,040,696
Net pension obligation (Note 6)	1,926,801	1,883,867
Other post employment benefit obligation (Note 7)	<u>1,331,214</u>	<u>1,185,366</u>
Total long-term liabilities	<u>8,692,267</u>	<u>9,109,929</u>
Total liabilities	<u>12,707,247</u>	<u>13,314,319</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions (Note 6)	<u>170,029</u>	<u>197,943</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	143,054,197	139,625,566
Unrestricted	<u>18,087,098</u>	<u>19,039,911</u>
Total net position	<u>161,141,295</u>	<u>158,665,477</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
	<u>\$ 174,018,571</u>	<u>\$ 172,177,739</u>

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Years Ended April 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>OPERATING REVENUES</b>		
Sewer user charges	\$ 10,198,734	\$ 9,562,292
Capital improvement and replacement surcharge	5,340,867	4,442,133
Services and permits	744,507	834,212
Capital investment and sewer connection charges	102,092	353,526
Other	<u>72,462</u>	<u>57,467</u>
Total operating revenues	<u>16,458,662</u>	<u>15,249,630</u>
<b>OPERATING EXPENSES</b>		
Operations	5,076,482	4,930,388
Planning and construction	526,897	569,627
System rehabilitation and maintenance	531,105	791,639
Vehicles and equipment	327,856	334,760
Administration	2,639,272	2,842,826
Retirement	970,230	2,073,556
Depreciation	<u>5,942,012</u>	<u>5,523,935</u>
Total operating expenses	<u>16,013,854</u>	<u>17,066,731</u>
Operating income (loss)	<u>444,808</u>	<u>(1,817,101)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Replacement taxes	1,513,164	1,188,795
Investment income	103,055	97,034
Interest income other than investment	15,578	23,243
Interest expense	(159,109)	(173,715)
Bad debt expense	(28,620)	(20,128)
Gain on sale of capital assets	<u>28,984</u>	<u>58,831</u>
Total nonoperating revenues	<u>1,473,052</u>	<u>1,174,060</u>
Income (loss) before capital contributions	1,917,860	(643,041)
<b>CAPITAL CONTRIBUTIONS</b>	<u>557,958</u>	<u>1,326,437</u>
<b>CHANGES IN NET POSITION</b>	2,475,818	683,396
<b>NET POSITION</b>		
Beginning of year	<u>158,665,477</u>	<u>157,982,081</u>
End of year	<u>\$ 161,141,295</u>	<u>\$ 158,665,477</u>

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended April 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received by customers and users	\$ 16,006,612	\$ 15,239,351
Payment to suppliers and others	(5,072,120)	(4,823,429)
Payments to employees	<u>(5,130,394)</u>	<u>(4,939,431)</u>
Net cash provided by operating activities	<u>5,804,098</u>	<u>5,476,491</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Replacement tax receipts	<u>1,506,291</u>	<u>1,433,947</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal payments on IEPA loan	(591,563)	(577,047)
Interest paid on loan payable	(162,132)	(176,664)
Acquisition and construction of capital assets	(7,858,254)	(7,789,660)
Proceeds from sale of capital assets	73,970	114,863
Receipt on special assessment receivable	147,644	137,138
Receipt of interest on special assessment receivable	<u>17,720</u>	<u>25,300</u>
Net cash used in capital and related financing activities	<u>(8,372,615)</u>	<u>(8,266,070)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	103,055	97,034
Purchase of investments	(14,479,832)	(11,644,369)
Sale and maturity of investments	<u>14,932,785</u>	<u>12,950,432</u>
Net cash provided by investing activities	<u>556,008</u>	<u>1,403,097</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended April 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	\$ (506,218)	\$ 47,465
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	<u>1,273,626</u>	<u>1,226,161</u>
End of the year	<u>\$ 767,408</u>	<u>\$ 1,273,626</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 444,808	\$ (1,817,101)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	5,942,012	5,523,935
Pension expense	86,818	1,196,687
Change in operating assets and liabilities:		
Receivables	(512,523)	9,899
Prepaid items	(30,484)	546
Accounts payable	(324,294)	400,056
Due to customers	60,473	(20,178)
Accrued payroll	(7,758)	46,222
Accrued vacation	(5,156)	16,150
Other accrued expenses	4,354	(23,787)
Other postemployment benefit obligation	<u>145,848</u>	<u>144,062</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 5,804,098</u>	<u>\$ 5,476,491</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES</b>		
Contribution of capital assets	<u>\$ 557,958</u>	<u>\$ 1,326,437</u>
Acquisition and construction of capital assets financed with accounts and retainage payable	<u>\$ 1,293,711</u>	<u>\$ 1,222,598</u>
Reimbursement for construction of capital assets included in accounts receivable	<u>\$ 585,765</u>	<u>\$ 922,506</u>

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



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

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

**(a) Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100. The financial reporting entity consists of (a) the primary government, The Greater Peoria Sanitary and Sewage Disposal District which has a separately appointed governing body, is legally separate and fiscally independent of other state and local governments, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is an independent special purpose government in that it has authority to determine its budget, set rates or levy taxes, and issue bonded debt without approval by another government.

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

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

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

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

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

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

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

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

**(c) Investments**

Investment securities are stated at fair value. Certificates of deposit are stated at cost, which approximates fair value. The types of investments allowed are regulated by Illinois Compiled Statutes and include municipal bonds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Public Treasurer's Investment Pool and agreements collateralized by securities or mortgages in an amount at least equal to the market value of the funds deposited.

**(d) User Charges Receivable**

User charges receivable are uncollateralized customer obligations which generally require payment within thirty days from the billing date. User charges receivable are stated at the statement amount plus accrued interest. Unpaid accounts over forty-five days old bear interest at 1 percent per month.

Account balances with billings over thirty days old are considered delinquent. Payments of user charges receivable are applied to the earliest unpaid billing.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 April 30, 2017 and 2016**

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

**(d) User Charges Receivable (Continued)**

The carrying amount of user charges receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific customer accounts and the aging of the user charges receivable. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the District could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

**(e) Capital Assets**

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

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

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

**(f) Compensated Absences**

District personnel earn vacation time in varying amounts depending on length of service with the District. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**(g) Capital Contributions**

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

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

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

**(i) Statements of Cash Flows**

For purposes of the statements of cash flows, all short-term investments with a maturity at the date of purchase of three months or less are considered to be cash equivalents. None of the investments at April 30, 2017 and 2016 qualified as a cash equivalent.

**(j) Use of Estimates**

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

**NOTE 2 - CASH AND INVESTMENTS**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy requires deposits to be limited to \$250,000 per financial institution unless collateralized by obligations of the United States Government or its agencies which are owned by the financial institution. As of April 30, 2017, none of the District's deposits were exposed to custodial credit risk as \$16,092,095 of the bank balance was covered by Federal depository insurance and \$2,618,438 was covered by collateral held by the pledging financial institution's trust department or agent in the District's name. As of April 30, 2016, none of the District's deposits were exposed to custodial credit risk as \$16,291,979 of the bank balance was covered by Federal depository insurance and \$3,674,110 was covered by collateral held by the pledging financial institution's trust department or agent in the District's name.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates would adversely affect the fair value of an investment.

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

**Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>2017</u>		<u>Carrying Amount</u>
		<u>Maturities (In Years)</u>		
		<u>Less Than One</u>	<u>1-5</u>	
Certificates of deposit	<u>\$17,858,724</u>	<u>\$17,858,724</u>	<u>\$ -</u>	<u>\$ 17,858,724</u>

  

<u>Investment Type</u>	<u>Fair Value</u>	<u>2016</u>		<u>Carrying Amount</u>
		<u>Maturities (In Years)</u>		
		<u>Less Than One</u>	<u>1-5</u>	
Certificates of deposit	<u>\$18,311,677</u>	<u>\$17,814,863</u>	<u>\$ 496,814</u>	<u>\$ 18,311,677</u>

**Concentration of Credit Risk**

Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government.

The District places no limit on the amount the District may invest in any one issuer. All of the deposits of the District are in bank deposits.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

**Credit Risk**

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. The District did not have any assets subject to credit risk at April 30, 2017 or 2016.

**NOTE 3 - SPECIAL ASSESSMENTS RECEIVABLE**

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

	<u>2017</u>	<u>2016</u>
Current	\$ 29,909	\$ 41,746
Long-term	<u>234,233</u>	<u>370,040</u>
	<u>\$ 264,142</u>	<u>\$ 411,789</u>

The following summarizes the remaining principal installments receivable under the assessment at April 30, 2017:

<u>Fiscal Year</u> <u>Ending April 30,</u>	
2018	\$ 29,909
2019	29,279
2020	29,279
2021	29,279
2022	29,279
2023 and thereafter	<u>117,117</u>
<b>Total</b>	<u>\$ 264,142</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2017 was as follows:

	<u>Balance</u> <u>April 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2017</u>
Capital assets, not being depreciated:					
Land	\$ 2,783,821	\$ -	\$ -	\$ -	\$ 2,783,821
Construction in progress	<u>6,916,372</u>	<u>7,958,343</u>	<u>-</u>	<u>(2,963,540)</u>	<u>11,911,175</u>
Total capital assets not being depreciated	<u>9,700,193</u>	<u>7,958,343</u>	<u>-</u>	<u>(2,963,540)</u>	<u>14,694,996</u>
Capital assets being depreciated:					
Land improvements	8,180,977	-	-	106,775	8,287,752
Buildings	55,809,792	-	-	86,163	55,895,955
Equipment, vehicles, and machinery	42,828,013	307,766	(632,340)	344,989	42,848,428
Intercepting sewer system	137,243,756	557,958	-	1,660,548	139,462,262
Other	<u>5,677,201</u>	<u>-</u>	<u>(363,768)</u>	<u>765,065</u>	<u>6,078,498</u>
Total capital assets being depreciated	<u>249,739,739</u>	<u>865,724</u>	<u>(996,108)</u>	<u>2,963,540</u>	<u>252,572,895</u>
Less accumulated depreciation for:					
Land improvements	(4,597,408)	(309,040)	-	-	(4,906,448)
Buildings	(28,908,022)	(1,402,119)	-	-	(30,310,141)
Equipment, vehicles, and machinery	(28,383,210)	(1,519,924)	587,353	-	(29,315,781)
Intercepting sewer system	(49,264,859)	(1,999,874)	-	-	(51,264,733)
Other	<u>(2,028,608)</u>	<u>(711,055)</u>	<u>363,768</u>	<u>-</u>	<u>(2,375,895)</u>
Total accumulated depreciation	<u>(113,182,107)</u>	<u>(5,942,012)</u>	<u>951,121</u>	<u>-</u>	<u>(118,172,998)</u>
Total capital assets being depreciated	<u>136,557,632</u>	<u>(5,076,288)</u>	<u>(44,987)</u>	<u>2,963,540</u>	<u>134,399,897</u>
Capital assets, net	<u>\$ 146,257,825</u>	<u>\$ 2,882,055</u>	<u>\$ (44,987)</u>	<u>\$ -</u>	<u>\$ 149,094,893</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

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

	<u>Balance</u> <u>April 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>April 30, 2016</u>
Capital assets, not being depreciated:					
Land	\$ 2,783,821	\$ -	\$ -	\$ -	\$ 2,783,821
Construction in progress	<u>3,063,249</u>	<u>6,827,440</u>	<u>-</u>	<u>(2,974,317)</u>	<u>6,916,372</u>
Total capital assets not being depreciated	<u>5,847,070</u>	<u>6,827,440</u>	<u>-</u>	<u>(2,974,317)</u>	<u>9,700,193</u>
Capital assets being depreciated:					
Land improvements	8,190,572	-	(9,595)	-	8,180,977
Buildings	55,673,588	-	(23,523)	159,727	55,809,792
Equipment, vehicles, and machinery	42,223,611	984,428	(638,365)	258,339	42,828,013
Intercepting sewer system	135,315,170	1,306,095	-	622,491	137,243,756
Other	<u>3,960,869</u>	<u>-</u>	<u>(217,428)</u>	<u>1,933,760</u>	<u>5,677,201</u>
Total capital assets being depreciated	<u>245,363,810</u>	<u>2,290,523</u>	<u>(888,911)</u>	<u>2,974,317</u>	<u>249,739,739</u>
Less accumulated depreciation for:					
Land improvements	(4,283,702)	(323,301)	9,595	-	(4,597,408)
Buildings	(27,524,276)	(1,406,692)	22,946	-	(28,908,022)
Equipment, vehicles, and machinery	(27,502,260)	(1,463,860)	582,910	-	(28,383,210)
Intercepting sewer system	(47,300,845)	(1,964,014)	-	-	(49,264,859)
Other	<u>(1,879,969)</u>	<u>(366,068)</u>	<u>217,429</u>	<u>-</u>	<u>(2,028,608)</u>
Total accumulated depreciation	<u>(108,491,052)</u>	<u>(5,523,935)</u>	<u>832,880</u>	<u>-</u>	<u>(113,182,107)</u>
Total capital assets being depreciated	<u>136,872,758</u>	<u>(3,233,412)</u>	<u>(56,031)</u>	<u>2,974,317</u>	<u>136,557,632</u>
<b>Capital assets, net</b>	<u>\$ 142,719,828</u>	<u>\$ 3,594,028</u>	<u>\$ (56,031)</u>	<u>\$ -</u>	<u>\$ 146,257,825</u>



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Construction in progress at April 30, 2017 and 2016 consists of the following projects:

	<u>2017</u>	<u>2016</u>
NPDES Permit Discharge #005 & 006 Elimination	\$ 2,038,565	\$ 1,422,792
Division 26 – Secondary Process Optimization	6,489,270	2,416,120
Strategic Planning	21,523	127,570
Flood Plan Study and Analysis	1,003,860	990,361
Electronic Doors and Locks	-	84,134
WWTP EBPR Operational Manual	103,744	72,098
Pump Rebuilds	825	31,736
Clean Water Act Capital Improvement Plan	1,285,878	1,069,927
Repair of GPSD Sewers, CIPP MH to MH Project 6	230,937	270,197
SCADA Improvements	548,854	380,055
Electrical Switchgear Cleaning/Assessment	54,476	-
Lauterdale Pump Station Improvements	5,739	-
Drying Beds Seeding Program	-	31,248
GPSD Roof Assessment	80,753	13,217
Pretreatment & Electrical Building Curtain Wall Study	32,652	5,531
Other	<u>14,099</u>	<u>1,386</u>
	<u>\$ 11,911,175</u>	<u>\$ 6,916,372</u>

**NOTE 5 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the years ended April 30, 2017 and 2016:

<u>2017</u>	<u>Illinois EPA Loan - Water Revolving Fund</u>
Balance at April 30, 2016	\$ 6,632,259
Retirements	<u>(591,563)</u>
Balance at April 30, 2017	6,040,696
Current portion	<u>606,444</u>
<b>Total long-term debt, net of current portion</b>	<u><b>\$ 5,434,252</b></u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

	<b>Illinois EPA Loan - Water Revolving Fund</b>
<b><u>2016</u></b>	
Balance at April 30, 2015	\$ 7,209,306
Retirements	<u>(577,047)</u>
Balance at April 30, 2016	6,632,259
Current portion	<u>591,563</u>
<b>Total long-term debt, net of current portion</b>	<b><u>\$ 6,040,696</u></b>

Annual debt service requirements to maturity for the Illinois EPA loan at April 30, 2017 are as follows:

	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
Year ending April 30:			
2018	\$ 606,444	\$ 147,251	\$ 753,695
2019	621,700	131,995	753,695
2020	637,340	116,355	753,695
2021	653,373	100,322	753,695
2022	669,810	83,885	753,695
2023-2026	<u>2,852,029</u>	<u>162,763</u>	<u>3,014,792</u>
	<b><u>\$ 6,040,696</u></b>	<b><u>\$ 742,571</u></b>	<b><u>\$ 6,783,267</u></b>

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 5 - LONG-TERM DEBT (CONTINUED)**

**Legal Debt Margin**

The legal debt margin of the District at April 30, 2017 is as follows:

Assessed valuation 2016	<u>\$ 2,345,692,036</u>
Statutory debt limitation (5.75 percent of assessed valuation)	\$ 134,877,292
Less total debt	<u>6,040,696</u>
<b>Legal debt margin</b>	<b><u>\$ 128,836,596</u></b>

**NOTE 6 - DEFINED BENEFIT PENSION PLAN**

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

**Benefits Provided**

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

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Benefits Provided (continued)**

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

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

**Employees Covered by Benefit Terms**

As of December 31, 2016, the following employees were covered by the benefit terms:

	<b>Regular</b>
Retirees and Beneficiaries currently receiving benefits	88
Inactive Plan Members entitled to but not yet receiving benefits	20
Active Plan Members	71
<b>Total</b>	<b>179</b>

**Contributions**

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2016 was 10.22%. For the fiscal year ended April 30, 2017, the District contributed \$515,777 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability**

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension 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, 2016:

- 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 2.75%.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (Continued)**

- Salary Increases were expected to be 3.75% to 14.50%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalent	1%	2.25%
Total	<u>100%</u>	

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Single Discount Rate**

A Single Discount Rate of 7.50% 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 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

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

The following table shows the components of the change in the District's net pension liability for the calendar year ended December 31, 2016 for Regular Plan members:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
<b>Balances at December 31, 2015</b>	\$ 32,562,165	\$ 30,678,298	\$ 1,883,867
<b>Changes for the year:</b>			
Service Cost	543,576	-	543,576
Interest on the Total Pension Liability	2,398,927	-	2,398,927
Changes of Benefit Terms	-	-	-
Differences Between Expected and Experience of the Total Pension	99,922	-	99,922
Changes of Assumptions	(38,176)	-	(38,176)
Contributions - Employer	-	524,470	(524,470)
Contributions - Employees	-	227,031	(227,031)
Net Investment Income	-	2,094,831	(2,094,831)
Benefit Payments, including Refunds of Employee Contributions	(1,611,117)	(1,611,117)	-
Other (Net Transfer)	-	114,983	(114,983)
<b>Net Changes</b>	<u>1,393,132</u>	<u>1,350,198</u>	<u>42,934</u>
<b>Balances at December 31, 2016</b>	<u>\$ 33,955,297</u>	<u>\$ 32,028,496</u>	<u>\$ 1,926,801</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

The following presents the net pension liability, calculated using a single discount rate of 7.50 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower (6.50 percent) or 1% higher (8.50 percent) than the current rate:

	<u>(6.50%) 1% Lower</u>	<u>(7.50%) Current Discount Rate</u>	<u>(8.50%) 1% Higher</u>
Net pension liability (asset)	\$ <u>6,062,417</u>	\$ <u>1,926,801</u>	\$ <u>(1,464,989)</u>

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

For the year ended April 30, 2017 and 2016, the District recognized pension expense of \$602,595 and \$1,196,687, respectively. At April 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Deferred Amounts to be Recognized in Pension Expense in Future Periods</b>		
Differences between expected and actual experience	\$ 77,569	\$ 140,393
Changes of assumptions	20,507	29,636
Net difference between projected and actual earnings on pension plan investments	<u>1,440,319</u>	<u>-</u>
Total Deferred Amounts to be recognized in Pension expense in future periods	<u>1,538,395</u>	<u>170,029</u>
<b>Pension Contributions made subsequent to the Measurement Date</b>	<u>149,154</u>	<u>-</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u>\$ 1,687,549</u>	<u>\$ 170,029</u>

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 6 - DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows Of Resources</u>
2017	\$ 432,902
2018	432,902
2019	460,446
2020	<u>42,116</u>
	<u>\$ 1,368,366</u>

**NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

The District provides post-employment healthcare benefits (OPEB) for retired employees and their spouses through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the District and can be amended by the District through its personnel manual and union contracts. The OPEB plan does not issue a separate report.

**Benefits Provided**

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

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



**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

**Membership**

At April 30, 2017, membership consisted of:

Retirees and beneficiaries currently receiving benefits	4
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>63</u>
<b>Total</b>	<u><u>67</u></u>
<b>Participating employers</b>	<u><u>1</u></u>

**Funding Policy**

The District sets the contribution percentages between the District and employees in the personnel policy. All retirees contribute 100 percent of the current calculated premium to the plan. The District utilizes premium rates based on a blended active/retiree claims experience. Therefore, the District incurs an implicit cost as retiree health coverage is implicitly more expensive than active health coverage. This amount fluctuates on an annual basis based on the premiums negotiated with the insurer. For the fiscal year ended April 30, 2017, retirees contributed \$50,157 and the District contributed \$-0-. Active employees do not make contributions to the OPEB plan until they retire and elect to remain in the healthcare plan.

**Annual OPEB Costs and Net OPEB Obligation**

The District's annual OPEB cost is calculated based on the annual required contribution of the District (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The District's first actuarial valuation was performed for the plan as of April 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal years ended April 30, 2009 and 2010. An additional update valuation was performed to determine the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2015. The transition liability was set at zero as of May 1, 2008.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

**Annual OPEB Costs and Net OPEB Obligation (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Implicit Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
April 30, 2017	\$ 201,210	\$ 55,362	27.51%	\$ 1,331,214
April 30, 2016	187,505	43,443	23.17	1,185,366
April 30, 2015	142,877	39,856	27.90	1,041,304

The net OPEB obligation (NOPEBO) as of April 30, 2017 was calculated as follows:

Annual required contribution (ARC)	\$ 147,869
Interest on net OPEB obligation	53,341
NOO amortization adjustment to the ARC	<u>-</u>
Annual OPEB cost	201,210
Employer implicit contributions made	<u>(55,362)</u>
Increase in net OPEB obligation	145,848
Net OPEB obligation, May 1, 2016	<u>1,185,366</u>
<b>Net OPEB obligation, April 30, 2017</b>	<b><u>\$ 1,331,214</u></b>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2017 was as follows:

Actuarial accrued liability (AAL)	\$ 1,437,033
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,437,033
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,117,480
UAAL as a percentage of covered payroll	28.08%

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2014 actuarial valuation, the projected unit credit cost with linear proration to decrement method was used. The actuarial assumptions included 4.5 percent discount rate and an annual healthcare cost trend rate of 9.0 percent in 2015, 8.50 percent in 2016, and then reduced by decrements of .5 percent each year to arrive at an ultimate healthcare cost trend rate of 5.0 percent after ten years. Both rates include a 3.0 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percent of pay method on an open group basis. The remaining amortization period at April 30, 2017 was 22 years.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 9 - CONCENTRATIONS**

The District received approximately 14 percent and 18 percent of its operating revenue from one customer in 2017 and 2016, respectively.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2017 and 2016**

**NOTE 10 - COMMITMENTS**

At April 30, 2017, the District had awarded various engineering services and construction contracts totaling approximately \$17,377,000, which were approximately 63 percent complete. The District is obligated to pay the costs under these contracts.

**NOTE 11 - CONTINGENCIES**

The Greater Peoria Sanitary and Sewage Disposal District is subject to compliance of all past and future Environmental Protection Agency (EPA) and Illinois Environmental Protection Agency (IEPA) regulations. Any violation of past regulation or adoption of future regulation could subject the Sanitary District to an enforcement action as stipulated by the EPA or IEPA. Currently, the District has reached a tentative understanding with the EPA on their interpretation of meeting the requirements of the Clean Water Act and is in agreement regarding the scope and timing of meeting these requirements. The District estimates that the financial impact to meet the requirements, through improvements to existing equipment and facilities, will be approximately \$16 million to be completed by 2019.

**NOTE 12 – SUBSEQUENT EVENTS**

Management evaluated subsequent events through July 3, 2017, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
REQUIRED SUPPLEMENTAL INFORMATION  
Year Ended April 30, 2017**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Changes in the Net Pension Liability and Related Ratios  
Calendar Years Ended December 31, 2016 and 2015**

Calendar Year Ended December 31,	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 543,576	\$ 551,402
Interest on the Total Pension Liability	2,398,927	2,324,884
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	99,922	(255,493)
Changes of Assumptions	(38,176)	37,319
Benefit Payments, including Refunds of Employee Contributions	<u>(1,611,117)</u>	<u>(1,637,398)</u>
<b>Net Change in Total Pension Liability</b>	1,393,132	1,020,714
<b>Total Pension Liability - Beginning</b>	<u>32,562,165</u>	<u>31,541,451</u>
<b>Total Pension Liability - Ending (A)</b>	<u>\$ 33,955,297</u>	<u>\$ 32,562,165</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 524,470	\$ 514,563
Contributions - Employees	227,031	220,317
Net Investment Income	2,094,831	154,071
Benefit Payments, including Refunds of Employee Contributions	(1,611,117)	(1,637,398)
Other (Net Transfer)	<u>114,983</u>	<u>161,261</u>
<b>Net Change in Plan Fiduciary Net Position</b>	1,350,198	(587,186)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>30,678,298</u>	<u>31,265,484</u>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<u>\$ 32,028,496</u>	<u>\$ 30,678,298</u>
<b>Net Pension Liability - Ending (A) - (B)</b>	<u>\$ 1,926,801</u>	<u>\$ 1,883,867</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<u>94.33%</u>	<u>94.21%</u>
<b>Covered Valuation Payroll</b>	<u>\$ 5,045,132</u>	<u>\$ 4,895,933</u>
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<u>38.19%</u>	<u>38.48%</u>

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

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
ILLINOIS MUNICIPAL RETIREMENT FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED April 30, 2017**

(Unaudited - See Accompanying Independent Auditor's Report)

**Schedule of Employer Contributions  
Calendar Years Ended December 31, 2016 and 2015**

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2016	\$ 515,612	\$ 524,470	\$ (8,858)	\$ 5,045,132	10.40%
2015	514,563	514,563	-	4,895,933	10.51

**Notes to Schedule:**

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate\**

**Valuation Date:**

Notes

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

**Methods and Assumptions Used to Determine 2016 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: 27-year closed period until remaining period reaches 15 years (then 15 year rolling period)
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	3.75% to 14.50%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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-2014 (base year 2012). 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-2014 (base year 2012). 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, 2014, actuarial valuation.

**THE GREATER PEORIA SANITARY AND SEWAGE DISPOSAL DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF FUNDING PROGRESS  
Year Ended April 30, 2017**

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
April 30, 2017	\$ -	\$ 1,437,033	0.00%	\$ 1,437,033	\$ 5,117,480	28.08%
April 30, 2016	-	1,336,065	0.00	1,336,065	5,001,803	26.71
April 30, 2015	-	1,233,231	0.00	1,233,231	4,921,750	25.06
April 30, 2014	-	1,587,863	0.00	1,587,863	4,748,665	33.44
April 30, 2013	-	1,471,731	0.00	1,471,731	4,503,329	32.68
April 30, 2012	-	1,353,633	0.00	1,353,633	4,335,322	31.20
April 30, 2011	-	1,706,851	0.00	1,706,851	3,733,413	45.70
April 30, 2010	-	2,054,921	0.00	2,054,921	3,624,673	56.69

The Sanitary District implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available.