

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2018

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

TABLE OF CONTENTS

|   | <u>Page</u> |
|---|-------------|
| FINANCIAL SECTION   |             |
| Independent Auditor's Report  | 1-3         |
| REQUIRED SUPPLEMENTARY INFORMATION  |             |
| Management's Discussion and Analysis  | 4-10        |
| BASIC FINANCIAL STATEMENTS  |             |
| <u>Exhibit</u>  |             |
| <u>Government-Wide Financial Statements</u>   |             |
| A Statement of Net Position   | 11          |
| B Statement of Activities   | 12          |
| <u>Fund Financial Statements</u>  |             |
| C Balance Sheet – Governmental Funds  | 13          |
| D Reconciliation of Total Governmental Fund Balances<br>to Net Position of Governmental Activities  | 14          |
| E Statement of Revenues, Expenditures and Changes<br>In Fund Balances – Governmental Funds  | 15          |
| F Reconciliation of the Statement of Revenues, Expenditures<br>and Changes in Fund Balances of Governmental Funds to the<br>Statement of Activities | 16          |
| G Statement of Net Position – Enterprise Fund   | 17          |
| H Statement of Revenues, Expenses and Changes in Fund Net Position –<br>Enterprise Fund   | 18          |
| I Statement of Cash Flows – Enterprise Fund   | 19- 20      |
| J Statement of Net Position – Fiduciary Funds   | 21          |
| Notes to the Financial Statements   | 22-43       |

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

TABLE OF CONTENTS  
(CONTINUED)

|                                    | <u>Page</u>   |
|------------------------------------|---|
| REQUIRED SUPPLEMENTARY INFORMATION |   |
| <u>Schedule</u>                    |   |
| A                                  | Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General and Major Special Revenue Funds              |
|                                    | 44-46   |
|                                    | Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General and Major Special Revenue Funds |
|                                    | 47  |
| B                                  | Multiyear Schedule of Changes in Net Pension Liability and Related Ratios   |
|                                    | 48  |
| C                                  | Multiyear Schedule of Employer Contributions  |
|                                    | 49  |
|                                    | Notes to the Schedule of Contributions  |
|                                    | 50  |
| SUPPLEMENTARY INFORMATION          |   |
| <u>Schedule</u>                    |   |
| 1                                  | Combining Balance Sheet – Nonmajor Governmental Funds   |
|                                    | 51  |
| 2                                  | Combining Schedule of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds   |
|                                    | 52  |
| 3                                  | Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Nonmajor Special Revenue Funds                       |
|                                    | 53  |
| 4                                  | Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual (Cash Basis) – Enterprise Fund   |
|                                    | 54-57   |
| 5                                  | Combining Schedule of Net Position – Fiduciary Funds  |
|                                    | 58  |
| <u>Table</u>                       |   |
| 1                                  | Property Tax Rates, Extensions and Collections  |
|                                    | 59  |



## **Thompson & Lengacher**

Certified Public Accountants

9A Professional Park Dr., Maryville, IL 62062  
618.288.9877 Fax: 618.288.1110  
www.mtco-cpa.com

Myron M. Thompson, CPA  
Michael W. Lengacher, CPA  
Jane A. Todd, CPA

Board of Commissioners  
Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of and for the year ended December 31, 2018 and the business-type activities and each major enterprise fund as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

#### **Auditor's Responsibility**

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

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

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

**Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Enterprise Fund**

The District has not recognized the other post-employment benefit (OPEB) expense or obligation which is required in accordance with accounting principles generally accepted in the United States of America and under Government Accounting Standards Board (GASB) Statement No. 45, to be recorded in the government-wide financial statements and in the enterprise fund financial statements. The effects of that departure on the financial statement are not reasonably determinable. The District has also not disclosed the descriptive information about the other post-employment benefits required by standards.

**Qualified Opinion on the Governmental Activities, the Business-Type Activities and Each Major Enterprise Fund**

In our opinion, except for the missing recognition matter described in the "Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Enterprise Fund" paragraph, the respective financial statement referred to above present fairly, in all material respects, the financial position of the governmental activities of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2018, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the missing recognition matter described in the "Basis for Qualified Opinions on the Governmental activities, the Business-Type Activities and Each Major Enterprise Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position and cash flows, where applicable, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2018, and the respective changes in financial position, thereof, for the year 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, budgetary comparison information, Multiyear Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 4-11 and Schedules A-C, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro East Sanitary District in Madison and St. Clair Counties, Illinois' basic financial statements. The supplementary information and the other information sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

  
Thompson & Lengacher Co., P.C.

Maryville, Illinois  
June 12, 2019

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

The management discussion and analysis (MD&A) of Metro East Sanitary District financial performance provides an overview of the District's financial activities for the year ended December 31, 2018 and for the Lansdown Trunk for the year ended March 31, 2018. This accompanies the District's annual audit recently completed by Thompson & Lengacher Co., P.C., Maryville, Illinois. The intent of this management discussion and analysis is to look at the financial performance as a whole. Readers should also review this transmitted letter and the financial statements to enhance their understanding of the District's financial performance.

The governing board of the District exercises control over the Lansdown Trunk-Madison and Venice Sewer Systems relative to rates for user fee charges, employees, disbursements and bond issuance authorization and debt requirements.

**Financial Highlights**

Total assets and deferred outflow of resources for the governmental activities totaled \$23,414,076 which is \$172,975 lower than the prior year. Cash and investments totaled \$7,095,934, an increase of \$154,791 over the prior year. Receivables totaled \$3,762,126 as compared to \$3,767,868 for the year ended December 31, 2017.

Total assets and deferred outflow of resources for the business-type activities totaled \$6,613,021 for the year ended December 31, 2018. This amount is \$372,129 higher than the prior year. Cash totaled \$407,198 as compared to \$210,299 for the prior year.

The District's net position, as noted in Exhibit B, decreased by \$74,478. This compared to the prior year decrease of \$918,016.

The District's combined Governmental Funds ending fund balance decreased by \$51,191. The net position of the "Enterprise Fund increased by \$74,016 as compared to a decrease of \$460,626 for the prior year.

**USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT**

The financial statement's focus is on both the District as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison and enhance the District's accountability.

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

**Government-Wide Financial Statements**

The government-wide financial statements are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The business-type activities are a blended component unit of the District. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

**GOVERNMENT-WIDE STATEMENTS**

**Statement of Net Position**

As noted in Exhibit B, the District's overall position had a decrease over the past year in combined net position by \$74,478 from \$22,743,741 to \$22,669,263. Governmental activities had a decrease of \$548,494 from \$18,729,421 to \$18,180,927 and business-type activities had an increase of \$474,016 from \$4,014,320 to \$4,488,336.

Listed below are the District's assets and deferred outflows for fiscal years 2018 and 2017, including a column noting changes (increases/decreases) from 2017.

**Table 1: Statement of Assets and Deferred Outflows**

|                                | <u>Total Primary Government</u> |                       |                                 |
|--------------------------------|---------------------------------|-----------------------|---------------------------------|
|                                | <u>2018</u>                     | <u>2017</u>           | <u>Increase/<br/>(Decrease)</u> |
| Other Assets                   | \$ 12,762,741                   | \$ 11,660,511         | \$ 1,102,230                    |
| Capital Assets                 | <u>16,520,421</u>               | <u>16,929,472</u>     | <u>(409,051)</u>                |
| Total Assets                   | <u>✓\$ 29,283,162</u>           | <u>✓\$ 28,589,983</u> | <u>\$ 693,179</u>               |
| Deferred outflows of resources |                                 |                       |                                 |
| Pension contributions          | <u>\$ 743,935</u>               | <u>\$ 1,237,960</u>   | <u>\$ (494,025)</u>             |



METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

Listed below are the District's liabilities and deferred inflows for fiscal years 2018 and 2017, including a column noting changes (increases/decreases) from 2017.

**Table 2: Statement of Liabilities and Deferred Inflows**

|  | <u>Total Primary Government</u> |                       | Increase<br>(Decrease) |
|--|---------------------------------|-----------------------|------------------------|
|  | <u>2018</u>                     | <u>2017</u>           |                        |
| Accounts Payable                         | \$ 236,292                      | \$ 233,025            | \$ 3,267               |
| Accrued Payroll                          | 88,185                          | 83,898                | 4,287                  |
| Current Portion of Long-term Liabilities | 119,716                         | 215,293               | (95,577)               |
| Long-term Liabilities                    | <u>1,936,424</u>                | <u>3,007,040</u>      | <u>(1,070,616)</u>     |
| Total Liabilities                        | <u>✓ \$ 2,380,617</u>           | <u>✓ \$ 3,539,256</u> | <u>\$ (1,158,639)</u>  |
| Deferred Inflows of Resources            | <u>\$ 4,977,217</u>             | <u>\$ 3,544,946</u>   | <u>\$ 1,432,271</u>    |

For more detailed information see the Statement of Net Position.

Net position of the District's governmental activities decreased from \$18,729,421 to \$18,180,927. This was a 2.93% decrease from the previous year. Net investment in capital assets totaled \$11,170,032. Restricted assets totaled \$5,925,702 with \$102,004 restricted for escrow accounts, \$2,834,759 restricted for tort immunity, \$2,566,695 restricted for levee rehabilitation and \$422,244 restricted for auditing.

Net position of the District's business-type activities increased from \$4,014,320 to \$4,488,336. The District can use the unrestricted net position of \$673,548 to finance the continuing operation of its sewage treatment facility. The investment in capital assets, net of related debt totaled \$3,794,075. Restricted net position totaled \$20,713 for the 203 Pump Station.

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

**Table 3: Changes in Net Position**

|                          | Governmental<br>Activities<br>12/31/2018 | Business-Type<br>Activities<br>3/31/2018 | Total<br>Primary<br>Government<br>2018 | Total<br>Primary<br>Government<br>2017<br>Restated |
|--------------------------|--|--|--|--|
| Revenues                 |  |  |  |  |
| Program Revenues         |  |  |  |  |
| Charges for services     | \$ 317,036                               | \$ 3,598,902                             | \$ 3,915,938                           | \$ 3,156,680                                       |
| General Revenues         |  |  |  |  |
| Taxes:                   |  |  |  |  |
| Property                 | 3,077,821                                | -  | 3,077,821                              | 3,189,364  |
| Payment in lieu of taxes | 17,992                                   | -  | 17,992                                 | 17,305   |
| Replacement              | 1,315,664                                | -  | 1,315,664                              | 1,430,188  |
| Other Revenue            | 103,107                                  | 12,357                                   | 33,135                                 | 58,027   |
| Total Revenues           | 4,831,620                                | 3,611,259                                | 8,442,879                              | 7,851,564  |
| Expenses                 |  |  |  |  |
| Governmental Activities  |  |  |  |  |
| General government       | 2,485,979                                | -  | 2,485,979                              | 2,231,091  |
| Drainage and sanitation  | 2,894,135                                | -  | 2,894,135                              | 3,205,004  |
| Business-Type Activities |  |  |  |  |
| Sewerage system          | -  | 3,137,243                                | 3,137,243                              | 333,485  |
| Total Expenses           | 5,380,114                                | 3,137,243                                | 8,517,357                              | 8,769,580  |
| Changes in Net Position  | \$ (548,494)                             | \$ 474,016                               | \$ (74,478)                            | \$ (918,016)                                       |

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

**Current Year Impacts**

*Governmental Activities*

**Revenues and Expenses**

Revenues for governmental activities decreased by \$147,085 or 2.95% to a total of \$4,831,620. Expenses decreased by \$55,981 or 1.03% to a total of \$5,380,114.

*Business-Type Activities*

**Revenues and Expenses**

Revenues for the business-type activities increased by \$738,400 or 25.70% to a total of \$3,611,259. Revenues increased due to an increase in fees charged for services.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

*Governmental Funds*

The Governmental Funds reported a combined fund balance of \$7,621,062. This is a decrease of \$51,191. Of the total fund balance, \$547,233 is unassigned indicating availability for continuing District services. Restricted fund balance of \$6,754,757 includes \$3,395,750 for tort immunity, \$2,834,759 for levee rehabilitation and \$524,248 for other restrictions. The nonspendable funds include \$319,072 for prepaid expenses.

The General Fund is the District's main operating fund and the largest source of day-to-day service delivery. Revenues and other financing sources were less than expenditures by \$51,191.

*Proprietary Funds*

The Proprietary Funds total net position is \$4,488,336, which is an increase of \$474,016. Because of changes made by management, the Proprietary Funds have a significant increase in revenue. The changes should continue to provide resources for the necessary maintenance of an older system.

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Table 4: General Fund Budgetary Highlights**

|                               | 2018<br>Original and<br>Final<br>Budget | 2018<br>Actual      | 2017<br>Actual   |
|-------------------------------|---|---------------------|------------------|
| Revenues                      | \$ 4,069,688                            | \$ 4,353,242        | \$ 4,476,838     |
| Expenditures                  | 4,704,900                               | 4,471,078           | 4,581,122        |
| Transfers In                  | -                                       | -                   | 180,361          |
| Net Change in<br>Fund Balance | <u>\$ (635,212)</u>                     | <u>\$ (137,836)</u> | <u>\$ 76,077</u> |

General Fund actual revenues were \$283,554 or 6.97% more than the final budget.

General Fund actual expenditures were \$213,822 or 4.54% less than the final budget. Flood prevention, general maintenance materials and supplies and equipment purchases were responsible for the actual expenditures to be less than the final budget.

**CAPITAL ASSETS**

The District's net investment in capital assets for its governmental and business-type activities totaled \$16,520,421, which is \$1,266,979 higher than the previous year. The net investment in capital assets includes land, buildings, equipment, and improvements other than underground systems, and infrastructure as well as the related debt.

Please see note 3 for additional information related to the District's capital assets.

For additional information related to the District's business-type fund, please see the District Clerk for copies of separately issued financial statements (see below for address).

METRO EAST SANITARY DISTRICT  
MADISON AND ST. CLAIR COUNTIES, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
December 31, 2018 (March 31, 2018 for Business-Type Activities)

**DEBT OUTSTANDING**

The District's long-term debt related to the following:

Net pension liability totaling \$ -0-, a decrease of \$1,073,870 from the previous year.  
Compensated absences totaling \$318,557, a decrease of \$151,717 from the previous year.  
IMRF accelerated payments totaling \$181,269, an increase of \$79,110 from the previous year.

The Business-Type Activities Sewer Funds has an additional long-term debt of \$1,556,314 (includes current portion) for the repayment of a project funded through the Illinois Environmental Protection Agency (IEPA).

The District has a legal debt margin of \$44,628,573.

Please see the accompanying financial statements Note 4 for additional information related to outstanding debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The focus of next year's budget will be on the District's efforts to ensure the long-term health of the District's General Fund. This Fund pays for most District services except sewage treatment.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Kim Hogue, District Clerk, Metro East Sanitary District, 1800 Edison Avenue, P.O. Box 1366, Granite City, IL 62040.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

STATEMENT OF NET POSITION

|  | December 31, 2018<br>Governmental<br>Activities | March 31, 2018<br>Business-Type<br>Activities | Total                |
|--|---|---|----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF</b>                               |   |   |                      |
| <b>RESOURCES:</b>  |   |   |                      |
| Cash and Cash Equivalents  | \$ 2,209,230                                    | \$ 407,198                                    | \$ 2,616,428         |
| Investments - Certificates of Deposit                                | 4,886,704                                       |   | 4,886,704            |
| Restricted Cash:   |   |   |                      |
| 203 Pump Station   |   | 20,713  | 20,713               |
| Design Escrow  | 1,676   |   | 1,676                |
| Corps of Engineers   | 100,328   |   | 100,328              |
| Receivables:   |   |   |                      |
| Property Taxes   | 3,423,767                                       |   | 3,423,767            |
| Replacement Taxes  | 159,396   |   | 159,396              |
| Due from (to) Other Funds  | 111,083   | (143,900)                                     | (32,817)             |
| Other  | 67,880  | 351,236                                       | 419,116              |
| System Customers, Net  |   | 403,960                                       | 403,960              |
| Prepaid Expenses   | 319,072   |   | 319,072              |
| Net Pension Asset  | 350,287   | 94,111  | 444,398              |
| Capital Assets:  |   |   |                      |
| Land   | 1,715,418                                       | 191,000                                       | 1,906,418            |
| Assets Being Depreciated, Net  | 9,454,614                                       | 5,159,389                                     | 14,614,003           |
| Total Assets   | <u>\$ 22,799,455</u>                            | <u>\$ 6,483,707</u>                           | <u>\$ 29,283,162</u> |
| Deferred Outflows of Resources:                                      |   |   |                      |
| Related to Pension   | \$ 614,621                                      | \$ 129,314                                    | \$ 743,935           |
| Total Assets and Deferred<br>Outflows of Resources                   | <u>\$ 23,414,076</u>                            | <u>\$ 6,613,021</u>                           | <u>\$ 30,027,097</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF</b>                              |   |   |                      |
| <b>RESOURCES AND NET POSITION:</b>                                   |   |   |                      |
| Accounts Payable   | \$ 79,543                                       | \$ 156,749                                    | \$ 236,292           |
| Accrued Payroll  | 88,185  |   | 88,185               |
| Current Portion of Long-Term Liabilities                             |   | 119,716                                       | 119,716              |
| Noncurrent Liabilities:  |   |   |                      |
| Compensated Absences   | 228,015   | 90,542  | 318,557              |
| IMRF Accelerated Payment Payable                                     | 181,269   |   | 181,269              |
| Net Pension Liability  |   |   | -                    |
| Illinois EPA Loan  |   | 1,436,598                                     | 1,436,598            |
| Total Liabilities  | <u>\$ 577,012</u>                               | <u>\$ 1,803,605</u>                           | <u>\$ 2,380,617</u>  |
| Deferred Inflows of Resources:                                       |   |   |                      |
| Unavailable Property Taxes   | \$ 3,262,331                                    |   | \$ 3,262,331         |
| Related to Pension   | 1,393,806                                       | 321,080                                       | 1,714,886            |
| Total Deferred Inflows of Resources                                  | <u>\$ 4,656,137</u>                             | <u>\$ 321,080</u>                             | <u>\$ 4,977,217</u>  |
| Net Position:  |   |   |                      |
| Net Investment in Capital Assets                                     | \$ 11,170,032                                   | \$ 3,794,075                                  | \$ 14,964,107        |
| Restricted for:  |   |   |                      |
| Escrow Accounts  | 102,004   |   | 102,004              |
| 203 Pump Station   |   | 20,713  | 20,713               |
| Auditing   | 16,717  |   | 16,717               |
| Municipal Retirement   | 131,663   |   | 131,663              |
| Social Security  | 273,864   |   | 273,864              |
| Tort Immunity  | 2,834,759                                       |   | 2,834,759            |
| Levee Rehabilitation   | 2,566,695                                       |   | 2,566,695            |
| Unrestricted   | 1,085,193                                       | 673,548                                       | 1,758,741            |
| Total Net Position   | <u>\$ 18,180,927</u>                            | <u>\$ 4,488,336</u>                           | <u>\$ 22,669,263</u> |
| Total Liabilities, Deferred Inflows<br>of Resources and Net Position | <u>\$ 23,414,076</u>                            | <u>\$ 6,613,021</u>                           | <u>\$ 30,027,097</u> |

See accompanying note to the basic financial statements.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

Statement of Activities

| Functions/ Programs                  | Expenses     | Charges<br>For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Total<br>Governmental<br>Activities | Total<br>Business-type<br>Activities | Total          |
|--------------------------------------|--------------|----------------------------|--|--|-------------------------------------|--------------------------------------|----------------|
| <b>PRIMARY GOVERNMENT:</b>           |              |                            |  |  |                                     |                                      |                |
| Governmental Activities:             |              |                            |  |  |                                     |                                      |                |
| For the Year Ended December 31, 2018 |              |                            |  |  |                                     |                                      |                |
| General Government                   | \$ 2,485,979 | \$ 317,036                 |  |  | \$ (2,168,943)                      | \$                                   | \$ (2,168,943) |
| Drainage and Sanitation              | 2,894,135    | -                          |  |  | (2,894,135)                         |                                      | (2,894,135)    |
| Total Governmental Activities        | \$ 5,380,114 | \$ 317,036                 | \$ -                                     | \$ -                                   | \$ (5,063,078)                      | \$ -                                 | \$ (5,063,078) |
| <b>Business-type Activities:</b>     |              |                            |  |  |                                     |                                      |                |
| For the Year Ended March 31, 2018    |              |                            |  |  |                                     |                                      |                |
| Sewerage System                      | \$ 3,137,243 | \$ 3,598,902               |  |  | \$                                  | \$ 461,659                           | \$ 461,659     |
| Total Primary Government             | \$ 8,517,357 | \$ 3,915,938               | \$ -                                     | \$ -                                   | \$ (5,063,078)                      | \$ 461,659                           | \$ (4,601,419) |
| <b>GENERAL REVENUES:</b>             |              |                            |  |  |                                     |                                      |                |
| Taxes:                               |              |                            |  |  |                                     |                                      |                |
| Property Taxes                       |              |                            |  |  | \$ 3,077,821                        | \$                                   | \$ 3,077,821   |
| Payments in Lieu of Taxes            |              |                            |  |  | 17,992                              |                                      | 17,992         |
| Replacement Taxes                    |              |                            |  |  | 1,315,664                           |                                      | 1,315,664      |
| Interest Income                      |              |                            |  |  | 81,506                              | 823                                  | 82,329         |
| Miscellaneous                        |              |                            |  |  | 21,601                              | 11,534                               | 33,135         |
| Total General Revenues               |              |                            |  |  | \$ 4,514,584                        | \$ 12,357                            | \$ 4,526,941   |
| CHANGE IN NET POSITION               |              |                            |  |  | \$ (548,494)                        | \$ 474,016                           | \$ (74,478)    |
| NET POSITION - BEGINNING             |              |                            |  |  | 18,729,421                          | 4,014,320                            | 22,743,741     |
| NET POSITION - ENDING                |              |                            |  |  | \$ 18,180,927                       | \$ 4,488,336                         | \$ 22,669,263  |

See accompanying notes to the basic financial statements.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

BALANCE SHEET

Governmental Funds  
December 31, 2018

|   | General<br>Fund     | Tort<br>Liability<br>Fund | Other<br>Gov't<br>Funds | Total                |
|---|---------------------|---------------------------|-------------------------|----------------------|
| <b>ASSETS:</b>  |                     |                           |                         |                      |
| Cash and Cash Equivalents   | \$ 1,281,489        | \$ 743,861                | \$ 183,880              | \$ 2,209,230         |
| Investments - Certificates of Deposit   | 3,006,037           | 1,755,588                 | 125,079                 | 4,886,704            |
| Restricted Cash:  |                     |                           |                         |                      |
| Design Escrow   | 1,676               | -                         | -                       | 1,676                |
| Corps of Engineers  | 100,328             | -                         | -                       | 100,328              |
| Receivables:  |                     |                           |                         |                      |
| Property Taxes  | 2,962,787           | -                         | 460,980                 | 3,423,767            |
| Replacement Taxes   | 159,396             | -                         | -                       | 159,396              |
| Due from Other Funds  | 20,021              | -                         | 109,702                 | 129,723              |
| Due from Agency Fund  | 85,018              | -                         | -                       | 85,018               |
| Due from Component Unit   | 26,065              | -                         | -                       | 26,065               |
| Other   | 67,880              | -                         | -                       | 67,880               |
| Prepaid Expenses  | 319,072             | -                         | -                       | 319,072              |
| <b>Total Assets</b>   | <b>\$ 8,029,769</b> | <b>\$ 2,499,449</b>       | <b>\$ 879,641</b>       | <b>\$ 11,408,859</b> |
| <b>LIABILITIES:</b>   |                     |                           |                         |                      |
| Accounts Payable  | \$ 67,171           |                           | \$ 12,372               | \$ 79,543            |
| Accrued Payroll   | 82,735              |                           | 5,450                   | 88,185               |
| Compensated Absences  | 228,015             |                           | -                       | 228,015              |
| IMRF Accelerated Payments Payable   |                     |                           | -                       | -                    |
| Due to Other Funds  | 129,723             |                           | -                       | 129,723              |
| <b>Total Liabilities</b>  | <b>\$ 507,644</b>   | <b>\$ -</b>               | <b>\$ 17,822</b>        | <b>\$ 525,466</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>   |                     |                           |                         |                      |
| Unavailable Property Taxes  | \$ 2,822,756        |                           | \$ 439,575              | \$ 3,262,331         |
| <b>FUND BALANCES:</b>   |                     |                           |                         |                      |
| Nonspendable  |                     |                           |                         |                      |
| Prepaid Expenses  | 319,072             |                           | -                       | 319,072              |
| Restricted:   |                     |                           |                         |                      |
| Escrow Accounts   | 102,004             |                           |                         | 102,004              |
| Auditing  | -                   |                           | 16,717                  | 16,717               |
| Municipal Retirement  | -                   |                           | 131,663                 | 131,663              |
| Social Security   | -                   |                           | 273,864                 | 273,864              |
| Tort Immunity   | 1,164,365           | 1,670,394                 | -                       | 2,834,759            |
| Levee Rehabilitation  | 2,566,695           | 829,055                   | -                       | 3,395,750            |
| Unassigned  | 547,233             | -                         | -                       | 547,233              |
| <b>Total Fund Balances</b>  | <b>\$ 4,699,369</b> | <b>\$ 2,499,449</b>       | <b>\$ 422,244</b>       | <b>\$ 7,621,062</b>  |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 8,029,769</b> | <b>\$ 2,499,449</b>       | <b>\$ 879,641</b>       | <b>\$ 11,408,859</b> |

See accompanying notes to the basic financial statements.



Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2018

|   |                      |
|---|----------------------|
| Total governmental fund balances  | \$ 7,621,062         |
| Amounts reported for governmental activities in the statement of net position are different because:  |                      |
| Capital assets of \$18,568,310 , net of accumulated depreciation of \$7,398,278 , used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | 11,170,032           |
| Long-term liabilities, including compensated absences and IMRF accelerated payment payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.     | (181,269)            |
| Net pension benefit (obligation) and related deferred outflows and inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.                      | (428,898)            |
| Net position of governmental activities   | <u>\$ 18,180,927</u> |

See accompanying notes to the basic financial statements.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Governmental Funds  
For the Year Ended December 31, 2018

|                                      | General<br>Fund     | Tort<br>Liability<br>Fund | Other<br>Gov't<br>Fund | Total               |
|--------------------------------------|---------------------|---------------------------|------------------------|---------------------|
| REVENUES:                            |                     |                           |                        |                     |
| Taxes                                |                     |                           |                        |                     |
| Property Taxes                       | \$ 2,716,282        | \$ -                      | \$ 415,439             | \$ 3,131,721        |
| Intergovernmental Revenues:          |                     |                           |                        |                     |
| Replacement Taxes                    | 1,230,146           | -                         | 85,518                 | 1,315,664           |
| Payment in Lieu of Taxes             | 17,992              | -                         | -                      | 17,992              |
| Building Rental                      | 12,000              | -                         | -                      | 12,000              |
| Fines and Fees:                      |                     |                           |                        |                     |
| Licenses and Permits                 | 112,825             | -                         | -                      | 112,825             |
| Farm Ground Rental                   | 3,096               | -                         | -                      | 3,096               |
| Pumping Services                     | 189,115             | -                         | -                      | 189,115             |
| Interest Income                      | 50,185              | 29,112                    | 2,209                  | 81,506              |
| Sales of Surplus and Scrap           | 21,601              | -                         | -                      | 21,601              |
| Total Revenues                       | <u>\$ 4,353,242</u> | <u>\$ 29,112</u>          | <u>\$ 503,166</u>      | <u>\$ 4,885,520</u> |
| EXPENDITURES:                        |                     |                           |                        |                     |
| Current:                             |                     |                           |                        |                     |
| Administration                       | \$ 1,596,943        |                           | \$ 445,633             | \$ 2,042,576        |
| Engineering                          | 73,325              |                           | -                      | 73,325              |
| General Maintenance                  | 1,900,284           |                           | -                      | 1,900,284           |
| Project Cost - Pumping               | 920,526             |                           | -                      | 920,526             |
| Capital Outlay                       | -                   |                           | -                      | -                   |
| Total Expenditures                   | <u>\$ 4,491,078</u> | <u>\$ -</u>               | <u>\$ 445,633</u>      | <u>\$ 4,936,711</u> |
| REVENUES OVER (UNDER) EXPENDITURES   | <u>\$ (137,836)</u> | <u>\$ 29,112</u>          | <u>\$ 57,533</u>       | <u>\$ (51,191)</u>  |
| OTHER FINANCING SOURCES (USES)       |                     |                           |                        |                     |
| Transfers In                         | \$ -                | \$ -                      | \$ -                   | \$ -                |
| Transfers Out                        | -                   | -                         | -                      | -                   |
| Total Other Financing Sources (Uses) | <u>\$ -</u>         | <u>\$ -</u>               | <u>\$ -</u>            | <u>\$ -</u>         |
| NET CHANGE IN FUND BALANCES          | \$ (137,836)        | \$ 29,112                 | \$ 57,533              | \$ (51,191)         |
| FUND BALANCES, BEGINNING OF YEAR     | 4,837,205           | 2,470,337                 | 364,711                | 7,672,253           |
| FUND BALANCES, END OF YEAR           | <u>\$ 4,699,369</u> | <u>\$ 2,499,449</u>       | <u>\$ 422,244</u>      | <u>\$ 7,621,062</u> |

See accompanying notes to the financial statements.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

|  |                            |
|--|----------------------------|
| Net Change in fund balances - total governmental funds.  | \$ (51,191)                |
| Amounts reported for governmental activities in the statement of activities<br>are different because:  |                            |
| Uncollected property taxes not available to pay for current period<br>expenditures and, therefore, not recorded in the funds   | (53,900)                   |
| Governmental funds report capital outlay as expenditures. However,<br>in the government-wide statement of activities and changes in net<br>position, the cost of those assets is allocated over their estimated<br>useful lives as depreciation expense. This is the amount by which<br>depreciation expense exceeds capital outlay in the current period. | (282,376)                  |
| Changes in the net position benefit (obligation) is only reported in the<br>statement of activities.   | <u>(161,027)</u>           |
| Change in net position of governmental activities  | <u><u>\$ (548,494)</u></u> |

Metro East Sanitary District  
Lansdowne Trunk-Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

STATEMENT OF NET POSITION

Enterprise Fund  
March 31, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

Current Assets:

|   |                     |
|---|---------------------|
| Cash and Cash Equivalents                       | \$ 407,198          |
| Accounts Receivable, Net                        | 403,960             |
| Other Receivable - Granite City Sewer Treatment | 351,236             |
| Total Current Assets                            | <u>\$ 1,162,394</u> |

Noncurrent Assets:

|                                    |                  |
|------------------------------------|------------------|
| Restricted Cash - 203 Pump Station | \$ 20,713        |
| Net Pension Asset                  | 94,111           |
| Capital Assets, Net                | <u>5,350,389</u> |

Total Assets \$ 6,627,607

Deferred Outflows of Resources:

Related to Pension \$ 129,314

Total Assets and Deferred Outflow of Resources \$ 6,756,921

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:

Current Liabilities:

|   |                   |
|---|-------------------|
| Accounts Payable                          | \$ 156,749        |
| Due to Metro East Sanitary District       | 143,900           |
| Current Portion of Long-Term Liabilities: |                   |
| Illinois EPA Loan                         | 119,716           |
| Total Current Liabilities                 | <u>\$ 420,365</u> |

Noncurrent Liabilities:

|                              |                     |
|------------------------------|---------------------|
| Compensated Absences         | \$ 90,540           |
| Illinois EPA Loan            | 1,436,598           |
| Net Pension Liability        | -                   |
| Total Noncurrent Liabilities | <u>\$ 1,527,138</u> |

Total Liabilities \$ 1,947,503

Deferred Inflows of Resources:

Related to Pension \$ 321,082

Total Liabilities and Deferred Inflows of Resources \$ 2,268,585

NET POSITION:

|                                  |                |
|----------------------------------|----------------|
| Net Investment in Capital Assets | \$ 3,794,075   |
| Restricted for:                  |                |
| 203 Pump Station                 | 20,713         |
| Unrestricted                     | <u>673,548</u> |

Total Net Position \$ 4,488,336

Total Liabilities and Net Position \$ 6,756,921

See accompanying notes to the basic financial statements.

Metro East Sanitary District  
Lansdowne Trunk-Madison And Venice Sewerage System  
Madison and St. Clair Counties, Illinois

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION

Enterprise Fund  
For the Year Ended March 31, 2018

OPERATING REVENUES:

|                                     |                     |
|-------------------------------------|---------------------|
| Sewer Fees                          | \$ 3,589,410        |
| Lien Fees and Miscellaneous Charges | <u>9,492</u>        |
| Total Operating Revenues            | <u>\$ 3,598,902</u> |

OPERATING EXPENSES:

|                          |                     |
|--------------------------|---------------------|
| Personnel Services       | \$ 859,007          |
| Contractual Services     | 322,586             |
| Materials and Supplies   | 36,156              |
| Maintenance and Repairs  | 533,114             |
| Secondary Treatment      | 1,169,618           |
| Special Service Area     | 89,174              |
| Miscellaneous            | 913                 |
| Depreciation             | <u>126,675</u>      |
| Total Operating Expenses | <u>\$ 3,137,243</u> |

|                  |                   |
|------------------|-------------------|
| OPERATING INCOME | <u>\$ 461,659</u> |
|------------------|-------------------|

NONOPERATING REVENUES (EXPENSES):

|                 |               |
|-----------------|---------------|
| Interest Income | <u>\$ 823</u> |
|-----------------|---------------|

|                         |            |
|-------------------------|------------|
| INCOME BEFORE TRANSFERS | \$ 462,482 |
|-------------------------|------------|

|   |               |
|---|---------------|
| TRANSFERS FROM METRO EAST SANITARY DISTRICT | <u>11,534</u> |
|---|---------------|

|                        |            |
|------------------------|------------|
| CHANGE IN NET POSITION | \$ 474,016 |
|------------------------|------------|

|                                 |                  |
|---------------------------------|------------------|
| NET POSITION, BEGINNING OF YEAR | <u>4,014,320</u> |
|---------------------------------|------------------|

|                           |                            |
|---------------------------|----------------------------|
| NET POSITION, END OF YEAR | <u><u>\$ 4,488,336</u></u> |
|---------------------------|----------------------------|

See accompanying notes to the basic financial statements.

Metro East Sanitary District  
Lansdowne Trunk-Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

STATEMENT OF CASH FLOWS

Enterprise fund  
For the Year Ended March 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

|   |                  |
|---|------------------|
| Cash Receipts from Customers            | \$ 3,581,121     |
| Cash Payments to Supplies and Others    | (2,558,744)      |
| Cash Payments to Employees for Services | <u>(815,823)</u> |

|                                       |                   |
|---------------------------------------|-------------------|
| Net Cash Used by Operating Activities | <u>\$ 206,554</u> |
|---------------------------------------|-------------------|

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:

|   |               |
|---|---------------|
| Loan Proceeds from Metro East Sanitary District | \$ 100,000    |
| Transfers from Metro East Sanitary District     | <u>11,534</u> |

|  |                   |
|--|-------------------|
| Net Cash Provided by Noncapital and Related Financing Activities | <u>\$ 111,534</u> |
|--|-------------------|

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

|                                 |                     |
|---------------------------------|---------------------|
| Repayments on Illinois EPA Loan | <u>\$ (119,716)</u> |
|---------------------------------|---------------------|

|   |                     |
|---|---------------------|
| Net Cash Used by Capital and Related Financing Activities | <u>\$ (119,716)</u> |
|---|---------------------|

CASH FLOWS FROM INVESTING ACTIVITIES:

|                                |               |
|--------------------------------|---------------|
| Interest Earned on Investments | <u>\$ 823</u> |
|--------------------------------|---------------|

|   |               |
|---|---------------|
| Net Cash Provided by Investing Activities | <u>\$ 823</u> |
|---|---------------|

|  |            |
|--|------------|
| NET DEREASE IN CASH AND CASH EQUIVALENTS | \$ 199,195 |
|--|------------|

|   |                |
|---|----------------|
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>228,716</u> |
|---|----------------|

|   |                          |
|---|--------------------------|
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 427,911</u></u> |
|---|--------------------------|

See accomanying notes to basic financial statements.

Metro East Sanitary District  
Lansdowne Trunk-Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

STATEMENT OF CASH FLOWS

Enterprise fund  
For the Year Ended March 31, 2018

RECONCILIATION OF OPERATING INCOME (LOSS) NET CASH  
PROVIDIDE (USED) BY OPERATING ACTIVITIES:

|  |                      |
|--|----------------------|
| Operating Income   | \$ 461,659           |
| Adustment to Rconcile Operating Income (Loss) to Net Cash Provided<br>(Used) by Operating Activities |                      |
| Depreciation   | 126,675              |
| Changes in Assets and Liabilities  |                      |
| (Increase) Decrease in assets and Deferred Inflows   |                      |
| Accounts Receivable, Net   | -369,017             |
| Defferreed Outflows Related to Pension   | 93,519               |
| Increase (Decrease) in Liabilities and Deferred Outflows   |                      |
| Accounts Payable   | (25,947.00)          |
| Due to Metro East Sanitary District  | (30,000)             |
| Compensated Absences   | (15,359)             |
| Net Pension Liability  | (287,408)            |
| Deferred Inflows Related to Pension  | 252,432              |
| Net Cash Used by Operating Activities  | <u>\$ 206,554.00</u> |

CASH AND CASH EQUIVALENTS ACCOUNTED FOR AS FOLLOWS:

|  |                   |
|--|-------------------|
| Unrestricted Cash and Cash Equivalents | \$ 407,198        |
| Restricted Cash and Cash Equivalents   | <u>20,713</u>     |
|  | <u>\$ 427,911</u> |

See accomanying notes to basic financial statements.

Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

STATEMENT OF NET POSITION

Fiduciary Funds  
December 31, 2018

|  | Agency Funds |
|--|--------------|
|  | Blue Water   |
|  | Ditch        |
| ASSETS:  |              |
| Cash   | \$ 112,035   |
| Accounts Receivable - Other Governmental Units | 57,937       |
| Intra-Account Receivable                       | 118,268      |
|  | <hr/>        |
| Total Assets                                   | \$ 288,240   |
|  | <hr/>        |
| LIABILITIES:                                   |              |
| Accounts Payable                               | \$ 1,388     |
| Interfund Payable                              | 83,566       |
| Intra-Account Payable                          | 118,268      |
| Due to Agency                                  | 85,018       |
|  | <hr/>        |
| Total Liabilities                              | \$ 288,240   |
|  | <hr/>        |

See accompanying notes to basic financial statements.



**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Metro East Sanitary District (District) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The Metro East Sanitary District is a special district as outlined in the Illinois State Statutes. The District's executive Board consists of five members, three of which are appointed from Madison County and two from St. Clair County. The District is responsible primarily for operating and maintaining the storm water drainage system within its bi-county area.

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District should be included within its financial reporting entity. The criteria for including organizations within the District's reporting entity, as set forth in GASB statement No. 14, "The Financial Reporting Entity" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government. Based on these criteria, the following is a component unit that has been presented as a blended component unit in the accompanying financial statements:

**Lansdowne Sewerage and Treatment System (Lansdowne Trunk)**

The government board of the District exercises control over the Lansdowne Trunk - Madison and Venice Sewer Systems relative to rates for user fee charges, employees, disbursements and bond issuance authorization and debt requirements. This System has a fiscal year end which differs from that of the District. Financial information for the Lansdowne Trunk included in the accompanying financial statements is financial information from Lansdowne's fiscal year ended March 31, 2018.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metro East Sanitary District, P.O.Box 1366, Granite City, Illinois 62040.

**B. Government-Wide and Fund Financial Statements**

**Governmental- Wide Financial Statements**

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information for the District as a whole excluding fiduciary activities of the District such as Blue Water Ditch Funds. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. Government-Wide and Fund Financial Statements (Continued)*

*Governmental-Wide Financial Statements (Continued)*

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function nor segment and 2) operating grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

Separate financial statements are provided for governmental funds, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported in separate columns with composite columns for nonmajor funds in the fund financial statements.

*C. Fund Accounting*

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into three categories: governmental, proprietary and fiduciary.

**Governmental Funds**

Governmental funds are used to account for all or most of government's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

The District reports the following major governmental funds:

**General Fund-** The General fund is the District's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Tort Liability-** The Tort Liability Fund accounts for the financial transactions related to legal matters and tort action within the District.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. Fund Accounting (Continued)*

*Proprietary Funds*

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds)

The District reports the following major proprietary fund:

**Sewerage Fund-** The Lansdowne Trunk- Madison and Venice Sewerage Fund accounts for the activities of the sewerage operations. The District operates a collection and water distribution system for transportation of sewerage to the City of Granite City's treatment facility.

*Fiduciary Funds*

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

The Blue Water Ditch Funds have been included as fiduciary funds due to the fiduciary responsibility exercised over these funds.

*D. Measurement Focus and Basis of Accounting*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are reported when liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing storm water drainage system and sewer services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considered revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***D. Measurement Focus and Basis of Accounting (Continued)***

The District reports unavailable revenue on its financial statements. Unavailable revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the District Before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unavailable revenue is removed from the combined balance sheet and revenue is recognized.

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 of the District's enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***E. Estimates***

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

***F. Budgets***

The governmental funds budgets are adopted on a basis consistent with generally accepted accounting principles and the enterprise fund's budget is based on the cash basis of accounting. All annual appropriations laps at fiscal year-end.

***G. Cash and Cash Equivalents***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

***H. Investments***

Time deposits and other deposits with financial institutions are recorded at original cost, plus accrued interest. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. All of these approximate fair value.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*I. Receivables*

All receivables are reported net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. At March 31, 2018, the Lansdowne Sewerage System's allowance for doubtful accounts was \$400,000. The District had no other allowance for doubtful accounts at December 31, 2018.

*J. Property Tax*

The accompanying financial statement includes revenues from the 2017 property tax levy. Property taxes are levied each year by the last Tuesday of December on all real property located in the District. Property taxes attach as an enforceable lien on property as of January 1. The Madison and St. Clair County Assessors are responsible for the taxes assessed. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the State. The County Clerks compute the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerks then compute the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the County Collectors.

Property tax are collected by the County Collectors who remit to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments in St. Clair County and four installments in Madison County during the following year. The first installment is usually due no later than August and remaining installments are due throughout the year. Taxes are collected from June 2018 through March 2019.

For governmental funds, only property taxes, which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end, are recorded as revenue.

*K. Interfund Activity*

Transactions between funds that are representative of lending/ borrowing arrangements outstanding at the end of a fiscal year are referred to as due to and from other funds.

*L. Prepaid Expenses*

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

*M. Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value at the date of donation.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*M. Capital Assets (Continued)*

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

|                         |              |
|-------------------------|--------------|
| Buildings               | 25-100 years |
| Machinery and Equipment | 10-75 years  |
| Vehicles                | 15 years     |

*N. Compensated Absences (Accumulated Unpaid Vacation/Sick Pay)*

In the fund financial statements, vested or accumulated vacation and/or sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation and/or sick pay of proprietary funds and in the government-wide financial statements is recorded as an expense and a liability of those funds as the benefits accrue to employees.

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for the portion of accumulated sick leave benefits that are estimated to be taken as "terminal leave" prior to retirement.

Employees earn 12 days of sick pay per year. If at December 31 the employee does not have 6 sick days remaining, any future sick days will be earned at 1 per month in the following year. Vacation time is provided based on the following schedule:

| <u>After<br/>Years of<br/>Employment</u> | <u>Number<br/>of Weeks<br/>of Vacation</u> |
|--|--|
| 1  | 1  |
| 2  | 2  |
| 5  | 3  |
| 10                                       | 4  |

One additional day of vacation is provided after 15 years of employment for each additional year employed. For all employees hired prior to January 1, 2012 this will continue until the employee has reached a maximum of six weeks paid vacation; however, any employee hired after that date is only entitled to a maximum of five weeks paid vacation.

At December 31, 2018, District employees have accumulated \$61,611 in accrued vacation and \$166,404 in accrued sick pay.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*N. Compensated Absences (Accumulated Unpaid Vacation/Sick Pay) (Continued)*

At March 31, 2018 Lansdowne Sewerage System employees have accumulated \$43,631 in accrued vacation and \$46,909 in accrued sick pay.

*O. Long-Term Obligations*

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bonds payable are reported net of the applicable bond premium or discount. At December 31, 2018 and March 31, 2018, the District has no outstanding bonds.

*P. Deferred Outflows and Inflows of Resources*

In addition to assets, the government-wide and fund financial statements reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the government-wide and fund financial statements reports a separate section deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

*Q. Net Position*

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District applies the expenses to restricted resources first.

*R. Fund Balance*

According to Governmental Accounting Standards, fund balances are to be classified into five major classifications; non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance. Below are the definitions of the differences and how these balances are reported.

**Non-spendable Fund Balance-** Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*R. Fund Balance (Continued)*

**Restricted Fund Balance** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

**Committed Fund Balance** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. The Board of Commissioners through a formal action (ordinance or resolution) commits fund balance amounts for the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment. The District does not have committed funds at December 31, 2018 and March 31, 2018.

**Assigned Fund Balance** – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Intent may be expressed by (a) the Board of Commissioners itself or (b) the finance committee, if applicable, to assign amounts to be used for specific purposes. The District does not have assigned funds at December 31, 2018 and March 31, 2018.

**Unassigned Fund Balance** – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The District had not adopted a fund balance spending policy at December 31, 2018. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances are available, unless there are legal requirements that prohibit doing this. When restricted fund balances are not available, the default policy considers expenditures to be spent from committed fund balance first, then assigned and then unassigned. Expenditures for a specifically identified purpose will act to reduce the specific classification of the fund balance that is identified.

**NOTE 2: DEPOSITS AND INVESTMENTS**

The District is authorized by state statute to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the United States of America, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool. The District has no investment policy which would further limit its investment options. The District does not enter into any reverse repurchase agreements.



**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)**

Deposits at December 31, 2018 and March 31, 2018 appear in the financial statements as summarized below:

|                              | Exhibit A<br>Statement of<br>Net Assets<br>Governmental<br><u>Funds</u> | Exhibit A<br>Statement of<br>Net Assets<br>Business-<br>Type Funds | Exhibit J<br>Statement<br>of Net<br>Assets<br>Fiduciary<br><u>Funds</u> | <u>Total</u>       |
|------------------------------|---|--|---|--------------------|
| Cash and Cash<br>Equivalents | \$2,209,230   | \$407,198  | \$112,035   | 2,728,463          |
| Investments-CD's             | 4,886,704   | 407,198  |   | 4,886,704          |
| Restricted Cash              | 102,004   | 20,713   | -   | 122,717            |
|                              | <u>\$7,197,938</u>  | <u>\$427,911</u>   | <u>\$122,035</u>  | <u>\$7,737,884</u> |

**Interest Rate Risk**

Interest rate risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity date will have a greater sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. All of the District's certificates of deposit and state investment pool have maturity dates of one year or less.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The state investment pool used by the District has earned Standard and Poor's highest rating (AAAm)

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposits that are insured under FDIC \$250,000 and any remaining balances in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent third party institution in the name of the District. Deposits held in banks were 100% insured by the FDIC or covered by pledged collateral held in the District's name at December 31, 2018 and March 31, 2018.

The District's deposits in the state investment pool are fully collateralized. The District maintains separate deposit accounts representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with each individual participant's account. The balance in the Lansdowne Sewerage System's state investment pool was \$96,385 at March 31, 2018.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2018 and March 31, 2018 was as follows:

|   | Beginning<br>Balances | Increases          | Decreases   | Ending<br>Balances  |
|---|-----------------------|--------------------|-------------|---------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                          |                       |                    |             |                     |
| Capital Assets Not Being<br>Depreciated Land            | \$1,715,415           | \$ -               | \$ -        | \$1,715,418         |
| Capital Assets Being Depreciated                        |                       |                    |             |                     |
| Buildings   | \$13,874,030          | \$ -               | \$ -        | \$13,874,030        |
| Machinery and Equipment                                 | 2,491,642             | -                  | -           | 2,491,642           |
| Vehicles  | 487,220               | -                  | -           | 487,220             |
| Total Capital Assets<br>Being Depreciated               | \$16,852,892          |                    | \$ -        | \$16,852,852        |
| Less Accumulated Depreciation for                       |                       |                    |             |                     |
| Buildings   | \$5,799,910           | \$167,529          | \$ -        | \$5,967,439         |
| Machinery and Equipment                                 | 1,053,647             | 82,295             | -           | 1,135,942           |
| Vehicles  | 262,345               | 35,552             | -           | 294,897             |
| Total Accumulated Depreciation                          | \$7,115,902           | \$282,376          | \$ -        | \$7,398,278         |
| Total Capital Assets Being<br>Depreciated, Net          | \$9,736,990           | (\$282,376)        | \$ -        | \$9,454,614         |
| <b>GOVERNMENTAL ACTIVITIES<br/>CAPITAL ASSETS, NET</b>  | <b>\$11,452,408</b>   | <b>(\$282,376)</b> | <b>\$ -</b> | <b>\$11,170,032</b> |
| <b>BUSINESS-TYPE ACTIVITIES</b>                         |                       |                    |             |                     |
| Capital Assets Not Being<br>Depreciated Land            | \$191,000             | \$ -               | \$ -        | \$191,000           |
| Capital Assets Being Depreciated                        |                       |                    |             |                     |
| Buildings   | \$3,323,798           | \$ -               | \$ -        | \$3,323,798         |
| Equipment   | 3,242,967             | -                  | -           | 3,242,967           |
| Office<br>Equipment                                     | 21,030                | -                  | -           | 21,030              |
| Force Main, Trunk Lines and<br>Treatment Plant          | 5,918,118             | -                  | -           | 5,918,118           |
| Total Capital Assets<br>Being Depreciated               | \$12,505,913          | \$ -               | \$ -        | \$12,505,913        |
| Less Accumulated Depreciation                           | \$7,219,849           | \$126,675          | \$ -        | \$7,346,524         |
| Total Capital Assets<br>Being Depreciated, Net          | \$5,286,064           | (\$126,675)        | \$ -        | \$5,159,389         |
| <b>BUSINESS-TYPE ACTIVITIES<br/>CAPITAL ASSETS, NET</b> | <b>\$5,477,064</b>    | <b>(\$126,675)</b> | <b>\$ -</b> | <b>\$5,350,389</b>  |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 3: CAPITAL ASSETS (CONTINUED)**

Depreciation expense is charged to functions/programs of the governmental activities as follows:

|  |                             |
|--|-----------------------------|
| GOVERNMENTAL ACTIVITIES                                    |                             |
| General Administration                                     | \$2,739                     |
| Drainage   |                             |
| General Maintenance  | 114,847                     |
| Project Costs  | <u>164,790</u>              |
| <br>TOTAL DEPRECIATION EXPENSE-<br>GOVERNMENTAL ACTIVITIES | <br><u><u>\$282,376</u></u> |

Depreciation expense is charged to business-type activities as follows:

|   |                             |
|---|-----------------------------|
| BUSINESS-TYPE ACTIVITIES                                    |                             |
| Sewerage Fund   | <u>\$126,675</u>            |
| <br>TOTAL DEPRECIATION EXPENSE-<br>BUSINESS-TYPE ACTIVITIES | <br><u><u>\$126,675</u></u> |

**NOTE 4: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018 and March 31, 2018.

|                                   | Beginning<br>Balance          | Additions                   | Deletions                     | Ending<br>Balance           | Due Within One<br>Year      |
|-----------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| <u>Governmental Activities</u>    |                               |                             |                               |                             |                             |
| Net Pension Liability             | \$880,573                     | \$ -                        | \$880,573                     | \$ -                        | \$ -                        |
| IMRF Accelerated Payments Payable | 102,159                       | 174,164                     | 95,054                        | 181,269                     | -                           |
| Compensated Absences              |                               |                             |                               |                             |                             |
| Accumulated Vacation Pay          | 73,475                        | -                           | 11,864                        | 61,611                      | 61,611                      |
| Accumulated Sick Pay              | <u>190,900</u>                | <u>-</u>                    | <u>724,496</u>                | <u>166,404</u>              | <u>166,404</u>              |
| <br>Total Governmental Funds      | <br><u><u>\$1,247,107</u></u> | <br><u><u>\$174,164</u></u> | <br><u><u>\$1,011,987</u></u> | <br><u><u>\$409,284</u></u> | <br><u><u>\$228,015</u></u> |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

|  | Beginning<br>Balance      | Additions             | Deletions               | Ending<br>Balance         | Due Within<br>One Year  |
|--|---------------------------|-----------------------|-------------------------|---------------------------|-------------------------|
| <b><u>Business-Type Activities</u></b> |                           |                       |                         |                           |                         |
| IEPA Loan                              | \$1,676,030               | \$ -                  | \$119,716               | \$1,556,314               | \$119,716               |
| Net Pension Liability                  | 193,297                   | -                     | 193,297                 | -                         | -                       |
| Compensated Advances                   |                           |                       |                         |                           |                         |
| Accumulated Vacation Pay               | 42,325                    | 1,306                 | -                       | 43,631                    | -                       |
| Accumulated Sick Pay                   | 63,574                    | -                     | 16,665                  | 45,909                    | -                       |
| <b>Total Business-Type Activities</b>  | <b><u>\$1,975,226</u></b> | <b><u>\$1,306</u></b> | <b><u>\$329,678</u></b> | <b><u>\$1,646,854</u></b> | <b><u>\$119,716</u></b> |

**IEPA Loan- Business-Type Activities**

During the fiscal year ended March 31, 2010, the District entered into a loan agreement with Illinois Environmental Protection Agency for construction of a 24 inch replacement sewer main and emergency generators in the amount of \$2,317,146. The loan is a 20 year loan with an annual fixed rate of 0%.

The annual requirements to amortize the IEPA Loan as of March 31, 2018, are as follows:

| <u>Year Ending March 31:</u> | <u>Principal</u>           | <u>Interest</u>    | <u>Total</u>               |
|------------------------------|----------------------------|--------------------|----------------------------|
| 2019                         | \$ 119,716                 | \$ -               | \$119,716                  |
| 2020                         | 119,716                    | -                  | 119,716                    |
| 2021                         | 119,716                    | -                  | 119,716                    |
| 2022                         | 119,716                    | -                  | 119,716                    |
| 2023                         | 119,716                    | -                  | 119,716                    |
| 2024-2028                    | 598,583                    | -                  | 598,583                    |
| 2029-2031                    | 359,151                    | -                  | 359,151                    |
| <b>Total</b>                 | <b><u>\$ 1,556,314</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 1,556,314</u></b> |

**IMRF Accelerated Payments**

The District is required to pay accelerated IMRF payments to IMRF when a retiring person shows wage increases in excess of 6% as estimated by IMRF. The District is billed directly for these amounts rather than IMRF increasing the retired employee's monthly pension.

The amounts are due and required to be paid within 3 years after the retirement date. Amounts paid within the first 90 days of the retirement date have zero interest charged. Amounts owed after the 90 days accrue interest at 7.5%. Accrued interest is included in the debt owed as of December 31, 2018.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 4: LONG-TERM LIABILITIES (CONTINUED)**

**IMRF Accelerated Payments (CONTINUED)**

The annual requirements to amortize this debt as of December 31, 2018 are as follows:

| Year Ending<br>December 31, |                  |
|-----------------------------|------------------|
| 2019                        | 0                |
| 2020                        | 64,531           |
| 2021                        | 116,738          |
| 2022                        | 0                |
| 2023                        | 0                |
| TOTAL                       | <u>\$181,269</u> |

**Legal Debt Margin**

The computation of legal debt margin at December 31, 2018 is as follows:

|   |                       |
|---|-----------------------|
| ASSESSED VALUATION, 2016 TAX YEAR                       | <u>\$ 776,149,095</u> |
| Statutory Debt Limitation (5.75% of Assessed Valuation) | \$ 44,628,573         |
| General Obligation Bonds Outstanding                    | <u>0</u>              |
| LEGAL DEBT MARGIN                                       | <u>\$ 44,628,573</u>  |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 5: INTERFUND RECEIVABLES/ PAYABLES**

Interfund receivables and payables balance, at December 31, 2018 are as follows:

| <u>Due From</u>          | <u>Due To</u>                   |                     |                          |                        |                  |
|--------------------------|---------------------------------|---------------------|--------------------------|------------------------|------------------|
| Primary Government       | <u>Governmental Activities</u>  |                     |                          |                        |                  |
|                          | <u>Major Governmental Funds</u> |                     |                          | <u>Fiduciary Funds</u> |                  |
|                          | General Fund                    | Tort Liability Fund | Other Governmental Funds | Blue Water Funds       | Total Due From   |
| Governmental Activities  |                                 |                     |                          |                        |                  |
| Major Governmental Funds |                                 |                     |                          |                        |                  |
| General Fund             | \$20,021                        | \$ -                | \$109,702                | \$ -                   | \$129,723        |
| Business-Type Activities |                                 |                     |                          |                        |                  |
| Sewerage Fund            | 0                               | -                   | -                        | -                      | 0                |
|                          | <u>\$20,021</u>                 | <u>\$ -</u>         | <u>\$109,702</u>         | <u>\$ -</u>            | <u>\$129,723</u> |

Interfund balances are the result of temporary loans and/or reimbursements for services provided. The \$0 interfund balance displayed above relates to Metro East Sanitary District at December 31, 2018 and varies from that of the Lansdowne Sewerage System at its year-end of March 31, 2018, which totaled \$143,900.

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

*Plan Description.* 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 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](http://www.imrf.org).

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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

*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% of 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 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.

*Employees Covered by Benefit Terms.* As of December 31, 2017, the following employees were covered by the benefit terms:

|  | <u>IMRF</u> |
|--|-------------|
| Retirees and Beneficiaries currently receiving benefits          | 52          |
| Inactive Plan Members entitled to but not yet receiving benefits | 32          |
| Active Plan Members  | <u>41</u>   |
| Total  | <u>125</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 requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2017 was 8.9%. The District's governmental activities contributed \$345,538 (of which \$119,159 was for accelerated payments) for the year ended December 31, 2017 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.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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

*Net Pension Liability.* The District's net pension liability was measured as of December 31, 2017. 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, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%, 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 2017 valuation according to an experience study from years 2014 to 2016.
- For Non-Disabled Retiree, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- 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 for 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 as of December 31, 2017.

|                                    | <b>Portfolio<br/>Target<br/>Percentage</b> | <b>Long-Term<br/>Expected<br/>Real Rate<br/>Of Return</b> |
|------------------------------------|--|---|
| <b>Domestic Equity</b>             | 37%  | 6.85%   |
| <b>International Equity</b>        | 18%  | 6.75%   |
| <b>Fixed Income</b>                | 28%  | 3.00%   |
| <b>Real Estate</b>                 | 9%   | 5.75%   |
| <b>Alternative<br/>Investments</b> | 7%   | 2.65-7.35%  |
| <b>Cash Equivalents</b>            | 1%   | 2.25%   |
| <b>Total</b>                       | <u>100%</u>                                |   |



**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**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 3.31%, and the resulting single discount rate is 7.50%.

*Changes in the Net Pension Liability.* Changes in the District's net pension liability for the year ended December 31, 2017 were as follows:

|   | Total<br>Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A)-(B) |
|---|--------------------------------------|---------------------------------------|-------------------------------------|
| Balance at December 31, 2016  | \$ 15,645,854                        | \$ 14,571,984                         | \$ 1,073,870                        |
| Changes for the year:   |                                      |                                       |                                     |
| Service Cost  | 330,933                              |                                       | 330,933                             |
| Interest on the Total Pension Liability   | 1,161,859                            |                                       | 1,161,859                           |
| Changes of Benefit Terms  | 0                                    |                                       | 0                                   |
| Differences Between Expected & Actual Experience of the Total Pension Liability | 23,110                               |                                       | 23,110                              |
| Changes of Assumptions  | (492,114)                            |                                       | (492,114)                           |
| Contributions – Employer  |                                      | 294,366                               | (91,286)                            |
| Contributions – Employees   |                                      | 140,242                               | (35,597)                            |
| Net Investment Income   |                                      | 2,447,646                             | (270,141)                           |
| Benefit Payments, including Refunds Of Employee Contributions                   | (639,733)                            | (639,733)                             |                                     |
| Other (Net Transfer)  | 0                                    | (340,198)                             | 340,198                             |
| Net Changes   | 384,055                              | 1,902,323                             | (1,518,268)                         |
| Balances at December 31, 2017   | <u>\$ 16,029,909</u>                 | <u>\$ 16,474,307</u>                  | <u>\$ 444,398</u>                   |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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

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

|                               | 1% Lower<br>(6.50%) | Current Discount<br>Rate<br>(7.50%) | 1% Higher<br>(8.50%)  |
|-------------------------------|---------------------|-------------------------------------|-----------------------|
| Net Pension Liability (Asset) | <u>\$ 1,476,572</u> | <u>(\$ 444,398)</u>                 | <u>(\$ 2,035,466)</u> |

*Pension Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2018, the District recognized pension expense of \$173,122. At December 31, 2018, the Airport's reported deferred outflows or resources and deferred inflows of resources related to pensions from the following

| Deferred Amounts Related to Pensions   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Deferred Amounts to be recognized in Pension Expense in Future Periods           |   |  |
| Differences between expected and actual experience                               | \$ 17,791                                     | \$ 225,968                                   |
| Changes of assumptions   | 41,711  | 388,762                                      |
| Net difference between projected and actual earnings on pension plan investments | <u>471,586</u>                                | <u>1,100,158</u>                             |
| Total Deferred Amounts to be recognized in pension Expense in future periods     | 531,088                                       | 1,714,888                                    |
| <i>Pension Contributions made subsequent to the Measurement Date</i>             | <u>212,847</u>                                | <u>0</u>                                     |
| Total Deferred Amounts Related to Pensions                                       | <u>\$ 743,935</u>                             | <u>\$1,714,888</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<br/>December 31</u> | <u>Net Deferred Outflows<br/>of Resources</u> |
|------------------------------------|---|
| 2018                               | ( \$ 15,114)                                  |
| 2019                               | ( 254,780)                                    |
| 2020                               | ( 388,798)                                    |
| 2021                               | <u>(312,261)</u>                              |
| Total                              | <u>(\$ 970,953)</u>                           |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 7: OTHER NOTE DISCLOSURES**

A. Risk Management

Insurance

The District purchases commercial general liability, workers' compensation, auto and property insurance through a local insurance broker for all risks. There have been no significant reductions in coverage for the current year. The District is liable for any claims in excess of its coverage liability. At December 31, 2018, no claims were in excess of coverage for the current or prior three years.

B. Tort Expenditures

The District has a restricted liability insurance fund as follows:

|   | <u>General Fund</u> | <u>Tort<br/>Liability Fund</u> |
|---|---------------------|--------------------------------|
|   | <u>Insurance</u>    | <u>Liability</u>               |
|   | <u>Tort</u>         | <u>Tort</u>                    |
| Restricted for Tort Immunity -12/31/207   | \$1,142,241         | \$1,641,282                    |
| 2017 Levy Collected in 2018               | 346,302             | -                              |
| Interest Income                           | 663                 | 29,111                         |
| Insurance / Tort Expenses                 | -324,841            | -                              |
| Transfer In (Out)                         | -                   | -                              |
|   | <hr/>               | <hr/>                          |
| Restricted for Tort Immunity - 12/31/2018 | <u>\$1,164,365</u>  | <u>\$1,670,393</u>             |

C. Tort Liability Fund

Legal Judgments/ Claims

Reported judgments (tort liability) are principally funded through property taxes over a period of time. Taxes collected are accumulated in the Tort Liability Fund to accumulate a reserve for the defense of the District and/or to pay legal claims.

D. Corps of Engineers and District Improvement Project

For a number of years, the District, working in partnership with the Federal Corps of Engineers, has been making improvements to its internal systems of levees, ditches and pumping stations. Funding for these improvements has been established at 25% District and 75% Federal. The accompanying financial statements do not reflect amounts being spent by the federal government on this project, as these amounts are indeterminable on an annual basis at the District level.

From time to time, in addition to direct cash payments to the Corps of Engineers for its 25% share of costs, the District may be responsible for 100% of certain cost items in the form of cash payments to vendors and/or work on particular project being done totally by District machinery and personnel (work in kind). All of these District costs are reflected in the accompanying financial statements on an annual basis. It is anticipated that most of the 100% District costs will be considered by the Corps of Engineers, at the end of the overall project, as part of the 25% share contribution due by the District toward the rehabilitation project.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)**

**D. Corps of Engineers and District Improvement Project (Continued)**

There has been no project activity in this regard since 2008. At December 31, 2018, the restricted cash balance on these funds was \$100,328.

**E. Design Escrow Accounts**

During 1999 the District, as the local sponsor, opened accounts to track funds being contributed by the State of Illinois/Department of Natural Resources and various government participants to pay for a study titled the East St. Louis, Illinois and Vicinity Interior Flood Control Study. The actual study is being conducted by the U.S Army Corps of Engineers and paid for from the above funds. Participating governments include the Metro East Sanitary District, Madison County, St. Clair County and the State of Illinois Office of Water Resources

There has been no project activity in this regard since 2009. At December 31, 2018, the restricted cash balance on these funds was \$1,676.

**F. Lease of Office Space- Related Party Transaction**

The Lansdowne System leases office space on a monthly basis from the Metro East Sanitary District. Currently, monthly lease payments are \$1,000. No formal lease has been executed between the related parties. Therefore, an analysis of future minimum rental payments is inappropriate.

**G. 203 Pump Station**

On July 23, 1997, the Lansdowne System entered into an agreement to purchase a sanitary pumping station located on Gateway International Racetrack real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois. In accordance with an additional agreement related to the above station, all current and any future users of the pump station are responsible for the cost of maintenance. The System is responsible for maintaining the station is to bill users for the related costs. The accompanying financial statements account for these accumulations as restricted assets totaling \$20,713 at March 31, 2018.

**H. Blue Water Ditch Fiduciary Funds**

As noted above, these financial statements include fiduciary funds which are used to account for assets held on behalf of outside parties. As displayed, these Blue water Ditch Funds include an operating as well as a sinking fund. Cash is received by the District from the following local municipalities in relation to their participation percentage in the Blue Water Ditch Project. The State of Illinois Office of Water Resources is the oversight agency for this Blue Water Ditch Project.

| <u>Municipality</u>  | <u>Participation<br/>Percentage</u> |
|----------------------|-------------------------------------|
| Village of Cahokia   | 59.7                                |
| St. Clair County     | 4.9                                 |
| City of Alorton      | 8.1                                 |
| City of Centreville  | 23.6                                |
| Centreville Township | 3.7                                 |
|                      | <u>100</u>                          |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)**

**H. Blue Water Ditch Fiduciary Funds (Continued)**

The Sinking Fund is used to accumulate revenues for eventual system renewals and replacements.

The Operation and Maintenance Fund is used to account for ongoing operations of the Blue Water Ditch pumping station including the cost for electricity to operate the pumping system. Costs in this regard totaled \$144,358 in 2018.

**I. Levee Rehabilitation**

On June 23, 2008 the governor approved amendments to the Illinois State Statute which set aside 90% of the accumulated cash balances within the District's Tort Liability Fund at January 1, 2008 to be used to provide "...capital for levee or river related scientific studies including the construction of facilities for such purposes". The following is an analysis of the District's Tort Liability Fund and General Fund restriction/reservation for levee rehabilitation.

|   |                    |                      |
|---|--------------------|----------------------|
| 01/01/08 Cash Balances  | <u>\$7,374,222</u> |                      |
| 90%   | \$6,636,800        | Initial Restriction  |
| Expenditures During   |                    |                      |
| 2008  | -92,809            |                      |
| 2009  | -1,636,206         |                      |
| 2010  | -791,232           |                      |
| 2011  | -631,716           |                      |
| 2012  | -30,348            |                      |
| 2013  | -432,359           |                      |
| 2014  | -198,343           |                      |
| 2015  | -3,149             |                      |
| 2016  | -47,160            |                      |
| 2017  | -11,528            |                      |
| 2018  | -133,080           |                      |
| Interest Income on Account  | 596,723            |                      |
| Equipment Purchases and Corps of<br>Engineers Project Credit  | <u>-658,898</u>    |                      |
|   | <u>\$2,566,695</u> | Restriction 12/31/18 |
| Levee restriction is displayed in the<br>accompanying financial statements<br>in the following funds: |                    |                      |
|   | \$1,737,640        | General Fund         |
|   | <u>829,055</u>     | Tort Liability Fund  |
|   | <u>\$2,566,695</u> | Total                |

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)

K. Pending Litigation and Claims

The District is a defendant in various litigation and claims. Although the outcome of these litigation and claims are not presently determinable, it is the opinion of the District's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated the effect of subsequent events on the financial statements through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

General and Major Special Revenue Funds  
For the Year Ended December 31, 2018

|                                      | General Fund                    |              | Tort Liability Fund             |           |
|--------------------------------------|---------------------------------|--------------|---------------------------------|-----------|
|                                      | Original<br>and Final<br>Budget | Actual       | Original<br>and Final<br>Budget | Actual    |
| REVENUES:                            |                                 |              |                                 |           |
| Taxes:                               |                                 |              |                                 |           |
| Property Taxes                       | \$ 2,480,627                    | \$ 2,716,282 | \$ -                            | -         |
| Intergovernmental Revenues:          |                                 |              |                                 |           |
| Replacement Taxes                    | 1,350,000                       | 1,230,146    | -                               | -         |
| Payment in Lieu of Taxes             |                                 | 17,992       | -                               | -         |
| Building Rental                      |                                 | 12,000       | -                               | -         |
| Fines and Fees:                      |                                 |              |                                 |           |
| Licenses and Permits                 |                                 | 112,825      | -                               | -         |
| Farm Ground Rental                   |                                 | 3,096        | -                               | -         |
| Pumping Services                     | 200,000                         | 189,115      | -                               | -         |
| Interest Income                      |                                 | 50,185       |                                 | 29,112    |
| Sale of Surplus Property and Scrap   |                                 | 21,601       |                                 | -         |
| Total Revenues                       | \$ 4,030,627                    | \$ 4,353,242 | \$ 4,353,242                    | \$ 29,112 |
| EXPENDITURES:                        |                                 |              |                                 |           |
| Administration:                      |                                 |              |                                 |           |
| Salaries                             | \$ 415,000                      | \$ 375,484   | \$ -                            | -         |
| Electric Service                     | 5,000                           | 5,719        | -                               | -         |
| Insurance - Group Health and Welfare | 550,000                         | 506,571      | -                               | -         |
| Insurance - Retiree Medical          | 26,000                          | 25,050       | -                               | -         |
| Insurance - Bonding                  | 1,500                           | 975          | -                               | -         |
| Insurance - Unemployment             | 25,000                          | 8,821        | -                               | -         |
| Insurance - Worker's Compensation    |                                 | 165,092      | -                               | -         |
| Insurance - Liability                | 290,000                         | 178,748      | -                               | -         |
| Telephone                            | 4,000                           | 3,075        | -                               | -         |
| Water, Trash and Sewerage            | 500                             | 598          | -                               | -         |
| Postage                              | 1,000                           | 845          | -                               | -         |
| Materials and Supplies:              |                                 |              |                                 |           |
| Vehicles                             | 3,000                           |              | -                               | -         |
| Equipment                            | 2,000                           |              | -                               | -         |
| Building                             | 2,500                           | 3,000        | -                               | -         |

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

General and Major Special Revenue Funds  
For the Year Ended December 31, 2018

|  | General Fund                    |         | Tort Liability Fund             |        |
|--|---------------------------------|---------|---------------------------------|--------|
|  | Original<br>and Final<br>Budget | Actual  | Original<br>and Final<br>Budget | Actual |
| EXPENDITURES (CONTINUED):                  |                                 |         |                                 |        |
| Administration (Continued):                |                                 |         |                                 |        |
| Office Expense                             | 10,000                          | 8,105   |                                 | -      |
| Licenses and Title                         | 200                             | 315     |                                 | -      |
| Copier Lease                               | 3,000                           | 2,850   |                                 | -      |
| Building Security                          | 1,100                           | 1,008   |                                 | -      |
| Legal Services                             | 87,500                          | 161,830 | 55,000                          | -      |
| Legal Publications                         | 5,000                           | 1,513   |                                 | -      |
| Payroll Processing                         | 6,000                           | 4,634   |                                 | -      |
| Land and Title Work                        | 500                             |         |                                 | -      |
| Training and Travel                        | 3,500                           | 2,487   |                                 | -      |
| Dues and Subscriptions                     | 500                             | 173     |                                 | -      |
| Petty Cash                                 | 500                             | 211     |                                 | -      |
| Minor Medical Fees                         | 6,000                           | 3,380   |                                 | -      |
| Easements                                  | 500                             | 200     |                                 | -      |
| Flood Prevention Expenditures - Noncapital | 100,000                         | 133,080 |                                 | -      |
| Bank Fees                                  | 100                             |         |                                 | -      |
| Miscellaneous                              | 2,000                           | 3,179   |                                 | -      |
| Engineering:                               |                                 |         |                                 |        |
| Engineering Services                       | 50,000                          | 73,325  |                                 | -      |
| General Maintenance:                       |                                 |         |                                 |        |
| Salaries - Madison County                  | 800,000                         | 803,986 |                                 | -      |
| Salaries - St. Clair County                | 800,000                         | 728,231 |                                 | -      |
| Electric Service                           | 20,000                          | 18,584  |                                 | -      |
| Telephone                                  | 10,000                          | 5,434   |                                 | -      |
| Water, Trash and Sewerage                  | 15,000                          | 6,675   |                                 | -      |
| Material and Supplies:                     |                                 |         |                                 |        |
| Vehicles                                   | 40,000                          | 33,163  |                                 | -      |
| Office                                     | 3,000                           | 4,074   |                                 | -      |
| Buildings                                  | 40,000                          | 19,142  |                                 | -      |
| Equipment                                  | 100,000                         | 93,225  |                                 | -      |
| Levee and Canals                           | 20,000                          | 39,979  |                                 | -      |
| Stormwater Drain                           |                                 | 96      |                                 | -      |
| Motor Fuel and Lubricants                  | 100,000                         | 99,723  |                                 | -      |
| Moving Equipment                           | 500                             |         |                                 | -      |
| Equipment Rental                           | 2,000                           | 6,793   |                                 | -      |
| Building Security                          | 3,500                           | 3,288   |                                 | -      |



Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL

General and Major Special Revenue Funds  
For the Year Ended December 31, 2018

|                                      | General Fund                    |              | Tort Liability Fund             |              |
|--------------------------------------|---------------------------------|--------------|---------------------------------|--------------|
|                                      | Original<br>and Final<br>Budget | Actual       | Original<br>and Final<br>Budget | Actual       |
| EXPENDITURES (CONTINUED):            |                                 |              |                                 |              |
| General Maintenance (Continued):     |                                 |              |                                 |              |
| Safety Equipment - Noncapital        | 2,500                           | 4,237        | -                               | -            |
| Uniform Expense and Boot Allowance   | 8,000                           | 5,524        | -                               | -            |
| Road Improvements                    | 15,000                          | 18,490       | -                               | -            |
| Weed Control and Seeding             | 5,000                           | 9,640        | -                               | -            |
| Project Costs:                       |                                 |              |                                 |              |
| Salaries                             | 300,000                         | 471,131      | -                               | -            |
| Electric Service                     | 450,000                         | 270,471      | -                               | -            |
| Telephone                            | 1,000                           | 1,310        | -                               | -            |
| Water, Trash and Sewerage            | 2,000                           | 1,279        | -                               | -            |
| Material and Supplies:               |                                 |              |                                 |              |
| Equipment                            | 150,000                         | 110,958      | -                               | -            |
| Building                             | 50,000                          | 62,288       | -                               | -            |
| Equipment Rental                     | 10,000                          | 2,309        | -                               | -            |
| Building Security                    | 500                             | 780          | -                               | -            |
| Capital Outlay:                      |                                 |              |                                 |              |
| Equipment Purchases                  | 155,000                         | -            | -                               | -            |
| Total Expenditures                   | 4,704,900                       | 4,491,078    | 55,000                          | -            |
| REVENUES OVER (UNDER) EXPENDITURES   | \$ (674,273)                    | \$ (137,836) | \$ 4,298,242                    | \$ 29,112    |
| OTHER FINANCING SOURCES (USES)       |                                 |              |                                 |              |
| Transfers In                         | \$ -                            | -            | \$ -                            | \$ -         |
| Transfers Out                        | -                               | -            | -                               | -            |
| Total Other Financing Sources (Uses) | \$ -                            | \$ -         | \$ -                            | \$ -         |
| NET CHANGE IN FUND BALANCES          | \$ (674,273)                    | (137,836)    | \$ 4,298,242                    | 29,112       |
| FUND BALANCES, BEGINNING OF YEAR     |                                 | 4,837,205    |                                 | 2,470,337    |
| FUND BALANCES, END OF YEAR           |                                 | \$ 4,699,369 |                                 | \$ 2,499,449 |

See accompanying independent auditor's report.

**METRO EAST SANITARY DISTRICT**  
**MADISON AND ST. CLAIR COUNTIES, ILLINOIS**

**NOTES TO THE SCHEDULE OF REVENUES**  
**EXPENDITURES AND CHANGES IN FUND BALNCES**  
**BUDGET (GASAP BASIS) AND ACTUAL**  
**GENERAL AND MAJOR SPECIAL REVENUES**

**DECEMBER 31, 2018**

**NOTE 1: LEGAL COMPLIANCE AND ACCOUNTABILITY**

The District Followed these procedures in establishing the budgetary data reflected in The financial statements:

1. Prior to the Board of Commissioners issued a tentative operating budget for 2018. The operating budget included proposed expenditures and the means of financing them. The budget was made available for public inspection for at least thirty days prior to the public hearing.
2. A public heating was conducted on February 8, 2018 to obtain taxpayer comments.
3. After the public hearing the budget was legally enacted through passage of an ordinance on February 8, 2018.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles.
5. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
6. The budgeted amounts shown in the financial statements are the final authorized amounts and have not been amended or revised during the year.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years (schedule to be built prospectively from 2014)

| Calendar year ending December 31,                                      | 2017          | 2016          | 2015          | 2014          | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|---------------|---------------|---------------|---------------|------|------|------|------|------|------|
| <b>Total Pension Liability</b>   |               |               |               |               |      |      |      |      |      |      |
| Service Cost   | \$ 330,933    | \$ 323,121    | \$ 322,901    | \$ 327,344    |      |      |      |      |      |      |
| Interest on the Total Pension Liability                                | 1,161,859     | 1,118,118     | 1,077,417     | 989,364       |      |      |      |      |      |      |
| Benefit Changes  |               |               |               |               |      |      |      |      |      |      |
| Difference between Expected and Actual Experience                      | 23,110        | (255,181)     | (277,564)     | (74,526)      |      |      |      |      |      |      |
| Assumption Changes   | (492,114)     | (18,569)      | 17,719        | 488,297       |      |      |      |      |      |      |
| Benefit Payments and Refunds   | (639,733)     | (576,449)     | (579,524)     | (528,915)     |      |      |      |      |      |      |
| Net Change in Total Pension Liability                                  | \$ 384,055    | \$ 591,040    | \$ 560,949    | \$ 1,201,564  |      |      |      |      |      |      |
| Total Pension Liability - Beginning                                    | 15,645,854    | 15,054,814    | 14,493,865    | 13,292,301    |      |      |      |      |      |      |
| Total Pension Liability - Ending (a)                                   | \$ 16,029,909 | \$ 15,645,854 | \$ 15,054,814 | \$ 14,493,865 |      |      |      |      |      |      |
| <b>Plan Fiduciary Net Position</b>                                     |               |               |               |               |      |      |      |      |      |      |
| Employer Contributions   | \$ 294,366    | \$ 282,009    | \$ 276,221    | \$ 293,243    |      |      |      |      |      |      |
| Employee Contributions   | 140,242       | 141,634       | 138,110       | 178,073       |      |      |      |      |      |      |
| Pension Plan Net Investment Income                                     | 2,447,646     | 966,903       | 72,021        | 839,425       |      |      |      |      |      |      |
| Benefit Payments and Refunds   | (639,733)     | (576,449)     | (579,524)     | (528,915)     |      |      |      |      |      |      |
| Other  | (340,198)     | (117,022)     | (518,621)     | (84,991)      |      |      |      |      |      |      |
| Net Change in Plan Fiduciary Net Position                              | \$ 1,902,323  | \$ 697,075    | \$ (611,793)  | \$ 696,835    |      |      |      |      |      |      |
| Plan Fiduciary Net Position - Beginning                                | 14,571,984    | 13,874,909    | 14,486,702    | 13,789,867    |      |      |      |      |      |      |
| Plan Fiduciary Net Position - Ending (b)                               | \$ 16,474,307 | \$ 14,571,984 | \$ 13,874,909 | \$ 14,486,702 |      |      |      |      |      |      |
| Net Pension Liability/(Asset) - Ending (a)-(b)                         | \$ (444,398)  | \$ 1,073,870  | \$ 1,179,905  | \$ 7,163      |      |      |      |      |      |      |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 102.77%       | 93.14%        | 92.16%        | 99.95%        |      |      |      |      |      |      |
| Covered Valuation Payroll  | \$ 3,116,477  | \$ 3,147,429  | \$ 3,069,129  | \$ 3,012,571  |      |      |      |      |      |      |
| Net Pension Liability as a Percentage of Covered Valuation Payroll     | -14.26%       | 34.12%        | 38.44%        | 0.24%         |      |      |      |      |      |      |

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Calendar Years

| <u>Calendar<br/>Year Ending<br/>December 31,</u> | <u>Actuarially<br/>Determined<br/>Contribution</u> | <u>Actual<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Covered<br/>Valuation<br/>Payroll</u> | <u>Actual Contribution<br/>as a % of Covered<br/>Valuation Payroll</u> |
|--|--|--------------------------------|---|--|--|
| 2014   | \$ 292,219   | \$ 293,243                     | \$ (1,024)                                      | \$ 3,012,571                             | 9.73%  |
| 2015   | \$ 276,222   | \$ 276,221                     | \$ 1  | \$ 3,069,129                             | 9.00%  |
| 2016   | \$ 282,010   | \$ 282,009                     | \$ 1  | \$ 3,147,429                             | 8.96%  |
| 2017   | \$ 277,366   | \$ 294,366                     | \$ (17,000)                                     | \$ 3,116,477                             | 9.45%  |

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.



Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

COMBINING BALANCE SHEET

Nonmajor Governmental Funds  
December 31, 2018

|   | Special Revenue Funds |                                 |                            |                   |
|---|-----------------------|---------------------------------|----------------------------|-------------------|
|   | Auditing<br>Fund      | Municipal<br>Retirement<br>Fund | Social<br>Security<br>Fund | Totals            |
| ASSETS:   |                       |                                 |                            |                   |
| Cash and Cash Equivalents   | \$ 13,211             | \$ 70,433                       | \$ 100,236                 | \$ 183,880        |
| Investments   | -                     | -                               | 125,079                    | 125,079           |
| Receivables:  |                       |                                 |                            |                   |
| Property Taxes  | 35,353                | 275,355                         | 150,272                    | 460,980           |
| Due from Other Funds  | 1,860                 | 60,665                          | 47,177                     | 109,702           |
| Total Assets  | <u>\$ 50,424</u>      | <u>\$ 406,453</u>               | <u>\$ 422,764</u>          | <u>\$ 879,641</u> |
| LIABILITIES:  |                       |                                 |                            |                   |
| Accounts Payable  | \$ -                  | \$ 12,372                       | \$ -                       | \$ 12,372         |
| Accrued Payroll   | -                     | -                               | 5,450                      | 5,450             |
| IMRF Accelerated Payment Payable                                      | -                     | -                               | -                          | -                 |
| Total Liabilities   | <u>\$ -</u>           | <u>\$ 12,372</u>                | <u>\$ 5,450</u>            | <u>\$ 17,822</u>  |
| DEFERRED INFLOWS OF RESOURCES:  |                       |                                 |                            |                   |
| Unavailable Property Taxes  | <u>\$ 33,707</u>      | <u>\$ 262,418</u>               | <u>\$ 143,450</u>          | <u>\$ 439,575</u> |
| FUND BALANCES:  |                       |                                 |                            |                   |
| Restricted  | <u>\$ 16,717</u>      | <u>\$ 131,663</u>               | <u>\$ 273,864</u>          | <u>\$ 422,244</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS<br>OF RESOURCES AND FUND BALANCES | <u>\$ 50,424</u>      | <u>\$ 406,453</u>               | <u>\$ 422,764</u>          | <u>\$ 879,641</u> |

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds  
For the Year Ended December 31, 2018

|                                  | Special Revenue Funds   |                                 |                            | Totals                   |
|----------------------------------|-------------------------|---------------------------------|----------------------------|--------------------------|
|                                  | Auditing<br>Fund        | Municipal<br>Retirement<br>Fund | Social<br>Security<br>Fund |                          |
| REVENUES:                        |                         |                                 |                            |                          |
| Taxes                            |                         |                                 |                            |                          |
| Property Taxes                   | \$ 31,908               | \$ 250,378                      | \$ 133,153                 | \$ 415,439               |
| Intergovernmental Revenues:      |                         |                                 |                            |                          |
| Replacement Taxes                | -                       | 46,048                          | 39,470                     | 85,518                   |
| Interest Income                  | 8                       | 59                              | 2,142                      | 2,209                    |
| Total Revenues                   | <u>\$ 31,916</u>        | <u>\$ 296,485</u>               | <u>\$ 174,765</u>          | <u>\$ 503,166</u>        |
| EXPENDITURES:                    |                         |                                 |                            |                          |
| Administration                   | <u>\$ 32,000</u>        | <u>\$ 246,732</u>               | <u>\$ 166,901</u>          | <u>\$ 445,633</u>        |
| NET CHANGE IN FUND BALANCES      | \$ (84)                 | \$ 49,753                       | \$ 7,864                   | \$ 57,533                |
| FUND BALANCES, BEGINNING OF YEAR | <u>16,801</u>           | <u>81,910</u>                   | <u>266,000</u>             | <u>364,711</u>           |
| FUND BALANCES, END OF YEAR       | <u><u>\$ 16,717</u></u> | <u><u>\$ 131,663</u></u>        | <u><u>\$ 273,864</u></u>   | <u><u>\$ 422,244</u></u> |

See accompanying independent auditor's report.

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL

Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2018

|                                  | Auditing<br>Fund                |                  | Municipal<br>Retirement<br>Fund |                   | Social<br>Security<br>Fund      |                   |
|----------------------------------|---------------------------------|------------------|---------------------------------|-------------------|---------------------------------|-------------------|
|                                  | Original<br>and Final<br>Budget | Actual           | Original<br>and Final<br>Budget | Actual            | Original<br>and Final<br>Budget | Actual            |
| REVENUES:                        |                                 |                  |                                 |                   |                                 |                   |
| Taxes:                           |                                 |                  |                                 |                   |                                 |                   |
| Property Taxes                   | \$ 30,292                       | \$ 31,908        | \$ 241,040                      | \$ 250,378        | \$ 128,608                      | \$ 133,153        |
| Intergovernmental Revenues:      |                                 |                  |                                 |                   |                                 |                   |
| Replacement Taxes                |                                 |                  | 46,485                          | 46,048            | 39,254                          | 39,470            |
| Interest Income                  |                                 | 8                |                                 | 59                |                                 | 2,142             |
| Total Revenues                   | <u>\$ 30,292</u>                | <u>\$ 31,916</u> | <u>\$ 287,525</u>               | <u>\$ 296,485</u> | <u>\$ 167,862</u>               | <u>\$ 174,765</u> |
| EXPENDITURES:                    |                                 |                  |                                 |                   |                                 |                   |
| Administration                   | <u>\$ 32,000</u>                | <u>\$ 32,000</u> | <u>\$ 325,000</u>               | <u>\$ 246,732</u> | <u>\$ 200,000</u>               | <u>\$ 166,901</u> |
| NET CHANGE IN FUND BALANCES      | <u>\$ (1,708)</u>               | <u>(84)</u>      | <u>\$ (37,475)</u>              | 49,753            | <u>\$ (32,138)</u>              | 7,864             |
| FUND BALANCES, BEGINNING OF YEAR |                                 | <u>16,801</u>    |                                 | <u>81,910</u>     |                                 | <u>266,000</u>    |
| FUND BALANCES, END OF YEAR       |                                 | <u>\$ 16,717</u> |                                 | <u>\$ 131,663</u> |                                 | <u>\$ 273,864</u> |

See accompanying independent auditor's report.



Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

Enterprise Fund  
For the Year Ended March 31, 2018

|                                      | Sewerage Fund                   |              |
|--------------------------------------|---------------------------------|--------------|
|                                      | Original<br>and Final<br>Budget | Actual       |
| OPERATING REVENUES:                  |                                 |              |
| Sewer Fees                           | \$ 3,200,000                    | \$ 3,571,629 |
| Lien Fees and Miscellaneous Revenues | 10,000                          | 9,492        |
| Total Operating Revenues             | \$ 3,210,000                    | \$ 3,581,121 |
| OPERATING EXPENSES                   |                                 |              |
| Personnel Services:                  |                                 |              |
| Salaries                             | \$ 680,000                      | \$ 559,276   |
| Employer's Payroll Expense:          |                                 |              |
| FICA                                 | 52,000                          | 42,047       |
| IMRF                                 | 61,000                          | 50,171       |
| Unemployment Compensation            | 7,000                           | 2,395        |
| Uniform Allowance                    | 1,200                           | 714          |
| Group Insurance                      | 180,000                         | 149,848      |
| Retiree Medical Insurance            |                                 |              |
| Total Personnel Services             | \$ 981,200                      | \$ 804,451   |
| Contractual Services:                |                                 |              |
| Utilities                            | \$ 130,000                      | \$ 85,658    |
| Telephone                            | 6,000                           | 4,402        |
| Auditing and Accounting Fees         | 18,000                          | 16,780       |
| Engineering Fees                     | 40,000                          | 42,768       |
| Legal Fees                           | 10,000                          | 12,515       |
| Printing and Publishing              | 3,000                           | 1,827        |
| Card Card Chargeback - E-pay         | 10,000                          | 9,876        |
| Insurance                            | 90,000                          | 73,900       |
| Office Space Rental                  | 12,000                          | 12,000       |
| Filing and Lien Fees                 | 10,000                          | 5,919        |
| Illinois EPA Permits                 | 8,200                           | 5,000        |
| Computer System, Support             | 5,000                           | 12,063       |

Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

|                                   | Sewerage Fund                   |                   |
|-----------------------------------|---------------------------------|-------------------|
|                                   | Original<br>and Final<br>Budget | Actual            |
| OPERATING EXPENSES (CONTINUED):   |                                 |                   |
| Contractual Services (Continued): |                                 |                   |
| Computer System, Training         | 1,500                           | -                 |
| Website Related Costs             | 800                             | 557               |
| Collection Fees                   | 10,000                          | 329               |
| Alarm                             | 3,000                           | 1,658             |
| Lift Station Monitoring           | 5,000                           | 2,738             |
| Easements                         | 1,000                           | 450               |
| Water Usage and Parcel Data Fees  | \$ 7,000                        | \$ 5,423          |
| Water Turn-Off Fees               | 25,000                          | 24,895            |
| Credit Reports                    | 5,000                           | 3,943             |
| Equipment Lease Agreements        | 3,100                           | 3,284             |
| Water Testing Fees                | 11,000                          | 11,048            |
| 203 Lift Station Expenses         | -                               | 1,689             |
| Total Contractual Services        | <u>\$ 393,300</u>               | <u>\$ 332,990</u> |
| Materials and Supplies:           |                                 |                   |
| Office Supplies                   | \$ 4,000                        | \$ 4,598          |
| Postage                           | 25,000                          | 27,987            |
| Computer Supplies                 | 7,500                           | 3,596             |
| Total Materials and Supplies      | <u>\$ 36,500</u>                | <u>\$ 36,181</u>  |
| Maintenance and Repairs:          |                                 |                   |
| Sewer Line                        | \$ 350,000                      | \$ 484,338        |
| Building                          | 20,000                          | 24,755            |
| Equipment                         | 40,000                          | 24,118            |
| Vehicle                           | 10,000                          | 5,219             |
|                                   | <u>\$ 420,000</u>               | <u>\$ 538,430</u> |

Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

|                                   | Sewerage Fund                   |                         |
|-----------------------------------|---------------------------------|-------------------------|
|                                   | Original<br>and Final<br>Budget | Actual                  |
| Secondary Treatment Expense       | \$ 1,900,000                    | \$ 1,535,100            |
| Special Service Area              | -                               | \$ 108,281              |
| Miscellaneous                     | 2,500                           | 913                     |
| Economic Stimulus Loan Repayments | 120,000                         | 119,716                 |
| Fixed Asset Purchases             | 5,000                           | 955                     |
| Total Operating Expenses          | <u>\$ 3,879,800</u>             | <u>\$ 3,482,749</u>     |
| OPERATING LOSS                    | <u>\$ (669,800)</u>             | <u>\$ 98,372</u>        |
| NONOPERATING REVENUES:            |                                 |                         |
| Interest Income                   | <u>\$ 200</u>                   | <u>\$ 823</u>           |
| Change in Net Position            | <u><u>\$ (669,600)</u></u>      | <u><u>\$ 99,195</u></u> |

Metro East Sanitary District  
Lansdowne Trunk - Madison and Venice Sewerage System  
Madison and St. Clair Counties, Illinois

SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL (CASH BASIS)

Enterprise Fund  
For the Year Ended March 31, 2018

|                                      | Sewerage Fund                   |              |
|--------------------------------------|---------------------------------|--------------|
|                                      | Original<br>and Final<br>Budget | Actual       |
| OPERATING REVENUES:                  |                                 |              |
| Sewer Fees                           | \$ 3,200,000                    | \$ 3,571,629 |
| Lien Fees and Miscellaneous Revenues | 10,000                          | 9,492        |
| Total Operating Revenues             | \$ 3,210,000                    | \$ 3,581,121 |
| OPERATING EXPENSES                   |                                 |              |
| Personnel Services:                  |                                 |              |
| Salaries                             | \$ 680,000                      | \$ 559,276   |
| Employer's Payroll Expense:          |                                 |              |
| FICA                                 | 52,000                          | 42,047       |
| IMRF                                 | 61,000                          | 50,171       |
| Unemployment Compensation            | 7,000                           | 2,395        |
| Uniform Allowance                    | 1,200                           | 714          |
| Group Insurance                      | 180,000                         | 149,848      |
| Retiree Medical Insurance            |                                 |              |
| Total Personnel Services             | \$ 981,200                      | \$ 804,451   |
| Contractual Services:                |                                 |              |
| Utilities                            | \$ 130,000                      | \$ 85,658    |
| Telephone                            | 6,000                           | 4,402        |
| Auditing and Accounting Fees         | 18,000                          | 16,780       |
| Engineering Fees                     | 40,000                          | 42,768       |
| Legal Fees                           | 10,000                          | 12,515       |
| Printing and Publishing              | 3,000                           | 1,827        |
| Card Card Chargeback - E-pay         | 10,000                          | 9,876        |
| Insurance                            | 90,000                          | 73,900       |
| Office Space Rental                  | 12,000                          | 12,000       |
| Filing and Lien Fees                 | 10,000                          | 5,919        |
| Illinois EPA Permits                 | 8,200                           | 5,000        |
| Computer System, Support             | 5,000                           | 12,063       |

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

COMBINING SCHEDULE OF NET POSITION

Fiduciary Funds  
December 31, 2018

|  | Agency Funds                    |                           |                           |
|--|---------------------------------|---------------------------|---------------------------|
|  | Blue Water Ditch                |                           |                           |
|  | Operation<br>and<br>Maintenance | Sinking<br>Fund           | Fiduciary<br>Total        |
| ASSETS:  |                                 |                           |                           |
| Cash   | \$          95,148              | \$          16,887        | \$         112,035        |
| Accounts Receivable - Other Governmental Units | 54,537                          | 3,400                     | 57,937                    |
| Intra-account Receivable                       | -                               | 118,268                   | 118,268                   |
|  |                                 |                           |                           |
| Total Assets                                   | <u>\$         149,685</u>       | <u>\$         138,555</u> | <u>\$         288,240</u> |
| LIABILITIES:                                   |                                 |                           |                           |
| Accounts Payable                               | \$          1,388               | \$              -         | \$          1,388         |
| Interfund Payable                              | 83,566                          | -                         | 83,566                    |
| Intra-account Payable                          | 118,268                         | -                         | 118,268                   |
| Due to (from) Agency                           | <u>         (53,537)</u>        | <u>         138,555</u>   | <u>          85,018</u>   |
|  |                                 |                           |                           |
| Total Liabilities                              | <u>\$         149,685</u>       | <u>\$         138,555</u> | <u>\$         288,240</u> |

See accompanying independent auditor's report.

Table 1

Metro East Sanitary District  
Madison and St. Clair Counties, Illinois

PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS

December 31, 2018

| Levy Year       | Assessed Valuation | General         | Municipal Retirement | Social Security   | Auditing | Liability Insurance | Tort Liability | Total     |
|-----------------|--------------------|-----------------|----------------------|-------------------|----------|---------------------|----------------|-----------|
| Tax Rates       |                    |                 |                      |                   |          |                     |                |           |
| 2009            | 763,842,825        | 0.3119          | 0.0135               | 0.0187            | 0.0027   | 0.0350              | 0.0228         | 0.4046    |
| 2010            | 730,676,187        | 0.3106          | 0.0201               | 0.0211            | 0.0027   | 0.0462              | 0.0180         | 0.4187    |
| 2011            | 792,532,165        | 0.3140          | 0.0191               | 0.0196            | 0.0025   | 0.0442              | -              | 0.3994    |
| 2012            | 755,632,796        | 0.3120          | 0.0243               | 0.0204            | 0.0028   | 0.0421              | -              | 0.4016    |
| 2013            | 732,857,178        | 0.3120          | 0.0271               | 0.0188            | 0.0034   | 0.0523              | -              | 0.4136    |
| 2014            | 742,760,756        | 0.3126          | 0.0272               | 0.0199            | 0.0034   | 0.0629              | -              | 0.4136    |
| 2015            | 761,585,663        | 0.3120          | 0.0238               | 0.0201            | 0.0037   | 0.0645              | -              | 0.4260    |
| 2016            | 776,154,225        | 0.3120          | 0.0258               | 0.0212            | 0.0037   | 0.0598              | -              | 0.4241    |
| 2017            | 775,235,050        | 0.3120          | 0.0330               | 0.0174            | 0.0042   | 0.0452              | -              | 0.4225    |
| 2018            | 783,881,005        | 0.3120          | 0.0335               | 0.0183            | 0.0043   | 0.0481              | -              | 0.4118    |
| Taxes Extended  |                    |                 |                      |                   |          |                     |                |           |
| 2009            |                    | 2,382,107       | 103,022              | 142,965           | 20,623   | 267,242             | 174,415        | 3,090,374 |
| 2010            |                    | 2,269,154       | 146,783              | 154,293           | 19,931   | 337,517             | 131,532        | 3,059,210 |
| 2011            |                    | 2,488,305       | 151,112              | 155,075           | 20,006   | 350,161             | -              | 3,164,659 |
| 2012            |                    | 2,357,574       | 183,396              | 154,505           | 20,980   | 318,254             | -              | 3,034,709 |
| 2013            |                    | 2,286,514       | 198,779              | 138,007           | 25,087   | 383,295             | -              | 3,031,682 |
| 2014            |                    | 2,322,057       | 201,975              | 147,719           | 25,472   | 467,474             | -              | 3,164,697 |
| 2015            |                    | 2,376,131       | 181,416              | 152,889           | 28,353   | 491,414             | -              | 3,230,203 |
| 2016            |                    | 2,421,585       | 200,634              | 164,578           | 28,718   | 464,489             | -              | 3,280,004 |
| 2017            |                    | 2,418,734       | 256,000              | 135,064           | 32,560   | 350,579             | -              | 3,192,937 |
| 2018            |                    | 2,445,709       | 262,418              | 143,450           | 33,707   | 377,047             | -              | 3,262,331 |
| Taxes Collected |                    |                 |                      |                   |          |                     |                |           |
|                 |                    | Total           |                      |                   |          |                     |                |           |
|                 |                    | Total Extension | Taxes Collected      | Percent Collected |          |                     |                |           |
| 2009            |                    | 3,090,374       | 2,970,381            | 96.12%            |          |                     |                |           |
| 2010            |                    | 3,059,210       | 2,964,064            | 96.89%            |          |                     |                |           |
| 2011            |                    | 3,164,659       | 3,083,834            | 97.45%            |          |                     |                |           |
| 2012            |                    | 3,034,709       | 2,902,342            | 95.64%            |          |                     |                |           |
| 2013            |                    | 3,031,682       | 2,946,579            | 97.19%            |          |                     |                |           |
| 2014            |                    | 3,164,697       | 3,072,935            | 97.10%            |          |                     |                |           |
| 2015            |                    | 3,230,203       | 3,082,048            | 95.41%            |          |                     |                |           |
| 2016            |                    | 3,280,004       | 3,189,363            | 97.24%            |          |                     |                |           |
| 2017            |                    | 3,192,937       | 3,075,877            | 96.33%            |          |                     |                |           |
| 2018            |                    | 3,262,331       |                      |                   |          |                     |                |           |

See accompanying independent auditor's report.