

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

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

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

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

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, 2015, and the business-type activities and each major enterprise fund as of and for the year ended March 31, 2015, 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 statements 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 statements 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, 2015, 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 of the business-type activities and each major enterprise fund of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of March 31, 2015, and the respective changes in 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, 2015, 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, Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 4-11 and Schedules A-D, 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.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Edwardsville, Illinois
June 3, 2016

METRO EAST SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2015

The Metro East Sanitary District (the "District") management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify any material deviations from the financial plan (the approved budget) and (4) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it with the District's financial statements.

Financial Highlights

As noted in Exhibit A, total assets and deferred outflows of resources for the governmental activities totaled \$24,237,171 with \$12,006,364 being invested in capital assets, \$7,450,877 invested in cash and certificates of deposit, \$101,952 restricted for Corps of Engineers projects, \$3,765,608 receivables, \$416,360 prepaids, \$3,133 accrued interest income and \$492,877 deferred pension contributions.

Also as noted in Exhibit A, total assets and deferred outflows of resources for the business-type activities totaled \$8,363,160 with \$5,839,737 being invested in capital assets, \$1,735,921 invested in cash and certificates of deposit, \$8,914 restricted for the 203 Pump Station, \$576,551 receivable from sewer customers, \$720 accrued interest income and \$201,317 deferred pension contributions.

The District's net position, as noted in Exhibit B, decreased by \$1,091,239 during the fiscal year ending December 31, 2015. The governmental net position decreased by \$652,214, the business-type activities net position decreased by \$439,025.

The District's combined Governmental Funds ending fund balance decreased \$340,099 during the year ended December 31, 2015, as noted in Exhibit E.

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.

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.

The Statement of Activities is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

METRO EAST SANITARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The Governmental Activities reflect the District's basic services, including surface water drainage, levee repairs and administration. Property taxes and replacement taxes finance the majority of these services. The business-type activities reflect private sector type operations (Sewerage Fund), where the fee for service typically covers all or most of the cost of operations, including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statement allows the demonstration of source and uses and/or budgeting compliance associated therewith. Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is now on major funds, rather than fund types. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

The Governmental Major Fund Presentation is presented on a sources and uses of liquid resources basis (current financial resources measurement basis). This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clean and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-Wide Financial Statements. The District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General and Tort Liability funds which are both considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

An Enterprise Fund is used to report the same functions presented in Business-Type Activities in the Government-Wide Financial Statements.

Proprietary Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Sewer Fund is considered a major fund of the District and is presented in Proprietary Fund Financial Statements.

Fiduciary Funds

The Fund Financial Statements also allow the government to address its Fiduciary Fund (Blue Water Ditch Fund). While this fund represents trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Statements.

While the business-type activities column on the Proprietary Fund Financial Statements is the same as the business-type column at the Government-Wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities column (in the Government-Wide Statements).

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

METRO EAST SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the major governmental fund budgetary schedules and data concerning the District's obligation to provide pension benefits to its employees.

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure - roads, bridges, storm sewers, etc.) have neither been reported nor depreciated in governmental financial statements. This statement requires that these assets be valued and reported within the Governmental column of the Government-Wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life, or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The District has chosen to depreciate assets over their useful life.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted in Exhibit B, the District's overall financial position had a significant decline over the past year resulting in a decrease in combined net position for fiscal year 2015, decreasing by \$1,091,239 from \$27,226,337 to \$26,135,098. Governmental activities had a decrease of \$652,214 from \$20,813,341 to \$20,161,127 and business-type activities had a decrease of \$439,025 from \$6,412,996 to \$5,973,971. As noted in Exhibit A, net position for governmental activities total \$20,161,127 with \$12,006,364 being invested in capital assets (buildings, roads, equipment, etc.), net of related debt. The net position of the business-type activities total \$5,973,971 with \$3,924,275 invested in capital assets, net of related debt.

Listed below are the District's assets at December 31, 2015 and 2014, including a column noting changes (increases/decreases) from 2014.

Table 1: Statement of Assets as of December 31, 2015

	Total Primary Government		
	2015	2014 (Restated)	Increase/ (Decrease)
Other assets	\$ 14,060,036	\$ 14,962,834	\$ (902,798)
Capital assets	17,846,101	17,940,063	(93,962)
Total assets	<u>\$ 31,906,137</u>	<u>\$ 32,902,897</u>	<u>\$ (996,760)</u>
Deferred outflows of resources			
Pension contributions	<u>\$ 694,194</u>	<u>\$ 497,566</u>	<u>\$ 196,628</u>

Listed below are the District's liabilities at December 31, 2015 and 2014, including a column noting changes (increases/decreases) from 2014.

METRO EAST SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table 2: Statement of Net Assets as of December 31, 2015

	<u>Total Primary Government</u>		<u>Increase</u>
	<u>2015</u>	<u>2014</u> <u>(Restated)</u>	<u>(Decrease)</u>
Accounts payable	\$418,062	\$369,214	\$48,848
Due to (from) other funds	44,300	-	44,300
Accrued payroll	120,120	71,776	48,344
Current portion of long-term debt	163,716	163,716	-
Long-term liabilities	<u>2,396,774</u>	<u>2,386,878</u>	<u>9,896</u>
 Total liabilities	 <u>\$3,142,972</u>	 <u>\$2,991,584</u>	 <u>\$151,388</u>
 Deferred inflows of resources			
Unavailable property tax	<u>\$3,322,261</u>	<u>\$3,182,542</u>	<u>\$139,719</u>

For more detailed information see the Statement of Net Position.

Net position of the District's governmental activities decreased from \$20,813,341 for year ending December 31, 2014 to \$20,161,127 for year ending December 31, 2015. This was a 0.31% decrease from the previous year. The District's unrestricted net position for governmental activities; the part of net position that can be used to finance day-to-day operations, was \$2,536,750. Net investment in capital assets totaled \$12,006,364. Restricted assets totaled \$5,618,013 with \$101,952 restricted for escrow accounts, \$2,405,702 restricted for tort immunity, \$2,684,934 restricted for levee rehabilitation and \$425,425 restricted for auditing, municipal retirement and social security.

The net position of business-type activities was \$5,973,971. The District can use the unrestricted net position of \$2,040,782 to finance the continuing operation of its sewage treatment facility. The investment in capital assets, net of related debt totaled \$3,924,275. Restricted net position totaled \$8,914 for the 203 Pump Station.

Normal Impacts on Net Position

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in the investment in capital assets and an increase in related debt, which will not change the investment in capital assets, net of related debt.

Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase investment in capital assets, net of related debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net position and increase investment in capital assets, net of related debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and investment in capital assets, net of related debt.

**METRO EAST SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

Current Year Impacts on Net Position

The District's combined net position (which are the District's bottom line) decreased by \$1,091,239, which was the result of the governmental activities net position decreasing by \$652,214 and the business-type activities net position decreasing by \$439,025.

Changes in Net Position

The following table shows the condensed revenue and expenses of the District's activities:

Table 3: Changes in Net Position for the Fiscal Year Ended December 31, 2015

	Governmental Activities 2015	Business-Type Activities 2015	Total Primary Government 2015	Total Primary Government 2014 (Restated)
Revenues				
Program Revenues				
Charges for services	\$ 221,926	\$ 2,667,134	\$ 2,889,060	\$ 3,054,473
Operating grants	-	-	-	-
General revenues				
Taxes:				
Property	2,987,831	-	2,987,831	2,899,312
Payment in lieu of taxes	18,619	-	18,619	28,063
Replacement	1,427,331	-	1,427,331	1,264,942
Gain (Loss on sale of capital assets)	-	-	-	(1,966)
Other revenue	24,647	2,846	27,493	29,069
Total revenues	4,680,354	2,669,980	7,350,334	7,273,893
Expenses				
Governmental Activities				
General government	2,036,832	-	2,036,832	1,483,774
Drainage and sanitation	3,295,736	-	3,295,736	3,012,411
Business-Type Activities				
Sewerage system	-	3,109,005	3,109,005	2,805,043
Total expenses	5,332,568	3,109,005	8,441,573	7,301,228
Changes in net position	(652,214)	(439,025)	(1,091,239)	(27,335)
Net Position - Beginning	20,813,341	6,412,996	27,226,337	27,253,672
Net Position - Ending	\$ 20,161,127	\$ 5,973,971	\$ 26,135,098	\$ 27,226,337

METRO EAST SANITARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Normal Impacts on Revenues and Expenses

There are eight basic impacts on revenues and expenses as reflected below.

Revenues:

Economic Condition – which can reflect a declining, stable, or growing economic environment and has a substantial impact on replacement tax, utility revenue as well as public spending habits for volumes of consumption.

Increase/Decrease in District-Approved Rates – while certain tax rates are set by statute, the District Board has significant authority to impose and periodically increase/decrease rates (property taxes and sewage treatment).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (State-share revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year-to-year comparisons.

Market Impacts on Investment Income – the District's investment portfolio is managed using a similar average maturity to most governments. Market conditions may cause investment income to fluctuate.

Expenses:

Introduction of New Program – within the functional expense categories (General Government and Drainage and Sanitation) individual programs may be added or deleted to meet changing community needs.

Increase in Authorized Personnel – changes in service demand may cause the District Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent a significant amount of the District's General Fund and Sewerage System Fund operating costs.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the District to strive to approach a competitive salary range position in the market place.

Inflation – while overall inflation appears to be reasonably modest, the District is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity-specific increases.

Current Year Impacts

Governmental Activities

Revenues and Expenses:

Revenues for governmental activities increased by \$246,733 or 5.57% to a total of \$4,680,354. Expenses increased by \$836,383 or 18.60% to a total of \$5,332,568. Expenses exceeded revenue by \$652,214 for the 2015 year.

General governmental expenses increased by \$553,058 due mainly to the implementation of GASB 68 which resulted in a prior period adjustment to recognize net pension activity (~ \$569,000). The drainage and sanitation expenses increased by \$283,325 due mainly to increases in pump operator salaries (~ \$83,000) and electric service (~ \$209,000).

METRO EAST SANITARY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Business-Type Activities

Revenues and Expenses:

Revenues for the business-type activities decreased by \$170,292 or 6.00% to a total of \$2,669,980. Operating expenses increased by \$340,514 or 12.14% to a total of \$3,109,005. Overall expenses exceeded revenues by \$439,025 for the 2015 fiscal year. Operating expenses increased mainly to the implementation of GASB 68 which resulted in a prior period adjustment to recognize net pension activity (~ \$215,000) and increase in salaries (~ \$94,000).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

At December 31, 2015 the Governmental Funds reported a combined fund balance of \$7,936,753. This is a decrease of \$340,099 or 4.11% from the previous year. Of the total fund balance, \$1,906,899 is unassigned indicating availability for continuing District services. Restricted fund balance of \$5,613,494 includes \$2,393,068 for tort immunity, \$2,684,934 for levee rehabilitation and \$535,492 for other restrictions. The nonspendable funds include \$416,360 for prepaid expenses.

The General Fund is the District's main operating fund and the largest source of day-to-day service delivery. Expenditures exceeded revenues by \$377,438.

Proprietary Funds

At December 31, 2015 the Proprietary Funds total net position is \$5,973,971, which is a decrease of \$439,025 or 6.85%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4: General Fund Budgetary Highlights

	2015 Original and Final <u>Budget</u>	2015 <u>Actual</u>	2014 (Restated) <u>Actual</u>
Revenues	\$4,130,151	\$4,279,132	\$4,026,705
Expenditures	<u>4,945,900</u>	<u>4,656,570</u>	<u>4,345,911</u>
Net Change in Fund Balance	<u>\$ (815,749)</u>	<u>\$ (377,438)</u>	<u>\$ (319,206)</u>

General Fund actual revenues were \$4,279,132 or 3.61% more than the final budget.

General Fund actual expenditures were \$4,656,570 or 5.85% less than the final budget. Various insurances, salaries, motor fuel and lubricants, general maintenance materials and supplies and equipment purchases were responsible for the actual expenditures to be less than the final budget.

The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2015, total \$15,930,639 which is \$25,755 or 0.16% more 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 the accompanying financial statements notes for additional information related to the District's capital assets.

METRO EAST SANITARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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).

DEBT OUTSTANDING

In 2015, the District's long-term debt related to the following:

Replacement taxes overpayment totaling \$164,118, an increase of \$94,713 or 136% from the previous year.
Net pension liability totaling \$7,163, an increase of \$504,729 or -101% from the previous year.
Compensated absences totaling \$473,747, an increase of \$27,737 or 6.22% from the previous year.

The Business-Type Activities Sewer Funds has an additional long-term debt of \$1,915,462 for the repayment of a project funded through the Illinois Environmental Protection Agency (IEPA).

The District, as of December 31, 2015, has a legal debt margin of \$42,708,743.

Please see the accompanying financial statements notes 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 Rosemarie Heath, District Clerk, Metro East Sanitary District, 1800 Edison Avenue, PO Box 1366, Granite City, IL 62040.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS AND DEFERRED OUTFLOWS OF</u>			
<u>RESOURCES:</u>			
Cash and Cash Equivalents	\$ 1,483,780	\$ 1,735,921	\$ 3,219,701
Investments - Certificates of Deposit	5,967,097	-	5,967,097
Restricted Cash:			
203 Pump Station	-	8,914	8,914
Design Escrow	1,726	-	1,726
Corps of Engineers	100,226	-	100,226
Receivables:			
Property Taxes	3,541,857	-	3,541,857
Replacement Taxes	198,763	-	198,763
Other	24,988	-	24,988
System Customers, Net	-	576,551	576,551
Prepaid Expenses	416,360	-	416,360
Accrued Interest Income	3,133	720	3,853
Capital Assets			
Land	1,715,418	191,000	1,906,418
Assets Being Depreciated, Net	10,290,946	5,648,737	15,939,683
Total Assets	\$ 23,744,294	\$ 8,161,843	\$ 31,906,137
Deferred Outflows of Resources:			
Deferred Outflows Related to Pension Liability	\$ 492,877	\$ 201,317	\$ 694,194
Total Assets and Deferred Outflows of Resources	\$ 24,237,171	\$ 8,363,160	\$ 32,600,331
<u>LIABILITIES, DEFERRED INFLOWS OF</u>			
<u>RESOURCES AND NET POSITION:</u>			
Accounts Payable	\$ 192,316	\$ 225,746	\$ 418,062
Due to (from) Other funds	(83,995)	128,295	44,300
Accrued Payroll	120,120	-	120,120
Current Portion of Long-term Liabilities	35,000	128,716	163,716
Noncurrent Liabilities:			
Replacement Taxes Overpayment	164,118	-	164,118
Compensated Absences	321,139	108,608	429,747
Net Pension Liability	5,085	2,078	7,163
Illinois EPA Loan	-	1,795,746	1,795,746
Total Liabilities	\$ 753,783	\$ 2,389,189	\$ 3,142,972
Deferred Inflows of Resources:			
Unavailable Property Taxes	\$ 3,322,261	\$ -	\$ 3,322,261
Net Position:			
Net Investment in Capital Assets	\$ 12,006,364	\$ 3,924,275	\$ 15,930,639
Restricted for:			
Escrow Accounts	101,952	-	101,952
203 Pump Station	-	8,914	8,914
Auditing	24,403	-	24,403
Municipal Retirement	117,731	-	117,731
Social Security	283,291	-	283,291
Tort Immunity	2,405,702	-	2,405,702
Levee Rehabilitation	2,684,934	-	2,684,934
Unrestricted	2,536,750	2,040,782	4,577,532
Total Net Position	\$ 20,161,127	\$ 5,973,971	\$ 26,135,098
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 24,237,171	\$ 8,363,160	\$ 32,600,331

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					TOTAL GOVERNMENTAL ACTIVITIES	TOTAL BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	\$ 2,036,832	\$ 221,926	\$ -	\$ -	\$ (1,814,906)	\$ -	\$ (1,814,906)
Drainage and Sanitation	3,295,736	-	-	-	(3,295,736)	-	(3,295,736)
Total Governmental Activities	\$ 5,332,568	\$ 221,926	\$ -	\$ -	\$ (5,110,642)	\$ -	\$ (5,110,642)
Business-type Activities:							
Sewerage System	\$ 3,109,005	\$ 2,667,134	\$ -	\$ -	\$ -	\$ (441,871)	\$ (441,871)
Total Primary Government	\$ 8,441,573	\$ 2,889,060	\$ -	\$ -	\$ (5,110,642)	\$ (441,871)	\$ (5,552,513)
GENERAL REVENUES:							
Taxes:							
Property Taxes		\$ 2,987,831	\$ -	\$ -	\$ 2,987,831		\$ 2,987,831
Payments in Lieu of Taxes		18,619	-	-	18,619		18,619
Replacement Taxes		1,427,331	-	-	1,427,331		1,427,331
Interest Income		18,847	-	-	18,847	2,846	21,693
Miscellaneous		5,800	-	-	5,800	-	5,800
Total General Revenues		\$ 4,458,428	\$ 2,846	\$ -	\$ 4,461,274		\$ 4,461,274
CHANGE IN NET POSITION		\$ (652,214)	\$ (439,025)	\$ -	\$ (1,091,239)		\$ (1,091,239)
NET POSITION - BEGINNING		20,313,415	6,234,215		26,547,630		26,547,630
PRIOR PERIOD ADJUSTMENTS		499,926	178,781		678,707		678,707
NET POSITION - ENDING		\$ 20,161,127	\$ 5,973,971		\$ 26,135,098		\$ 26,135,098

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	GENERAL FUND	TORT LIABILITY FUND	OTHER GOV'T FUNDS	TOTAL
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 763,368	\$ 492,543	\$ 227,869	\$ 1,483,780
Investments - Certificates of Deposit	3,711,646	2,133,561	121,890	5,967,097
Restricted Cash:				
Design Escrow	1,726	-	-	1,726
Corps of Engineers	100,226	-	-	100,226
Receivables:				
Property Taxes	3,158,791	-	383,066	3,541,857
Replacement Taxes	198,763	-	-	198,763
Due from Other Funds	-	-	93,804	93,804
Due from Component Unit	85,200	-	-	85,200
Other	24,988	-	-	24,988
Prepaid Expenses	416,360	-	-	416,360
Accrued Interest Income	2,187	857	89	3,133
Total Assets	<u>\$ 8,463,255</u>	<u>\$ 2,626,961</u>	<u>\$ 826,718</u>	<u>\$ 11,916,934</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ 175,013	\$ -	\$ 17,303	\$ 192,316
Replacement Taxes Overpayment	164,118	-	-	164,118
Accrued Payroll	111,654	-	8,466	120,120
Due to Other Funds	93,804	-	-	93,804
Due to Component Unit	1,205	-	-	1,205
Total Liabilities	<u>\$ 545,794</u>	<u>\$ -</u>	<u>\$ 25,769</u>	<u>\$ 571,563</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable Property Taxes	<u>\$ 3,041,209</u>	<u>\$ -</u>	<u>\$ 367,409</u>	<u>\$ 3,408,618</u>
<u>FUND BALANCES:</u>				
Nonspendable:				
Prepaid Expenses	\$ 416,360	\$ -	\$ -	\$ 416,360
Restricted:				
Escrow Accounts	101,952	-	-	101,952
Auditing	-	-	24,973	24,973
Municipal Retirement	-	-	122,303	122,303
Social Security	-	-	286,264	286,264
Tort Immunity	587,577	1,805,491	-	2,393,068
Levee Rehabilitation	1,863,464	821,470	-	2,684,934
Unassigned	1,906,899	-	-	1,906,899
Total Fund Balances	<u>\$ 4,876,252</u>	<u>\$ 2,626,961</u>	<u>\$ 433,540</u>	<u>\$ 7,936,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,463,255</u>	<u>\$ 2,626,961</u>	<u>\$ 826,718</u>	<u>\$ 11,916,934</u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

Total governmental fund balances	\$ 7,936,753
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$18,558,333, net of accumulated depreciation of \$6,551,969, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,006,364
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(356,139)
Uncollected property taxes are not available to pay for current period expenditures and, therefore, are not recorded in the funds.	86,357
Net pension benefit (obligation) is not due and payable in the current period and, therefore, is not reported in the governmental funds.	<u>487,792</u>
Net position of governmental activities	<u><u>\$ 20,161,127</u></u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	GENERAL FUND	TORT LIABILITY FUND	OTHER GOV'T FUNDS	TOTAL
<u>REVENUES:</u>				
Taxes:				
Property Taxes	\$ 2,679,832	\$ -	\$ 373,749	\$ 3,053,581
Intergovernmental Revenues:				
Replacement Taxes	1,337,873	-	89,458	1,427,331
Payment in Lieu of Taxes	18,619	-	-	18,619
Building Rental	12,000	-	-	12,000
Fines and Fees:				
Licenses and Permits	133,909	-	-	133,909
Farm Ground Rental	1,125	-	-	1,125
Pumping Services	76,017	-	-	76,017
Interest Income	11,732	6,547	568	18,847
Sale of Surplus Property and Scrap	3,501	-	-	3,501
Miscellaneous Revenues and Reimbursements	4,524	-	-	4,524
Total Revenues	<u>\$ 4,279,132</u>	<u>\$ 6,547</u>	<u>\$ 463,775</u>	<u>\$ 4,749,454</u>
<u>EXPENDITURES:</u>				
Current:				
Administration	\$ 1,480,129	\$ -	\$ 432,983	\$ 1,913,112
Engineering	4,536	-	-	4,536
General Maintenance	1,990,896	-	-	1,990,896
Project Cost - Pumping	1,045,665	-	-	1,045,665
Capital Outlay	135,344	-	-	135,344
Total Expenditures	<u>\$ 4,656,570</u>	<u>\$ -</u>	<u>\$ 432,983</u>	<u>\$ 5,089,553</u>
NET CHANGE IN FUND BALANCES	\$ (377,438)	\$ 6,547	\$ 30,792	\$ (340,099)
FUND BALANCES, BEGINNING OF YEAR	5,280,959	2,620,414	402,748	8,304,121
PRIOR PERIOD ADJUSTMENTS	(27,269)	-	-	(27,269)
FUND BALANCES, END OF YEAR	<u>\$ 4,876,252</u>	<u>\$ 2,626,961</u>	<u>\$ 433,540</u>	<u>\$ 7,936,753</u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Net change in fund balances - total governmental funds	\$ (340,099)
Amounts reported for governmental activities in the statement of activities are different because:	
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(11,523)
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period, including gains or losses on dispositions of fixed assets.	(195,440)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(65,750)
Changes in the net pension benefit (obligation) is only reported in the statement of activities.	(39,402)
Change in net position of governmental activities	\$ (652,214)

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
LANDSDOWNE TRUNK - MADISON AND VENICE SEWERAGE SYSTEM
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUND
MARCH 31, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

Current Assets:	
Cash and Cash Equivalents	\$ 1,735,921
Receivables:	
System Customers, Net	576,551
Due from Metro East Sanitary District	1,205
Accrued Interest Income	720
Total Current Assets	<u>\$ 2,314,397</u>
Noncurrent Assets:	
Restricted Cash - 203 Pump Station	\$ 8,914
Capital Assets, Net	<u>5,839,737</u>
Total Assets	<u>\$ 8,163,048</u>
Deferred Outflows of Resources:	
Deferred Outflows Related to Pension Liability	<u>\$ 201,317</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 8,364,365</u></u>

LIABILITIES:

Current Liabilities:	
Accounts Payable	\$ 225,746
Due to Metro East Sanitary District	129,500
Net Pension Liability	2,078
Current Portion of Long-Term Debt:	
Illinois EPA loan	119,716
Compensated Absences	9,000
Total Current Liabilities	<u>\$ 486,040</u>
Noncurrent Liabilities:	
Illinois EPA loan	\$ 1,795,746
Compensated Absences	108,608
Total Noncurrent Liabilities	<u>\$ 1,904,354</u>
Total Liabilities	<u>\$ 2,390,394</u>

NET POSITION:

Net Investment in Capital Assets	\$ 3,924,275
Restricted for:	
203 Pump Station	8,914
Unrestricted	<u>2,040,782</u>
Total Net Position	<u>\$ 5,973,971</u>
Total Liabilities and Net Position	<u><u>\$ 8,364,365</u></u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
LANSDOWNE TRUNK - MADISON AND VENICE SEWERAGE SYSTEM
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2015

OPERATING REVENUES:

Sewer Fees	\$ 2,656,139
Lien Fees and Miscellaneous Charges	<u>10,995</u>
Total Operating Revenues	<u>\$ 2,667,134</u>

OPERATING EXPENSES:

Personnel Services	\$ 1,248,700
Contractual Services	371,477
Materials and Supplies	60,968
Maintenance and Repairs	100,128
Secondary Treatment	1,106,015
Miscellaneous	1,530
Depreciation	<u>220,187</u>
Total Operating Expenses	<u>\$ 3,109,005</u>

OPERATING LOSS	<u>\$ (441,871)</u>
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NONOPERATING REVENUES (EXPENSES):

Interest Income	<u>\$ 2,846</u>
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CHANGE IN NET POSITION	\$ (439,025)
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NET POSITION, BEGINNING OF YEAR	6,234,215
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PRIOR PERIOD ADJUSTMENTS	<u>178,781</u>
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NET POSITION, END OF YEAR	<u><u>\$ 5,973,971</u></u>
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See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
LANDSDOWNE TRUNK - MADISON AND VENICE SEWERAGE SYSTEM
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Receipts from Customers	\$ 2,839,771
Cash Payments to Suppliers and Others	(1,461,438)
Cash Payments to Employees for Services	(1,214,642)
	<hr/>
Net Cash Provided by Operating Activities	\$ 163,691

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of Capital Assets	\$ (321,665)
Repayments on Illinois EPA Loan	(119,717)
	<hr/>
Net Cash Used by Capital and Related Financing Activities	\$ (441,382)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Earned on Investments	\$ 2,639
	<hr/>
Net Cash Provided by Investing Activities	\$ 2,639

NET DECREASE IN CASH AND CASH EQUIVALENTS \$ (275,052)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 2,019,887

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 1,744,835

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

Operating Loss	\$ (441,871)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided	
(Used) by Operating Activities:	
Depreciation	220,187
Changes in Assets and Liabilities	
(Increase) Decrease in Assets	
Receivables	
System Customers, Net	172,637
Granite City Regional Treatment Overpayment	92,659
Due from Metro East Sanitary District	9,597
Deferred Outflows of Resources - Pension Contributions	(130,278)
Increase (Decrease) in Liabilities	
Accounts Payable	(45,669)
Accounts Payable - Restricted	(5,657)
Due to Metro East Sanitary District	129,500
Net Pension Liability	146,372
Compensated Absences	16,214
Net Cash Provided by Operating Activities	<u><u>\$ 163,691</u></u>

CASH AND CASH EQUIVALENTS ACCOUNTED FOR AS FOLLOWS:

Unrestricted Cash and Cash Equivalents	\$ 1,735,921
Restricted Cash and Cash Equivalents	8,914
	<hr/>
	<u><u>\$ 1,744,835</u></u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
LANSDOWNE TRUNK - MADISON AND VENICE SEWERAGE SYSTEM
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	<u>AGENCY FUNDS</u> <u>BLUE WATER</u> <u>DITCH</u>
<u>ASSETS:</u>	
Cash	\$ 99,147
Accounts Receivable - Other Governmental Units	12,650
Intra-account Receivable	<u>37,723</u>
Total Assets	<u>\$ 149,520</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 5,542
Intra-account Payable	106,255
Due to Agency	<u>37,723</u>
Total Liabilities	<u>\$ 149,520</u>

See accompanying notes to the basic financial statements.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 or the possibility that the component unit will provide a financial benefit to or impose a financial burden on 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 governing 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, 2015.

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
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 or 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 a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

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
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 a 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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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 lapse 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. Both of these approximate fair value.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015, the Lansdowne Sewerage System's allowance for doubtful accounts was \$300,000. The District had no other allowance for doubtful accounts at December 31, 2015.

J. Property Taxes

The accompanying financial statement includes revenues from the 2014 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 taxes 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 the remaining installments are due throughout the year. Taxes are collected from June 2015 through March 2016.

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
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 extend 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 is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25-100 years
Machinery and Equipment	10-75 years
Utility Systems	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 nonvesting 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 Years of Employment</u>	<u>Number of Weeks 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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At December 31, 2015, District employees have accumulated \$81,637 in accrued vacation and \$274,502 in accrued sick pay. Current liabilities of the governmental activities include \$35,000 of these compensated absences.

At March 31, 2015, Lansdowne Sewerage System employees have accumulated \$50,917 in accrued vacation and \$66,691 in accrued sick pay. Current liabilities of the business-type activities include \$9,000 of these compensated absences.

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, 2015 and March 31, 2015, 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 for 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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance

According to Governmental Accounting Standards, fund balances are to be classified into five major classifications; nonspendable 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.

Nonspendable 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.

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, 2015.

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, 2015.

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, 2015. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted 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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2: LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgetary Data

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

1. Prior to March 6 the Board of Commissioners issued a tentative operating budget for 2015. 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 hearing was conducted on March 4, 2015 to obtain taxpayer comments.
3. After the public hearing the budget was legally enacted through passage of an ordinance on March 4, 2015.
4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. The budget for the enterprise fund is adopted on a cash basis of accounting.
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.

NOTE 3: 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.

Deposits at December 31, 2015 and March 31, 2015 appear in the financial statements as summarized below:

	Exhibit A Statement of Net Assets Governmental Funds	Exhibit A Statement of Net Assets Business-Type Funds	Exhibit J Statement of Net Assets Fiduciary Funds	Total
Cash	\$ 1,483,780	\$ 1,735,921	\$ 99,147	\$ 3,318,848
Investments-CD's	5,967,097	-	-	5,967,097
Restricted Cash	101,952	8,914	-	110,866
	<u>\$ 7,552,829</u>	<u>\$ 1,744,835</u>	<u>\$ 99,147</u>	<u>\$ 9,396,811</u>

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the 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 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 District's state investment pool 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 is \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts, with total possible maximum FDIC coverage of \$500,000. 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, 2015 and March 31, 2015.

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 \$192,779 at March 31, 2015.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 and March 31, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	<u>\$ 1,715,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,715,418</u>
Capital Assets Being Depreciated				
Buildings	<u>\$ 13,862,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,862,153</u>
Machinery and Equipment	<u>2,553,844</u>	<u>135,344</u>	<u>195,646</u>	<u>2,493,542</u>
Vehicles	<u>519,569</u>	<u>-</u>	<u>32,349</u>	<u>487,220</u>
Total Capital Assets Being Depreciated	<u>\$ 16,935,566</u>	<u>\$ 135,344</u>	<u>\$ 227,995</u>	<u>\$ 16,842,915</u>
Less Accumulated Depreciation for				
Buildings	<u>\$ 5,298,590</u>	<u>\$ 167,054</u>	<u>\$ -</u>	<u>\$ 5,465,644</u>
Machinery and Equipment	<u>957,637</u>	<u>80,308</u>	<u>148,861</u>	<u>889,084</u>
Vehicles	<u>192,953</u>	<u>29,671</u>	<u>25,383</u>	<u>197,241</u>
Total Accumulated Depreciation	<u>\$ 6,449,180</u>	<u>\$ 277,033</u>	<u>\$ 174,244</u>	<u>\$ 6,551,969</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 10,486,386</u>	<u>\$ (141,689)</u>	<u>\$ 53,751</u>	<u>\$ 10,290,946</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 12,201,804</u>	<u>\$ (141,689)</u>	<u>\$ 53,751</u>	<u>\$ 12,006,364</u>
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	<u>\$ 191,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,000</u>
Capital Assets Being Depreciated				
Buildings	<u>\$ 3,323,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,323,798</u>
Equipment	<u>2,921,302</u>	<u>321,665</u>	<u>-</u>	<u>3,242,967</u>
Office Equipment	<u>21,030</u>	<u>-</u>	<u>-</u>	<u>21,030</u>
Force Main, Trunk Lines and Treatment Plant	<u>5,918,118</u>	<u>-</u>	<u>-</u>	<u>5,918,118</u>
Total Capital Assets Being Depreciated	<u>\$ 12,184,248</u>	<u>\$ 321,665</u>	<u>\$ -</u>	<u>\$ 12,505,913</u>
Less Accumulated Depreciation	<u>\$ 6,636,989</u>	<u>\$ 220,187</u>	<u>\$ -</u>	<u>\$ 6,857,176</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 5,547,259</u>	<u>\$ 101,478</u>	<u>\$ -</u>	<u>\$ 5,648,737</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 5,738,259</u>	<u>\$ 101,478</u>	<u>\$ -</u>	<u>\$ 5,839,737</u>

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES	
General Administration	\$ 3,637
Drainage	
General Maintenance	95,918
Project Costs	<u>177,478</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 277,033</u>

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

BUSINESS-TYPE ACTIVITIES	
Sewerage Fund	<u>\$ 220,187</u>
 TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	 <u>\$ 220,187</u>

NOTE 5: LONG-TERM DEBT

Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements

The following is a summary of changes in long-term debt for the year ended December 31, 2015 and March 31, 2015:

	Beginning Balance	New Debt Issued	Debt Retired	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Replacement Taxes Overpayment	\$ 69,405	\$ 94,713	\$ -	\$ 164,118	\$ -
Net Pension Liability	(353,272)	358,357	-	5,085	-
Compensated Absences					
Accumulated Vacation Pay	64,692	16,945	-	81,637	5,000
Accumulated Sick Pay	<u>279,924</u>	<u>-</u>	<u>5,422</u>	<u>274,502</u>	<u>30,000</u>
Total Governmental Funds	<u>\$ 60,749</u>	<u>\$ 470,015</u>	<u>\$ 5,422</u>	<u>\$ 525,342</u>	<u>\$ 35,000</u>
<u>Business-Type Activities</u>					
IEPA Loan	\$ 2,035,179	\$ -	\$ 119,717	\$ 1,915,462	\$ 119,716
Net Pension Liability	(144,294)	146,372	-	2,078	-
Compensated Absences					
Accumulated Vacation Pay	40,148	10,769	-	50,917	4,000
Accumulated Sick Pay	<u>61,246</u>	<u>5,445</u>	<u>-</u>	<u>66,691</u>	<u>5,000</u>
Total Business-Type Activities	<u>\$ 1,992,279</u>	<u>\$ 162,586</u>	<u>\$ 119,717</u>	<u>\$ 2,035,148</u>	<u>\$ 128,716</u>

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 5: LONG-TERM DEBT (CONTINUED)

IEPA Loan - Business-Type Activities

During the fiscal year ended March 31, 2010, the District entered into a loan agreement with the 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, 2015, are as follows:

Year Ending March 31,	Principal	Interest	Total
2016	\$ 119,716	\$ -	\$ 119,716
2017	119,717	-	119,717
2018	119,717	-	119,717
2019	119,717	-	119,717
2020	119,717	-	119,717
2021	119,717	-	119,717
2022	119,717	-	119,717
2023	119,716	-	119,716
2024	119,716	-	119,716
2025	119,716	-	119,716
2026	119,716	-	119,716
2027	119,716	-	119,716
2028	119,716	-	119,716
2029	119,716	-	119,716
2030	119,716	-	119,716
2031	119,716	-	119,716
	<u>\$ 1,915,462</u>	<u>\$ -</u>	<u>\$ 1,915,462</u>

Legal Debt Margin

The computation of legal debt margin at December 31, 2015 is as follows:

ASSESSED VALUATION, 2014 TAX YEAR	<u>\$ 742,760,756</u>
Statutory Debt Limitation (5.75% of Assessed Valuation)	\$ 42,708,743
General Obligation Bonds Outstanding	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 42,708,743</u>

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6: INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances, at December 31, 2015, are as follows:

Due From	Due To				
Primary Government	Governmental Activities			Business-Type Activities	Fiduciary Funds
	Major Governmental Funds		Other Governmental Funds	Sewer Fund	Blue Water Funds
	General Fund	Tort Liability Fund			
					Total Due From
Governmental Activities					
Major Governmental Funds					
General Fund					
Property Taxes	\$ -	\$ -	\$ 4,346	\$ -	\$ -
Replacement Taxes	-	-	89,458	-	-
Business-Type Activities					
Sewerage Fund-Insurance	83,995	-	-	-	-
	<u>\$ 83,995</u>	<u>\$ -</u>	<u>\$ 93,804</u>	<u>\$ -</u>	<u>\$ -</u>
					<u>\$ 177,799</u>

Interfund balances are the result of temporary loans and/or reimbursements for services provided. The interfund balance displayed above relates to Metro East Sanitary District at December 31, 2015 and varies from that of the Lansdowne Sewerage System at its year-end of March 31, 2015, which totaled \$128,295.

NOTE 7: 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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: 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% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms. As of December 31, 2014, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	50
Inactive Plan Members entitled to but not yet receiving benefits	30
Active Plan Members	<u>56</u>
Total	<u><u>136</u></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 2014 was 10.32%. The District's governmental activities contributed \$210,528 for the year ended December 31, 2015 and the District's business-type activities contributed \$81,092 for the fiscal year ended March 31, 2015 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
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability. The District's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumption. The following are the methods and assumptions used to determine total pension liability at December 31, 2014:

- 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 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: 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 3.56%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability. Changes in the District's net pension liability for the year ended December 31, 2014, were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) – (B)
Balances at December 31, 2013	\$ 13,292,301	\$ 13,789,867	\$ (497,566)
Changes for the year:			
Service Cost	327,344	-	327,344
Interest on the Total Pension Liability	989,364	-	989,364
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(74,526)	-	(74,526)
Changes of Assumptions	488,297	-	488,297
Contributions - Employer	-	293,243	(293,243)
Contributions - Employees	-	178,073	(178,073)
Net Investment Income	-	839,425	(839,425)
Benefit Payments, Including Refunds of Employee Contributions	(528,915)	(528,915)	-
Other (Net Transfer)	-	(84,991)	84,991
Net Changes	1,201,564	696,835	504,729
Balances at December 31, 2014	\$ 14,493,865	\$ 14,486,702	\$ 7,163

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

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Lower (6.50%)	Current Discount Rate (7.50%)	1% Higher (8.50%)
Net Pension Liability	\$ 1,897,070	\$ 7,163	\$ (1,548,394)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2015, the District recognized pension expense of \$328,372. At December 31, 2015, the District reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences Between Expected and Actual Experience	\$ -	\$ 57,281
Changes of Assumptions	375,307	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	151,574	-
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	\$ 526,881	\$ 57,281
<i>Pension Contributions made Subsequent to the Measurement Date</i>	224,594	-
Total Deferred Amounts Related to Pensions	\$ 751,475	\$ 57,281

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:

Year Ending December 31	Net Deferred Outflows of Resources
2015	\$ 358,233
2016	133,639
2017	133,639
2018	68,683
Total	\$ 694,194

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8: 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, 2015, 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 Liability Fund</u>
	<u>Insurance</u>	<u>Liability</u>
	<u>Tort</u>	<u>Tort</u>
Restricted for Tort Immunity - 12/31/14	\$ 448,910	\$ 1,800,978
2014 Levy Collected in 2015	461,990	-
Interest Income	193	4,513
Insurance/Tort Expenses	<u>(323,516)</u>	<u>-</u>
Restricted for Tort Immunity - 12/31/15	<u>\$ 587,577</u>	<u>\$ 1,805,491</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.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

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

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 a 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.

During 2005 the District received \$7,144 in reimbursement from the Corps of Engineers. These reimbursements represent prior year District share payments, which have not been used by the Corps of Engineers for their respective projects as of the dated reimbursement.

During 2006 the Corps of Engineers requested \$986,667 from the District for upcoming projects. This payment was reflected as a current year expense in the financial statements.

During 2008 the District received \$22,520 in reimbursement from the Corps of Engineers. These reimbursements represent prior year District share payments, which have not been used by the Corps of Engineers for their respective projects as of the dated reimbursement.

There has been no activity in this regard since 2008 besides interest earned on the cash balance.

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. During 2004, 2003 and 2002 the State of Illinois/Department of Natural Resources, Office of Water Resources contributed \$41,000, \$23,000 and \$229,000, respectively, and the District, along with other local sponsors, contributed \$-0-, \$-0- and \$199,800, respectively, to the study.

During 2006 the Department of Natural Resources contributed \$47,117 toward this project with the District providing an additional \$42,883 from its "Design Escrow" restricted account, for a total expenditure of \$90,000.

During 2007, as reflected within these financial statements, the Department of Natural Resources contributed \$37,500 toward this project. The Metro East Sanitary District provided an additional \$12,000 and Madison and St. Clair counties provided \$12,750 each. Total project expenditures in this regard were \$75,000.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

E. Design Escrow Accounts (continued)

During 2008, as reflected within these financial statements, the Department of Natural Resources contributed \$86,000 toward this project. The Metro East Sanitary District provided an additional \$13,760 and Madison and St. Clair counties provided \$14,620 each. Total project expenditures in this regard were \$86,000.

During 2009 the Department of Natural Resources contributed \$5,700 toward this project. The Metro East Sanitary District provided an additional \$15,584 and Madison and St. Clair counties provided \$16,558 each. Total project expenditures in this regard were \$33,725.

There has been no activity in this regard since 2009.

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 Race Track real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois for \$259,895.29. The amortized cost of the station is to be payable monthly by the owners of the race track and/or the occupant of the current race track property. This loan was paid during the fiscal year ended March 31, 1999.

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 Lansdowne System is responsible for maintaining the station and is to bill users for the related costs.

The additional agreement referenced in the preceding paragraph also provides for the accumulation of funds for the ultimate replacement of worn pumps and parts. This account is to be increased by payments payable on a monthly basis over a five (5) year term by all users of the system until it reaches a maximum balance of \$50,000. The accompanying financial statements account for these accumulations as restricted assets totaling \$8,914 at March 31, 2015.

H. Expenditures in Excess of Budget

Actual expenditures exceeded budgeted expenditures in the District's Social Security Fund, in the amount of \$12,456 during the year ended December 31, 2015.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

I. 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 Percentage</u>
Village of Cahokia	59.70
St. Clair County	4.90
City of Alorton	8.10
City of Centreville	23.60
Centreville Township	3.70
	<u>100.00</u>

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

The Operations 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 \$76,885 in 2015.

J. Levee Rehabilitation

In response to possible decertification of the levee systems on the Illinois side of the Mississippi River at St. Louis by the Federal Corps of Engineers, legislation was passed which increased the local sales tax to provide funding for needed levee repairs. Because these new sales tax revenues would not become available for some time and work on the levee repairs needed to begin in order to avoid possible decertification, accumulated funds within the Metro East Sanitary District were restricted for the cost of these beginning repairs.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

J. Levee Rehabilitation (Continued)

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.

1/1/08 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)	
Interest Income on Account	523,194	
Equipment Purchases and Corps of Engineers Project Credit	<u>(658,898)</u>	
	<u>\$ 2,684,934</u>	Restriction 12/31/15
Levee restriction is displayed in the accompanying financial statements in the following funds:		
	\$ 1,863,464	General Fund
	<u>821,470</u>	Tort Liability Fund
	<u>\$ 2,684,934</u>	Total

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9: PRIOR PERIOD ADJUSTMENTS

The District adopted Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*. This statement requires the District to change the accounting for the pension costs related to the District's participation in the Illinois Municipal Retirement Fund (IMRF). For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial value, and attribute the present value to periods of employee service. The Statement also requires enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. In addition, the District will also be recognizing a net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to the District's proportionate share of the collective amounts in IMRF.

In April 2016, the State of Illinois informed the District that it had uncovered a misallocation of previously distributed personal property replacement taxes for the period April 2014 to February 2016 for the governmental activities and governmental funds. The repayment of the over allocation is expected to begin in 2017. As a result, personal property replacement tax revenues were overstated.

The District identified an error in previously recognized compensated absences (accumulated unpaid vacation and sick pay) in the business-type activities and enterprise fund. As a result, compensated absences (accumulated unpaid vacation and sick pay) was understated.

The implementation of GASB Statement No. 68 and the effects of the errors in previously recognized personal property replacement taxes and accumulated unpaid vacation and sick pay had the following effect:

	Governmental Activities	Business-Type Activities / Enterprise Fund	Gov't Funds - General Fund
Net Position/Fund Balance, Beginning of Year	\$ 20,313,415	\$ 6,234,215	\$ 5,280,959
Recognition of Net Pension Activity	569,331	215,333	42,136
Replacement Taxes Overpayment	(69,405)	-	(69,405)
Compensated Absences Adjustment	-	(36,552)	-
Net Position/Fund Balance, Beginning of Year (Restated)	<u>\$ 20,813,341</u>	<u>\$ 6,412,996</u>	<u>\$ 5,253,690</u>

NOTE 10: 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
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>GENERAL FUND</u>		<u>TORT LIABILITY FUND</u>	
	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES:</u>				
Taxes:				
Property Taxes	\$ 2,739,609	\$ 2,679,832	\$ -	\$ -
Intergovernmental Revenues:				
Replacement Taxes	1,310,542	1,337,873	-	-
Payment in Lieu of Taxes	-	18,619	-	-
Building Rental	-	12,000	-	-
Fines and Fees:				
Licenses and Permits	80,000	133,909	-	-
Farm Ground Rental	-	1,125	-	-
Pumping Services	-	76,017	-	-
Interest Income	-	11,732	-	6,547
Sale of Surplus Property and Scrap	-	3,501	-	-
Miscellaneous Revenues and Reimbursements	-	4,524	-	-
Total Revenues	\$ 4,130,151	\$ 4,279,132	\$ -	\$ 6,547
<u>EXPENDITURES:</u>				
Administration:				
Salaries	\$ 295,000	\$ 374,418	\$ -	\$ -
Electric Service	5,000	4,779	-	-
Insurance - Group Health and Welfare	515,000	630,122	-	-
Insurance - Retiree Medical	18,000	17,973	-	-
Insurance - Bonding	1,600	1,005	-	-
Insurance - Unemployment	31,000	28,511	-	-
Insurance - Workers' Compensation	325,000	139,115	-	-
Insurance - Liability	160,000	152,275	-	-
Telephone	4,000	3,094	-	-
Water, Trash and Sewerage	500	546	-	-
Postage	750	888	-	-
Material and Supplies:				
Vehicles	3,000	-	-	-
Equipment	2,000	817	-	-
Building	2,500	723	-	-

See accompanying independent auditor's report.

(continued on next page)

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

	<u>GENERAL FUND</u>		<u>TORT LIABILITY FUND</u>	
	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>
<u>EXPENDITURES (CONTINUED):</u>				
Administration (Continued):				
Office Expense	\$ 9,000	\$ 10,984	\$ -	\$ -
Licenses and Title	650	-	-	-
Copier Lease	3,000	2,739	-	-
Building Security	1,100	1,038	-	-
Legal Services	87,500	86,701	55,000	-
Legal Publications	9,000	11,029	-	-
Payroll Processing	6,000	4,531	-	-
Land and Title Work	500	-	-	-
Training and Travel	3,500	-	-	-
Dues and Subscriptions	450	-	-	-
Petty Cash	1,000	231	-	-
Minor Medical Fees	7,500	5,247	-	-
Easements	400	200	-	-
Flood Prevention Expenditures - Noncapital	100,000	3,148	-	-
Bank Fees	100	15	-	-
Employee Benefits	250	-	-	-
Miscellaneous	500	-	-	-
Engineering:				
Engineering Services	50,000	4,536	-	-
General Maintenance:				
Salaries - Madison County	910,000	809,843	-	-
Salaries - St. Clair County	950,000	815,125	-	-
Electric Service	20,000	17,719	-	-
Telephone	15,000	8,773	-	-
Water, Trash and Sewerage	11,500	13,530	-	-
Material and Supplies:				
Vehicles	50,000	29,155	-	-
Office	2,500	3,229	-	-
Buildings	50,000	26,019	-	-
Equipment	125,000	96,513	-	-
Levee and Canals	25,000	25,268	-	-
Bridge Replacement	50,000	-	-	-
Motor Fuel and Lubricants	210,000	104,056	-	-
Moving Equipment	500	575	-	-

See accompanying independent auditor's report.

(continued on next page)

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

	GENERAL FUND		TORT LIABILITY FUND	
	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL
EXPENDITURES (CONTINUED):				
General Maintenance (Continued):				
Equipment Rental	\$ 2,000	\$ 2,971	\$ -	\$ -
Building Security	3,000	3,030	-	-
Safety Equipment - Noncapital	2,500	2,812	-	-
Uniform Expense	15,000	10,441	-	-
Road Improvements	30,000	16,475	-	-
Weed Control	10,000	5,362	-	-
Project Costs:				
Salaries	250,000	519,180	-	-
Electric Service	160,000	369,927	-	-
Telephone	1,600	990	-	-
Water, Trash and Sewerage	1,500	1,277	-	-
Material and Supplies:				
Equipment	150,000	110,760	-	-
Building	50,000	42,806	-	-
Equipment Rental	1,000	473	-	-
Building Security	1,000	252	-	-
Capital Outlay:				
Equipment Purchases	205,000	135,344	-	-
Total Expenditures	\$ 4,945,900	\$ 4,656,570	\$ 55,000	\$ -
NET CHANGE IN FUND BALANCES	\$ (815,749)	(377,438)	\$ (55,000)	6,547
FUND BALANCES, BEGINNING OF YEAR		5,280,959		2,620,414
PRIOR PERIOD ADJUSTMENT		(27,269)		-
FUND BALANCES, END OF YEAR		\$ 4,876,252		\$ 2,626,961

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
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,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Pension Liability										
Service Cost	\$ 327,344									
Interest on the Total Pension Liability	989,364									
Benefit Changes	-									
Difference between Expected and Actual Experience	(74,526)									
Assumption Changes	488,297									
Benefit Payments and Refunds	(528,915)									
Net Change in Total Pension Liability	\$ 1,201,564									
Total Pension Liability - Beginning	13,292,301									
Total Pension Liability - Ending (a)	\$ 14,493,865									
Plan Fiduciary Net Position										
Employer Contributions	\$ 293,243									
Employee Contributions	178,073									
Pension Plan Net Investment Income	839,425									
Benefit Payments and Refunds	(528,915)									
Other	(84,991)									
Net Change in Plan Fiduciary Net Position	\$ 696,835									
Plan Fiduciary Net Position - Beginning	13,789,867									
Plan Fiduciary Net Position - Ending (b)	\$ 14,486,702									
Net Pension Liability/(Asset) - Ending (a)-(b)	\$ 7,163									
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.95%									
Covered Valuation Payroll	\$ 3,023,127									
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.24%									

Notes 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.

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST 10 CALENDAR YEARS

<u>CALENDAR YEAR ENDING DECEMBER 31.</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>CONTRIBUTION DEFICIENCY (EXCESS)</u>	<u>COVERED VALUATION PAYROLL</u>	<u>ACTUAL CONTRIBUTION AS A % OF COVERED VALUATION PAYROLL</u>
2014	\$ 293,243	\$ 293,243	\$ -	\$ 3,023,127	9.70%

Notes 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,

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	SPECIAL REVENUE FUNDS			
	AUDITING FUND	MUNICIPAL RETIREMENT FUND	SOCIAL SECURITY FUND	TOTALS
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 23,601	\$ 77,143	\$ 127,125	\$ 227,869
Investments	-	-	121,890	121,890
Receivables:				
Property Taxes	29,762	192,402	160,902	383,066
Due from Other Funds	303	54,037	39,464	93,804
Accrued Interest Income	-	-	89	89
Total Assets	<u>\$ 53,666</u>	<u>\$ 323,582</u>	<u>\$ 449,470</u>	<u>\$ 826,718</u>
<u>LIABILITIES:</u>				
Accounts Payable	\$ -	\$ 17,303	\$ -	\$ 17,303
Accrued Payroll	-	-	8,466	8,466
Total Liabilities	<u>\$ -</u>	<u>\$ 17,303</u>	<u>\$ 8,466</u>	<u>\$ 25,769</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable Property Taxes	<u>\$ 28,693</u>	<u>\$ 183,976</u>	<u>\$ 154,740</u>	<u>\$ 367,409</u>
<u>FUND BALANCES:</u>				
Restricted	<u>\$ 24,973</u>	<u>\$ 122,303</u>	<u>\$ 286,264</u>	<u>\$ 433,540</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 53,666</u>	<u>\$ 323,582</u>	<u>\$ 449,470</u>	<u>\$ 826,718</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	SPECIAL REVENUE FUNDS			
	AUDITING FUND	MUNICIPAL RETIREMENT FUND	SOCIAL SECURITY FUND	TOTALS
<u>REVENUES:</u>				
Taxes:				
Property Taxes	\$ 25,418	\$ 201,425	\$ 146,906	\$ 373,749
Intergovernmental Revenues:				
Replacement Taxes	-	51,650	37,808	89,458
Interest Income	6	20	542	568
Total Revenues	<u>\$ 25,424</u>	<u>\$ 253,095</u>	<u>\$ 185,256</u>	<u>\$ 463,775</u>
<u>EXPENDITURES:</u>				
Administration	<u>\$ 25,000</u>	<u>\$ 210,527</u>	<u>\$ 197,456</u>	<u>\$ 432,983</u>
NET CHANGE IN FUND BALANCES	\$ 424	\$ 42,568	\$ (12,200)	\$ 30,792
FUND BALANCES, BEGINNING OF YEAR	<u>24,549</u>	<u>79,735</u>	<u>298,464</u>	<u>402,748</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 24,973</u></u>	<u><u>\$ 122,303</u></u>	<u><u>\$ 286,264</u></u>	<u><u>\$ 433,540</u></u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	AUDITING FUND		MUNICIPAL RETIREMENT FUND		SOCIAL SECURITY FUND	
	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL
<u>REVENUES:</u>						
Taxes:						
Property taxes	\$ 24,449	\$ 25,418	\$ 193,960	\$ 201,425	\$ 141,398	\$ 146,906
Intergovernmental Revenues:						
Replacement Taxes	-	-	51,650	51,650	37,808	37,808
Interest Income	-	6	-	20	-	542
Total Revenues	<u>\$ 24,449</u>	<u>\$ 25,424</u>	<u>\$ 245,610</u>	<u>\$ 253,095</u>	<u>\$ 179,206</u>	<u>\$ 185,256</u>
<u>EXPENDITURES:</u>						
Administration	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 225,000</u>	<u>\$ 210,527</u>	<u>\$ 185,000</u>	<u>\$ 197,456</u>
NET CHANGE IN FUND BALANCES	<u>\$ (551)</u>	424	<u>\$ 20,610</u>	42,568	<u>\$ (5,794)</u>	(12,200)
FUND BALANCES, BEGINNING OF YEAR		24,549		79,735		298,464
FUND BALANCES, END OF YEAR		<u>\$ 24,973</u>		<u>\$ 122,303</u>		<u>\$ 286,264</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
LANSDOWNE TRUNK - MADISON AND VENICE SEWERAGE SYSTEM
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2015

	SEWERAGE FUND	
	ORIGINAL AND FINAL BUDGET	ACTUAL
<u>OPERATING REVENUES:</u>		
Sewer Fees	\$ 2,800,000	\$ 2,825,857
Lien Fees and Miscellaneous Revenues	12,000	10,995
Total Operating Revenues	\$ 2,812,000	\$ 2,836,852
<u>OPERATING EXPENSES:</u>		
Personnel Services:		
Salaries	\$ 800,000	\$ 849,653
Employer's Payroll Expense:		
FICA	61,200	64,763
IMRF	86,880	81,545
Unemployment Compensation	12,500	9,943
Uniform Allowance	2,000	1,825
Group Insurance	175,000	207,066
Total Personnel Services	\$ 1,137,580	\$ 1,214,795
Contractual Services:		
Utilities	\$ 120,000	\$ 89,304
Telephone	7,000	5,821
Auditing and Accounting Fees	13,000	11,075
Engineering Fees	10,000	1,860
Legal Fees	8,000	9,140
Printing and Publishing	1,500	3,319
Credit Card Chargeback - E-pay	12,000	11,979
Insurance	125,000	60
Office Space Rental	12,000	12,000
Filing and Lien Fees	11,000	11,764
Illinois EPA Permits	5,000	6,075
Computer System, Support	6,000	11,199
Website Related Costs	200	153
Computer System Training	1,500	-
Travel and Training	3,000	-
Collection Fees	20,000	14,508
Alarm	3,000	2,604
Lift Station Monitoring	2,500	2,421
Easements	850	450

See accompanying independent auditor's report.

(continued on next page)

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2015
(CONTINUED)

	SEWERAGE FUND	
	ORIGINAL AND FINAL BUDGET	ACTUAL
<u>OPERATING EXPENSES (CONTINUED):</u>		
Contractual Services (Continued):		
Water Usage and Parcel Data Fees	\$ 7,500	\$ 6,563
Water Turn-Off Fees	27,500	24,970
Credit Reports	4,000	2,371
Equipment Lease Agreements	20,000	3,300
Water Testing Fees	8,000	7,953
203 Lift Station Expenses	-	10,663
Total Contractual Services	\$ 428,550	\$ 249,552
Materials and Supplies:		
Office Supplies	\$ 22,500	\$ 6,101
Postage	45,000	47,757
Computer Supplies	10,000	3,286
Total Materials and Supplies	\$ 77,500	\$ 57,144
Maintenance and Repairs:		
Sewer Line	\$ 200,000	\$ -
Building	30,000	31,765
Equipment	125,000	50,662
Vehicle	6,500	21,704
Total Maintenance and Repairs	\$ 361,500	\$ 104,131
Secondary Treatment:		
Secondary Treatment Expense	\$ 1,200,000	\$ 1,051,518
Miscellaneous:		
Miscellaneous	\$ 5,000	\$ 1,934
Economic Stimulus Loan Repayments:		
Economic Stimulus Loan Repayments	\$ 119,716	\$ 119,717
Fixed Asset Purchases:		
Vehicles - Equipment	\$ 320,000	\$ 312,865
New Computers	5,000	2,887
Total Fixed Asset Purchases	\$ 325,000	\$ 315,752
Total Operating Expenses	\$ 3,654,846	\$ 3,114,543
OPERATING LOSS	\$ (842,846)	\$ (277,691)
NONOPERATING REVENUES:		
Interest Income	\$ 2,500	\$ 2,639
Change in Net Position	\$ (840,346)	\$ (275,052)

See accompanying independent auditor's report.

(continued on next page)

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2015
(CONTINUED)

Reconciliation to GAAP Basis Financial Statements:

Change in Net Position (Cash Basis)	\$ (275,052)
Adjustments to Reconcile Decrease in Net Position - Cash Basis to GAAP basis	
Increases (Decreases) in Assets Which are Not Recorded Using the Cash Basis	
Depreciation	(220,187)
Receivables:	
System Customers, Net	(172,637)
Granite City Regional Treatment Overpayment	(92,659)
Due from Metro East Sanitary District	(9,597)
Accrued Interest Income	207
Deferred Outflows of Resources - Pension Contributions	130,278
(Increases) Decreases in Liabilities Which Are Not Recorded Using the Cash Basis	
Accounts Payable	51,326
Due to Metro East Sanitary District	(129,500)
Net Pension Liability	(146,372)
Compensated Absences	(16,214)
Cash Payments Not Considered Expenses on GAAP Basis Statements	
Purchase of Capital Assets	321,665
Repayments on Illinois EPA Loan	119,717
	<hr/>
Change in Net Position - Exhibit H	<u>\$ (439,025)</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	AGENCY FUNDS		
	BLUE WATER DITCH		
	OPERATION AND MAINTENANCE	SINKING FUND	FIDUCIARY TOTAL
<u>ASSETS:</u>			
Cash	\$ 9,965	\$ 89,182	\$ 99,147
Accounts Receivable - Other Governmental Units	11,800	850	12,650
Intra-account Receivable	-	37,723	37,723
Total Assets	<u>\$ 21,765</u>	<u>\$ 127,755</u>	<u>\$ 149,520</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 5,542	\$ -	\$ 5,542
Intra-account Payable	37,723	-	37,723
Due to (from) Agency	(21,500)	127,755	106,255
Total Liabilities	<u>\$ 21,765</u>	<u>\$ 127,755</u>	<u>\$ 149,520</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY
DECEMBER 31, 2015

FUNCTION/ACTIVITY	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>EQUIPMENT</u>	<u>VEHICLES</u>
General Administration	\$ 106,027	\$ -	\$ 83,677	\$ -	\$ 22,350
Drainage					
General Maintenance	2,417,631	-	268,465	1,684,296	464,870
Project Costs	<u>16,034,675</u>	<u>1,715,418</u>	<u>13,510,011</u>	<u>809,246</u>	<u>-</u>
GOVERNMENTAL CAPITAL ASSETS	<u>\$ 18,558,333</u>	<u>\$ 1,715,418</u>	<u>\$ 13,862,153</u>	<u>\$ 2,493,542</u>	<u>\$ 487,220</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION/ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2015

FUNCTION/ACTIVITY	GOVERNMENTAL CAPITAL ASSETS 1/1/15	ADDITIONS	DELETIONS	GOVERNMENTAL CAPITAL ASSETS 12/31/15
General Administration	\$ 128,876	\$ -	\$ 22,849	\$ 106,027
Drainage				
General Maintenance	2,595,748	10,710	188,826	2,417,632
Project Costs	15,926,360	124,634	16,320	16,034,674
GOVERNMENTAL CAPITAL ASSETS	<u>\$ 18,650,984</u>	<u>\$ 135,344</u>	<u>\$ 227,995</u>	<u>\$ 18,558,333</u>

See accompanying independent auditor's report.

METRO EAST SANITARY DISTRICT
ST. CLAIR AND MADISON COUNTIES, ILLINOIS
ASSESSED VALUATIONS, TAX RATES, EXTENSIONS,
COLLECTIONS AND LOSSES
LAST TEN YEARS

See accompanying independent auditor's report.

TABLE 1
Page 2

	2015		2014		2013	
ASSESSED VALUATIONS		<u>\$761,580,533</u>		<u>\$742,760,756</u>		<u>\$732,857,178</u>
TAX RATES AND EXTENSIONS						
General Fund	Rate	Extension	Rate	Extension	Rate	Extension
Illinois Municipal Retirement Fund	0.3256	\$ 2,480,000	0.3126	\$ 2,322,057	0.3120	\$ 2,286,514
Social Security Fund	0.0234	178,515	0.0272	201,975	0.0271	198,779
Auditing Fund	0.0198	150,746	0.0199	147,719	0.0188	138,007
Liability Insurance Fund	0.0037	28,000	0.0034	25,472	0.0034	25,087
Tort Liability Fund	0.0637	485,000	0.0629	467,474	0.0523	383,295
	0.0000	-	0.0000	-	0.0000	-
Totals	0.4362	<u>\$ 3,322,261</u>	0.4260	<u>\$ 3,164,697</u>	0.4136	<u>\$ 3,031,682</u>
COLLECTIONS						
General Fund	\$	-		\$ 2,254,728	\$	2,221,695
Illinois Municipal Retirement Fund	-	-		196,119		193,364
Social Security Fund	-	-		143,435		134,244
Auditing Fund	-	-		24,734		24,412
Liability Insurance Fund	-	-		453,919		372,864
Tort Liability Fund	-	-		-		-
Totals	<u>\$</u>	<u>-</u>		<u>\$ 3,072,935</u>		<u>\$ 2,946,579</u>
LOSSES						
General Fund	\$	-		\$ 67,329	\$	64,819
Illinois Municipal Retirement Fund	-	-		5,856		5,415
Social Security Fund	-	-		4,284		3,763
Auditing Fund	-	-		738		675
Liability Insurance Fund	-	-		13,555		10,431
Tort Liability Fund	-	-		-		-
Totals	<u>\$</u>	<u>-</u>		<u>\$ 91,762</u>		<u>\$ 85,103</u>

See accompanying independent auditor's report.

TABLE 1
Page 3

	2012		2011		2010	
ASSESSED VALUATIONS		<u>\$755,632,796</u>		<u>\$792,532,165</u>		<u>\$730,676,187</u>
TAX RATES AND EXTENSIONS						
General Fund	Rate	Extension	Rate	Extension	Rate	Extension
Illinois Municipal Retirement Fund	0.3120	\$ 2,357,574	0.3140	\$ 2,488,305	0.3106	\$ 2,269,154
Social Security Fund	0.0243	183,396	0.0191	151,112	0.0201	146,783
Auditing Fund	0.0204	154,505	0.0196	155,075	0.0211	154,293
Liability Insurance Fund	0.0028	20,980	0.0025	20,006	0.0027	19,931
Tort Liability Fund	0.0421	318,254	0.0442	350,161	0.0462	337,517
	0.0000	-	0.0000	-	0.0180	131,532
Totals	0.4016	<u>\$ 3,034,709</u>	0.3993	<u>\$ 3,164,659</u>	0.4187	<u>\$ 3,059,210</u>
COLLECTIONS						
General Fund		\$ 2,254,832		\$ 2,421,941		\$ 2,201,832
Illinois Municipal Retirement Fund		175,364		147,875		141,640
Social Security Fund		147,746		151,757		148,708
Auditing Fund		20,077		19,583		19,244
Liability Insurance Fund		304,323		342,678		325,720
Tort Liability Fund		-		-		126,920
Totals		<u>\$ 2,902,342</u>		<u>\$ 3,083,834</u>		<u>\$ 2,964,064</u>
LOSSES						
General Fund		\$ 102,742		\$ 66,364		\$ 67,322
Illinois Municipal Retirement Fund		8,032		3,237		5,143
Social Security Fund		6,759		3,318		5,585
Auditing Fund		903		423		687
Liability Insurance Fund		13,931		7,483		11,797
Tort Liability Fund		-		-		4,612
Totals		<u>\$ 132,367</u>		<u>\$ 80,825</u>		<u>\$ 95,146</u>

See accompanying independent auditor's report.

TABLE 1
Page 4

	2009		2008		2007	
ASSESSED VALUATIONS	<u>\$763,842,825</u>		<u>\$729,619,424</u>		<u>\$729,619,424</u>	
TAX RATES AND EXTENSIONS						
General Fund	Rate	Extension	Rate	Extension	Rate	Extension
Illinois Municipal Retirement Fund	0.3119	\$ 2,382,107	0.3207	\$ 2,339,895	0.3098	\$ 2,260,276
Social Security Fund	0.0135	103,022	0.0133	97,029	0.0112	81,602
Auditing Fund	0.0187	142,965	0.0177	128,940	0.0140	102,031
Liability Insurance Fund	0.0027	20,623	0.0028	20,249	0.0028	20,429
Tort Liability Fund	0.0350	267,242	0.0313	228,201	0.0317	231,066
	0.0228	174,415	0.0296	216,031	0.0328	239,282
Totals	0.4046	<u>\$ 3,090,374</u>	0.4153	<u>\$ 3,030,345</u>	0.4022	<u>\$ 2,934,686</u>
COLLECTIONS						
General Fund		\$ 2,289,994		\$ 2,219,193		\$ 2,157,614
Illinois Municipal Retirement Fund		99,100		92,923		79,061
Social Security Fund		136,568		123,077		98,126
Auditing Fund		19,849		19,400		19,799
Liability Insurance Fund		257,266		218,546		223,903
Tort Liability Fund		167,604		206,890		231,833
Totals		<u>\$ 2,970,381</u>		<u>\$ 2,880,029</u>		<u>\$ 2,810,336</u>
LOSSES						
General Fund		\$ 92,113		\$ 120,702		\$ 102,662
Illinois Municipal Retirement Fund		3,922		4,106		2,541
Social Security Fund		6,397		5,863		3,905
Auditing Fund		774		849		630
Liability Insurance Fund		9,976		9,655		7,163
Tort Liability Fund		6,811		9,141		7,449
Totals		<u>\$ 119,993</u>		<u>\$ 150,316</u>		<u>\$ 124,350</u>

See accompanying independent auditor's report.

2006		
ASSESSED VALUATIONS		
	Rate	Extension
TAX RATES AND EXTENSIONS		
General Fund	0.3097	\$ 2,118,281
Illinois Municipal Retirement Fund	0.0000	-
Social Security Fund	0.0173	118,607
Auditing Fund	0.0030	20,521
Liability Insurance Fund	0.0119	81,694
Tort Liability Fund	0.0597	408,468
Totals	0.4017	\$ 2,747,571
COLLECTIONS		
General Fund		\$ 2,054,948
Illinois Municipal Retirement Fund		-
Social Security Fund		116,212
Auditing Fund		20,109
Liability Insurance Fund		81,545
Tort Liability Fund		398,129
Totals		\$ 2,670,943
LOSSES		
General Fund		\$ 63,333
Illinois Municipal Retirement Fund		-
Social Security Fund		2,395
Auditing Fund		412
Liability Insurance Fund		149
Tort Liability Fund		10,339
Totals		\$ 76,628

See accompanying independent auditor's report.