

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

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2021

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

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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, 2021 and the business-type activities and each major enterprise fund as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

In our opinion, except for the missing recognition matter described in the “Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Enterprise Fund” paragraph, the respective financial statement referred to above present fairly, in all material respects, the financial position of the governmental activities of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2021, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2021, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, Multiyear Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 4-11 and Schedules A-C, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an

essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Thompson & Lengacher Co., P.C.

Maryville, Illinois

June 27, 2022

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021 (March 31, 2021 for Business-Type Activities)

The management discussion and analysis (MD&A) of Metro East Sanitary District financial performance provides an overview of the District's financial activities for the year ended December 31, 2021 and for the Lansdown Trunk for the year ended March 31, 2021. This accompanies the District's annual audit recently completed by Thompson & Lengacher Co., P.C., Maryville, Illinois. The intent of this management discussion and analysis is to look at the financial performance as a whole. Readers should also review this transmitted letter and the financial statements to enhance their understanding of the District's financial performance.

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

Financial Highlights

Total assets and deferred outflow of resources for the governmental activities totaled \$33,351,710 which is \$3,218,814 higher than the prior year. Cash and investments totaled \$9,779,300, an increase of \$1,637,489 over the prior year. Receivables totaled \$4,405,308 as compared to \$4,148,630 for the year ended December 31, 2020.

Total assets and deferred outflow of resources for the business-type activities totaled \$6,837,225 for the year ended March 31, 2021. This amount is \$27,000 lower than the prior year. Cash totaled \$1,144,601 as compared to \$1,275,075 for the prior year.

The District's net position, as noted in Exhibit B, increased by \$2,582,000. This compared to the prior year is an increase of \$1,015,000.

The District's combined Governmental Funds ending net position increased by \$2,505,365. The net position of the Enterprise Fund increased by \$177,030 as compared to a decrease of \$183,928 for the prior year.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

Government-Wide Financial Statements

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted in Exhibit B, the District's overall position had an increase over the past year in combined net position by \$2,582,395 from \$24,572,856 to \$27,155,251. Governmental activities had an increase of \$2,505,365 from \$19,576,668 to \$22,082,033 and business-type activities had an increase of \$77,030 from \$4,996,188 to \$5,073,218.

Listed below are the District's assets and deferred outflows for fiscal years 2021 and 2020, including a column noting changes (increases/decreases) from 2020.

Table 1: Statement of Assets and Deferred Outflows

	<u>Total Government</u>		
	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Other Assets	\$ 19,948,868	\$ 15,688,554	\$ 4,260,314
Capital Assets	<u>19,570,890</u>	<u>19,929,581</u>	<u>(358,691)</u>
Total Assets	<u>\$ 39,519,758</u>	<u>\$ 35,618,135</u>	<u>\$ 3,901,623</u>
Deferred outflows of resources			
Pension contributions	<u>\$ 669,177</u>	<u>\$ 1,379,108</u>	<u>\$ (709,931)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

Listed below are the District's liabilities and deferred inflows for fiscal years 2021 and 2020, including a column noting changes (increases/decreases) from 2020.

Table 2: Statement of Liabilities and Deferred Inflows

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Accounts Payable	\$ 490,834	\$ 543,609	(52,775)
Accrued Payroll	52,285	39,353	12,932
Current Portion of Long-term Liabilities	<u>287,070</u>	<u>284,319</u>	7,751
Long-term Liabilities	<u>\$ 5,267,091</u>	<u>\$ 5,530,775</u>	<u>\$ (363,684)</u>
 Total Liabilities	 <u>\$ 6,102,280</u>	 <u>\$ 6,398,056</u>	 <u>\$ (295,776)</u>
 Deferred Inflows of Resources	 <u>\$ 6,931,404</u>	 <u>\$ 6,026,331</u>	 <u>\$ 905,073</u>

For more detailed information see the Statement of Net Position.

Net position of the District's governmental activities increased by 11.3% over prior year balance. The main reason for the increase is because of the increasing stock market, the pension net assets were approximately \$2.26 million for 2021 as compared to 2020. Net position of the Districts' business-type activities decreased by 1.5% compared to the previous year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

	<u>Governmental Activities 12/31/2021</u>	<u>Business-Type Activities 3/31/2021</u>	<u>Total Primary Government 2021</u>	<u>Total Primary Government 2020</u>
Revenues				
Program Revenues				
Charges for services	\$ 321,753	\$ 3,379,661	\$ 3,701,414	\$ 3,639,775
General Revenues				
Taxes:				
Property	3,548,779	-	3,548,779	3,056,875
Payment in lieu of taxes	119,428	-	119,428	189,365
Replacement Taxes	2,797,062	-	2,797,062	1,461,786
FEMA Reimbursement	-			659,368
Other Revenue	<u>15,966</u>	<u>2,583</u>	<u>18,549</u>	<u>58,428</u>
Total Revenues	<u>6,802,988</u>	<u>3,382,244</u>	<u>10,185,232</u>	<u>9,065,597</u>
Expenses				
Governmental Activities				
General government	1,504,875	-	1,504,875	1,435,411
Drainage and sanitation	2,792,748	-	2,792,748	3,021,529
Business-Type Activities				
Sewerage system	<u>-</u>	<u>3,305,214</u>	<u>3,305,214</u>	<u>3,593,691</u>
Total Expenses	<u>4,297,623</u>	<u>3,305,214</u>	<u>7,602,837</u>	<u>8,050,631</u>
Changes in Net Position	<u>\$ 2,505,365</u>	<u>\$ 77,030</u>	<u>\$ 2,582,395</u>	<u>\$ 1,014,966</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

Current Year Impacts

Governmental Activities

Revenues and Expenses

Revenues for governmental activities increased by \$1,147,154 or 20.3% to a total of \$6,802,988. Expenses decreased by \$159,367 or 3.6% to a total of \$4,297,623.

Business-Type Activities

Revenues and Expenses

Revenues for the business-type activities decreased by \$27,519 or 0.1% to a total of \$3,382,244.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The Governmental Funds reported a combined fund balance of \$10,608,945. This is an increase of \$2,051,854. Of the total fund balance, \$5,588,082 is unassigned indicating availability for continuing District services. Restricted fund balance of \$4,545,880 includes \$828,946 for tort immunity, \$2,441,537 for levee rehabilitation and \$1,275,405 for other restrictions. The nonspendable funds include \$474,993 for prepaid expenses.

The General Fund is the District's main operating fund and the largest source of day-to-day service delivery. Revenues and other financing sources were more than expenditures by \$1,730,0049. The main reason for the large increase is that Replacement tax revenue increased by \$1,335,276.

Enterprise Funds

The Enterprise Funds total net position is \$4,996,188, which is a decrease of \$183,928. The overall financial condition of the District has been improving. It is important for this to continue as the system is aging and major repairs or improvements could become necessary in the foreseeable future.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4: General Fund Budgetary Highlights

	2020 Original and Final Budget	2021 Actual	2020 Actual
Revenues	\$ 4,847,327	\$ 6,147,303	\$ 5,123,043
Expenditures	4,241,400	4,053,254	4,483,423
Revenues over Exp.	605,927	2,094,049	639,620
Transfers Out	(336,000)	(364,000)	(446,870)
Net Change in Fund Balance	\$ 269,927	\$ 1,730,049	\$ 192,750

General Fund actual revenues were \$1,299,976 or 26.8% more than the final budget.

General Fund actual expenditures were \$183,146 less than the final budget.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities decreased by \$77,440. The net investment in capital assets includes land, buildings, equipment, and improvements other than underground systems, and infrastructure as well as the related debt. Depreciation for the District totaled \$477,023.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
December 31, 2021 (March 31, 2021 for Business-Type Activities)

DEBT OUTSTANDING

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

The District issued Debt Certificates totaling \$4,198,239 in 2019. The payments are to be made over 20 years. It carries an interest rate of 4.68% throughout the 20 years. A principal payment of \$152,769 was made in 2021.

Compensated absences totaling \$326,584, an increase of \$33,337 from the previous year.

The Business-Type Activities Sewer Funds has an additional long-term debt of \$1,197,164 (includes current portion) for the repayment of a project funded through the Illinois Environmental Protection Agency (IEPA).

The District has a legal debt margin of \$53,892,916.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The focus of next year's budget will be on the District's efforts to ensure the long-term health of the District's General Fund. This Fund pays for most District services except sewage treatment. The overall financial picture of the district has improved in the last few years. Continued revenues are needed to support the aging system and to pay off future debt payments.

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 Amy Dickinson, District Clerk, Metro East Sanitary District, 1800 Edison Avenue, P.O. Box 1366, Granite City, IL 62040.

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

STATEMENT OF NET POSITION

	December 31, 2021	March 31, 2021	
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS AND DEFERRED OUTFLOWS OF			
RESOURCES:			
Cash and Cash Equivalents	\$ 4,766,477	\$ 1,144,601	\$ 5,911,078
Investments - Certificates of Deposit	5,012,823	-	5,012,823
Restricted Cash:			
203 Pump Station		36,152	36,152
Design Escrow	1,677	-	1,677
Corps of Engineers	100,398	-	100,398
Receivables:			
Property Taxes	3,859,033	-	3,859,033
Replacement Taxes	501,744	-	501,744
Due from (to) Other Funds	35,572	(35,572)	-
Other	8,959	-	8,959
System Customers, Net		418,915	418,915
Prepaid Expenses	474,993	23,714	498,707
Net Pension Asset	3,591,202	-	3,591,202
Right to Use Asset, Net of amortization	8,180	-	8,180
Capital Assets:			
Land	1,715,418	191,000	1,906,418
Assets Being Depreciated, Net	12,606,057	5,058,415	17,664,472
Total Assets	<u>\$ 32,682,533</u>	<u>\$ 6,837,225</u>	<u>\$ 39,519,758</u>
Deferred Outflows of Resources:			
Related to Pension	\$ 669,177	\$ -	\$ 669,177
Total Assets and Deferred			
Outflows of Resources	<u>\$ 33,351,710</u>	<u>\$ 6,837,225</u>	<u>\$ 40,188,935</u>
LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES AND NET POSITION:			
Accounts Payable	\$ 146,261	\$ 344,573	\$ 490,834
Accrued Payroll	37,799	14,486	52,285
Current Portion of Long-Term Liabilities			
Lease Payable	3,068	14,467	17,535
Bonds Payable	154,819		154,819
Illinois EPA Loan		119,716	119,716
Noncurrent Liabilities:			
Compensated Absences	241,702	84,882	326,584
IMRF Accelerated Payment Payable			-
Net Pension Liability		-	-
Lease Payable	5,111	108,435	113,546
Bonds Payable	3,749,513		3,749,513
Illinois EPA Loan		1,077,448	1,077,448
Total Liabilities	<u>\$ 4,338,273</u>	<u>\$ 1,764,007</u>	<u>\$ 6,102,280</u>
Deferred Inflows of Resources:			
Unavailable Property Taxes	\$ 3,726,952	\$ -	\$ 3,726,952
Related to Pension	3,204,452	-	3,204,452
Total Deferred Inflows of Resources	<u>\$ 6,931,404</u>	<u>\$ -</u>	<u>\$ 6,931,404</u>
Net Position:			
Net Investment in Capital Assets	\$ 10,412,194	\$ 3,929,348	\$ 14,341,542
Restricted for:			
Escrow Accounts	204,290	-	204,290
203 Pump Station		36,152	36,152
Auditing	37,923	-	37,923
Municipal Retirement	451,463	-	451,463
Social Security	469,689	-	469,689
Tort Immunity	828,946	-	828,946
Storm Water System Improvements	112,040	-	112,040
Levee Rehabilitation	2,441,537	-	2,441,537
Unrestricted	7,123,951	1,107,718	8,231,669
Total Net Position	<u>\$ 22,082,033</u>	<u>\$ 5,073,218</u>	<u>\$ 27,155,251</u>
Total Liabilities, Deferred Inflows			
of Resources and Net Position	<u>\$ 33,351,710</u>	<u>\$ 6,837,225</u>	<u>\$ 40,188,935</u>

See accompanying notes to the basic financial statements.

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

Statement of Activities

Functions/ Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
For the Year Ended December 31, 2021							
General Government	\$ 1,504,875	\$ 321,753			\$ (1,183,122)	\$	\$ (1,183,122)
Drainage and Sanitation	2,792,748	-			(2,792,748)		(2,792,748)
Total Governmental Activities	\$ 4,297,623	\$ 321,753	\$ -	\$ -	\$ (3,975,870)	\$ -	\$ (3,975,870)
Business-type Activities:							
For the Year Ended March 31, 2021							
Sewerage System	\$ 3,305,214	\$ 3,379,661			\$ 74,447	\$ 74,447	\$ 74,447
Total Primary Government	\$ 7,602,837	\$ 3,701,414	\$ -	\$ -	\$ (3,975,870)	\$ 74,447	\$ (3,901,423)
GENERAL REVENUES:							
Taxes:							
Property Taxes					\$ 3,548,779	\$	\$ 3,548,779
Payments in Lieu of Taxes					119,428		119,428
Replacement Taxes					2,797,062		2,797,062
Interest Income					1,961	2,583	4,544
FEMA Reimbursement							-
Miscellaneous					14,005	-	14,005
Total General Revenues					\$ 6,481,235	\$ 2,583	\$ 6,483,818
CHANGE IN NET POSITION					\$ 2,505,365	\$ 77,030	\$ 2,582,395
NET POSITION - BEGINNING					19,576,668	4,996,188	24,572,856
NET POSITION - ENDING					\$ 22,082,033	\$ 5,073,218	\$ 27,155,251

See accompanying notes to the basic financial statements.

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

BALANCE SHEET

Governmental Funds
December 31, 2021

	General Fund	Tort Liability Fund	Stormwater System Fund	Other Gov't Funds	Total
ASSETS:					
Cash and Cash Equivalents	\$ 3,608,459	\$ 729,837	\$ 112,040	\$ 316,141	\$ 4,766,477
Investments - Certificates of Deposit	3,083,043	1,801,420	-	128,360	5,012,823
Restricted Cash:					
Design Escrow	1,677	-	-	-	1,677
Corps of Engineers	100,398	-	-	-	100,398
Receivables:					
Property Taxes	3,430,243	-	-	428,790	3,859,033
Replacement Taxes	501,744	-	-	-	501,744
Due from Other Funds	-	-	-	525,336	525,336
Due from Agency Fund	5,180	-	-	-	5,180
Due from Component Unit	35,572	-	-	-	35,572
Other	3,780	-	-	-	3,780
Prepaid Expenses	474,993	-	-	-	474,993
Total Assets	\$ 11,245,089	\$ 2,531,257	\$ 112,040	\$ 1,398,627	\$ 15,287,013
LIABILITIES:					
Accounts Payable	\$ 117,937			\$ 28,324	\$ 146,261
Accrued Payroll	37,799			-	37,799
Compensated Absences	241,702			-	241,702
Due to Other Funds	525,336			-	525,336
Total Liabilities	\$ 922,774	\$ -	\$ -	\$ 28,324	\$ 951,098
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Property Taxes	\$ 3,315,724	\$ -	\$ -	\$ 411,228	\$ 3,726,952
FUND BALANCES:					
Nonspendable					
Prepaid Expenses	474,993			-	474,993
Restricted:					
Escrow Accounts	204,290				204,290
Auditing	-			37,923	37,923
Municipal Retirement	-			451,463	451,463
Social Security	-			469,689	469,689
Tort Immunity		828,946		-	828,946
Stormwater System improvements	-	-	112,040	-	112,040
Levee Rehabilitation	739,226	1,702,311		-	2,441,537
Unassigned	5,588,082	-	-	-	5,588,082
Total Fund Balances	\$ 7,006,591	\$ 2,531,257	\$ 112,040	\$ 959,075	\$ 10,608,963
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,245,089	\$ 2,531,257	\$ 112,040	\$ 1,398,627	\$ 15,287,013

See accompanying notes to the basic financial statements.

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

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

December 31, 2021

Total governmental fund balances	\$ 10,608,963
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$22,574,901 , net of accumulated depreciation of \$8,253,425 , used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,321,476
Right to use asset of \$15,338, net of accumulated amortization of \$7,159 used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	8,179
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,912,512)
Net pension benefit (obligation) and related deferred outflows and inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>1,055,927</u>
Net position of governmental activities	<u><u>\$ 22,082,033</u></u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Tort Liability Fund	Stormwater System Fund	Other Gov't Fund	Total
REVENUES:					
Taxes					
Property Taxes	\$ 3,075,578	-	\$ -	\$ 473,200	\$ 3,548,778
Intergovernmental Revenues:					
Replacement Taxes	2,615,266	-	-	181,796	2,797,062
Payment in Lieu of Taxes	119,428	-	-	-	119,428
Building Rental	12,000	-	-	-	12,000
Fines and Fees:					
Licenses and Permits	220,716	-	-	-	220,716
Pumping Services	101,036	-	-	-	101,036
Interest Income	1,274	\$ 615	\$ 8	65	1,962
Miscellaneous Income	18				18
Sales of Surplus and Scrap	1,987	-	-	-	1,987
Total Revenues	\$ 6,147,303	\$ 615	\$ 8	\$ 655,061	\$ 6,802,987
EXPENDITURES:					
Current:					
Administration	\$ 1,671,403	\$ 15,000	\$ -	\$ 346,878	\$ 2,033,281
Engineering	74,741	-	-	-	74,741
General Maintenance	1,743,387	-	-	-	1,743,387
Project Cost - Pumping	551,013	-	-	-	551,013
Capital Outlay	12,710	-	-	-	12,710
Total Expenditures	\$ 4,053,254	\$ 15,000	\$ -	\$ 346,878	\$ 4,415,132
REVENUES OVER (UNDER) EXPENDITURES	\$ 2,094,049	\$ (14,385)	\$ 8	\$ 308,183	\$ 2,387,855
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ -	\$ -	\$ 364,000	\$ -	\$ 364,000
Transfer Out	(364,000)	-	-	-	(364,000)
Principal Retirement			(147,820)		(147,820)
Interest Expense			(188,163)		(188,163)
Total Other Financing Sources (Uses)	\$ (364,000)	\$ -	\$ 28,017	\$ -	\$ (335,983)
NET CHANGE IN FUND BALANCES	\$ 1,730,049	\$ (14,385)	\$ 28,025	\$ 308,183	\$ 2,051,872
FUND BALANCES, BEGINNING OF YEAR	5,276,542	2,545,642	84,015	650,892	8,557,091
FUND BALANCES, END OF YEAR	\$ 7,006,591	\$ 2,531,257	\$ 112,040	\$ 959,075	\$ 10,608,963

See accompanying notes to the financial statements.

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

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

For the Year Ended December 31, 2021

Net Change in fund balances - total governmental funds.	\$ 2,051,854
Amounts reported for governmental activities in the statement of activities are different because:	
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.	(317,723)
Governmental funds report bond payments as expenditures. However, in the government-wide statement of activities and changes in net position, the bonds are set up as debt payable.	155,836
Changes in the IMRF accelerated payments are only reported in the statement of activities.	
Changes in the net position benefit (obligation) is only reported in the statement of activities.	<u>615,398</u>
Change in net position of governmental activities	<u>\$ 2,505,365</u>

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

STATEMENT OF NET POSITION

Enterprise Fund
March 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

Current Assets:

Cash and Cash Equivalents	\$ 1,144,601
Accounts Receivable, Net	418,915
Prepaid Insurance	23,714
Total Current Assets	<u>\$ 1,587,230</u>

Noncurrent Assets:

Restricted Cash - 203 Pump Station	\$ 36,152
Capital Assets, Net	<u>5,249,415</u>

Total Assets	<u>\$ 6,872,797</u>
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Total Assets and Deferred Outflow of Resources	<u>\$ 6,872,797</u>
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LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:

Current Liabilities:

Accounts Payable	\$ 344,573
Due to Metro East Sanitary District	35,572
Current Portion of Long-Term Liabilities:	
Lease Payable	14,468
Illinois EPA Loan	119,716
Total Current Liabilities	<u>\$ 514,329</u>

Noncurrent Liabilities:

Compensated Absences	\$ 84,882
Accrued Wages	14,486
Lease Payable	108,435
Illinois EPA Loan	1,077,448
Total Noncurrent Liabilities	<u>\$ 1,285,251</u>

Total Liabilities	<u>\$ 1,799,580</u>
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NET POSITION:

Net Investment in Capital Assets	\$ 3,929,348
Restricted for:	
203 Pump Station	36,152
Unrestricted	<u>1,107,718</u>

Total Net Position	<u>\$ 5,073,218</u>
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Total Liabilities and Net Position	<u>\$ 6,872,798</u>
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See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

**Enterprise Fund
For the Year Ended March 31, 2021**

OPERATING REVENUES:	
Sewer Fees	\$ 3,376,465
Lien Fees and Miscellaneous Charges	<u>3,196</u>
Total Operating Revenues	<u>\$ 3,379,661</u>
OPERATING EXPENSES:	
Personnel Services	\$ 885,012
Contractual Services	257,243
Materials and Supplies	34,083
Maintenance and Repairs	272,226
Secondary Treatment	1,699,986
Depreciation	<u>149,688</u>
Total Operating Expenses	<u>\$ 3,298,238</u>
OPERATING INCOME	<u>\$ 81,423</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	\$ 2,583
Interest Expense	<u>(6,976)</u>
	(4,393)
CHANGE IN NET POSITION	\$ 77,030
NET POSITION, BEGINNING OF YEAR	<u>4,996,188</u>
NET POSITION, END OF YEAR	<u><u>\$ 5,073,218</u></u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF CASH FLOWS

**Enterprise Fund
For the Year Ended March 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Receipts from Customers	\$ 3,235,753
Cash Payments to Supplies and Others	(2,549,058)
Cash Payments to Employees for Services	<u>(572,662)</u>

Net Cash Used by Operating Activities	<u>\$ 114,033</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Lease Payments	\$ (13,715)
Interest Expense Payments	(6,976)
Repayments on Illinois EPA Loan	(119,716)
Purchase of Capital Assets	<u>(105,672)</u>

Net Cash Used by Capital and Related Financing Activities	<u>\$ (246,079)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Earned on Investments	<u>\$ 2,583</u>
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Net Cash Provided by Investing Activities	<u>\$ 2,583</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (129,463)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,310,216</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,180,753</u></u>
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See accompanying notes to basic financial statements.

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

STATEMENT OF CASH FLOWS

**Enterprise Fund
For the Year Ended March 31, 2021**

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

Operating Income	\$ 81,423
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	149,688
Changes in Assets and Liabilities	
(Increase) Decrease in assets and Deferred Inflows	
Accounts Receivable, Net	(140,936)
Prepaid Insurance	10,785
Increase (Decrease) in Liabilities and Deferred Outflows	
Accounts Payable	13,133
Lease Payable	258
Due to Metro East Sanitary District	(16,190)
Accrued Wages	(212)
Compensated Absences	16,084
Net Cash Used by Operating Activities	<u>114,033</u>

CASH AND CASH EQUIVALENTS ACCOUNTED FOR AS FOLLOWS:

Unrestricted Cash and Cash Equivalents	\$ 1,144,601
Restricted Cash and Cash Equivalents	<u>36,152</u>
	<u>\$ 1,180,753</u>

See accompanying notes to basic financial statements.

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

STATEMENT OF NET POSITION

**Fiduciary Funds
December 31, 2021**

	<u>Agency Funds</u> <u>Blue Water</u> <u>Ditch</u>
ASSETS:	
Cash	<u>\$ 3,702</u>
Total Assets	<u><u>\$ 3,702</u></u>
LIABILITIES:	
Interfund Payable	<u>\$ 3,702</u>
Total Liabilities	<u><u>\$ 3,702</u></u>

See accompanying notes to basic financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Lansdowne Sewerage and Treatment System (Lansdowne Trunk)

The government board of the District exercises control over the Lansdowne Trunk _ Madison and Venice Sewer Systems relative to rates for user fee charges, employees, disbursements and bond issuance authorization and debt requirements. This System has a fiscal year end which differs from that of the District. Financial information for the Lansdowne Trunk included in the accompanying financial statements is financial information from Lansdowne's fiscal year ended March 31, 2021.

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

B. Government-Wide and Fund Financial Statements

Governmental- Wide Financial Statements

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Financial Statements

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

C. Fund Accounting

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

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

Governmental Funds

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

The District reports the following major governmental funds:

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

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

Stormwater System Improvements. The Stormwater System Improvements Fund accounts for the financial transactions related to improvements made to the stormwater sewer system.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Proprietary Funds

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

The District reports the following major proprietary fund:

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

Fiduciary Funds

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

E. Estimates

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

F. Budgets

The governmental funds budgets are adopted on a basis consistent with generally accepted accounting principles and the enterprise fund's budget is based on the cash basis of accounting. All annual appropriations 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. Investments in Illinois Funds are valued at Illinois Funds' share price, the price for which the investment could be sold. All of these are approximate fair value.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, the Lansdowne Sewerage System's allowance for doubtful accounts was \$190,000. The District had no other allowance for doubtful accounts at December 31, 2021.

J. Property Tax

The accompanying financial statement includes revenues from the 2019 and 2020 property tax levies. 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 remaining installments are due throughout the year. Taxes are collected from June 2021 through March 2022.

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

K. Interfund Activity

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

L. Prepaid Expenses

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

M. Capital Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Continued)

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

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

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

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

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

In accordance with the provisions of GASB Statement No. 16, no liability is recorded for 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.

At December 31, 2021, District employees have accumulated \$59,050 in accrued vacation and \$182,652 in accrued sick pay.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At March 31, 2021 Lansdowne Sewerage System employees have accumulated \$42,883 in accrued vacation and \$41,999 in accrued sick pay.

O. Long-Term Obligations

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type financial statements. Bonds payable are reported net of the applicable bond premium or discount. At December 31, 2021, the District had outstanding bonds payable of \$3,909,280.

P. Deferred Outflows and Inflows of Resources

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

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

Q. Net Position

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

R. Fund Balance

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance (Continued)

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

Committed Fund Balance – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. The Board of Commissioners through a formal action (ordinance or resolution) commits fund balance amounts for the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment. The District does not have committed funds at December 31, 2021 and March 31, 2021.

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, 2021 and March 31, 2021.

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, 2021. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances are available, unless there are legal requirements that prohibit doing this. When restricted fund balances are not available, the default policy considers expenditures to be spent from committed fund balance first, then assigned and then unassigned. Expenditures for a specifically identified purpose will act to reduce the specific classification of the fund balance that is identified.

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits at December 31, 2021 and March 31, 2021 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 and Cash Equivalents	\$ 4,766,477	\$ 1,144,601	\$ 3,702	\$ 5,914,780
Investments-CD's	5,012,823			5,012,823
Restricted Cash	102,075	36,152		138,227
	<u>\$ 9,881,375</u>	<u>\$ 1,180,753</u>	<u>\$ 3,702</u>	<u>11,065,830</u>

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposits that are insured under FDIC \$250,000 and any remaining balances in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent third-party institution in the name of the District. Deposits held in banks were 100% insured by the FDIC or covered by pledged collateral held in the District's name at December 31, 2021 and March 31, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 and March 31, 2021 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	\$ 1,715,418	\$ -	\$ -	\$ 1,715,418
Total Capital Assets Not Being Depreciated	<u>\$ 1,715,418</u>		<u>\$ 4,131,148</u>	<u>\$ 1,715,418</u>
Capital Assets Being Depreciated				
Buildings	\$ 18,001,578	\$ -		\$ 18,001,578
Machinery & Equipment	2,357,972	12,710		2,370,682
Vehicles	487,220			487,220
Total Capital Assets Being Depreciated	<u>\$ 20,846,770</u>	<u>\$ 12,710</u>		<u>\$ 20,859,480</u>
Less: Accumulated Depreciation				
Buildings	\$ 6,334,600	\$ 222,562		\$ 6,557,162
Machinery & Equipment	1,232,691	76,671		1,309,362
Vehicles	358,798	28,102		386,900
Total Accumulated Depreciation	<u>\$ 7,926,089</u>	<u>\$ 327,335</u>		<u>\$ 8,253,424</u>
Total Capital Assets Being Depreciated - Net	<u>\$ 12,920,681</u>	<u>\$ (314,625)</u>	<u>\$ -</u>	<u>\$ 12,606,056</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 14,636,099</u>	<u>\$ (314,625)</u>	<u>\$ 4,131,148</u>	<u>\$ 14,321,474</u>
BUSINESS TYPE ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 191,000			\$ 191
Capital Assets Being Depreciated				
Building	\$ 3,323,798			\$ 3,323,798
Equipment	3,483,252	105,572		3,589,324
Treatment Plant, Mains & Lines	5,918,118			5,918,118
Capital Assets Being Depreciated	<u>\$ 12,726,488</u>	<u>\$ 105,572</u>		<u>\$ 12,831,740</u>
Less: Accumulated Depreciation	<u>(7,623,736)</u>	<u>(149,688)</u>		<u>(7,773,424)</u>
Total Capital Assets Being Depreciated - Net	<u>\$ 5,102,432</u>	<u>(44,116)</u>		<u>\$ 5,058,316</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS NET	<u>\$ 5,293,432</u>	<u>\$ (44,116)</u>	<u>\$ -</u>	<u>\$ 5,249,316</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES	
General Government	\$3,927
Drainage and Sanitation	<u>32,3408</u>
 TOTAL DEPRECIATION EXPENSE- GOVERNMENTAL ACTIVITIES	 <u>\$327,335</u>

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

BUSINESS-TYPE ACTIVITIES	
Sewerage Fund	<u>\$149,688</u>
 TOTAL DEPRECIATION EXPENSE- BUSINESS-TYPE ACTIVITIES	 <u>\$149,688</u>

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2021 and March 31, 2021.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds Payable	\$ 4,057,101		\$ 152,769	\$ 3,904,332	\$ 154,819
Lease Payable	11,248		3,068	8,180	3,067
Compensated Absences					
Accumulated Vacation Pay	66,374		7,524	59,050	59,050
Accumulated Sick Pay	157,895	24,757		182,652	182,652
 Total Governmental Funds	 <u>\$4,292,618</u>	 <u>\$24,757</u>	 <u>\$163,361</u>	 <u>\$4,154,214</u>	 <u>\$399,588</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

Note 4: LONG-TERM LIABILITIES (CONTINUED)

On February 22, 2020, the District issued Debt Certificate Series 2019 in the amount of \$4,198,239. This issuance calls for semi-annual debt payments between \$69,753 and \$164,151 over the next 20 years.

This money is being used for system upgrades to their pump systems. The certificates have an interest rate of 4.68% and a maturity date of August 22, 2038. These payments are to be made through user fees and cost savings on the project.

The requirements to amortize the certificates are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	154,819	181,164	335,983
2023	162,150	173,834	335,984
2024	169,827	166,156	335,983
2025	177,868	158,115	335,983
2026	186,290	149,693	335,983
2027-2031	1,071,908	608,009	1,679,917
2032-2036	1,351,495	328,421	1,679,916
2037-2038	629,975	37,543	667,518
	<u>\$ 3,904,332</u>	<u>\$ 1,802,935</u>	<u>\$5,707,267</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Business-Type Activities</u>					
IEPA Loan	\$1,316,880	\$ -	\$119,716	\$1,197,164	\$119,716
Lease Payable	136,617		13,715	122,902	14,467
Compensated Advances					
Accumulated Vacation Pay	29,739	13,144	-	42,883	-
Accumulated Sick Pay	39,239	2,760	-	41,999	-
Total Business-Type Activities	<u>\$1,522,475</u>	<u>\$15,904</u>	<u>\$133,431</u>	<u>\$1,404,948</u>	<u>\$134,183</u>

IEPA Loan- Business-Type Activities

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

The annual requirements to amortize the IEPA Loan as of March 31, 2021, are as follows:

<u>Year Ending March 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 119,716	\$ -	\$119,716
2023	119,716	-	119,716
2024	119,716	-	119,716
2025	119,716	-	119,716
2026	119,716	-	119,716
2027-2031	598,583	-	598,583
Total	<u>\$ 1,197,164</u>	<u>\$ -</u>	<u>\$ 1,197,164</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Lease Payable

During the fiscal year ended March 31, 2020, the District entered into a lease agreement with a company for a Caterpillar Hydraulic Excavator in the amount of \$150,755. The lease is over a 60-month period with an interest rate of 5.35%. The final payment is due in February 2024 in the amount of \$80,284.

<u>Year Ending</u> <u>March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	14,467	6,224	20,691
2023	15,255	5,436	20,691
2024	93,181	4,346	97,527
	<u>\$ 122,903</u>	<u>\$ 16,006</u>	<u>\$ 138,909</u>

Legal Debt Margin

The computation of legal debt margin at December 31, 2021 is as follows:

ASSESSED VALUATION, 2021 TAX YEAR	<u>\$ 937,268,106</u>
Statutory Debt Limitation (5.75% of Assessed Valuation)	\$ 53,892,916
General Obligation Bonds Outstanding	<u>0</u>
LEGAL DEBT MARGIN	<u>\$ 53,892,916</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 5: INTERFUND RECEIVABLES/ PAYABLES

Interfund receivables and payables balance, at December 31, 2021 are as follows:

	<u>Funds</u>		<u>Funds</u>		
		Tort	Other		
	General Fund	Liability Fund	Governmental Funds	Blue Water Funds	Total Due From
Governmental Activities					
Major Governmental Funds					
General Fund	\$ (486,061.00)	\$ -	\$ (525,336.00)	\$ (3,702.00)	-
Business-Type Activities					
Sewerage Fund	\$ (35,572.00)	-	\$ -	-	\$ -
	<u>\$ (521,633.00)</u>	<u>\$ -</u>	<u>\$ (525,336.00)</u>	<u>\$ (3,702.00)</u>	<u>\$ -</u>

Interfund balances are the result of temporary loans and/or reimbursements for services provided. The \$0 interfund balance displayed above relates to Metro East Sanitary District at December 31, 2021.

NOTE 6: DEFINED BENEFIT PENSION PLAN

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% of each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

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

Employees Covered by Benefit Terms. As of December 31, 2021, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	64
Inactive Plan Members entitled to but not yet receiving benefits	17
Active Plan Members	<u>36</u>
 Total	 <u>117</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 2021 was 8.56%. The District's governmental activities contributed \$174,810 for the year ended December 31, 2021 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability. The District's net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The Actuarial Cost Method used was Aggregate Entry Age Normal.
- Amortization Method used was Level Percentage of Payroll, Closed
- Remaining Amortization Period used was 22-Year Closed Period
- The Asset Valuation Method used was 5-Year smoothed market, 20% corridor.
- The Price Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.35% to 14.25%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For Non-Disabled Retirees, IMRF specific mortality rates were used with fully generational Projection scale MP-2017 (base year 2015). The IMRF specific rates were developed From the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to Match current IMRF experience.
- For Disabled Retirees, IMRF specific mortality rates were used with fully generational Projection scale MP-2017 (base year 2015). The IMRF specific rates were developed From the RP-2014 Disability Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives..
- For Active Members, IMRF specific mortality rates were used with fully generational Projection scale MP-2017(base year 2015). The IMRF specific rates were developed from The RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate for return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Portfolio Target Percentage	Long-term Expected Real Rate Of Return
Domestic Equity	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	(0.60)%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	(0.90)%
Total	100%	

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability. Changes in the District's net pension liability for the year ended December 31, 2021 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balance at December 31, 2020	<u>\$ 18,627,120</u>	<u>\$ 19,959,410</u>	<u>\$(1,332,290)</u>
Changes for the year:			
Service Cost	224,821		224,821
Interest on the Total Pension Liability	1,317,814		1,317,814
Changes of Benefit Terms	0		0
Differences Between Expected & Actual Experience of the Total Pension Liability	(110,542)		(110,542)
Changes of Assumptions	0		0
Contributions – Employer		206,912	(206,912)
Contributions – Employees		108,520	(108,520)
Net Investment Income		3,448,240	(3,448,240)
Benefit Payments, including Refunds			
Of Employee Contributions	(1,125,584)	(1,125,584)	
Other (Net Transfer)	0	(72,667)	72,667
Net Changes	<u>306,509</u>	<u>2,565,421</u>	<u>(2,258,912)</u>
Balances at December 31, 2021	<u>\$ 18,933,629</u>	<u>\$ 22,524,831</u>	<u>\$ (3,591,202)</u>

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

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net Pension Liability (Asset)	\$ (1,450,794)	\$(3,591,202)	\$(5,267,777)

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Pension Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2021, the District recognized pension expense of \$(615,398) based on the actuarial report. At December 31, 2021, the District's reported deferred outflows or resources and deferred inflows of resources related to pensions from the following

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 220,619	\$ 78,440
Changes of assumptions	0	40,360
Net difference between projected and actual earnings on pension plan investments	<u>412,642</u>	<u>3,085,652</u>
Total Deferred Amounts to be recognized in pension Expense in future periods	<u>633,261</u>	<u>3,204,452</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>35,916</u>	<u>35,916</u>
Total Deferred Amounts Related to Pensions	<u>\$ 669,177</u>	<u>\$3,240,368</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2022	(455,405)
2023	(1,034,206)
2024	(674,943)
2025	<u>(406,637)</u>
Total	<u>\$(2,571,191)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7: OTHER NOTE DISCLOSURES

A. Risk Management

Insurance

The District purchases general liability, workers' compensation, auto and property insurance through a public entities risk pool, Illinois Counties Risk Management Trust. 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, 2021, 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</u>
	<u>Insurance</u>	<u>Liability Fund</u>
	<u>Tort</u>	<u>Liability</u>
Restricted for Tort Immunity - 12/31/20	\$ 1,219,773	\$ 1,716,586
2020 Levy Collected in 2021	449,251	-
Interest Income	73	625
Insurance / Tort Expenses	\$ (380,741)	\$ (15,000)
Restricted for Tort Immunity- 12/31/2021	<u>\$ 1,288,356</u>	<u>\$ 1,702,211</u>

C. Tort Liability Fund

Legal Judgments/ Claims

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

D. Corps of Engineers and District Improvement Project

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

From time to time, in addition to direct cash payments to the Corps of Engineers for its 25% share of costs, the District may be responsible for 100% of certain cost items in the form of cash payments to vendors and/or work on particular project being done totally by District machinery

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)

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.

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

There has been no project activity in this regard since 2008. At December 31, 2021, the restricted cash balance on these funds was \$100,398.

E. Design Escrow Accounts

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

There has been no project activity in this regard since 2009. At December 31, 2021, the restricted cash balance on these funds was \$1,677.

F. Lease of Office Space- Related Party Transaction

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

G. 203 Pump Station

On July 23, 1997, the Lansdowne System entered into an agreement to purchase a sanitary pumping station located on Gateway International Racetrack real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois. In accordance with an additional agreement related to the above station, all current and any future users of the pump station are responsible for the cost of maintenance. The System is responsible for maintaining the station is to bill users for the related costs. The accompanying financial statements account for these accumulations as restricted assets totaling \$36,152 at March 31, 2021.

H. Blue Water Ditch Fiduciary Funds

As noted above, these financial statements include fiduciary funds which are used to account for assets held on behalf of outside parties. As displayed, these Blue water Ditch Funds include an operating as well as a sinking fund. Cash has been 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.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)

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

H. Blue Water Ditch Fiduciary Funds (Continued)

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

The Operation and Maintenance Fund has been used to account for ongoing operations of the Blue Water Ditch pumping station including the cost for electricity to operate the pumping system.

During 2020, the agreements were suspended by the various parties. Minimal activity took place in 2020 and in 2021. The parties are in the process of negotiating new agreements and hopes to have them completed and signed sometime in 2022.

I. Levee Rehabilitation

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)

90%	\$6,636,800	Initial Restriction
Expenditures During		
2008	-92,809	
2009	-1,636,206	
2010	-791,232	
2011	-631,716	
2012	-30,348	
2013	-432,359	
2014	-198,343	
2015	-3,149	
2016	-47,160	
2017	-11,528	
2018	-133,080	
2019	-41,108	
2020	-116,100	
2021	-22,029	
Interest Income on Account	650,802	
Equipment Purchases and Corps of Engineers Project Credit	<u>-658,898</u>	
	<u>\$2,441,537</u>	Restriction 12/31/21
Levee restriction is displayed in the accompanying financial statements in the following funds:		
	\$739,226	General Fund
	<u>1,702,311</u>	Tort Liability Fund
	<u>\$2,441,537</u>	Total

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7: OTHER NOTE DISCLOSURES (CONTINUED)

J. Pending Litigation and Claims

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

NOTE 8: SUBSEQUENT EVENTS

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

NOTE 9: CORONOVIRUS

On January 30, 2020, The World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Later, on March 11, 2020, the World Health Organization made the assessment that COVID-19 was a global pandemic. Measures taken by federal, state, and local officials to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses, resulting in an economic slowdown.

In an effort to minimize the spread of COVID-19, the District had office employees alternating days when they were in the office. Social distancing was maintained across all operations to the extent possible.

While the global outbreak of COVID-19 is becoming less of an issue going forward, the ultimate impact of the pandemic is highly uncertain. While the District does not expect that the COVID-19 outbreak will have an adverse impact of its fiscal year 2022 results, it cannot at this time, accurately predict the full extent to which the COVID-19 outbreak will affect its finances and operations. The District continues to monitor developments and the directives of federal, state, and local officials to determine what additional precautions and procedures need to be implemented.

Schedule A

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2021

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES:						
Taxes:						
Property Taxes	\$ 3,012,097	\$ 3,075,578		\$ -	\$ -	\$ -
Intergovernmental Revenues:						
Replacement Taxes	1,250,000	2,615,266		-	-	-
Payment in Lieu of Taxes	195,000	119,428		-	-	-
Building Rental	12,000	12,000		-	-	-
Fines and Fees:						
Licenses and Permits	250,000	220,716		-	-	-
Pumping Services	125,000	101,036		-	-	-
Interest Income	3,230	1,274	10,500	615	10	8
Miscellaneous		18		-	-	-
Sale of Surplus Property and Scrap		1,987		-	-	-
Total Revenues	\$ 4,847,327	\$ 6,147,303	\$ 10,500	\$ 615	\$ 10	\$ 8
EXPENDITURES:						
Administration:						
Salaries	\$ 370,000	\$ 440,457		\$ -	\$ -	\$ -
Electric Service	5,500	3,832		-	-	-
Insurance - Group Health and Welfare	821,000	686,926		-	-	-
Insurance - Retiree Medical	30,000	15,171		-	-	-
Insurance - Bonding	850	825		-	-	-
Insurance - Unemployment	25,000	30,789		-	-	-
Insurance - Worker's Compensation	-	102,938		-	-	-
Insurance - Liability	475,000	277,803		-	-	-
Telephone	4,000	3,410		-	-	-
Water, Trash and Sewerage	600	536		-	-	-
Postage	1,000	739		-	-	-
Materials and Supplies:						
Vehicles	750			-	-	-
Equipment	1,000	11,581		-	-	-
Building	2,500	9,786		-	-	-
CDL and App License	500	118		-	-	-

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2021

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (CONTINUED):						
Administration (Continued):						
Office Expense	12,000	20,345		-		
Licenses and Title	250			-		
Copier Expense	3,500	3,546		-		
Building Security	1,000	660		-		
Legal Services	70,000	47,378	\$ 5,000	10,000		
Legal Publications	2,500	485		-		
Payroll Processing	4,500	4,030		-		
Land and Title Work	250			-		
Training and Software		1,209		-		
Dues and Subscriptions	250	557		-		
Petty Cash	250	223		-		
Minor Medical Fees	2,500	1,500		-		
Easements	200	650		-		
Website Related Costs		5,771		-		
Legal Judgements			5,000	5,000		
Bank Fees	100			-		
Miscellaneous	500	138		-		
Engineering:						
Engineering Services	100,000	74,741		-		
General Maintenance:						
Salaries - Madison County	850,000	606,838		-		
Salaries - St. Clair County		682,209		-		
Electric Service	20,000	27,811		-		
Telephone	6,000	4,399		-		
Water, Trash and Sewerage	7,000	4,917		-		
Material and Supplies:						
Vehicles	40,000	30,956		-		
Office	4,000	217		-		
Buildings	35,000	29,891		-		
Equipment	100,000	101,202		-		
Levee and Canals	30,000	22,029		-		
Relief Wells	50,000			-		
Motor Fuel and Lubricants	70,000	94,354		-		
Equipment Rental	4,000	252		-		
Building Security	3,500	3,420		-		
Julie Expense	1,100	1,586		-		
Trapping		6,850		-		

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2021

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (CONTINUED):						
General Maintenance (Continued):						
Safety Equipment - Noncapital	2,500	3,938		-		
Uniform Expense and Boot Allowance	6,000	5,955		-		
Levee Recertification	100,000			-		
Road Improvements	20,000	34,247		-		
Weed Control and Seeding	5,000	1,066		-		
Twin 60" Line Repair	60,000	21,608		-		
BWD Repairs	25,000	57,372		-		
Miscellaneous		869		-		
Project Costs:						
Salaries	275,000	228,295		-		
Electric Service	450,000	216,795		-		
Telephone	8,000	10,062		-		
Water, Trash and Sewerage	2,000	1,593		-		
Material and Supplies:						
Equipment	50,000	7,895		-		
Building	35,000	73,582		-		
Equipment Rental	10,000	11,955		-		
Building Security	800	835		-		
Debris Removal		1,402		-		
Capital Outlay:						
Equipment Purchases	90,000	12,710		-		
Total Expenditures	4,241,400	4,053,254	10,000	15,000	-	-
REVENUES OVER (UNDER) EXPENDITURES	\$ 605,927	\$ 2,094,049	\$ 500	\$ (14,385)	\$ 10	\$ 8
OTHER FINANCING SOURCES (USES)						
Transfers	\$ (336,000)	\$ (364,000)	\$ -	\$ -	\$ 336,000	\$ 364,000
Principal Retirement			-	-	(365,985)	(147,820)
Interest Expense						(188,163)
Total Other Financing Sources (Uses)	\$ (336,000)	\$ (364,000)	\$ -	\$ -	\$ (29,985)	\$ 28,017
NET CHANGE IN FUND BALANCES	\$ 269,927	1,730,049	\$ 500	(14,385)	\$ (29,975)	\$ 28,025
FUND BALANCES, BEGINNING OF YEAR		5,276,542		2,545,642		84,015
FUND BALANCES, END OF YEAR		\$ 7,006,591		\$ 2,531,257		\$ 112,040

See accompanying independent auditor's report.

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

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

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

Calendar year ending December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Pension Liability	\$ 224,891	\$ 251,023	\$ 234,727	\$ 259,877	\$ 330,933	\$ 323,121	\$ 322,901	\$ 327,344		
Service Cost	1,317,814	1,250,391	1,203,249	1,179,091	1,161,859	1,118,118	1,077,417	989,364		
Interest on the Total Pension Liability	(110,542)	629,635	195,164	(71,790)	23,110	(255,181)	(277,564)	(74,526)		
Benefit Changes	-	(117,832)	-	443,020	(492,114)	17,719	17,719	488,297		
Difference between Expected and Actual Experience	1,125,584	(1,014,727)	(967,361)	(877,256)	(639,733)	(576,449)	(579,524)	(528,915)		
Assumption Changes	\$ 300,509	\$ 998,490	\$ 665,779	\$ 932,942	\$ 384,055	\$ 591,040	\$ 560,949	\$ 1,201,564		
Benefit Payments and Refunds	18,627,120	17,628,630	16,962,851	16,029,909	15,645,854	15,054,814	14,493,865	13,292,301		
Net Change in Total Pension Liability	\$ 18,933,629	\$ 18,627,120	\$ 17,628,630	\$ 16,962,851	\$ 16,029,909	\$ 15,645,854	\$ 15,054,814	\$ 14,493,865		
Total Pension Liability - Beginning										
Total Pension Liability - Ending (a)										
Plan Fiduciary Net Position	\$ 206,912	\$ 282,727	\$ 322,701	\$ 320,921	\$ 294,366	\$ 282,009	\$ 276,221	\$ 293,243		
Employer Contributions	108,520	109,826	109,124	109,967	140,242	141,634	138,110	178,073		
Employee Contributions	3,448,240	2,546,234	2,840,624	(838,088)	2,447,646	966,903	72,021	839,425		
Pension Plan Net Investment Income	(1,125,584)	(1,014,727)	(967,361)	(877,256)	(639,733)	(576,449)	(579,524)	(528,915)		
Benefit Payments and Refunds	(72,667)	251,827	120,804	167,780	(340,198)	(117,022)	(518,621)	(84,991)		
Other	\$ 2,565,421	\$ 2,175,887	\$ 2,425,892	\$ (1,116,676)	\$ 1,902,323	\$ 697,075	\$ (611,793)	\$ 696,835		
Net Change in Plan Fiduciary Net Position	19,959,410	17,783,523	15,357,631	16,474,307	14,571,984	13,874,909	14,486,702	13,789,867		
Plan Fiduciary Net Position - Beginning	\$ 22,525,831	\$ 19,959,410	\$ 17,783,523	\$ 15,357,631	\$ 16,474,307	\$ 14,571,984	\$ 13,874,909	\$ 14,486,702		
Plan Fiduciary Net Position - Ending (b)	\$ (3,591,202)	\$ (1,332,290)	\$ (154,893)	\$ 1,605,220	\$ (444,398)	\$ 1,073,870	\$ 1,179,905	\$ 7,163		
Net Pension Liability/(Asset) - Ending (a)-(b)										
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	118.97%	107.15%	100.88%	90.54%	102.77%	93.14%	92.16%	99.95%		
Covered Valuation Payroll	\$ 2,411,564	\$ 2,440,587	\$ 2,424,982	\$ 2,443,712	\$ 3,116,477	\$ 3,147,429	\$ 3,069,129	\$ 3,012,571		
Net Pension Liability as a Percentage of Covered Valuation Payroll	-148.92%	-54.59%	-6.39%	65.69%	-14.26%	34.12%	38.44%	0.24%		

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

MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Calendar Years

<u>Calendar 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	\$ 292,219	\$ 293,243	\$ (1,024)	\$ 3,012,571	9.73%
2015	\$ 276,222	\$ 276,221	\$ 1	\$ 3,069,129	9.00%
2016	\$ 282,010	\$ 282,009	\$ 1	\$ 3,147,429	8.96%
2017	\$ 277,366	\$ 294,366	\$ (17,000)	\$ 3,116,477	9.45%
2018	\$ 212,847	\$ 320,921	\$ (108,074)	\$ 2,443,712	13.13%
2019	\$ 178,479	\$ 322,701	\$ (144,222)	\$ 2,424,982	13.31%
2020	\$ 226,731	\$ 282,727	\$ (55,996)	\$ 2,440,587	11.58%
2021	\$ 206,912	\$ 206,912	-	\$ 2,411,564	8.58%

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

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

**NOTES TO SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2021 CONTRIBUTION RATE**

Valuation Date:

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

Methods and Assumptions Used to Determine 2021 Contribution Rates:

<p>Actuarial Cost Method</p> <p>Amortization Method</p> <p>Remaining Amortization Period</p>	<p>Aggregate Entry Age Normal</p> <p>Level Percentage of Payroll, Closed</p> <p>Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 22-year closed period</p> <p>Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 17 years for most employers (three employers were financed over 26 years and four employees were financed over 27 years and one employee was financed over 28 years.)</p>
<p>Asset Valuation Method</p> <p>Wage growth</p> <p>Price Inflation</p> <p>Salary Increases</p> <p>Investment Rate of Return</p> <p>Retirement Age</p>	<p>5-Year smoothed market; 20% corridor</p> <p>3.25%</p> <p>2.50%</p> <p>3.35% to 14.25% including Inflation</p> <p>7.25%</p> <p>Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.</p>
<p>Mortality</p>	<p>For non-disabled retirees, an IMRF specific mortality table were used with fully generational projection scale MP-2017 (based year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.</p>

Other Information:

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation.

See accompanying independent auditor's report.

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

COMBINING BALANCE SHEET

**Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds			
	Auditing Fund	Municipal Retirement Fund	Social Security Fund	Totals
ASSETS:				
Cash and Cash Equivalents	\$ 26,722	\$ 178,609	\$ 110,810	\$ 316,141
Investments	-	-	128,360	128,360
Receivables:				
Property Taxes	35,799	292,569	100,422	428,790
Due from Other Funds	9,937	290,723	224,676	525,336
Total Assets	<u>\$ 72,458</u>	<u>\$ 761,901</u>	<u>\$ 564,268</u>	<u>\$ 1,398,627</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ 28,324	\$ -	\$ 28,324
Total Liabilities	<u>\$ -</u>	<u>\$ 28,324</u>	<u>\$ -</u>	<u>\$ 28,324</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Property Taxes	<u>\$ 34,535</u>	<u>\$ 282,114</u>	<u>\$ 94,579</u>	<u>\$ 411,228</u>
FUND BALANCES:				
Restricted	<u>\$ 37,923</u>	<u>\$ 451,463</u>	<u>\$ 469,689</u>	<u>\$ 959,075</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 72,458</u>	<u>\$ 761,901</u>	<u>\$ 564,268</u>	<u>\$ 1,398,627</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds			Totals
	Auditing Fund	Municipal Retirement Fund	Social Security Fund	
REVENUES:				
Taxes				
Property Taxes	\$ 34,052	\$ 281,742	\$ 157,406	\$ 473,200
Intergovernmental Revenues:				
Replacement Taxes	-	97,890	83,906	181,796
Interest Income	3	12	50	65
Total Revenues	<u>\$ 34,055</u>	<u>\$ 379,644</u>	<u>\$ 241,362</u>	<u>\$ 655,061</u>
EXPENDITURES:				
Administration	<u>\$ 26,010</u>	<u>\$ 174,810</u>	<u>\$ 146,058</u>	<u>\$ 346,878</u>
NET CHANGE IN FUND BALANCES	<u>\$ 8,045</u>	<u>\$ 204,834</u>	<u>\$ 95,304</u>	<u>\$ 308,183</u>
FUND BALANCES, BEGINNING OF YEAR	<u>29,878</u>	<u>246,629</u>	<u>374,385</u>	<u>650,892</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 37,923</u></u>	<u><u>\$ 451,463</u></u>	<u><u>\$ 469,689</u></u>	<u><u>\$ 959,075</u></u>

See accompanying independent auditor's report.

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

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

Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021

	Auditing Fund		Municipal Retirement Fund		Social Security Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES:						
Taxes:						
Property Taxes	\$ 33,000	\$ 34,052	\$ 275,055	\$ 281,742	\$ 153,128	\$ 157,406
Intergovernmental Revenues:						
Replacement Taxes				97,890		83,906
Interest Income		3		12		50
Total Revenues	<u>\$ 33,000</u>	<u>\$ 34,055</u>	<u>\$ 275,055</u>	<u>\$ 379,644</u>	<u>\$ 153,128</u>	<u>\$ 241,362</u>
EXPENDITURES:						
Administration	<u>\$ 32,000</u>	<u>\$ 26,010</u>	<u>\$ 325,000</u>	<u>\$ 174,810</u>	<u>\$ 175,000</u>	<u>\$ 146,058</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,000</u>	8,045	<u>\$ (49,945)</u>	204,834	<u>\$ (21,872)</u>	95,304
FUND BALANCES, BEGINNING OF YEAR		<u>29,878</u>		<u>246,629</u>		<u>374,385</u>
FUND BALANCES, END OF YEAR		<u>\$ 37,923</u>		<u>\$ 451,463</u>		<u>\$ 459,689</u>

See accompanying independent auditor's report.

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

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

Enterprise Fund
For the Year Ended March 31, 2021

	Sewerage Fund	
	Original and Final Budget	Actual
OPERATING REVENUES:		
Sewer Fees	\$ 3,200,000	\$ 3,235,520
Lien Fees and Miscellaneous Revenues	17,500	3,196
Total Operating Revenues	\$ 3,217,500	\$ 3,238,716
OPERATING EXPENSES		
Personnel Services:		
Salaries	\$ 575,000	\$ 572,662
Employer's Payroll Expense:		
FICA	45,000	43,079
IMRF	50,000	48,061
Unemployment Compensation	8,000	6,617
Uniform Allowance	1,000	642
Group Insurance	175,000	198,162
Total Personnel Services	\$ 854,000	\$ 869,223
Contractual Services:		
Utilities	\$ 145,000	\$ 97,511
Telephone	7,500	7,095
Auditing and Accounting Fees	14,000	11,765
Engineering Fees	25,000	14,265
Legal Fees	25,000	1,872
Printing and Publishing	2,500	515
Insurance	30,000	35,572
Office Space Rental	12,000	12,000
Filing and Lien Fees	5,000	3,638
Sewerage Permits	5,000	5,000
Computer System, Support	8,500	7,795

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

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

	Sewerage Fund	
	Original and Final Budget	Actual
OPERATING EXPENSES (CONTINUED):		
Contractual Services (Continued):		
Computer System, Training	3,000	163
Website Related Costs	2,500	3,782
Alarm	1,500	1,684
Lift Station Monitoring	12,000	4,397
Easements	1,000	650
Water Usage and Parcel Data Fees	10,000	7,215
Water Turn-Off Fees	22,000	7,360
Credit Reports	6,000	5,242
Equipment Lease Agreements	4,500	17,259
Water Testing Fees	20,000	5,083
Safety Supplies	-	272
Maintenance Agreements	-	7,637
Interest Expense	-	6,976
Total Contractual Services	\$ 362,000	\$ 264,750
Materials and Supplies:		
Office Supplies	\$ 10,000	\$ 5,996
Postage	25,000	21,821
Computer Supplies	8,000	7,613
Total Materials and Supplies	\$ 43,000	\$ 35,430
Maintenance and Repairs:		
Sewer Line	\$ 7,500	\$ 139,673
Building	20,000	4,774
Equipment	75,000	94,627
Vehicle	10,000	7,881
	\$ 112,500	\$ 246,955

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

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

	<u>Sewerage Fund</u>	
	Original and Final Budget	Actual
Secondary Treatment Expense	\$ 1,760,000	\$ 1,724,188
Customer Refunds		2,963
Miscellaneous	2,500	1,727
IEPA Loan Payments	120,000	119,716
E-Check Fees	1,500	141
Fixed Asset Purchases	35,000	105,672
	<u>3,290,500</u>	<u>3,370,763</u>
Total Operating Expenses	\$ 3,290,500	\$ 3,370,763
OPERATING INCOME (LOSS)	\$ (73,000)	\$ (132,047)
NONOPERATING REVENUES:		
Interest Income	\$ 2,000	\$ 2,583
Change in Net Position	\$ (71,000)	\$ (129,464)

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

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

Reconciliation to GAAP Basis Financial Statements:

Change in Net Position (Cash Basis)	\$	(129,464)
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**Adjustments to Reconcile Decrease in Net Position - Cash Basis to
GAAP basis**

Increases (Decreases) in Assets and Deferred Outflows

Which are Not Recorded Using the Cash Basis

Depreciation	(149,688)
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Prepaid Insurance	(10,785)
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Accounts Receivable, Net	140,943
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(Increases) Decreases in Liabilities and Deferred Inflows

Which are Not Recorded Using the Cash Basis

Accounts Payable	(13,133)
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Due to Metro East Sanitary District	16,170
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Accrued Wages	(212)
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Compensated Absences	(15,904)
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Cash Payments Not Considered Expenses on GAAP Basis Statements

Repayments on Illinois EPA Loan	119,716
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Repayments on Lease Payable	13,715
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Acquisition of Asset	105,672
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	\$	<u>77,030</u>
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Change in Net Position - Exhibit H

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

COMBINING SCHEDULE OF NET POSITION

**Fiduciary Funds
December 31, 2021**

	Agency Funds		
	Blue Water Ditch		
	Operation and Maintenance	Sinking Fund	Fiduciary Total
ASSETS:			
Cash		\$ 3,702	\$ 3,702
Accounts Receivable - Other Governmental Units		-	-
Intra-account Receivable	-		-
Total Assets	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 3,702</u>
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ -
Interfund Payable		3,702	3,702
Intra-account Payable		-	-
Due to (from) Agency			-
Total Liabilities	<u>\$ -</u>	<u>\$ 3,702</u>	<u>\$ 3,702</u>

See accompanying independent auditor's report.

Table 1

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

PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS

December 31, 2021

Levy Year	Assessed Valuation	General	Municipal Retirement	Social Security	Auditing	Liability Insurance	Total
Tax Rates							
2011	792,532,165	0.3140	0.0191	0.0196	0.0025	0.0442	0.3994
2012	755,632,796	0.3120	0.0243	0.0204	0.0028	0.0421	0.4016
2013	732,857,178	0.3120	0.0271	0.0188	0.0034	0.0523	0.4136
2014	742,760,756	0.3126	0.0272	0.0199	0.0034	0.0629	0.4260
2015	761,585,663	0.3120	0.0238	0.0201	0.0037	0.0645	0.4241
2016	776,154,225	0.3120	0.0258	0.0212	0.0037	0.0598	0.4225
2017	775,235,050	0.3120	0.0330	0.0174	0.0042	0.0452	0.4118
2018	783,881,005	0.3120	0.0335	0.0183	0.0043	0.0481	0.4162
2019	806,413,130	0.2990	0.0342	0.0190	0.0041	0.0544	0.4107
2020	810,831,068	0.3120	0.0340	0.0189	0.0041	0.0541	0.4231
2021	937,268,106	0.2993	0.0294	0.0097	0.0036	0.0468	0.3888
Taxes Extended							
2011	2,488,305	151,112	155,075	20,006	350,161	3,154,659	3,154,659
2012	2,357,574	183,396	154,505	20,980	318,254	3,034,709	3,034,709
2013	2,286,514	198,779	138,007	25,087	383,295	3,031,682	3,031,682
2014	2,322,057	201,975	147,719	25,472	467,474	3,164,697	3,164,697
2015	2,376,131	181,416	152,889	28,353	491,414	3,230,203	3,230,203
2016	2,421,585	200,634	164,578	28,718	464,489	3,280,004	3,280,004
2017	2,418,734	256,000	135,064	32,560	350,579	3,192,937	3,192,937
2018	2,445,709	262,418	149,450	33,707	377,047	3,262,331	3,262,331
2019	2,425,070	277,275	154,145	33,248	441,097	3,330,835	3,330,835
2020	2,529,793	275,683	153,247	33,244	438,660	3,430,626	3,430,626
2021	2,805,243	275,557	90,915	33,742	438,641	3,644,098	3,644,098
Total							
Taxes Collected							
2011	3,164,659	3,083,834	97.45%				
2012	3,034,709	2,902,342	95.64%				
2013	3,031,682	2,946,579	97.19%				
2014	3,164,697	3,072,935	97.10%				
2015	3,230,203	3,082,048	95.41%				
2016	3,280,004	3,189,363	97.24%				
2017	3,192,937	3,075,877	96.33%				
2018	3,262,331	3,158,476	96.82%				
2019	3,330,835	3,267,104	98.09%				
2020	3,430,626	3,338,515	97.32%				
2021	3,644,098						

See accompanying independent auditor's report.