

Metro East Sanitary District Madison and St. Clair Counties

ANNUAL FINANCIAL REPORT Year Ended December 31, 2014

AND INDEPENDENT AUDITOR'S REPORT

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

# ANNUAL FINANCIAL REPORT

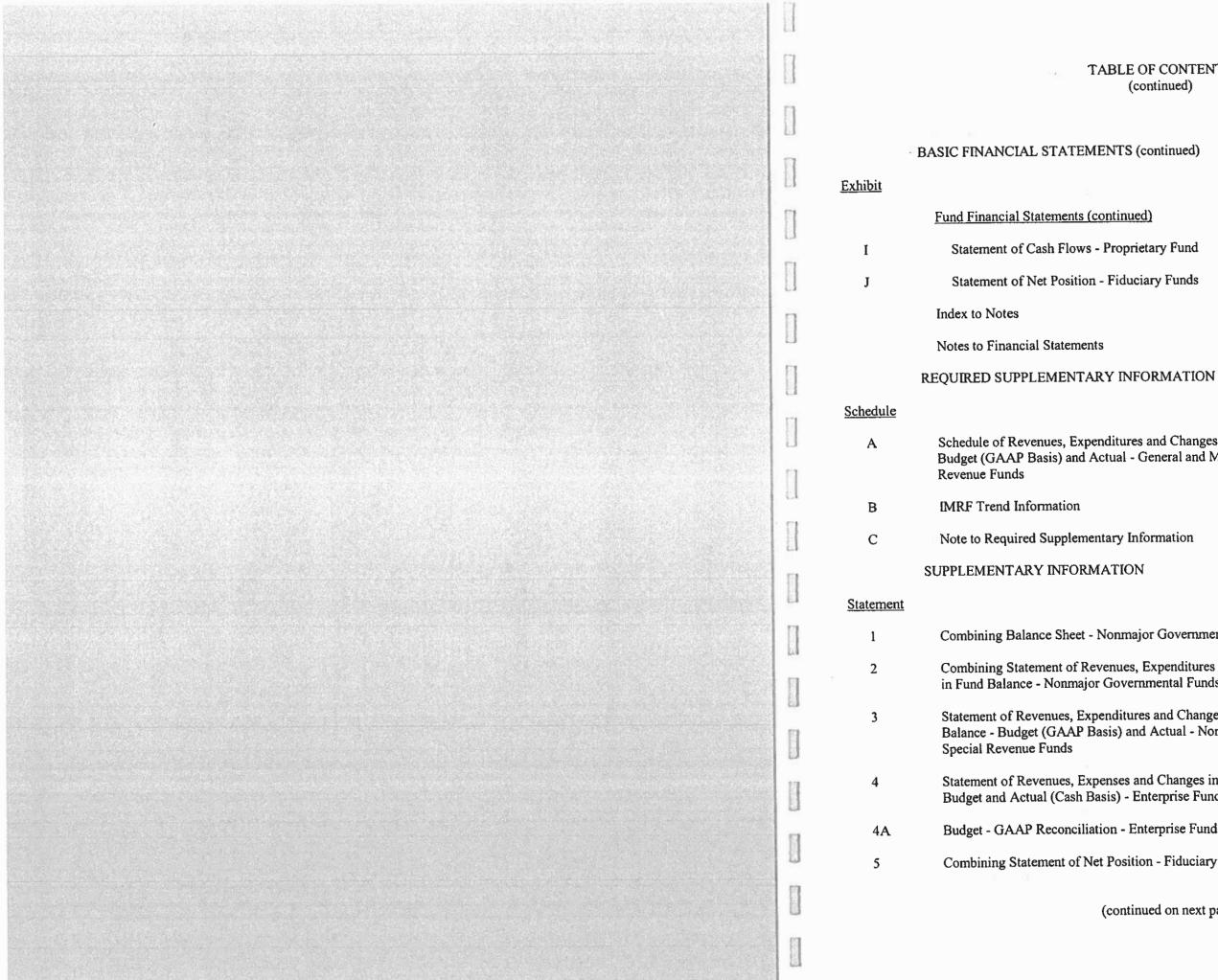
### December 31, 2014

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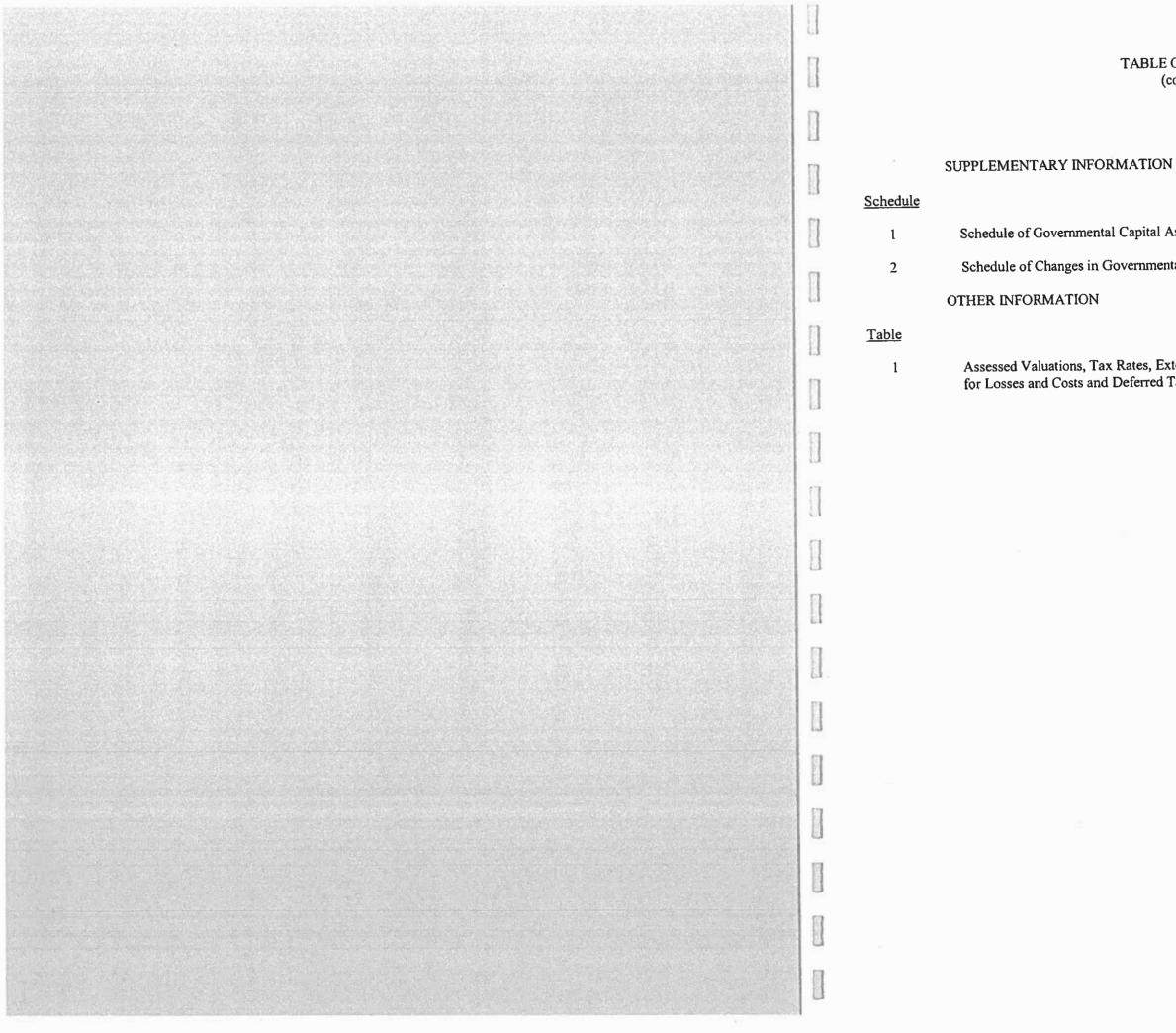


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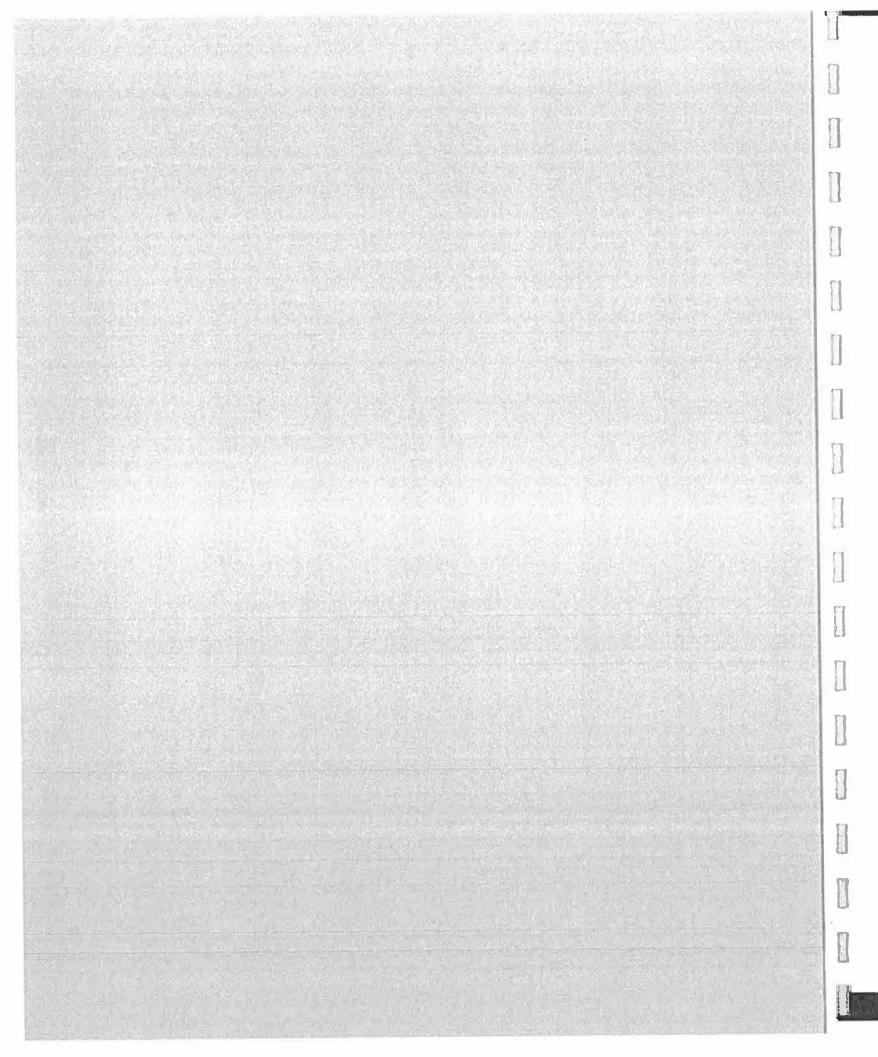
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EDWARDSVILLE BELLEVILLE HIGHLAND ALTON JERSEYVILLE COLUMBIA CARROLLTON BARTELSO BETHALTO

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We did not audit the financial statements of the business-type activities which is 100% of the assets, net position and revenues of the business-type activities as of and for the year ended March 31, 2014 were audited by other auditors as discussed below in the Other Matters section.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 did not audit the financial statements of the business-type activities or the major proprietary funds as of and for the year ended March 31, 2014, which represents 100% of the assets, net position, fund balance and revenues of the businesstype activities and the major proprietary funds. Those statements were audited by Allison Knapp & Siekmann, Ltd., who joined with Scheffel Boyle as of October 1, 2014 and whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the business-type activities and the major proprietary funds, is based solely on the report of the other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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

INDEPENDENT AUDITOR'S REPORT



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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.

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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 Proprietary Fund

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

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

In our opinion, based on our audit and the report of the other auditors, except for the omission of the OPEB expense, obligation and disclosures as described in the "Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Proprietary Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2014, and the respective changes in financial position, thereof, for the year then ended in accordance with U. S. generally accepted accounting principles.

In addition, in our opinion, based on our audit and the report of the other auditors, except for the omission of the OPEB expense, obligation and disclosures as described in the "Basis for Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Proprietary Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major proprietary fund of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of March 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in accordance with U. S. generally accepted accounting principles.

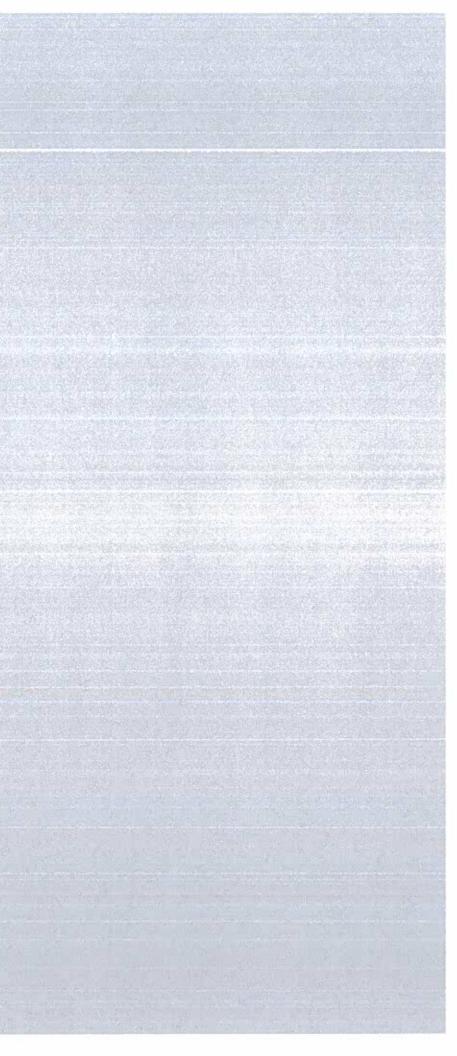
### **Unmodified Opinion**

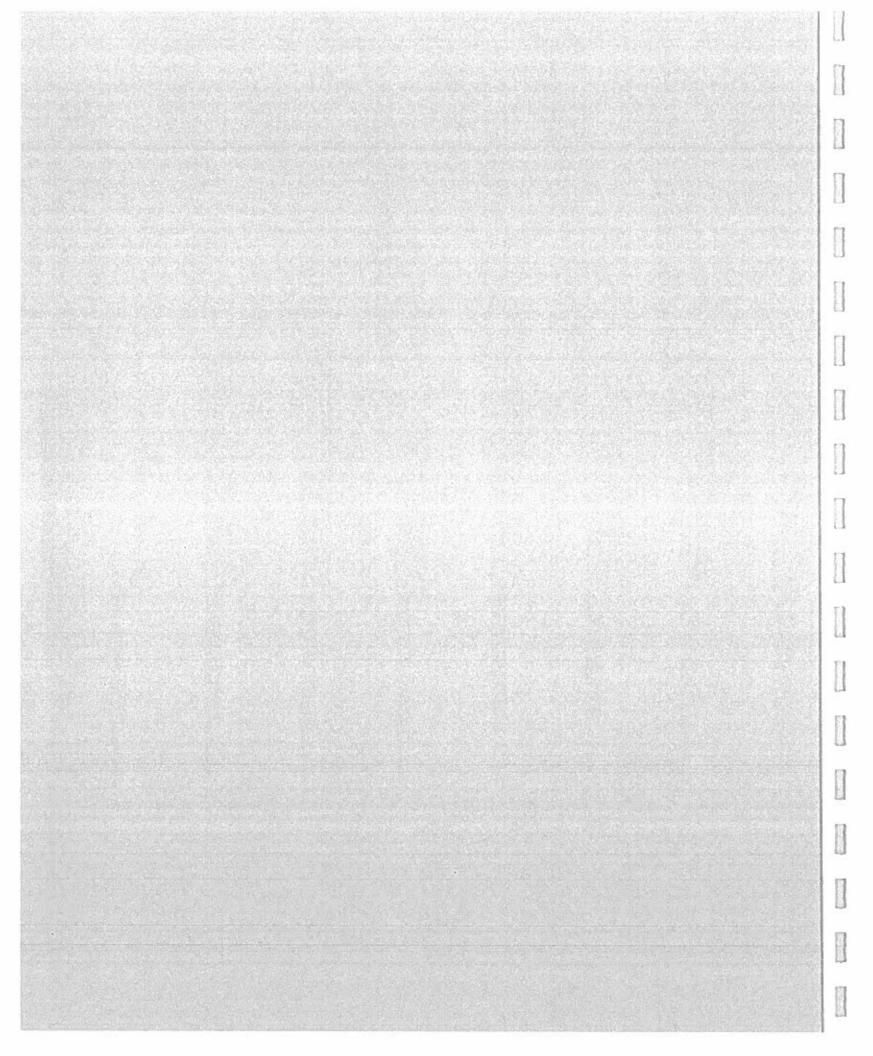
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of December 31, 2014, and the respective changes in financial position, thereof, for the year then ended in accordance with U. S. generally accepted accounting principles.

### **Other Matters**

Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the District's December 31, 2013 financial statements and the March 31, 2014 financial statements of the District's proprietary fund, which were





both audited by Allison Knapp & Siekmann, Ltd., who joined with Scheffel Boyle as of October 1, 2014 and whose reports expressed qualified opinions due to the omission of the OPEB expense and obligation and disclosures on the respective financial statements of the governmental and business- type activities and each major proprietary fund and unmodified opinions on the respective financial statements 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 and for the years ended December 31, 2013 and March 31, 2014 in accordance with U. S. generally accepted accounting principles.

**Required Supplementary Information** 

U. S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information and IMRF Trend Information, presented on pages MDA 1-8 and Schedules A and B, 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 U. S. generally accepted auditing standards, 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. The supplementary 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U. S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Scheffel Boyle

Belleville, Illinois

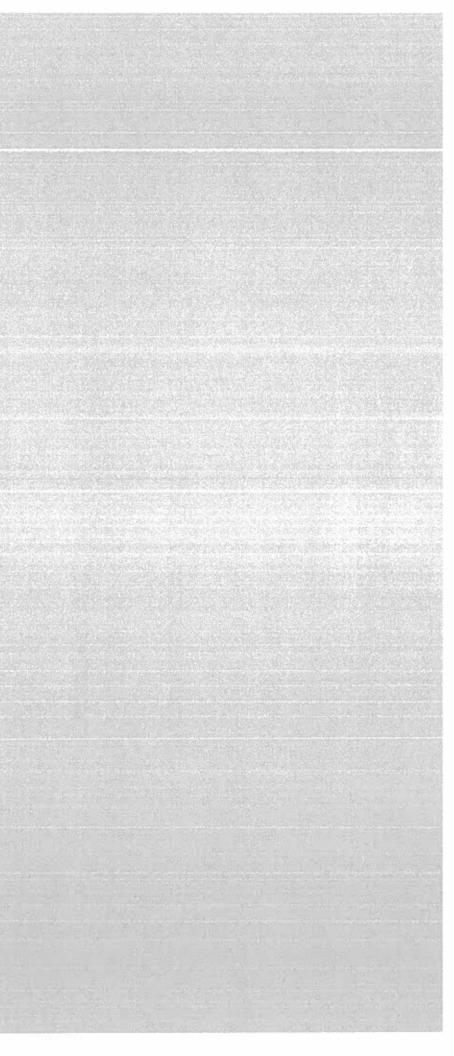
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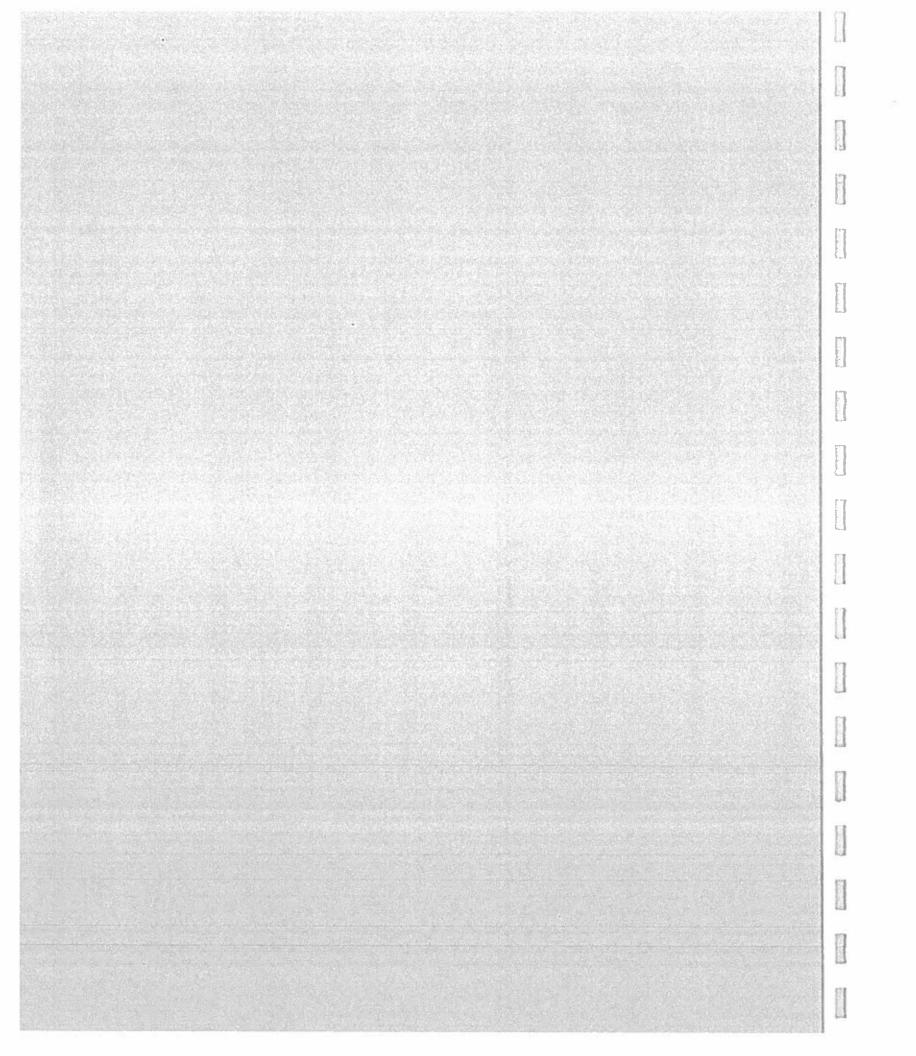
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The Metro East Sanitary District (the "District") management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the District's financial activity, (3) identify any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

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it with the District's financial statements (beginning on Page 4).

#### **Financial Highlights**

As noted in Exhibit A, total assets for the governmental activities totaled \$24,046,627 with \$12,201,804 being invested in capital assets, \$7,750,634 invested in cash and certificates of deposit, \$101,897 restricted for Corps of Engineers projects, and \$3,992,292 of other assets.

Also as noted in Exhibit A, total assets for the business-type activities totaled \$8,611,308 with \$5,738,259 being invested in capital assets, \$2,013,679 invested in cash and certificates of deposit, \$6,208 restricted for the 203 Pump Station, \$749,188 receivable from sewer customers, \$513 interest receivable, \$92,659 due from Granite City Regional Treatment Plant - overpayment and \$10,802 in loans from the Metro East Sanitary District.

The District's net position, as noted in Exhibit B, decreased by \$706,042 during the fiscal year ending December 31, 2014. The governmental net position decreased by \$562,490, the business-type activities net position decreased by \$143,552.

The District's combined Governmental Funds ending fund balance decreased \$280,404 during the year ended December 31, 2014, as noted in Exhibit E.

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

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

#### **Government-Wide Financial Statements**

The government-wide financial statements (see Pages 4-6) are designed to emulate the corporate sector in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The business-type activities are a blended component unit of the District. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see Page 6) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

### MDA 1

### METRO EAST SANITARY DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

### **DECEMBER 31, 2014**

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

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#### **Fund Financial Statements**

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

#### Governmental Funds

The Governmental Major Fund Presentation (see Pages 7 and 9) is presented on a sources and uses of liquid resources basis (current financial resources measurement basis). This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clean and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the Government-Wide Financial Statements. The District maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General and Tort Liability funds which are both considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

#### **Proprietary Funds**

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

Proprietary Fund Financial Statements (see Pages 11-15) provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Sewer Fund is considered a major fund of the District and is presented in Proprietary Fund Financial Statements.

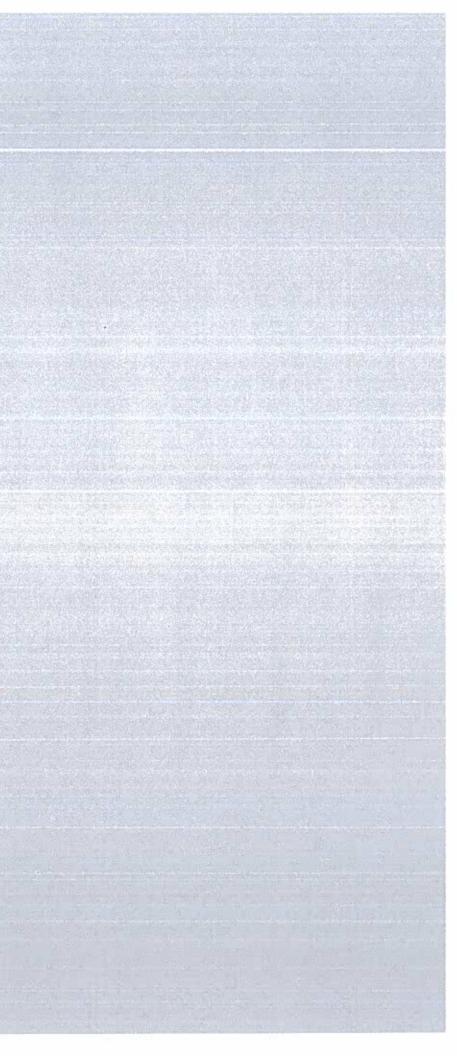
#### Fiduciary Funds

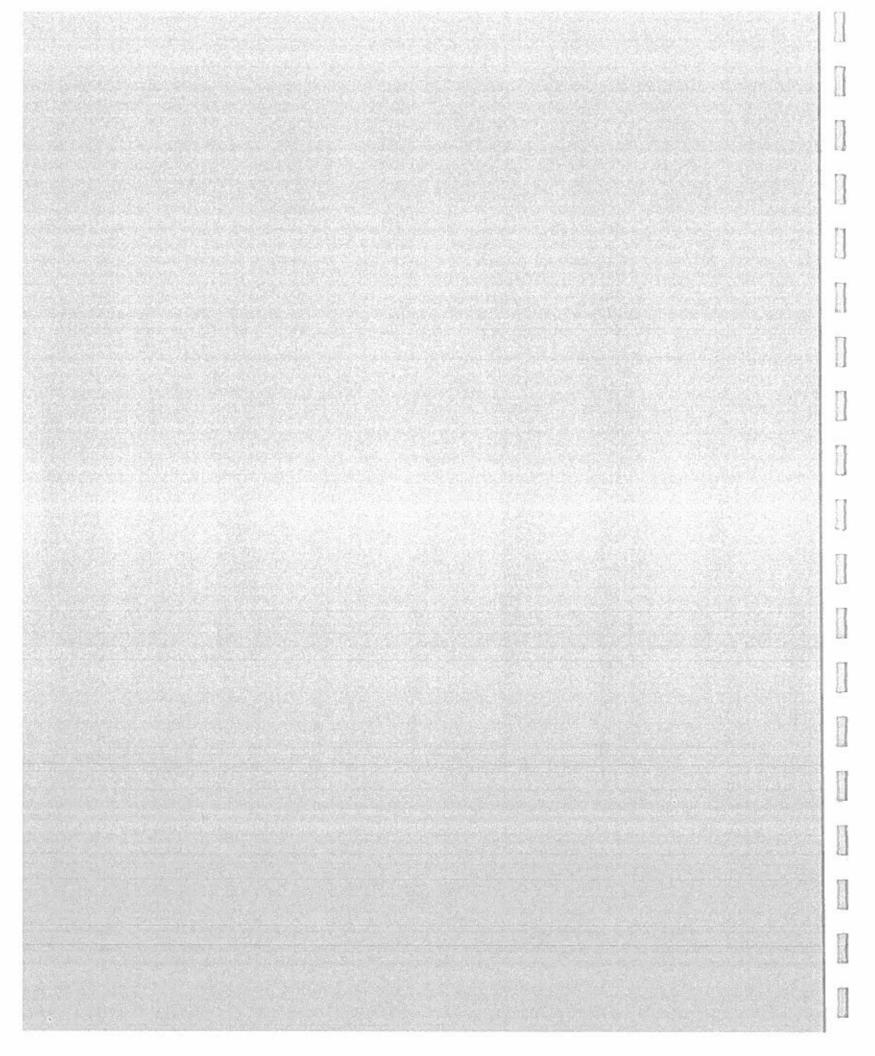
The Fund Financial Statements also allow the government to address its Fiduciary Fund (Blue Water Ditch Fund, see Page 16). While this fund represents trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Statements.

While the business-type activities column on the Proprietary Fund Financial Statements is the same as the businesstype column at the Government-Wide Financial Statement, the Governmental Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus economic resources) which is reflected on the page following each statement (see Pages 8 and 10). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into the governmental activities column (in the Government-Wide Statements).

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on Pages 19-40 of this report.





#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the major governmental fund budgetary schedules and data concerning the District's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Pages 41-45 of this report. The combining and individual fund statements for nonmajor governmental funds are presented on Pages 46-48 of this report, immediately following the required supplementary information.

#### Infrastructure Assets

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

#### Statement of Net Position

As noted in Exhibit B, the District's overall financial position had a significant decline over the past year resulting in a decrease in combined net position from fiscal year 2013, decreasing by \$706,042 from \$27,253,672 to \$26,547,630. Governmental activities had a decrease of \$562,490 from \$20,875,905 to \$20,313,415 and businesstype activities had a decrease of \$143,552 from \$6,377,767 to \$6,234,215. As noted in Exhibit A, net position for governmental activities total \$20,313,415 with \$12,201,804 being invested in capital assets (buildings, roads, equipment, etc.), net of related debt. The net position of the business-type activities total \$6,234,215 with \$3,703,080 invested in capital assets, net of related debt.

Listed below are the District's assets at December 31, 2014 and 2013, including a column noting changes (increases/decreases) from 2013.

	Total Primary Government			Increase/ (Decrease)	
	2014 2013				
Other assets	\$ 14,717,872	\$	15,191,791	\$	(473,919)
Capital assets	 17,940,063		18,335,122		(395,059)
Total Assets	\$ 32,657,935	\$	33,526,913	\$	(868,978)

Listed below are the District's liabilities at December 31, 2014 and 2013, including a column noting changes (increases/decreases) from 2013.

### Table 2: Statement of Net Assets as of December 31, 2014

	Total Primary Go	Total Primary Government		
	2014	2013	Decrease	
Accounts payable	\$369,214	\$402,154	\$(32,940)	

#### **GOVERNMENT-WIDE STATEMENTS**

#### Table 1: Statement of Assets as of December 31, 2014

	Total Primary Go	vernment	(Increase)	
	2014	2013	Decrease	
Accrued payroll	71,776	61,876	9,900	
Current portion of long-term debt	163,716	159,385	4,331	
Pension contributions payable	42,136	41,254	882	
Long-term liabilities	2,280,921		(132,743)	
Total liabilities	<u>\$2,927,763</u>	<u>\$3,078,333</u>	<u>\$(150,570)</u>	
Deferred inflows of resources				
Unavailable property tax	\$3,182,542	<u>\$3,194,908</u>	\$(12.366)	

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For more detailed information see the Statement of Net Position (Pages 4-5).

Net position of the District's governmental activities decreased from \$20,875,905 for year ending December 31, 2013 to \$20,313,415 for year ending December 31, 2014. This was a 2.69 percent (2.69%) decrease from the previous year. The District's unrestricted net position for governmental activities; the part of net position that can be used to finance day-to-day operations, was \$3,064,220. Net investment in capital assets totaled \$12,201,804. Restricted assets totaled \$5,047,391 with \$101,897 restricted for escrow accounts, \$1,862,270 restricted for tort immunity and \$2,680,476 restricted for levee rehabilitation and \$402,748 restricted for auditing, municipal retirement and social security.

The net position of business-type activities was \$6,234,215. The District can use the unrestricted net position of \$2,530,584 to finance the continuing operation of its sewage treatment facility. The investment in capital assets, net of related debt totaled \$3,703,080. Restricted net position totaled \$551 for the 203 Pump Station.

#### Normal Impacts on Net Position

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

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

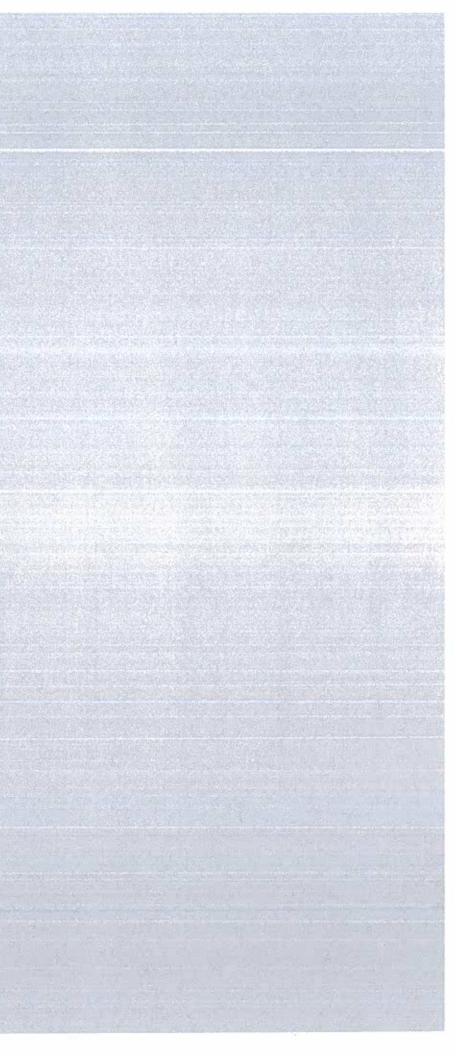
Borrowing for Capital - which will increase current assets and long-term debt.

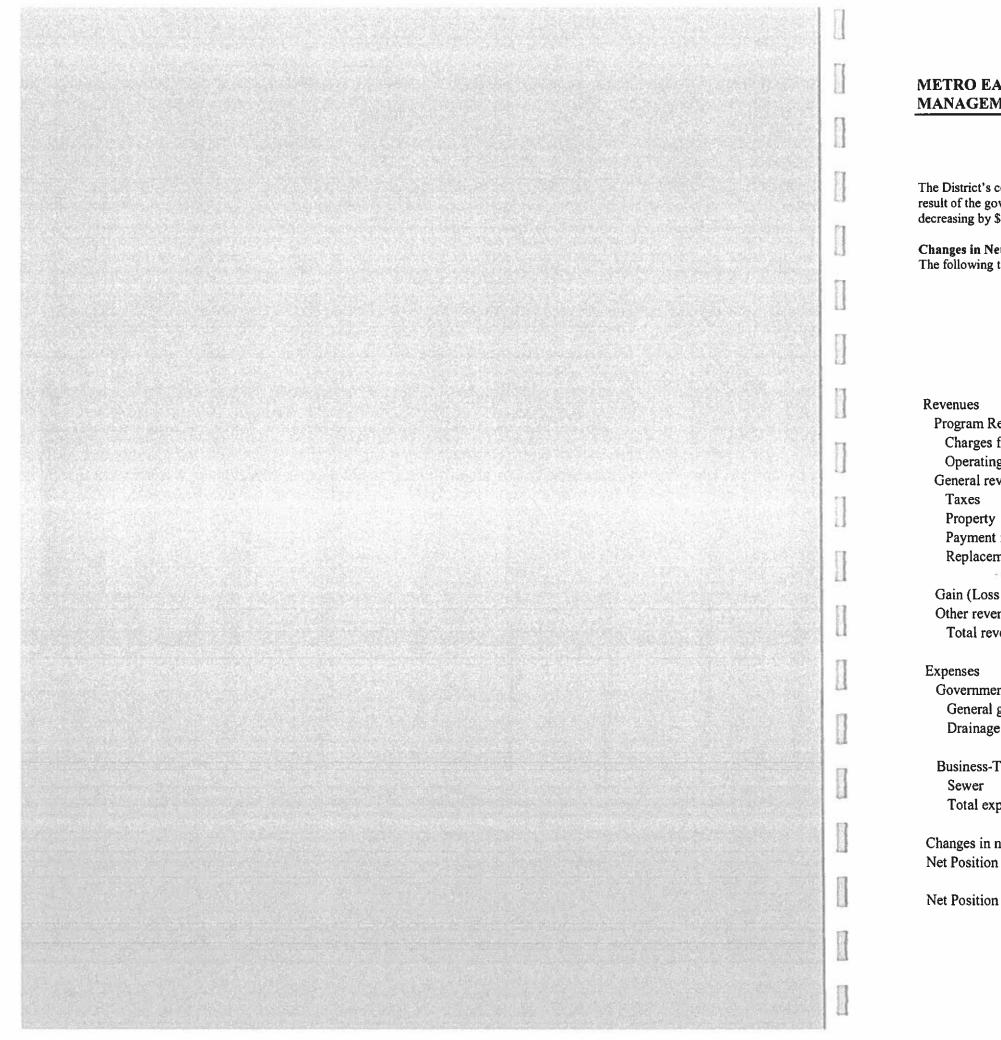
<u>Spending Borrowed Proceeds on New Capital</u> – which will reduce current assets and increase capital assets. There is a second impact, an increase in the investment in capital assets and an increase in related debt, which will not change the investment in capital assets, net of related debt.

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

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

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





decreasing by \$143,552.

**Changes in Net Position** The following table shows the condensed revenue and expenses of the District's activities:

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Revenues	
Program Revenues	
Charges for services	\$
Operating grants	
General revenues	
Taxes	
Property	
Payment in lieu of taxes	
Replacement	
17 - 2	
Gain (Loss on sale of capital assets)	
Other revenue	
Total revenues	
Expenses	
Governmental Activities	
General government	
Drainage and sanitation	
Business-Type Activities	
Sewer	
Total expenses	
-	
Changes in net position	
Net Position - Beginning	
	_
Net Position - Ending	\$
-	

# **Current Year Impacts on Net Position**

# The District's combined net position (which are the District's bottom line) decreased by \$706,042, which was the result of the governmental activities net position decreasing by \$562,490 and the business-type activities net position

# Table 3: Changes in Net Position for the Fiscal Year Ended December 31, 2014

vernmental Activities 2014	siness-Type Activities 2014	0	Total Primary Jovernment 2014	G	Total Primary overnment 2013
214,990 -	\$ 2,839,483	\$	3,054,473	\$	3,067,103
2,899,312 28,063 1,334,347	- - -		2,899,312 28,063 1,334,347		2,953,882 12,497 1,518,810
26,314 4,503,026	 (1,966) 2,755 2,840,272		(1,966) 29,069 7,343,298		(93,520) 37,049 7,495,821
-,,505,620	 2,040,272		<u>,,,,,,,,,,,,,</u>		
2,053,105 3,012,411	-		2,053,105 3,012,411		2,146,600 3,052,465
5,065,516	 2,983,824 2,983,824		2,983,824 8,049,340		2,926,602 8,125,667
(562,490) 20,875,905	 (143,552) 6,377,767		(706,042) 27,253,672		(629,846) 27,883,518
20,313,415	\$ 6,234,215	\$	26,547,630	\$	27,253,672

#### Normal Impacts on Revenues and Expenses

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

#### **Revenues:**

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

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

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

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

#### Expenses:

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

Increase in Authorized Personnel – changes in service demand may cause the District Board to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 56.57% of the District's General Fund and 35.60% of Sewer Fund operating costs.

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

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

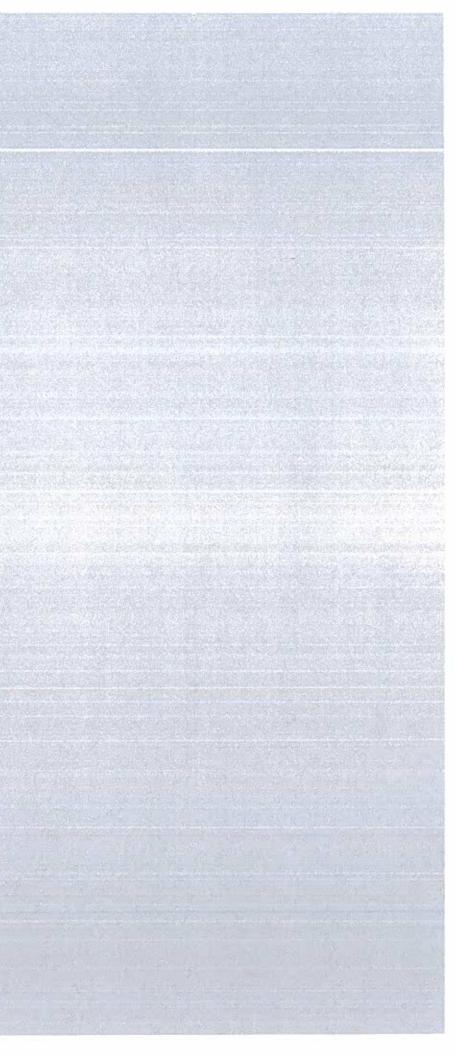
#### **Current Year Impacts**

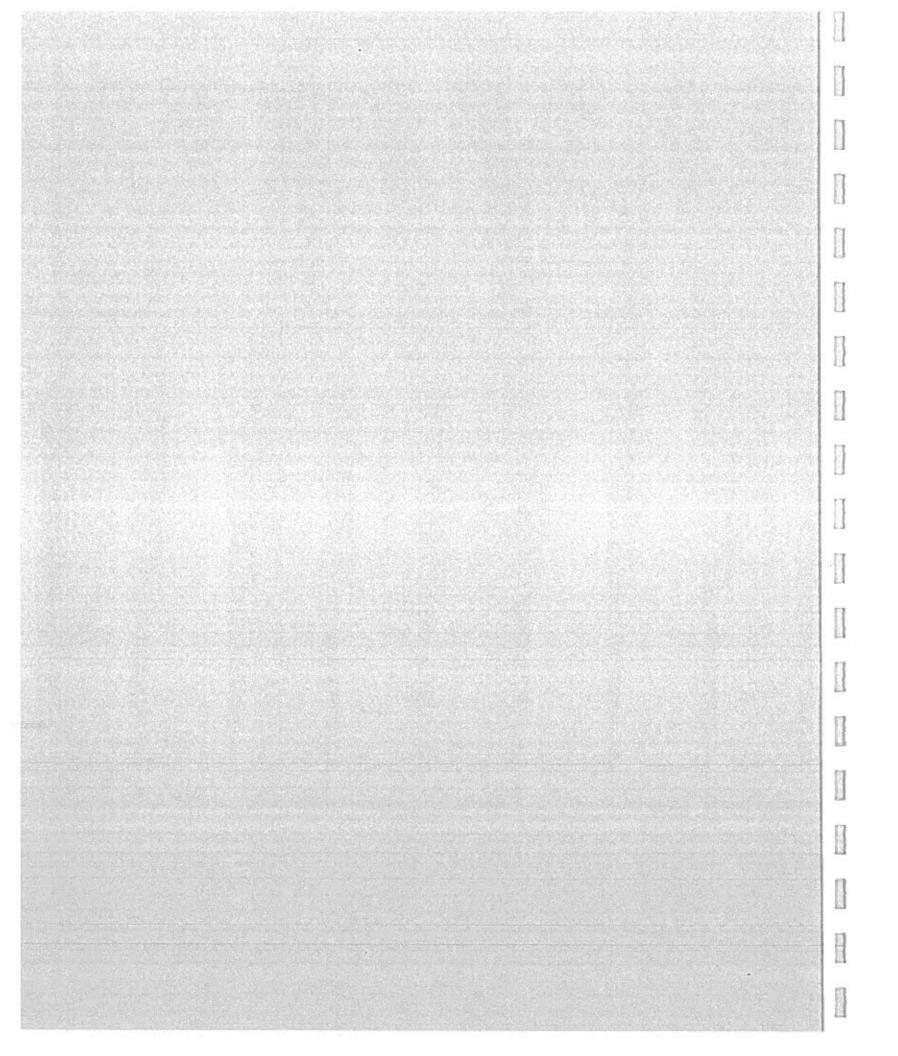
**Governmental** Activities

#### **Revenues and Expenses:**

Revenues for governmental activities decreased by \$59,338 or 1.34% to a total of \$4,503,026. Expenses decreased by \$133,549 or 2.57% to a total of \$5,065,516. Expenses exceeded revenue by \$562,490 for the 2014 year.

General governmental expenses decreased by \$93,495 due mainly to decreases in Flood Prevention expenses. The drainage and sanitation expenses decreased by \$40,054 due mainly to decreases in maintenance costs.





#### **Business-Type** Activities

#### **Revenues and Expenses:**

Revenues for the business-type activities decreased by \$93,185 or 3.18% to a total of \$2,840,272. Operating expenses increased by \$90,079 or 3.08% to a total of \$2,839,483. Overall expenses exceeded revenues by \$143,552 for the 2014 fiscal year.

# FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Governmental Funds

At December 31, 2014 the Governmental Funds (as presented on Page 7) reported a combined fund balance of \$8,304,121. This is a decrease of \$280,404 or 3.27% from the previous year. Of the total fund balance, \$2,675,303 is unassigned indicating availability for continuing District services. Restricted fund balance of \$5,435,009 includes \$2,249,888 for tort immunity, \$2,680,476 for levee rehabilitation and \$504,645 for other restrictions. The nonspendable funds include \$193,809 for prepaid expenses.

The General Fund is the District's main operating fund and the largest source of day-to-day service delivery. Expenditures exceeded revenues by \$291,937.

#### **Proprietary Funds**

At December 31, 2014 the Proprietary Funds (as presented on Pages 11-15) total net position is \$6,234,215, which is a decrease of \$143,552 or 2.25 %.

	2014 Original and Final	2014	2013
	Budget	Actual	Actual
Revenues	\$4,231,308	\$4,096,110	\$4,231,798
Expenditures	5,312,570	4,388,047	4,753,436
Excess of Revenues			
Over Expenditures	\$ (1,081,262)	\$ (291,937)	\$ (521,638)

General Fund actual revenues were \$4,096,110 or 3.20% less than the final budget.

General Fund actual expenditures were \$4,388,047 or 17.40% less than the final budget. Various insurances, motor fuel and lubricants, general maintenance materials and supplies, pump station equipment and buildings were responsible for the actual expenditures to be less than the final budget.

The District's net investment in capital assets for its governmental and business-type activities as of December 31, 2014, total \$15,904,884 which is \$279,674 or 1.73% less than the previous year. The net investment in capital assets includes land, buildings, equipment, and improvements other than underground systems, and infrastructure as well as the related debt.

Please see the accompanying financial statements notes for additional information related to the District's capital assets.

### **GENERAL FUND BUDGETARY HIGHLIGHTS Table 4: General Fund Budgetary Highlights**

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

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

### DEBT OUTSTANDING

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In fiscal year 2014, the District's long-term debt related to compensated absences totals \$422,489. This is an increase of \$71,491 or 20.37% from the previous year. The Business-Type Activities Sewer Funds has an additional long-term debt of \$2,150,564 for the repayment of a project funded through the Illinois Environmental Protection Agency (IEPA).

The District, as of December 31, 2014, has a legal debt margin of \$43,448,886.

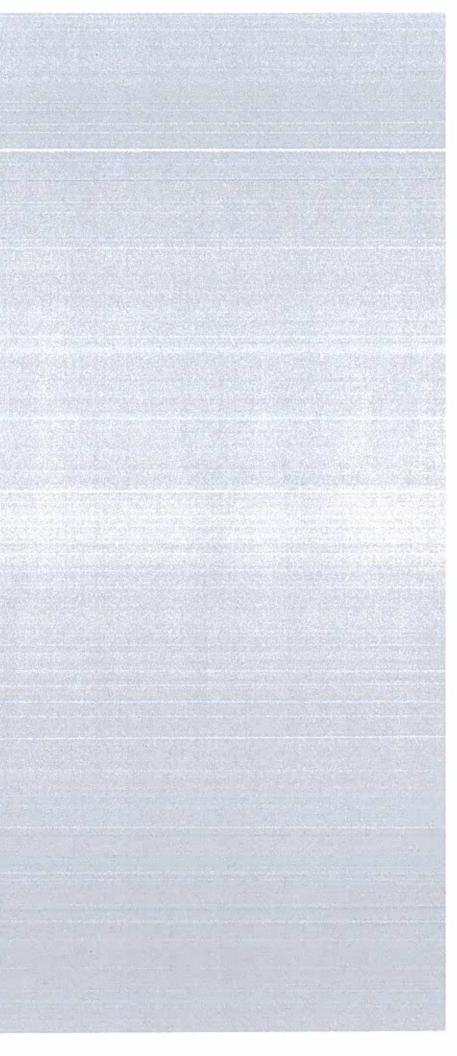
Please see the accompanying financial statements notes for additional information related to outstanding debt.

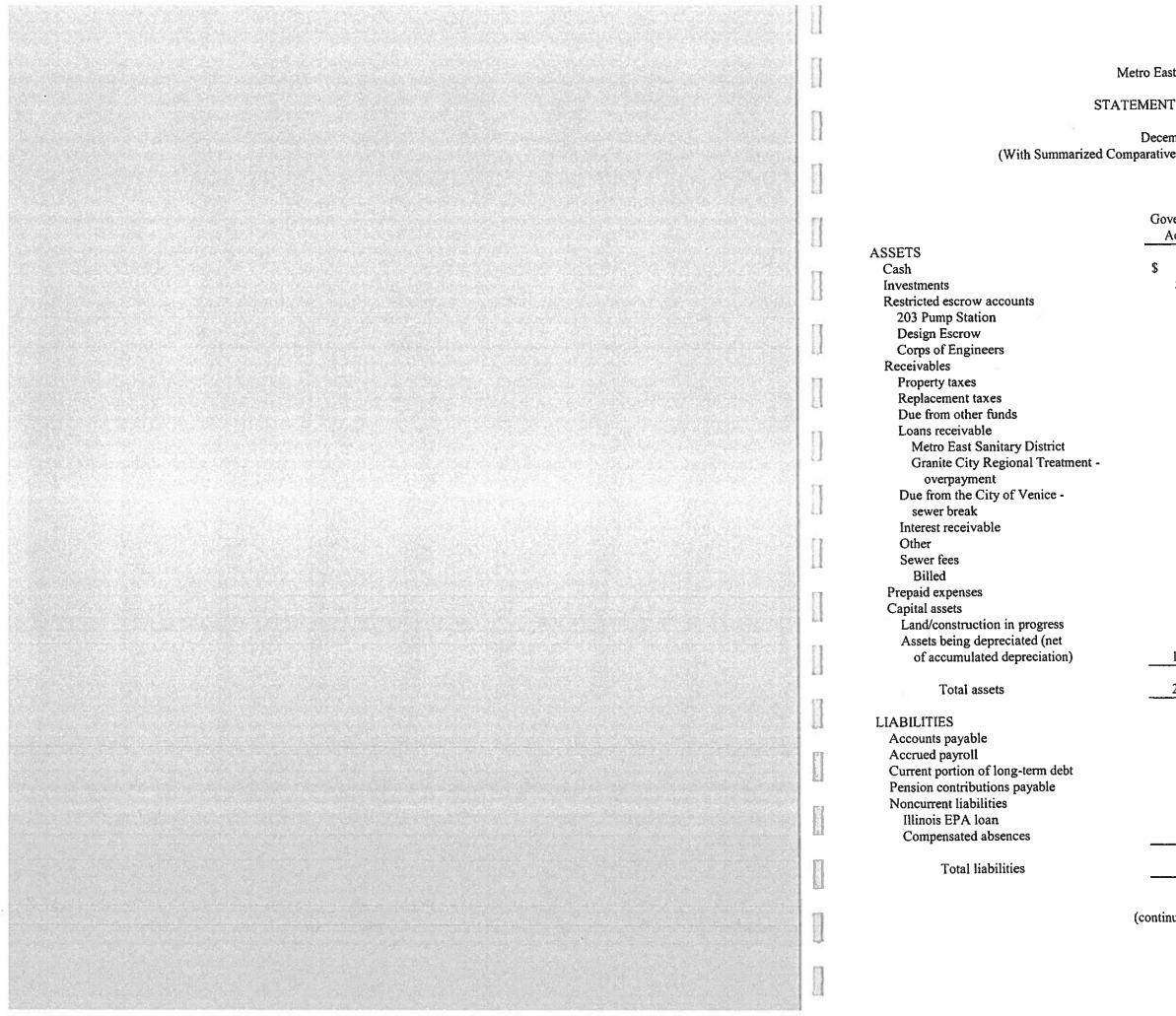
### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

# CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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





### Metro East Sanitary District

# STATEMENT OF NET POSITION

### December 31, 2014

(With Summarized Comparative Information as of December 31, 2013)

		2014	2013
		Total	Total
vernmental	Business-Type	Primary	Primary
Activities	Activities	Government	Government
1			
1,802,188	\$ 1,861,339	\$ 3,663,527	\$ 2,743,941
5,948,446	152,340	6,100,786	7,423,791
-	6,208	6,208	38,117
1,726	- ,	1,726	1,751
100,171	-	100,171	100,108
,		<b>;</b>	····, ···
3,334,648	-	3,334,648	3,383,811
210,269	-	210,269	314,063
118,295	-	118,295	22,770
-	10,802	10,802	-
-	92,659	92,659	-
		,	
-	-	-	23,856
4,212	513	4,725	4,078
131,059	-	131,059	141,551
_	749,188	749,188	754,530
193,809	/4/,100	193,809	239,424
()),00)		199,009	207,121
1,715,418	191,000	1,906,418	1,906,418
10,486,386	5,547,259	16,033,645	16,428,704
24,046,627	8,611,308	32,657,935	33,526,913
92,142	277,072	369,214	402,154
71,776		71,776	61,876
35,000	128,716	163,716	159,385
42,136	-	42,136	41,254
-	1,915,463	1,915,463	2,035,179
309,616	55,842	365,458	378,485
550,670	2,377,093	2,927,763	3,078,333

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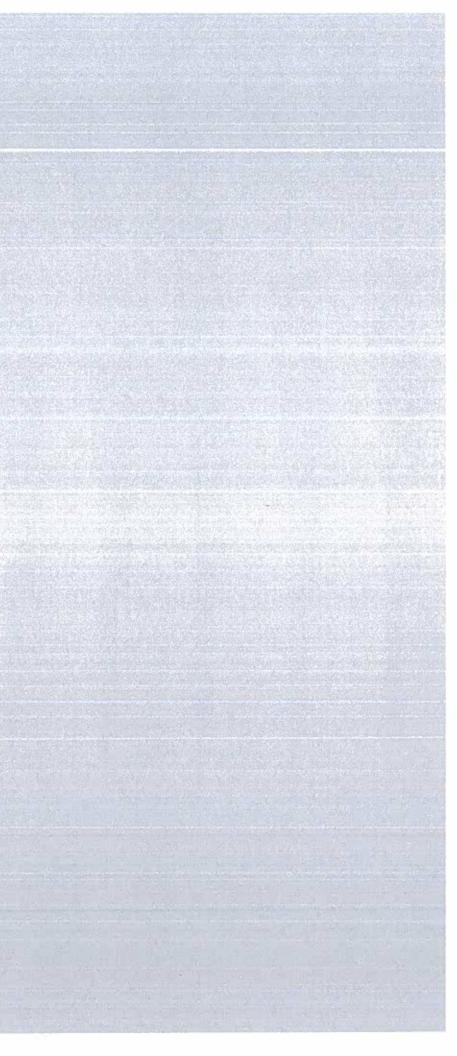
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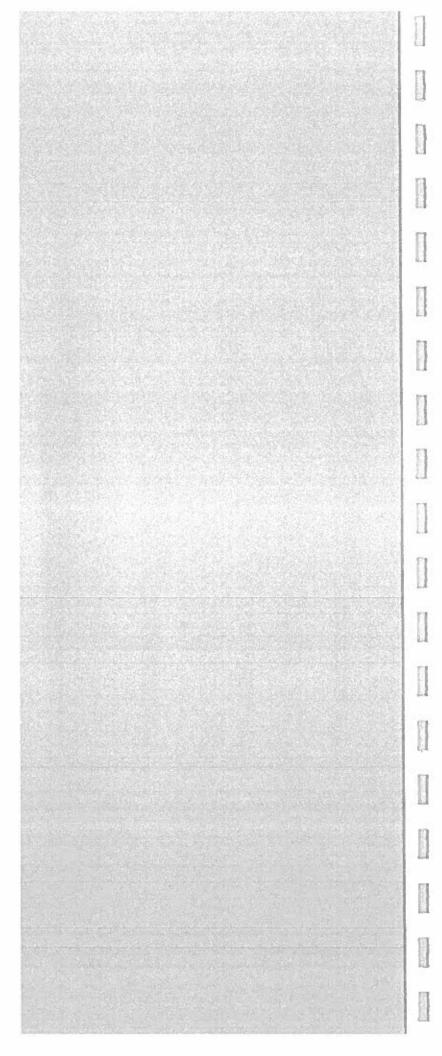
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STATEMENT OF NET POSITION (continued) December 31, 2014 (With Summarized Comparative Information as of December 31, 2013)

			 	2013 Total
	Governmental	Business-Type	Primary	Primary
	Activities	Activities	Government	Government
DEFERRED INFLOWS OF RESOURCES			· · · · · · · · · · · · · · · · · · ·	
Unavailable property taxes	3,182,542	-	3,182,542	3,194,908
• • •				
NET POSITION				
Net investment in capital assets	12,201,804	3,703,080	15,904,884	16,184,558
Restricted for				
Escrow accounts	101,897	-	101,897	100,108
203 Pump Station	-	551	551	38,117
Auditing	24,549	-	24,549	25,609
Municipal retirement	79,735	-	79,735	65,439
Social Security	298,464	-	298,464	305,685
Tort immunity	1,862,270	-	1,862,270	2,037,487
Levee rehabilitation	2,680,476	-	2,680,476	2,872,244
Unrestricted	3,064,220	2,530,584	5,594,804	5,624,425
TOTAL NET POSITION	\$ 20,313,415	\$ 6,234,215	\$ 26,547,630	\$ 27,253,672

The accompanying notes are an integral part of these financial statements.





- 6 -

Metro East Sanitary District

# STATEMENT OF ACTIVITIES

Year Ended December 31, 2014 (With Summarized Comparative Information for Year Ended December 31, 2013)

		ŋ	Program Revenue:				Net (Expenses) F Changes in No Primary Gov	et Position	
		Charges for	Operating Grants and		pital	Governmental	Business-Type	2014	2013
	Expenses	Services	Contributions	Gr	ants	Activities	Activities	Total	Total
FUNCTIONS/PROGRAMS									
PRIMARY GOVERNMENT									
Governmental activities	£ 3.052 105	\$ 214,990	\$-	\$	_	\$ (1,838,115)	\$ -	\$ (1,838,115)	\$ (2,009,059)
General government Drainage and sanitation	\$ 2,053,105 3,012,411	5 214,990	ъ -	Ð	_	(3,012,411)	Э	(3,012,411)	(3,052,465)
Dramage and samtation					<u> </u>	(5,012,411)		(3,012,111)	(3,052,105)
Total governmental activities	5,065,516	214,990	-		-	(4,850,526)	-	(4,850,526)	(5,061,524)
·									
Business-type activities	a ana aa (	0 000 400					(1 4 4 2 4 1)	(144.241)	2.060
Sewer	2,983,824	2,839,483	-		-	-	(144,341)	(144,341)	2,960
TOTAL PRIMARY GOVERNMENT	8,049,340	3,054,473	-		_	(4,850,526)	(144,341)	(4,994,867)	(5,058,564)
			<u></u>						
	General revenue	s =							
	Taxes								
	Property					2,899,312	-	2,899,312	2,953,882
	•	n lieu of taxes				28,063	-	28,063	12,497
	Replacemer					1,334,347	-	1,334,347	1,518,810
	Investment inc		_			16,172	2,755	18,927	18,034
		) on sale of capit	al assets			-	(1,966)	(1,966)	(93,520)
	Miscellaneous	5				10,142	<del>_</del>	10,142	19,015
		Total general rev	venues			4,288,036	789	4,288,825	4,428,718
		Change in net po	osition			(562,490)	(143,552)	(706,042)	(629,846)
		NET POSITION - BEGINNING		20,875,905	6,377,767	27,253,672	27,883,518		
		NET POSITION	- ENDING			\$ 20,313,415	\$ 6,234,215	\$26,547,630	\$27,253,672

The accompanying notes are an integral part of these financial statements.

# BALANCE SHEET GOVERNMENTAL FUNDS

# December 31, 2014 (With Summarized Comparative Information as of December 31, 2013)

	General	Tort Liability Fund	Other Governmental Funds	2014 Total Governmental Funds	2013 Total Governmental Funds
ASSETS	¢1 113 347	\$ 491,977	\$ 197,844	\$ 1,802,188	\$ 908,231
Cash	\$1,112,367		•		6,960,139
Investments - certificates of deposit	3,699,711	2,127,271	121,464	5,948,446	0,900,109
Restricted escrow accounts	1 726			1 776	1,751
Design Escrow	1,726	-	-	1,726	100,108
Corps of Engineers	100,171	-	-	100,171	239,424
Prepaid expenses	193,809	-	•	193,809	239,424
Receivables	0.045.041		206 807	2 224 640	2 202 011
Property taxes	2,947,841	-	386,807	3,334,648	3,383,811
Due from other funds	-	-	98,824	98,824	165,361
Due from component unit	129,500	-	•	129,500	114,450
Replacement taxes	210,269	•	-	210,269	314,063
Interest receivable	2,942	1,166	104	4,212	3,464
Other municipalities	1,250	-	-	1,250	1,250
Other	129,809	•		129,809	139,197
TOTAL ASSETS	\$8,529,395	\$2,620,414	\$ 805,043	\$ 11,954,852	\$ 12,331,249
LIABILITIES					
Accounts payable	\$ 76,654	\$-	\$ 15,488	\$ 92,142	\$ 85,742
Accrued payroll	71,776	-	-	71,776	61,876
Due to other funds	98,824	-	-	98,824	165,361
Due to component unit	11,205	-	-	11,205	8,680
Pension contributions payable	42,136		<u> </u>	42,136	41,254
Total liabilities	300,595		15,488	316,083	362,913
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	2,947,841		386,807	3,334,648	3,383,811
FUND BALANCE Nonspendable					
Prepaid expenses	193,809	-	_	193,809	239,424
Restricted	195,009				
Escrow accounts	101,897	_	_	101,897	100,108
Auditing	101,027	_	24,549	24,549	25,609
Municipal retirement	-	-	79,735	79,735	65,439
	-	-	298,464	298,464	305,685
Social Security	448 010	1,800,978	290,404	2,249,888	2,276,911
Tort immunity	448,910		-	2,249,008	2,270,911
Levee rehabilitation	1,861,040	819,436	-	2,000,470	2,0/2,244
Unassigned, reported in	A / 78 A A A			2 175 303	2 600 105
General Fund	2,675,303		- <u>-</u>	2,675,303	2,699,105
Total fund balance	5,280,959	2,620,414	402,748	8,304,121	8,584,525
TOTAL LIABILITIES, DEFERRED INFLOWS OF					
RESOURCES AND FUND BALANCE	\$8,529,395	\$2,620,414	\$ 805,043	\$ 11,954,852	\$ 12,331,249

The accompanying notes are an integral part of these financial statements.

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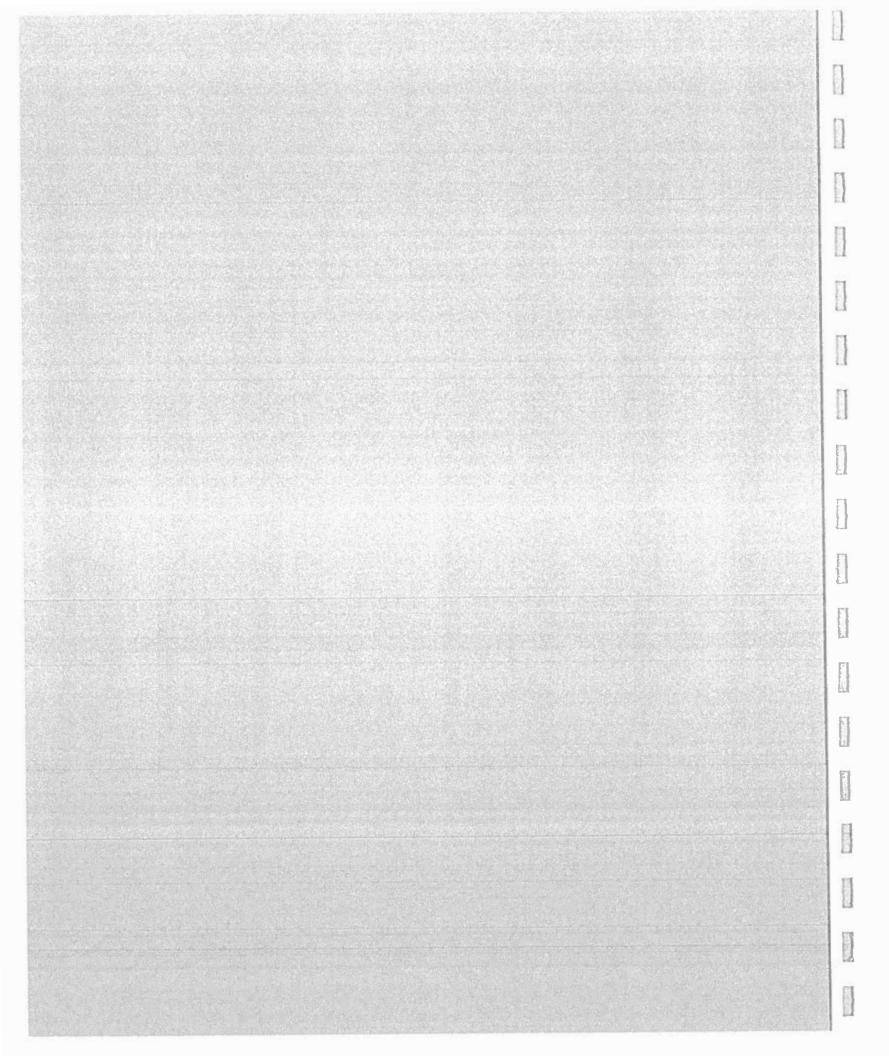
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# **RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL** FUNDS TO THE STATEMENT OF NET POSITION

TOTAL FUND BALANCE OF GOVERNMENTAL Amounts reported for governmental activities in the of net position are different because:

> Capital assets of \$18,650,984, net of accumula \$6,449,180, used in governmental activities resources and, therefore, are not reported in

Long-term liabilities, including compensated payable in the current period and, therefore governmental funds.

Other assets are not available to pay for curre and, therefore, are not recorded in the fund property taxes not currently available.

NET POSITION OF GOVERNMENTAL ACTIVI

The accompanying notes are an integral part of these financial statements.

EXHIBIT D

Metro East Sanitary District

December 31, 2014

L FUNDS (EXHIBIT C) the statement	\$ 8,304,121
ulated depreciation of es are not financial	
in the governmental funds.	12,201,804
d absences, are not due and re, are not reported in the	(344,616)
rent period expenditures	
as. Onconcelled	 152,106
ITIES (EXHIBIT A)	\$ 20,313,415

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# Metro East Sanitary District

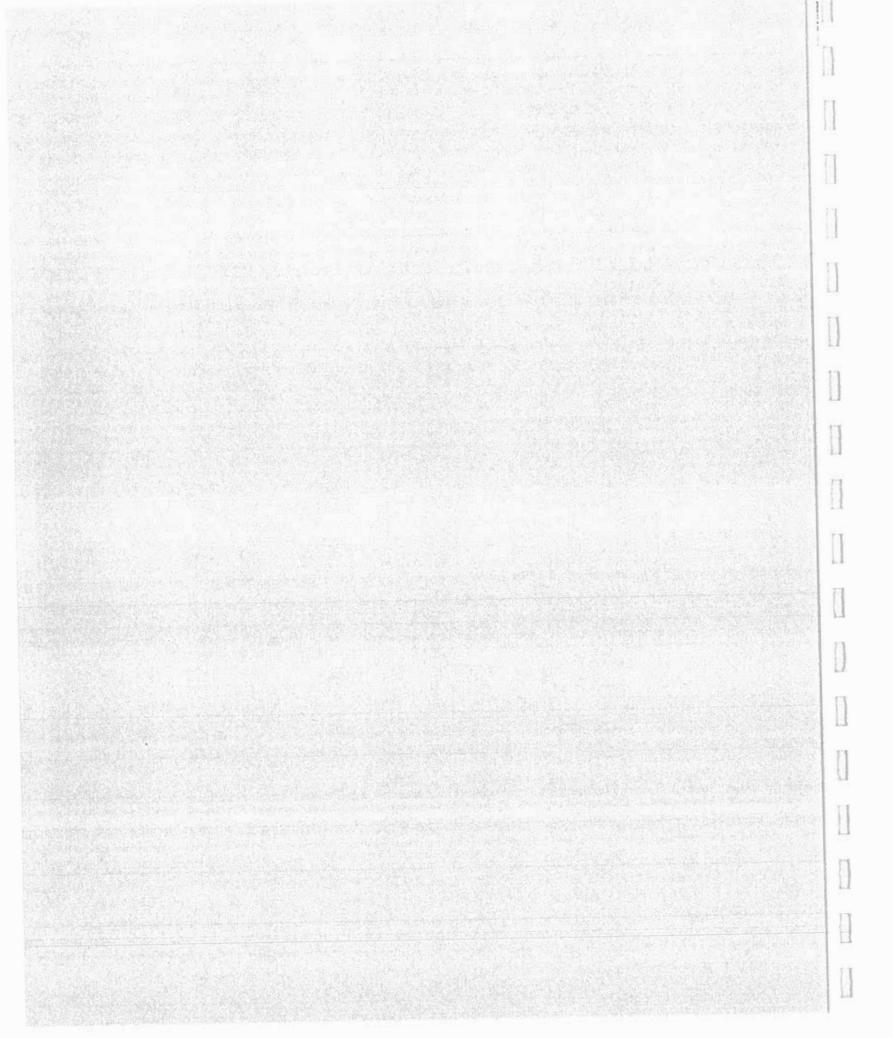
# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

# Year Ended December 31, 2014 (With Summarized Comparative Information for Year Ended December 31, 2013)

		Tort Liability	Other Governmental
	General	Fund	Funds
REVENUES	General		
Taxes			
Property taxes	\$2,585,825	<b>\$</b> -	\$ 350,284
Intergovernmental revenues	· _, , ,		
Replacement tax	1,246,955	-	87,392
Madison County sewer break reimbursement	- , ,	-	, -
Payment in lieu of taxes	28,063	-	-
Building rental	12,000	-	-
Fines and fees	,		
Licenses and permits	75,847	-	-
Farm ground rental	1,125	-	-
Pumping services	127,143	-	-
Interest income	10,136	5,518	518
Sale of surplus property and scrap	1,952	-	-
Miscellaneous revenues and reimbursements	7,064	-	-
Total revenues	4,096,110	5,518	438,194
EXPENDITURES			
Current			
Administration	1,617,994	-	432,179
Engineering	34,327	-	-
General maintenance	2,077,578	-	-
Project cost - pumping	620,063	•	-
Capital expenditures	38,085	<u> </u>	<u> </u>
Total expenditures	4,388,047		432,179
Net change in fund balance	(291,937)	5,518	6,015
FUND BALANCE, BEGINNING OF YEAR	5,572,896	2,614,896	396,733
FUND BALANCE, END OF YEAR	\$ 5,280,959	\$ 2,620,414	\$ 402,748

The accompanying notes are an integral part of these financial statements.

2014			2013
Total			Total
Gove	rnmental	Go	vernmental
F	unds	_	Funds
\$2	,936,109	\$	2,947,935
1	,334,347		1,518,810
	-		612
	28,063		12,497
	12,000		12,000
	75,847		94,738
	1,125		1,125
	127,143		30,803
	16,172		14,139
	1,952		29,027
	7,064		11,100
4	4,539,822		4,672,786
-	2,050,173		2,141,490
	34,327		25,715
	2,077,578		2,403,781
	620,063		295,138
·	38,085		318,974
	4,820,226		5,185,098
	(280,404)		(512,312)
	8,584,525		9,096,837
\$	8,304,121	\$	8,584,525



# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

NET CHANGE IN FUND BALANCE -

TOTAL GOVERNMENTAL FUNDS (EXHIBIT E Amounts reported for governmental activities in t activities are different because:

- Reduction (increase) in long-term debt related absences is reported as an expenditure whe mental funds but as a reduction of principal the statement of activities.
- Governmental funds report capital outlay as However, in the government-wide statement changes in net position, the cost of those as their estimated useful lives as depreciation the amount of capital assets recorded in the
- Revenues in the statement of activities that de financial resources are not reported as reve Add change in unavailable property tax
- Some expenses in the statement of activities the use of current financial resources and, not reported as expenditures in governmen Depreciation expense

CHANGE IN NET POSITION OF GOVERNMEN

The accompanying notes are an integral part of these financial statements.

# EXHIBIT F

### Metro East Sanitary District

### Year Ended December 31, 2014

E) the statement of	\$ (280,404)
ed to compensated en paid in govern- al outstanding in	(8,226)
expenditures. ent of activities and assets is allocated over a expense. This is a current period.	38,086
do not provide current enues in the funds. receivable.	(36,797)
do not require therefore, are ntal funds.	(275,149)
VTAL ACTIVITIES (EXHIBIT B)	\$ (562,490)

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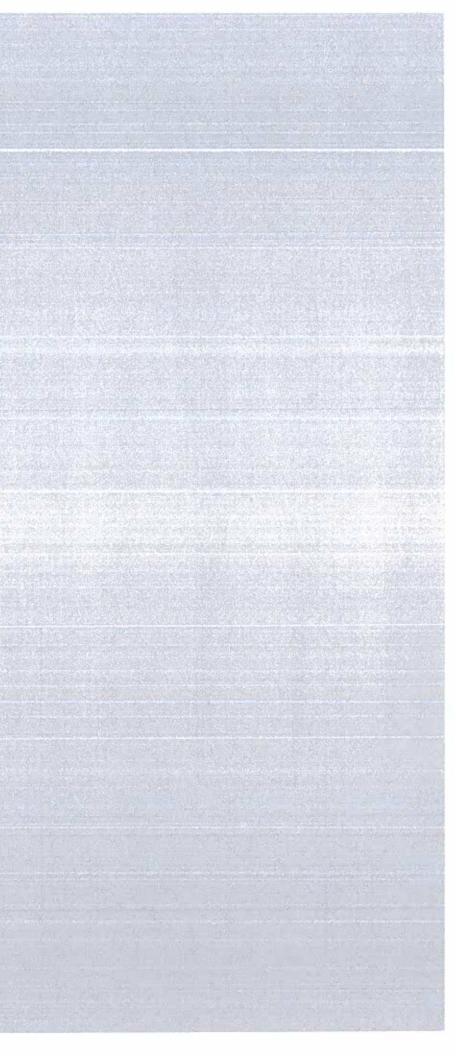
Metro East Sanitary District

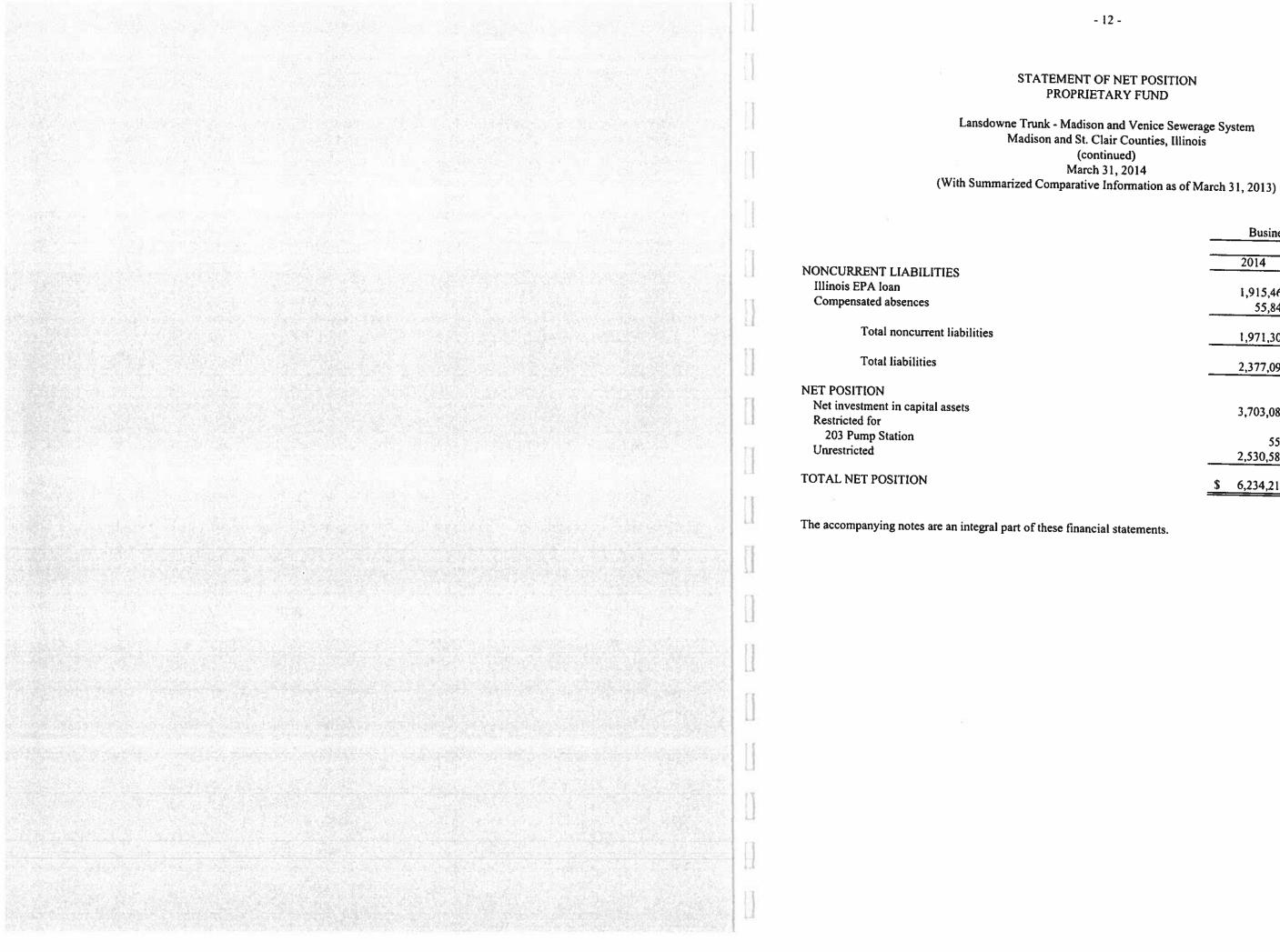
# STATEMENT OF NET POSITION PROPRIETARY FUND

# Lansdowne Trunk - Madison and Venice Sewerage System Madison and St. Clair Counties, Illinois

March 31, 2014 (With Summarized Comparative Information as of March 31, 2013)

	Business-Type Activities		
	Sewer Fund		
	2014	2013	
CURRENT ASSETS			
Cash and cash equivalents			
Cash in checking account	\$ 1,861,339	\$ 1,835,710	
Investments	152,340	463,652	
Receivables			
Utility users	749,188	754,530	
Granite City Regional Treatment - overpayment	92,659	-	
Loans to Metro East Sanitary District - related party	10,802	-	
City of Venice - sewer break	-	23,856	
Other	-	1,104	
Interest receivable	513	614	
Total current assets	2,866,841	3,079,466	
RESTRICTED ASSETS			
Cash			
203 Pump Station sinking fund	6,208	38,117	
NONCURRENT ASSETS			
Capital assets			
Land and construction in progress	191,000	191,000	
Assets being depreciated	12,184,248	12,134,924	
Accumulated depreciation	(6,636,989)	(6,429,669)	
Total noncurrent assets	5,738,259	5,896,255	
Total assets	8,611,308	9,013,838	
CURRENT LIABILITIES			
Accounts payable	271,415	216 412	
Accounts payable - restricted	5,657	316,412	
Due to Metro East Sanitary District	5,057	-	
Current portion of long-term debt	-	83,000	
Illinois EPA loan	119,716	115,385	
Compensated absences	9,000	9,000	
Total current liabilities	405,788	523,797	





## STATEMENT OF NET POSITION PROPRIETARY FUND

Lansdowne Trunk - Madison and Venice Sewerage System Madison and St. Clair Counties, Illinois (continued) March 31, 2014

Business-Type Activities			
Sewer	Fund		
2014	2013		
1,915,463	2,035,179		
55,842	77,095		
1,971,305	2,112,274		
2,377,093	2,636,071		
3 703 000			
3,703,080	3,745,691		
551	20.117		
	38,117		
2,530,584	2,593,959		
\$ 6,234,215	\$ 6,377,767		

Metro East Sanitary District

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND

Lansdowne Trunk - Madison and Venice Sewerage System Madison and St. Clair Counties, Illinois

# Year Ended March 31, 2014 (With Summarized Comparative Information for Year Ended March 31, 2013)

	Business-Ty	Business-Type Activities	
		Fund	
	2014	2013	
OPERATING REVENUES			
Charges for services			
Sales and service charges	\$ 2,827,266	\$ 2,883,545	
Lien fees	12,216	45,881	
Miscellaneous	1	136	
Total operating revenues	2,839,483	2,929,562	
OPERATING EXPENSES			
Personal services	1,062,148	1,034,443	
Contractual services	380,191	353,781	
Materials and supplies	65,020	74,398	
Maintenance and repairs	163,772	137,570	
Secondary treatment	1,102,267	1,116,560	
Miscellaneous	3,106	4,503	
Depreciation	207,320	205,347	
Total operating expenses	2,983,824	2,926,602	
Operating income (loss)	(144,341)	2,960	
	((++,5+1)	2,500	
NONOPERATING REVENUES			
Interest income	2,755	3,895	
Loss on sale of stock	(1,966)		
Total nonoperating revenues	789	3,895	
Change in net position	(143,552)	6,855	
TOTAL NET POSITION, BEGINNING	6,377,767	6,370,912	
TOTAL NET POSITION, ENDING	\$ 6,234,215	\$ 6,377,767	
		-,,-	

The accompanying notes are an integral part of these financial statements.

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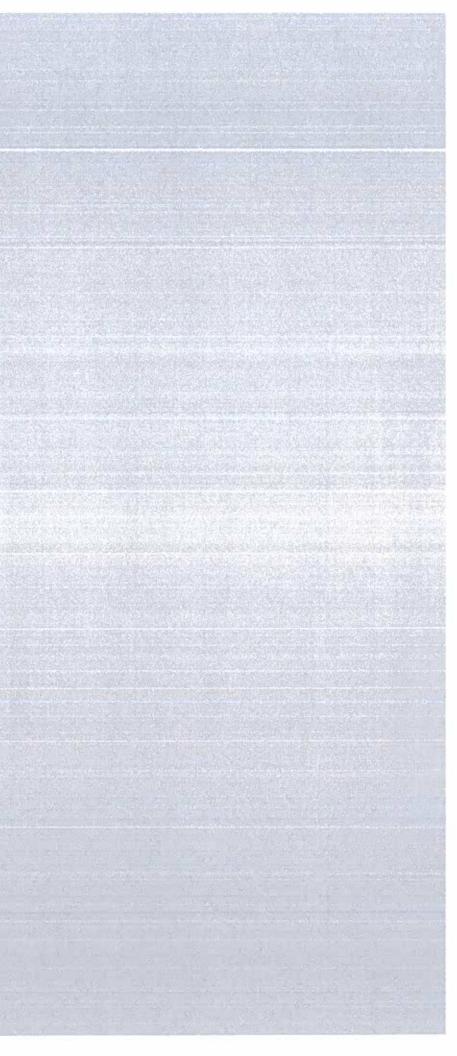
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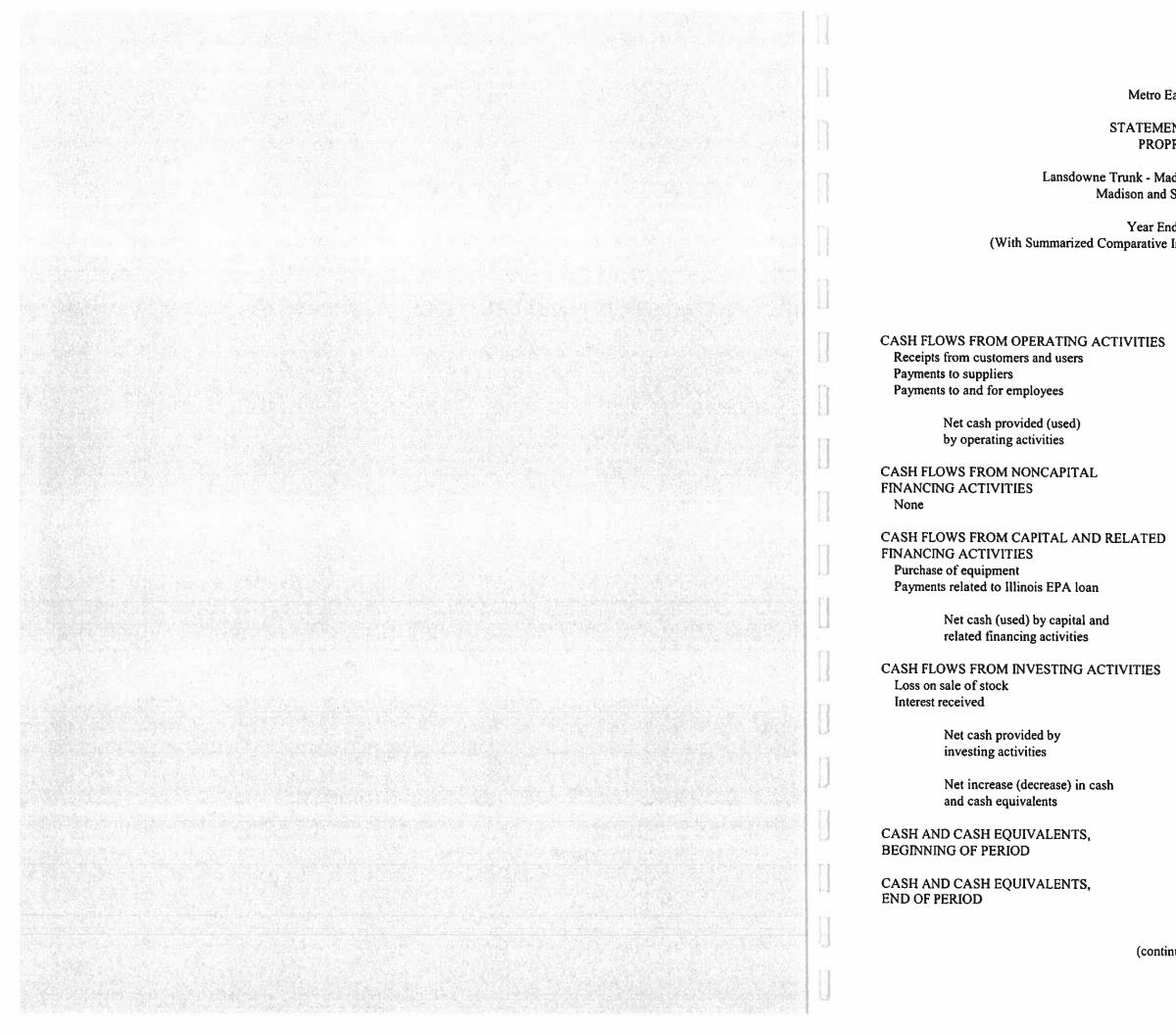
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# Metro East Sanitary District

# STATEMENT OF CASH FLOWS PROPRIETARY FUND

# Lansdowne Trunk - Madison and Venice Sewerage System Madison and St. Clair Counties, Illinois

# Year Ended March 31, 2014 (With Summarized Comparative Information for Year Ended March 31, 2013)

Business-Type Activities			
	Sev	ver Fund	
	2014	2013	
2			
\$ 3	2,839,483	\$ 2,929,562	
	1,932,861)	(1,055,319)	
	1,060,294)	(1,033,840)	
	1,000,2747	(1,055,040)	
	(152 (72)	840.402	
	(153,672)	840,403	
<u> </u>			
	(49,324)	(300,042)	
	(115,385)	(111,055)	
	(110,000)	(111,000)	
	(164,709)	(411,097)	
	(1,966) 2,755	3,895	
	789	3,895	
	(317,592)	433,201	
	2,337,479	1,904,278	
\$ 2	2,019,887	\$ 2,337,479	

# STATEMENT OF CASH FLOWS PROPRIETARY FUND

Lansdowne Trunk - Madison and Venice Sewerage System Madison and St. Clair Counties, Illinois (continued) Year Ended March 31, 2014 (With Summarized Comparative Information for Year Ended March 31, 2013)

	Business-Type Activities		
	 Sewer Fund		
	 2014		2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u> </u>		
Operating income (loss)	\$ (144,341)	\$	2,960
Adjustments to reconcile income from operations			
to net cash provided (used) by operating activities			
Depreciation and amortization	207,320		205,347
Changes in assets and liabilities			
(Increase) decrease in current assets			
Receivables			
Customers	5,342		49,242
Granite City Regional Treatment	(92,659)		-
Loans to Metro East Sanitary			
District - related party	(10,802)		600,000
City of Venice - sewer break	23,856		41
Other	1,104		(381)
Accrued interest receivable	101		314
Increase (decrease) in current liabilities			
Accounts payable	(39,340)		46,003
Due to primary government	(83,000)		17,480
Granite City Regional Treatment -			
additional liability	-		(97,420)
Accumulated unpaid vacation and sick pay	 (21,253)		16,817
NET CASH PROVIDED (USED)	10		
BY OPERATING ACTIVITIES	 (153,672)	\$	840,403
CASH AND CASH EQUIVALENTS			
ACCOUNTED FOR AS FOLLOWS			
Cash and cash equivalents			
Unrestricted	\$ 1,861,339	\$	1,835,710
Investments	152,340		463,652
Restricted	 6,208		38,117
TOTAL AS ABOVE	\$ 2,019,887	\$	2,337,479
	 0		

The accompanying notes are an integral part of these financial statements.

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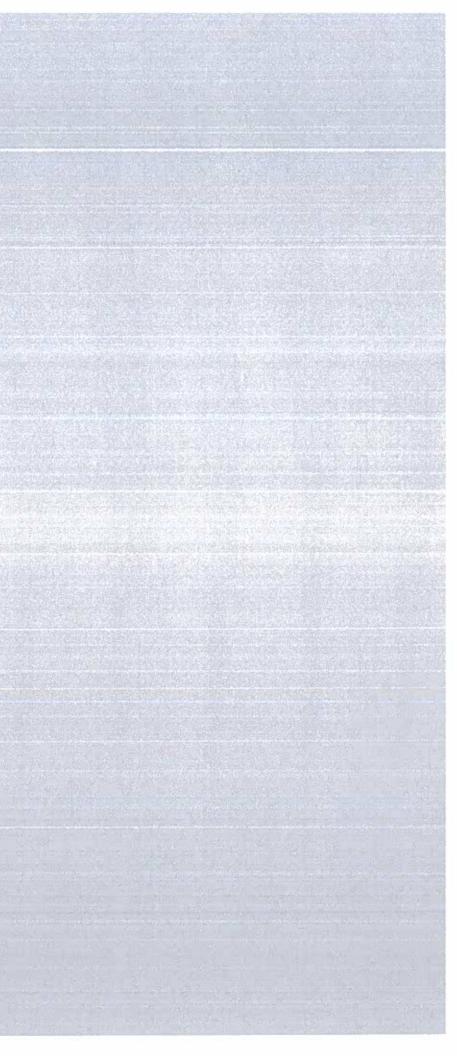
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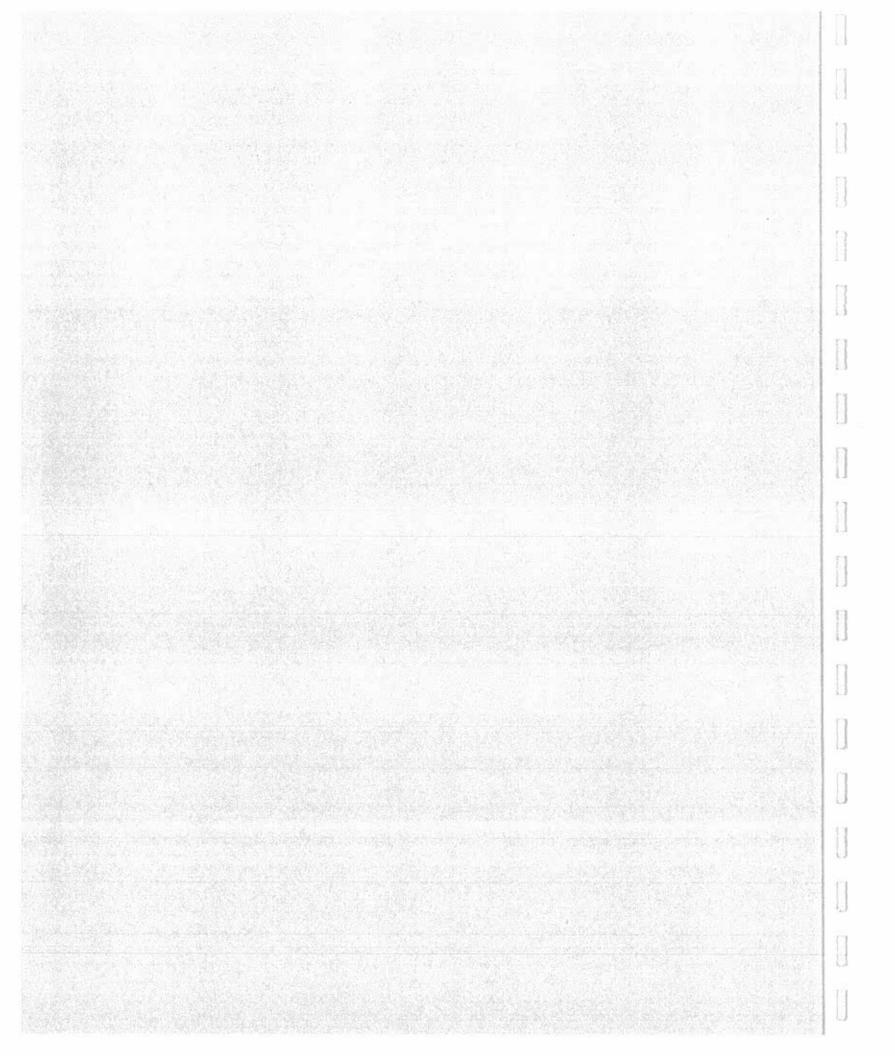
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# ASSETS

Cash Accounts receivable - other governmental units Intra-account receivable

# TOTAL ASSETS

LIABILITIES

Accounts payable Intra-account payable Future project payments

TOTAL LIABILITIES

The accompanying notes are an integral part of these financial statements.

# Metro East Sanitary District

# STATEMENT OF NET POSITION FIDUCIARY FUNDS

# December 31, 2014

# (With Summarized Comparative Information for Year Ended December 31, 2013)

Agency Funds				
Blue Water Ditch				
	2014		2013	
F	iduciary	F	Fiduciary	
	Total		Total	
\$	130,097	\$	114,357	
	7,307		15,293	
	37,723		37,723	
\$	175,127	<u>\$</u>	167,373	
\$	7,862	\$	1,966	
	37,723		37,723	
	129,542		127,684	
\$	175,127	\$	167,373	

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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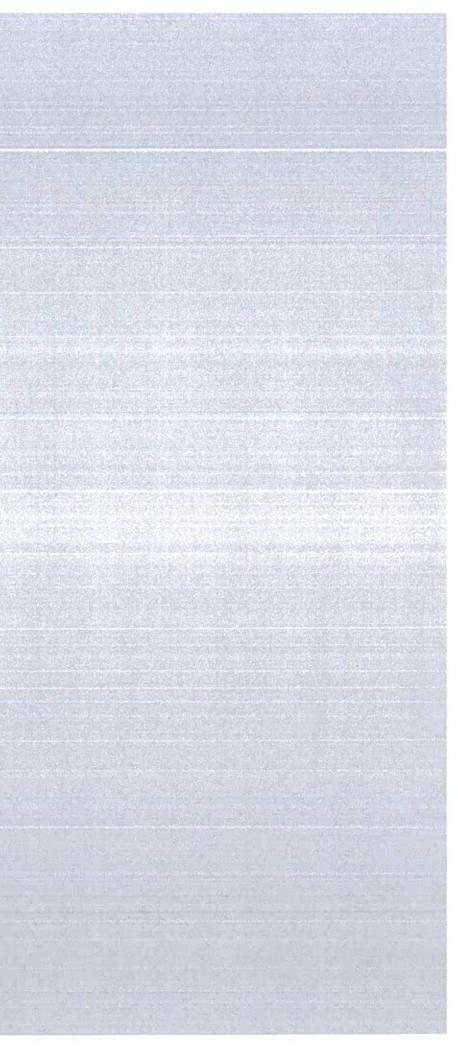
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# Other Note Disclosures

- A. Retirement Commitments Illinois MurB. Due from Other MunicipalitiesC. Risk Management

- D. Tort Expenditures
  E. Tort Liability Fund
  F. Corps of Engineers and District Improve
  G. Design Escrow Accounts
  H. Lease of Office Space Related Party T

- I. 203 Pump Station
  J. Expenditures in Excess of Budget
  K. Blue Water Ditch Fiduciary Funds
- L. Levee Rehabilitation
- M. IDOT Triple Box Culverts

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#### Metro East Sanitary District

# NOTES TO FINANCIAL STATEMENTS

December 31, 2014

#### Note 1: Summary of Significant Accounting Policies

The financial statements of the Metro East Sanitary District (District) are prepared in accordance with U. S. Generally Accepted Accounting Principles (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. <u>Reporting Entity</u>

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

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

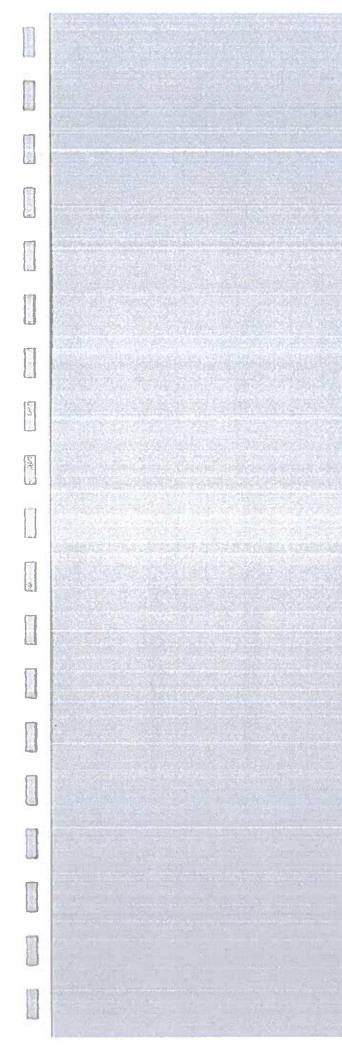
### Lansdowne Sewerage and Treatment System (Lansdowne Trunk)

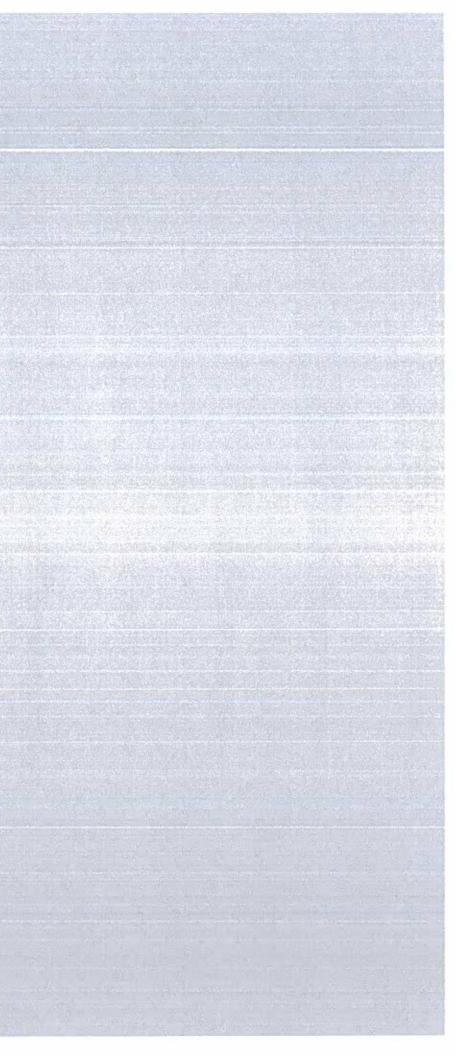
The governing board of the District exercises control over the Lansdowne Trunk - Madison and Venice Sewer Systems relative to rates for user fee charges, employees, disbursements and bond issuance authorization and debt requirements. This System has a fiscal year end which differs from that of the District. Financial information for the Lansdowne Trunk included in the accompanying financial statements is financial information from Lansdowne's fiscal year ended March 31, 2014.

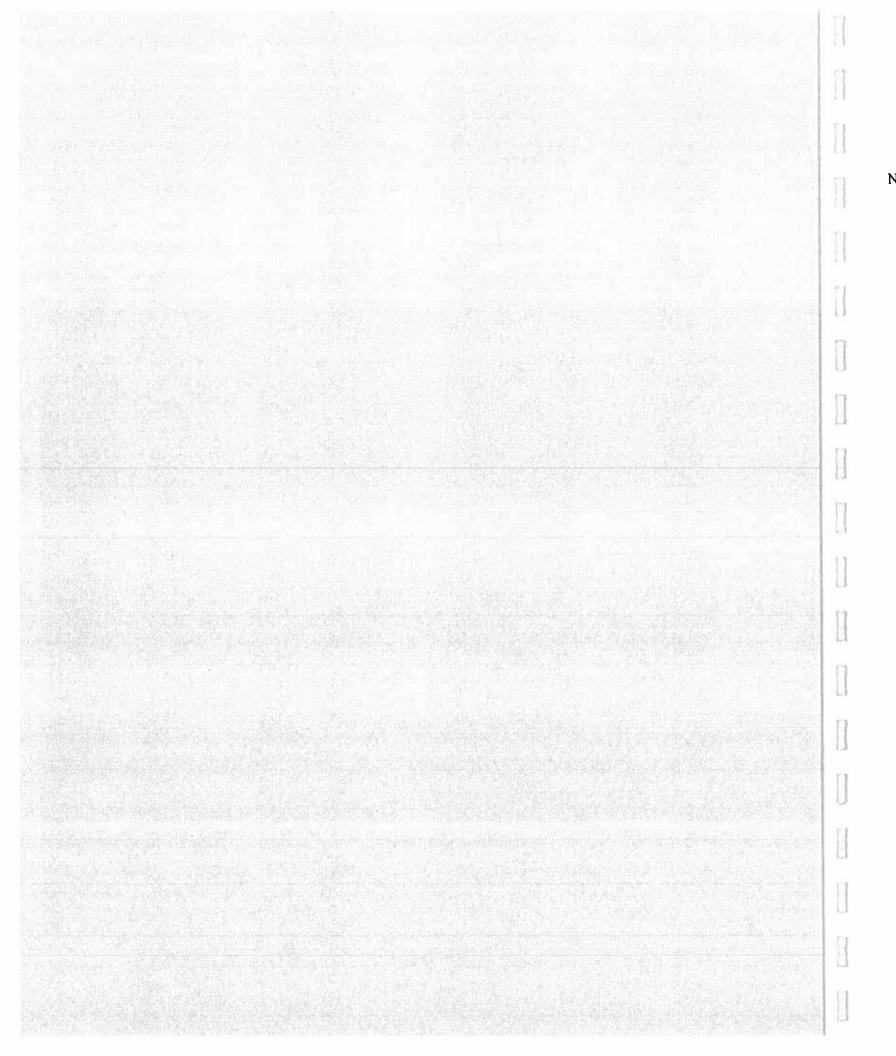
The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Metro East Sanitary District, P. O. Box 1366, Granite City, Illinois 62040.

# B. Government-Wide and Fund Financial Statements

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







# Note 1: Summary of Significant Accounting Policies (continued)

# B. Government-Wide and Fund Financial Statements (continued)

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) operating grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

The District reports the following major governmental funds:

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.

action within the District.

The District reports the following major proprietary 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.

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.

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NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

The Tort Liability Fund accounts for the financial transactions related to legal matters and tort

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### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

### Note 1: Summary of Significant Accounting Policies (continued)

### C. Fund Accounting (continued)

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

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

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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).

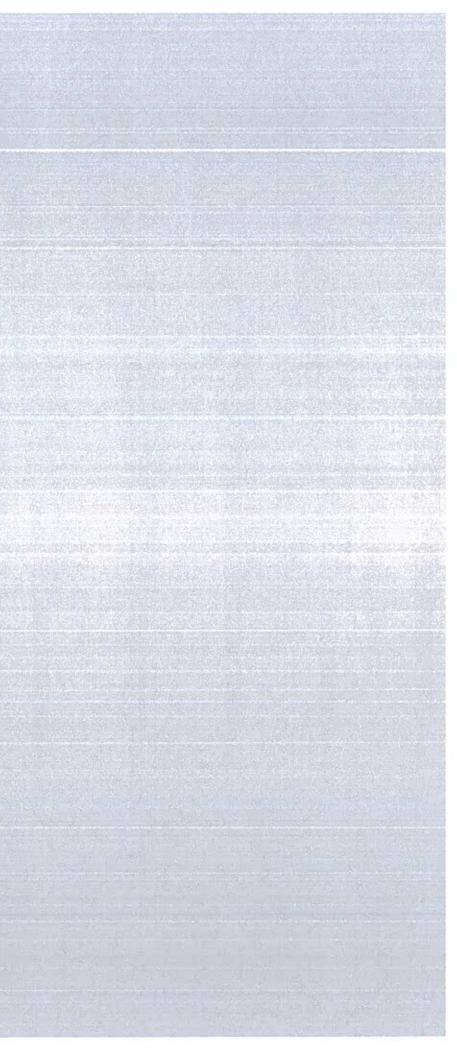
Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government.

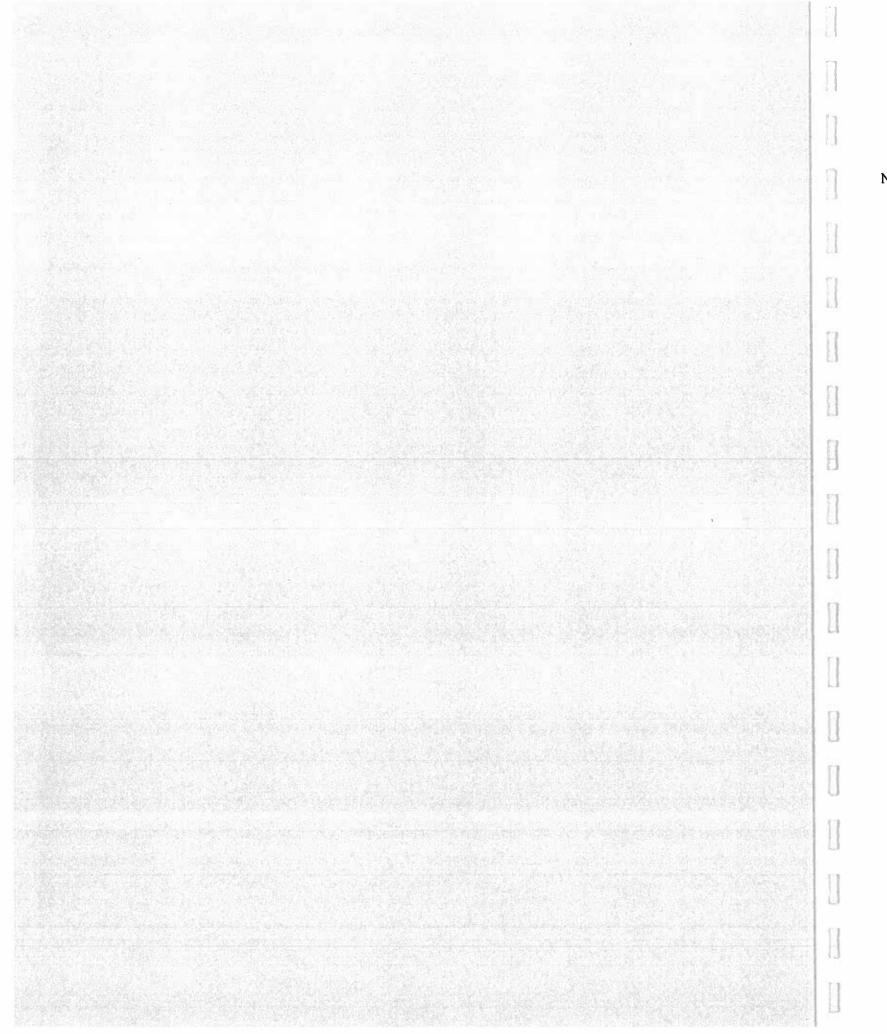
The Blue Water Ditch Funds have been included as fiduciary funds due to the fiduciary responsibility exercised over these funds.

#### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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





# Note 1: Summary of Significant Accounting Policies (continued)

# D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

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

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

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

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

F. Cash and Investments

# 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.

# **Investments**

United States government securities are recorded at cost and adjusted by amortization of discount or premium. Time deposits and other deposits with financial institutions are recorded at original cost plus accrued interest. Both of these approximate fair value.

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

- 23 -

#### Note 1: Summary of Significant Accounting Policies (continued)

#### G. Receivables and Payables

The District does not provide for an allowance for uncollectible accounts. This departure from generally accepted accounting policies is not considered material.

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.

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The accompanying financial statement includes revenues from the 2013 property tax levy. Property taxes are levied each year by the last Tuesday of December on all real property located in the District. Property taxes attach as an enforceable lien on property as of January 1. The Madison and St. Clair County Assessors are responsible for the taxes assessed. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the State. The County Clerks compute the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerks then compute the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the County Collectors.

Property taxes are collected by the County Collectors who remit to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments in St. Clair County and four installments in Madison County during the following year. The first installment is usually due no later than August and the remaining installments are due throughout the year. Taxes are collected from July 2014 through March 2015.

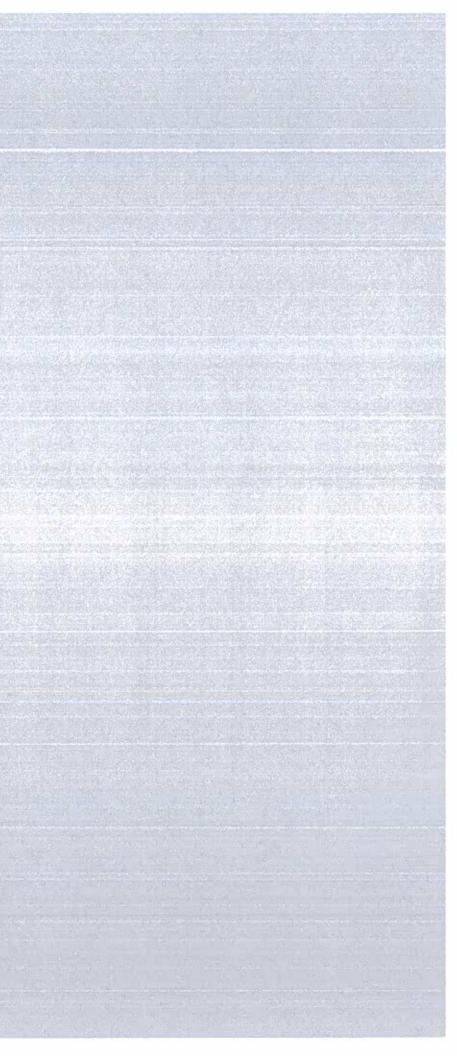
For governmental funds, only property taxes, which are intended to finance the current fiscal year and collected within 60 days subsequent to year-end, are recorded as revenue.

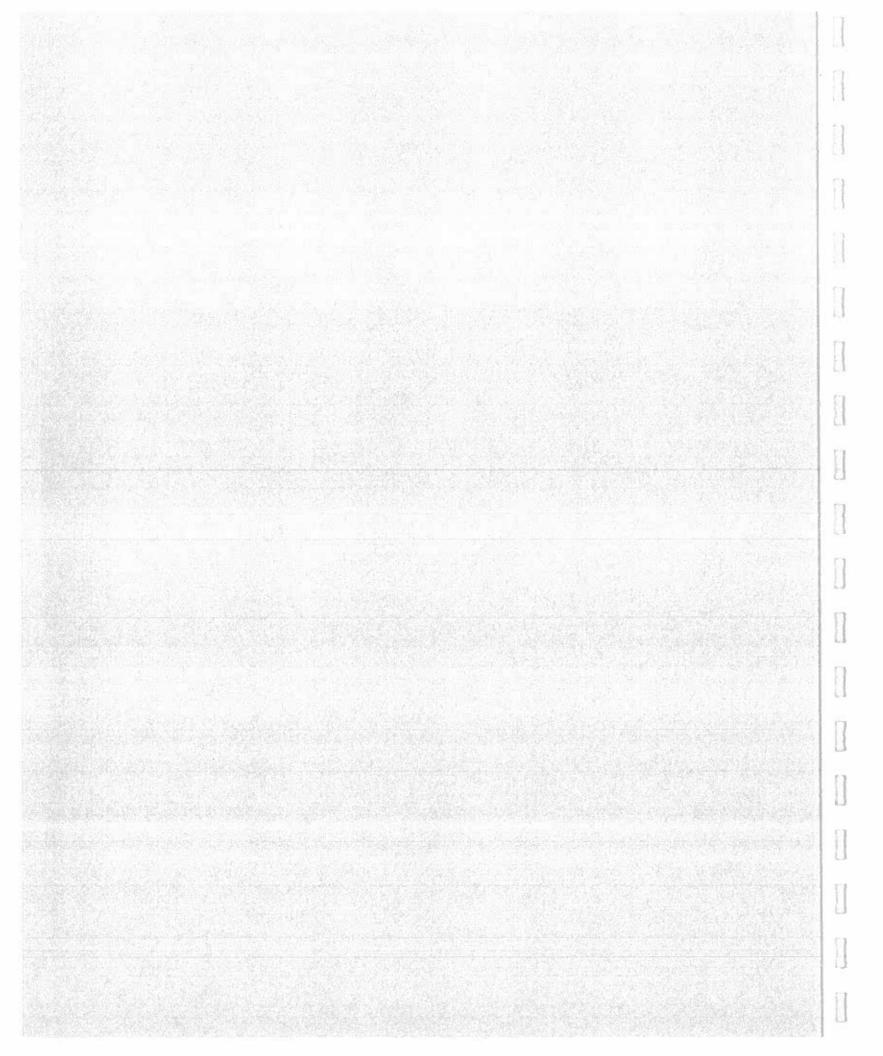
#### H. Prepaid Items/Expenses

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

#### I. <u>Capital Assets</u>

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.





#### Note 1: Summary of Significant Accounting Policies (continued)

#### I. Capital Assets (continued)

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

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

Buildings Machinery and Equipment Utility Systems Vehicles

#### J. Accumulated Unpaid Vacation/Sick Pay (Compensated Absences)

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:

After	
Years of	
Employment	_
1	
2	
5	
10	

One additional day of vacation is provided after 10 years of employment for each additional year employed.

(continued on next page)

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NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

40 years 5 - 15 years 40 years 15 years

Number of Weeks of Vacation 2 3 4

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### Note 1: Summary of Significant Accounting Policies (continued)

### J. Accumulated Unpaid Vacation/Sick Pay (Compensated Absences) (continued)

At December 31, 2014, District employees have accumulated \$64,692 in accrued vacation and \$279,924 in accrued sick pay.

Current liabilities of the governmental activities include \$35,000 of these compensated absences.

At March 31, 2014, Lansdowne Sewerage system employees have accumulated \$64,842 in accrued vacation and sick pay.

Current liabilities include \$9,000 of these compensated absences.

#### K. 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.

As of December 31, 2014 the District has no outstanding bonds.

#### L. Estimates

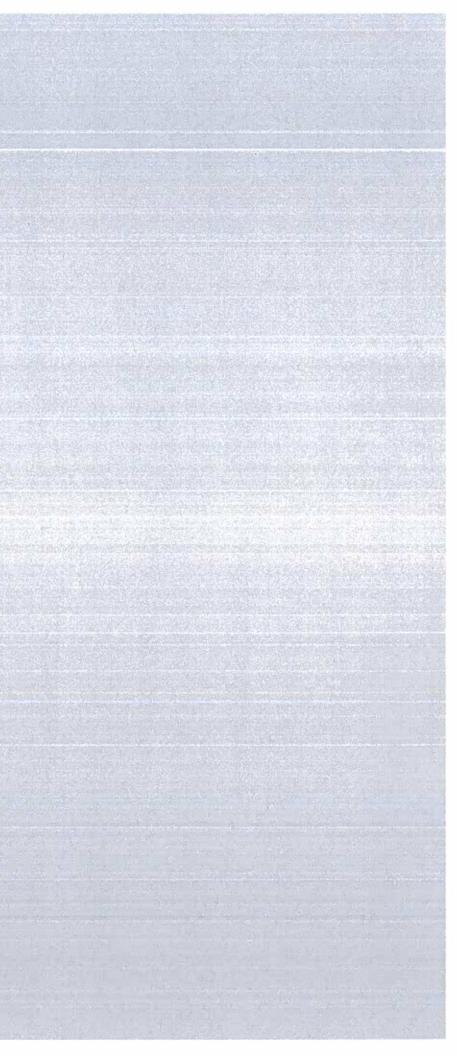
Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from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

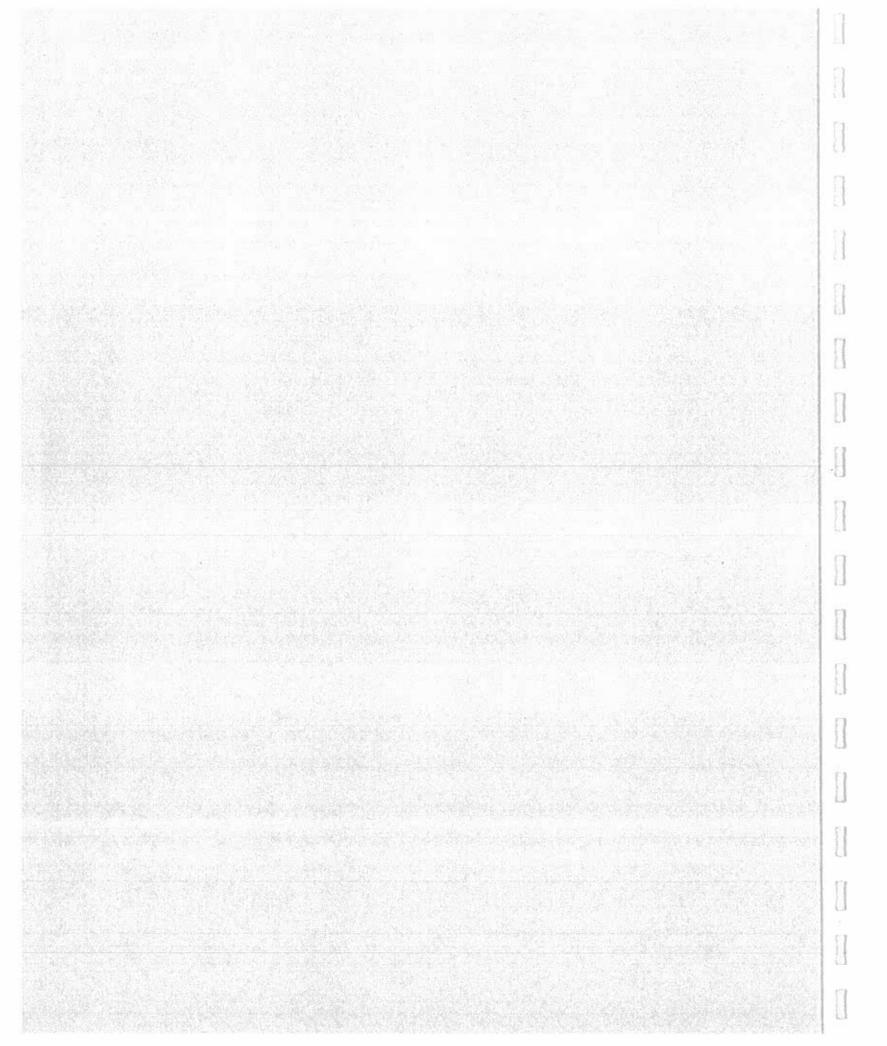
#### M. Comparative Data

Comparative data for the prior year has been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data (i.e., presentation of prior year totals by fund type in each of the statements) has not been presented since this inclusion would make the statements unduly complex and difficult to read.

#### N. Date of Management Evaluation

Management has evaluated subsequent events through April 29, 2015, the date on which the financial statements were available to be issued.





#### Note 1: Summary of Significant Accounting Policies (continued)

#### O. New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

For the year ended December 31, 2015, the District will be adopting GASB Statement No. 68, Financial Reporting for Pension Plans, effective for periods beginning after June 15, 2014, which establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenditures for pension plans. The statement will require the District to recognize an expense and the net pension liability for agent employer plans and the proportionate share of net pension liability of cost-sharing plans in the government-wide financial statements. In addition, GASB Statement No. 68 will require an expenditure and a net pension liability to be recognized on the governmental fund financial statements for the portion of the liability expected to be liquidated with expendable available financial resources.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, effective for periods beginning after December 15, 2012, which requires the reclassification of some assets and liabilities to deferred outflows and inflows of resources.

### P. 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.

### O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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. The District has no items that qualify for reporting in this category. In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property taxes, is reported in the governmental funds balance sheet and in the statement of net position.

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

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#### Note 2: Legal Compliance and Accountability

#### **Budgetary** Data

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

- 1. Prior to March 6 the Board of Commissioners issued a tentative operating budget for 2014. The operating budget included proposed expenditures and the means of financing them. The budget was made available for public inspection for at least thirty days prior to the public hearing.
- 2. A public hearing was conducted on March 19, 2014 to obtain taxpayer comments.
- 3. After the public hearing the budget was legally enacted through passage of an ordinance on March 19, 2014.
- 4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- 5. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
- 6. The budgeted amounts shown in the financial statements are the final authorized amounts and have not been amended or revised during the year.

#### Note 3: Fund Balances - Governmental Funds

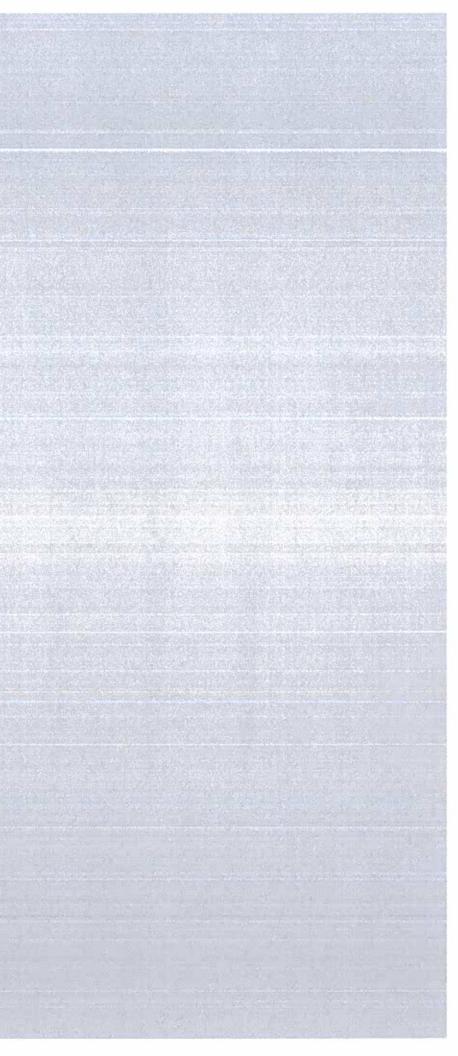
As of December 31, 2014, fund balances of the governmental funds are classified as follows:

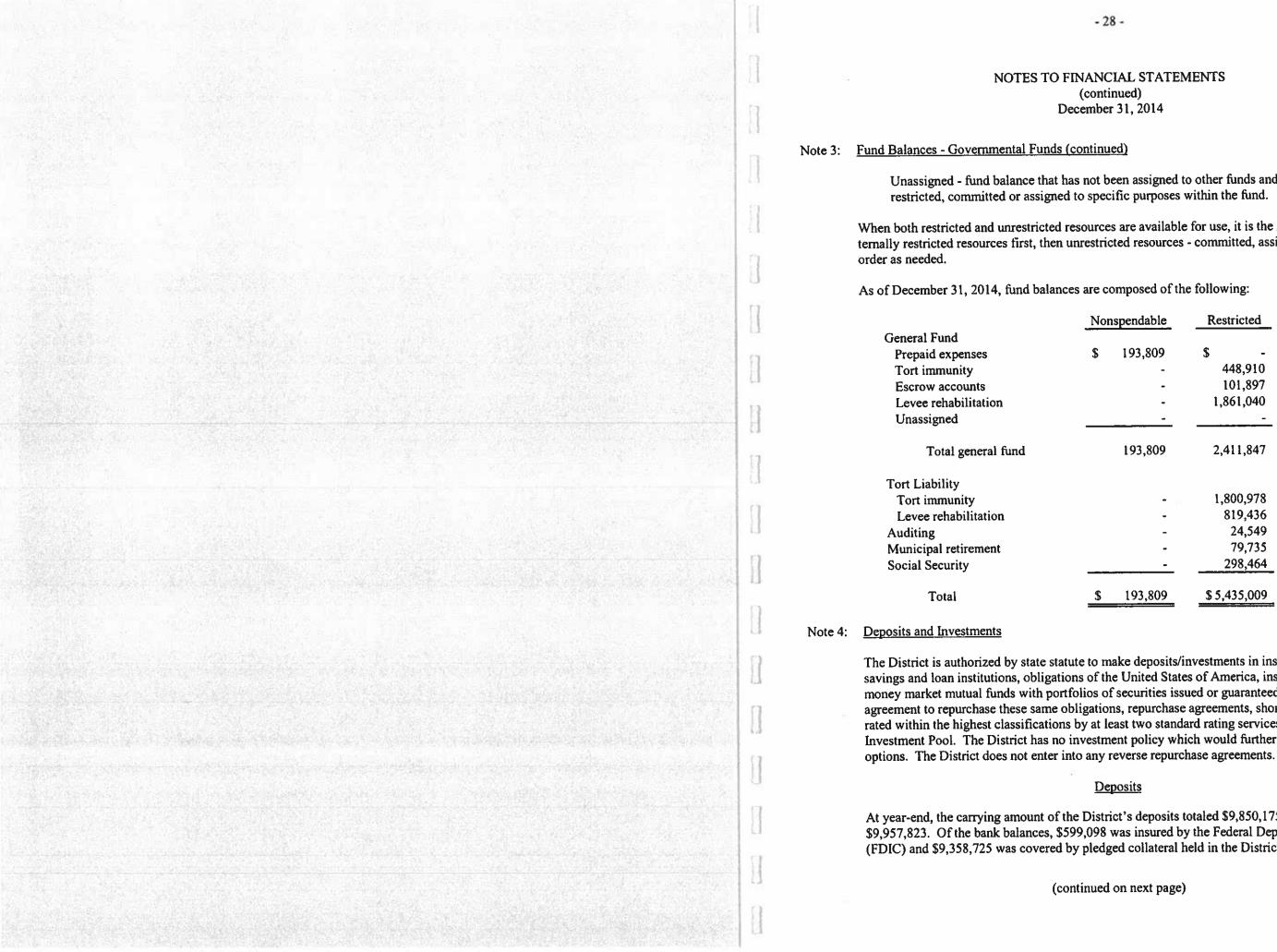
Nonspendable - consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - consists of fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action by the District's highest level of decision making authority. The District has no committed fund balances as of December 31, 2014.

Assigned - consists of fund balances that are intended to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the District's Board or their designee. The District has no assigned fund balances as of December 31, 2014.





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#### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

Unassigned - fund balance that has not been assigned to other funds and has not been

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in

Nonspendable		Restricted	Unassigned
\$	193,809	<b>\$</b> -	\$-
	-	448,910	-
	-	101,897	-
	-	1,861,040	-
	-	-	2,675,303
	193,809	2,411,847	2,675,303
	•	1,800,978	-
	-	819,436	-
	-	24,549	-
	-	79,735	-
	-	298,464	-
\$	193,809	\$ 5,435,009	\$ 2,675,303

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

### Deposits

At year-end, the carrying amount of the District's deposits totaled \$9,850,175 and bank balances totaled \$9,957,823. Of the bank balances, \$599,098 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$9,358,725 was covered by pledged collateral held in the District's name.

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#### Note 4: Deposits and Investments (continued)

#### **Investments**

The District's investments are categorized as either (1) insured or registered or for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

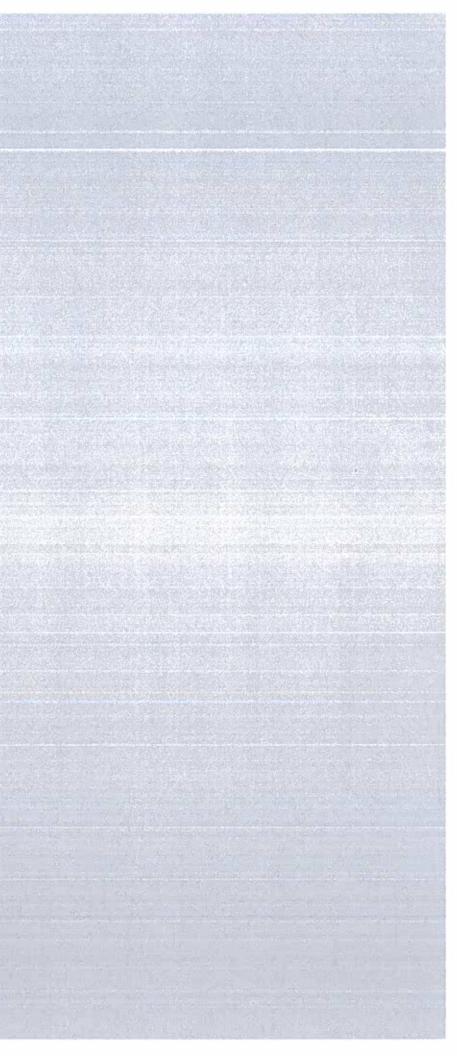
Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds share price, the price for which the investment could be sold. The difference between fair value and the value at Illinois Funds share price is immaterial.

	Carrying Amount		
Investment not subject to categorization: Illinois Funds	\$152,340		
Total investments	152,340		
Total deposits (above)	9,850,175		
TOTAL DEPOSITS AND INVESTMENTS	\$10,002,515		

Deposits at December 31, 2014 and March 31, 2014 appear in the financial statements as summarized below:

	St	Exhibit A atement of Net Assets	St	Exhibit A atement of Vet Assets	Exhibit J tement of	
	Go	vernmental Funds	Bu	siness-Type Funds	et Assets ciary Funds	Total As Above
Cash	\$	1,802,188	\$	1,861,339	\$ 130,097	\$ 3,793,624
Investments		5,948,446		152,340	-	6,100,786
Restricted accounts		101,897		6,208	-	108,105
	\$	7,852,531	\$	2,019,887	\$ 130,097	\$ 10,002,515

<u>Concentration of Credit Risk</u> - As of December 31, 2014, 100% of the District's investments are in the Illinois Funds investment pool. The maturity in years for the Illinois Funds investment pool is less than one year.



		and all shares		
NOTES TO	[]			
Ι				
e 4: Deposits and Investments (continued)	Note 4:			
Interest Rate Risk - The District does maturities as a means of managing its rates.				
<u>Credit Risk</u> - State law limits investme mutual funds to the top two ratings is District has no investment policy that the District's investments in the state				
te 5: Capital Assets	Note 5:	Contraction of the Contraction o		
Capital asset activity for the year end	]			
GOVERNMENTAL ACTIVITIES Capital assets not being depreciated Land	]			errer an and
Capital assets being depreciated Buildings Machinery and equipment Vehicles				
Total capital assets being depreciated				
Less accumulated depreciation for Buildings Machinery and equipment Vehicles				
Total accumulated depreciation	0			
Total capital assets being depreciated, net				
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	ß			
BUSINESS-TYPE ACTIVITIES Capital assets not being depreciated Land	l]			
Capital assets being depreciated Buildings				
(c	H	ng dan selatan selatan Selatan selatan s		

es not have a formal investment policy that limits investment its exposure to fair value losses arising from increasing interest

tments in commercial paper, corporate bonds and money market issued by nationally recognized statistical rating organizations. The nat would further limit its investment choices. As of June 30, 2014 ite investment pool was rated AAAm by Standard & Poor's.

Beginning Balances	Increases Decreases		Ending Balances	
\$ 1,715,418	<u> </u>	<u>s -</u>	\$ 1,715,418	
13,862,153 2,515,758 <u>519,569</u>	38,086		13,862,153 2,553,844 519,569_	
16,897,480	38,086	<u> </u>	16,935,566	
5,131,537 875,226 167,268	167,053 82,411 25,685		5,298,590 957,637 19 <u>2,953</u>	
6,174,031	275,149		6,449,180	
10,723,449	(237,063)		10,486,386	
\$ 12,438,867	<u>\$ (237,063)</u>	<u> </u>	<u>\$ 12,201,804</u>	
\$ 191,000	<u>s</u>	<u>s</u>	\$ 191,000	
3,323,798		-	3,323,798	

nded December 31, 2014 was as follows:

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### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

#### Note 5: Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES (continued)				
Capital assets being depreciated (continued)				
Equipment	2,871,978	49,324	-	2,921,302
Office equipment	21,030	-	•	21,030
Force main, trunk lines and				
treatment plant	5,918,118			5,918,118
Total capital assets				
being depreciated	12,134,924	49,324	-	12,184,248
Less accumulated depreciation	6,429,669	207,320	<u> </u>	6,636,989
Total capital assets				
being depreciated, net	5,705,255	(157,996)	<u> </u>	5,547,259
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 5,896,255	\$ (157,996)	<u>s</u> -	\$ 5,738,259

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

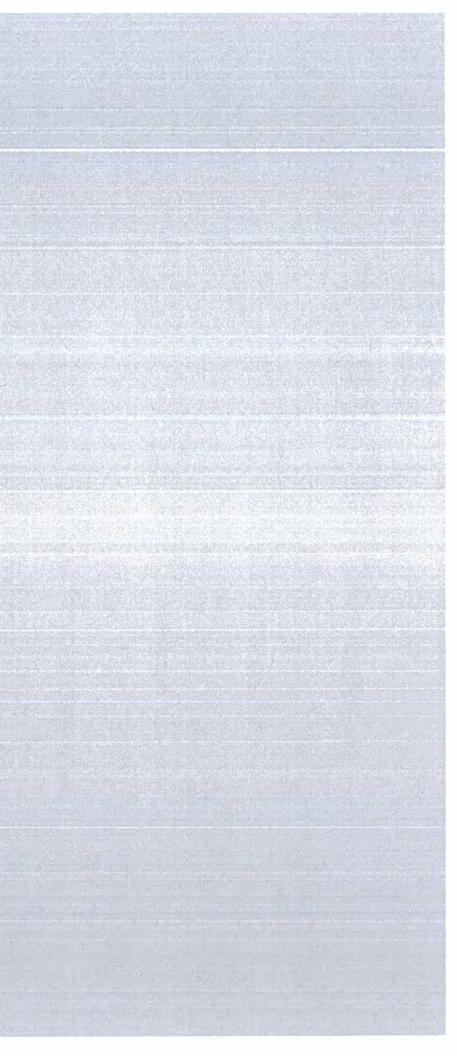
GOVERNMENTAL ACTIVITIES	
General administration	\$ 2,147
Drainage	
General maintenance	96,370
Project costs	176,632
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	\$ 275,149
Depreciation expense is charged to business-type act	ivities as follows:

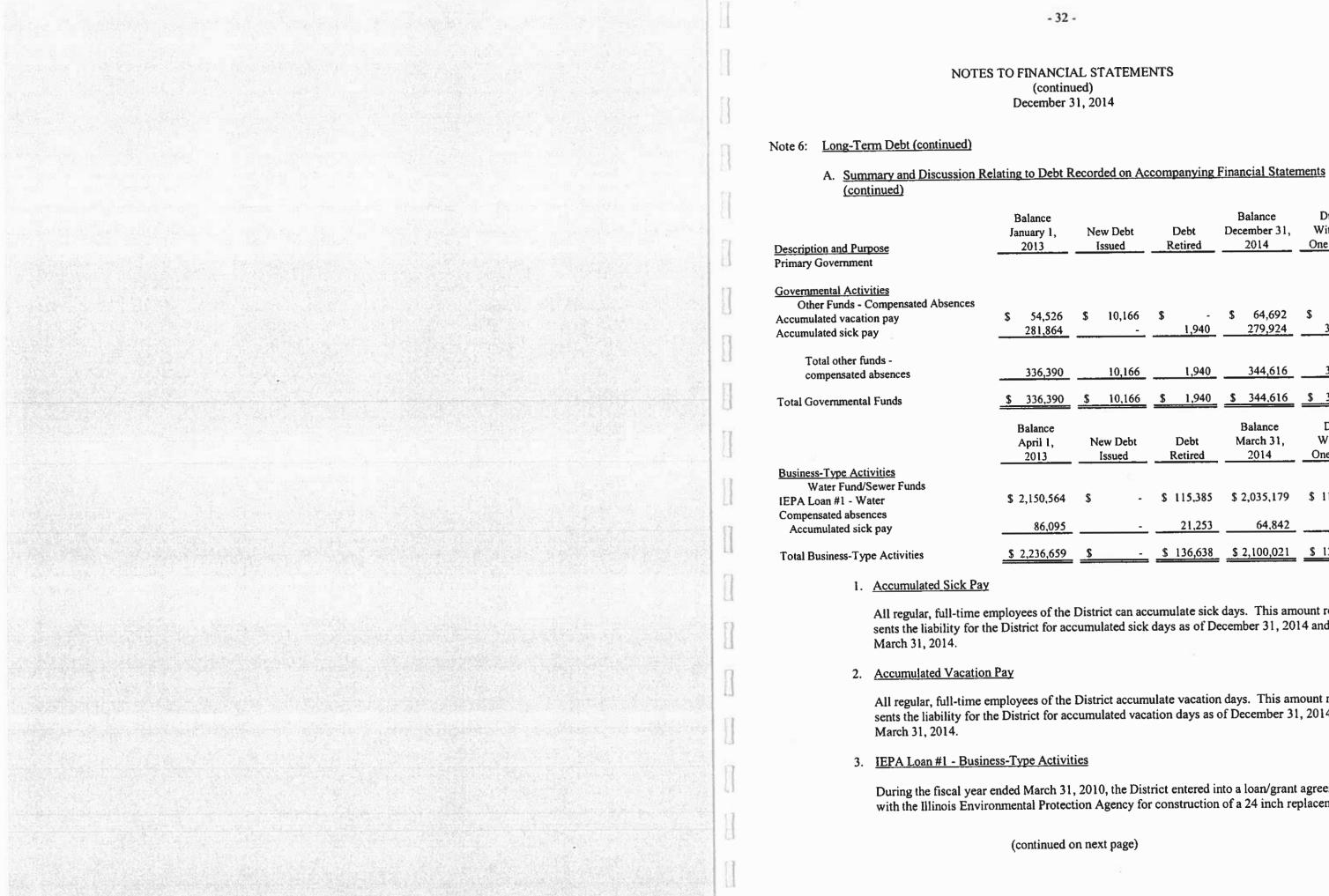
BUSINESS-TYPE ACTIVITIES Sewer Fund	\$ 207,320
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$ 207,320

# Note 6: Long-Term Debt

A. Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements

The following is a summary of changes in long-term debt for the year ended December 31, 2014 and the related fund where this debt is recorded on the accompanying financial statements:





ce y 1, 3	Debt			BalanceDebtDecember 3Retired2014		V	Due Vithin ne Year
,526 ,864	\$ 10,166	\$	1,940	\$	64,692 279,924	\$	5,000 30,000
5,390	 10,166		1,940		344,616		35,000
5,390	\$ 10,166	\$	1,940	\$	344,616	\$	35,000
nce 11, 3	w Debt sued		Debt Retired		Balance Iarch 31, 2014		Due Within ne Year
0,564	\$	\$	115,385	\$ 2	2,035,179	\$	119,716
6,095	 -		21,253		64,842		9,000
6,659	\$ 	\$	136,638	\$	2,100,021	\$	128,716

All regular, full-time employees of the District can accumulate sick days. This amount represents the liability for the District for accumulated sick days as of December 31, 2014 and

All regular, full-time employees of the District accumulate vacation days. This amount represents the liability for the District for accumulated vacation days as of December 31, 2014 and

During the fiscal year ended March 31, 2010, the District entered into a loan/grant agreement with the Illinois Environmental Protection Agency for construction of a 24 inch replacement

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#### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

### Note 6: Long-Term Debt (continued)

### A. <u>Summary and Discussion Relating to Debt Recorded on Accompanying Financial Statements</u> (continued)

### 3. IEPA Loan #1 - Business-Type Activities (continued)

sewer main and emergency generators. The loan portion is approved for \$2,317,146 and the District has drawn down 100% on the loan and received \$721,854 in grant revenues as of March 31, 2014. The loan is a 20 year loan with an annual fixed rate of 0%.

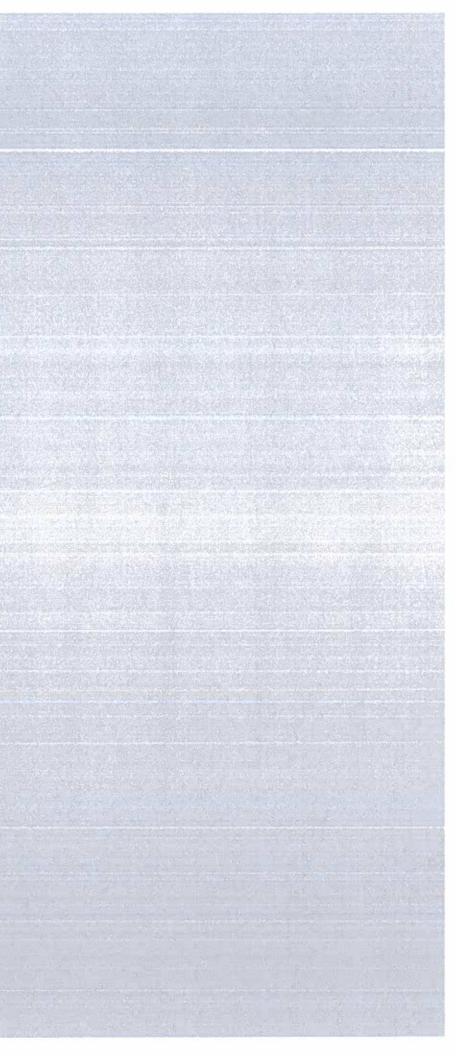
The annual requirements to amortize the IEPA Loan as of March 31, 2014 is as follows:

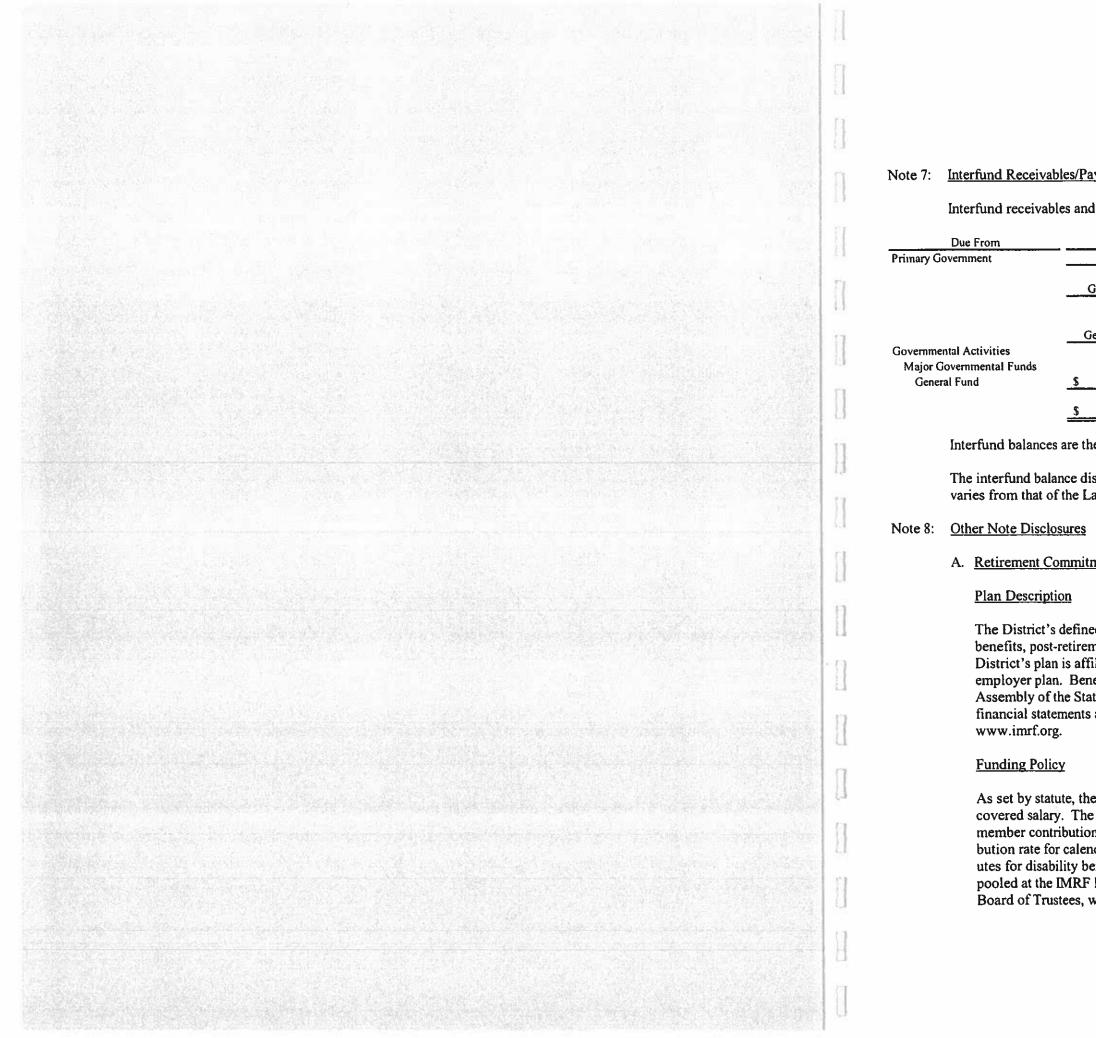
Year Ending			
March 31,	Principal	Interest	Total
2015	\$ 119,716.40	\$ -	\$ 119,716.40
2016	119,716.40	S	119,716.40
2017	119,716.40	-	119,716.40
2018	119,716.40	-	119,716.40
2019	119,716.40	-	119,716.40
2020	119,716.40	-	119,716.40
2021	119,716.40	-	119,716.40
2022	119,716.40	-	119,716.40
2023	119,716.40	-	119,716.40
2024	119,716.40	-	119,716.40
2025	119,716.40	-	119,716.40
2026	119,716.40	-	119,716.40
2027	119,716.40	-	119,716.40
2028	119,716.40	-	119,716.40
2029	119,716.40	-	119,716.40
2030	119,716.40		119,716.40
2031	119,716.40	-	119,716.40
	\$ 2,035,178.80	\$ -	\$ 2,035,178.80

# B. Legal Debt Margin

The computation of legal debt margin at December 31, 2014 is as follows:

ASSESSED VALUATION, 2013 TAX YEAR	\$ 732,857,178
Statutory debt limitation (5.75% of assessed valuation) General obligation bonds outstanding	\$ 42,139,288
LEGAL DEBT MARGIN	\$ 42,139,288





Note 7: Interfund Receivables/Payables

Interfund receivables and payables balances, at December 31, 2014, are as follows:

Due From					
Government		Go	vernme	ntal	
	Major				
	Gov	ernmen	tal Fun	ds	
			To	ort	
			Liab	ility	
	Gene	rat	Fund		
mental Activities					
r Governmental Funds					
neral Fund	\$		<u>\$</u>		
	\$	-	\$		
	. 1	× .	e .		

Interfund balances are the result of temporary loans and/or reimbursements for services provided.

The interfund balance displayed above relates to Metro East Sanitary District at December 31, 2014 and varies from that of the Lansdowne Sewerage System at its year-end of March 31, 2014.

A. Retirement Commitments - Illinois Municipal Retirement Fund

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multipleemployer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained online at

As set by statute, the District's regular plan members are required to contribute 4.50% 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 contribution rate for calendar year 2013 was 11.04% of annual covered payroll. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

		D	ue To	,					
Act	ivities								
			Bu	usiness-Ty Activities	-		ciary nds		
,	Other Governmental Funds			Sewer Fund		Blue Water Funds		Total Due From	
÷	\$	98,824	5			<u> </u>		\$	98,824
-	\$	98,824	\$		-	<u>\$</u>	-	\$	98,824

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#### Note 8: Other Note Disclosures (continued)

#### A. Retirement Commitments - Illinois Municipal Retirement Fund (continued)

#### Annual Pension Cost

For calendar year ending December 31, 2013, the District's annual pension cost was \$312,430.

Calendar	Annual	Percentage	Net		
Year	Pension	of APC	Pension		
Ending	Cost (APC)	Contributed	Obligation		
12/31/13	\$ 312,430	100%	\$ 41,254		
12/31/12	287,283	100%	40,390		
12/31/11	279,340	100%	39,544		

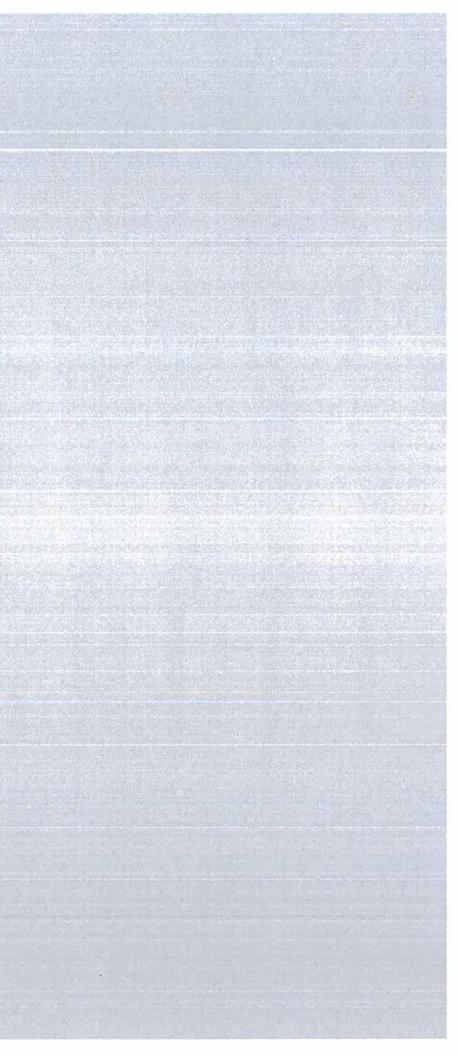
Trend Information

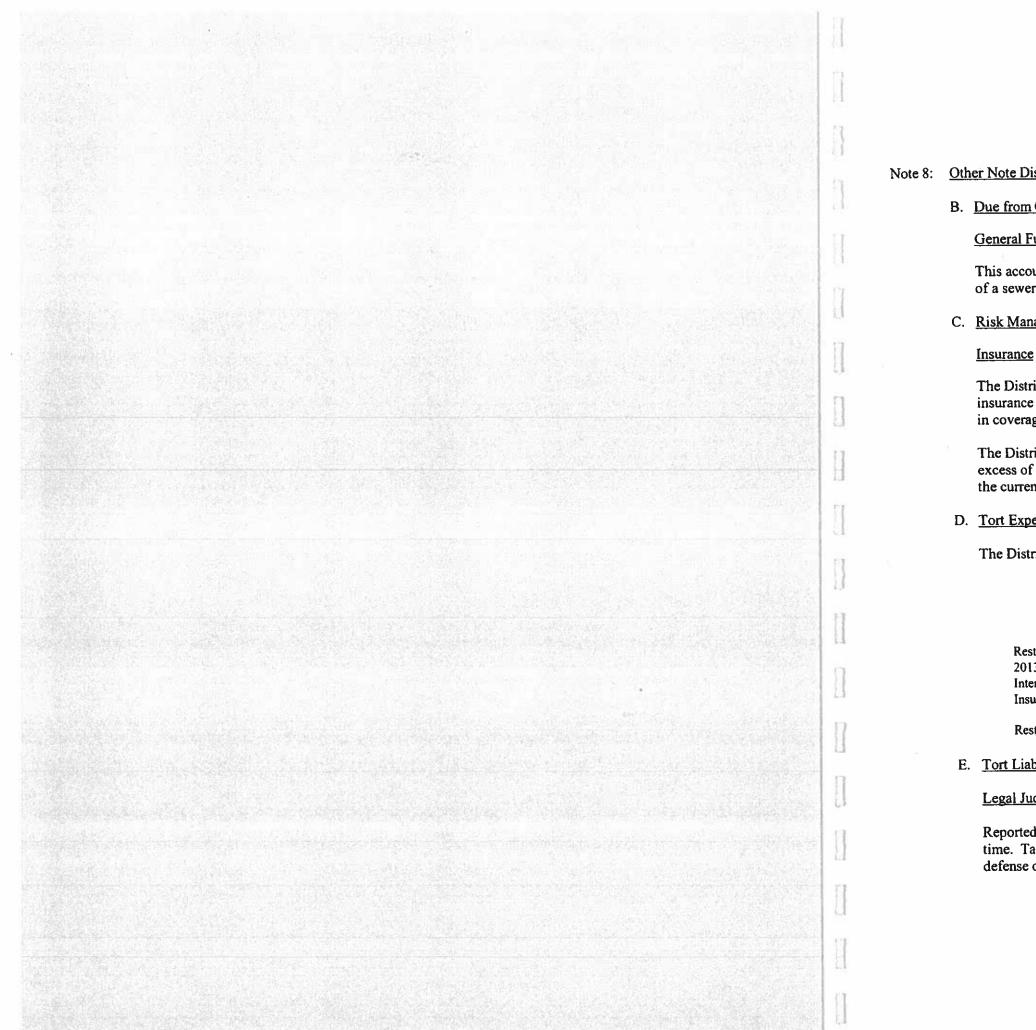
The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the District's regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

#### Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 92.54% funded. The actuarial accrued liability for benefits was \$8,159,600 and the actuarial value of assets was \$7,550,915, resulting in an underfunded actuarial accrued liability (UAAL) of \$608,685. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$2,829,984 and the ratio of the UAAL to the covered payroll was 22%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.





#### Note 8: Other Note Disclosures (continued)

#### B. Due from Other Municipalities

#### General Fund

This account is an amount due from the District of Caseyville, Illinois in connection with the rental of a sewerage line within the District. Annual charges total \$2,500 and are due annually at June 30.

#### C. Risk Management

The District purchases commercial general liability, workers' compensation, auto and property insurance through a local insurance broker for all risks. There have been no significant reductions in coverage for the current year.

the current or prior three years.

D. Tort Expenditures

The District has a restricted liability insurance fund as follows:

Restricted for tort immunity - 12/31/ 2013 Levy collected in 2014 Interest income Insurance/tort expenses

Restricted for tort immunity - 12/31/

### E. 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.

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NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

The District, therefore, retains no significant amount of risk. The District is liable for any claims in excess of its coverage liability. At December 31, 2014, no claims were in excess of coverage for

		Tort
	General Fund	Liability Fund
	Insurance	Liability
	Tort	Tort
/13	\$ 480,002	\$ 1,796,909
	369,866	-
	188	4,069
	(401,146)	<u> </u>
/14	\$ 448,910	\$ 1,800,978

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#### NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

#### Note 8: Other Note Disclosures (continued)

#### F. 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.

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

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

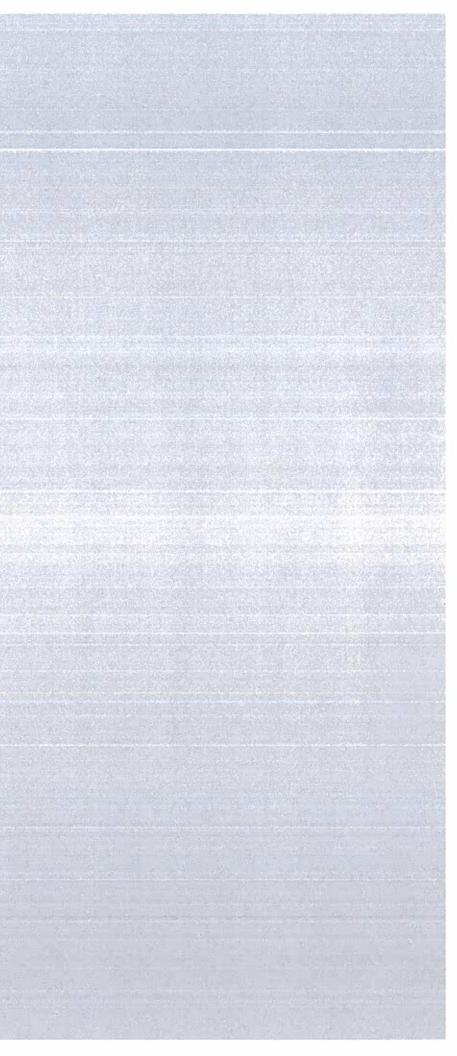
During 2006 the Corps of Engineers requested \$986,667 from the District for upcoming projects. This payment was reflected as a current year expense in the financial statements.

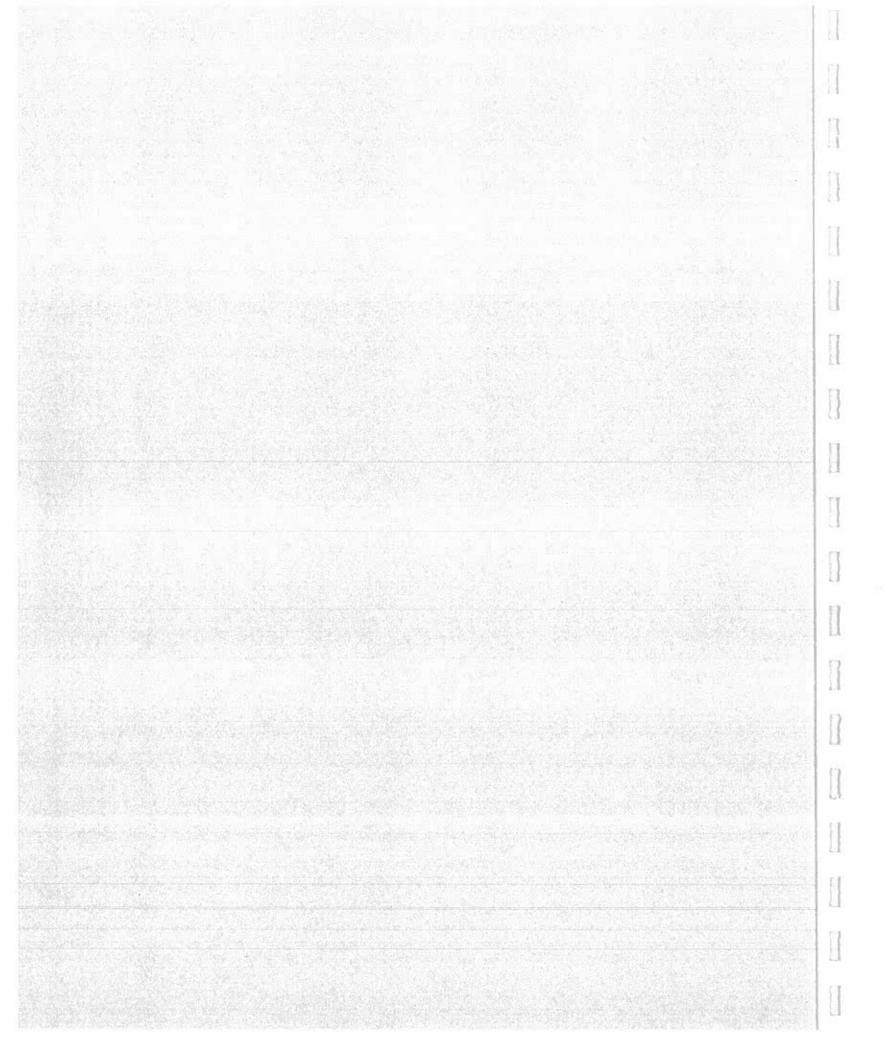
During 2008 the District received \$22,520 in reimbursement from the Corps of Engineers. These reimbursements represent prior year District share payments, which have not been used by the Corps of Engineers for their respective projects as of the dated reimbursement.

#### G. Design Escrow Accounts

During 1999 the District, as the local sponsor, opened accounts to track funds being contributed by the State of Illinois/Department of Natural Resources and various government participants to pay for a study titled the East St. Louis, Illinois and Vicinity Interior Flood Control Study. The actual study is being conducted by the U. S. Army Corps of Engineers and paid for from the above funds. Participating governments include the Metro East Sanitary District, Madison County, St. Clair County and the State of Illinois Office of Water Resources. During 2004, 2003 and 2002 the State of Illinois/Department of Natural Resources, Office of Water Resources contributed \$41,000, \$23,000 and \$229,000, respectively, and the District, along with other local sponsors, contributed \$-0-, \$-0- and \$199,800, respectively, to the study.

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





#### Note 8: Other Note Disclosures (continued)

#### G. Design Escrow Accounts (continued)

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

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

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

There was no activity in this regard during 2014 and 2013.

H. 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.

I. 203 Pump Station

On July 23, 1997 the Lansdowne System entered into an agreement to purchase a sanitary pumping station located on Gateway International Race Track real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois for \$259,895.29. The amortized cost of the station is to be payable monthly by the owners of the race track and/or the occupant of the current race track property. This loan was paid during the fiscal year ended March 31, 1999.

In accordance with an additional agreement related to the above station, all current and any future users of the pump station are responsible for the cost of maintenance. The Lansdowne System is responsible for maintaining the station and is to bill users for the related costs.

The additional agreement referenced in the preceding paragraph also provides for the accumulation of funds for the ultimate replacement of worn pumps and parts. This account is to be increased by payments payable on a monthly basis over a five (5) year term by all users of the system until it reaches a maximum balance of \$50,000. The accompanying financial statements account for these accumulations as restricted assets totaling \$6,208 and \$38,117 at March 31, 2014 and 2013, respectively.

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NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

#### Note 8: Other Note Disclosures (continued)

#### J. Expenditures in Excess of Budget

Actual expenditures exceeded budgeted expenditures in the District's Auditing Fund, in the amount of \$285, during the year ended December 31, 2014.

#### K. Blue Water Ditch Fiduciary Funds

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

	Participation
Municipality	Percentage
Village of Cahokia	59.70
St. Clair County	4.90
City of Alorton	8.10
City of Centreville	23.60
Centreville Township	3.70
	100.00

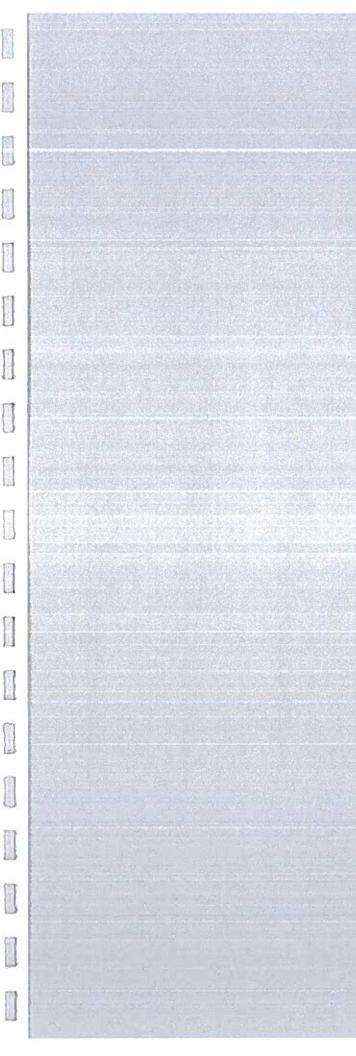
The Sinking Fund is used to accumulate revenues for eventual system renewals and replacements.

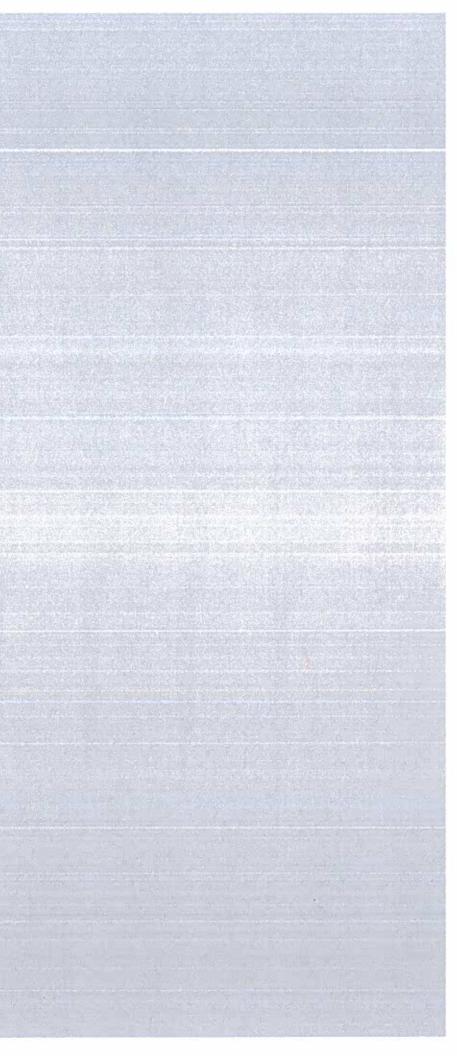
The Operations and Maintenance Fund is used to account for ongoing operations of the Blue Water Ditch pumping station including the cost for electricity to operate the pumping system. Costs in this regard totaled \$51,740 in 2014 and \$65,686 in 2013.

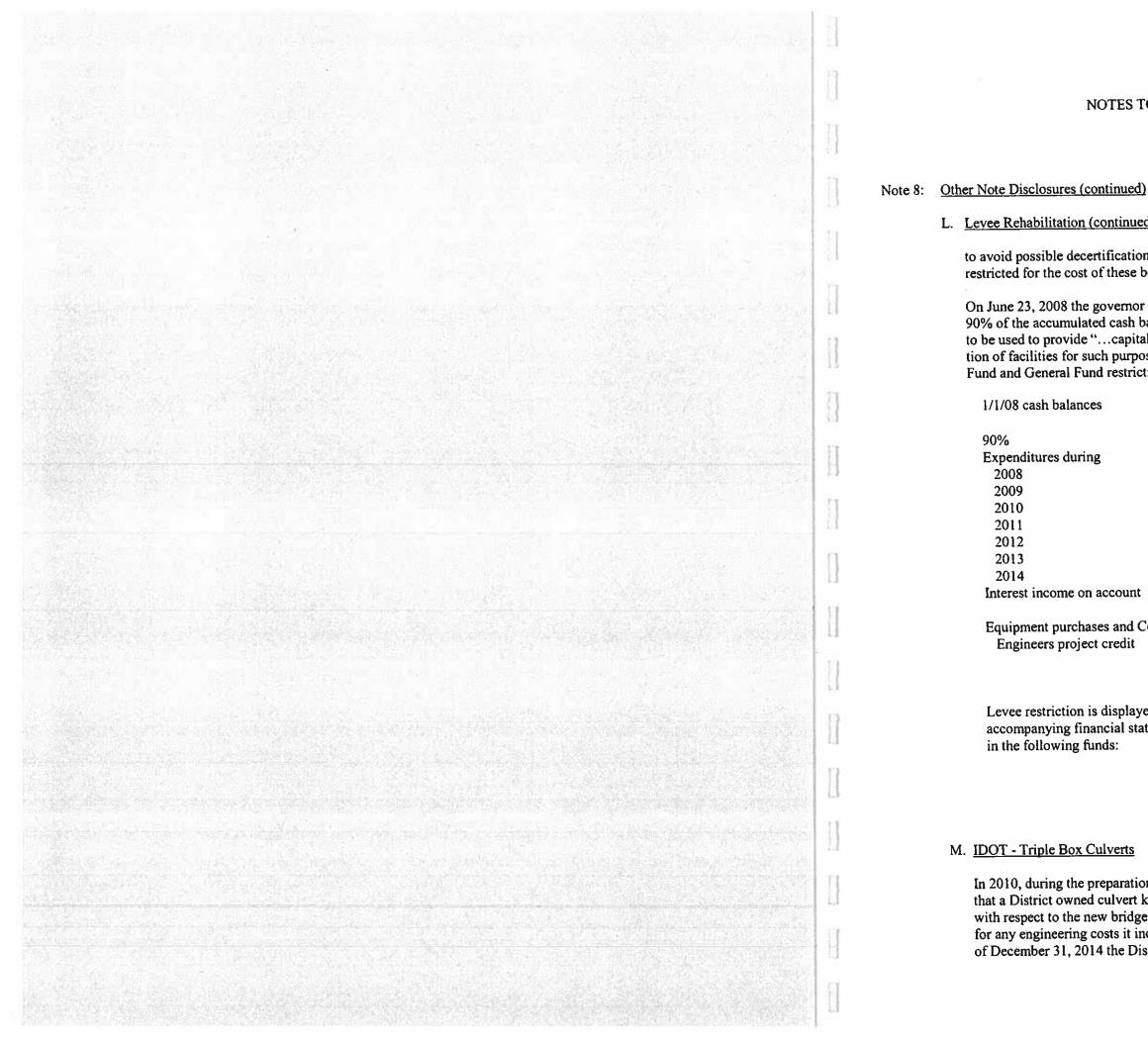
#### L. Levee Rehabilitation

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

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







# L. Levee Rehabilitation (continued)

to avoid possible decertification, accumulated funds within the Metro East Sanitary District were restricted for the cost of these beginning repairs.

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

### 1/1/08 cash balances

Expendi	itures during
-	itures during
2008	
2009	
2010	
2011	
2012	
2013	
2014	
Interest	income on account

Equipment purchases and Corps of Engineers project credit

Levee restriction is displayed in the accompanying financial statements in the following funds:

# M. IDOT - Triple Box Culverts

In 2010, during the preparation work related to a new Mississippi River Bridge, it was determined that a District owned culvert known as the Triple Box Culvert needed to be cleaned and evaluated with respect to the new bridge project. In this connection, IDOT agreed to reimburse the District for any engineering costs it incurred. All of the actual cleaning is provided by IDOT directly. As of December 31, 2014 the District has incurred and been reimbursed \$448,452 from IDOT.

NOTES TO FINANCIAL STATEMENTS (continued) December 31, 2014

\$	7,374,222	
\$	6,636,800	Initial restriction/reservation
	(92,809)	
	(1,636,206)	
	(791,232)	
	(631,716)	
	(30,348)	
	(432,359)	
	(198,343)	
	515,587	
	(658,898)	
\$	2,680,476	Restriction 12/31/14
\$	1,861,040	General Fund
	819,436	Tort Liability Fund
\$	2,680,476	Total

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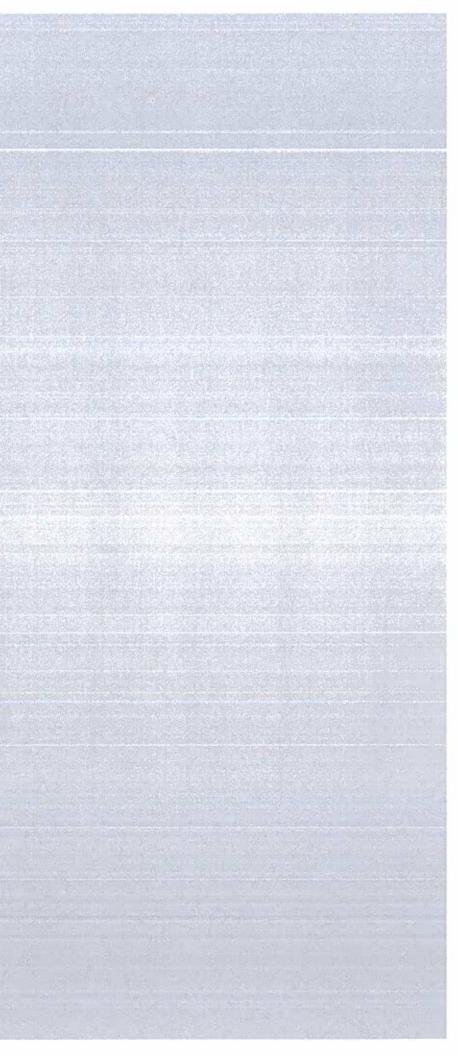
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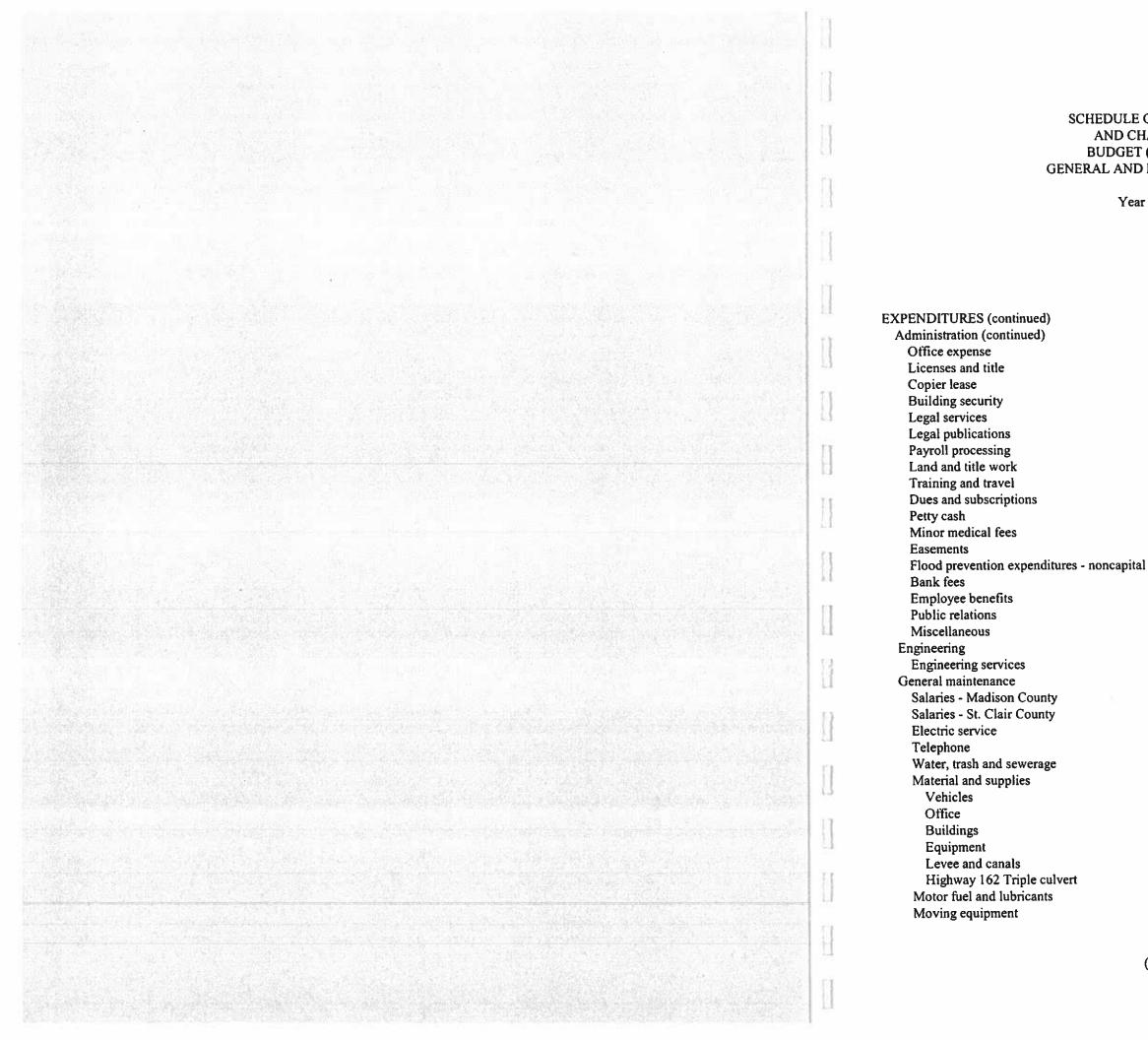
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### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND MAJOR SPECIAL REVENUE FUNDS

### Year Ended December 31, 2014

	General Fund			Tort Liability Fund				
		Original			Orig			
	а	nd Final			and l			
8		Budget		Actual	Buc	lget	Act	ual
REVENUES			-					
Property taxes	\$	2,727,000	\$	2,585,825	\$	-	\$	-
Intergovernmental receipts								
Replacement taxes		1,312,608		1,246,955		-		-
Payment in lieu of taxes		-		28,063		-		-
Building rental		-		12,000		-		-
Fines and fees								
Licenses and permits		95,000		75,847		-		-
Farm ground rental		-		1,125		-		-
Pumping services		-		127,143		-		-
Interest income		-		10,136		-		5,518
Sale of surplus property and scrap		-		1,952		-		-
Miscellaneous revenues								
and reimbursements	<u> </u>	96,700		7,064		-		-
Total revenues	<u> </u>	4,231,308		4,096,110		-		5,518
EXPENDITURES								
Administration								
Salaries		314,000		287,041		-		-
Electric service		5,000		4,072		-		-
Insurance - group health and welfare		542,620		539,660		-		-
Insurance - retiree medical		21,000		17,973		-		-
Insurance - bonding		1,600		1,473		-		-
Insurance - unemployment		48,000		36,315		-		-
Insurance - workers' compensation		414,000		305,570		_		-
Insurance - liability		134,200		95,576		-		-
Telephone		4,600		3,750		-		-
Water, trash and sewerage		500		413		-		-
Postage		1,100		417		-		-
Material and supplies								
Vehicles		3,000		-				-
Equipment		2,000		678		-		-
Building		5,000		5,058		-		-





#### SCHEDULE A Page 2

#### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND MAJOR SPECIAL REVENUE FUNDS (continued) Year Ended December 31, 2014

Genera	l Fund	Tort Liability Fund				
Original		Original				
and Final		and Final				
Budget	Actual	Budget	Actual			
0.000	9.3(7					
9,000	8,367	-	-			
650	-	-	-			
3,600	2,684	-	-			
1,100	1,008	-	-			
86,600	84,771	55,000				
8,500	8,994	-	-			
6,500	5,133	-	-			
1,000	400	-	-			
4,700	-	-	-			
400	414	-	-			
1,000	460	-	-			
7,500	4,431	-	-			
200	200	× -	-			
200,000	198,344	-	-			
200	31	-	-			
500	-	-	-			
-	4,355	-	-			
500	406	-	-			
50,000	34,327	-	-			
949,200	788,049					
949,200	823,885	-	-			
17,000		-	-			
18,000	18,700	-	-			
•	13,309	-	-			
10,000	11,186	-	-			
70,000	39,378	-	-			
2,500	1,949	-	-			
70,000	29,393	-	-			
185,000	86,546	-	-			
50,000	21,376	-	-			
40,000	29,427	-	-			
210,000	166,126	-	-			
2,000	188	-	-			
-,						

#### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND MAJOR SPECIAL REVENUE FUNDS (continued) Year Ended December 31, 2014

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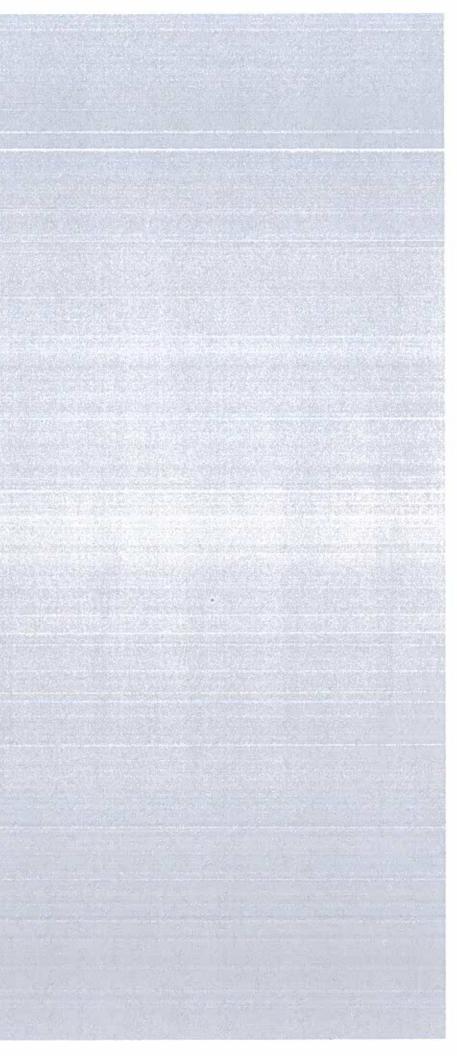
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	Genera	ıl Fund	Tort Liab	ility Fund
	Original and Final		Original and Final	·
	Budget	Actual	Budget	Actual
EXPENDITURES (continued)				
General maintenance (continued)				
Equipment rental	5,000	1,612	-	-
Building security	4,000	2,808	-	-
Safety equipment - noncapital	5,000	2,104	-	-
Uniform expense	15,000	16,458	-	-
Road improvements	30,000	16,366	-	-
Weed control	7,800	8,718	-	-
Project costs				
Salaries	171,400	438,000	-	-
Electric service	160,000	160,664	-	-
Telephone	2,500	1,330	-	-
Water, trash and sewerage	1,500	1,242	-	-
Material and supplies				
Equipment	200,000	7,132	-	-
Building	50,000	9,748	-	-
Equipment rental	500	960	-	-
Building security	500	987	-	-
Capital outlay				
Equipment purchases	210,000	38,085		-
Total expenditures	5,312,570	4,388,047	55,000	<u> </u>
Net change in fund balance	\$ (1,081,262)	(291,937)	\$ (55,000)	5,518
Fund balance, beginning of year		5,572,896		2,614,896
FUND BALANCE, END OF YEAR		\$ 5,280,959		\$2,620,414



				- 44 -			SCHEDULE B
			RF TRE	ast Sanitary Dis END INFORM cember 31, 2014	ATION		
				al Retirement H of Funding Pro		2	
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
12/31/13 12/31/12 12/31/11	\$ 7,550,915 7,032,454 6,842,515	\$ 8,159,600 8,158,766 8,193,026	\$	608,685 1,126,312 1,350,511	92.54% 86.20% 83.52%	\$ 2,829,984 2,652,662 2,680,806	21.51% 42.46% 50.38%
			Emple	oyer Contributi	ons		
	Actuarial Valuation Date 12/31/13 12/31/12 12/31/11		 \$	Annual Pension Cost (APC) 312,430 287,283 279,340		Percentage of APC <u>Contributed</u> 100% 100%	
funded ratio	would be 108.779 value of assets a anitary District.	%. Ind accrued liabil	lity cov	ver active and in	active member	,874,903. On a ma s who have service al accrued liability	credit with

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# Metro East Sanitary District

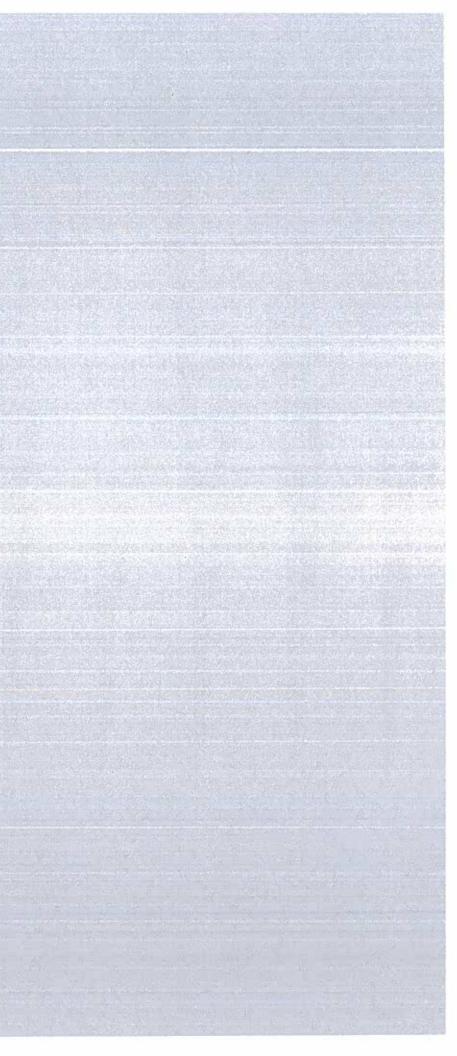
# NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

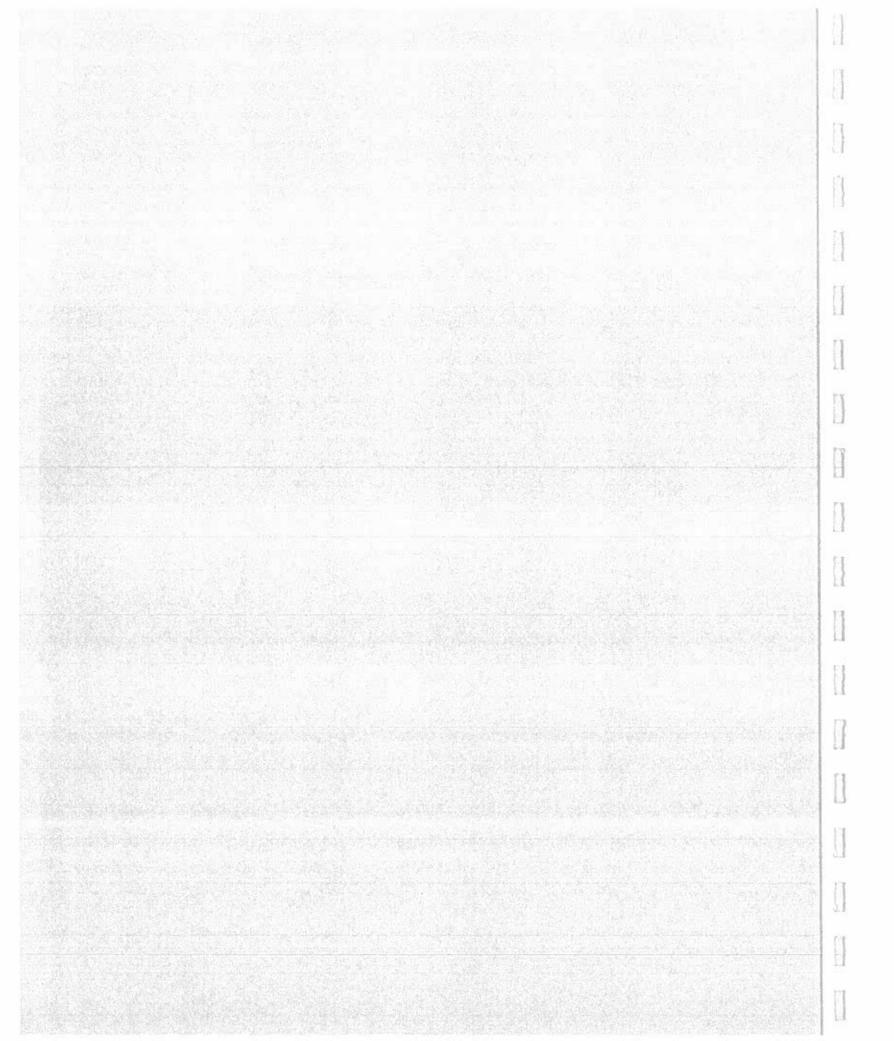
December 31, 2014

Note 1: Expenditures in Excess of Budget

The following fund had expenditures in excess of budgeted amounts:

None





ASSETS Cash Investments - certificates of deposit Due from other funds Receivables Property taxes Interest receivable

TOTAL ASSETS

LIABILITIES Accounts payable Deferred revenue

Total liabilities

MUNICIPAL EQUITY Fund balance Reserved

TOTAL LIABILITIES AND MUNICIPAL EQUITY

Metro East Sanitary District

# COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

Spe			
	Municipal	Social	
Auditing	Retirement	Security	
Fund	Fund	Fund	Totals
\$ 23,754	\$ 37,294	\$ 136,796	\$197,844
-	-	121,464	121,464
795	57,929	40,100	98,824
26,263	208,384	152,160	386,807
-		104	104
\$ 50,812	\$ 303,607	\$ 450,624	\$805,043
5 50,012		0 100,021	000,010
\$-	\$ 15,488	\$-	\$ 15,488
26,263	208,384	152,160	386,807
26,263	223,872	152,160	402,295
24 540	70 725	200 464	400 749
24,549	79,735	298,464	402,748
\$ 50,812	\$ 303,607	\$ 450,624	\$805,043

# Metro East Sanitary District

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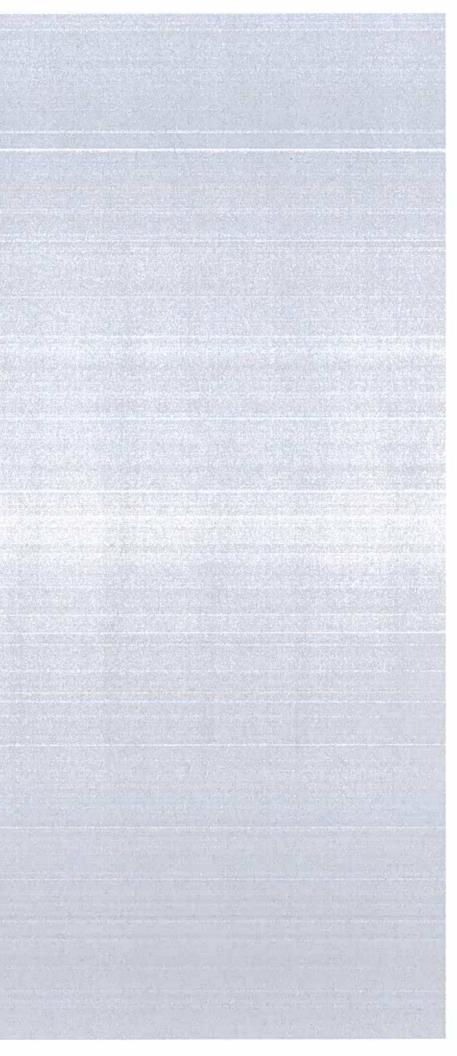
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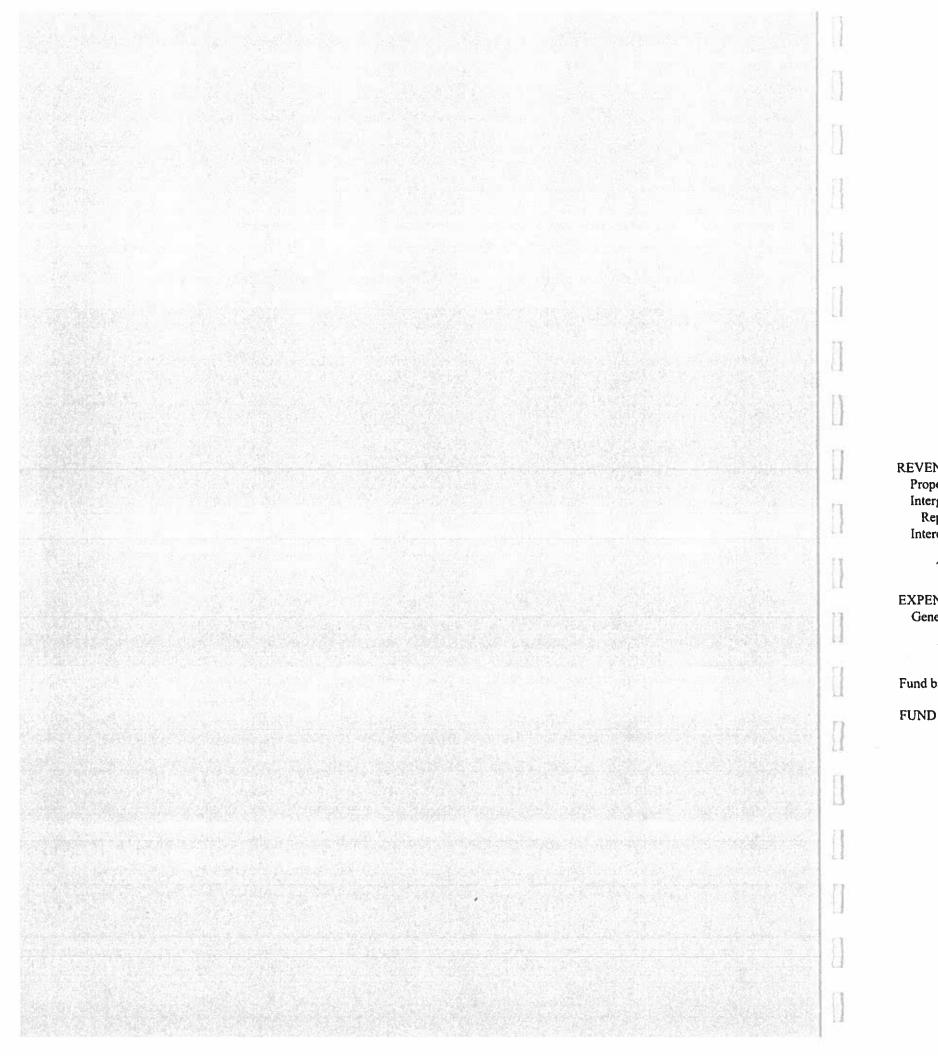
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### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS

# Year Ended December 31, 2014

		Spe					
	Auditing Fund		lunicipal etirement Fund	ç	Social Security Fund		Totals
REVENUES			 				
Property taxes	\$	24,218	\$ 192,154	\$	133,912	\$	350,284
Intergovernmental receipts							
Replacement taxes		-	51,650		35,742		87,392
Interest income		7	 44		467		518
Total revenues		24,225	243,848		170,121		438,194
EXPENDITURES							
General government		25,285	 229,552		177,342		432,179
Net change in fund balance		(1,060)	14,296		(7,221)		6,015
Fund balance, beginning of year		25,609	 65,439		305,685	<u></u>	396,733
FUND BALANCE, END OF YEAR	\$	24,549	 79,735	\$	298,464	\$	402,748





### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL NONMAJOR SPECIAL REVENUE FUNDS

	Audi Fu	-	Muni Retire Fu	ment	Social Security Fund		
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual	
ENUES							
pperty taxes ergovernmental receipts	\$23,800	\$24,218	\$ 190,530	\$ 192,154	\$ 133,960	\$133,912	
teplacement taxes	-	-	51,650	51,650	35,742	35,742	
erest income		7		44		467	
Total revenues	23,800	24,225	242,180	243,848	169,702	170,121	
ENDITURES			5				
neral government	25,000	25,285	250,000	229,552	183,000	177,342	
Net change in fund balance	\$ (1,200)	(1,060)	\$ (7,820)	14,296	\$ (13,298)	(7,221)	
balance, beginning of year		25,609		65,439		305,685	
D BALANCE, END OF YEAR		\$ 24,549		\$ 79,735		\$ 298,464	

Metro East Sanitary District

### Year Ended December 31, 2014

# **STATEMENT 4**

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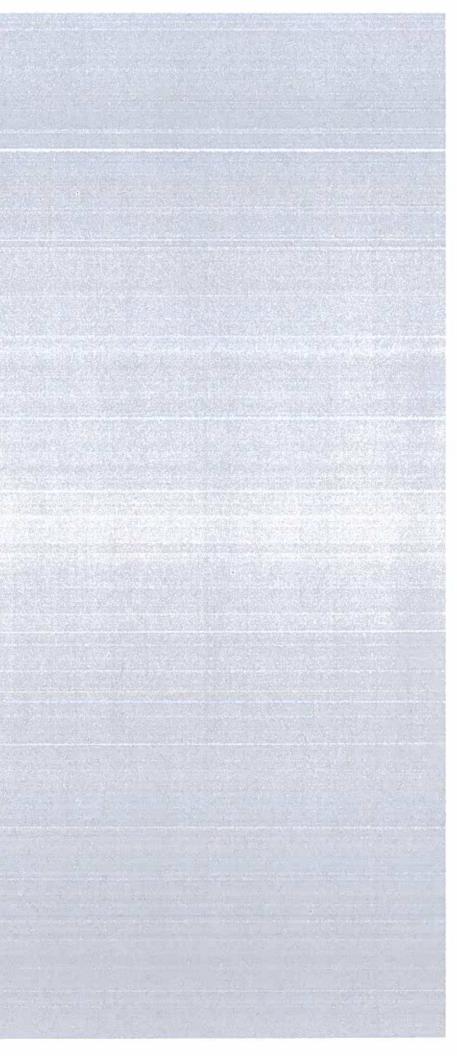
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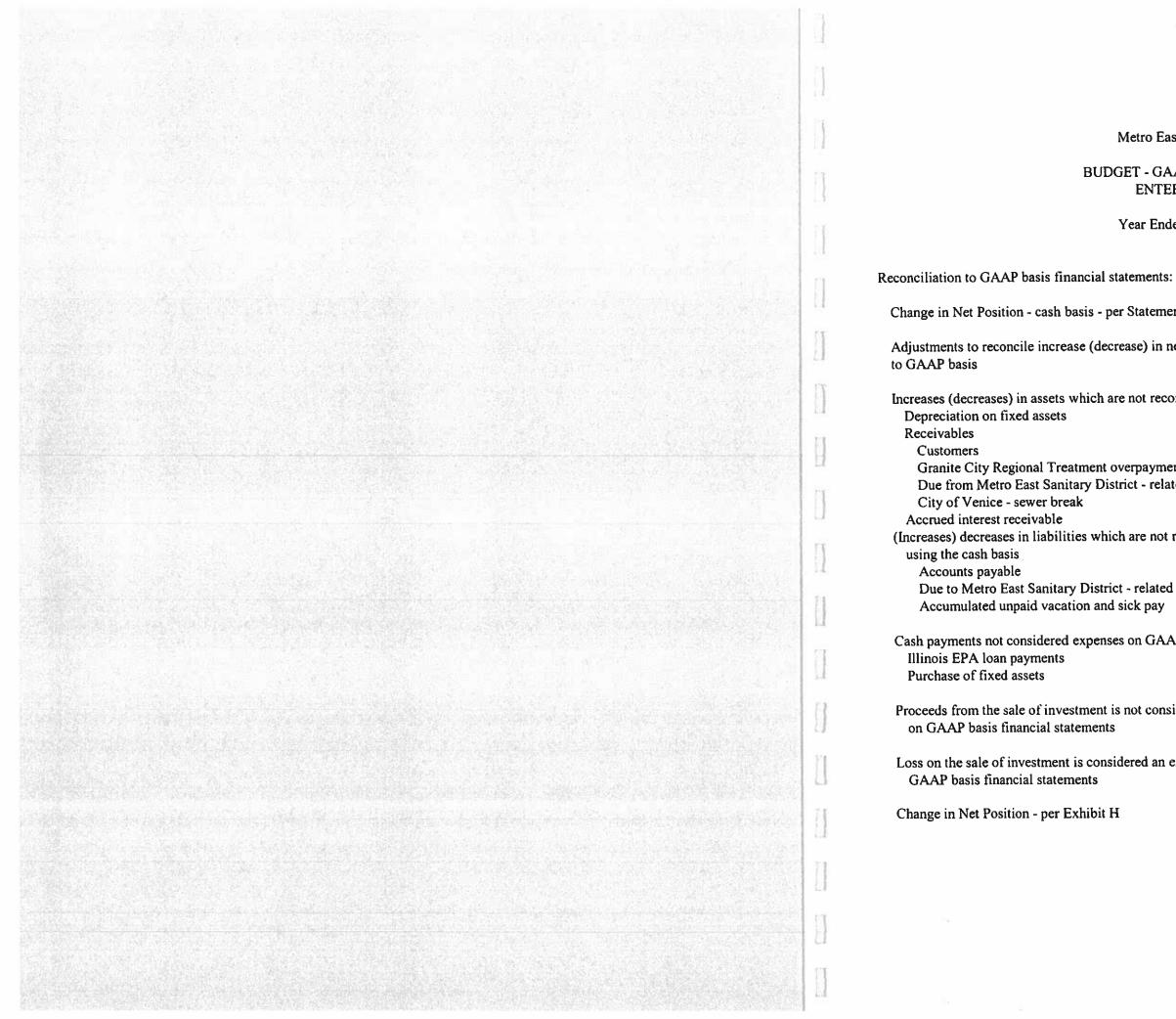
# Metro East Sanitary District

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BUDGET AND ACTUAL (CASH BASIS) ENTERPRISE FUND

Year Ended March 31, 2014

	Sewer Fund					
	Original and Final	Э.				
OPERATING REVENUES	Budget	Actual				
Sales and service charges	\$ 2,900,000	\$ 2,864,745				
Lien fees and miscellaneous charges	40,000	9,515				
Total operating revenues	2,940,000	2,874,260				
OPERATING EXPENSES						
Administration						
Personal services	1,105,450	1,093,010				
Contractual services	414,650	465,696				
Materials and supplies	74,000	61,899				
Maintenance and repairs	311,000	157,663				
Secondary treatment	1,250,000	1,246,427				
Miscellaneous	5,000	3,339				
Economic Stimulus loan repayments	119,716	115,385				
Fixed asset purchases	60,000	49,324				
Total operating expenses	3,339,816	3,192,743				
Operating income (loss)	(399,816)	(318,483)				
NONOPERATING INCOME						
Interest income	3,500	2,856				
Proceeds from sale of investment	-	3,982				
Total nonoperating revenues	3,500	6,838				
Change in Net Position	\$ (396,316)	\$ (311,645)				





Metro Eas

BUDGET - GA ENTER

Year Ende

Change in Net Position - cash basis - per Statemer Adjustments to reconcile increase (decrease) in ne to GAAP basis Increases (decreases) in assets which are not recon Depreciation on fixed assets Receivables

Customers

Granite City Regional Treatment overpaymer Due from Metro East Sanitary District - relate

City of Venice - sewer break

Accrued interest receivable

(Increases) decreases in liabilities which are not using the cash basis

Accounts payable

Due to Metro East Sanitary District - related Accumulated unpaid vacation and sick pay

Cash payments not considered expenses on GAA Illinois EPA loan payments Purchase of fixed assets

Proceeds from the sale of investment is not consi on GAAP basis financial statements

Loss on the sale of investment is considered an ex GAAP basis financial statements

Change in Net Position - per Exhibit H

#### **STATEMENT 4A**

310 - STO	
st Sanitary District	
AP RECONCILIATION RPRISE FUND	
led March 31, 2014	
ent 4	\$(311,645)
net position - cash basis	
orded using the cash basis	
	(207,320)
	(5,342)
ent	92,659
ted party	9,699
	(23,856)
recorded	(101)
	20.240
l party	39,340 83,000
i party	21,253
AP basis statements	115,385
	49,324
idered income	(3,982)
	(3,702)
expense on	(1,966)
	\$(143,552)

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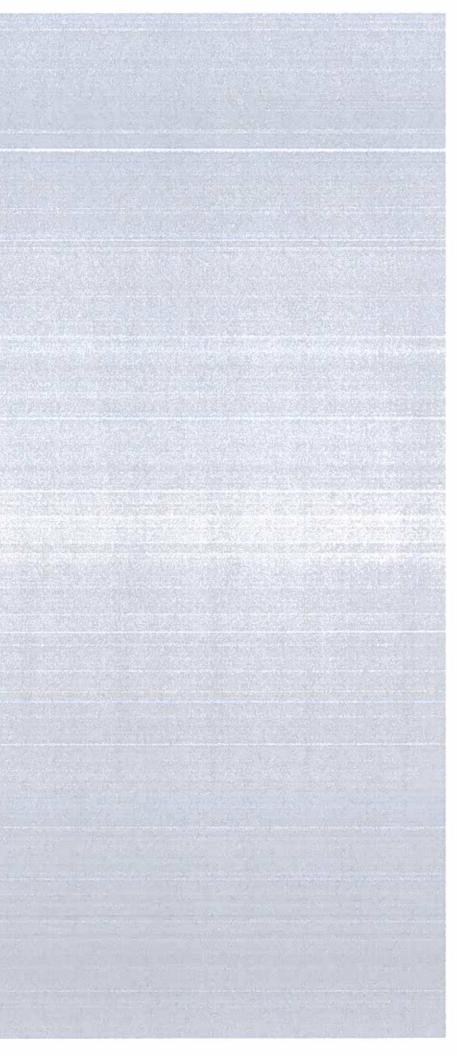
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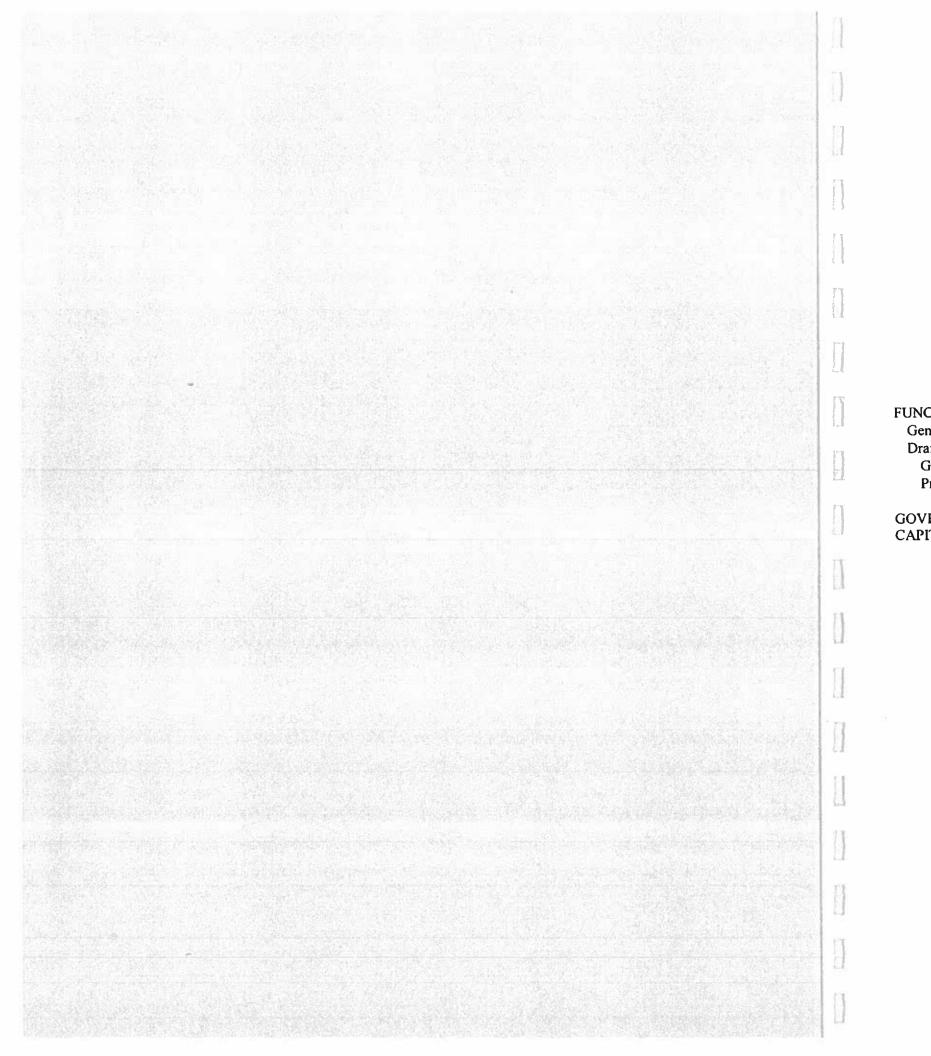
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# COMBINING STATEMENT OF NET POSITION FIDUCIARY FUNDS

# December 31, 2014 (With Summarized Comparative Information for Year Ended December 31, 2013)

		Agenc	y Fun	ds		
2		Blue W	ater D	itch		
	Operation				2014	2013
		and		Sinking	Fiduciary	Fiduciary
	Ma	intenance		Fund	Total	Total
ASSETS						,
Cash	\$	44,504	: \$	85,593	\$ 130,097	\$ 114,357
Accounts receivable - other						
governmental units		6,431		876	7,307	15,293
Intra-account receivable		-		37,723	37,723	37,723
	-					
TOTAL ASSETS		50,935		124,192	\$ 175,127	\$ 167,373
LIABILITIES						
Accounts payable	\$	7,862	\$	-	\$ 7,862	\$ 1,966
Intra-account payable		37,723		-	37,723	37,723
Future project payments		5,350		124,192	129,542	127,684
TOTAL LIABILITIES	\$	50,935	\$	124,192	\$ 175,127	\$ 167,373





		Total		Land		Buildings		ment	Vehicles	
NCTION/ACTIVITY eneral administration	\$	164,772	\$	-	\$	83,677	\$	-	\$ 81,095	
rainage General maintenance		2,559,852 5,926,360	1 714	- 5,418	13	268,465		2,913 0,931	438,474	
Project costs		3,920,300		9,410		.,	70	0,751		•
VERNMENTAL PITAL ASSETS	\$1	8,650,984	\$1,715	5,418	\$13	,862,153	\$2,55	3,844	\$ 519,569	-

# Metro East Sanitary District

# SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS BY FUNCTION/ACTIVITY

# As of December 31, 2014

Metro East Sanitary District

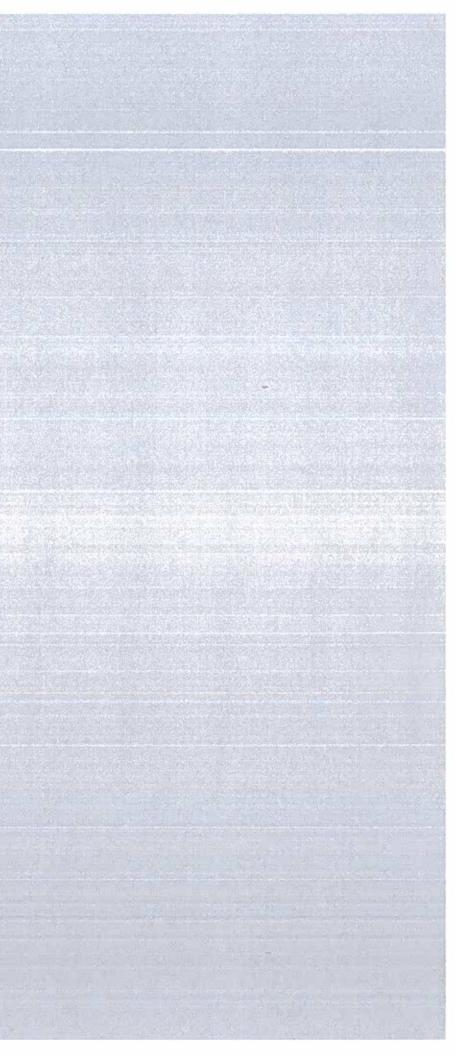
# SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION/ACTIVITY

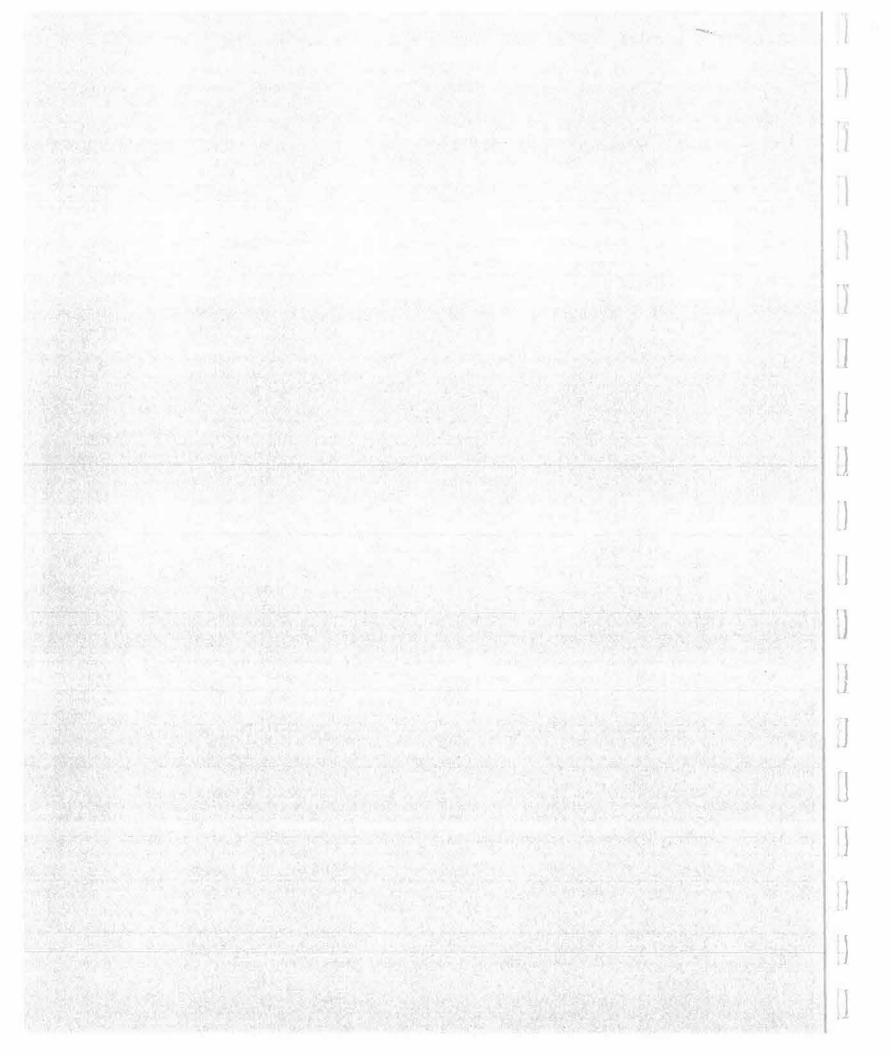
# Year Ended December 31, 2014

	Governmental Capital Assets 1/1/14	Additions	Deletions	Governmental Capital Assets 12/31/14
FUNCTION/ACTIVITY	· · · · · · · · · · · · · · · · · · ·			
General administration	\$ 164,772	\$-	\$-	\$ 164,772
Drainage				
General maintenance	2,521,766	38,086	-	2,559,852
Project costs	15,926,360		-	15,926,360
GOVERNMENTAL CAPITAL ASSETS	\$ 18,612,898	\$ 38,086	<u> </u>	\$ 18,650,984

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# TABLE I

ASSESSED VALUATIONS, TAX RATES, EXTENSIONS, COLLECTIONS, ALLOWANCE FOR LOSSES AND COSTS AND DEFERRED TAX REVENUE LAST TEN YEARS

- 22

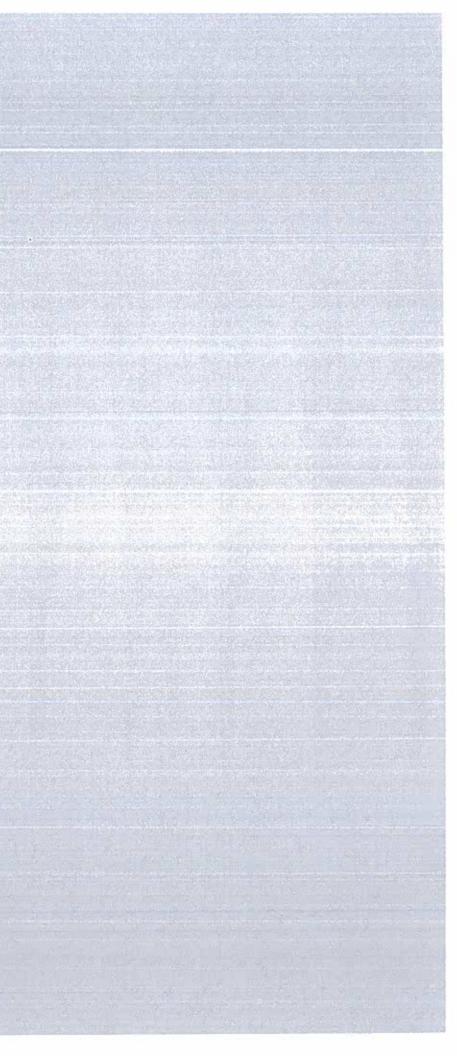
	(E:	stimated) 2014	2013					
ASSESSED VALUATIONS	<u>\$754</u>	4,487,200	\$732,857,178					
	Rate	Extension	Rate	Extension				
TAX RATES AND EXTENSIONS				0 0000000				
General Fund	0.3120	\$ 2,354,000	0.3120	\$ 2,286,514				
Illinois Municipal Retirement Fund	0.0263	198,350	0.0271	198,779				
Social Security Fund	0.0192	145,192	0.0188	138,007				
Auditing Fund	0.0033	25,000	0.0034	25,087				
Liability Insurance Fund	0.0610	460,000	0.0523	383,295				
Tort Liability Fund	0.0000	-	0.0000	<u> </u>				
Totals	0.4218	\$ 3,182,542	0.4136	\$ 3,031,682				
COLLECTIONS								
General Fund		s -		\$ 2,172,017				
Illinois Municipal Retirement Fund		•		188,745				
Social Security Fund				131,039				
Auditing Fund				23,824				
Liability Insurance Fund		-		363,951				
Tort Liability Fund								
Totals		\$ -		\$ 2,879,576				
ALLOWANCE FOR LOSSES AND COSTS								
General Fund		\$-		\$ -				
Illinois Municipal Retirement Fund		-		-				
Social Security Fund		-		-				
Auditing Fund		5 <b>-</b> 5		-				
Liability Insurance Fund		10 - 12 - 12 - 12 - 12 - 12 - 12 - 12 -		2				
Tort Liability Fund		-		-				
Totals		<u>\$</u>		<u> </u>				
UNAVAILABLE TAX REVENUE								
General Fund		\$ 2,354,000		\$ 114,497				
Illinois Municipal Retirement Fund		198,350		10,034				
Social Security Fund		145,192		6,968				
Auditing Fund		25,000		1,263				
Liability Insurance Fund		460,000		19,344				
Tort Liability Fund		-						
Totals		\$ 3,182,542		\$ 152,106				

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# ASSESSED VALUATIONS, TAX RATES, EXTENSIONS, COLLECTIONS, ALLOWANCE FOR LOSSES AND COSTS AND DEFERRED TAX REVENUE LAST TEN YEARS

		2012		2011				2010					
	<u>\$755</u>	<u>,632,7</u>	<u>96</u>		<u>\$792</u>	2,532,1	<u>65</u>	<u>\$730.</u>	676,1	<u>87</u>			
19 mm - 19	Rate	E	Extension		Rate	Extension		Rate	Extension				
	0.3120 0.0243 0.0204 0.0028 0.0421 0.0000	\$	2,357,574 183,396 154,505 20,980 318,254		0.3140 0.0191 0.0196 0.0025 0.0442 0.0000	\$	2,488,305 151,112 155,075 20,006 350,161	0.3106 0.0201 0.0211 0.0027 0.0462 0.0180	\$	2,269,154 146,783 154,293 19,931 337,517 131,532			
	0.4016	\$	3,034,709	:	0.3993	\$	3,164,659	0.4187	\$	3,059,210			
		\$	2,254,832 175,364 147,746 20,077 304,323			\$	2,421,941 147,875 151,757 19,583 342,678		\$	2,201,832 141,640 148,708 19,244 325,720 126,920			
		\$	2,902,342			\$	3,083,834			2,964,064			
		\$	102,742 8,032 6,759 903 13,931			\$	66,364 3,237 3,318 423 7,483		\$	67,322 5,143 5,585 687 11,797 4,612			
		\$	132,367			\$	80,825		\$	95,146			
		\$	-			\$	-		\$				
			-				-			5 - -			
	ĩ.	\$	-			\$	<u> </u>		\$				
					(continue	ed on n	ext page)						

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# Metro East Sanitary District

		2009	)	2008				
ASSESSED VALUATIONS	<u>\$76</u>	3,842	<u>,825</u>	<u>\$729</u>	424			
	Rate	Extension		Rate	Extension			
TAX RATES AND EXTENSIONS								
General Fund	0.3119	\$	2,382,107	0.3207	\$	2,339,895		
Illinois Municipal Retirement Fund	0.0135		103,022	0.0133		97,029		
Social Security Fund	0.0187		142,965	0.0177		128,940		
Auditing Fund	0.0027		20,623	0.0028		20,249		
Liability Insurance Fund	0.0350		267,242	0.0313		228,201		
Tort Liability Fund	0.0228		174,415	0.0296		216,031		
Totals	0.4046	\$	3,090,374	0.4153		3,030,345		
COLLECTIONS								
General Fund		\$	2,289,994		\$	2,219,193		
Illinois Municipal Retirement Fund			99,100			92,923		
Social Security Fund			136,568			123,077		
Auditing Fund			19,849			19,400		
Liability Insurance Fund			257,266			218,546		
Tort Liability Fund		<u> </u>	167,604			206,890		
Totals		\$	2,970,381		\$	2,880,029		
ALLOWANCE FOR LOSSES AND COSTS								
General Fund		\$	92,113		\$	120,702		
Illinois Municipal Retirement Fund			3,922			4,106		
Social Security Fund			6,397			5,863		
Auditing Fund			774			849		
Liability Insurance Fund			9,976			9,655		
Tort Liability Fund			6,811			9,141		
Totals		\$	119,993		\$	150,316		
UNAVAILABLE TAX REVENUE								
General Fund		\$	-		\$	-		
Illinois Municipal Retirement Fund			-		•	-		
Social Security Fund			-			-		
Auditing Fund			_			-		
Liability Insurance Fund			-			_		
Tort Liability Fund			-					
Totals		\$	-		\$			
		-						

\* Negative allowance as collections exceeded extension due to collection of delinquent taxes.

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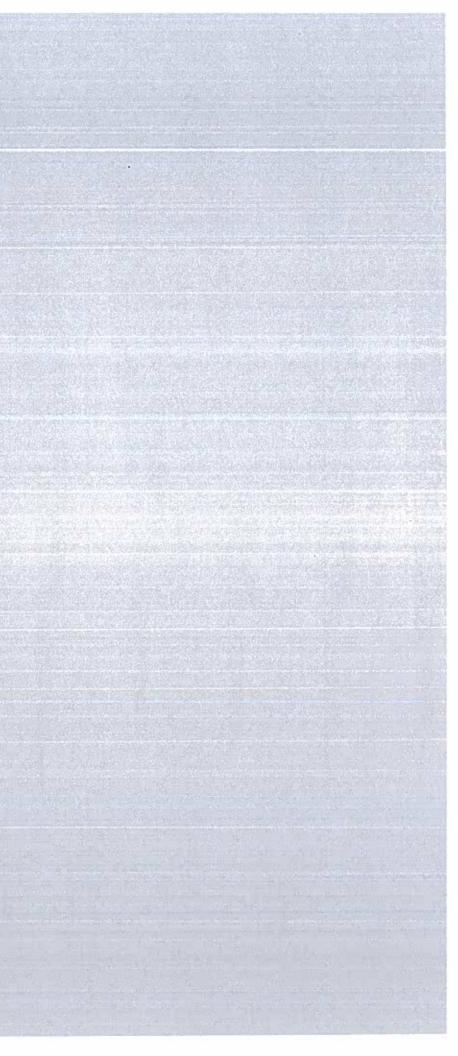
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		Beforemented		-	58 -		TABLE 1 Page 2
			ASSESSED VALUA	LOSSES AND CO LAST T	ATES, EXTENSIONS, C OSTS AND DEFERRED EN YEARS atinued)	COLLECTIONS, TAX REVENUE	
			2007	2	006	2	2005
		<u>\$729</u>	0,619,424	<u>\$684</u> ,	043,717	<u>\$654,</u>	<u>,404,591</u>
		Rate	Extension	Rate	Extension	Rate	Extension
		0.3098 0.0112 0.0140 0.0028 0.0317 0.0328	\$ 2,260,276 81,602 102,031 20,429 231,066 239,282	0.3097 0.0000 0.0173 0.0030 0.0119 0.0597	\$ 2,118,281 118,607 20,521 81,694 408,468	0.3120 0.0000 0.0171 0.0032 0.0094 0.0786	\$ 2,041,742 111,978 20,759 61,714 514,281
		0.4022	\$ 2,934,686	0.4017	\$ 2,747,571	0.4203	\$ 2,750,474
			\$ 2,157,614 79,061 98,126 19,799 223,903 231,833		\$ 2,054,948 - 116,212 20,109 81,545 398,129		\$ 1,973,433 109,348 20,277 60,163 501,148
			\$ 2,810,336		\$ 2,670,943		\$ 2,664,369
	and the second		\$ 102,662 2,541 3,905 630 7,163 7,449		\$ 63,333 2,395 412 149 10,339		\$ 68,309 2,630 482 1,551 13,133
		11 II	\$ 124,350		\$ 76,628		\$ 86,105
			\$ - -		\$		\$ - -
			- 		- - - - -		- - - - -