

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

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023

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

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MADISON AND ST. CLAIR COUNTIES, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major governmental fund, and the aggregate remaining fund information of the Metro East Sanitary District in Madison and St. Clair Counties, Illinois, as of and for the year ended December 31, 2023 and the business-type activities and each major enterprise fund as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Governmental Fund-Tort Liability Fund	Unmodified
Governmental Fund-Stormwater System Fund	Unmodified
Enterprise Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

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

In our opinion, except for the missing recognition matter described in the "Matters Giving Rise to the Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Enterprise Fund" paragraph, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Metro East Sanitary District, Madison and St. Clair Counties, Illinois, as of December 31, 2023, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In addition, in our opinion, except for the missing recognition matter described in the "Matters Giving Rise to the Qualified Opinions on the Governmental Activities, the Business-Type Activities and Each Major Enterprise

Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and cash flows, where applicable, the Business-Type Activities of Metro East Sanitary District, Madison and St. Clair Counties, Illinois, as of March 31, 2023, and the respective in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities for the audit of the financial statements section of our report. We are required to be independent of Metro East Sanitary District, Madison and St Clair counties, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinions on the Governmental Activities, Business-Type Activities and Each Major Enterprises Fund.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metro East Sanitary District, Madison and St. Clair Counties, Illinois” ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if

there is a substantial likelihood that, individually or in the aggregate. They would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to risks. Such procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metro East Sanitary District, Madison and St. Clair Counties, Illinois' internal control. Accordingly, no such is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metro East Sanitary Districts, Madison and St Clair Counties, Illinois' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

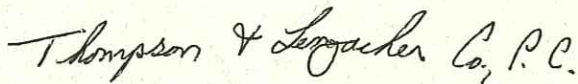
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Multiyear Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer Contributions on pages 4-11 and Schedules A-C, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro East Sanitary District, Madison and St. Clair Counties, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Table 1, Property Tax Rates, Extensions and Collections but does not include the basis financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon



Thompson & Lengacher Co., P.C.

Maryville, Illinois

July 2, 2024

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023 (March 31, 2023)
for Business-Type Activities)

The management discussion and analysis (MD&A) of Metro East Sanitary District financial performance provides an overview of the District's financial activities for the year ended December 31, 2023 and for the Lansdown Trunk for the year ended March 31, 2023. This accompanies the District's annual audit recently completed by Thompson & Lengacher Co., P.C., Maryville, Illinois. The intent of this management discussion and analysis is to look at the financial performance as a whole. Readers should also review this transmitted letter and the financial statements to enhance their understanding of the District's financial performance.

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

Financial Highlights

Total assets and deferred outflow of resources for the governmental activities totaled \$42,275,384 which is \$3,810,353 higher than the prior year. Cash and investments totaled \$19,934,728, an increase of \$4,892,080 over the prior year. Receivables totaled \$5,216,677 as compared to \$4,409,448 for the year ended December 31, 2022.

Total assets and deferred outflow of resources for the business-type activities totaled \$6,519,531 for the year ended March 31, 2023. This amount is \$143,121 higher than the prior year. Cash totaled \$1,189,095 as compared to \$988,107 for the prior year.

The District's net position, as noted in Exhibit B, increased by \$3,399,000. This compared to the prior year is an increase of \$4,826,000.

The District's combined Governmental Funds ending net position increased by \$3,169,500. The net position of the Enterprise Fund increased by \$230,000 as compared to an increase of \$342,000 for the prior year.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023 (March 31, 2023)
for Business-Type Activities)

Government-Wide Financial Statements

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

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

As noted in Exhibit B, the District's overall position had an increase over the past year in combined net position by \$3,399,259 from \$31,981,730 to \$35,380,989. Governmental activities had an increase of \$3,169,506 from \$27,250,509 to \$30,420,015 and business-type activities had an increase of \$229,753 from \$4,731,221 to \$4,960,974.

Listed below are the District's assets and deferred outflows for fiscal years 2023 and 2022, including a column noting changes (increases/decreases) from 2022.

Table 1: Statement of Assets and Deferred Outflows

	<u>Total Government</u>		
	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Other Assets	\$ 26,088,140	\$ 21,846,618	\$ 4,241,522
Capital Assets	<u>19,041,647</u>	<u>19,298,727</u>	<u>\$ (257,080)</u>
 Total Assets	 <u>\$ 45,129,787</u>	 <u>\$ 41,145,345</u>	 <u>\$ 3,984,442</u>
 Deferred Outflows of Resources	 <u>\$ 3,665,128</u>	 <u>\$ 3,696,096</u>	 <u>\$ (30,968)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023 (March 31, 2023)

for Business-Type Activities

Listed below are the District's liabilities and deferred inflows for fiscal years 2023 and 2022, including a column noting changes (increases/decreases) from 2022.

Table 2: Statement of Liabilities and Deferred Inflows

Total Government

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Accounts Payable	\$ 459,947	\$ 509,839	(49,892)
Accrued Payroll	64,972	51,905	13,067
Current Portion of Long-term Liabilities	329,577	317,336	12,241
Long-term Liabilities	<u>4,733,940</u>	<u>5,805,967</u>	<u>(1,072,027)</u>
 Total Liabilities	 <u>\$ 5,588,436</u>	 <u>\$ 6,685,047</u>	 <u>(1,096,611)</u>
 Deferred Inflows of Resources	 <u>\$ 7,825,492</u>	 <u>\$ 6,174,664</u>	 <u>1,650,828</u>

For more detailed information see the Statement of Net Position.

Net Position of the District's governmental activities increased by 11.6% over prior year balance. The main reason for the increase is because the district has put significant efforts in increasing revenues in the past few years. Those efforts have been paying off in recent years. Net Position of the Districts' business-type activities increased by 17.3% compared to the previous year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023 (March 31, 2023)
for Business-Type Activities)

	Governmental Activities 12/31/2023	Business-Type Activities 3/31/2023	Total Primary Government 2023	Total Primary Government 2022
Revenues				
Program Revenues				
Charges for services	\$ 550,976	\$ 3,541,353	\$ 4,092,329	\$ 4,343,794
General Revenues				
Taxes:				
Property	3,755,646	-	3,755,646	3,605,068
Payment in lieu of taxes	66,356	-	66,356	52,888
Replacement Taxes	3,982,951	-	3,982,951	5,375,832
FEMA Reimbursement		98,876	98,876	75,403
Corp of Engineers Refund	95,261		95,261	
Other Revenue	429,045	3,057	432,102	(88,635)
Total Revenues	<u>8,880,235</u>	<u>3,643,286</u>	<u>12,523,521</u>	<u>13,364,350</u>
Expenses				
Governmental Activities				
General government	2,704,093	-	2,704,093	2,443,673
Drainage and sanitation	3,006,636	-	3,006,636	2,670,402
Business-Type Activities				
Sewerage system	-	3,413,533	3,413,533	3,423,796
Total Expenses	<u>5,710,729</u>	<u>3,413,533</u>	<u>9,124,262</u>	<u>8,537,871</u>
Changes in Net Position	<u>\$ 3,169,506</u>	<u>\$ 229,753</u>	<u>\$ 3,399,259</u>	<u>\$ 4,826,479</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023 (March 31, 2023)
for Business-Type Activities)

Current Year Impacts

Governmental Activities

Revenues and Expenses

Revenues for governmental activities decreased by \$1,402,316 or 13.6% to a total of \$8,880,235. Expenses increased by \$596,684 or 11.7% to a total of \$5,710,729.

Business-Type Activities

Revenues and Expenses

Revenues for the business-type activities increased by \$561,487 or 18.2% to a total of \$3,643,286.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The Governmental Funds reported a combined fund balance of \$19,826,621. This is an increase of \$3,677,000. Of the total fund balance, \$13,850,369 is unassigned indicating availability for continuing District services. Restricted fund balance of \$5,976,251 includes \$859,859 for tort immunity, \$2,441,537 for levee rehabilitation and \$2,120,467 for other restrictions. The nonspendable funds include \$554,388 for prepaid expenses.

The General Fund is the District's main operating fund and the largest source of day-to-day service delivery. Revenues and other financing sources were more than expenditures by \$3,260,135. The main reason for the large increase is that the district has been focused on increasing revenues for the past few years. Also, the district had a significant increase in interest income in 2023.

Enterprise Funds

The Enterprise Funds total net position is \$4,960,974, which is an increase of \$229,753. The overall financial condition of the District has been improved significantly. It is important for this to continue as the system is aging and major repairs or improvements could become necessary in the foreseeable future.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023 (March 31, 2023)
for Business-Type Activities)

The District has a signed agreement to sell the assets of the Enterprise Fund, which is called Lansdowne Trunk. The District expects to receive approximately \$8,100,000 for the entity. The sale is expected to close by December,2024. They hope to close the Enterprise Fund by March 31, 2025, however, that might not be a realistic goal.

GENERAL FUND BUDGETARY HIGHLIGHTS

Table 4: General Fund Budgetary Highlights

	2023 Original and Final Budget	2023 Actual	2022 Actual
Revenues	\$ 7,762,268	\$ 8,311,652	\$ 9,787,996
Expenditures	5,260,000	4,605,857	4,367,698
Revenues over Exp.	\$ 2,502,268	\$ 3,705,795	\$ 5,420,298
Transfers Out	(336,000)	(336,000)	(336,000)
Net Change in Fund Balance	<u>\$ 2,166,268</u>	<u>\$ 3,369,795</u>	<u>\$ 5,084,298</u>

General Fund actual revenues were \$549,384 or 7.0% more than the final budget.

General Fund actual expenditures were \$654,143 less than the final budget.

CAPITAL ASSETS

The District's net investment in capital assets for its governmental and business-type activities increased by \$251,343. The net investment in capital assets includes land, buildings, equipment, and improvements other than underground systems, and infrastructure as well as the related debt. Depreciation for the District totaled \$500,244.

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2023 (March 31, 2023)
for Business-Type Activities)

DEBT OUTSTANDING

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

The District issued Debt Certificates totaling \$4,198,239 in 2019. The payments are to be made over 20 years. It carries an interest rate of 4.68% throughout the 20 years. A principal payment of \$162,375 was made in 2023. Total due on the debt certificates is \$3,585,951 of which \$169,827 is due in 2024.

Compensated absences totaled \$345,393, an increase of \$12,995 from the previous year.

The Business-Type Activities Sewer Funds has an additional long-term debt of \$957,732 (includes current portion) for the repayment of a project funded through the Illinois Environmental Protection Agency (IEPA).

The District has a legal debt margin of \$67,359,653.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

STATEMENT OF NET POSITION

	December 31, 2023	March 31, 2023	
	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF			
RESOURCES:			
Cash and Cash Equivalents	\$ 13,613,175	\$ 1,189,095	\$ 14,802,270
Investments - Certificates of Deposit	5,132,458		5,132,458
Restricted Cash:			
203 Pump Station		37,772	37,772
Design Escrow	1,652	-	1,652
Corps of Engineers	101,588	-	101,588
Receivables:			
Property Taxes	4,325,042	-	4,325,042
Replacement Taxes	427,855	-	427,855
Due from (to) Other Funds	140,259	(140,259)	-
Other	10,476	-	10,476
System Customers, Net		453,304	453,304
Prepaid Expenses	554,388	38,163	592,551
Net Pension Asset	201,128	-	201,128
Right to Use Asset, Net of amortization	2,044	-	2,044
Capital Assets:			
Land	1,715,418	191,000	1,906,418
Assets Being Depreciated, Net	12,384,773	4,750,456	17,135,229
Total Assets	\$ 38,610,256	\$ 6,519,531	\$ 45,129,787
Deferred Outflows of Resources:			
Related to Pension	\$ 3,665,128	\$ -	\$ 3,665,128
Total Assets and Deferred Outflows of Resources	\$ 42,275,384	\$ 6,519,531	\$ 48,794,915
LIABILITIES, DEFERRED INFLOWS OF			
RESOURCES AND NET POSITION:			
Accounts Payable	\$ 69,323	\$ 390,622	\$ 459,945
Accrued Payroll	43,904	21,068	64,972
Current Portion of Long-Term Liabilities			-
Lease Payable	2,044	14,468	16,512
Bonds Payable	170,128		170,128
Note Payable-Vehicle	23,221		23,221
Illinois EPA Loan		119,716	119,716
Noncurrent Liabilities:			
Compensated Absences	249,765	94,652	344,417
Note Payable- Vehicle	55,669		55,669
Net Pension Liability	-	-	-
Lease Payable		80,016	80,016
Bonds Payable	3,415,823		3,415,823
Illinois EPA Loan		838,015	838,015
Total Liabilities	\$ 4,029,878	\$ 1,558,557	\$ 5,588,435
Deferred Inflows of Resources:			
Unavailable Property Taxes	\$ 4,117,279	\$ -	\$ 4,117,279
Related to Pension	3,708,213	-	3,708,213
Total Deferred Inflows of Resources	\$ 7,825,492	\$ -	\$ 7,825,492
Net Position:			
Net investment in Capital Assets	\$ 10,491,019	\$ 4,021,497	\$ 14,512,516
Restricted for:			
Escrow Accounts	103,241	-	103,241
203 Pump Station		37,772	37,772
Auditing	50,891	-	50,891
Municipal Retirement	1,031,217	-	1,031,217
Social Security	717,265	-	717,265
Tort Immunity	859,859	-	859,859
Storm Water System Improvements	114,053		114,053
Levee Rehabilitation	2,441,537	-	2,441,537
Unrestricted	14,610,933	901,705	15,512,638
Total Net Position	\$ 30,420,015	\$ 4,960,974	\$ 35,380,989
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 42,275,384	\$ 6,519,531	\$ 48,794,915

See accompanying note to the basic financial statements.

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

Statement of Activities

Functions/ Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
For the Year Ended December 31, 2022							
General Government	\$ 2,704,093	\$ 646,237			\$ (2,057,856)	\$	\$ (2,057,856)
Drainage and Sanitation	3,006,636	-			(3,006,636)		(3,006,636)
Total Governmental Activities	\$ 5,710,729	\$ 646,237	\$ -	\$ -	\$ (5,064,492)	\$ -	\$ (5,064,492)
Business-type Activities:							
For the Year Ended March 31, 2022							
Sewerage System	\$ 3,413,533	\$ 3,541,353			\$	\$ 127,820	\$ 127,820
Total Primary Government	\$ 9,124,262	\$ 4,187,590	\$ -	\$ -	\$ (5,064,492)	\$ 127,820	\$ (4,936,672)
GENERAL REVENUES:							
Taxes:							
Property Taxes					\$ 3,755,646	\$	\$ 3,755,646
Payments in Lieu of Taxes					66,356		66,356
Replacement Taxes					3,982,951		3,982,951
Interest Income					414,630	3,057	417,687
Loss on Sale of Assets						98,876	98,876
FEMA Reimbursement						-	-
Miscellaneous					14,415	-	14,415
Total General Revenues					\$ 8,233,998	\$ 101,933	\$ 8,335,931
CHANGE IN NET POSITION							
					\$ 3,169,506	\$ 229,753	\$ 3,399,259
NET POSITION - BEGINNING					27,250,509	4,731,221	31,981,730
NET POSITION - ENDING					\$ 30,420,015	\$ 4,960,974	\$ 35,380,989

See accompanying notes to the basic financial statements.

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

BALANCE SHEET

Governmental Funds
December 31, 2023

	General Fund	Tort Liability Fund	Stormwater System Fund	Other Gov't Funds	Total
ASSETS:					
Cash and Cash Equivalents	\$ 12,172,254	\$ 718,463	\$ 114,053	\$ 608,405	\$ 13,613,175
Investments - Certificates of Deposit	3,157,318	1,843,708	-	131,432	5,132,458
Restricted Cash:					
Design Escrow	1,652	-	-	-	1,652
Corps of Engineers	101,588	-	-	-	101,588
Receivables:					
Property Taxes	3,959,482	-	-	365,560	4,325,042
Replacement Taxes	427,855	-	-	-	427,855
Due from Other Funds	-	-	-	1,052,414	1,052,414
Due from Agency Fund	3,702	-	-	-	3,702
Due from Component Unit	140,259	-	-	-	140,259
Other	6,774	-	-	-	6,774
Prepaid Expenses	554,388	-	-	-	554,388
Total Assets	\$ 20,525,272	\$ 2,562,170	\$ 114,053	\$ 2,157,811	\$ 25,359,306
LIABILITIES:					
Accounts Payable	\$ 58,895			\$ 10,429	\$ 69,324
Accrued Payroll	43,904			-	43,904
Compensated Absences	249,765			-	249,765
Due to Other Funds	1,052,414			-	1,052,414
Total Liabilities	\$ 1,404,979	\$ -	\$ -	\$ 10,429	\$ 1,415,408
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Property Taxes	\$ 3,769,269	\$ -	\$ -	\$ 348,009	\$ 4,117,278
FUND BALANCES:					
Nonspendable					
Prepaid Expenses	\$ 554,388			-	\$ 554,388
Restricted:					
Escrow Accounts	207,041				207,041
Auditing				\$ 50,891	50,891
Municipal Retirement				1,031,217	1,031,217
Social Security	-			717,265	717,265
Tort Immunity		\$ 859,859		-	859,859
Stormwater System Improvements	-	-	\$ 114,053	-	114,053
Levee Rehabilitation	739,226	1,702,311		-	2,441,537
Unassigned	13,850,369	-	-	-	13,850,369
Total Fund Balances	\$ 15,351,024	\$ 2,562,170	\$ 114,053	\$ 1,799,373	\$ 19,826,620
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 20,525,272	\$ 2,562,170	\$ 114,053	\$ 2,157,811	\$ 25,359,306

See accompanying notes to the basic financial statements.

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

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

December 31, 2023

Total governmental fund balances	\$ 16,149,463
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$22,374,000 , net of accumulated depreciation of \$8,170,709 , used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,203,291
Right to use asset of \$15,338, net of accumulated amortization of \$10,226 used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	5,112
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,855,548)
Net pension benefit (obligation) and related deferred outflows and inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.	748,191
Net position of governmental activities	<u>\$ 27,250,509</u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Governmental Funds
For the Year Ended December 31, 2023

	General Fund	Tort Liability Fund	Stormwater System Fund	Other Gov't Fund	Total
REVENUES:					
Taxes					
Property Taxes	\$ 3,422,954	-	-	\$ 332,692	\$ 3,755,646
Intergovernmental Revenues:					
Replacement Taxes	3,724,056	-	-	258,895	3,982,951
Payment in Lieu of Taxes	66,356	-	-	-	66,356
Building Rental	12,000	-	-	-	12,000
FEMA Reimbursement	95,261	-	-	-	95,261
Fines and Fees:					
Licenses and Permits	467,129	-	-	-	467,129
Pumping Services	83,848	-	-	-	83,848
Interest Income	345,550	\$ 52,318	\$ 1,972	14,790	414,630
Miscellaneous Income	999	-	-	-	999
Sales of Surplus and Scrap	1,417	-	-	-	1,417
Total Revenues	\$ 8,219,568	\$ 52,318	\$ 1,972	\$ 606,377	\$ 8,880,235
EXPENDITURES:					
Current:					
Administration	\$ 1,846,402	\$ 17,620	-	\$ 226,042	\$ 2,090,064
Engineering	98,019	-	-	-	98,019
General Maintenance	1,963,507	-	-	-	1,963,507
Project Cost - Pumping	472,308	-	-	-	472,308
Capital Outlay	243,198	-	-	-	243,198
Total Expenditures	\$ 4,623,433	\$ 17,620	\$ -	\$ 226,042	\$ 4,867,095
REVENUES OVER (UNDER) EXPENDITURES	\$ 3,596,135	\$ 34,698	\$ 1,972	\$ 380,335	\$ 4,013,140
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ -	\$ -	\$ 336,000	\$ -	\$ 336,000
Transfer Out	(336,000)	-	-	-	(336,000)
Principal Retirement	-	-	(162,375)	-	(162,375)
Interest Expense	-	-	(173,608)	-	(173,608)
Total Other Financing Sources (Uses)	\$ (336,000)	\$ -	\$ 17	\$ -	\$ (335,983)
NET CHANGE IN FUND BALANCES	\$ 3,260,135	\$ 34,698	\$ 1,989	\$ 380,335	\$ 3,677,156
FUND BALANCES, BEGINNING OF YEAR	12,090,889	2,527,473	112,064	1,419,038	16,149,464
FUND BALANCES, END OF YEAR	\$ 15,351,024	\$ 2,562,170	\$ 114,053	\$ 1,799,373	\$ 19,826,621

See accompanying notes to the financial statements.

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

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

For the Year Ended December 31, 2023

Net Change in fund balances - total governmental funds.	\$ 3,677,156
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay.	(103,199)
Governmental funds report bond payments as expenditures. However, in the government-wide statement of activities and changes in net position, the bonds are set up as debt payable.	185,596
Changes in the net position benefit (obligation) is only reported in the statement of activities	(590,047)
Change in net position of governmental activities	<u><u>\$ 3,169,506</u></u>

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

STATEMENT OF NET POSITION

Enterprise Fund
March 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

Current Assets:	
Cash and Cash Equivalents	\$ 1,189,095
Accounts Receivable, Net	453,304
Prepaid Insurance	38,163
Total Current Assets	<u>\$ 1,680,562</u>
Noncurrent Assets:	
Restricted Cash - 203 Pump Station	\$ 37,772
Capital Assets, Net	<u>4,941,456</u>
Total Assets	<u>\$ 6,659,790</u>
Total Assets and Deferred Outflow of Resources	<u><u>\$ 6,659,790</u></u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:

Current Liabilities:	
Accounts Payable	\$ 390,622
Due to Metro East Sanitary District	140,259
Current Portion of Long-Term Liabilities:	
Lease Payable	14,468
Illinois EPA Loan	119,716
Total Current Liabilities	<u>\$ 665,065</u>
Noncurrent Liabilities:	
Compensated Absences	\$ 94,652
Accrued Wages	21,068
Lease Payable	80,016
Illinois EPA Loan	838,015
Total Noncurrent Liabilities	<u>\$ 1,033,751</u>
Total Liabilities	<u>\$ 1,698,816</u>

NET POSITION:

Net Investment in Capital Assets	\$ 4,021,497
Restricted for:	
203 Pump Station	37,772
Unrestricted	<u>901,705</u>
Total Net Position	<u>\$ 4,960,974</u>
Total Liabilities and Net Position	<u><u>\$ 6,659,790</u></u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

Enterprise Fund
For the Year Ended March 31, 2023

OPERATING REVENUES:	
Sewer Fees	\$ 3,534,611
Lien Fees and Miscellaneous Charges	<u>6,742</u>
Total Operating Revenues	<u>\$ 3,541,353</u>
OPERATING EXPENSES:	
Personnel Services	\$ 804,090
Contractual Services	388,603
Materials and Supplies	31,509
Maintenance and Repairs	69,806
Secondary Treatment	1,960,041
Depreciation	<u>153,980</u>
Total Operating Expenses	<u>\$ 3,408,029</u>
OPERATING PROFIT	<u>\$ 133,324</u>
NONOPERATING REVENUES (EXPENSES):	
Interest Income	\$ 3,057
FEMA Reimbursement	\$ 98,876
Interest Expense	<u>(5,504)</u>
	<u>96,429</u>
CHANGE IN NET POSITION	\$ 229,753
NET POSITION, BEGINNING OF YEAR	<u>4,731,221</u>
NET POSITION, END OF YEAR	<u><u>\$ 4,960,974</u></u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF CASH FLOWS

Enterprise Fund
For the Year Ended March 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Receipts from Customers	\$ 3,396,863
Cash Payments to Supplies and Others	(2,507,924)
Cash Payments to Employees for Services	<u>(548,268)</u>

Net Cash Used by Operating Activities	<u>\$ 340,671</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Lease Payments	\$ (15,187)
Interest Expense Payments	(5,504)
Repayments on Illinois EPA Loan	(119,716)
Net Cash Used by Capital and Related Financing Activities	<u>\$ (140,407)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Earned on Investments	<u>\$ 3,057</u>
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Net Cash Provided by Investing Activities	<u>\$ 3,057</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ 203,321
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,023,546</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,226,867</u></u>
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See accompanying notes to basic financial statements.

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

STATEMENT OF CASH FLOWS

Enterprise Fund
For the Year Ended March 31, 2023

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

Operating Income	\$ 133,324
Adustment to Rconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
FEMA Reimbursement	98,876
Depreciation	153,980
Changes in Assets and Liabilities	
(Increase) Decrease in assets and Deferred Inflows	
Accounts Receivable, Net	(144,490)
Prepaid Insurance	(6,535)
Increase (Decrease) in Liabilities and Deferred Outflows	
Accounts Payable	45,476
Due to Metro East Sanitary District	57,245
Accrued Wages	3,771
Compensated Absences	(976)
Net Cash Used by Operating Activities	<u>340,671</u>

CASH AND CASH EQUIVALENTS ACCOUNTED FOR AS FOLLOWS:

Unrestricted Cash and Cash Equivalents	\$ 1,189,095
Restricted Cash and Cash Equivalents	<u>37,772</u>
	<u>\$ 1,226,867</u>

See accompanying notes to basic financial statements.

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

STATEMENT OF NET POSITION

Fiduciary Funds
December 31, 2023

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

See accompanying notes to basic financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Lansdowne Sewerage and Treatment System (Lansdowne Trunk)

The government board of the District exercises control over the Lansdowne Trunk _ Madison and Venice Sewer Systems relative to rates for user fee charges, employees, disbursements and bond issuance authorization and debt requirements. This System has a fiscal year end which differs from that of the District. Financial information for the Lansdowne Trunk included in the accompanying financial statements is financial information from Lansdowne's fiscal year ended March 31, 2023.

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

B. Government-Wide and Fund Financial Statements

Governmental- Wide Financial Statements

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Financial Statements

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

C. Fund Accounting

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

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

Governmental Funds

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

The District reports the following major governmental funds:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Proprietary Funds

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

The District reports the following major proprietary fund:

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

Fiduciary Funds

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

E. Estimates

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

F. Budgets

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

G. Cash and Cash Equivalents

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

H. Investments

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Receivables

All receivables are reported net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. At March 31, 2023, the Lansdowne Sewerage System's allowance for doubtful accounts was \$190,000. The District had no other allowance for doubtful accounts at December 31, 2023.

J. Property Tax

The accompanying financial statement includes revenues from the 2021 and 2022 property tax levies. Property taxes are levied each year by the last Tuesday of December on all real property located in the District. Property taxes attach as an enforceable lien on property as of January 1. The Madison and St. Clair County Assessors are responsible for the taxes assessed. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the State. The County Clerks compute the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerks then compute the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the County Collectors.

Property taxes are collected by the County Collectors who remit to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments in St. Clair County and four installments in Madison County during the following year. The first installment is usually due no later than August and remaining installments are due throughout the year. Taxes are collected from June 2023 through March 2024.

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

K. Interfund Activity

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

L. Prepaid Expenses

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

M. Capital Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Capital Assets (Continued)

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

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

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

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

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

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

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

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

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

At December 31, 2023, District employees have accumulated \$43,567 in accrued vacation and \$206,198 in accrued sick pay.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

At March 31, 2023 Lansdowne Sewerage System employees have accumulated \$42,041 in accrued vacation and \$52,611 in accrued sick pay.

O. Long-Term Obligations

In government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type financial statements. Bonds payable are reported net of the applicable bond premium or discount. At December 31, 2023, the District had outstanding bonds payable of \$3,585,951.

P. Deferred Outflows and Inflows of Resources

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

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

Q. Net Position

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

R. Fund Balance

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Fund Balance (Continued)

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

Committed Fund Balance – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. The Board of Commissioners through a formal action (ordinance or resolution) commits fund balance amounts for the District. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the District that originally created the commitment. The District does not have committed funds at December 31, 2023 and March 31, 2023.

Assigned Fund Balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Intent may be expressed by (a) the Board of Commissioners itself or (b) the finance committee, if applicable, to assign amounts to be used for specific purposes. The District does not have assigned funds at December 31, 2023 and March 31, 2023.

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

The District has not adopted a fund balance spending policy at December 31, 2023. GASB Statement No. 54 set the default spending policy for fund balance as follows: expenditures are spent from restricted fund balances are available, unless there are legal requirements that prohibit doing this. When restricted fund balances are not available, the default policy considers expenditures to be spent from committed fund balance first, then assigned and then unassigned. Expenditures for a specifically identified purpose will act to reduce the specific classification of the fund balance that is identified.

NOTE 2: DEPOSITS AND INVESTMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits at December 31, 2023 and March 31, 2023 appear in the financial statements as summarized below:

	Exhibit A Statement of Net Assets Governmental Funds	Exhibit A Statement of Net Assets Business- Type Funds	Exhibit J Statement of Net Assets Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 13,613,175	\$ 1,189,095	\$ 3,702	\$14,805,972
Investments-CD's	5,132,458			5,132,458
Restricted Cash	103,240	37,772		141,012
	<u>\$ 18,848,873</u>	<u>\$ 1,226,867</u>	<u>\$ 3,702</u>	<u>\$20,079,442</u>

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposits that are insured under FDIC \$250,000 and any remaining balances in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent third-party institution in the name of the District. Deposits held in banks were 100% insured by the FDIC or covered by pledged collateral held in the District's name at December 31, 2023 and March 31, 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 and March 31, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 1,715,418	\$ -	\$ -	\$ 1,715,418
Total Capital Assets Not Being Depreciated	<u>\$ 1,715,418</u>		<u>\$ -</u>	<u>\$ 1,715,418</u>
Capital Assets Being Depreciated				
Buildings	\$ 18,252,318	\$ 74,164		\$ 18,326,482
Machinery & Equipment	1,853,494	169,000		2,022,494
Vehicles	552,224	-	-	552,224
Total Capital Assets Being Depreciated	<u>\$ 20,658,036</u>	<u>\$ 243,164</u>	<u>\$ -</u>	<u>\$ 20,901,200</u>
Less: Accumulated Depreciation				
Buildings	\$ 6,781,814	\$ 232,231		\$ 7,014,045
Machinery & Equipment	1,024,469	80,397		1,104,866
Vehicles	364,426	33,636		398,062
Total Accumulated Depreciation	<u>\$ 8,170,709</u>	<u>\$ 346,264</u>	<u>\$ -</u>	<u>\$ 8,516,972</u>
Total Capital Assets Being Depreciated - Net	<u>\$ 12,487,327</u>	<u>\$ (103,100)</u>	<u>\$ -</u>	<u>\$ 12,384,228</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u><u>\$ 14,202,745</u></u>	<u><u>\$ (103,100)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,099,646</u></u>
BUSINESS TYPE ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 191,000			\$ 191,000
Capital Assets Being Depreciated				
Building	\$ 3,323,798			\$ 3,323,798
Equipment	3,589,324	-		3,589,324
Treatment Plant, Mains & Lines	5,918,118			5,918,118
Capital Assets Being Depreciated	<u>\$ 12,831,470</u>	<u>\$ -</u>		<u>\$ 12,831,740</u>
Less: Accumulated Depreciation	<u>(7,927,404)</u>	<u>(153,980)</u>		<u>(8,081,384)</u>
Total Capital Assets Being Depreciated - Net	<u>\$ 4,904,066</u>	<u>(153,980)</u>		<u>\$ 4,750,356</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS NET	<u><u>\$ 5,095,066</u></u>	<u><u>\$ (153,980)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,941,356</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 3: CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES	
General Government	\$6,927
Drainage and Sanitation	<u>339,337</u>
 TOTAL DEPRECIATION EXPENSE- GOVERNMENTAL ACTIVITIES	 <u>\$346,264</u>

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

BUSINESS-TYPE ACTIVITIES	
Sewerage Fund	<u>\$153,980</u>
 TOTAL DEPRECIATION EXPENSE- BUSINESS-TYPE ACTIVITIES	 <u>\$153,980</u>

NOTE 4: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2023 and March 31, 2023.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds Payable	\$ 3,748,326		\$ 162,375	\$ 3,585,951	\$ 169,827
Lease Payable	8,180		3,068	5,112	3,067
Compensated Absences					
Accumulated Vacation Pay	59,233		15,666	43,567	43,567
Accumulated Sick Pay	<u>188,283</u>	<u>17,915</u>		<u>206,198</u>	<u>206,198</u>
 Total Governmental Funds	 <u>\$4,004,022</u>	 <u>\$17,915</u>	 <u>\$181,109</u>	 <u>\$3,840,828</u>	 <u>\$422,659</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

Note 4: LONG-TERM LIABILITIES (CONTINUED)

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

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

The requirements to amortize the certificates are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	169,827	166,156	335,983
2025	177,868	158,115	335,983
2026	186,290	149,693	335,983
2027	195,110	140,875	335,985
2028-2032	1,122,684	557,233	1,679,917
2033-2037	1,415,485	264,431	1,679,916
2038	318,687	11,436	330,123
	<u>\$ 3,585,951</u>	<u>\$ 1,447,939</u>	<u>\$5,033,890</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>Business-Type Activities</u>					
IEPA Loan	\$1,197,164	\$ -	\$119,716	\$1,077,448	\$119,716
Lease Payable	122,902		13,231	109,671	15,187
Compensated Advances					
Accumulated Vacation Pay	42,883	4,794	-	47,677	-
Accumulated Sick Pay	41,999	5,952	-	47,951	-
Total Business-Type Activities	<u>\$1,404,948</u>	<u>\$10,746</u>	<u>\$132,947</u>	<u>\$1,282,747</u>	<u>\$134,903</u>

IEPA Loan- Business-Type Activities

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

The annual requirements to amortize the IEPA Loan as of March 31, 2023, are as follows:

<u>Year Ending March 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	119,716	-	119,716
2025	119,716	-	119,716
2026	119,716	-	119,716
2027	119,716	-	119,716
2028	119,716	-	119,716
2029-2031	359,152	-	359,152
Total	<u>\$ 957,732</u>	<u>\$ -</u>	<u>\$ 957,732</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Lease Payable

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

<u>Year Ending</u> <u>March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	94,484	4,346	98,830
	<u>\$ 94,484</u>	<u>\$ 4,346</u>	<u>\$ 98,830</u>

Legal Debt Margin

The computation of legal debt margin at December 31, 2023 is as follows:

ASSESSED VALUATION, 2023 TAX YEAR	<u>\$ 1,171,472,220</u>
Statutory Debt Limitation (5.75% of Assessed Valuation)	\$ 67,359,653
General Obligation Bonds Outstanding	<u>0</u>
LEGAL DEBT MARGIN	<u>\$ 67,359,653</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 5: INTERFUND RECEIVABLES/ PAYABLES

Interfund receivables and payables balance, at December 31, 2023 are as follows:

<u>Due From</u>	<u>Due To</u>			
Primary Government	Governmental Activities			
	<u>Major Governmental Funds</u>		<u>Fiduciary Funds</u>	
	General Fund	Other Governmental Funds	Blue Water Funds	Total Due From
Governmental Activities				
Major Governmental Funds				
General Fund	\$ (908,453)	\$ 1,052,414	\$ (3,702)	\$ 140,259
Business-Type Activities				
Sewerage Fund	\$ (140,259)	\$ -	-	\$ (140,259)
	<u>\$ (1,048,712)</u>	<u>\$ 1,052,414</u>	<u>\$ (3,702)</u>	<u>\$ -</u>

Interfund balances are the result of temporary loans and/or reimbursements for services provided. The interfund balance displayed above relates to Metro East Sanitary District at December 31, 2023.

NOTE 6: DEFINED BENEFIT PENSION PLAN

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

Benefits Provided IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Employees Covered by Benefit Terms. As of December 31, 2023, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	59
Inactive Plan Members entitled to but not yet receiving benefits	20
Active Plan Members	<u>34</u>
Total	<u>113</u>

Contributions. As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2023 was 3.09%. The District's governmental activities contributed \$51,040 for the year ended December 31, 2023 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability. The District's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2023:

- The Actuarial Cost Method used was Aggregate Entry Age Normal.
- Amortization Method used was Level Percentage of Payroll, Closed
- Remaining Amortization Period used was 21-Year Closed Period
- The Asset Valuation Method used was 5-Year smoothed market, 20% corridor.
- Wage growth was assumed to be 2.75%.
- The Price Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based table of rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For Non-Disabled Retirees, the Pub-2012, amount weighted, below-median income, general retiree, male (adjusted 106%) and female (adjusted 105%) tables using scale MP-2020.
Projection scale MP-2017 (base year 2015). The IMRF specific rates were developed From the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to Match current IMRF experience.
- For Disabled Retirees, mortality rates were used with fully generational Projection scale MP-2017 (base year 2015). The IMRF specific rates were developed From the RP-2014 Disability Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For Active Members, IMRF specific mortality rates were used with fully generational Projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from
The RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate for return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Portfolio Target Percentage	Long-term Expected Real Rate Of Return
Domestic Equity	34.50%	5.00%
International Equity	18.00%	6.35%
Fixed Income	24.50%	4.75%
Real Estate	10.50%	6.30%
Alternative Investments	11.50%	6.05-8.65%
Cash Equivalents	1.00%	3.80%
Total	100%	

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability. Changes in the District's net pension liability for the year ended December 31, 2023 were as follows:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balance at December 31, 2022	\$ 19,225,106	\$ 18,487,612	\$(737,494)
Changes for the year:			
Service Cost	201,119		201,119
Interest on the Total Pension Liability	1,362,730		1,362,730
Changes of Benefit Terms	0		0
Differences Between Expected & Actual Experience of the Total Pension Liability	(730,194)		(730,194)
Changes of Assumptions	(18,664)		(18,664)
Contributions – Employer		71,846	(71,846)
Contributions – Employees		104,628	(104,628)
Net Investment Income		(2,070,398)	(2,070,398)
Benefit Payments, including Refunds			
Of Employee Contributions	(1,058,792)	(1,058,792)	
Other (Net Transfer)	0	(493,259)	493,259
Net Changes	243,801	(694,821)	938,622
Balances at December 31, 2023	\$ 18,981,305	\$ 19,182,433	\$(201,128)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	\$ 1,882,068	\$(201,128)	\$(1,807,960)

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Pension Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended December 31, 2023, the District recognized pension expense of \$590,147 based on the actuarial report. At December 31, 2023, the District's reported deferred outflows or resources and deferred inflows of resources related to pensions from the following

Deferred Amounts Related to Pensions	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Deferred Amounts to be recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ 8,674	\$ 278,926
Changes of assumptions	0	7,394
Net difference between projected and actual earnings on pension plan investments	<u>914,114</u>	<u>1,165,136</u>
Total Deferred Amounts to be recognized in pension Expense in future periods	<u>922,788</u>	<u>1,451,456</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>2,742,340</u>	<u>2,256,757</u>
Total Deferred Amounts Related to Pensions	<u>\$3,665,128</u>	<u>\$3,708,213</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2024	(169,405)
2025	107,196
2026	703,775
2027	(155,983)
2028	<u>-0-</u>
Total	<u>\$485,583</u>

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 7: COMMITMENTS AND CONTINGENCIES

On December 21, 2023, the District signed an agreement to sell the majority of the assets of Lansdowne Trunk, it's component unit to Illinois American Water Company. The agreed sales price is \$8,370,000.

The sale is contingent on receiving approval from the Illinois Environmental Protection Agency and the Illinois Commerce Commission. Management anticipates that this sale will close between September and December, 2024. The entity known as Lansdowne will remain open so that they can collect on monies owed to them and to close the entity down. It will remain open until the board decides it is no longer necessary to keep it open. It is not expected to close before March, 2025.

All monies in existence upon closing will be transferred to the District's general fund.

NOTE 8: OTHER NOTE DISCLOSURES

A. Risk Management

Insurance

The District purchases general liability, workers' compensation, auto and property insurance through a public entities risk pool, Illinois Counties Risk Management Trust. There have been no significant reductions in coverage for the current year. The District is liable for any claims in excess of its coverage liability. At December 31, 2023, no claims were in excess of coverage for the current or prior three years.

B. Tort Expenditures

The District has a restricted liability insurance fund as follows:

	<u>General Fund</u>	<u>Tort</u>
	<u>Insurance</u>	<u>Liability Fund</u>
	<u>Tort</u>	<u>Liability</u>
	<u>Tort</u>	<u>Tort</u>
Restricted for Tort Immunity - 12/31/22	\$ 1,216,731	\$ 1,698,428
2022 Levy Collected in 2023	466,600	52,318
Interest Income	13,267	0
Insurance / Tort Expenses	\$ (490,231)	\$ (17,620)
Restricted for Tort Immunity- 12/31/2023	\$ 1,206,367	\$ 1,733,126

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

C. Tort Liability Fund

Legal Judgments/ Claims

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

D. Corps of Engineers and District Improvement Project

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

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

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

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

There has been no project activity in this regard since 2008. At December 31, 2023, the restricted cash balance on these funds was \$101,588.

E. Design Escrow Accounts

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

There has been minimal project activity in this regard since 2009. At December 31, 2023, the restricted cash balance on these funds was \$1,652.

F. Lease of Office Space- Related Party Transaction

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

G. 203 Pump Station

On July 23, 1997, the Lansdowne System entered into an agreement to purchase a sanitary pumping station located on Gateway International Racetrack real estate adjacent to Highway 203, north of Interstate 70 in East St. Louis, Illinois. In accordance with an additional agreement related to the above station, all current and any future users of the pump station are responsible for the cost of maintenance. The System is responsible for maintaining the station is to bill users for the related costs. The accompanying financial statements account for these accumulations as restricted assets totaling \$37,772 at March 31, 2023.

H. Blue Water Ditch Fiduciary Funds

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

H. Blue Water Ditch Fiduciary Funds (Continued)

The Sinking Fund is used to accumulate revenues for eventual system renewals and replacements. However, all of these funds have been used at this time.

The Operation and Maintenance Fund has been used to account for ongoing operations of the Blue Water Ditch pumping station including the cost for electricity to operate the pumping system. As of December 31, 2023, the balance in the fund is \$3,702.

During 2020, the agreements were suspended because some of the parties to the agreement no longer exist. The maintenance of the pumping station has fallen to the District. Cost of the station totaled \$50,810 for 2023.

I. Levee Rehabilitation

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

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

90%	\$6,636,800	Initial Restriction
Expenditures During		
2008	-92,809	
2009	-1,636,206	
2010	-791,232	
2011	-631,716	
2012	-30,348	
2013	-432,359	
2014	-198,343	
2015	-3,149	
2016	-47,160	
2017	-11,528	
2018	-133,080	
2019	-41,108	
2020	-116,100	
2021	-22,029	
Interest Income on Account	684,684	
Equipment Purchases and Corps of Engineers Project Credit	<u>-658,898</u>	
	<u>\$2,475,419</u>	Restriction 12/31/23
Levee restriction is displayed in the accompanying financial statements in the following funds:		
	\$631,711	General Fund
	<u>1,843,708</u>	Tort Liability Fund
	<u>\$2,475,419</u>	Total

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

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 8: OTHER NOTE DISCLOSURES (CONTINUED)

J. Pending Litigation and Claims

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

NOTE 9: SUBSEQUENT EVENTS

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

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2023

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES:						
Taxes:						
Property Taxes	\$ 2,814,443	\$ 3,422,954		\$ -	\$ -	\$ -
Intergovernmental Revenues:						
Replacement Taxes	4,533,825	3,724,056		-	-	-
Payment in Lieu of Taxes		66,356		-	-	-
Building Rental	12,000	12,000		-	-	-
FEMA Reimbursement		95,261				
Insurance Proceeds		92,082				
Fines and Fees:						
Licenses and Permits	250,000	467,129		-	-	-
Pumping Services	77,000	83,848		-	-	-
Interest Income		345,550	10,500	52,318	10	1,972
Miscellaneous		999		-	-	-
Sale of Surplus Property and Scrap	75,000	1,417		-	-	-
Total Revenues	\$ 7,762,268	\$ 8,311,652	\$ 10,500	\$ 52,318	\$ 10	\$ 1,972
EXPENDITURES:						
Administration:						
Salaries	\$ 551,000	\$ 494,670		\$ -	\$ -	-
Electric Service	6,300	5,194		-	-	-
Insurance - Group Health and Welfare	665,500	684,553		-	-	-
Insurance - Retiree Medical	20,500	18,982		-	-	-
Insurance - Bonding	1,000	1,372		-	-	-
Insurance - Unemployment	7,500	5,467		-	-	-
Insurance - Worker's Compensation	-	163,137		-	-	-
Insurance - Liability	552,000	327,095		-	-	-
Telephone	3,500	3,193		-	-	-
Water, Trash and Sewerage	600	653		-	-	-
Postage	1,000	662		-	-	-
Materials and Supplies:						
Vehicles				-	-	-
Equipment	2,500			-	-	-
Building	2,500	2,766		-	-	-
CDL and App License	250	3,775				

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2023

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final		Original and Final		Original and Final	
	Budget	Actual	Budget	Actual	Budget	Actual
EXPENDITURES (CONTINUED):						
Administration (Continued):						
IT Expense	30,000					
Office Expense	10,000	16,528		-		
Licenses and Title		181		-		
Copier Expense	3,500	4,049		-		
Building Security	1,000	7,202		4,902		
Legal Services	65,000	79,442	\$ 5,000	265		
Legal Publications	1,000	551		-		
Payroll Processing	5,500	7,235		-		
Land and Title Work				-		
Training and Software		828		1,209		
Dues and Subscriptions	500	992		-		
Petty Cash	250			-		
Minor Medical Fees	2,500	1,659		-		
Easements	500	200		-		
Website Related Costs		14,324		-		
Legal Judgements			5,000			
Bank Fees	100			-		
Miscellaneous	500			-		
Engineering:						
Engineering Services	120,000	98,019		-		
General Maintenance:						
Salaries - Madison County	1,275,000	677,620		-		
Salaries - St. Clair County		659,587		-		
Electric Service	22,000	13,296		-		
Telephone	5,000	5,754		-		
Water, Trash and Sewerage	6,000	7,312		-		
Material and Supplies:						
Vehicles	65,000	99,461		-		
Office	5,000			-		
Buildings	75,000	70,790		-		
Equipment	125,000	135,715		-		
Levee and Canals	25,000	68,347		-		
Relief Wells	260,000	31,604		-		
Motor Fuel and Lubricants	140,000	113,556		-		
Equipment Rental	1,000	252		-		
Trapping		4,700		-		
Julie Expense	4,000	1,341		-		
IDNR Contracts	10,000			-		

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

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

General and Major Special Revenue Funds
For the Year Ended December 31, 2023

	General Fund		Tort Liability Fund		Stormwater System Improvement	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
EXPENDITURES (CONTINUED):						
General Maintenance (Continued):						
Safety Equipment - Noncapital		17	5,000	11,960		
Uniform Expense and Boot Allowance	6,000	5,987		-		
Levee Recertification	120,000			-		
Road Improvements	35,000	12,414		-		
Weed Control and Seeding	2,500	1,524		-		
Twin 60" Line Repair	25,000	16,303		-		
BWD Repairs	70,000	50,810		-		
Miscellaneous	2,500	1,862		-		
Project Costs:						
Salaries	175,000	142,228		-		
Electric Service	350,000	160,883		-		
Telephone	14,000	11,169		-		
Water, Trash and Sewerage	2,500	1,547		-		
Material and Supplies:						
Equipment	60,000	123,295		-		
Building	75,000	2,591		-		
Equipment Rental	5,000			-		
Building Security				-		
Debris Removal				-		
Capital Outlay:						
Equipment Purchases	245,000	243,164		-		
Total Expenditures	5,260,000	4,605,857	10,000	18,336	-	-
REVENUES OVER (UNDER) EXPENDITURES	\$ 2,502,268	\$ 3,705,795	\$ 500	\$ 33,982		
OTHER FINANCING SOURCES (USES)						
Transfers	\$ (336,000)	\$ (336,000)	\$ -	\$ -	\$ 336,000	\$ 336,000
Principal Retirement			-	-	(365,985)	(162,375)
Interest Expense						(173,608)
Total Other Financing Sources (Uses)	\$ (336,000)	\$ (336,000)	\$ -		\$ (29,985)	\$ 17
NET CHANGE IN FUND BALANCES	\$ 2,166,268	3,369,795	\$ 500	33,982	\$ (29,985)	\$ 1,989
FUND BALANCES, BEGINNING OF YEAR		12,090,889		2,527,474		112,065
FUND BALANCES, END OF YEAR		\$ 15,460,684		\$ 2,561,456		\$ 114,054

See accompanying independent auditor's report.

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

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Calendar Years

Calendar year ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability	\$ 201,119	\$ 228,302	\$ 224,891	\$ 251,023	\$ 234,727	\$ 259,877	\$ 330,933	\$ 323,121	\$ 322,901	\$ 327,344
Service Cost	1,362,730	1,337,527	1,317,814	1,250,391	1,203,249	1,179,091	1,161,859	1,118,118	1,077,417	989,364
Interest on the Total Pension Liability	-	-	-	-	-	-	-	-	-	-
Benefit Changes	(730,194)	(76,077)	(110,542)	629,635	195,164	(71,790)	23,110	(255,181)	(277,564)	(74,526)
Difference between Expected and Actual Experience	(18,664)	-	-	(117,832)	-	443,020	(492,114)	(18,569)	17,719	488,297
Assumption Changes	(1,058,792)	(1,198,275)	1,125,584	(1,014,727)	(967,361)	(877,256)	(639,733)	(576,449)	(579,524)	(528,915)
Benefit Payments and Refunds	\$ (243,801)	\$ 291,477	\$ 2,557,747	\$ 998,490	\$ 665,779	\$ 932,942	\$ 384,055	\$ 591,040	\$ 560,949	\$ 1,201,564
Net Change in Total Pension Liability	19,225,106	18,933,629	18,627,120	17,628,630	16,962,851	16,029,909	15,645,854	15,054,814	14,493,865	13,292,301
Total Pension Liability - Beginning	\$ 18,981,305	\$ 19,225,106	\$ 21,184,867	\$ 18,627,120	\$ 17,628,630	\$ 16,962,851	\$ 16,029,909	\$ 15,645,854	\$ 15,054,814	\$ 14,493,865
Total Pension Liability - Ending (a)										
Plan Fiduciary Net Position										
Employer Contributions	\$ 71,846	\$ 157,476	\$ 206,912	\$ 282,727	\$ 322,701	\$ 320,921	\$ 294,366	\$ 282,009	\$ 276,221	\$ 293,243
Employee Contributions	104,628	104,673	108,520	109,826	109,124	109,967	140,242	141,634	138,110	178,073
Pension Plan Net Investment Income	2,070,398	(2,975,987)	3,448,240	2,546,234	2,840,624	(838,088)	2,447,646	966,903	72,021	839,425
Benefit Payments and Refunds	(1,058,792)	(1,198,275)	(1,125,584)	(1,014,727)	(967,361)	(877,256)	(639,733)	(576,449)	(579,524)	(528,915)
Other	(493,259)	(175,106)	(72,667)	251,827	120,804	167,780	(340,198)	(117,022)	(518,621)	(84,991)
Net Change in Plan Fiduciary Net Position	\$ 694,821	\$ (4,087,219)	\$ 2,565,421	\$ 2,175,887	\$ 2,425,892	\$ (1,116,676)	\$ 1,902,323	\$ 697,075	\$ (611,793)	\$ 696,835
Plan Fiduciary Net Position - Beginning	18,487,612	22,524,831	19,959,410	17,783,523	15,357,631	16,474,307	14,571,984	13,874,909	14,486,702	13,789,867
Plan Fiduciary Net Position - Ending (b)	\$ 19,182,433	\$ 18,437,612	\$ 22,524,831	\$ 19,959,410	\$ 17,783,523	\$ 15,357,631	\$ 16,474,307	\$ 14,571,984	\$ 13,874,909	\$ 14,486,702
Net Pension Liability/(Asset) - Ending (a)-(b)	\$ (201,128)	\$ 787,494	\$ (1,339,964)	\$ (1,332,290)	\$ (154,893)	\$ 1,605,220	\$ (444,398)	\$ 1,073,870	\$ 1,179,905	\$ 7,163
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.06%	96.16%	118.97%	107.15%	100.88%	90.54%	102.77%	93.14%	92.16%	99.95%
Covered Valuation Payroll	\$ 2,325,076	\$ 2,326,069	\$ 2,411,564	\$ 2,440,587	\$ 2,424,982	\$ 2,443,712	\$ 3,116,477	\$ 3,147,429	\$ 3,069,129	\$ 3,012,571
Net Pension Liability as a Percentage of Covered Valuation Payroll	-8.65%	31.71%	-55.56%	-54.59%	-6.39%	65.69%	-14.26%	34.12%	38.44%	0.24%

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

MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last 10 Calendar Years

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	\$ 292,219	\$ 293,243	\$ (1,024)	\$ 3,012,571	9.73%
2015	\$ 276,222	\$ 276,221	\$ 1	\$ 3,069,129	9.00%
2016	\$ 282,010	\$ 282,009	\$ 1	\$ 3,147,429	8.96%
2017	\$ 277,366	\$ 294,366	\$ (17,000)	\$ 3,116,477	9.45%
2018	\$ 212,847	\$ 320,921	\$ (108,074)	\$ 2,443,712	13.13%
2019	\$ 178,479	\$ 322,701	\$ (144,222)	\$ 2,424,982	13.31%
2020	\$ 226,731	\$ 282,727	\$ (55,996)	\$ 2,440,587	11.58%
2021	\$ 206,912	\$ 206,912	-	\$ 2,411,564	8.58%
2022	\$ 157,475	\$ 157,476	\$ (1)	\$ 2,326,069	6.77%
2023	\$ 71,845	\$ 71,846	\$ (1)	\$ 2,325,076	3.09%

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

NOTES TO SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2023 CONTRIBUTION RATE

Valuation Date:

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

Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 20-year closed period
	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 15 years for most employers (three employers were financed over 25 years and four employees were financed over 26 years and one employee was financed over 27 years.)
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	2.75%
Price inflation	2.25%
Salary Increases	2.75% to 13.75% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, The Pub-2010, amount weighted, below-median income, General, Disabled Retiree, male (adjusted 106%) and female (adjusted 105%) tables, and future mortality improvements using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using Scale MP-2020. For active members, the Pub-2010, Amount-Weighted below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes There were no benefit changes during the year.

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

See accompanying independent auditor's report.

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

COMBINING BALANCE SHEET

Nonmajor Governmental Funds
December 31, 2023

	Special Revenue Funds			
	Auditing	Municipal	Social	
	Fund	Retirement	Security	Totals
		Fund	Fund	
ASSETS:				
Cash and Cash Equivalents	\$ 45,032	\$ 464,690	\$ 98,683	\$ 608,405
Investments	-	-	131,432	131,432
Receivables:				
Property Taxes	35,256	156,972	173,332	365,560
Due from Other Funds	4,088	569,916	478,410	1,052,414
Total Assets	<u>\$ 84,376</u>	<u>\$ 1,191,578</u>	<u>\$ 881,857</u>	<u>\$ 2,157,811</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ 10,429	\$ -	\$ 10,429
Total Liabilities	<u>\$ -</u>	<u>\$ 10,429</u>	<u>\$ -</u>	<u>\$ 10,429</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Property Taxes	<u>\$ 33,485</u>	<u>\$ 149,932</u>	<u>\$ 164,592</u>	<u>\$ 348,009</u>
FUND BALANCES:				
Restricted	<u>\$ 50,891</u>	<u>\$ 1,031,217</u>	<u>\$ 717,265</u>	<u>\$ 1,799,373</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 84,376</u>	<u>\$ 1,191,578</u>	<u>\$ 881,857</u>	<u>\$ 2,157,811</u>

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

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds			Totals
	Auditing Fund	Municipal Retirement Fund	Social Security Fund	
REVENUES:				
Taxes				
Property Taxes	\$ 31,936	\$ 144,659	\$ 156,097	\$ 332,692
Intergovernmental Revenues:				
Replacement Taxes	-	139,406	119,489	258,895
Interest Income	4	10,171	4,615	14,790
Total Revenues	<u>\$ 31,940</u>	<u>\$ 294,236</u>	<u>\$ 280,201</u>	<u>\$ 606,377</u>
EXPENDITURES:				
Administration	<u>\$ 27,350</u>	<u>\$ 51,040</u>	<u>\$ 147,652</u>	<u>\$ 226,042</u>
NET CHANGE IN FUND BALANCES	\$ 4,590	\$ 243,196	\$ 132,549	\$ 380,335
FUND BALANCES, BEGINNING OF YEAR	<u>46,301</u>	<u>788,021</u>	<u>584,716</u>	<u>1,419,038</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 50,891</u></u>	<u><u>\$ 1,031,217</u></u>	<u><u>\$ 717,265</u></u>	<u><u>\$ 1,799,373</u></u>

See accompanying independent auditor's report.

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

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

Nonmajor Special Revenue Funds
For the Year Ended December 31, 2023

	Auditing Fund		Municipal Retirement Fund		Social Security Fund	
	Original and Final Budget	Actual	Original and Final Budget	Actual	Original and Final Budget	Actual
REVENUES:						
Taxes:						
Property Taxes	\$ 35,000	\$ 31,936	\$ 140,000	\$ 144,659	\$ 155,000	\$ 156,097
Intergovernmental Revenues:						
Replacement Taxes				139,406		119,489
Interest Income		4		10,171		4,615
Total Revenues	<u>\$ 35,000</u>	<u>\$ 31,940</u>	<u>\$ 140,000</u>	<u>\$ 294,236</u>	<u>\$ 155,000</u>	<u>\$ 280,201</u>
EXPENDITURES:						
Administration	<u>\$ 35,000</u>	<u>\$ 27,350</u>	<u>\$ 140,000</u>	<u>\$ 51,040</u>	<u>\$ 155,000</u>	<u>\$ 147,652</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>4,590</u>	<u>\$ -</u>	<u>243,196</u>	<u>\$ -</u>	<u>132,549</u>
FUND BALANCES, BEGINNING OF YEAR		<u>46,301</u>		<u>788,021</u>		<u>584,716</u>
FUND BALANCES, END OF YEAR		<u>\$ 50,891</u>		<u>\$ 1,031,217</u>		<u>\$ 717,265</u>

See accompanying independent auditor's report.

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

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

Enterprise Fund
For the Year Ended March 31, 2023

	Sewerage Fund	
	Original and Final Budget	Actual
OPERATING REVENUES:		
Sewer Fees	\$ 3,280,000	\$ 3,534,611
Lien Fees and Miscellaneous Revenues	10,000	6,742
Total Operating Revenues	<u>\$ 3,290,000</u>	<u>\$ 3,541,353</u>
OPERATING EXPENSES		
Personnel Services:		
Salaries	\$ 395,000	\$ 551,063
Employer's Payroll Expense:		
FICA	35,000	40,663
IMRF	40,000	27,220
Unemployment Compensation	5,000	1,160
Uniform Allowance	1,000	865
Group Insurance	225,000	182,755
Minor Medical Expense		364
Total Personnel Services	<u>\$ 701,000</u>	<u>\$ 804,090</u>
Contractual Services:		
Utilities	\$ 125,000	\$ 135,062
Telephone	6,000	4,505
Auditing and Accounting Fees	14,000	13,230
Engineering Fees	25,000	27,001
Legal Fees	20,000	15,876
Printing and Publishing	3,000	3,340
Insurance	55,000	50,710
Office Space Rental	12,000	12,000
Filing and Lien Fees	5,000	2,363
Sewerage Permits	5,000	5,000
Computer System, Support	8,000	9,293

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

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

	Sewerage Fund	
	Original and Final Budget	Actual
OPERATING EXPENSES (CONTINUED):		
Contractual Services (Continued):		
Miscellaneous	2,000	252
Website Related Costs	5,000	6,787
Alarm	2,500	751
Lift Station Monitoring	6,000	10,407
Easements	1,000	650
Water Usage and Parcel Data Fees	10,000	7,213
Water Turn-Off Fees		31,225
Credit Reports	7,000	5,534
Equipment Lease Agreements	4,500	3,174
Water Testing Fees	15,000	43,915
Safety Supplies	-	
Maintenance Agreements	3,500	315
Interest Expense	-	5,504
Total Contractual Services	\$ 334,500	\$ 394,107
Materials and Supplies:		
Office Supplies	\$ 7,500	\$ 4,124
Postage	25,000	22,714
Computer Supplies	4,000	4,671
Total Materials and Supplies	\$ 36,500	\$ 31,509
Maintenance and Repairs:		
Sewer Line	\$ 120,000	41,423
Building	10,000	2,744
Equipment	95,000	9,098
Vehicle	10,000	13,749
Lift Station	10,000	2,469
Streets	2,500	323
	\$ 247,500	\$ 69,806

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

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

	Sewerage Fund	
	Original and Final Budget	Actual
Secondary Treatment Expense	\$ 1,850,000	\$ 1,960,041
Depreciation		153,980
Fixed Asset Purchases	20,000	
	<u>\$ 1,870,000</u>	<u>\$ 2,114,021</u>
Total Operating Expenses	<u>\$ 3,189,500</u>	<u>\$ 3,413,533</u>
OPERATING INCOME (LOSS)	<u>\$ 100,500</u>	<u>\$ 127,820</u>
NONOPERATING REVENUES:		
Interest Income	\$ 1,000	\$ 3,057
FEMA Reimbursement		<u>\$ 98,876</u>
Change in Net Position	<u>\$ 101,500</u>	<u>\$ 229,753</u>

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

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

Reconciliation to GAAP Basis Financial Statements:

Change in Net Position (Cash Basis)	\$	(157,207)
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Adjustments to Reconcile Decrease in Net Position - Cash Basis to
GAAP basis

Increases (Decreases) in Assets and Deferred Outflows

Which are Not Recorded Using the Cash Basis

Depreciation		(153,980)
Prepaid Insurance		7,914
Accounts Receivable, Net		(110,101)

(Increases) Decreases in Liabilities and Deferred Inflows

Which are Not Recorded Using the Cash Basis

Accounts Payable		(573)
Due to Metro East Sanitary District		(47,442)
Accrued Wages		(2,811)
Compensated Absences		(10,746)

Cash Payments Not Considered Expenses on GAAP Basis Statements

Repayments on Illinois EPA Loan		119,716
Repayments on Lease Payable		13,233
Acquisition of Asset		

	\$	(341,997)
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Metro East Sanitary District
Madison and St. Clair Counties, Illinois

COMBINING SCHEDULE OF NET POSITION

Fiduciary Funds
December 31, 2023

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

See accompanying independent auditor's report.

Table 1

Metro East Sanitary District
Madison and St. Clair Counties, Illinois
PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS

December 31, 2023

Levy Year	Assessed Valuation	General	Municipal Retirement	Social Security	Auditing	Liability Insurance	Total
Tax Rates							
2014	742,760,756	0.3126	0.0272	0.0199	0.0034	0.0629	0.4260
2015	761,585,663	0.3120	0.0238	0.0201	0.0037	0.0645	0.4241
2016	776,154,225	0.3120	0.0258	0.0212	0.0037	0.0598	0.4225
2017	775,235,050	0.3120	0.0330	0.0174	0.0042	0.0452	0.4118
2018	783,881,005	0.3120	0.0335	0.0183	0.0043	0.0481	0.4162
2019	806,413,130	0.2990	0.0342	0.0190	0.0041	0.0544	0.4107
2020	810,831,068	0.3120	0.0340	0.0189	0.0041	0.0541	0.4231
2021	937,268,106	0.2993	0.0294	0.0097	0.0036	0.0468	0.3888
2022	1,046,403,374	0.2831	0.0139	0.0153	0.0031	0.0455	0.3609
2023	1,171,472,220	0.2784	0.0126	0.0140	0.0028	0.0414	0.3492
Taxes Extended							
2014	2,322,057	201,975	147,719	25,472	467,474	3,164,697	
2015	2,376,131	181,416	152,889	28,353	491,414	3,230,203	
2016	2,421,585	200,634	164,578	28,718	464,489	3,280,004	
2017	2,418,734	256,000	135,064	32,560	350,579	3,192,937	
2018	2,445,709	262,418	143,450	33,707	377,047	3,262,331	
2019	2,425,070	277,275	154,145	33,248	441,097	3,330,835	
2020	2,529,793	275,683	153,247	33,244	438,660	3,430,626	
2021	2,805,243	275,557	90,915	33,742	438,641	3,644,098	
2022	2,962,802	145,291	160,485	32,287	475,758	3,776,623	
2023	3,260,921	148,042	163,504	33,264	484,654	4,090,385	
Total Taxes Collected							
Percent Collected							
2014	3,164,697	3,072,935	97.10%				
2015	3,230,203	3,082,048	95.41%				
2016	3,280,004	3,189,363	97.24%				
2017	3,192,937	3,075,877	96.33%				
2018	3,262,331	3,158,476	96.82%				
2019	3,330,835	3,267,104	98.09%				
2020	3,430,626	3,338,515	97.32%				
2021	3,644,098	3,594,200	98.63%				
2022	3,776,623	3,752,625	99.36%				
2023	4,090,385						