

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
WOOD RIVER, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 YEAR ENDED SEPTEMBER 30, 2017
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INDEPENDENT AUDITORS' REPORT

DONOHOO, MCCALLEY & ASSOCIATES
Certified Public Accountants
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Wood River, Illinois 62095
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Independent Auditors' Report

To The Commissioners
Wood River Drainage and Levee District
Wood River, Illinois 62095

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major funds, which collectively comprise the basic financial statements of Wood River Drainage and Levee District (The "District") as of and for the year ended September 30, 2017, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

As described more fully in note 2B, the capital assets of the District have not been depreciated in accordance with generally accepted accounting principles.

In our opinion, except that the omission of the financial statement data described above results in an incomplete presentation as explained in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the District at September 30, 2017 and the changes in net position for the year then in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as Management's Discussion and Analysis, the District's Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for all of its funds, and Illinois Municipal Retirement Fund Schedule of Changes in Net Pension Liability and Illinois Municipal Retirement Fund Schedule of Employer Contributions on pages 3-6, 28-30, and pages 31-32 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.

Donohoo, McCalley & Associates

Donohoo, McCalley and Associates
Greg M McCalley & Associates PC
Certified Public Accountants
August 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended September 30, 2017.

FINANCIAL HIGHLIGHTS

- The District had a great year.
- The District's revenues exceeded expenditures by \$247,579, \$55,274 of those expenditures were for new capital assets. The District's revenue increased by \$80,740 (7.69%).
- The District's expenditures decreased by \$234,443 (20.75%) over the previous year. \$146,470 (62.47%) of this decrease was due to a large decrease in the purchase of capital assets.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 7–8) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

Our analysis of the District as a whole begins on page 7. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. You can think of the District's net position—the difference between assets and liabilities - as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

The District's basic governmental services are reported in the Statement of Net Position and the Statement of Activities. These include providing the public with controlling floodwaters and maintaining the levee system.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 9.

- The District's funds are governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each fund financial statement.

THE DISTRICT AS A WHOLE

For the year ended September 30, 2017, net position changed as follows:

	Governmental Activities
Beginning net position	\$4,440,728
Increase in net position	290,443
Ending net position	<u>\$4,731,171</u>

This reflects a net position increase of 6.54% percent for governmental activities. Our analysis below focuses on the change of net position

	<u>2017</u>	<u>2016</u>
Assets:		
Cash, investments, and receivables	\$ 2,770,184	\$ 2,531,388
Capital assets	<u>1,981,628</u>	<u>1,926,354</u>
Total assets	4,751,812	4,457,742
Liabilities:		
Accounts payable and accrued wages and payroll taxes	<u>20,641</u>	<u>17,014</u>
Total liabilities	20,641	17,014
Net position:		
Invested in capital assets	1,981,628	1,926,354
Restricted for Alton Pump Station	274,758	287,168
Unrestricted	<u>2,474,785</u>	<u>2,227,206</u>
Total net position	<u>\$ 4,731,171</u>	<u>\$ 4,440,728</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

THE DISTRICT'S FUND

The following schedule presents a summary of general and special revenue fund revenues and expenditures for the fiscal year ended September 30, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 17 Amount	Percent of Total	Increase (Decrease) from FYE 16	Percent Increase (Decrease)
Revenues:				
Assessment	\$ 894,079	79.08%	\$7,515	0.85%
Pumping	212,843	18.83%	66,252	45.20%
Interest	15,130	1.34%	2,269	17.64%
Miscellaneous	8,505	0.75%	4,704	123.76%
Total Revenues	\$ 1,130,557	100%	\$80,740	7.69%
Expenditures:				
Pumping Operations	\$ 511,392	57.11%	\$ 263,742	86.20%
Maintenance	81,461	9.10%	(336,343)	-512.88%
Administration	93,801	10.48%	(11,702)	-11.09%
Professional Fees	29,086	3.25%	12,231	72.57%
Insurance and Bonds	124,374	13.89%	11,099	9.80%
Capital Assets	55,274	6.17%	146,470	365.00%
Total Expenditures	\$ 895,388	100%	\$ (234,443)	-20.75%

CAPITAL ASSETS

Capital Assets

As of September 30, 2017, the District had \$1.982 million invested in capital assets including land, buildings, furniture, and equipment. (See table below.)

	Governmental Activities	
	2017	2016
Buildings, Furniture and Equipment	<u>\$ 1,981,628</u>	<u>\$ 1,926,354</u>
TOTALS	<u>\$ 1,981,628</u>	<u>\$ 1,926,354</u>

The District purchased a lawn mower for \$1,924, a utility truck for \$9,149 and made land improvements of paving for \$44,201 during the year ended September 30, 2017.

DEBT

The District has no debt of any kind.

ECONOMIC FACTORS

The District Levee held up splendidly during last year's floods and the District continues to receive an average annual assessment of about \$890,000 to fund operations.

BUDGET

The District actual expenditures were \$168,648 more than the budgeted amount during the year ended September 30, 2017.

CONTACTING THE DISTRICTS FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District Treasurer, Jamie Butkovich, at 543 W. Madison, Wood River, Illinois.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
STATEMENT OF NET POSITION
As of September 30, 2017

	<u>PRIMARY GOVERNMENT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,325,866
Investments	1,440,450
Accrued interest	<u>3,868</u>
Total current assets	2,770,184
Noncurrent assets:	
Capital assets not being depreciated	
Land	15,122
Building and equipment	<u>1,966,506</u>
Total assets	<u>\$ 4,751,812</u>
LIABILITIES	
Current liabilities:	
Accounts payable	19,120
Accrued wages and payroll taxes	<u>1,521</u>
Total liabilities	<u>20,641</u>
NET POSITION	
Invested in capital assets, net of related debt	1,981,628
Restricted for Alton Pump Station	274,758
Unrestricted	<u>2,474,785</u>
Total net position	<u>\$ 4,731,171</u>

The notes to financial statements are an integral part of this statement.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2017

	TOTAL	FUNCTIONS/PROGRAMS		
		ADMINISTRATION	OPERATIONS	SPECIAL REVENUE
Primary government:				
Expenses				
Salaries, wages, and benefits	\$ 525,960	\$ 55,913	\$ 470,047	
Materials, supplies, and repairs	91,388	9,927	81,461	
Utilities	88,357	12,106	76,251	
Fuel	18,196		18,196	
Insurance	124,374	12,106	112,268	
Other program expenses	47,113	32,835	1,375	\$ 12,903
Total expenses	<u>895,388</u>	<u>122,887</u>	<u>759,598</u>	<u>12,903</u>
Program revenue				
Charges for services	212,843		212,843	
Net program expenses	<u>682,545</u>	<u>122,887</u>	<u>546,755</u>	<u>12,903</u>
General revenues				
Assessment	894,079			
Refunds and reimbursements	7,605			
Easement and lease	900			
Unrestricted investment income	14,637			
Restricted investment income	493			
Total general revenues	<u>917,714</u>			
Change in net position	235,169			
Net position, beginning of year	<u>4,440,728</u>			
Net of capital assets purchased (1)	55,274			
Net position, end of year	<u>\$4,731,171</u>			

The notes to financial statements are an integral part of this statement.

FUND

FINANCIAL STATEMENTS

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
As of September 30, 2017**

ASSETS	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL</u>
Cash and cash equivalents	\$ 1,325,866		\$ 1,325,866
Investments	1,165,692	\$ 274,758	1,440,450
Receivables:			
Accrued interest	3,868		3,868
TOTAL ASSETS	<u><u>\$ 2,495,426</u></u>	<u><u>\$ 274,758</u></u>	<u><u>\$ 2,770,184</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,120	\$ -	\$ 19,120
Accrued payroll and taxes	1,521		1,521
Total liabilities	<u>20,641</u>		<u>20,641</u>
Fund balances:			
Unassigned reported in general fund	2,474,785		2,474,785
Restricted for special revenue fund		<u>274,758</u>	<u>274,758</u>
Total fund balances	<u>2,474,785</u>	<u>274,758</u>	<u>2,749,543</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,495,426</u></u>	<u><u>\$ 274,758</u></u>	<u><u>\$ 2,770,184</u></u>

The notes to financial statements are an integral part of this statement.

EXHIBIT "D"

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
As of September 30, 2017**

Fund balance - Governmental Funds \$ 2,749,543

**Amounts reported for governmental activities in the
Statement of Net Position are different because:**

Capital assets used in governmental activities
are not current financial resources and therefore
are not reported in the governmental funds
balance sheet 1,981,628

Net position of governmental activities \$ 4,731,171

The notes to financial statements are an integral part of this statement.

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET POSITION - GOVERNMENTAL FUNDS
For the Year Ended September 30, 2017**

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL</u>
REVENUES:			
Assessment	\$ 894,079		\$ 894,079
Pumping	212,843		212,843
Refunds and reimbursements	7,605		7,605
Investment income	14,637	\$ 493	15,130
Easement and lease	900		900
Total revenues	<u>1,130,064</u>	<u>493</u>	<u>1,130,557</u>
EXPENDITURES:			
Pumping operation	498,489	12,903	511,392
Maintenance	81,461		81,461
Administration	93,801		93,801
Engineering & professional fees	29,086		29,086
Insurance and bonds	124,374		124,374
Capital assets	55,274		55,274
Total expenditures	<u>882,485</u>	<u>12,903</u>	<u>895,388</u>
Excess (Deficiency) Revenues Over Expenditures	247,579	(12,410)	235,169
Change in Fund Balances	247,579	(12,410)	235,169
Fund Balances, Beginning of Year	<u>2,227,206</u>	<u>287,168</u>	<u>2,514,374</u>
Fund Balances, End of Year	<u>\$ 2,474,785</u>	<u>\$ 274,758</u>	<u>\$ 2,749,543</u>

The notes to financial statements are an integral part of this statement.

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGE IN NET POSITION OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2017**

Net change in fund balances - total governmental funds	\$ 235,169
Expenditure for capital outlay reported in expenditures. This is the amount of capital assets recorded in the current period	<u>55,274</u>
Change in net position of governmental activities	<u><u>\$ 290,443</u></u>

The notes to financial statements are an integral part of this statement.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1. THE REPORTING ENTITY

The Wood River Drainage and Levee District ("District") was organized and placed into operation in 1910 by the United States Army Corps of Engineers in an attempt to control the waters of the Mississippi. The District operates under an appointed commissioner form of government and is authorized to perform the services of controlling flood waters and maintaining the levee system.

The Reporting Entity – The District's reporting entity includes the district's governing board and all related organizations for which the district exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District is not aware of any entity which would exercise such oversight as to result in the District's being considered a component unit of the entity.

Included in the reporting entity:

There are seven pump stations located in a geographic area that spans approximately twenty five square miles (from Wood River Creek to Cahokia Canal and from Route 3 to Route 111, are broad local parameters). Essential to inclusion in the District as an entity is any employee, property and/or equipment used (employed) and owned by the District for the purpose of controlling floodwaters and maintaining the levee.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1. THE REPORTING ENTITY (con't)

Excluded from the reporting entity is any property and/or equipment located within the District's geographic area, or outside of, that is not used and owned by the District for the purpose of controlling flood waters and maintaining the levee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units with the exception that the District does not depreciate its capital assets as required by generally accepted accounting principles. 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 government's accounting policies are described below;

A. Basis of Accounting

The District maintains its accounting records on the accrual method of accounting. Its revenues are recognized when they are earned, and expenditures are recognized when incurred.

B. Property, Plant and Equipment

Purchases of property and equipment are recorded as expenditures of the various funds. The cost thereof is also recorded in the General Fixed Asset Account which is used to maintain accounting control over all property and equipment under the District's jurisdiction.

General fixed assets are valued at historical cost (estimated cost for items purchased prior to September 30, 1973). Not in accordance with generally accepted accounting principles, no provision is made for depreciation of such assets and depreciation is not reflected in the basic financial statements. The fixed assets consisting of certain improvement other than building including drainage have not been capitalized. Such assets are normally immovable and of value only to the District.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (con't)

C. Cash and Cash Equivalents

Money held in bank checking or money market account and cash held in the office for the purpose of providing change to customers are considered to be cash and cash equivalents for financial statement purposes because their maturities are less than 90 days.

D. Investments

The District invests in certificates of deposits (CDs). For the year ended September 30, 2017 all of the CDs were from 1st Mid America Credit Union. Each CD is valued at cost plus the earned interest included in the CD by the financial institution holding the CD per the last bank statement. No interest is received on any of the District's three certificates of deposit until the CD reaches its maturity date; at which time the CD plus the interest earned are renewed, renewed in a different financial institution or cashed out. Although there is a market for CDs the District's policy is to hold CDs until maturity and renew the CD plus the interest at the new market rate. The interest accrued on the CD from day the CD was purchased until September 30, 2017 is the interest accrued on the CD. This amount is shown on the financial statements as accrued interest. The accrued interest as of September 30, 2017 was \$3,866. The District is subject to investment risk in that the interest rate of renewed CDs might be like than the prior CD.

E. Revenue and Accounts Receivable

Property Tax Revenue

Assessments (through property taxes) attach as an enforceable lien on property as of January 1. The assessments (through property taxes) are levied during or before September of the preceding year. Assessments are payable in four installments. Madison County billed the assessments (through property taxes) in May 2017 and collections are remitted to the County Collector. The County disburses the assessment collections to the District as they are received. The due date for the assessment is August 31 (via the first of four property tax installments). Significant assessment revenues are received during the months of August, September, October, and November. Since the District's fiscal year crosses two

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (con't)

E. Revenue and Accounts Receivable (con't)

tax assessment years the District recognizes tax revenue when it is received and therefore there is no receivable for tax revenue

Pumping Revenue

The District also receives revenue from Conoco Phillips for various pumping services it provides that organization. The District bill the company after work is performed and the money owed the District is an accounts receivable until it is paid. As of September 30, 2017, Conoco Phillips did not owe the District money.

Accrued interest

Accrued interest earned on the District's CDs is a receivable until the interest is reflected in the District's latest bank statement.

F. Budgets and Budgetary Accounting

The District's annual budget is legally adopted during the first board meeting of the new fiscal year (usually held in October). The annual budget is adopted using the cash basis method of accounting, which differs from the accrual method of accounting by which the audited financial statements are presented. The nature and amount of adjustments necessary to convert the budgeted (cash basis) to the presentation (accrual basis) are not readily determinable. The budget for the year ended September 30, 2017 was adopted on October 21, 2017 and was not amended during the year ended September 30, 2017.

G. Encumbrances

The District does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each expenditure. Government resources are allocated to and for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and one broad fund category as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

The Alton Pump Station Electric Usage Fund is the District's only Special Revenue Fund. This fund was established to provide for power costs over the next 50 years, starting in 1990. The fund's primary source of revenue was a \$340,000 prepayment from the Corps of Engineers and annual interest earnings.

NOTE 4. CASH AND INVESTMENTS

A. Cash and Cash Equivalents

At September 30, 2017 the carrying amount of the District's deposits were \$1,325,866 which includes a \$50 petty cash fund held at the district, and the bank balances were \$1,399,207. The difference is primarily outstanding checks. All cash accounts are category 1 accounts. The breakdown of bank accounts is as follows;

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 4. CASH AND INVESTMENTS (con't)

A. Cash and Cash Equivalents (con't)

<u>Description</u>	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Market Value</u>
East Alton Maint Checking	\$ 1,850	\$ 1,850	\$ 1,850
Alton #1 MMDA	215,217	222,681	215,217
MaintenanceFund MMDA	949,577	989,577	949,577
Maintenance Checking	9,890	29,925	9,890
Rand MMDA Account	98,510	98,510	98,510
Rand Pump Station	50,772	56,664	50,772
Totals	<u>\$ 1,325,816</u>	<u>\$ 1,399,207</u>	<u>\$ 1,325,816</u>

B. Investments

For the fiscal year 2017, the District invested only in certificates of deposits. The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

The Districts' investments are all Category 1 investments. They are stated at current value and all investment activities are conducted through the depository bank.

<u>Category 1</u>	<u>Carrying Amount</u>	<u>Market Value</u>
<u>1,440,450</u>	<u>1,440,450</u>	<u>1,440,450</u>
<u>\$ 1,440,450</u>	<u>\$ 1,440,450</u>	<u>\$ 1,440,450</u>

Of the bank and investment balances, all are covered by federal depository insurance or collateralized with securities held by a pledging institution's trust department or agent in the District's name.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 4. CASH AND INVESTMENTS (con't)

B. Investments (con't)

Interest Rate Risk

The District limits its cash and investments to checking accounts, money market accounts, and certificates of deposit. As stated earlier these investments are covered by FDIC and pledged securities and therefore not subject to credit risk. These types of investments are subject to interest rate risk where overall interest rates may decrease and the rollover of an investment will generate less interest revenue than the previous investment.

Custodial Credit Risk

All of the District's investments are in 1st Mid-America Credit Union and are therefore subject to custodial credit risk.

Concentration of Credit Risk

The District places no limit on the amount the District may invest with any one issuer but for the year ended September 30, 2016 all deposits were covered by FDIC or collateralized with securities held by the pledging institution's trust department or agent in the District's name..

NOTE 5. GENERAL FIXED ASSETS

A summary of general fixed assets is as follows:

	Balances October 1, 2016	Additions	Deletions	Balances September 30, 2017
Land and Improvements	\$ 117,963	\$ 44,201		\$ 162,164
Buildings and Improvements	617,548			617,548
Furniture and Fixtures	14,102			14,102
Equipment	988,186	1,924		990,110
Automotive	188,555	\$ 9,149		197,704
Total	\$ 1,926,354	\$ 55,274	\$ -	\$ 1,981,628

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT PENSION PLAN

Wood River Drainage and Levee District participates in an Agent Multiple Employee Retirement Plan on behalf of full time employees.

IMRF Plan Description.

The employer'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 employer plan is managed by the Illinois Municipal retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line 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, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials selected prior to August 8, 2011.

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier I benefits. Tier I employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier I employees who are 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, plus 2% for each year of service credit after 15 years to a maximum of 75% of the 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 I, the pension is increased by 3% of the original amount January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 employees pension benefits vested 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

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (con't)

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 the age of 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, 2015, the following employees are covered by the benefit terms:

Retirees and Beneficiaries	3
Inactive, on-Retired Members	1
Active Plan Members	<u>4</u>
Total	8

Contributions

As set by statute, the employer'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 employer annual contribution rate for calendar year 2016 was 8.34%. For the fiscal year ended December 31, 2016 the employer contributed \$16,541. The employer also contributed for disability, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level.

Contribution rates for disability and death benefits are set by the IMRF's Board of Trustees, while the supplemental benefits rate is set by statute.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2016. 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, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The inflation rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, including inflation
- The investment Rate of Return was assumed to be 7.50%.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (con't)

- Projected Retirement Ages was from the experience-based table of rates, specific to the type of eligibility last updated for the 2014 valuation according to an experience study from the years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF- specific mortality table was used with a fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

The market Value of Assets as of December 31, 2016 is as follows;

1.	Employee's Contribution Reserve	\$ 286,428
2.	Employer Contribution Reserve	484,866
3.	Annuitant Reserve	282,763
4.	Miscellaneous Adjustment	2,169
5.	Net Market Value	\$ 1,056,226

Single Discount Rate

A single discount rate of 7.50%. was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (con't)

3. For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.5%, the municipal bond rate is 3.57% and the resulting discount rate is 7.50%.

Changes in Net Pension Liability and Related Ratios Current Period

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at Dec 31, 2015	\$ 1,009,274	\$ 984,548	
Changes for the year:			
Service cost	18,948		
Int. on the total Pension Liability	75,318		
Diff. between Expected and Actual Experience of the Total Pension Liability	(28,611)		
Changes of Assumptions	-		
Contributions-Employer		16,542	
Contributions-Employees		8,925	
Net investment income		69,254	
Benefit payments including refund of employee contrib.	(29,014)	(29,014)	
Other (Net Transfer)		5,971	
Net Changes	<u>36,641</u>	<u>71,678</u>	
Balances at Dec 31, 2016	<u>\$ 1,045,915</u>	<u>\$ 1,056,226</u>	<u>\$ (10,311)</u>
C. Net pension liability/(assets)		<u><u>\$ (10,311)</u></u>	
D. Plan fiduciary net position as a % of the total pension liability		100.99%	
E. Covered Valuation payroll		\$ 198,330	
F. Net pension liability as a % of covered payroll		5.20%	

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (con't)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what happens if the net pension liability would be if it were calculated using a Single discount Rate that is 1% lower or 1% higher.

	1% Lower 6.50%	Current 7.50%	1% Higher 8.50%
Total Pension Liability	\$ 1,156,279	\$ 10,459,156	\$ 952,376
Plan Fiduciary Net Position	1,056,226	56,226	1,056,226
Net Pension Liability (Asset)	\$ 100,053	\$ (10,311)	\$ (103,850)

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (con't)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience		\$ 25,042
Changes for assumptions	\$ 1,438	
Net difference between projected and actual earnings on plan investments	<u>50,954</u>	
Total Deferred Amounts to be recognized in pension expense in future periods	52,392	25,042
Pension Contributions made subsequent to the Measurement date		
Total Def. Amounts Related to Pensions	\$ 76,816	\$ 25,042

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2017

NOTE 6. DEFINED BENEFIT RETIREMENT PLAN (continued)

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 10,006	\$ -
2018	9,870	
2019	8,099	
2020	(625)	
2021	-	
Thereafter	-	-
Total	<u>\$ 27,350</u>	<u>\$ -</u>

The total pension cost for the employer in 2016 was \$16,541.

NOTE 7. DEBT

As of September 30, 2017, the District had no debt.

NOTE 8. ACCUMULATED UNPAID VACATION AND SICK PAY

Amounts of vested or accumulated vacation and sick leave are not reported. The District does not allow employees to accumulate unlimited unused sick leave. Earned vacation time is generally required to be used within two years of accrual.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The district maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9. RISK MANAGEMENT (continued)

losses to the district. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10. RESTRICTED NET ASSETS

The District, as of September 30, 2017, had restricted net assets of \$274,758 in the Alton Pump Station Electric Usage Fund. These funds are to be used to provide for power costs for the Alton Pump Station.

NOTE 11. LEGAL

There are no lawsuits or other legal actions pending against the District. The District was not involved in any lawsuits or other legal actions in the year ended September 30, 2017.

NOTE 12. SUBSEQUENT EVENTS

As of August 7, 2018, the date of the audit report there have been no events that have occurred between September 30, 2017 and that date that would have a material effect on these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL AND SPECIAL REVENUE FUNDS
for the year ended September 30, 2017

	GENERAL FUND			SPECIAL REVENUE FUND		
	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ORIGINAL AND FINAL BUDGET	ACTUAL BUDGET BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:						
Assessments	\$ 940,000	\$ 894,079	\$ (45,921)			
Interest	8,900	14,637	5,737	\$ 650	\$ 493	\$ (157)
Miscellaneous	2,800	8,505	5,705			
Pumping	77,900	212,843	134,943			
Total Revenues	<u>\$ 1,029,600</u>	<u>\$ 1,130,064</u>	<u>\$ 100,464</u>	<u>\$ 650</u>	<u>\$ 493</u>	<u>\$ (157)</u>
EXPENDITURES:						
Pump Operations						
Wages	30,100	10,022	20,078			
Utilities	33,600	28,258	5,342	14,000	12,903	1,097
Rand pump operations	175,800	152,113	23,687			
Repairs	20,400	24,995	(4,595)			
Total pump expenditures	<u>259,900</u>	<u>215,388</u>	<u>44,512</u>	<u>14,000</u>	<u>12,903</u>	<u>1,097</u>
Maintenance						
Wages	242,167	273,367	(31,200)			
Utilities	6,000	5,996	4			
Materials and Supplies	18,528	23,240	(4,712)			
Vehicle	6,000	4,628	1,372			
Tractor	7,816	12,435	(4,619)			
Capital Outlay	73,880	55,274	18,606			
Fuel	19,960	18,196	1,764			
Drainage Cleaning	9,800	12	9,788			
Repair	6,500	2,468	4,032			
Insurance	32,832	35,804	(2,972)			
Payroll taxes/IMRF	34,997	63,012	(28,015)			
Clothing Allowance	1,500	317	1,183			
Total maintenance expenditures	<u>459,980</u>	<u>431,420</u>	<u>28,560</u>			

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2017

	<u>GENERAL FUND</u>			<u>SPECIAL REVENUE FUND</u>		
	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Administration						
Wages	74,708	43,807	30,901			
Travel	3,840	2,817	1,023			
Utilities	6,000	12,106	(6,106)			
Supplies	4,992	9,927	(4,935)			
Professional Fees	12,000	19,249	(7,249)			
Office	1,920	3,749	(1,829)			
Building and Yard Maintenance	2,400	4,498	(2,098)			
Insurance	77,000	124,374	(47,374)			
Miscellaneous	-	5,312	(5,312)			
Capital outlay	-	-	-			
Engineering	6,000	9,838	(3,838)			
Total Administration	<u>188,860</u>	<u>235,677</u>	<u>(46,817)</u>			
Total Expenditures	<u>\$ 712,740</u>	<u>\$ 882,485</u>	<u>(169,745)</u>	<u>\$14,000</u>	<u>\$ 12,903</u>	<u>\$ 1,097</u>
Revenues over (under expenditures)		247,579			(12,410)	
Net position, beginning of year		<u>2,227,206</u>			<u>287,168</u>	
Net position, end of year		<u>\$ 2,474,785</u>			<u>\$ 274,758</u>	

WOOD RIVER DRAINAGE AND LEVEE DISTRICT
Notes to The Required Supplementary Information
September 30, 2017

NOTE 1. Budgets and Budgetary Accounting

The District budget is prepared in accordance with the Illinois Budget Code. The budget is prepared by the District Board of Trustees. The annual District budget is acted upon no later than October each year. The District's Board of Trustees authorizes all transfers of budgeted amounts between accounts. Budgets are prepared on the cash basis of accounting.

The budget was not amended and the budget was approved on October 21, 2016.

WOOD RIVER DRAINAGE AND LEVEE DISTRICT

ILLINOIS MUNICIPAL RETIREMENT FUND
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CHANGES IN THE NET PENSION
 LIABILITY AND RELATED RATIOS
 UNAUDITED
 As of September 30, 2017

Calendar Year Ended December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 18,948	\$ 15,691	\$ 14,230
Interest on the Total Pension Liability	75,318	71,214	66,090
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(28,611)	(5,134)	(21,330)
Changes in Assumptions	-	-	36,007
Benefit Payments, including Refunds of Employee Contributions	(29,014)	(28,356)	(26,439)
Net Change in Total Pension Liability	<u>36,641</u>	<u>53,415</u>	<u>68,558</u>
Total Pension Liability- Beginning	<u>1,009,274</u>	<u>955,859</u>	<u>887,301</u>
Total Pension Liability- Ending (A)	<u><u>\$ 1,045,915</u></u>	<u><u>\$ 1,009,274</u></u>	<u><u>\$ 955,859</u></u>
Plan Fiduciary Net Position			
Contributions- Employer	\$ 16,542	\$ 16,475	\$ 14,224
Contributions- Employees	8,925	7,565	6,816
Net investment Income	69,254	5,049	57,870
Benefit Payments, including Refunds of Employee Contributions	(29,014)	(28,356)	(26,439)
Other (Net Transfer)	5,971	(28,137)	8,089
Net Change in Plan Fiduciary Net Position	<u>71,678</u>	<u>(27,404)</u>	<u>60,560</u>
Plan Fiduciary Net Position- Beginning	<u>984,548</u>	<u>1,011,952</u>	<u>951,392</u>
Plan Fiduciary Net Position- Ending (B)	<u><u>\$ 1,056,226</u></u>	<u><u>\$ 984,548</u></u>	<u><u>\$ 1,011,952</u></u>
Net Pension Liability- Ending (A)-(B)	\$ (10,311)	\$ 24,726	\$ (56,093)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.99%	105.87%	105.87%
Covered Valuation Payroll	\$ 198,330	\$ 153,332	\$ 153,332
Net Pension Liability as a Percentage of Covered Valuation Payroll	-5.20%	-36.58%	-36.58%

Notes to Schedule:

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

WOOD RIVER DRAINAGE AND LEVEE DISTRICT

ILLINOIS MUNICIPAL RETIREMENT FUND
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 UNAUDITED
 As of June 30, 2017

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a percentage of covered Valuation of Payroll
2014	\$ 14,398	\$ 14,224	\$ 174	\$ 153,332	9.28%
2015	16,476	16,475	1	168,119	9.80%
2016	16,541	16,542	(1)	198,330	8.34%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate*

Valuation date:

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

Methods and Assumptions used to Determine 2014 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%, approximate; No explicit price inflation assumption is used in this valuation
Salary increases:	3.75% to 14.5%, including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experiences study of the period 2011 to 2013.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014(base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuant Mortality Table with adjustments to match IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation; note two year lag between valuation and rate setting.