

**WOOD RIVER DRAINAGE AND**  
**LEVEE DISTRICT, ILLINOIS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDING  
SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners  
Wood River Drainage and Levee District  
Wood River, Illinois

We have audited the accompanying financial statements of Wood River Drainage and Levee District, Illinois, as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting described in Note 1; this includes determining that the modified accrual basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible 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 error or fraud.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, except for the matter described in the Other Matter – GAAP departure paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified accrual basis of the governmental activities, each major fund, and the aggregate remaining fund information of Wood River Drainage and Levee District, Illinois, as of September 30, 2020, and the respective changes in financial position-modified accrual basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than

accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

**Other Matter – GAAP Departure**

As described in Note 1, the capital assets of the District have not been depreciated in accordance with generally accepted accounting principles. The effect of this departure cannot be readily determined. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 7), budgetary comparison information (pages 23 to 25), and the schedule of changes in net pension liability and related ratios and schedule of contributions (pages 26 to 27) 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 other 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.



Jeremy Plank, CFE, CPA  
Forensic Accounting & Consulting Services, Inc.  
Glen Carbon, Illinois  
March 15, 2021

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Wood River Drainage and Levee District, Illinois' (District) annual audit presents a management's discussion and analysis of the District's financial activity during the fiscal year ended September 30, 2020. The Management's Discussion and Analysis is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the District.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains Other Information and Required Supplementary Information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported on the modified accrual basis for the governmental activities.

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported in the governmental category of funds.

## **WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS** **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Funds.** Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. The governmental fund's Statement of Assets, Liabilities and Fund Balances, and the Statement of Receipts and Disbursements (modified accrual basis) provide a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide financial statements.

The District maintains two individual governmental funds. Information is presented separately in the governmental funds Statement of Assets, Liabilities and Fund Balances Arising from Modified Accrual Transactions, and in the governmental fund Statement of Receipts and Disbursements Arising from Modified Accrual Transactions for two funds: General Fund and the Special Revenue Fund.

The District adopts an annual appropriation for all governmental funds. Appropriation comparison schedules for the two funds have been provided to demonstrate legal compliance with the adopted appropriation ordinance.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain Other Information concerning the District's progress in funding its obligation to provide pension benefits to its employees. The District also reports expenditures of its two funds in comparison to appropriated amounts.

**Basis of Accounting.** The District presents its financial statements on the modified accrual basis of accounting. The modified accrual basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the District's modified accrual basis of accounting, revenues and expenses and related assets and liabilities are recorded when earned and expended, except for the recording of depreciation expense related to capital assets in the government-wide financial statements for all activities.

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

The District presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$4,880,531 at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequentially, these assets are not available

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed statement of net position is as follows:

	<b>Governmental Activities</b>		<b>Change</b>
	<b>September 30, 2020</b>	<b>September 30, 2019</b>	
Current and other assets	\$ 2,699,441	\$ 2,955,120	\$ (255,679)
Capital assets	2,200,604	2,046,454	154,150
Net Pension Asset and Deferred Outflows of Resources	121,054	260,121	(139,067)
Total assets	<u>5,021,099</u>	<u>5,261,695</u>	<u>(240,596)</u>
Current and other liabilities	6,655	39,934	(33,279)
Non-current liabilities	-	-	-
Deferred Inflows of Resources	133,913	159,237	(25,324)
Total liabilities	<u>140,568</u>	<u>199,171</u>	<u>(58,603)</u>
Net position:			
Net investment in capital assets	2,200,604	2,046,454	154,150
Restricted	164,040	202,535	(38,495)
Unrestricted	2,515,887	2,813,535	(297,648)
Total net position	<u>\$ 4,880,531</u>	<u>\$ 5,062,524</u>	<u>\$ (181,993)</u>

Total net position decreased \$181,993 resulting in a balance of \$4,880,531 as of September 30, 2020. Total current assets, which are comprised of cash and cash equivalents, decreased \$255,679. Non-current assets increased \$15,083.

The change in net position is further examined in the Analysis of Net Position section of the MD&A.

**ANALYSIS OF NET POSITION**

<b>Analysis of Net Position</b>	<b>2020</b>		<b>2019</b>	
	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>
Net investment in capital assets	45.1%	\$ 2,200,604	40.4%	\$ 2,046,454
Restricted	3.4%	164,040	6.2%	312,514
Unrestricted	51.5%	2,515,887	53.4%	2,703,556
Total net position	100.0%	<u>\$ 4,880,531</u>	100.0%	<u>\$ 5,062,524</u>

The combined restricted and unrestricted net position balances changed by the net income of operating activities.

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The revenue and expenditure comparisons that comprise the current year increase follow.

**REVENUE COMPARISON BY TYPE**

<b><u>Governmental activities</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Assessment	\$ 873,419	\$ 887,423
Charges for services	222,303	196,909
Investment earnings	19,770	25,231
Miscellaneous	447,290	300
Total revenues	<u>\$ 1,562,782</u>	<u>\$ 1,109,863</u>

Total revenues for the governmental activities increased \$452,919 for the year ended September 30, 2020. The increase is largely due to an insurance claim received.

**EXPENDITURES BY CATEGORY**

<b><u>Expenditures by category</u></b>	<b><u>2020</u></b>		<b><u>2019</u></b>	
	<b><u>Percent</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>	<b><u>Amount</u></b>
General Government	14.3%	\$ 248,870	19.8%	\$ 243,515
Drainage	85.7%	1,495,905	80.2%	983,366
Total expenditures	100.0%	<u>\$ 1,744,775</u>	100.0%	<u>\$ 1,226,881</u>

Total capital outlay expenditures for governmental activities in the current year totaled \$163,245.

**BUDGETARY HIGHLIGHTS**

The District's expenditures exceeded the approved budgets by \$51,078. A comparison of budget and actual is as follows:

	<b><u>Budget</u></b>	<b><u>Actual</u></b>
General Fund	\$ 1,718,104	\$ 1,744,855
Special Revenue Fund	16,000	40,327
	<u>\$ 1,734,104</u>	<u>\$ 1,785,182</u>



**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CAPITAL ASSETS**

The District's investment in capital assets as of September 30, 2020 amounted to \$2,200,604. This investment in capital assets includes land, buildings, infrastructure, equipment and vehicles.

There were current year additions of \$163,245 consisting of two trucks, maintenance equipment and pump replacement.

Additional information related to capital assets can be located in Note 3 of the financial statements.

**LONG-TERM DEBT**

At September 30, 2020, the District reported no outstanding debt.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Wood River Drainage and Levee District, Illinois, for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Wood River Drainage and Levee District, 543 W. Madison Ave, Wood River, IL 62095.

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

STATEMENT OF NET POSITION - MODIFIED ACCRUAL BASIS  
SEPTEMBER 30, 2020

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,741,159
Investments	673,783
Accounts Receivable	283,981
Accrued Interest	518
Total Current Assets	<u>2,699,441</u>
Non-current Assets:	
Net Pension Asset	70,295
Capital Assets:	
Land and Improvements	216,131
Buildings and Improvements	<u>1,984,473</u>
Total Non-current Assets	<u>2,270,899</u>
Deferred Outflows of Resources:	
Related to Pension	<u>50,759</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,021,099</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable	557
Payroll Liabilities	<u>6,098</u>
Total Current Liabilities	<u>6,655</u>
Non-current Liabilities:	
None	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Deferred Inflows of Resources:	
Related to Pension	<u>133,913</u>
Total Liabilities and Deferred Inflows of Resources	<u>140,568</u>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	2,200,604
Restricted	164,040
Unrestricted	<u>2,515,887</u>
Total Net Position	<u>\$ 4,880,531</u>
Total Liabilities and Net Position	<u>5,021,099</u>

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
				<u>Governmental Activities</u>
<u>Functions/Programs</u>				
Governmental Activities:				
General Government	\$ 248,870	\$ -	\$ -	\$ (248,870)
Drainage	<u>1,495,905</u>	<u>222,303</u>	<u>-</u>	<u>(1,273,602)</u>
Total Governmental Activities	<u>1,744,775</u>	<u>222,303</u>	<u>-</u>	<u>(1,522,472)</u>
General Receipts:				
Assessment				873,419
Unrestricted Investment Earnings				19,770
Miscellaneous				<u>447,290</u>
Total General Receipts				<u>1,340,479</u>
Change in Net Position				<u>(181,993)</u>
Net Position - Beginning				<u>5,062,524</u>
Net Position - Ending				<u>\$ 4,880,531</u>

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ARISING FROM MODIFIED ACCRUAL BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,741,159	\$ -	\$ 1,741,159
Investments	439,411	234,372	673,783
Accounts Receivable	283,981	-	283,981
Due from Other Funds	70,588	-	70,588
Accrued Interest	262	256	518
Total Assets	<u>2,535,401</u>	<u>234,628</u>	<u>2,770,029</u>
 <u>Liabilities and Fund Balances</u>			
Current Liabilities:			
Accounts Payable	557	-	557
Payroll Liabilities	6,098	-	6,098
Due to Other Funds	-	70,588	70,588
Total Liabilities	<u>6,655</u>	<u>70,588</u>	<u>77,243</u>
Fund Balance:			
Restricted:			
Restricted for Alton Pump Station	-	164,040	164,040
Unassigned	2,528,746	-	2,528,746
Total Fund Balance	<u>2,528,746</u>	<u>164,040</u>	<u>2,692,786</u>
Total Liabilities and Fund Balances	<u>\$ 2,535,401</u>	<u>\$ 234,628</u>	<u>\$ 2,770,029</u>

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES ARISING FROM MODIFIED ACCRUAL BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 2,692,786
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	2,200,604
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.	(12,859)
	<u>2,187,745</u>
Net position of governmental activities	<u>\$ 4,880,531</u>

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

STATEMENT OF RECEIPTS AND DISBURSEMENTS  
ARISING FROM MODIFIED ACCRUAL BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
Receipts:			
Assessment	\$ 873,419	\$ -	\$ 873,419
Charges for Services	222,303	-	222,303
Investment Earnings	17,938	1,832	19,770
Miscellaneous Receipts	<u>447,290</u>	<u>-</u>	<u>447,290</u>
Total Receipts	<u>1,560,950</u>	<u>1,832</u>	<u>1,562,782</u>
Disbursements:			
Current:			
Administration	248,870	-	248,870
Engineering	64,161	-	64,161
General Maintenance	793,200	-	793,200
Project Cost - Pumping	<u>475,379</u>	<u>40,327</u>	<u>515,706</u>
Capital Outlay	<u>163,245</u>	<u>-</u>	<u>163,245</u>
Total Disbursements	<u>1,744,855</u>	<u>40,327</u>	<u>1,785,182</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(183,905)</u>	<u>(38,495)</u>	<u>(222,400)</u>
Other Financing Sources:			
Transfer Between Funds	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(183,905)	(38,495)	(222,400)
Fund Balance, Beginning of Year	<u>2,712,651</u>	<u>202,535</u>	<u>2,915,186</u>
Fund Balance, End of Year	<u>\$ 2,528,746</u>	<u>\$ 164,040</u>	<u>\$ 2,692,786</u>

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF RECEIPTS AND  
DISBURSEMENTS ARISING FROM MODIFIED ACCRUAL BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (222,400)
The net effect of various transactions involving capital assets:	
Contributed capital assets	163,245
Net pension benefit (obligation) and related deferred outflows and inflows are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(122,838)</u>
Change in net position of governmental activities	<u>\$ (181,993)</u>

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

## WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2020

#### **NOTE 1: SUMMARY OF SIGNIFICANT POLICIES**

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 financial statements of the District have been prepared in conformity with the modified accrual basis of accounting for the Governmental Fund Types as applied to governmental units. 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) The financial 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.

#### (b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The District has only governmental activities which normally are supported by assessments and charges for services.



**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

Major individual governmental funds are reported in separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The District maintains its government-wide financial statements and its fund financial statements on the modified accrual basis of accounting. Accordingly, receipts are recorded when earned and disbursements are recorded when incurred.

The government reports the following major governmental funds:

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.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The District's cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date of three months or less of the date issued. Investments are stated at fair value.

The District is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized when received.

Receivables and payables

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

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for buildings and \$50,000 for infrastructure; with an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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. Capital assets consisting of certain improvement other than building including drainage have not been capitalized.

Compensated absences

Due to the District preparing its financial statements on the modified accrual basis of accounting, no liability for these amounts have been reported in these financial statements. Vested or accumulated vacation and sick leave are not reported. Employees of the District are not allowed to accumulate unlimited unused sick leave. Employees take their vacations annually after vacation time is earned and is reported as expense when actually paid to the employee.

Long-term obligations

All long-term debt, arising from modified accrual basis transactions, are reported as liabilities in the government-wide statements.

Long-term debt arising from modified accrual basis transactions of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as disbursements. The District has no long-term debt as of September 30, 2020.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with the modified accrual basis of accounting. These estimates and assumptions affect the reported amounts of assets, liabilities, receipts and disbursements. Actual results could vary from estimates that were used.

Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have not been any significant reductions in coverage from the prior year and claims have not exceeded coverages in the past three years.

Equity classification

Government-wide statements

Equity is classified as net position and displayed in three components:

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the 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.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund financial statements

Governmental fund equity is classified upon the following criteria:

Non-spendable - balances that are not in "spendable" form and are not expected to be converted to cash. This category also includes funds required to be retained in perpetuity.

Restricted - balances with restrictions that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the District Board, the government's highest level of decision-making authority.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the District's fund balance.

When expenditures are incurred for which the District has both restricted and unrestricted funds available, the District spends any restricted funds before using unrestricted sources. Likewise, the District uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available. The following details the description and amount of all constraints recorded by the District in the fund financial statements:

Governmental Funds

Restricted:

Alton Pump Station	\$ 164,040
	<u>\$ 164,040</u>

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

(e) Appropriation accounting

The appropriation for all funds is prepared on the budgetary basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between appropriated and actual amounts. The appropriation was passed on November 1, 2020.

**NOTE 2: CASH AND INVESTMENTS**

As of September 30, 2020, the carrying amount of the District's cash and cash equivalents was \$1,741,158 and the respective bank balances totaled \$1,779,195. The deposits were comprised of money market checking accounts and all balances are reported at fair value. Investments consisted of certificates of deposit. As of September 30, 2020, the carrying amount and bank balances of the District's investments was \$673,783.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the District's Name.

As of September 30, 2020, the District's cash and investments were under-collateralized in the amount of \$114,263.

Interest Rate Risk. As of September 30, 2020, the District did not have interest rate risk.

Concentration of Credit Risk. As of September 30, 2020, the District did not have a concentration of credit risk.

Foreign Currency Risk. As of September 30, 2020, the District did not have foreign currency risk.

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Land and Improvements	\$ 216,131	-	-	\$ 216,131
Buildings and Improvements	617,548	-	-	617,548
Equipment	990,110	163,245	9,096	1,144,259
Furniture	14,103	-	-	14,103
Infrastructure	208,563	-	-	208,563
Total capital assets	\$ 2,046,455	-	9,096	\$ 2,200,604

**NOTE 4: ASSESSMENT**

The District's assessment is authorized each year on land located in the District in December. The board passed the 2020 assessment on November 22, 2020 and it was approved by a judge on

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

December 20, 2019. The assessment is included with Property tax bills and attached as an enforceable lien on property as of January 1 and are payable in four installments. The District receives significant distributions of assessment receipts beginning in June and July of each year.

**NOTE 5: RETIREMENT FUND COMMITMENTS**

**Illinois Municipal Retirement Fund**

*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 Plan is affiliated with 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. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, members are required to contribute 4.50 percent 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 required contribution rate for calendar year 2018 was 5.86 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	5
Inactive, non-Retired Members	1
Active Members	<u>4</u>
Total	<u>10</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR 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) 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.75%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/2019
Measurement Date of the Net Pension Liability	12/31/2019
Fiscal Year End	9/30/2020
Development of the Single Discount Rate as of December 31, 2019	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	2.75%
Last year ending December 31 in the 2020 to 2119 projection period for which projected benefit payments are fully funded	2119
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2017 Measurement Date	7.25%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO M Index" as of December 31, 2019.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 year closed period
Period	Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	3.25%
Price Inflation	2.50% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.50%

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table, adjustments to match current IMRF experience.

*Net Pension Liability.* The following is a summary of the Net Pension Liability as disclosed in the financial statements.

<b>Total pension liability</b>	
Service Cost	\$ 20,134
Interest on the Total Pension Liability	74,440
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension	184,672
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(73,475)</u>
Net change in total pension liability	205,771
Total pension liability - beginning	<u>1,053,435</u>
Total pension liability - ending	<u>\$ 1,259,206</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 2,232
Contributions - employee	11,109
Net investment income	186,388
Benefit payments, including refunds of employee contributions	(73,475)
Other	<u>39,834</u>
Net change in plan fiduciary net position	166,088
Plan fiduciary net position - beginning	<u>1,163,414</u>
Plan fiduciary net position - ending	<u>\$ 1,329,502</u>
<b>Net pension liability/(asset)</b>	<u>\$ (70,296)</u>
<b>Plan fiduciary net position as percentage of the total pension liability</b>	105.58%
<b>Covered valuation payroll</b>	\$ 246,126
<b>Net pension liability as a percentage of covered valuation payroll</b>	-28.56%

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	<u>Current Single Discount</u>		
	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
	6.25%	7.25%	8.25%
Total Pension Liability	\$ 1,379,466	\$ 1,259,206	\$ 1,156,224
Plan Fiduciary Net Position	1,329,502	1,329,502	1,329,502
Net Pension Liability/(Asset)	<u>\$ 49,964</u>	<u>\$ (70,296)</u>	<u>\$ (173,278)</u>

**NOTE 6: INTERFUND ACTIVITY**

Interfund activity for the year ended September 30, 2020, consisted of the following:

<u>Due To</u>	<u>Due From</u>
	<u>Special Revenue</u>
	<u>Fund</u>
General Fund	\$ 70,588
Total	<u>\$ 70,588</u>

**NOTE 7: LEGAL**

The former bookkeeper for the District was arrested and charged with embezzlement during the year ended September 30, 2018. A subsequent forensic audit of accounting records placed the District's loss at \$158,110. At the issue date of these financial statements the former bookkeeper is awaiting trial. The full amount of the loss has been recovered through an insurance claim prior to September 30, 2020.

**NOTE 8: SUBSEQUENT EVENTS**

The District has evaluated events occurring after the financial statement date through March 15, 2020, in order to determine their potential for recognition or disclosure in the financial statements. The District received reimbursements for flood related repairs in the amount of \$278,881 from the federal government. The latter date is the same date the financial statements were available to be issued.



**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

BUDGETARY COMPARISON SCHEDULE – MODIFIED ACCRUAL BASIS  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Receipts:	Budgeted Amounts		Actual Amounts
	Original	Final	
Assessment	\$ 940,000	\$ 940,000	\$ 873,418
Charges for Services	266,000	266,000	222,303
Investment Earnings	20,500	20,500	17,938
Miscellaneous Income	234,600	234,600	447,290
Total Receipts	<u>1,461,100</u>	<u>1,461,100</u>	<u>1,560,949</u>
Disbursements:			
Administration:			
Salaries	77,000	77,000	71,546
Travel	3,500	3,500	3,356
Utilities	8,500	8,500	7,527
Professional Fees	35,000	35,000	69,084
Office	10,000	10,000	30,205
Employee Benefits & Payroll Taxes	19,000	19,000	19,601
Assessment	-	-	1,655
Insurance	-	-	2,365
Contract Labor	4,000	4,000	1,283
Building Maintenance	5,000	5,000	-
Publication	1,000	1,000	2,840
Engineering	100,000	100,000	64,165
Total Administration	<u>263,000</u>	<u>263,000</u>	<u>273,627</u>
Maintenance:			
Salaries	251,000	251,000	253,355
Utilities	26,050	26,050	10,145
Training	5,000	5,000	-
Fuel	16,500	16,500	17,425
Repairs & Maintenance	49,500	49,500	65,403
Insurance	48,000	48,000	46,663
Employee Benefits & Payroll Taxes	126,800	126,800	96,435
Clothing Allowance	4,000	4,000	2,299
Total Maintenance	<u>\$ 526,850</u>	<u>\$ 526,850</u>	<u>\$ 491,725</u>

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

BUDGETARY COMPARISON SCHEDULE – MODIFIED ACCRUAL BASIS  
GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Disbursements: (Continued)

Pump Operations:

Salaries	\$ 140,000	\$ 140,000	128,850
Utilities	76,500	76,500	62,964
Employee Benefits & Payroll Taxes	15,000	15,000	-
Contingency	50,000	50,000	-
Maintenance & Repairs	43,000	43,000	61,520
Total Pump Operations	<u>324,500</u>	<u>324,500</u>	<u>253,334</u>

Capital Projects:

Pumping Equipment	50,000	50,000	37,280
Repairs	335,000	553,754	688,888
	<u>385,000</u>	<u>603,754</u>	<u>726,168</u>
Total Disbursements	<u>\$ 1,499,350</u>	<u>\$ 1,718,104</u>	<u>\$ 1,744,854</u>

Excess of Receipts Over Disbursements	(183,905)
Fund Balance, Beginning of Year	2,712,651
Fund Balance, End of Year	<u>\$ 2,528,746</u>

**WOOD RIVER DRAINAGE AND LEVEE DISTRICT, ILLINOIS**

BUDGETARY COMPARISON SCHEDULE – MODIFIED ACCRUAL BASIS  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Receipts:			
Investment Earnings	\$ 300	\$ 300	\$ 1,832
Total Receipts	<u>300</u>	<u>300</u>	<u>1,832</u>
Disbursements:			
Pump Operations:			
Utilities	<u>16,000</u>	<u>16,000</u>	<u>40,327</u>
Total Pump Operations	<u>16,000</u>	<u>16,000</u>	<u>40,327</u>
Total Disbursements	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 40,327</u>
Excess of Receipts Over Disbursements			(38,495)
Fund Balance, Beginning of Year			<u>202,535</u>
Fund Balance, End of Year			<u>\$ 164,040</u>