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Audited Financial Statements, 2002

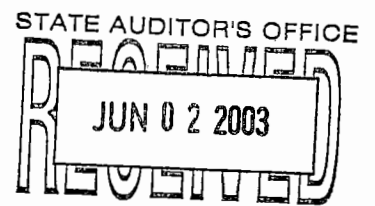
Glaize Creek Public Sewer District of Jefferson County

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**GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY**

AUDITED FINANCIAL STATEMENTS

**SEPTEMBER 30, 2002 WITH COMPARATIVE
TOTALS FOR SEPTEMBER 30, 2001**

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
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Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Glaize Creek Public Sewer District
of Jefferson County

Dear Members of the Board:

We have audited the accompanying balance sheets of Glaize Creek Public Sewer District of Jefferson County as of September 30, 2002, and 2001, and the related statements of income, District Equity, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. 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 by 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glaize Creek Public Sewer District of Jefferson County as of September 30, 2002, and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages 11-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DANIEL JONES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

February 24, 2003

FINANCIAL STATEMENT SECTION

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
BALANCE SHEET

	SEPTEMBER 30, 2002	SEPTEMBER 30, 2001
ASSETS		
CURRENT ASSETS		
Cash on Hand	\$ 76	\$ 76
Cash in Bank-Checking	38,336	23,450
Cash in Bank - Savings	208,477	347,845
CD-Farmers Bank	128,449	124,220
CD-Bloomsdale Bank	31,957	30,749
USbancorp Leasing	108,902	177,361
New Plant Financing Costs	14,396	15,243
Accounts Receivable	<u>43,577</u>	<u>36,762</u>
TOTAL CURRENT ASSETS	574,170	755,706
PROPERTY, PLANT AND EQUIPMENT NET OF ACCUMULATED DEPRECIATION	<u>5,205,103</u>	<u>4,750,424</u>
TOTAL ASSETS	<u>\$ 5,779,273</u>	<u>\$ 5,506,130</u>
CURRENT LIABILITIES		
Payroll Taxes Payable	\$ 0	\$ 1,471
USbancorp Leasing	<u>1,219,129</u>	<u>1,260,706</u>
TOTAL CURRENT LIABILITIES	1,219,129	1,262,177
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Contributed Capital	1,935,045	1,935,045
Glaize Creek Valley	37,900	37,900
State Grant	1,088,173	1,088,173
EPA Grant	160,100	0
HUD Special Purpose Grant	<u>78,000</u>	<u>78,000</u>
TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION	3,299,218	3,139,118
DISTRICT EQUITY		
Retained Earnings	<u>1,260,926</u>	<u>1,104,835</u>
TOTAL DISTRICT EQUITY	<u>4,560,144</u>	<u>4,243,953</u>
TOTAL LIABILITIES AND DISTRICT EQUITY	<u>\$ 5,779,273</u>	<u>\$ 5,506,130</u>

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF INCOME

	YEAR ENDED SEPTEMBER 30, 2002	YEAR ENDED SEPTEMBER 30, 2001
OPERATING REVENUE		
Sewer Fees	\$ 614,272	\$ 600,483
Late Fees	14,659	0
Connect Fees Collected	<u>223,483</u>	<u>93,650</u>
TOTAL OPERATING REVENUE	852,414	694,133
OPERATING EXPENSES		
Salaries	218,011	200,630
Electric	34,936	39,834
Employee Benefits	57,295	50,395
Telephone	7,340	6,582
Supplies	1,968	4,219
Gas, Oil and Truck Repairs	5,840	6,419
Payroll Tax	16,554	15,345
Office Expense	8,066	6,636
Rent-Equipment	10,935	12,270
Insurance	11,109	20,849
Repair and Maintenance	36,641	66,142
Accounting and Audit	8,025	7,125
Legal	1,522	1,013
Engineering	1,525	4,102
Water	3,770	1,818
Dues & Subscriptions	90	401
Answering Service	0	576
Entertainment	2,229	1,689
Sub Contract	46,277	46,664
Trash Hauling	1,310	988
Work Clothes	2,977	3,105
Lease Expense	112	75
Permits	3,372	450
Election Expense	1,979	50
Rent	<u>7,200</u>	<u>6,500</u>
TOTAL OPERATING EXPENSES	<u>489,083</u>	<u>503,877</u>
NET OPERATING INCOME	363,331	190,256
NON-OPERATING REVENUE AND (EXPENSES)		
Depreciation	(133,245)	(130,604)
Testing & Review Fees	1,260	2,050
Sale of Equipment	0	5,000
Interest Income	13,288	45,945

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF INCOME

	YEAR ENDED SEPTEMBER 30, 2002	YEAR ENDED SEPTEMBER 30, 2001
Interest Expense	(70,249)	(72,531)
Inspection Fees	8,570	1,844
Miscellaneous	0	5,039
Septic Tank Pump-out	920	750
Other Expenses (Clean Water)	0	(15,000)
Engineering Review Fees	0	(1,245)
Sludge Hauling (Net)	<u>(27,783)</u>	<u>(54,050)</u>
TOTAL NON-OPERATING REVENUE AND (EXPENSES)	<u>(207,239)</u>	<u>(212,802)</u>
NET (LOSS) INCOME	<u>\$ 156,092</u>	<u>\$ (22,546)</u>

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF DISTRICT EQUITY

	YEAR ENDED SEPTEMBER 30, 2002	YEAR ENDED SEPTEMBER 30, 2001
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Balance, Beginning of Year	\$ 3,139,118	\$ 3,061,118
Additions for the Year	<u>160,100</u>	<u>78,000</u>
Balance, End of Year	3,299,218	3,139,118
RETAINED EARNINGS		
Balance, Beginning of Year	1,104,834	1,127,381
Net (Loss) Income	<u>156,092</u>	<u>(22,546)</u>
Balance, End of Year	<u>1,260,926</u>	<u>1,104,835</u>
TOTAL DISTRICT EQUITY, END OF YEAR	<u>\$ 4,560,144</u>	<u>\$ 4,243,953</u>

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF CASH FLOWS

	YEAR ENDED SEPTEMBER 30, 2002	YEAR ENDED SEPTEMBER 30, 2001
CASH FLOW FROM OPERATING ACTIVITIES:		
Net (Loss) Income	\$ 156,091	\$ (22,545)
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and Amoritzation	133,245	130,604
Decrease \ (Increase) in Accounts Receivable	(6,815)	(9,461)
(Decrease) \ Increase in Accounts Payable	0	(21,960)
(Decrease) \ Increase in Accrued Payroll Taxes	(1,471)	204
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	281,050	76,842
CASH FLOW FROM CAPITAL ACTIVITIES:		
Decrease \ (Increase) in Note Payable		
Firststar Leasing	(41,577)	(39,294)
New Plant Financing Costs	847	(15,243)
NET CASH FLOW PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	(40,730)	(54,537)
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital Expenditures	(587,924)	(842,953)
EPA Grant	160,100	0
HUD Special Purpose Grant	0	78,000
NET CASH FLOW USED BY INVESTING ACTIVITIES	(427,824)	(764,953)
DECREASE IN CASH AND CASH EQUIVALENTS	(187,504)	(742,648)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	703,701	1,446,349
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 516,197</u>	<u>\$ 703,701</u>

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Principles Used to Determine Scope of 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 customers of the District, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity, which would exercise such oversight, which would result in the District being considered a component unit of the entity.

B. Basis of Presentation

The financial transactions of the District are recorded in a single enterprise fund. An enterprise fund is a type of proprietary government fund, which is normally used by sewer and other utility districts. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

Enterprise funds such as this are accounted for using the accrual basis of accounting, which is accepted under Generally Accepted Accounting Principles. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. Budgetary Data

The District's Governing Board annually adopts the budget resolution for the operations of the District. All budget amounts presented in the supplementary information have been presented as originally adopted by the Board.

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

E. Assets, Liabilities and District Equity

1. Cash & Cash Equivalents:

The District has defined cash and cash equivalents to include cash on hand, demand deposits and certificates of deposit.

2. Property, Plant & Equipment:

Property, Plant and Equipment purchased or acquired is carried at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	YEARS
Buildings and Improvements	7-30
Equipment	5-15
Vehicles	5

II. PROPERTY, PLANT & EQUIPMENT

	BALANCE 9/30/01	ADDITIONS	DISPOSALS	BALANCE 9/30/02
Land	\$ 500,000	\$ 1,300		\$ 501,300
Plant and Equipment	1,296,305	1,381		1,297,686
New Plant	123,393			123,393
Storage Lagoon	24,231			24,231
Lab Equipment	27,717			27,717
Auto Equipment	38,815			38,815
Village Facility	4,500			4,500
Kneff Extension	52,988			52,988
Old Barnhart Line – 1981	11,635			11,635
Old Barnhart Line – 1984	291,937			291,937
7-11 Extension Line	28,750			28,750
Computer Equipment	19,534			19,534
Office Equipment	3,486			3,486
Sludge Field	19,690			19,690
Glaize Creek Valley	698,618			698,618

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

II. PROPERTY, PLANT & EQUIPMENT (CONCLUDED)

	BALANCE 9/30/01	ADDITIONS	DISPOSALS	BALANCE 9/30/02
Renovation Plant II		467,172		467,172
Storage Building		22,020		22,020
Steinbrueck Extension	4,398			4,398
Village of Jefferson	36,848			36,848
61-67 Extension	12,111			12,111
Highway M	641,040			641,040
Rock Church	296,325			296,325
Office Building	113,433			113,433
Discharge Route	407,259			407,259
Fencing	7,600			7,600
Tools	37,584			37,584
Moss Hollow Lane	1,508			1,508
Old Lemay Ferry	2,847			2,847
New Treatment Plant	863,978	96,051		960,029
TOTAL	5,566,530	587,924		6,154,454
Less: Accumulated Depreciation	(816,106)	(123,245)		(949,351)
NET	<u>\$ 4,750,424</u>	<u>\$ 454,675</u>	<u>\$ 0</u>	<u>\$ 5,205,103</u>

III. PENSION PLAN

The District maintains a Defined Contribution Pension Plan covering all employees of the District. Contributions for 2002 and 2001 were \$32,700 and \$29,792, respectively. The contribution rate was 15% of eligible payroll for each year. Contributions were made on an eligible payroll of \$218,011 and \$198,612 for 2002 and 2001, respectively.

IV. CAPITAL LEASES

In 1999 the District entered into a lease purchase agreement as lessee to finance the addition to an existing sewer treatment system. This lease qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a summary of the future minimum lease payments required under this capital lease and the present value of the net minimum lease payments at September 30, 2002.

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

IV. CAPITAL LEASES (CONCLUDED)

Fiscal Year Ended September 30	
2002	\$ 111,826
2003	111,826
2004	111,826
2005	111,826
2006	111,826
2007-2019	<u>1,341,910</u>
Total minimum lease payments	1,901,039
Less: Amount representing interest	<u>681,911</u>
Present value of minimum lease payments	<u>\$ 1,219,128</u>

Interest in the amount of \$70,249 was paid on the principal from October 1, 2001, through September 30, 2002. The \$1,300,000 was placed in an escrow account to be disbursed, as construction is complete. Interest in an approximate amount of \$2,520 was earned on the escrow account from October 1, 2001, through September 30, 2002. Disbursements in an approximate amount of \$70,979 was disbursed from the escrow account from October 1, 2001, through September 30, 2002, leaving a balance of \$108,902.

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF EARNINGS-BUDGET TO ACTUAL

	ACTUAL	BUDGET	VARIANCE Favorable (Unfavorable)
OPERATING REVENUE			
Sewer Fees	\$ 614,272	\$ 650,000	\$ (35,728)
Late Charges	14,659	0	14,659
Connect Fees Collected	<u>223,483</u>	<u>105,000</u>	<u>118,483</u>
TOTAL OPERATING REVENUE	852,414	755,000	97,414
OPERATING EXPENSES			
Salaries	218,011	220,700	2,689
Electric	34,936	45,410	10,474
Employee Benefits	57,295	59,445	2,150
Telephone	7,340	6,600	(740)
Supplies - Lab	1,968	2,000	32
Gas, Oil and Truck Repairs	5,840	6,500	660
Payroll Tax	16,554	17,000	446
Office Expense	8,066	6,900	(1,166)
Rent-Equipment	10,935	12,300	1,365
Insurance	11,109	21,300	10,191
Repair and Maintenance	36,641	50,000	13,359
Accounting and Audit	8,025	7,500	(525)
Legal	1,522	1,200	(322)
Engineering	1,525	4,200	2,675
Water	3,770	2,000	(1,770)
Dues & Subscriptions	90	400	310
Answering Service	0	661	661
Entertainment	2,229	2,000	(229)
Sub Contract	46,277	48,000	1,723
Trash Hauling	1,310	1,000	(310)
Work Clothes	2,977	3,200	223
Lease Expense	112	40,000	39,888
Continuing Education	0	1,500	1,500
Permits	3,372	1,700	(1,672)
Election Expense	1,979	50	(1,929)
Supplies	0	100	100
Rent	<u>7,200</u>	<u>7,000</u>	<u>(200)</u>
TOTAL OPERATING EXPENSES	<u>489,083</u>	<u>568,666</u>	<u>79,583</u>
NET OPERATING INCOME	363,331	186,334	176,997
NON-OPERATING REVENUE AND (EXPENSES)			
Depreciation	(133,245)	(135,000)	1,755
Testing & Review Fees	1,260	1,500	(240)
Interest Income	13,288	40,000	(26,712)
Interest Expense	(70,249)	(72,000)	1,751
Inspection Fees	8,570	2,000	6,570
Septic Tank Pump-out	920	500	420
Engineering Review Fees Expense	0	(1,300)	1,300

GLAIZE CREEK PUBLIC SEWER DISTRICT
OF JEFFERSON COUNTY
STATEMENT OF EARNINGS-BUDGET TO ACTUAL

	ACTUAL	BUDGET	VARIANCE
Sludge Hauling (Net)	<u>(27,783)</u>	<u>(14,900)</u>	<u>(12,883)</u>
TOTAL NON-OPERATING REVENUE	<u>(207,239)</u>	<u>(179,200)</u>	<u>(28,039)</u>
NET INCOME	<u>\$ 156,092</u>	<u>\$ 7,134</u>	<u>\$ 148,958</u>